

The nature of the problem – is this a matter of public interests as well as private interests, and where does the balance lie between those interests?

Introduction

I would first like to thank WIPO for giving us the opportunity to address the problem of privilege through this Conference kindly hosted by WIPO. I will speak about the rationales underpinning legal professional privilege and how they relate to the proposed treaty on the legal professional privilege. What are the private and public interests that are recognized by the law of privilege as experienced in a number of jurisdictions? By way of illustration, I will speak about the law of privilege in Australia, the United States of America, Europe and Switzerland. Based on the experience in these jurisdictions, I will then consider whether there is any controversy in accepting and applying AIPPI's proposal for a treaty on client privilege in intellectual property professional advice or whether it will be a logical and rational extension of what is already accepted practice there.

Primer On The Law Of Legal Professional Privilege

Australia

In Australia, legal professional privilege is a protection against the compulsory disclosure of confidential communications between clients and their lawyers for giving and receiving legal advice, or for use in existing or anticipated litigation. The privilege is the client's privilege and not the lawyer's, and as such it can be waived by the client. The privilege also extends to in-house counsel and lawyers employed by government. Clients of registered, non-lawyer patent and trademark attorneys have privilege under statute law, but not common law. The privilege applicable to such clients does not extend to third parties and anyone who is not a registered patent or trademark attorney, and so not to foreign patent and trademark attorneys.

A range of rationales has been offered for client legal privilege. The legal professional privilege encourages clients to speak fully and frankly with their lawyers, so that they can receive the best possible legal advice. As Stephen, Mason and Murphy JJ explained in *Grant v Downs*, an important High Court decision regarding legal professional privilege, the privilege advances the public interest in the administration of justice by encouraging the representation of clients by legal advisers, by keeping their communications secret, "thereby inducing the client to retain the solicitor and seek his advice, and encouraging the client to make a full and frank disclosure of the relevant circumstances to the solicitor" (*Grant v Downs* (1976) 135 CLR 674 at 685).

The ALRC considered the nature of legal professional privilege in a recent report on client legal privilege within the context of federal investigations. In relation to the rationale of full and frank disclosure the report stated: "As clients can obtain the fullest legal advice only where the lawyer is in possession of all relevant facts, the protection of communication is said to encourage greater compliance with the law, as the client is in the best position to be informed as to what amounts to complying conduct. The argument is that where clients feel secure that their communications with their lawyers will be kept confidential, it is likely to promote the disclosure of all relevant information and thus permit lawyers to provide legal advice that encourages the greatest compliance with law."

As such, legal professional privilege recognizes that the public interest in protecting the client-lawyer relationship outweighs the more general public interest in compelling all relevant information to be placed before the court (*Baker v Campbell* (1983) 153 CLR 52 at 128 (Dawson J)).

The client legal privilege is a fundamental principle of common law. However, it already prompted much debate in the 19th century. The great English law reformer Jeremy Bentham (1748–1832) sharply criticized the attorney-client privilege. He argued that the happiness of society (the object of utilitarianism, of which he was a proponent) was increased by conviction and punishment, not by the suppression of evidence. He argued that it would be in the public interest simply to abolish legal professional privilege altogether because this would make it more difficult for lawyers to defend guilty clients. This view is extreme, but it is nowadays recognized in Australia that legal professional privilege, like other common law rights, privileges and immunities, may be modified or abrogated by legislation. Where this is done, the legislature gives a higher priority to the need for access to the relevant information or documents than it does to the public interest consideration served by legal professional privilege. The justification for this approach is that the privilege is not an absolute right and that the balancing of competing public interests is an appropriate way of deciding how the privilege should operate in particular circumstances. For instance, the privilege cannot be used to facilitate a crime, fraud or civil offence, or to otherwise further an illegal purpose. However, the privilege is obviously available when the client is seeking advice about past wrongdoing.

The rationales which have been mentioned for client legal privilege so far are all public policy justifications. Interwoven in the “public interest” arguments is the element of the private interest of clients in being assured of the confidentiality of their communications with legal advisers. Also, the courts have characterised the legal professional privilege as a substantive right or, perhaps, more accurately, a fundamental right or immunity that embodies a substantive legal right. The High Court in *The Daniels Corporation International Pty Ltd v Australian Competition and Consumer Commission* (2002) 213 CLR 543 has gone so far as to describe privilege as not only “an important common law right”, but as a “human right”.

