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SUMMARY OF DOCUMENT SCP/20/9 − CONFIDENTIALITY OF COMMUNICATIONS BETWEEN CLIENTS AND THEIR PATENT ADVISORS: COMPILATION OF LAWS, PRACTICES AND OTHER INFORMATION

Document prepared by the Secretariat

INTRODUCTION

1. The present document contains a summary of document SCP/20/9 “Confidentiality of Communications between Clients and their Patent Advisors: Compilation of Laws, Practices and other Information”.

2. Pursuant to the decision of the Standing Committee on the Law of Patents (SCP) at its nineteenth session held from February 25 to 28, 2013, in Geneva, document SCP/20/9 contains a compilation of laws and practices on, and a summary of information received from Member States on experiences relating to, the issue of confidentiality of communications between clients and their patent advisors. The document primarily draws on information contained in the documents which had been submitted to the previous sessions of the SCP (See Annex I of document SCP/20/9). The compilation of information does not imply any recommendation or guide for Member States to adopt any particular mechanism contained in this document.

3. In document SCP/20/9 and in the present document, the term “patent advisor” is used to describe a person who is a professional representative on patent-related matters. Such a person is called “patent attorney” or “patent agent” in many countries. Often, subject to a

qualification examination, she/he is registered with a national authority.[1] The exact scope of professional activities and qualification of patent advisors are defined in the applicable national/regional laws. Since the purpose of this document is to compile the existing information, and not to present draft international norms or an international legal instrument, it appears that the document does not need to contain a concise definition of that term. However, for the purpose of this document, it is important to note that a patent advisor may be a qualified lawyer or, if the applicable law permits, a non-lawyer.

4. The term "privilege" in connection with qualified lawyers (so called "attorney-client privilege", "solicitor-client privilege", "legal advice privilege" or "client-attorney privilege") is well established in common law countries. The privilege protects only the source of information, i.e., the communication between a client and his/her attorney made for the purposes of professional advice, and not the information itself.[2] One legal dictionary defines the term "attorney-client privilege" as follows:

> "In law of evidence, client's privilege to refuse to disclose and to prevent any other person from disclosing confidential communications between him and his attorney. Such privilege protects communications between attorney and client made for purpose of furnishing or obtaining professional legal advice or assistance."[3]

5. In this document, the term "client-patent advisor privilege" is used in order to describe a similar type of privilege given to a client of a patent advisor (who may be a non-lawyer patent advisor). The notion that is predominantly found in civil law countries – confidentiality obligation imposed on certain professions – is expressed by the representative term "professional secrecy obligation". Since the issue under discussion in the SCP is not limited to one legal regime or the other, more general expressions, such as "preservation of confidentiality" and "maintaining confidentiality of communication with patent advisors", are used in this document in order to cover the issue more generally.

BACKGROUND

6. In general, when a client seeks an opinion from a qualified lawyer, communications between the lawyer and his client are accorded the "privilege" of not being required to be disclosed in a court of law or those communications are protected from public disclosure by a secrecy obligation. The purpose of establishing such a privilege or secrecy obligation is to encourage those who seek advice and those who provide advice to be fully transparent and honest in the process. In order to ensure a high quality of legal advice, the exchange of instructions and advice should not be restricted due to the fear of disclosure of their communications.

7. The concept of privilege in common law countries closely relates to its civil procedure called "discovery" (or disclosure) in a pre-trial phase. There, each party to litigation may be required to provide disclosure of relevant documents and other evidence in his possession. The discovery system was developed with a view to bringing all evidence to the attention of the court so that the truth can be ascertained. On the other hand, there is also a need to keep certain information confidential from public inspection. For example, information that lawyers, doctors or priests received in their professional capacity should remain confidential.

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1 In many countries, only registered patent advisors are entitled to provide the defined professional services. However, in some countries, persons who are not registered are able to perform all or some functions which are normally performed by patent advisors.

