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Privilege for IP professionals in the Netherlands

Wouter Pors, Bird & Bird, The Hague[1]

Introduction

Recently there has not been much awareness of the importance of legal privilege for IP professionals in the Netherlands. This probably mainly had to do with the fact that until 1 May 2007 there were only very limited means for disclosure and discovery of evidence. Parties were free to choose whatever they wanted to submit in court in litigation and were under no legal obligation to disclose information that would be detrimental to their position. In addition, IP professionals were never called as witnesses. Also, there was (and still is) no cross-examination of experts. Normally, an expert would just produce a report which would be submitted in court and the expert would not be required to speak on the subject of his report.

Thus the case law on privilege mainly developed in criminal law and in general civil litigation, such as on issues of taxation. This means that the way privilege for IP professionals will be handled should mainly be inferred from the principles developed in the more general areas of the law.

The basics of privilege under Dutch law

The Netherlands is a civil law country. The most basic source of law under the Dutch system are the general codes, such as the Civil Code and the general codes on procedure. Privilege is handled in the provisions on the right to refuse to testify in court in those general procedural codes. Article 165 section 2 sub b of the Code of Civil Procedure and article 218 of the Code of Criminal Procedure basically provide that he who, by virtue of his appointment, profession or employment is bound by confidentiality can be excused from the obligation to testify with regard to information that he has been entrusted with in that quality.

No specific professions are mentioned in these provisions and although at first glance this looks like a very broad description that could apply to many professions, it actually has only been awarded in quite a limited way by the Dutch Supreme Court. Traditionally, privilege has always been awarded to four professions: physicians, priests, civil law notaries[2] and lawyers admitted to the bar. Privilege is a right of the professional, not of his client. Even if the client would want to waive the right, the professional can still invoke the privilege.[3] On the other hand, as the professional has an obligation of confidentiality versus his client, he can never waive the right of privilege without consent from the client.

Although only the right to refuse to testify has been provided for explicitly by the law, the privilege of course also extends to correspondence, conversations, telephone calls and all

[1] This publication is based on a presentation given in Geneva on 23 May 2008 at the Conference on Client Privilege in Intellectual Property Professional Advice, organised by WIPO in cooperation with AIPPI.

[2] Under Dutch law, registered last wills, transfer of real estate, setting up a legal entity and transfer of shares all require a notarial deed, executed by a civil law notary.

[3] The professional association of physicians has instructed its members to refuse to give health declarations to insurers with regard to their regular patients, even if the patient asks the physician to do so, as this would harm the free communication and confidential relationship between physician and patient.

other forms of communication. If in the course of a telephone tap on an alleged criminal a conversation with his lawyer is recorded, this recording must be destroyed.
The privilege also extends to staff employed by the professional, but not to partners in a law firm who themselves can not invoke privilege, such as tax advisers. The privilege cannot be circumvented by hearing the client as a witness with regard to communications that are subject to privilege.

There is Supreme Court case law on other professionals than the classical quartet, but not on IP professionals. Due to a ruling by the European Court of Human Rights, the Dutch courts had to except a limited privilege for journalists, only extending to the identity of their sources. Otherwise, claims to privilege have generally been rejected by the Dutch Supreme Court, for instance for tax advisers and accountants.

Regardless of this, Dutch law in principle has an open system for awarding privilege. This was decided by the Supreme Court in 1989 in the *International Tin Council* case.[4] The court held that, in order to be able to award privilege, there should not only be an obligation of confidentiality imposed by law, but in addition it should be established that the legislator in imposing that obligation had taken into account that this would result in a privilege. As discussions in parliament and other regulatory bodies are normally guided by political motives and not by a full legal assessment of the situation, this test is hard to meet in practice. However, if no general privilege is awarded to a professional, the courts may still decide to declare communications privileged on a case-by-case basis, according to the Supreme Court. In doing so however, the court should balance the general interest of disclosing the truth against the specific interest of confidentiality. Thus, such case-by-case privileges are of a more limited extent compared to the classical privileges.
In an earlier judgment the Supreme Court had also taken into account as an important factor whether the person invoking the privilege had a legal position that required people who wanted such legal interests represented to hire his services,[5] like with the mandatory representation by a lawyer admitted to the bar in most civil proceedings. In the case at hand, which involved a tax adviser, the Supreme Court denied privilege under this criterion.

