
Patent attorney privilege in Australia: Options for reform

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Patent attorney privilege is a key aspect of the working relationship between a client and her or his patent attorney. The capacity to withhold communications from a court, should litigation arise, facilitates the provision of full and frank advice to the client. The privilege in Australia arises from s 200(2) of the Patents Act 1990 (Cth) – a provision that has been held to not protect communications with patent attorneys not registered under the Patents Act. Given the increasing internationalisation of the patent system, this limitation may impact directly on the system's operation. This article considers a number of issues relating to the existence of the privilege in Australia and overseas, and raises a number of specific options for the reform of patent attorney privilege in Australia.

I. INTRODUCTION

A “patent attorney privilege” exists in Australian law.¹ This privilege allows holders, or potential holders, of patent rights, to withhold from a court certain communications that they have had with their patent attorney. In 2004, the Federal Court of Australia interpreted the privilege provision in the *Patents Act 1990* (Cth) narrowly,² excluding from its application communications with foreign patent attorneys, that is, patent attorneys not registered under the *Patents Act*. This has given rise to concerns around the extent of this privilege.

Concerns have, in particular, focused on the difference in the scope of client-lawyer privilege as it applies to communications with patent lawyers and the scope of patent attorney privilege; with the difference in scope potentially giving rise to anomalous outcomes in litigation. Specifically, the same communication with different foreign practitioners may or may not be privileged depending on the qualifications required to be held by each of them in their jurisdiction of residence. The increasingly global nature of patent litigation will only heighten these concerns. These matters have given rise to a push for legislative change in Australia to extend the scope of the privilege to ensure that communications with foreign patent practitioners are covered by the privilege.³ Questions have also been raised as to whether the privilege should extend to communications with third parties. This article delves into these issues and raises a number of specific options for the reform of patent attorney privilege in Australia.

II. PATENT ATTORNEY PRIVILEGE IN AUSTRALIA

A privilege, broadly, is an “exemption from the normal obligation of a citizen to provide the judicial arm of the state with the information and documents which are required for the determination of

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¹ While the privilege is referred to as “patent attorney privilege”, it properly belongs to the client. The privilege, therefore, may be better referred to as “client-attorney privilege”. It is commonly known now as “patent attorney privilege” and, as a result, it shall be referred to as such in this article.

² *Eli Lilly & Co v Pfizer Ireland Pharmaceuticals* (2004) 137 FCR 573.

³ A number of issues around the scope and operation of patent attorney privilege are raised in IP Australia, *Patent & Trade Mark Attorney Privilege*, Issues Paper, 2005. See also, Presentations, WIPO Conference, *Client Privilege in Intellectual Property Professional Advice*, May 2008, http://www.wipo.int/meetings/en/2008/aippi_ipap_ge/program.html (discussion of the limitations of patent attorney privilege in the international patent system).

litigation”.⁴ There are a number of privileges, such as the privilege against self-incrimination and the privilege that covers communications between clients and their lawyers. Common to them all is the assessment that a privilege operates to entitle a person in her or his role as a witness or a party to litigation to withhold evidence, or in some cases to prevent others from disclosing information.⁵ A variety of public interests provide the rationale for the recognition of these privileges. However, public policy also underpins the obligation to provide information and documents to the court during litigation. That obligation enables reliable fact finding and is based on the benefit to the public of ensuring a fair trial.⁶ This, in turn, supports the public interest in having an effective and credible trial system, supported and respected by the community at large.⁷ Consequently, the recognition of a privilege involves the weighing of these competing public interests. In Australia, the legislature has determined that the public interest that supports a patent attorney privilege is the prevailing interest.⁸

A patent attorney privilege is recognised in Australia, currently via its statutory manifestation in s 200(2) of the *Patents Act*. The privilege is, and has been, purely the creation of statute. Section 102 of the original Commonwealth patent legislation, the *Patents Act 1903* (Cth), provided that “[e]very patent attorney shall have such privileges as are prescribed”.⁹ The privilege was omitted from the *Patents Act 1952* (Cth).¹⁰ In 1960, the privilege was reintroduced in s 135(1A) of the *Patents Act 1952* (Cth). The 1952 Act was repealed 38 years later and replaced by the current *Patents Act*.

Section 200(2) of the current Act provides that certain client-patent attorney communications (and related documentation) concerning intellectual property matters, are covered by privilege. The provision is as follows:

A communication between a registered patent attorney and the attorney’s client in intellectual property matters, and any record or document made for the purposes of such a communication, are privileged to the same extent as a communication between a solicitor and his or her client.

A “registered patent attorney” means a person registered as a patent attorney under the *Patents Act*, such registration being dependent on a number of requirements including that the individual be ordinarily resident in Australia (ss 3, 198(4) and Sch 1). “Intellectual property matters” are defined as meaning matters relating to patents, trade marks, designs or any related matters (s 200(4)).¹¹ It would appear that matters relating to plant breeders rights, circuit layouts and copyright (other than to the extent to which there may be copyright/design overlap issues) are not covered.

⁴ Heydon J, *Cross on Evidence* (6th Australian ed, Butterworths, 2000) p 664.

⁵ Keane A, *The Modern Law of Evidence* (6th ed, Oxford University Press, 2006) p 623. A privilege should be distinguished from the compellability or competency of a witness to give evidence. The term “privilege” is usually used to describe a blanket rule or exclusion (which may be subject to explicit exceptions) rather than the situation where the court has the ability to decide whether or not in a *particular case* to allow a witness to withhold evidence based on various considerations such as harm to the individual. In this article, our focus is on the blanket rules or exclusions.

⁶ Australian Law Reform Commission (ALRC), *Evidence (Interim)*, Report 26 (1985) at [848]; see also *Grant v Downs* (1976) 135 CLR 674 at 685.

⁷ ALRC, n 6 at [848].

⁸ For a detailed discussion of the rationales for patent attorney privilege, see Dent C, Hall E and Christie A, “For the Health of the Economy and Patent System: Rationale and Scope of Patent Attorney Privilege” (2009) 4 *Journal of Intellectual Property Law and Practice* 23.

⁹ *Patents Act 1903* (Cth) was largely based on *Patents Act 1883* (UK), although the 1883 Act did not contain any patent attorney privilege.

¹⁰ *Patents Act 1952* (Cth), s 134(1)(b) was in similar terms to *Patents Act 1903* (Cth), s 102, but no privilege appears to have been prescribed; noting this, IP Australia has speculated that the omission may have been inadvertent: IP Australia, n 3 at 2.