2 See Cross, John T., Evidentiary Privileges in International Intellectual Property Practice (December 20, 2008). Available at SSRN: http://ssrn.com/abstract=1328481 or http://dx.doi.org/10.2139/ssrn.1328481.

3 Black's Law Dictionary, (6th ed. 1990), ISBN 0-314-76271-X.

Considering the overall public interest, common law jurisdictions developed a notion of "privilege" under which a client is given the right to prohibit certain confidential communications or documents from forced disclosure. In parallel with the professional duty of confidentiality, the client-attorney privilege is intended to promote the broader public interest in the observance of law and the administration of justice by creating a specific exception to the discovery of information in litigation.

8. Unlike common law countries, civil law countries do not have a discovery or disclosure process that obliges the parties to disclose all relevant information in their possession. Therefore, the inter-related concepts of discovery and the privilege granted to clients as an exception to it are not common in civil law countries. However, they also recognize the needs to protect confidentiality of certain professional advice in order to ensure frank and open communications necessary to the accomplishment of their professional tasks. Consequently, they have developed the notion of "professional secrecy obligation", according to which certain professionals, such as lawyers, doctors and priests, are obliged to keep information that they have received through their professional activities secret. This would, in turn, guarantee the clients that the information communicated to those professionals could not be ultimately disclosed to third parties.

9. In relation to patents, clients often seek advice from patent advisors who may, or may not, be a qualified lawyer. Advice given by patent advisors often contains technical matters that are closely inter-related with legal questions. With the understanding that clients should be able to have frank and open communication with their patent advisors, some countries extend the legal professional privilege to patent advisors who are not qualified lawyers. However, some other countries do not provide for such an extension or do not have any specific rules on that issue. Even if the patent advisors' privilege exists, the scope of communications covered by the privilege and the extent of privilege that overseas patent advisors enjoy are different from one country to another. In order to preserve confidentiality of advice, in general, patent advisors are also covered by the professional secrecy obligation.

10. There are two related, but distinct, issues involved in the preservation of confidentiality of advice from patent advisors. The first aspect relates to how such confidential communications are treated under the applicable national law. The second aspect concerns how confidential advice from patent advisors in one country would be treated in another country. As to the former, the primary issue is whose communications may be covered by the privilege. Should it apply to local patent advisors, in particular, those who are not lawyers? Should it be extended to in-house patent advisors? Should it be extended to overseas patent advisors who are not registered in the country concerned? If so, under which criteria should overseas patent advisors be protected? Further, in view of the complexity of patent advice involving both legal and technical aspects, not only a qualified patent advisor but also other parties may be involved in advising a client. In those cases, should it be extended to all those involved in giving instructions for advice and in giving the advice? As to those giving advice, should it be extended to anyone giving IP advice who is qualified in that country to do so and third parties (like experts) who contribute to the advice which is given? Another essential question is what type of communications should be covered by the privilege. The privilege may only apply to communications made for the predominant purposes of giving legal advice, or it may cover all communications given in relation to IP matters. Naturally, the scope of privilege corresponds to the scope of professional activities of patent advisors, prescribed in the applicable law.

11. As to the latter, i.e., cross-border preservation of confidentiality, some practitioners have raised concerns about losing the confidentiality of communications with patent advisers due to the different rules in respect of privilege in various countries. Because of the territoriality of patent rights, a patent shall be granted, in general, in each country in which protection is sought, and its effect must be revoked in each country where a patent is validly

held. Therefore, a client needs to obtain advice from foreign patent advisors as far as foreign patent applications and patents are concerned. In some of those overseas countries, in particular in common law countries, courts may order, in the course of "discovery" proceedings during patent litigation, the forcible disclosure of confidential communications between the client and his local and foreign patent advisors. While the client might be protected by the rules and practices on the protection of confidentiality of patent advice in his country, such confidentiality relationship might not be recognized and protected in foreign countries. Not knowing all practices in different countries, a client might find himself unexpectedly in a position where he has to disclose confidential communications with his patent advisors in a foreign court.

