



Protection of Confidentiality in IP Advice: The In-House Counsel Perspective

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Key Issues

- **Scope of the problem caused by lack of privilege**
- **Why privilege is important**
- **Cross-border concerns**
- **Privilege for in-house counsel**

Privileged Communications Must Cross Borders

- Patent applications for important innovations may be filed in up to 100 countries
 - Larger companies file even more broadly
 - Some companies have indicated patent applications are filed in over 180 countries
 - 100+ agents/attorneys in 100+ jurisdictions with different recognitions for privilege

Why It Is Important to Companies

- Companies do business and partner with institutions around the world
- Businesses or universities in countries with no discovery may still be forced to produce documents in foreign litigation
 - China: Third largest user of the PCT system
 - India: Number of collaborations in 1992-2000 exceeds total number of collaborations in the 40 years prior
 - Latin America: 7- to 10-fold increase in collaborations with US and Canada in fields of medicine, biology, and physics

Why it Should Be Important to Everyone

- Burden on the Courts
 - Excessive time and resources needed for courts to analyze privilege in each jurisdiction (over 100 countries?)
- Privilege recognized in your country may not be recognized by others
 - All such communications become public
- Privilege cannot be used to “hide” **facts**, it is only used to protect legal **opinions**

Attorneys or Agents

- Communications with non-lawyer IP professionals may not be privileged and are therefore discoverable
- Can companies limit communications to attorneys only and avoid the issue?
 - Small- and medium-sized business will not have the resources
 - Even larger companies often will not engage in diligence necessary to ensure foreign practitioners are attorneys
 - It is simply not necessary under local practice
 - Costly and extremely time-intensive

Non-lawyer IP Professional: Case Example

- Case no. 96-491-C (U.S. District Court, S.D.IN)
 - “The court is not similarly impressed with [the plaintiff’s] second argument, i.e., that the attorney-client privilege should be extended to foreign patent agents who are functional equivalent to an attorney and who are officially registered to practice before their respective patent office.”
 - “[I]f the privilege is extended as argued [by plaintiff], foreign patent agents would be afforded a greater privilege than their United States counterparts, a ludicrous result.”
 - “All such documents shall be provided to [the defendant] **within 15 days of the date of this entry.**”

In-house or Outside Counsel

- Communications between in-house counsel and their internal clients may not be protected
 - Reasoning: In-house counsel are not sufficiently independent from their employer to form an unbiased opinion
 - Counter-argument: All practicing attorneys have a duty that exceeds loyalty to the employer

Summary

- Privilege for domestic and cross-border communications ensures certainty to all businesses
- Failure to provide such privilege results in burden to courts and to unsuspecting litigants, even in countries with no discovery
- Privilege only protects the legal opinion, not the facts behind the opinion
- All registered practitioners (in-house or outside counsel) have a duty to act independently, thus legal opinions should be protected from disclosure



Thank You

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