¹¹ The patent attorney privilege has been held as not limited to the activities expressly stated in *Patents Act 1990* (Cth), eg, preparation of a patent specification, and extends to a patent attorney’s “legitimate professional activities”: *Windowie Foundry Pty Ltd v Milson Foundry Pty Ltd* (1993) 44 FCR 474 at 478. Those activities have included advising in relation to the alleged infringement of a registered design (*Sepa Waste Water Treatment Pty Ltd v JMT Welding Pty Ltd* (1986) 6 NSWLR 41) and advice given as to the registrability of a trade mark (*Pfizer Pty Ltd v Warner Lambert Pty Ltd* (1989) 24 FCR 47).

The privilege will only apply to the same extent that communications between a solicitor and client are protected. That protection is provided by client-lawyer privilege,¹² which has traditionally been defined in terms of both an “advice privilege” and a “litigation privilege”. The former protects communications (oral or written) and documents that are confidential and that pass between or are created by a lawyer and client for the dominant purpose of the lawyer providing, or the client receiving, legal advice; and the litigation privilege protects communications (oral or written) and documents that are confidential and that pass between or are created by a client, the client’s lawyer and third parties made for the dominant purpose of use in, or in relation to, existing or contemplated litigation.¹³

The extent to which lawyer-client communications are protected was recently reiterated by the High Court of Australia in *Daniels Corporation International v ACCC* (2002) 213 CLR 543 at [9]-[10] per Gleeson CJ, Gaudron, Gummow and Hayne JJ:

It is now settled that legal professional privilege is a rule of substantive law which may be availed of by a person to resist the giving of information or the production of documents which would reveal [confidential] communications between a client and his or her lawyer made for the dominant purpose of giving or obtaining legal advice or the provision of legal services, including representation in legal proceedings ...

Being a rule of substantive law and not merely a rule of evidence, legal professional privilege is not confined to the processes of discovery and inspection and the giving of evidence in judicial proceedings.

It has been suggested that the above statement supports the view that there is a blurring between the two limbs of the privilege and that such a blurring is reflected in various decisions of the Federal Court, including *Pratt Holdings v Commissioner of Taxation* (2004) 136 FCR 357.¹⁴ In that case, communications between a lawyer (or client) and a third party were thought to be potentially privileged even if the latter was not an agent of either the lawyer or the client for the purposes of the communication, and even if litigation was not pending or contemplated.¹⁵

As well as extending to third parties, client-lawyer privilege in Australia also applies to foreign legal practitioners.¹⁶ However, while purporting to apply “to the same extent as a communication between a solicitor and his or her client”, the wording of s 200(2) of the *Patents Act* has been strictly interpreted. This strict interpretation prevents the privilege operating in respect of communications

¹² This privilege has been known as legal professional privilege, client attorney privilege, and, more recently in Australia, as client-legal privilege, reflecting the fact that the privilege is that of the client. For the purposes of consistency, this privilege will be referred to generally as client-lawyer privilege throughout this article.

¹³ The ALRC has noted that under the common law and the uniform Evidence Acts (ss 118, 119), the operation of the two privileges is substantially the same: ALRC, *Client Legal Privilege and Federal Investigatory Bodies*, Issues Paper (2007) at [2.3].

¹⁴ ALRC, n 13 at [2.13]-[2.16].

¹⁵ Traditionally, the privilege covered three kinds of communications: Heydon, n 4, p 799 notes, “(a) communications between the client or the client’s agents and the client’s professional legal advisers; (b) communications between the client’s professional legal advisers and third parties, if made for the purpose of pending or contemplated litigation; and (c) communications between the client or the client’s agent and third parties, if made for the purpose of obtaining information to be submitted to the client’s professional legal advisers for the purpose of obtaining advice upon pending or contemplated litigation.”

¹⁶ Until recently, the extension to communications with foreign legal practitioners was in the form of a rebuttable presumption: *Kennedy v Wallace* [2004] FCAFC 337. Amendments to the *Evidence Act 1995* (Cth) came into force in 2009 that expanded the definition of “lawyer” for the purpose of client-legal privilege to include “an overseas registered foreign lawyer or a natural person who, under the law of a foreign country, is permitted to engage in legal practice in that country”: s 117(1). Further, the privilege was extended to include confidential communications made, and documents prepared, for the dominant purpose of the provision of advice for overseas legal proceedings: s 119.

with foreign patent practitioners¹⁷ and also, it is expected, in respect of third party communications whether or not the third party is acting as an agent of either the client or a local patent attorney.¹⁸

III. PATENT ATTORNEY PRIVILEGE IN KEY OVERSEAS JURISDICTIONS

The concern associated with the transnational recognition of the privilege in Australia has been the catalyst for a number of issues papers and submissions over the past few years.¹⁹ The concern stems from a failure by courts to recognise foreign patent practitioner privilege. Even where there is recognition, the varying scope of the privilege in different jurisdictions can make the application of the privilege less than certain. The concern is also amplified by the increasingly international nature of intellectual property. This Part provides an overview of the qualifications of patent practitioners and the operation of the privilege in the UK, the US, and selected other European jurisdictions in order to highlight the differences between the recognition of privilege here and overseas and also to illustrate difficulties with respect to potential reforms of s 200(2) of the *Patents Act*.

A. United Kingdom

The position in terms of patent practitioner qualifications in the UK is similar to that in Australia.²⁰ Before the *Civil Evidence Act 1968* (UK) there was no provision for a patent attorney privilege in the UK. At that time, patent attorneys were not considered to be professional legal advisers and communications with them were not privileged.²¹ However, with s 15 of that Act, the UK legislature provided for a patent agent privilege which put a patent agent in the same position as a solicitor would have been if he had been acting in the place of the patent agent. That provision later appeared in s 104 of the *Patents Act 1977* (UK) and is now found in s 280 of the *Copyright, Designs and Patents Act 1988* (UK). A note to the provision states that, unlike previous provisions, s 280 provides a broader scope of the privilege by conferring privilege on all communications relating to the protection of any invention, design, technical information, trade mark, service mark or relating to passing off.²² In short, communications between a patent agent and client are now protected in the same way as client-lawyer privilege protects solicitor-client communications.

In the UK, client-lawyer privilege protects confidential communications between a solicitor and her or his client made for the purpose of obtaining and giving advice and confidential communications made between the client or solicitor and third parties having as their sole or dominant purpose the

¹⁷ *Eli Lilly & Co v Pfizer Ireland Pharmaceuticals* (2004) 137 FCR 573. Foreign patent attorneys and agents are not included in the definition of “registered patent attorney”.

