Privilege

1. Attorney-client privilege in the UK Courts, especially for patent and trade mark attorneys

The UK Courts have long had powers of "discovery" (in recent years renamed "disclosure", though the older term is retained in other jurisdictions). The Court may order the disclosure of documents relevant to the dispute being tried. These may include communications between a party and a professional such as a doctor or accountant. However, such orders are *not* made of communications with *suitably regulated legal advisers* – these are said to have "privilege" against disclosure, more specifically termed "attorney-client privilege" or "legal professional privilege".

The justification of attorney-client privilege is as follows. It is in the public interest that clients should seek and obtain legal advice, even if in some cases they do not act on it; *overall*, the obtaining of advice reduces the likelihood that clients will engage in behaviour that would inconvenience others and engage the Courts. Privilege allows the client and his adviser to have frank discussions leading to the best possible advice without fear that these will be exposed in a later litigation. To take patent law as an example, privilege should reduce the likelihood of patentees' suing on patents of dubious validity and of third parties' selling infringing products or services.

Communications with UK solicitors and UK barristers on all legal matters enjoy attorney-client privilege; those with UK registered patent attorneys and European patent attorneys only on legal matters specified in the Copyright, Designs and Patents Act 1988; and those with UK registered trade mark attorneys only on legal matters specified in the Trade Marks Act 1994. All these legal advisers are regulated to be "independent" of their clients and in particular not to behave dishonestly to third parties or the Courts (see section 3 on Implications of current regulation for Federation Members in the article on Regulation on the IP Federation website), which means that privilege cannot be abused contrary to the interests of justice.

In-house UK legal advisers, and also EPAs, are regulated to be "independent" just as their private practice counterparts are, and their communications are equally privileged before the UK Courts.

Privileged communications may also be withheld from investigating authorities (most notably in the IP context, competition investigations by the Office of Fair Trading).

For Federation Members, the major weakness of attorney-client privilege in the UK is that it is not broad enough for communications with patent and trade mark attorneys. A trade mark attorney may be the first "port of call" for advice on

patents, but any communications with him on patents are outside the statutory privilege. A patent attorney's communications have broader statutory privilege, covering most patent, design, and trade mark matters, but the privilege almost certainly does not cover (for instance) communications concerning literary copyright in a work lacking technical content. The statute also has various "grey" areas, including advice on ownership of an invention, which is part of a patent attorney's routine practice.

In its response to the Clementi Review (*Trends and Events*, 2004/5, pages 25-26), the Federation urged that privilege be accorded to communications with patent and trade mark attorneys on *all* legal matters, as for those with solicitors and barristers. Disappointingly, no general move in this direction was made in the Legal Services Act 2007.

A second weakness for Federation members is that communications with an in-house IP department are not explicitly privileged as such (whereas communications with regulated private practice partnerships and companies as such *are*), only communications with the individual regulated legal advisers. This means, *inter alia*, that communications with trainees may be unprivileged.

2. Attorney-client privilege when a UK company sues, or is sued, for IP infringement in a foreign jurisdiction

For UK companies, a key issue is whether a foreign Court in which there is litigation can order the discovery of communications that a UK Court would deem privileged as described in Section 1. In civil-law countries such as France, the probability is low, for there is little discovery there. In USA, discovery (including e-discovery) is a major and expensive feature of litigation. However, the cases suggest that communications which would be privileged in UK would, "in comity", usually be privileged in USA.

The situation in Australia and Canada is much less satisfactory. In Australia, communications with UK solicitors are privileged, but not those with UK patent attorneys (though this may change in the foreseeable future). In Canada, plaintiffs in patent infringement actions have found that their communications with legal advisers in relation to the patent filing and prosecution lack privilege, even with the most highly qualified and regulated Canadian legal advisers.

IP law is remarkably harmonised internationally, and IP practice is highly international (for instance, it would be rare for a substantial company to have an Australian or Canadian patent without a US equivalent, and multi-jurisdictional parallel actions are not uncommon). Therefore, there is a risk that documents might enter the public domain in an Australian or Canadian patent action and later be used damagingly in a parallel action in UK or USA, even though the UK or US Court would not have ordered their discovery. To deal with such anomalies and others,[1] a WIPO Treaty on privilege in IP advice has been proposed. While broadly supporting such a Treaty, the Federation has left lobbying on the subject to more international representative organisations such as the International Chamber of Commerce. The Federation monitors progress on the WIPO Treaty nevertheless, which is currently expected to be slow.

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[1] The situation of parties from a civil-law country engaged in litigation in a common-law country is especially difficult.