The United States of America

America has no unified common law and no unified national regulation of lawyers. Thus, the law of privilege differs subtly across the fifty states and various federal jurisdictions. As a general rule, however, the attorney-client privilege is recognized on much the same terms as in Australia, and equally applies to outside counsel and in-house counsel, including lawyers employed by the government, whether by virtue of common law (both at the federal level and at the state level) or statute (at the state level e.g. in Arizona or Colorado). The attorney-client privilege is of particular importance in the United States because the rules of civil procedure provide for a relatively broad scope of pre-trial discovery, permitting discovery of essentially any matter which is not privileged. Although the privilege is normally asserted by the client, the lawyer has a duty to invoke the privilege, if the client has not waived the privilege.

The privilege also extends to communications with non-lawyer U.S. patent agents. The scope of the patent agent-client privilege is, however limited to encompass only those services that such agents are legally licensed to perform. Determining whether the privilege applies to communications with foreign patent agents is a complex issue because the cases are not uniform. Most courts decide the foreign agent privilege question as a matter of foreign law, i.e. they determine whether the law of the applicable foreign country recognizes a privilege

for communications with patent agents, and if so, whether all of the requirements for asserting the privilege under the law of that foreign country have been shown by the party seeking to assert the privilege (*Saxholm AS v Dynal, Inc.* 164 F.R.D. 331, 337-38 (E.D.N.Y. 1996)). Deciding foreign agent privilege as a matter of what the applicable foreign law recognises as to privilege, whilst appropriate in itself, involves a rather expensive exercise which could be avoided by having a minimum standards treaty.

U.S. law offers similar rationales for the attorney-client privilege as Australian law. The public purpose underlying the attorney-client privilege is to encourage full disclosure without fear that the information will be revealed to others, so that clients receive the best and most competent legal advice and representation. The attorney-client privilege ensures candid, independent, and honest assessments from attorneys by protecting information exchanges between the attorney and client for the purpose of securing legal advice. The privilege is intended to encourage the client to fully disclose all facts necessary for the lawyer to make informed decisions and give sound legal advice.

While keeping confidential certain information shared between the lawyer and the client may prevent the fact-finder from ascertaining a full account of the truth, recognition of the privilege reflects a societal judgment that this consequence is outweighed by the importance of a client having confidential consultation with his lawyer. The courts acknowledge privileges because they promote broad public interests and their purpose, therefore, outweighs the merit of the evidence that would be introduced without the claim of privilege. Moreover, courts do allow exceptions if there is sufficient suspicion that an exception should be allowed. Where there is no cause for exception, as the relevant facts can usually be determined without having to force a client to divulge what has passed between the client and the lawyer by way of advice on a particular subject, there is little need to compromise on accepting privilege.

U.S. law also recognizes the element of the private interest of clients interwoven in the “public interest” arguments. Specifically, one former Supreme Court Justice, Arthur Goldberg, once asserted that privileges such as the attorney-client privilege “relate to the fundamental rights of citizens”.

Europe

I will not speak about legal professional privilege in multiple European countries. This would be overly ambitious. I will rather limit myself to a few European cases in the context of the European Convention on Human Rights and European Community law.

European Convention on Human Rights

European case law shows that legal professional privilege may also be seen as part of the constitutional right to privacy and the right to a fair trial. In this regard, the privilege serves private interests because it protects fundamental rights of citizens against the state.

For instance, in Britain, the House of Lords has considered the relationship between legal professional privilege and articles 6(1) and 8(1) of the European Convention on Human Rights. Article 6(1) of the European Convention on Human Rights provides the right for a fair trial, and article 8(1) provides the right to privacy. In *R v Derby Magistrates Court ex parte B* [1996] A.C. 487, Taylor LJ described legal professional privilege as a fundamental human right protected by the European Convention. He went on to note that “it is a fundamental condition on which the administration of justice as a whole rests. Nobody doubts that legal professional privilege could be modified, or even abrogated, through statute, subject always to the objection that legal professional privilege is a fundamental human right protected by the European Convention for the Protection of Human Rights and Fundamental Freedoms”.