¹⁸ Limitations on the scope of advice protected by client-lawyer privilege also may impact on the scope of advice covered by patent attorney privilege. That is, as the patent attorney privilege draws upon the rules for client-lawyer privilege, matters of a purely technical nature would not be covered by patent attorney privilege. However, just as Allsop J in *DSE (Holdings) Pty Ltd v InterTAN Inc* (2003) 135 FCR 151 recognised with respect to client-lawyer privilege, a narrow approach to the scope of patent attorney privilege would undermine its operation and overlook its rationale. His Honour held the view that “too literal a requirement of identifying legal advice as express advice about the law would place undue emphasis on formalism and undermine the [client-lawyer] privilege”: at 168.

¹⁹ For example, IP Australia n 3.

²⁰ Patent agents (also known as patent attorneys) are not required to be legally qualified in the UK. Solicitors can also refer to themselves as a “patent attorneys” (although not “patent agents”) even though they are not required to pass any examinations relating to intellectual property as such to practise in that area: see *Copyright, Designs and Patents Act 1988* (UK), ss 276, 278; Chartered Institute of Patent Attorneys (CIPA) *Patent attorneys and other advisors*, <http://www.cipa.org.uk/pages/advice-patent#PAPA> (2007).

²¹ See Thorley S and Terrell T, *Terrell on the Law of Patents* (15th ed, Sweet & Maxwell, 2000) p 445; *Moseley v Victoria Rubber Co* (1886) 3 RPC 351 at 355; *Dormeuil Trade Mark* [1983] RPC 131 at 135; *Wilden Pump Engineering Co v Fufeld* (1984) 3 IPR 104 at 110-112.

²² Previously, the privilege applied “only to communications made for the purpose of pending or contemplated patent proceedings”: *Halsbury’s Statutes of England and Wales* (2003), 351.

preparation for existing or contemplated litigation.²³ In *Three Rivers District Council v Governor & Company of the Bank of England (No 5)* [2003] QB 1556, a restrictive interpretation of “client” in the context of advice privilege was adopted. The court held that, other than those employees specifically responsible for instructing and receiving legal advice, employees of the Bank of England were not the “client” for the purposes of the privilege. Rather, they were third parties and, as such, not covered by the privilege.²⁴

With respect to third parties and patent agent privilege in the UK, the Chartered Institute of Patent Attorneys (CIPA)²⁵ has stated that client-lawyer privilege, insofar as it underpins patent agent privilege, will attach:

to documents which are communications between ... a patent agent ... and a non-professional agent or third party, whether communicated directly or through an agent, provided that these documents have come into existence for the purpose of obtaining or giving advice in relation to pending or contemplated proceedings, for obtaining or collecting evidence to be used in such proceedings or for obtaining information which may lead to the obtaining of such evidence.²⁶

It should also be noted that the reference to “patent agent” in s 280 does not explicitly include a person acting on behalf of another, but it has been presumed that these words would be imported into the section.²⁷

Further, as is the position in Australia, client-lawyer privilege in the UK extends to communications with foreign legal advisers.²⁸ However, as in Australia, it would seem that communications with foreign patent practitioners may be excluded from the protection afforded by patent agent privilege. This is based on the wording of s 280 which appears in essence to confine patent agent privilege to communications with *registered* patent agents or persons on the European List.²⁹

B. United States

In contrast to the Australian and UK regimes, patent attorneys in the US are required to be qualified as lawyers; US patent agents, on the other hand, are not legally qualified practitioners.³⁰ Originally, communications between patent attorneys, patent agents and their clients were not protected by any

²³ Choo A, *Evidence* (Oxford University Press, 2006) pp 174-175; see also *Three Rivers District Council v Governor & Company of the Bank of England (No 6)* [2004] 3 WLR 1274 (Lord Carswell) for a review of the authoritative statements of the two limbs of the privilege.

²⁴ While invited to review that aspect of the decision, the House of Lords declined to do so for a number of reasons including that the actual matter before it did not require it, it was a difficult issue and the views of their Lordships would not constitute binding precedent: *Three Rivers District Council v Governor & Company of the Bank of England (No 6)* [2004] 3 WLR 1274.

²⁵ CIPA is the professional and examining body for patent agents in the UK.

²⁶ CIPA, *Guide to the Patents Acts* (Sweet and Maxwell, 2000) at [280.07]. This accords with common law client-lawyer privilege whereby communications with third parties can be privileged via the litigation privilege (*Wheeler v Le Marchant* (1881) 17 Ch D 675).

²⁷ CIPA, n 26 at [280.04]. Under common law client-lawyer privilege, both client and legal adviser can act through an agent: Tapper C, *Cross and Tapper on Evidence* (9th ed, Butterworths, 1999) p 453.

²⁸ See *In re Duncan, Deed, Garfield v Fay* [1968] P 306, where Ormond J held that communications passing between a client and his foreign legal advisers were privileged regardless of whether proceedings in the court in which the case arose or in any other court were contemplated when they came into existence: “The nationality of the foreign lawyer is as irrelevant as his address”, “territoriality has little or nothing to do with the matter” (at 311-314); his Honour also considered, “if [the documents] were prepared in connection with proposed or actual litigation in a foreign court or courts they are just as entitled to privilege in the present action [in UK] as if they had been prepared for it” (at 313).

²⁹ See Thorley and Terrell, n 21 at 39 (referring to the operation of patent attorney privilege, “In practice, an applicant would be well advised to employ the services of a Registered Patent Agent (or a person on the European list or firm or company entitled to describe themselves as European patent attorneys), not least because of the provisions about patent agents privilege which only apply to communications with such persons”).

³⁰ *USC 37*, Ch 1, Pt 11, s 11.6(b).

client-lawyer privilege in the US.³¹ Patent practitioner activities were not viewed as the practice of law. Even though a patent attorney did possess legal qualifications, he or she was viewed as not exercising those skills in undertaking patent attorney activities, and the privilege was not applied even to patent attorney communications.³² However, there were views to the contrary and a significant degree of confusion on the issue existed.³³

The situation was, to an extent, clarified when the United States Supreme Court, in *Sperry v Florida* 373 US 379 (1963), ruled that patent practice was the practice of law.³⁴ As a result of *Sperry*, the situation appeared more certain regarding the privilege existing between a client and a patent attorney (being a legal practitioner). Consequently, in *In re Spalding Sports Worldwide, Inc* 203 F 3d 800 (Fed Cir 2000), the Court of Appeals for the Federal Circuit was required to decide the privilege of an invention record submitted to Spalding's corporate legal department by two inventors.³⁵ The court decided that the issue was unique to patent law and clearly implicated substantive patent law; the court therefore considered it appropriate to apply Federal Circuit law (at 803-804). In doing so, the court stated that the client legal privilege "exists to protect not only the giving of professional advice to those who can act on it, but also the giving of information to the lawyer to enable him to give sound and informed advice" (at 805).³⁶ Citing *Sperry*, the Court of Appeals went on to hold that a communication to a patent attorney will be privileged "as long as it is ... 'for the purposes of securing primarily legal opinion, or legal services, or assistance in a legal proceeding'" (at 805),³⁷ and that an invention record prepared primarily for the purpose of obtaining legal advice on patentability and legal services in preparing a patent application was privileged. As noted by Rose and Jessup, the decision supports the view that "confidentiality and privilege attach to all information relating to patentability or prosecution".³⁸