3. Privilege in the proposed European and European Union Patents Court (EEUPC)

This Court (see the section on Unified Patent Litigation System in the article on EU Patent Reform on the IP Federation website) is intended in due course to be the Court of exclusive jurisdiction for all future patent protection in EU states obtained through the EPO, eliminating the embarrassment of (for instance) divergent decisions of UK and German Courts on identical European "bundle" patents. The Court will also have exclusive jurisdiction over old European "bundle" patents unless their owners "opt them out".

The current draft Agreement to establish the Court and draft Rules of Procedure do give the Court powers which a UK or US lawyer would recognise as discovery. Rule 362 deals with attorney-client privilege, but in such a way (inadvertently, it is believed) so as to be of little effect. The Federation has made a proposal to the Commission officials in charge of the project to establish the Court; this would achieve *inter alia* the following:-

(i) Clients of EPAs would benefit from attorney-client privilege before the Court;

(ii) clients of legal advisers throughout the world whose regulation was comparable with that of EPAs would also enjoy privilege (e.g. clients of UK registered patent attorneys and of US patent attorneys);

(iii) there would also be "litigation privilege" as in UK Courts;[2] and

(iv) the provisions as to privilege would be such as to command the respect of US Courts as those in UK do, -

subject to the proviso that attorney-client privilege under (i) and (ii) should be accorded to in-house advisers' communications so long as they were regulated similarly to private-practice advisers.

Both the inclusion of non-European advisers under (ii) above[3] and the proviso relating to in-house advisers[4] would require the EEUPC to be set up in disregard of the existing European law in relation to European Commission competition law investigations (see next Section). The Federation argues that the two cases can be clearly distinguished: a European Commission competition law investigation is undertaken by a public authority in the public interest, but a patent litigation is a private dispute.

4. Attorney-client privilege in European Commission competition law investigations

The present European law is of great concern. The Commission, in investigating a suspected breach of EU competition law, has access to communications with (i) any non-EU (non-EEA?) legal adviser, and (ii) any in-house legal adviser (essentially, the CJEU, unlike the UK Courts, dismisses the "independence" of in-house advisers in

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[2] Litigation privilege is additional to attorney-client privilege, and arises in relation to contemplated or actual litigation.
[3] Particularly important to Federation Members with US parents or major US subsidiaries.
[4] Important to most Federation Members. Note that the proviso in combination with (ii) would be expected to cover in-house US patent attorneys.

the context of a competition investigation). This was the law according to *AM&S* in 1982[5], and the law was unchanged by *Akzo* in 2010[6].

5. Practical implications

Insofar as most Federation Members rely on European patent attorneys or UK trade mark attorneys, solicitors, or barristers for key advice, they stand to enjoy substantial if imperfect privilege in the UK and US Courts.

According to their circumstances, some companies may, through their Information Retention Policy, seek to limit the number of discoverable documents, even in the files of the Legal and IP Departments and outside advisers. Others, however, may prefer to keep the documents in the interests of better case management.

Specific risk areas for companies are the following:

(i) Advice by UK patent and trade mark attorneys outside, or arguably outside, their respective statutory scope. Involvement of a solicitor or barrister may help.

(ii) Litigation in Australia (*pro tem*) and Canada. At least the plaintiff has the option of not engaging.

(iii) Advice on EU competition law relating IP. Involvement of a *private-practice* UK solicitor or barrister may help.

(iv) Advice by professionals in some countries (outside UK and USA) where it is questionable whether communications with them enjoy any privilege locally, so that there may be no local privilege to be respected "in comity" in US or UK Courts. This presents an especially acute problem if some of a company group's R&D is performed in such countries and local professionals are used for drafting the priority applications for the resulting inventions.

(v) Advice by trainees in in-house departments.

In addition, there are some bureaucratic aspects to privilege management. The US Courts require a high standard of proof that attorney-client privilege exists; the authorship of a document, or even of manuscript annotations to it, must be provable to be that of an appropriate person, which implies discipline in document creation. It may be worthwhile carefully to word e-mail footers against the possibility of e-discovery; if footers of e-mails sent by legal advisers (including of in-house advisers over the internal company network) are readily distinguishable from those sent by people whose e-mails are unlikely to attract attorney-client privilege, then they can be readily put on one side for privilege review.

Finally, if the EEUPC were in the event to be set up with unsatisfactory privilege arrangements, companies might have to consider using national routes for European patenting of important inventions, so as to preserve the *status quo* for privilege as set out in Sections 1 and 2 above. The privilege arrangements might also affect decisions on "opting out" of old European patents.

MJ, 11 October 2010

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[5] Case 155/79 *AM & S* v. *Commission* [1982] ECR 1575.
[6] Case 550/07 *Akzo Nobel Chemicals* v. *Commission*