The criteria applied

Lawyers admitted to the bar (*advocaten*) meet the criteria set by the Supreme Court. The *Advocatenwet* provides the basis for the code of conduct for lawyers in article 28, which code is established by the Bar Association. The Bar Association has been granted delegated legislative powers for such purposes. Rule 6 of the code of conduct imposes an obligation of confidentiality upon lawyers. It is clear that when enacting these provisions, parliament and the Bar Association were aware that this would also involve a legal privilege. An extra indication for that is article 20 of the Code of Conduct, which provides that a lawyer admitted to the bar cannot call another lawyer as a witness without first consulting with the Dean of the Bar Association.[6]
For in-house lawyers who are not admitted to the bar, there is no obligation of confidentiality imposed by law. It may be in their employment contract, but that is not enough. However, it is nowadays possible for in-house lawyers to be admitted to the bar, in which case they enjoy

[4] Dutch Supreme Court 22-12-1989, NJ 1990/779, *International Tin Council*.
[5] Dutch Supreme Court 6-5-1986, NJ 1986/8814, *Tax adviser*.
[6] As we will see later, not all information lawyers have is covered by privilege and besides lawyers might want to waive privilege provided the client agrees, hence this provision.

the same rights and obligations as lawyers in private practice who are admitted to the bar. Many companies have used this option.

Article 23h of the Dutch Patent Act is the basis for the Code of Conduct for patent attorneys. Both article 23b section 4 of the Dutch Patent Act and Rule 4 of the Code of Conduct imposes that patent attorneys should observe absolute confidentiality with regard to information provided to them in the exercise of their profession. The background of this obligation obviously is that patent attorneys receive confidential information regarding inventions from their clients. Publishing such information might even harm the patentability of such inventions. In the explanatory note on the proposal for article 23b section 4 the Dutch government said that this provision was also needed to give Dutch patent attorneys the same protection as patent attorneys from other countries.[7] European patent attorneys and US patent attorneys were given as examples. It seems that the Government thought that patent attorneys from all other countries, as well as European patent attorneys, generally enjoy legal privilege.

With regard to US patent attorneys, the situation is not as straightforward as the Dutch government thought.[8] US case law shows mixed court decisions. With regard to European patent attorneys Rule 153 of the Implementing Regulations of the European Patent Convention (EPC) indeed provides that any professional representative as meant in article 134 EPC enjoys privilege in proceedings before the European Patent Office, but that is only for prosecution and opposition proceedings. This of course does not grant European patent attorneys privilege in proceedings before national courts, such as infringement proceedings. In many European civil law jurisdictions, patent attorneys do not enjoy privilege.[9] So, the reasoning of the Dutch government may not haven been completely correct. Thus, in my view, it still remains unclear whether the Supreme Court, applying the criteria developed in the *International Tin Council* case, would grant legal privilege to patent attorneys, let alone whether Dutch patent attorneys would be granted such privilege in foreign litigation, especially if the aim of the Dutch law was – as the government said – to give them similar protection as domestic patent attorneys enjoy in such jurisdiction.

One might question whether the criterion of the Supreme Court *Tax adviser* judgment would apply to patent attorneys, so whether his legal position requires people who wanted such legal interests represented to hire his services. This has never been put before the courts. There is however an unpublished case on professional liability of patent attorneys that comes close to applying such criterion. In that case, the alleged professional liability related to applying foreign patent law. The patent attorney argued that he could not be expected to have a full grasp of such foreign patent law. This defence was rejected by the District Court The Hague, which held that because of his expertise, a client was obliged to hire his services, which resulted in a specific duty of care.[10] However, this is rather a practical necessity to invoke a patent attorney, not an obligation imposed by law, so it may not contribute to granting a privilege.

[7] Kamerstukken II 2000 – 2001, 27 193, no. 6, page 4.
[8] See for instance the presentation by David W. hill, Finnegan Henderson, at http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_aippi_ip_ge_08/wipo_aippi_ip_ge_08_www_100732.pdf
[9] See for instance the presentation by Anette Hegner of EPI at http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_aippi_ip_ge_08/wipo_aippi_ip_ge_08_www_100282.pdf
[10] District Court The Hague 21-5-2001, docket number 99/0997, *Roerink v. Arnold & Siedsma*.