INTERNATIONAL FRAMEWORK

12. The issue of client-patent advisor privilege is not expressly regulated by any international intellectual property (IP) treaty. However, the provisions of the Paris Convention for the Protection of Industrial Property (Paris Convention), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and the General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO) have some relevance to the issue at stake.

13. With regard to the Paris Convention, the principle of national treatment provides that each Contracting State must grant nationals of the other Contracting States the same protection to its own nationals, without being allowed to require reciprocity.[4]

14. An exception to the national treatment rule is provided in Article 2(3) of the Convention which reads:

> "(3) The provisions of the laws of each of the countries of the Union relating to judicial and administrative procedure and to jurisdiction, and to the designation of an address for service or the appointment of an agent, which may be required by the laws on industrial property are expressly reserved."

15. The issue of client-patent advisor privilege seems to fall within the permissible exceptions to the general rule of non-discrimination allowing Contracting States to regulate it as they deem fit. On the other hand, the Paris Convention does not prohibit a Contracting Party from according the same treatment of client-patent advisor privilege between its nationals and nationals of other countries.

16. With regard to the TRIPS Agreement, Article 3 provides the national treatment principle, subject to the exceptions provided in the Paris Convention. The use of such exceptions in relation to judicial and administrative procedures is limited to cases that are necessary to secure compliance with laws and regulations which are consistent with the provisions of the TRIPS Agreement and where such practices are not applied in a manner which would constitute a disguised restriction on trade (Article 3(2)). Accordingly, Members of WTO seem to have a free hand in their treatment of the client-patent advisor privilege issue, provided that their policies meet the conditions stipulated in Article 3(2).

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[4] Article 2(1) of the Paris Convention reads as follows: "(1) Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals; all without prejudice to the rights specially provided for by this Convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with."

17. Article 4 of the TRIPS Agreement provides the most-favored nation (MFN) principle as follows: "With regard to the protection of intellectual property, any advantage, favor, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other Members […]." Accordingly, it appears that any recognition of client-patent advisor privilege in a foreign jurisdiction (of a WTO Member) might be extended to all other jurisdictions of WTO Members, depending on the specific criteria and factual circumstances for the recognition of the foreign client-patent advisor privilege.

18. Further, Article 43 of the TRIPS Agreement on "Evidence" concerning civil and administrative procedures and remedies provides that:

> "The judicial authorities shall have the authority, where a party has presented reasonably available evidence sufficient to support its claims and has specified evidence relevant to substantiation of its claims which lies in the control of the opposing party, to order that this evidence be produced by the opposing party, subject in appropriate cases to conditions which ensure the protection of confidential information."

19. The issues of client-patent advisor privilege in connection with judicial proceedings appear to be outside the scope of GATS. In that context, it should also be noted that the issue of the privilege of the foreign patent advisor concerns also local patent advisors who do not provide services across borders and the issue also exists if the service only takes place in the country of origin.

SUMMARY OF NATIONAL LAWS AND PRACTICES

20. Annex III to document SCP/20/9 provides a compilation of national laws and practices regarding the scope of client–attorney privilege and its applicability to patent advisors in 41 countries (including both common law countries and civil law countries) and three regional frameworks. On the national aspects of the preservation of confidentiality of communications with patent advisors, it reviewed the national laws with respect to the following elements: (i) the origin of the privilege and/or secrecy obligation; (ii) professionals bound by the privilege and/or secrecy; (iii) the scope of the privilege/secrecy obligation; (iv) exceptions and limitations to the privilege/secrecy obligation; (v) penalties for breach of secrecy; and (vi) qualifications of patent advisors. Further, in connection with civil court proceedings, the information as to how such professional secrecy obligation interacts with a duty to testify or to produce documents is also provided, where available. On the cross-border aspects, information regarding the recognition of confidentiality of communications with foreign patent advisors was gathered.

21. The following provides a summary of national laws and practices compiled in Annex III.

Origin and scope

22. The need for a client to disclose all facts to his or her legal advisor in order to obtain the best advice to respect the law is common to all countries. Most countries impose professional duty of confidentiality on lawyers and patent advisors either under national legislations or under codes of conduct set by professional associations or pursuant to governmental regulations.