Similarly, the European Court of Human Rights has held legal professional privilege to be a human right in holding that an abrogation of the privilege will ordinarily involve a violation of the right to a fair trial and the right to privacy. In *S v Switzerland* (1992) 14 E.H.R.R 6770, the European Court held that: “[A]n accused’s right to communicate with his advocate out of the hearing of a third person is one of the basic requirements of a fair trial in a democratic society. If a lawyer were unable to confer with his client and receive confidential instructions from him without such surveillance, his assistance would lose much of its usefulness”. The view that an abrogation of the privilege will involve a violation of articles 6 and 8 of the convention has also been affirmed in other judgments. For instance, in a case concerning the seizure of documents from a German lawyer’s office, the European Court of Human Rights has held that the protection of the home, private life and correspondence contained in article 8 of the European Convention on Human Rights extends to the protection of a lawyer’s office, and legal correspondence in the possession of either the lawyer or the client (*Niemietz v Germany* (1992) 351–B Eur Court HR (ser A)).

European Community law

Under European Community law, privilege is based on a conception of the lawyer’s role as collaborating in the administration of justice by the courts and as being required to provide, in full independence, and in the overriding interests of that cause, such legal assistance as the client needs. In *A M & S Europe Ltd v Commission of the European Communities* (C-155/79) [1982] ECR 1575 at 1611-12, the European Court of Justice (ECJ) set out the rationale for legal professional privilege as follows: "Whether it is described as the right of the client or the duty of the lawyer, this principle has nothing to do with the protection or privilege of the lawyer. It springs essentially from the basic need of a man in a civilised society to be able to turn to his lawyer for advice and help, and if proceedings begin, for representation; it springs no less from the advantages to a society which evolves complex law reaching into all the business affairs of persons, real and legal, that they should be able to know what they can do under the law, what is forbidden, where they must tread circumspectly, where they run risks. Community law must take into account the principles and concepts common to the laws of those states concerning the observance of confidentiality, in particular, as regards certain communications between lawyer and client. That confidentiality serves the requirement, the importance of which is recognised in all of the member states, that any person must be able, without constraint, to consult a lawyer whose profession entails the giving of independent legal advice to all those in need of it."

For matters relating to European Community law, legal professional privilege only applies to communications that emanate from independent lawyers, that is to say lawyers who are not bound to the client by a relationship of employment. Thus, in-house lawyers are not covered by privilege. The significance of this ruling of the ECJ is that it arose in an EU competition law case, when the documents in question were produced by an English in-house lawyer whose communications would otherwise have been privileged under English law. Thus, the degree of privilege afforded to English in-house lawyers will differ depending on whether EU investigatory powers are involved. There was some hope that this position would be revisited in the recent *Akzo Nobel* case (joined cases T-125/03 and T-253/03, *Akzo Nobel Chemicals Ltd and Akros Chemicals Ltd v Commission*, 17 September 2007), but the judgment of the Court of First Instance (CFI), handed down in September 2007, basically restated previous case law. *Akzo Nobel* has appealed the CFI’s judgment.

Switzerland

Swiss law provides a strong protection of attorney–client privilege, in part because of the high value placed on the constitutional right to privacy. Privilege is justified by the belief that the lawyer’s profession can only be exercised properly if the public has the indispensable confidence given by an absolute guarantee of the professional’s discretion (“*[D]iese Berufe nur dann richtig und einwandfrei ausgeübt werden können, wenn das Publikum auf Grund einer unbedingten Garantie der Verschwiegenheit das unentbehrliche Vertrauen zum Inhaber des Berufes hat*“: BGE 112 Ib 606, 606). Switzerland’s highest court has emphasised that legal professional secrecy promotes the public interest because it assists the administration of justice by allowing clients to confide frankly in their lawyers: If the client does not unreservedly trust him, and if he is not aware of all the material circumstances, then it is difficult, even impossible, for the lawyer to properly represent the client in either advisory work or in a lawsuit (“*Wenn der Klient sich ihm nicht rückhaltslos anvertraut und ihm nicht Einblick in alle erheblichen Verhältnisse gewährt, so ist es für den Anwalt schwer, ja unmöglich, den Klienten richtig zu beraten und ihn im Prozess wirksam zu vertreten*“: BGE 112 Ib 606, 607).