The position is, however, more uncertain when considering client and patent agent communications. Three different stances have been adopted across the federal district circuit courts on whether the privilege applies to patent agents. The first does not recognise any privilege. This lack of recognition rests primarily on the basis that the patent agent is not the member of the Bar of a court.³⁹ The second position provides for a limited privilege based on a subordination requirement; eg, the

³¹ See Willi J, "Proposal for a Uniform Federal Common Law of Attorney-Client Privilege for Communications with US and Foreign Patent Practitioners" (2005) 13 Texas Intellectual Property LJ 279 at 294, and the cases cited, eg: *United States v United Shoe Machinery Corp* 89 F Supp 357 (D Mass 1950); *Zenith Radio Corp v Radio Corp of America* 121 F Supp 792 (D Del 1954).

³² See Willi, n 31 at 294-295; see also LoCascio G, "Reassessing Attorney-Client Privileged Legal Advice in Patent Litigation" (1994) 69 Notre Dame L Rev 1203 at 1210-1.

³³ See Willi, n 31 at 294-296.

³⁴ See Willi, n 31 at 296 and LoCascio, n 32 at 1211.

³⁵ See *In re Spalding* 203 F 3d 800 at 802, fn 2 (Fed Cir 2000): invention records are "standard forms generally used by corporations as a means for inventors to disclose to the corporation's patent attorneys that an invention has been made and to initiate patent action. They are usually short documents containing space for such information as names of inventors, description and scope of invention, closest prior art, first date of conception and disclosure to others, dates of publication etc."

³⁶ Quoting *Upjohn Co v United States* 449 US 383 at 390 (1981); citing *Shearing v Iolab Corp* 975 F 2d 1541 at 1546 (Fed Cir 1992).

³⁷ Quoting *Knogo Corp v United States* 213 USPQ (BNA) 936 (1980).

³⁸ Rose S and Jessup D, "Whose Rules Rule? Resolving Ethical Conflicts during the Simultaneous Representation of Clients in Patent Prosecution" (2004) 44 *IDEA: The Journal of Law and Technology* 283 at 319, fn 191. See also Musch J, "Attorney-Client Privilege and the Patent Prosecution Process in the Post-Spalding World" (2003) 81 *Washington University Law Quarterly* 175 at 191: "Federal Circuit in Spalding clearly hoped to carve out a uniform rationale in this area by its invocation of its jurisdictional power" and that "this innovation [would] act as a signal to other courts in this area to follow its example"; Musch cites *McCook Metals v Alcoa* 192 FRD 242 (ND Ill 2000); *Fordham v Onesoft* No 00-1078-A, 2000 WL 33341416 (ED Va Nov 6, 2000) to illustrate the continuing lack of uniformity (at 194).

³⁹ See Willi, n 31 at 298-301, fn 140: cases cited from District Courts of Massachusetts, Eastern District of Wisconsin, South Carolina and Northern District of Illinois, which have supported this approach. See also McCabe Jr M, "Attorney-Client Privilege and Work-Product Immunity in US Patent Litigation" in Walkowiak V (ed), *The Attorney-Client Privilege in Civil Litigation: Protecting and Defending Confidentiality* (4th ed, American Bar Association, 2008) pp 474ff.

patent agent must be working under the supervision of an attorney as her or his immediate subordinate.⁴⁰ Finally, there are some courts that recognise that the privilege operates fully in respect of patent agents, giving consideration to the function they perform rather than their title.⁴¹

In terms of the recognition of foreign patent attorney/agent privilege, there are two main approaches adopted across the federal district circuit courts, with each approach appearing to have three different versions.⁴² The versions of the “Non-Choice of Law” approach are:

- (1) the “Bright Line” approach – no privilege for a foreign patent practitioner is recognised because he or she is neither a US attorney nor the agent or immediate subordinate of an attorney;⁴³
- (2) the “Immediate Subordinate” approach – limited privilege is recognised; with communications privileged only when the foreign patent practitioner is acting as the agent or immediate subordinate of a US attorney;⁴⁴ and
- (3) the “Functional” approach – limited privilege is recognised; with communications privileged only if the foreign patent practitioner is *functioning* as an attorney.⁴⁵

One version of the “Non-Choice of Law” approach, therefore, does not recognise any privilege and the other two recognise privilege in defined circumstances.

Under the alternative “Choice of Law” approach, which is the approach used by most district circuit courts, each of its three versions has distinct rules for when privilege will be recognised. The versions of this approach are:

- (1) the “Touching Base” approach – that has been summarised as:

[C]ommunications with foreign patent agents regarding assistance in prosecuting foreign patent applications ... [or] relating to legal advice on the patent law of the patent agent’s country or relating to litigation in the patent agent’s country ... may be privileged if the privilege would apply under the law of the foreign country in which the patent application is filed and that law is not contrary to the public policy of the United States ... [W]here communications with foreign patent agents relate to assistance in prosecuting US patent applications, legal advice on the patent law of the US, or litigation in the US, courts do not look to foreign law to decide whether communications with foreign patent agents are protected by the federal common law of attorney-client;⁴⁶

- (2) the “Comity Plus Function” approach – adopts the understanding that if the foreign law extends legal professional privilege to its patent agents, and the patent agent was generally functioning as an attorney with respect to the communications, then privilege will be recognised;⁴⁷ and
- (3) the “Most Direct and Compelling Interest” approach – applies privilege to (a) communications with a foreign patent practitioner regarding assistance in filing a foreign patent application if recognised as such under the law of the foreign country in which the foreign patent application is

⁴⁰ The privilege will be recognised when the patent agent is acting as an agent, or as an immediate “subordinate” acting under the control and authority of a member of the Bar of a court. For examples of this approach see the cases cited by Willi, n 31 at 301-302 including: *Congoleum Industries Inc v GAF Corp* 49 FRD 82 (ED Pa 1969), aff’d 478 F 2d 1398 (3d Cir 1973); *Hercules Inc v Exxon Corp* 434 F Supp 136 (D Del 1977).

⁴¹ Willi, n 31 at 303-307, cites a number of cases in which the client-lawyer privilege has been recognised as extending to patent agents registered with the United States Patent and Trademark Office including: *Vernitron Medical Products Inc v Baxter Laboratories Inc* 186 USPQ (BNA) 324 (DNJ 1975); *In re Ampicillin Antitrust Litigation* 81 FRD 377 (DDC 1978).

