Colloquium

AIPLA / AIPPI / FICPI (*the IP NGOs*)
June 26-28, 2013
Paris, France

Protection of Confidentiality in Intellectual Property (*IP*) Professional Advice (*PCIPA* or *the protection*)

National and International Remedies

Primer on the Protection (AIPPI version Post Colloquium – 28 August 2013)

This Primer describes the objective of the Colloquium, the problems to be resolved, other background information on the protection relevant to a solution of those problems, and provides for discussion a framework for that solution.

1. Summary

1.1 The **objective** of the Colloquium is to encourage consensus on a framework for a minimum standard of national protection from forcible disclosure of national and overseas IP advice.

1.2 The **problems** of the Protection to be overcome by national laws in accordance with such a framework are lack of adequate national protection of national and/or overseas IP advice, **and** where some degree of the protection does exist, the loss of that protection when the advice becomes involved in litigation overseas in which it can be forcibly disclosed.

1.3 **Confidentiality** of IP advice lies at the centre of the protection. That quality applies both in common and civil law systems. Recognition and application of confidentiality in IP advice nationally has not kept pace with changes in the types of professionals from whom persons obtain IP advice and in the growth of the global/cross-border nature of IP rights resulting in the increase in transmissions of IP advice from one nation to another.

1.4 The **solution** to these problems lies in recognising and applying **confidentiality** to IP advice more appropriately and in a harmonized fashion.

1.5 The **solution** must take into account the differences between the civil and common law systems per se and the differences within one civil law nation and another, and the same for common law nations.

2. Background relevant to the solution.

WIPO studies of the protection provide the starting point

2.1 The Colloquium will draw on the experiences of nations as delegates and of IP NGOs as observers in the WIPO studies of the protection under the name 'Client Attorney Privilege' (***CAP***) from May 2008 to December 2012 and the SCP 12 to 18 meetings of WIPO.[1]

2.2 The studies of CAP in WIPO in effect refined the definition of the problems of the protection down to the lack of provision in many national laws adequate for protecting intellectual property professional advice as confidential and in nations where that protection applies, the loss of that protection by transmission of the advice from persons in the one nation to those in another.[2]

2.3 One mechanism for the remedy of those problems identified in the WIPO studies is a consensus leading to some form of enforceable arrangement between nations to require IP advice to be protected as confidential and not to be capable of forcible disclosure, both within the particular nations and as between them.[3]

Obtaining a consensus, the AIPPI proposal is a working document

2.4 In the Colloquium, the IP NGOs and the representatives are to discuss the obtaining of such a consensus including the details of such an arrangement. AIPPI proposed in WIPO the basis for an arrangement which intends to take into account the differences between the civil and common law systems as to the protection and the need in that context to allow for exceptions and limitations applied to the protection (mainly in common law systems). The AIPPI proposal (see 3.3 below) has been updated after consulting the national AIPPI representatives in more than 50 countries. The AIPPI proposal provides a focus for debate and a discussion on the framework of a solution.

The need for certainty

2.5 The WIPO studies observed a particular quality required of the protection for it to be workable. For the protection to be effective, it has to be **certain** as to its application. Otherwise, those involved in the process of obtaining and giving legal advice on IP, cannot rely on the protection. Uncertainty defeats the purpose of the protection.[4]

Foundations of the protection

2.6 The protection as it applies in the law generally (not just for IP advice) has been recognised and applied for more than 500 years in the common law[5] and more than 200 years in civil

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[1] See the Resources in **Appendix 1**.

[2] See WIPO Report SCP/16/4 REV, paragraph 12 on page 13, and Section 3 of this Report.

[3] See the following references in WIPO Reports referred to in Appendix 1 – SCP/13/4 paras 62, 64 and 65, SCP/14/2 para 263 and SCP/16/4 REV paras 39 to 51.

[4] See **Appendix 2**.

[5] See **Appendix 3**.

law.[6] The legal forms of the protection are **privilege** in the case of common law nations and **professional secrecy** in the case of civil law nations.

The protection in general

2.7 The protection (where it exists) is dependant upon confidentiality in the communications to which it applies first being established and then being maintained.