The violation of professional secrecy is a criminal offence (Swiss Criminal Code art 321). Lawyers cannot be compelled to testify on confidential matters arising out of their profession (Federal Law on Civil Procedure art 42) nor can documents covered by privilege be seized (Federal Law on Criminal Procedure art 77). The obligation of confidentiality continues after the termination of the mandate and even after the death of the client. Unlike in other countries, if a communication is privileged, the attorney has no obligation to disclose it, even if his or her client purports to waive the privilege. However, upon the lawyer’s application, special cantonal commissions are able to release the lawyer from the obligation of privilege if it is in the public interest to do so.

The traditional view in Switzerland is that in-house counsel are not protected by privilege on the basis of their perceived lack of independence. The Swiss Federal Tribunal has emphasised that the independence of the lawyer ensures the greatest possible freedom and objectivity in safeguarding the interests of both the client and the judge. It forms the necessary condition for confidence in the lawyer and in justice. Moreover, the lawyer’s independence guarantees that the lawyer’s professional duties - in particular, legal professional secrecy - are kept. In the legal system, legal professional secrecy is a privilege given to registered lawyers in light of their special role in the administration of justice. In relation to those professional duties, they can only be followed to their fullest extent if the lawyer is independent both from their client and from third parties („*Die Unabhängigkeit des Anwalts soll grösstmögliche Freiheit und Sachlichkeit bei der Interessenwahrung gegenüber dem Klienten wie gegenüber dem Richter gewährleisten. Sie bildet die Voraussetzung für das Vertrauen in den Anwalt und die Justiz. Darüber hinaus dient die Unabhängigkeit des Anwaltes der Sicherstellung, dass die anwaltlichen Berufspflichten, insbesondere das Anwaltsgeheimnis, eingehalten werden. Zudem stellt das Anwaltsgeheimnis im Rechtssystem eine Besonderheit dar, das dem registrierten Anwalt im Hinblick auf seine ausserordentliche Stellung in der Rechtspflege eingeräumt wird. Dem stehen Standespflichten gegenüber, denen der Anwalt nur vollumfänglich nachkommen kann, wenn er vom Mandanten und von Dritten unabhängig ist*“ Bundesgericht 2P.187/2000 8 Januar 2001, Pra 90/2001 Nr 141 S 835). More recently, legal scholars have endorsed the view that article 321 Swiss Criminal Code also recognizes a legal professional secrecy for in-house counsel.

Despite its strength, legal professional secrecy is not unlimited. First, the secrecy does not cover *all* material disclosed by the client, but rather only such material as is confided for the purpose of the mandate and the exercise of the lawyer’s profession (BGE 112 Ib 606). As the

Swiss courts have said, professional secrecy extends only to facts which the client entrusts to his lawyer in order to carry out the mandate, or which the lawyer notices in the practice of his profession. On the other hand, the lawyer is not bound to secrecy concerning such facts which he noticed as a private person, or which are generally known, since the client can have no interest in keeping them secret (“*[Das Berufsgeheimnis] nur auf Tatsachen, die der Klient seinem Anwalt anvertraut, um ihm die Ausübung des Mandates zu ermöglichen, oder die der Anwalt in Ausübung seines Berufes wahrnimmt. Auf der andern Seite ist der Anwalt nicht zur Verschwiegenheit bezüglich solcher Tatsachen gehalten, die er als Privatperson wahrgenommen hat oder die allgemein bekannt sind, so dass der Klient zum vornherein kein Interesse haben kann, sie gegenüber irgendwem geheimzuhalten*”: BGE 112 Ib 606 at 607).