⁴² For a detailed review of the different approaches see Willi, n 31 307-335. For a breakdown, by jurisdiction, of case law relating to the application of US privilege to non-US IP professionals see Hill D, Presentation, WIPO Conference, n 3.

⁴³ For examples, see decisions of the Federal District Courts in Maryland and Wisconsin.

⁴⁴ For examples, see decisions of the Federal District Courts in New York, Delaware and Illinois.

⁴⁵ For examples, see decisions of the Federal District Courts in New Jersey, Delaware and Illinois. A foreign practitioner may, eg, be seen to be functioning as an attorney if they are permitted by law in their country to give patent law advice by virtue of being registered in the patent office of their country.

⁴⁶ Willi, n 31 at 322-23. For various interpretations of the “Touching Base” approach see decisions of the Federal District Courts in South Carolina, Illinois and Columbia.

⁴⁷ The Northern District of Illinois has adopted this approach.

filed;⁴⁸ and (b) communications with foreign patent practitioners related to legal advice on the patent law of the patent practitioner's country or regarding litigation in a patent practitioner's country provided it is recognised under the law of the foreign country under which the foreign patent practitioner is authorised to practise patent law.⁴⁹

The extension of client-lawyer privilege to communications involving third parties is limited to the situation where those third parties are acting as agents for either the client or the legal practitioner and only if their presence is necessary to secure and facilitate the communication between the attorney and client.⁵⁰ Accordingly, third parties such as a client's translator, interpreter, parent or adult child, have been held to be third parties classed as agents. Their presence during client-attorney communications does not compromise client-lawyer privilege. However, the presence of third parties that do not translate information between the client and the attorney, but who provide information independently to the attorney, such as investment bankers or business advisors, would compromise the privilege.⁵¹ As the general client-lawyer privilege rules do not provide for privilege in these circumstances, it is expected that any patent attorney/agent privilege, if recognised, would at least be similarly limited.

C. Europe

Across continental Europe, the recognition and qualifications of patent professionals differ from jurisdiction to jurisdiction. It is worth noting, in particular, the position in both Switzerland and Germany, on the basis that a number of large companies in industries from which many patents arise are resident there. In Switzerland, there is no recognition of a separate patent and/or trade mark profession;⁵² whereas in Germany there is such recognition and there exist defined requirements for qualifying as a patent attorney.⁵³ The recognition of patent attorney privilege also varies between the various European countries. In Germany, a client-lawyer privilege exists under the Attorney-at-Law Act. Further, the Code of Civil Procedure and Code of Criminal Procedure provide for an attorney at law to refuse to give evidence. These privileges apply to German patent attorneys.⁵⁴ In contrast, no patent attorney privileges exist in Switzerland as no independent patent profession is recognised. However, the Swiss do have a form of client-lawyer privilege which "covers all information that an attorney at law receives from his client or of which he learns in the course of his activity as an attorney at law".⁵⁵ Thus, if work were undertaken in the patent field by a Swiss legal practitioner, it is expected that it would fall within that client-lawyer privilege.⁵⁶

⁴⁸ Except when the European Patent Office is involved (the law of the country where the patent agent is located is applicable).

⁴⁹ Willi, n 31 at 330. For examples, see decisions of the District Courts in New York and Massachusetts.

⁵⁰ Wigmore J et al, *Evidence in Trials at Common Law* (Little Brown, 1961) ss 2301, 2317. See also *Fin Tech Int'l Inc v Smith* 49 Fed R Serv 3d 961 at 967 (SDNY 2000) quoted in Gruetzmacher K, "Comment: Privileged Communications with Accountants: The Demise of United States v Kovel" (2003) 86 *Marquette Law Review* 977 at 979.

⁵¹ See Wigmore, n 50, s 2317; Gruetzmacher, n 50 at 980.

⁵² International Association for the Protection of Intellectual Property (AIPPI), *Questionnaire May 2002: Q163 Attorney-Client Privilege and the Patent and/or Trademark Attorneys Profession*, Answer of the Swiss Group, item 2.

⁵³ For example, an applicant must: pass registration examinations; hold a master degree in engineering or natural sciences; and complete prescribed practical training: AIPPI, n 52, Answer of the German Group, item 2.

⁵⁴ AIPPI, n 52, Answer of the German Group, items 1 and 2. In *McCook Metals LLC v Alcoa Inc* 99 C 3856 at [34] (ND Ill 2000) it was stated that "[u]nder German law, attorney-client privilege protects 'all communications between a German patent attorney and his client which occur in the rendition of legal services for the client, the client and the attorney may refuse to disclose such communications in a court proceeding'" (citation omitted).

⁵⁵ AIPPI, n 52, Answer of the Swiss Group, item 1.

⁵⁶ Patent agents in individual European countries, including the UK, may also be "European Patent Attorneys", ie, they may be entitled to appear before the European Patent Office as well as their national office. EPC 2000 provides for a patent attorney privilege. The rule provides that "[w]here advice is sought from a professional representative in his capacity as such, all communications between the professional representative and his client or any other person relating to that purpose and falling under Art 2 of the Regulation on discipline for professional representatives are permanently privileged from disclosure in proceedings before the European Patent Office, unless such privilege is expressly waived by the client". Thus, the privilege is

D. Summary of patent attorney privilege in other jurisdictions

Patent attorney privilege is recognised in Australia and the UK, it being legislated that communications are privileged with reference to the extent that communications between a solicitor and client are protected by client-lawyer privilege. However, the same degree of clarity with regard to the application and scope of the privilege is absent in the US and there is no consistency in terms of the recognition of such a privilege across Europe. In terms of the extension of any privilege to communications with attorneys or agents in other countries, the situation is even less clear. In the UK, patent attorney privilege only extends to communications with registered patent agents or those on the list of persons entitled to practise before the European Patent Office.⁵⁷ In the US, the recognition of foreign agent/attorney privilege varies almost from State to State.

The state of the law in the countries described above, potentially gives rise to some anomalous and unsatisfactory outcomes. Even if the privilege at the local level is broad and steps have been taken by the client to ensure that the requirements for its application are met, it may be rendered impotent if it is not recognised in a foreign jurisdiction. As noted above, a party to the proceedings may not be required to disclose relevant communications between it and its US patent attorneys (also being lawyers) under existing Australian law but, assuming them to be relevant, would be required to disclose the same kind of communications with its UK patent attorneys who are not also lawyers.⁵⁸ For example, CIPA have noted that the breadth of the protection afforded by the UK provision “may be reduced by the client being called upon to comply with an order for disclosure/discovery in his native country”, because against such a request the legislation can be ineffective.⁵⁹ With the increasing harmonisation of patent laws and the increasing globalisation of the economy, the likelihood is that the impact of the non-recognition of such privilege can only increase.⁶⁰ It is, therefore, important to remedy the situation to ensure that there is no increased impact and that, in fact, the impact is eliminated.