2.8 In the civil law context, professional secrecy casts an obligation on the IP advisor not to disclose the subject of communications relating to the IP advice. As there is typically no discovery in civil law jurisdictions, in effect, those who instruct the IP advisor are protected from forcible disclosure of their IP advice by a third party who is not the advisor.

2.9 Theoretically, a civil court judge has the power to require production and use in proceedings of any documents which the parties may have. However, this power is not often used. The possibility of forced disclosure remains. This proposal, if adopted, could affect that possibility.

2.10 By contrast, in the common law, against the usual common law rule of having to discover (disclose and produce) all relevant documents and records, privilege is the right of clients not to be forced to disclose their IP advice including communications and other records relating to their IP advice. The clients' protection against disclosure by the advisor lies in the law against breach of confidence and requirements of professional conduct. Further in relation to client privilege in the common law, such privilege only protects from forcible disclosure oral or written communications that contain or are related to the obtaining or giving of legal advice. Thus such privilege does not apply to records of facts (such as the existence of prior art) which are objectively relevant to determining issues related to intellectual property rights.

The common public interest purposes of privilege and professional secrecy

2.11 Both professional secrecy and privilege have the purpose of encouraging those seeking advice and those giving it to be fully frank with each other in the process.[7] The needs for communications to be fully frank are linked to achieving public and private interests. **First**, full and frank communications support the giving and obtaining of correct advice. **Second**, they support obtaining compliance with the law.

Trade effects

2.12 Global trade and IPRs which are involved in and which support that trade, go hand in hand. Accordingly, failure to provide the protection and failure to recognise and maintain the protection which is provided in another nation where there are challenges to similar IPRs, are inevitably going to cause problems in doing business based on those IPRs.

[6] See page 3 of **Appendix 3**.

[7] See para 2 of **Appendix 3** and **Appendix 4.**

Allowances to be made for existing conditions of the law or the protection

Common law

2.13 In nations where privilege applies (ie common law), there are typically limitations and exceptions which apply to that protection. Such limitations include, for example, that the protection is limited to communications for the dominant purpose of the obtaining or giving of advice on the law. As to exceptions they include, for example, any communication or record involving or related to crime or fraud where such crime or fraud is an issue in the proceeding. Limitations and exceptions of the nature of the examples cited here, apply to specific, and in specified, circumstances. As such, those limitations and exceptions to the application of the protection by the nations which apply them are seen as necessary and desirable. Where they apply, they are not regarded as compromising the protection because they are specific and limited.

Civil law

2.14 The protection as provided by professional secrecy is essentially absolute: only in the most extreme circumstances would professional secrecy be breached. Thus the protection as afforded by professional secrecy is an obligation applied to the professional not to disclose information. This is different from common law privilege. As stated in paragraph 2.10, privilege in common law is the right of the client (not the lawyer) not to disclose information related to the obtaining of legal advice.

Categories of privilege

2.15 Generally, there are two categories of privilege in common law nations - ***client/lawyer privilege*** and ***litigation privilege***. Client/lawyer privilege is in most common law nations limited to communications between, and records relating to, the advising of a client by the client's lawyer. It typically does not extend to such documents or records created between a client or a lawyer with a third party even if those are for the purposes of enabling the lawyer to advise the client.

2.16 Client/lawyer privilege from forcible disclosure is regarded as strong because it lasts forever even after the matter has ended and the client has died. The privilege applies even if a third party needs the information which has been communicated, that is, even if the third party could not make its case without that information. This category of privilege is subject to few exceptions. One exception is where crime or fraud is the subject of a proceeding. A client and his lawyer could be forced to disclose the content of communications and other records, if they were relevant to whether such a fraud or crime had been committed.

2.17 Litigation privilege is different from client/lawyer privilege. In scope, litigation privilege extends to third parties (such as witnesses and independent experts) as well as client/lawyer communications and other records. But it only applies to communications and other records where they occur in a background of contemplated or pending litigation. In contrast with client/lawyer privilege, in some jurisdictions the privilege can be compromised where another party needs the information which the communications contain in order for that party to make its case in the proceedings. As well (another difference) when the matter is over, the privilege no longer applies.