Second, the lawyer’s professional function is not open-ended, but rather is confined to traditionally legal activities. Thus, patent agents (who in Switzerland have generally a technical or scientific background and, with rare exceptions, have no broad legal training and are not members of the bar) are traditionally excluded from the protection of legal privilege. The law in Switzerland is currently under revision. In view of the broad scope of discovery in the United States and the fact that in order to invoke a privilege in U.S. litigation it is usually required to show that the law of the applicable foreign country recognizes a privilege for communications with patent agents, there has been a call for a change in law. The Federal Council has, therefore, proposed to provide for a professional secrecy for patent agents in the context of the new Federal Law on Patent Agents (art 10). In addition, it is proposed to include patent agents in the Federal Criminal Law art 321. Some proponents have reasoned that the recognition of a patent agent privilege is simply a logical extension of the attorney-client privilege given that the preparation and prosecution of patent applications for others constitutes the practice of law.

Summary: The Public and Private Interests Underpinning The Legal Professional Privilege

It is interesting to note that while the laws of privilege may substantially differ from one nation to another, and notably between common law and civil law systems, it is the same or at least similar fundamental public and private interests which underlie the concept of legal professional privilege. First, there is the public interest in assisting the administration of justice by allowing clients to confide frankly in their lawyers. Second, interwoven in this “public interest” argument is the element of the private interest of clients in being assured of the confidentiality of their communications with legal advisers. Third, the legal professional privilege may be seen as part of the human right to privacy and the right to a fair trial. The characterization of the legal privilege as a fundamental right or human right is an additional element of the private interests underpinning the legal professional privilege.

All of these interests, public and private, underlying the legal professional privilege have in common that they compete with the public interest to place all relevant information before the court to investigate the truth. It is however recognized that the rationales underpinning the privilege generally outweigh the merit of the evidence that would be introduced without the claim of privilege. Only in the case of a crime such as fraud, the legal privilege is not applicable or may be abrogated.

Is there any controversy in accepting and applying AIPPI’s proposal for a treaty on client privilege in intellectual property professional advice or is it a logical and rational extension of what is already accepted practice in a number of jurisdictions?

Having identified the private and public interests which underlie the legal professional privilege, AIPPI's proposal for a treaty on client privilege in intellectual property professional advice is a logical and rational extension of what is already accepted practice in a number of jurisdictions.

The rationale behind extending the attorney-client privilege to non-lawyer IP advisors is that the preparation and prosecution of patent, trademark and design applications for others constitutes the practice of law. An IP advisor needs to advise his clients as to the registrability of their inventions, designs and trademarks under the statutory criteria as well as to consider the advisability of relying upon alternative forms of protection. Such conduct constitutes the practice of law, and, therefore, justifies the grant of a legal privilege.

The courts in the U.S. have recognized that it is essential to look to the substance of the roles assumed by the parties. In the context of IP law, an IP advisor is the functional equivalent of an attorney, and so legal privilege should apply to communications with which they are involved.

Where a client in confidence seeks legal advice from a non-lawyer IP advisor, this necessitates a full, free and frank disclosure from the client to the advisor, and the legal privilege should be available. Intellectual property law is so complex that people need IP advisors to manage their affairs and disputes; IP advisors are unable to discharge this function without the fullest possible knowledge of the facts of their client's situation; the privilege encourages the flow of this information from the client to the lawyer. As the principal independent IP research organisation in Australia, IPRIA, has stated in its report on patent attorney privilege in Australia published in December 2007: "The patent system works better with free and open communication between patent attorneys and their clients. Governments should demonstrate their confidence in the IP professions and recognise the importance to society of the confidentiality afforded to the IP advisor-client relationship."

On a more general level, a natural question to consider is why the 'privilege' should apply only to the confidential relationship of lawyer and client and not to other confidential relationships. Art. 321 of the Swiss Federal Criminal Law protects other confidential relationships besides the lawyer-client relationship, including clergy-penitent, doctor-patient, accountant-client, etc. Why should the privilege not apply analogously to the confidential relationship between IP advisor and client?

These questions arise not just as ones of lawyers versus non-lawyers, but also within the range of 'lawyers' today - in particular in-house counsel. The issues surrounding the role of the in-house counsel will be addressed in a separate panel later today.

Thank you for your kind attention.

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