23. Different approaches, however, are taken by common law countries and civil law countries in protecting confidential communications. Civil law countries impose secrecy

obligations on the part of professionals. Those obligations are created by statutes governing lawyers and many other professionals. In general, non-lawyer patent attorneys and patent agents are also bound by the professional secrecy obligation. In principle, a law attorney may refuse to testify in court any information received from a client during the course of professional duty, and may refuse to produce any document that contains such confidential information. In some countries, non-lawyer patent advisors may also refuse to testify in court any matter falling under the professional secrecy obligation, while in some other countries, no such immunity is granted to non-lawyer patent advisors. In some countries, the owners of such confidential documents, who may be patent advisors, their client or any third party, may refuse to produce such confidential documents in court.

24. According to the information gathered on national laws and practices, the professional obligation to keep secrets in civil law countries attaches to information and documents obtained from clients in the course of the professional relationship as between an attorney or a patent attorney and a client. It does not apply in other situations, for example, where attorneys act in their non-professional capacity such as that of a director, business advisor or business partner to the client.

25. In common law countries, certain types of professionals are required to keep client information confidential. There are two legal bases of privilege: common law privilege and statutory privilege. The former, applies only to communications between qualified lawyers, including in-house lawyers, and the clients. However, this common law approach has been modified by statutes in some common law countries such as Australia, New Zealand and the United Kingdom, which extend the client attorney privilege to patent attorneys and patent agents who are not qualified lawyers. Privilege in common law countries applies to communications relating to legal advice whether there is litigation or not, subject only to the dominant purpose test and any established common law exceptions (such as for crime/fraud) and any statutory limitations. As the privilege belongs to clients, clients may decide to waive the privilege and thus allow the privileged communication to be disclosed to the court. Express and implied waivers are available in some countries, while some other countries only recognize express waiver by the client.

26. The exact types of communications covered by the client-patent advisor privilege are not the same among countries, since the scope of the professional activities of those professionals (for example, whether copyright matters can be dealt with or not) is different from one country to the next. In particular, the question of whether the privilege does extend to communications by lawyers and clients with third parties is dealt with differently among the common law countries.

27. The obligation of confidentiality extends beyond the life of the client-attorney relationship and is typically the result of rules of professional conduct that are put in place by the appropriate body responsible for regulating the legal profession in any given jurisdiction. The civil law countries in Annex III to document SCP/20/9 also extend the secrecy obligations even after the end of the professional relationship between the patent attorney and patent agents with their clients.

28. The compilation of national laws and practices also shows that both in civil and common law countries, there is an exception to the secrecy obligation and the privilege, if such confidential communications involve fraud or criminal acts.

29. Among the countries in the compilation, a breach of the secrecy obligation in civil law countries may lead to criminal prosecution. In both civil law and common law jurisdictions, a breach of secrecy and disclosure of privileged information may lead to professional disciplinary actions.

30. Qualifications to become a patent attorney or patent agent vary from one country to another. Many countries such as Germany and the United Kingdom require patent agents and patent attorneys to be technically qualified. The United States of America allows non-lawyers who are technically and scientifically qualified to become patent agents, although patent attorneys must have legal qualifications. In some countries such as Brazil, Malaysia and South Africa, both lawyers who are not technically qualified and non-lawyers who are technically qualified may become patent agents.

Approached to cross-border aspects

31. Cross-border aspects concern the confidentiality of communications between clients and patent attorneys across national borders, in particular, the recognition of foreign privileges and secrecy obligation. Most countries do not provide specific laws and rules dealing with cross-border aspects of the confidentiality of communications between clients and foreign patent advisors. If there is any rule, national laws take different approaches.

32. Some common law countries recognize the foreign privilege as a result of choice of law rules. The standard applied by the courts of some countries in deciding whether the privilege should apply in relation to communications with foreign patent advisors is to consider whether or not such communications would have enjoyed privilege in the foreign law of the country concerned (comity).