2.18 Thus, the two categories of privilege can and frequently would overlap. A principal benefit for litigation privilege is its reach to protect communications with third parties

2.19 Whilst there are many variations from one nation to another, that should not be a concern assuming that the protection as it applies to communications with overseas IP advisors is treated the same way as communications with national IP advisors. It is not necessary to harmonise the differences in the protection from forcible disclosure which are now established law because they are specific and limited. Accordingly, the minimum standard required for the protection should allow for the continued existence of those differences.

2.20 The basic obligation to provide the protection according to an agreed minimum standard needs to be subject to limitations, exceptions, and variations. Any nation which is a signatory to such an agreement, should be permitted to adopt limitations, exceptions and variations as they see fit. However, the propositions in the previous two sentences should be subject to the qualification that the limitations, exceptions and variations do not adversely affect the protection which is to be provided. A formula allowing such limitations, exceptions and variations without unreasonable adverse effect on the protection required by the agreement, is part of the framework proposed by AIPPI.

Factors causing inadequacy of the protection

2.21 **First**, IPRs, the trade involving them and registrations of them have grown exponentially. **Secondly**, the flow of IP advice on IPRs that are often obtained in multiple jurisdictions has grown to meet the needs of those trading in goods and services involving the IPRs. **Thirdly**, technology has advanced involving increasing technical specialisation. These changes have led to increased reliance on non-lawyer patent attorneys who have special training in the law relating to IPRs and specialist technical qualifications. Their work in effect, carries out work which was previously done by lawyers combining with technologists where necessary.

Effects on persons requiring advice from non-lawyer patent attorneys

2.22 The main point to observe is that despite these changes, those seeking IP advice still need to have the communications and records involved in getting that advice treated as confidential. From the public's point of view, the same support is needed for obtaining correct advice and compliance with the law. In many but not most nations, the protection has been extended to apply to non-lawyer patent and trade mark attorneys nationally.

2.23 Where the protection of clients from disclosure of their IP professional advice does not extend to non lawyer patent and trade marks attorneys, the obtaining of frank and well-reasoned advice becomes complicated and expensive. Most notably, this adversely affects SMEs and individuals where law suits arise. They are forced to risk exposure to discovery of their IP professional communications.

Changes in national laws improving the protection

2.24 Australia, France, Japan, NZ, Sweden, Switzerland and the UK have each extended the protection to their own non-lawyer patent and trade marks attorneys. NZ has, and Australia will have (on 16 April 2013), laws extending the protection (obviously enough, within their own borders) to communications and records relating to the IP advice of overseas non-lawyer patent and trade marks attorneys.

2.25 No nation can obtain the protection in another nation for the legal advice of its own non-lawyer attorneys without an international arrangement to effect that. None have made such an arrangement. Accordingly, whilst for example, NZ has provided in NZ for the protection to apply to the clients of overseas non-lawyer attorneys, neither NZ nor any other nation has obtained protection for its own non-lawyer patent attorneys overseas. That is a subject requiring international consensus.

3. Framework for a solution

3.1 Thus, the protection as it applies to client/lawyer relationships has existed for centuries in both the civil and common law systems. There is no call for the abrogation of the protection.

3.2 The scope of the protection in each nation needs to be minimally the same. **First**, the protection must apply to all the national IP advisors. **Second**, as to each nation it must extend to overseas IP advisors whose advice is sought in relation to particular IPRs where that advice could have any influence nationally.

3.3 The AIPPI proposal is **Appendix 5**. The AIPPI proposal is guided by the commentary in Section 2 above. The framework proposed by AIPPI intends to take into account the differences between the civil and common law systems and the differences within one civil law nation and another, and the same for common law nations. Importantly, civil law countries are not required to adopt common law privilege but if they wanted to do so (including some variation on that theme), that would be possible.

3.4 The focus of the proposal is on requiring the obtaining and maintaining confidentiality in IP advice however that may be achieved, nationally. That is the first step. The second step is to apply that national protection to include overseas IP advice. Thus, the protection (ie against forcible disclosure of IP advice) applies to national IP advisors and their clients, and their overseas advisors.