IV. CONCERNS RELATING TO DISPARITIES IN TRANSNATIONAL RECOGNITION

There are two main concerns relating to the transnational recognition of patent attorney privilege. The first focuses on the non-recognition, in one jurisdiction, of privilege recognised in another. The second revolves around the potential loss of confidentiality that attaches to a document that is not covered by patent attorney privilege.

A. Non-recognition of foreign patent attorney privilege

A major concern arising from the variation in the acceptance and scope of patent attorney privilege in different jurisdictions is the extent to which communications with a foreign attorney/agent are covered by the privilege. Take, eg, the following hypothetical situation:⁶¹ a proceeding for revocation of a patent is brought in the same jurisdiction in which the patent is granted. One party seeks production of an invention record for a related foreign patent application and an associated request for the filing of a patent application. The party from whom discovery is sought claims the documents are privileged in

limited to proceedings before the European Patent Office and would appear to protect communications such as advice provided on the patentability of an invention, the preparation of a European patent application or advice on its prosecution. It may also extend to advice on the scope of an existing European patent or its potential infringement.

⁵⁷ See *Copyright, Designs and Patents Act 1988* (UK), ss 280, 275, 286.

⁵⁸ However, Law Council of Australia (LCA), Letter from Ian Pascal, Chair, Law Council of Australia to Dr Ian Heath, IP Australia, *Inadequacies of patent attorney privilege in Australia*, 19 May 2005, 3-4, notes that in *Eli Lilly & Co v Pfizer Ireland Pharmaceuticals* (2004) 137 FCR 573 “it appears that the judge was not called upon to decide whether privilege should be recognised for other reasons like comity” and goes on to say that the decision in that case may not be the “final word on the scope of patent attorney privilege in Australia”.

⁵⁹ CIPA, n 26 at [280.08]. CIPA cited the US decision of *Chubb v National Bank of Washington* (1985) 224 USPQ 1002. In that case, the court denied privilege for communications with a British patent agent (non-lawyer).

⁶⁰ The issue of the inter-jurisdictional recognition of patent attorney privilege was one of the particular foci of the WIPO Conference: see Garland S, Presentation, WIPO Conference, n 3; Musker D, Presentation, WIPO Conference, n 3.

⁶¹ This hypothetical situation is adapted from the facts of *Eli Lilly & Co v Pfizer Ireland Pharmaceuticals* (2004) 137 FCR 573.

the foreign jurisdiction on the basis that the documents have been bought into existence for the dominant purpose of obtaining advice from its foreign patent attorneys (who are not required to be legally qualified in that foreign jurisdiction) and, thus, should be privileged from production in the proceedings. In Australia, despite the existence of privilege in the foreign jurisdiction, the documents would not be privileged and would be required to be disclosed. The patent attorney privilege is “confined to communications with patent attorneys registered as such in Australia” and does not extend to communications with any patent attorney/agent anywhere in the world.⁶² If, however, the foreign patent practitioner were also legally qualified, client communications with her or him could attract client-lawyer privilege.⁶³

Even if there is the potential for privilege to attach to foreign patent practitioner communications (by virtue of the operation of client-lawyer privilege), it is not clear whether that recognition depends on the scope of the privilege in the original jurisdiction. In *Kennedy v Wallace* (2004) 142 FCR 185, Allsop J recognised that in Australia, privilege extends to foreign lawyers without the necessity of considering their legal and ethical standards and curial supervision. Further, where a claim for client-lawyer privilege is made in circumstances where the lawyer is foreign, that claim will be assessed in the same way as a claim for privilege where the lawyer is an Australian lawyer. As Kee and Feiglin have identified, this leaves uncertain a significant issue – that is, whether Australian law would recognise the operation of privilege in particular circumstances if the legal system governing the foreign lawyer or the legal system where the advice was given does not recognise privilege in those same circumstances.⁶⁴

After *Kennedy*, the question as to which body of law governed foreign client legal privilege recognition arose for consideration in *Arrow Pharmaceuticals Ltd v Merck & Co Inc* (2004) 210 ALR 593. That case concerned a communication, being a Confidential Memorandum of Invention (CMI),⁶⁵ from a Merck employee to a US patent attorney. Unfortunately, the decision does not appear to have clarified the issue. Evidence was led that the applicable law in the US was that espoused in *Spalding*.⁶⁶ No counter evidence concerning the US law appears to have been provided to challenge that

⁶² *Eli Lilly & Co v Pfizer Ireland Pharmaceuticals* (2004) 137 FCR 573 at [8] per Heerey J; his Honour referred (at [9]) to *Kennedy v Wallace* (2004) 208 ALR 424 at [57], where Gyles J stated that it was “far from axiomatic” that client-lawyer privilege should extend to foreign legal advice. Heerey J’s view was that “[t]here is even less justification for extending privilege to foreign patent attorneys when the privilege for Australian patent attorneys rests solely on a circumscribed statutory footing”. It has been argued that *Eli Lilly* was wrongly decided – the “correct question should have been whether privilege could have been translated into Australia” and “that where privilege arises in a communication between a client and a legal adviser in a foreign jurisdiction, it exists not as an Australian privilege but as a foreign one”: Paton M and Whitaker B, “Patently Privileged” (2005) 28 NZLJ 281 at 282-283.

⁶³ See *Arrow Pharmaceuticals Ltd v Merck & Co Inc* (2004) 210 ALR 593; *Kennedy v Wallace* (2004) 142 FCR 185.

⁶⁴ Kee C and Feiglin J, “Legal Professional Privilege and the Foreign Lawyer in Australia” (2006) 80 ALJ 131 at 138. The authors also refer to the difficulties that this can give rise to, especially for multi-national companies, and illustrate this by reference to the position various jurisdictions adopt on the extension of privilege to in-house counsel: at 139-140. As noted in the decision of the European Court of Justice in *Australian Mining & Smelting Europe Limited v Commission of the European Communities* [1982] 2 CMLR 264, the EC member countries generally recognise client-lawyer privilege in some form, but some do not extend the privilege to in-house counsel. In contrast, in Australia this extension of the privilege is recognised (*Waterford v Commonwealth* (1987) 163 CLR 54; *Sydney Airports Corporation Ltd v Singapore Airlines Ltd* [2005] NSWCA 47; *Commonwealth v Vance* (2005) 158 ACTR 47). Thus, Kee and Feiglin state that if Australian law does require that the advice must be privileged in the legal system governing the foreign lawyer or the legal system where the advice was given in order for privilege to be recognised here, then “multinational companies may discover that advice provided by their European-based in-house counsel is not privileged [in Australian proceedings] whereas advice given by Australian in-house counsel would be”: at 139.