So far, there has only been one published case dealing with patent attorneys and only at the District Court level. In 1988, the District Court Zutphen denied privilege to a patent attorney because the information in question did not relate to the exercise of his profession.[11] The court in its ruling did not deny privilege in general, but decided it did not have to rule on that question in the case at hand. This judgment provides little guidance, also because the regular court in patent cases is the The Hague District Court.[12] As far as I am aware of, there is one other case in which a patent attorney was summoned to testify. This case was however settled before the witness hearing and the defendant did not submit any written defence invoking privilege prior to that hearing, so no ruling on the issue resulted.
Thus, chances are that patent attorneys may not be able to invoke privilege. A clear, hard and fast rule would therefore be very welcome.

Trademark attorneys, design right attorneys and other IP professionals are not regulated by law at all, so there is no obligation of confidentiality imposed by law that could form the basis of a legal privilege.
In as far as tax advisers and accountants are involved in IP matters, it is clear that they do not enjoy privilege, as this has been denied to them in general by the Dutch Supreme Court.

Scope of privilege

If privilege exists, it only covers information acquired or developed within the course of the activities for which the privilege was granted. It for instance does not relate to friendly non-business related conversations and other non-professional contacts. It may even not relate to certain business information. For instance, an in-house lawyer admitted to the bar may invoke privilege with regard to litigation that he is involved in on behalf of the company and with regard to legal advice given to the board of his company and preparatory materials used in the course of developing such advice or litigation, but not to information which has been placed in his possession for the mere purpose of keeping it confidential, but which otherwise is outside the scope of legal advice or litigation.

With regard to lawyers admitted to the bar, the courts are not allowed to fully test whether privilege is invoked correctly. The court may probe whether the privilege has really been invoked with regard to information that is covered by such privilege, but if the lawyer insists that it is, the court has to accept that. If this was a misrepresentation, disciplinary action might follow, but that will not influence the outcome of the litigation in court.
There is no case law on the scope of an eventual privilege for other IP professionals, as there is no case law in which such privilege was accepted anyway.

Need for the future

As mentioned in the introduction, there has apparently not been much need for or awareness of legal privilege for IP professionals in the past, other than lawyers admitted to the bar.

This however may very well change now. Last year the so-called Enforcement Directive[13] was implemented in Dutch law, both in the Code of Civil Procedure and in the Dutch Patent

[11] District Court Zutphen 5-1-1988, NJ 1989/563, *Bruil v. Tital International*.
[12] The District Court The Hague has exclusive jurisdiction with regard to the infringement and validity of national and European patents within the Netherlands.
[13] Directive 2004/48/EC.

Act. This new law provides for relief that did not exist before, such as a broader scope of disclosure and so-called evidential seizures, which allow IP right holders to conduct searches for relevant documents at the premises of alleged infringers. As a result of this, correspondence between IP professionals and their clients may be discovered and thus become available to the competition. These new instruments, which are now introduced throughout the European Union, require specific checks and balances, including legal privilege.

A much older development is the internationalisation of IP litigation. For at least the past twenty years there has been an increasing amount of multijurisdictional litigation, which means that communications between IP professionals and their clients run the risk to be discovered in foreign litigation. Since there is no guaranteed privilege under Dutch law, it is unlikely that a privilege for Dutch IP professionals – other than lawyers admitted to the bar – will be accepted by courts abroad. The Dutch legislator has never looked at the consequences of this development for legal privilege.[14]

On the other hand, expanding privilege to other IP professionals than lawyers admitted to the bar is unlikely to meet with much resistance from the Dutch government, if any, as can be concluded from the acceptance of the limited privilege for journalists with regard to the identity of their sources as imposed by the European Court of Human Rights.

Under Dutch constitutional law, obligations imposed by international treaties have direct effect within the Netherlands even without implementation into national law, provided that the provisions by their nature are intended to have such effect and the obligations ensuing from them are sufficiently clear and precise. For legal privilege, this means that if such privilege is awarded by a treaty and its scope is sufficiently clear from the text of the treaty and is sufficiently precise, it can be invoked by the IP professionals addressed.
Such privilege awarded by a specific treaty would of course also meet the criteria set by the Dutch Supreme Court in the *International Tin Council* case.

Given the ever increasing international scope of intellectual property law and litigation and given the increased discovery-like instruments available in the Netherlands and abroad, a WIPO treaty providing for concrete legal privilege for IP professionals would be very welcome.

[14] The effects of multijurisdictional litigation as such have been appreciated by the Dutch government, for instance in submitting the Dutch position in litigation before the European Court of Justice, but this has not created any noticeable awareness of the issues surrounding legal privilege.