3.5 The proposal leaves it open to each nation to determine how the minimum standard required, can be achieved in its law.

3.6 The differences between nations (civil and common law) and the limitations, exceptions and variations which exist, in those nations, are not disturbed now or in the future except if they would negate or substantially reduce the objective effect of the requirement to have the protection. This type of restriction is familiar in treaties and is expressed in the proposal as to restricting such limitations, exceptions and variations, as follows -

> … 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.

Appendix 1

Resources on the protection of IP advice

No	Date	Description
1.	July/August 2008	Patent World 'A Matter of Privilege'
2.	31 October 2008	AIPPI Submissions to WIPO on Report SCP/12/3
3.	25 February 2009	WIPO Report SCP/13/4
4.	31 August 2009	AIPPI Submission to WIPO on SCP/13/4
5.	18 December 2009	WIPO Report SCP/14/2
6.	April 2010	WIPO Report CDIP/5/9 REV – Information on DAG Guiding Principles (including 2007 WIPO Adopted Recommendations under the WIPO Development Agenda)
7.	August 2010	AIPPI Submissions to WIPO for SCP/15
8.	28 February 2011	AIPPI Submissions to WIPO on Protection of Clients' Intellectual Property Professional Advice 'the *protection*'
9.	21 April 2011	WIPO Report SCP/16/4 REV
10.	4 May 2011	AIPPI Submissions to WIPO on Report SCP/16/4 REV for SCP/16
11.	September 2011	AIPPI Submissions to WIPO on Cross-Border confidentiality of communications between clients and their patent advisers
12.	19 October 2011	SCP/16/9 PROV 2 – WIPO Report of SCP 16 – Extract on CAP
13.	1 November 2011	AIPPI Submissions to WIPO on continuing the study of CAP in relation to remedies
14.	5 November 2011	WIPO Report SCP/17/5 – Cross Border - Confidentiality of Communications between Clients and Patent Advisors

Appendix 2

Starting from the WIPO/AIPPI Conference in May 2008, participants in the SCP CAP project relating to the protection have accepted that **certainty** is a requisite quality, to be achieved by the law or amendments made to the law in relation to privilege (Ed. also 'the protection'). In particular, the following comment made by Rehnquist J in *Upjohn Co v United States* 449 US 383 (1981) was accepted as correct –

> If the purpose of the attorney-client privilege is to be served, the attorney and client must be able to predict with some degree of certainty whether particular discussions (Ed. including all relevant documents and other records) will be protected. An uncertain privilege, or one which purports to be certain that results in widely varying applications by the courts, is little better than no privilege at all.

Appendix 3

The protection in the civil law

1. In countries that have a Romano-Germanic tradition vis France, Italy, Chile, the Protection of legal advice and the documents by which that advice is communicated to the person who seeks that advice is partly brought about by imposing an obligation of secrecy on the professional advisor. The obligation of that advisor is unqualified and not limited by time. Professional secrecy is an obligation to remain silent.

The origin and nature of the law of professional secrecy

2. In an article entitled "Professional Secrecy versus Legal Privilege" by Baudesson and Rosher,[8] the authors quote Emile Garçon on the provenance and nature of professional secrecy in a commentary on the former Article 378 of the French Criminal Code as follows.

> Professional secrecy is only based on a public interest. The fact that its violation may cause a prejudice to individuals may not, on its own, justify its sanction by the law. The law punishes because public interest requires it. The orderly operation of society commands that the sick should be able to find a doctor, the litigant an advocate, the catholic a confessor but neither the doctor, nor the lawyer, nor the priest would be in a position to complete their mission if confidential information revealed to them were not covered by an inviolable secret. It is therefore crucial to the maintenance of public order that such necessary confidences should be subject to rules of confidentiality and that the confidants should be bound to remain silent, unconditionally and without restrictions, because otherwise nobody would dare seek their assistance anymore, if they could fear disclosure of the secret they revealed. Hence, Article 378 is aimed not so much at safeguarding the secret of an individual as at guaranteeing a professional duty that is essential for the benefit of all.[9]