⁶⁵ *Arrow Pharmaceuticals Ltd v Merck & Co Inc* (2004) 210 ALR 593 at 594: a CMI “calls for [and, thus, would contain] a good deal of information concerning the invention which would be relevant to forming opinions as to whether the invention was capable of being patented, as to the extent of likely grounds of opposition and relevant to drafting an application for a patent including the specification and claims”.

⁶⁶ *In re Spalding Sports Worldwide, Inc* 203 F 3d 800 (Fed Cir 2000).

position,⁶⁷ although Gyles J noted that a difference of opinion as to the applicable law in the US was apparent from the *Spalding* decision itself.⁶⁸ Nevertheless, in the absence of other evidence, the court considered it reasonable to follow that case and noted that “the answer would be the same if the facts had occurred in Australia, at least where common law is applied”.⁶⁹ Accordingly, there was no requirement to decide the position in circumstances where the foreign law as to privilege differed from the position under Australian law. Furthermore, accepting the validity of *Spalding*, the court did not need to consider the situation where the law of privilege in the foreign country itself is unclear on a particular point or where the courts in the foreign jurisdiction have not been consistent in the application of the law. This uncertainty with respect to foreign client legal privilege is, in part, ameliorated by the recent amendments to the *Evidence Act 1995 (Cth)*;⁷⁰ it is not clear, however, how these amendments will impact on the recognition of foreign patent attorney privilege. This uncertainty reinforces a need for clarity around any extension of patent attorney privilege that would cover foreign patent agents.

B. Loss of confidentiality, loss of privilege

The second concern relating to transnational recognition of patent attorney privilege focuses on the potential loss of confidentiality for non-privileged documents. As the Law Council of Australia has noted, in patent matters where both Australian patents and their overseas equivalents are involved, it is not uncommon for Australian legal and patent attorney advice to be copied to foreign patent attorneys/agents and for those practitioners to comment upon that advice.⁷¹ Due to the strict interpretation of s 200(2) of the *Patents Act* and depending upon the nature of the relationships and the qualifications of the practitioners involved, no privilege may attach to the communications with the foreign patent attorneys/agents. As a result, the confidentiality of the original advice may be lost, giving rise to a waiver of privilege with respect to the original client-patent attorney communication. If there are related client-lawyer communications, their confidentiality, and thus the privilege of them, may also be compromised.

Although the case concerned client-lawyer privilege, evidence given by a US lawyer and patent attorney in *Arrow Pharmaceuticals* highlighted another concern regarding loss of confidentiality leading to a loss of privilege. That evidence was as follows:

Forced disclosure of the confidential attorney-client privileged communication made by the CMI could destroy the protections of the attorney-client privilege in the United States. If Merck were forced to disclose the confidential and privileged communication represented by the CMI, the United States District Courts might determine that the Merck has waived the protections of the attorney-client privilege not only for the CMI but also for other attorney-client privileged communications related to the CMI.⁷²

As a general rule, confidentiality of the communication is essential to maintaining a claim for privilege; further, in the absence of such confidentiality, privilege will be lost. However, it appears that if the courts adopt the same approach as that taken in Australia and the UK with respect to client-lawyer privilege, a lack of patent attorney privilege recognition in one jurisdiction may not

⁶⁷ *Arrow Pharmaceuticals Ltd v Merck & Co Inc* (2004) 210 ALR 593 at 597: “Counsel were content to argue the question on the basis that the law which governs the issue is the same here as in the United States”.

⁶⁸ *Arrow Pharmaceuticals Ltd v Merck & Co Inc* (2004) 210 ALR 593 at 598.

⁶⁹ *Arrow Pharmaceuticals Ltd v Merck & Co Inc* (2004) 210 ALR 593 at 598.

⁷⁰ See n 16.

⁷¹ LCA, n 58 at 5-6.

⁷² *Arrow Pharmaceuticals Ltd v Merck & Co Inc* (2004) 210 ALR 593 at 596. A similar concern has been raised in AIPPI, Submission to WIPO for a treaty to be established on Intellectual Property Adviser Privilege (2005), https://www.aippi.org/download/onlinePublications/submission_privilege.pdf.

necessarily destroy the confidentiality required for a claim of privilege in another.⁷³ That is, it would seem unlikely that a court would impute a waiver, based on loss of confidentiality, solely on the ground that a claim for patent attorney privilege could not be made in a foreign country.⁷⁴ Nonetheless, without clarity in the relevant legislation, doubt remains with respect to the potential for the loss of privilege in Australia arising from the lack of transnational recognition of patent attorney privilege.

C. Potential impact of disparities in transnational recognition of privilege

The “global nature of trade and of IPR which supports that trade, go hand in hand”, as the International Association for the Protection of Intellectual Property (AIPPI) points out, and where the standards and recognition of privilege differ between jurisdictions, transacting business based on intellectual property rights and enforcing those rights internationally will inevitably be frustrated.⁷⁵ Such frustration is illustrated by the increased complexity, and thus increased cost, of global patent litigation. For example, it will not be uncommon for a party with patents dealing with the same subject matter granted both in Australia and in a foreign jurisdiction, to have had communications with a number of advisers, such as local or foreign patent attorneys/agents, patent lawyers or third parties (such as technical experts). In the event that the patent owner becomes a party to global litigation arising out of those patents, the differences in the application of privilege to the different communications is likely to increase the time involved in preparing for discovery (eg, by increasing the time required to determine the relevance of documents and to determine the relationships and qualifications of the advising parties that will impact upon the documents’ discoverability), but it is also likely to increase the interlocutory disputes held over the discoverability of documents. This, in turn, increases the legal costs for the parties involved in the litigation and distracts their personnel from their primary task of running a business. Further, it also wastes judicial resources, being a cost to society as a whole.