33. Some other common law countries apply the domestic law of evidence (*lex fori*) for determining whether the foreign patent advisor is covered by the privilege. In this case, the foreign patent attorney regularly faces loss of confidentiality of the communications as she or he is not registered in that country.

34. In two common law countries, the domestic patent law (Australia) or law of evidence (New Zealand) provides an extension of the substantive principle of privilege to foreign patent advisors. In recognizing the foreign client-patent advisor privilege, the courts of those countries must review either: (i) whether the functions of overseas patent advisors "correspond" to those of a registered patent attorney (New Zealand); or (ii) whether a foreign patent advisor is "authorized" to do patents work under the law of his/her country (Australia). In the United Kingdom, the Copyright, Designs and Patents Act 1988 stipulates that privilege applies to a more limited scope of foreign patent advisors[5].

35. In most civil law countries, there is not much practical experience with cross border aspects of confidentiality of communications between clients and patent advisors, since there are no or very limited pre-trial discovery proceedings which might force disclosure of confidential information. However, the patent advisors in those civil law countries could be subject to a cross-border discovery in some common law countries, even if the protection of confidentiality is provided by their home country. Some civil law countries have explicitly regulated the confidentiality obligation of patent advisors by statute, including refusing testimony in court and withholding documentation, in order to facilitate the recognition of the privilege in the courts of certain common law countries.

DISCUSSION OF THE RELEVANT ISSUES

36. Based on the information gathered and the discussions held at the SCP, document SCP/20/9 contains further elaboration on a number of pertinent issues relating to

[5] Privilege applies to patent agents who are either registered in the United Kingdom or on the European patent attorney list.

the preservation of confidentiality of patent advisors' communications. It reviews the rationale for the client-patent advisor privilege and, in particular, its effects on the administration of justice, the public and private interests behind the regulation and the issue of development. According to the information contained in Annex III to document SCP/20/9 and the result of the AIPPI Questionnaire[6], the current laws regarding privilege and the professional secrecy obligation seem to be deeply rooted in the legal tradition of each country, and the level of economic or technological development does not seem to be a determinant factor. One should be mindful of particular situations of countries at different stages of development. However, on this particular topic, the different legal traditions may be more pertinent to the consideration of flexibility in the international system.

37. In relation to the cross-border aspects, the following issues have been addressed: (i) loss of confidentiality in foreign countries due to non-recognition of confidentiality of communications with non-lawyer patent advisors; (ii) legal uncertainty as to the recognition of foreign privileges and secrecy obligations; and (iii) the lack of comprehensive legal and practical measures to avoid forcible disclosure of confidential communications in a cross-border context. While it is not realistic to seek a uniform rule involving fundamental changes in national judicial systems, the legal uncertainty surrounding the treatment of confidential communications between patent advisors and their clients could affect the quality of the patent system at the international level.

POSSIBLE REMEDIES IDENTIFIED ON THE CROSS-BORDER ASPECTS

38. Confidential IP advice given by a patent advisor may be kept secret in some jurisdictions but risks forcible disclosure in others, where the following two conditions are simultaneously met:

(i) the national procedural law provides a mechanism (discovery proceedings or any other similar proceedings) that obliges the production of information with respect to confidential IP advice by patent advisors to a court; and

(ii) the national law does not fully recognize the privilege or confidentiality of IP advice given by foreign patent advisors.

39. In order to remedy this situation, various mechanisms could be envisaged. In achieving cross-border recognition of confidentiality, the following two aspects may be considered:

(i) the standards regulating the substantive law of the privilege of patent advisors; and

(ii) the standards for the recognition of foreign law on privilege.