3. Taking the example of France, Baudesson and Rosher note that Article 378 of the French Criminal Code of 1810 stated that -

> Any person entrusted with secrets revealed to them by reason of their office or profession and who […] will have disclosed such secrets, such be punished by an imprisonment of one to six months and a fine […].[10]

4. Accordingly, professional secrecy is based upon the need for confidential relations between people and particular persons who advise them, like priests and doctors as well as lawyers. Essentially people have to confide in such professionals to obtain correct advice. The person advised has to have security that all can be revealed to the particular advisor without running the risk of disclosure by that advisor. Thus, the focus of the obligation of professional secrecy is on the advisor. The public interest of enabling persons to get correct advice is a driving force behind professional secrecy.

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[8] Thomas Baudesson & Peter Rosher, "Professional Secrecy Versus Legal Privilege" (2006) 1 *International Business Law Journal* 37.

[9] Ibid 39-40.

[10] Ibid 39.

5. According to the authors Baudesson and Rosher, the scope of professional secrecy is not limited to legal opinions and communications between the lawyer and client in France. It extends to non contentious matters just as privilege does in most common law countries. As matters of detail, it applies to all meeting notes and more generally all documents relating to a given matter and it may even extend to items mentioned in a diary.[11]

Appendix 4

The origin and nature of the law of privilege

1. Client-lawyer privilege has existed at common law since at least 1577. In *Berd v Lovelace* (1577) 21 ER 33 (Ch), the court ordered that a solicitor who had been served with a subpoena to testify should not be examined:

> Thomas Hawtry, gentlemen, was served with a subpoena to testify his knowledge touching the cause in variance; and made oath that he hath been, and yet is a solicitor in this suit, and hat received several fees of the defendant; which being informed to the Master of the Rolls, it is ordered that the said Thomas Hawtry shall not be compelled to be deposed, touching the same, and that he shall be in no danger of any contempt, touching the not executing of the said process

In the first treatise devoted to evidence, Chief Baron Gilbert explained the rationale for legal privilege as follows:[12]

> A Man retained as Attorney, Counsel, or Sollicitor can't give Evidence of any thing imparted after the Retainer, for after the Retainer they are considered as the same Person with their Clients, and are trusted with their Secrets, which without a Breach of Trust cannot be revealed, and without such sort of Confidence there cou'd be no Trust or Dependance on any Man, or no transacting of Affairs by the Ministry or Mediation of another, and therefore the Law in this case maintains such sort of Confidence inviolable.

This passage clearly indicates that legal privilege finds its basis in the relationship of trust and dependence necessary between client and lawyer. It makes no mention of lawyer's strict adherence to a professional code of ethics as the rationale for the privilege.

2. Chief Baron Gilbert's interpretation seems to have found wide acceptance at the time. Blackstone, who only briefly dealt with the law of evidence in his *Commentaries on the Laws of England*, specifically referred his readers to Chief Baron Gilbert's treatise for further amplification of evidence law.[13] Henry Bathurst in *The Theory of Evidence* used Chief Baron Gilbert's work as the basis of his treatise.[14]

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[11] Ibid 41.

[12] *The Law of Evidence* (Dublin 1754) at 98; cited in Comment, 'Developments – Privileged Communications' 98 *Harvard Law Review* (1985) 1450, 1456

[13] William Blackstone, *Commentaries on the Laws of England* (1763-1768) 367; cited in Comment, 'Developments – Privileged Communications' 98 *Harvard Law Review* (1985) 1450, 1456

[14] Henry Bathurst, The Theory of Evidence (London, 1761); cited in Comment, 'Developments – Privileged Communications' 98 *Harvard Law Review* (1985) 1450, 1456

3. Whilst the scope of legal privilege has evolved, the rationale for its existence has not significantly altered over time. In *Greenough v Gaskell* (1933) 39 ER 618 (Ch), Brougham LC (at 620–21) explained the rationale for legal privilege in similar terms to Chief Baron Gilbert:

> The foundation of this rule is not difficult to discover. It is not (as has sometimes been said) on account of any particular importance which the law attributes to the business of legal professors, or any particular disposition to afford them protection… If the privilege did not exist at all, every one would be thrown upon his own legal resources, deprived of all professional assistance, a man would not venture to consult any skilful person, or would only dare to tell his counsellor half his case. If the privilege were confined to communications connected with suits, begun, or intended, or expected, or apprehended, no one could safely adopt such precautions as might eventually render any proceedings successful, or all proceedings superfluous.

4. The foundation of the protection is the need to have confidentiality in legal advice. That need is related to the perception of the advisee being disadvantaged if matters communicated between the advisor and the advisee, are made public.

5. The paramount interests which are served by privilege are public. They are **first** the requirement that persons be advised correctly on the law as it applies to their case, and **secondly**, the requirement that the law as it so applies, will be enforced.

6. Privilege is thus the right of persons not to be forced to disclose their legal advice. It can only be waived by the person who owns that right. The advisor is bound by a duty of confidence based on that person's position and the trust which the advisee puts in the advisor in disclosing what the advisee knows, fully and frankly, in order to get correct legal advice.

7. The mechanism of professional secrecy is different from privilege – professional secrecy does not produce a right in the advisee (as privilege does), it imposes an obligation on the advisor not to disclose communications and records relating to the advice and it backs that by penalties.

Appendix 5

The AIPPI Proposal

Recognizing that

1. Intellectual property rights (IPRs) exist globally and are supported by treaties and national law and that global trade requires and is supported by IPRs.

2. IPRs need to be enforceable in each nation involved in trade in goods and services involving those IPRs, first by law and secondly, by courts which apply due process.

3. Persons need to be able to obtain advice in confidence on IPRs from IP advisors nationally and transnationally, and therefore communications to and from such advisors and documents created for the purposes of such advice and other records relating to such

advising need to be confidential to the persons so advised and protected from forcible disclosure to third parties (***the protection***) unless and until the persons so advised voluntarily make public such communications, documents or other records.

4. The underlying rationale for the protection of confidentiality of such communications, documents or other records is to promote information being transferred fully and frankly between IP advisors and the persons so advised.

5. The promotion of such full and frank transferring of information supports interests which are both public and private namely in the persons so advised obtaining correct legal advice and in their compliance with the law but to be effective, the protection needs to be certain.

6. Nations need to support and maintain confidentiality in such communications including said documents or other records and to extend the protection which applies nationally to IP advice given by IP advisors in other nations, to avoid causing or allowing confidential advice on IPRs by IP advisors to be published and thus, the confidentiality in that advice to be lost everywhere.

7. The adverse consequences of such loss of the protection include owners of IPRs deciding not to trade in particular nations or not to enforce IPRs in such nations where the consequences of doing so may be that their communications relating to the obtaining of IP advice get published and used against them both locally and internationally.

8. National laws are needed which in effect provide the same minimum standard of protection from disclosure for communications to and from IP advisors in relation to advice on IPRs, and such laws should also apply the protection to communications to and from overseas IP advisors in relation to those IPRs including their overseas equivalent IPRs.

9. The minimum standard of the protection needs to allow for nations having or hereafter to have, such limitations, exceptions and variations as they see fit provided that they are of specific and limited effect which does not negate or substantially reduce the effect of the protection required by the minimum standard.

IN ORDER to give effect to the statements recited above, the nations cited in the Schedule to this Agreement have executed this Agreement on the dates stated respectively in that Schedule.

The nations so cited **AGREE** 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 advisor 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, or not.

   '**professional advice**' means information relating to and including the subjective or analytical views or opinions of an intellectual property advisor but not facts including mere statements of fact which are objectively relevant to determining issues relating to intellectual property rights (for example, the existence of relevant prior art).

2. Subject to the following clause, a communication made for the purpose of, or in relation to, an intellectual property advisor providing 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. Nations 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.

Schedule

[*Insert particulars of nations, of signatories on behalf of nations, and the respective dates of signing this Agreement.*]

28 August, 2013