40. One type of possible remedies for cross-border aspects consists in extending, through national laws, the legal professional privilege provided in relation to communications between national patent advisors and their clients to communications with certain foreign patent advisors, including patent advisors from both civil law and common law countries (an approach found in the laws of Australia and New Zealand). This approach would allow countries to maintain their flexibilities in terms of substantive law on privilege or professional

[6] https://www.aippi.org/download/onlinePublications/AIPPISubmissionto WIPOonConfidentialityof CommunicationsBetweenClients andtheirPatentAdvisiorsSeptember6-FINAL.pdf

secrecy obligation, but the asymmetry of the cross-border protection of confidential IP advice would remain.

41. Another approach might be to seek a minimum standard or convergence of substantive national rules on privilege among countries. On the one hand, if a common set of substantive rules will be applied to both national and foreign patent advisors in all countries, the confidentiality of IP advice would be recognized beyond their national borders. On the other hand, considering the current differences with respect to national laws in this area, countries may need some flexibilities, should they implement an international standard.

42. To this end, a Joint Proposal for the establishment of a minimum standard of protection from forcible disclosure of confidential IP advice has been developed by the American Intellectual Property Law Association (AIPLA), the International Association for the Protection of Intellectual Property (AIPPI) and the International Federation of Intellectual Property Attorneys (FICPI).[7] The essential agreement part of the Joint Proposal[8] reads as follows:

> "1. In this Agreement,
>
> 'intellectual property advisor' means a lawyer, patent attorney or patent agent, or trade mark attorney or trade mark agent, or other person, where such person is officially recognized as eligible to give professional advice concerning intellectual property rights.
>
> 'intellectual property rights' includes all categories of intellectual property that are the subject of the TRIPS agreement, and any matters relating to such rights.
>
> 'communication' includes any oral, written, or electronic record whether it is transmitted to another person authorized to receive such communication or not.
>
> 'professional advice' means the subjective or analytic views or opinions of an intellectual property advisor and is not meant to include mere statements of fact.
>
> "2. Subject to the following clause, a communication made for the purpose of, or in relation to, an intellectual property advisor providing professional advice on or relating to intellectual property rights to a client, shall be confidential to the client and shall be protected from disclosure to third parties, unless it is or has been made public with the authority of that client.
>
> "3. Jurisdictions may have and apply specific limitations, exceptions and variations on the scope or effect of the provision in clause 2 provided that such limitations and exceptions individually and in overall effect do not negate or substantially reduce the objective effect of clause 2 having due regard to the need to support the public and private interests described in the recitals to this Agreement which the effect of the provision in clause 2 is intended to support, and the need which clients have for the protection to apply with certainty."

43. Another possible mechanism is to recognize the privilege existing in other countries as part of the choice of law rules, and grant the same privilege for the purpose of court procedures in one's own country if such communications would have been privileged in the foreign law of the country concerned (an approach taken in the United States of America).

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[7] https://www.aippi.org/?sel=publications&sub=onlinePub&cf=colloquium

[8] The Joint Proposal consists of a preamble part and an agreement part. See footnote 25 of document SCP/20/9 for the full text of the Joint Proposal.

In civil law countries, clarifying the secrecy obligation of patent advisors by their national legislations could facilitate the recognition of confidentiality through the application of the choice of law rule to a certain extent (an approach found in the laws of France, Japan and Switzerland and the European Patent Convention (EPC)). On the one hand, the application of the choice of law rule does not require amendments of substantive domestic rules on privilege. On the other hand, even if a common choice of law rule were to be established, it would not be able to fully avoid forcible disclosure of confidential IP advice.

44. Further, the International Chamber of Commerce (ICC) has suggested the establishment of an international framework that extends the recognition of privilege to foreign patent advisors who are designated by the respective foreign authorities. Such a framework would allow, at least among the participating countries, seamless cross-border recognition of designated foreign patent advisors. Each country maintains its autonomy to decide on a group (or groups) of professions to be covered by the international framework. Further, the substantive law of privilege can be largely defined by each national law.

45. In the absence of an international legal framework that effectively recognizes confidentiality of IP advice at the global level, a number of practical remedies, such as cooperation with lawyers and increased use of oral communications, have been sought by practitioners in order to avoid forcible disclosure of confidential IP advice at the national and international levels.

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