The difficulties with the scope and recognition of patent attorney privilege, both here and overseas, can also seek to undermine the patent attorney profession generally. For example, due to the greater cross-jurisdictional recognition of client-lawyer privilege, a client having, or seeking to have, patents granted in multiple jurisdictions is more likely to be able to avail itself of the protection of privilege if dealing with patent lawyers rather than patent attorneys/agents. Thus, when retaining patent law representation, it is expected that a client will be inclined to select a patent attorney who also has legal qualifications, rather than one who does not have the dual qualification.⁷⁶ In this way, “clients [can be] assisted from the beginning to the end i.e. from patent prosecution to patent litigation in courts”⁷⁷ and privilege is available. The concern that the patent profession will be undermined by the inconsistent recognition of patent attorney privilege across jurisdictions may be perceived by some to be a construct of a self-interested patent profession. There are, however, implications for clients. While dual qualifications are the ideal, practitioners with those qualifications are not common in Australia at least. A preference to select a patent practitioner based on their admission to legal practice in order to ensure the operation of privilege, rather than on the practitioner’s specialised legal and

⁷³ With respect to the UK, in *British American Tobacco (Investments) Ltd v United States of America* [2004] EWCA Civ 1064, Mummery LJ referred to *Bourns Inc v Raychem Corp (No 3)* [1999] 3 All ER 154 in which Aldous LJ made it clear that privilege would not be lost under English law just because it could not be claimed in another country.

⁷⁴ *Mann v Carnell* (1999) 201 CLR 1 at [28]-[29] per Gleeson CJ, Gaudron, Gummow and Callinan JJ: “It is inconsistency between the conduct of the client and maintenance of the confidentiality which effects a waiver of the privilege ... What brings about the waiver is the inconsistency, which the courts, where necessary informed by considerations of fairness, perceive, between the conduct of the client and maintenance of the confidentiality; not some overriding principle of fairness operating at large.” See also see Ligertwood A, *Australian Evidence* (4th ed, LexisNexis Butterworths, 2004) p 296.

⁷⁵ AIPPI, n 75 at 1.

⁷⁶ This issue has been raised by a major Australian law firm: Burgess C and Fisher G, *Professional Privilege Issues in IP Litigation*, IP@BDW, December 2004, 3.

⁷⁷ Waldbaum M, *The Patent Attorney in a Changing Profession – US Emphasis*, Presentation at FICPI World Congress, Berlin, 2-6 June 2003, slide 5.

technical skills (both of which are required to qualify as a patent attorney), may result in service which falls short of a client's expectations and requirements.

It may be argued that the impact of the inconsistent recognition of patent attorney privilege in Australia is low given that it has the potential to affect only a very small minority of individuals and organisations. That is, it will only affect those who are a party to Australian patent litigation, and the incidence of patent proceedings in Australia is low.⁷⁸ There are a number of counter arguments that can be raised in response to, and criticisms that can be made of, such an argument. First, if the inconsistency and the concerns arising from it do only impact a small minority of individuals, any detriment suffered from withholding evidence from the courts by operation of the privilege may be easily outweighed by the public benefit arising from its recognition. Secondly, the argument advanced is too narrowly focused and fails to consider, to any extent, the broader public policy basis for the operation of the privilege. It overlooks the rationale for the privilege, which encompasses the promotion of the administration of justice, facilitation of delivery and receipt of effective and appropriate patent advice, and the promotion of the economic health of both the client and society.⁷⁹ It is, therefore, in the economic interests of Australian society that not only is patent attorney privilege recognised here, but that it is also sufficiently broad. This helps ensure that, for both Australians and residents of our current and future trading partners, Australia remains attractive as a jurisdiction in which to seek patent protection and commercialise the underlying technology.

Just as it is important to ensure that our trading partners have confidence in our patent system, it is important to our trading partners that Australian businesses have confidence in their systems. A narrow patent attorney privilege in Australia that fails, in particular, to extend to foreign patent attorneys, will have the greatest impact on clients who have sought advice from foreign patent practitioners and are involved in patent litigation in Australia. However, a failure in other jurisdictions to recognise the privilege, or the narrow confinements of the privilege in other jurisdictions, may adversely affect clients who have dealt with Australian registered patent attorneys and who are involved in patent litigation in those other jurisdictions.⁸⁰ The impact of those adverse effects can be debated, with arguments similar to those raised in the local context above being advanced. What is clear, however, is that any variation in patent attorney privilege recognition has not only a local impact, but also a global impact.⁸¹ Therefore, not only does the problem need to be addressed on a local level, but a transnational or global approach to the problem also appears necessary.

V. POTENTIAL AVENUES FOR REFORM

The remainder of this article outlines ways in which changes could be made that would alleviate some of the negative impacts of the inconsistency in the recognition of patent attorney privilege. It is acknowledged that more work needs to be carried out before specific recommendations for reform are put forward. In the interests of furthering debate on this matter, it is worth introducing the options in broad terms.

A. An Australian reform option: Legislative amendment

A first step towards reform would be to amend Australian legislation to limit the impact of the inconsistencies in the transnational recognition of the privilege. It would be possible to introduce amendments to extend the privilege to communications with either (or both): foreign patent attorneys

⁷⁸ While there were close to 100,000 patents in force in Australia in 2004, over the period 1995-2005, the total number of proceedings filed was 399: Rotstein F and Weatherall K, "Filing and Settlement of Patent Disputes in the Federal Court: 1995-2005" (2007) 68 *Intellectual Property Forum* 65 at 68.

⁷⁹ See Dent, Hall and Christie, n 8.

⁸⁰ This would appear to be most problematic where the patent litigation in which the client is involved is in a jurisdiction which has a discovery process similar to that in Australia – because Australian patent attorneys are not required to hold legal qualifications and, therefore, there is no capacity to rely on client-lawyer privilege in the absence of patent attorney privilege.

⁸¹ It also appears that there is international consensus on the negative impact of the inconsistency in patent attorney privilege recognition: AIPPI, *Report Q163: Attorney-Client Privilege and the Patent and/or Trademark Attorney Profession* (undated), https://www.aippi.org/download/comitees/163/Report_Lucerne_2003English.pdf.

where the communication arises out of the professional relationship; and third parties where the purpose of the communication is to enable the patent attorney to provide or the client to receive patent attorney advice or services including services with respect to legal proceedings.⁸² Whether the scope of patent attorney privilege would be best extended via an amendment to s 200(2) of the *Patents Act*, or via uniform evidence legislation, is beyond the scope of this article.⁸³

It has been acknowledged, in the context of client-lawyer privilege, that the “increasing global interrelationships of legal systems ... make treatment of the privilege as a jurisdictionally specific right ... both impractical and contrary to the underlying purpose of the intended protection”.⁸⁴ These comments apply equally to communications involving patent advice as the role of the foreign patent attorney does not differ significantly, if at all, from that of a local patent attorney. The administration of justice and the maintenance of the patent system are assisted by the patent attorney’s work regardless of whether he or she is local or foreign. Extending the privilege to cover communications with foreign practitioners is, however, not without problems. Given the variation in the recognition of patent professionals and the patent attorney profession between jurisdictions, it will be difficult to clearly define “foreign patent attorney” for the purposes of the privilege. Further, proving a practitioner meets the specified requirements may result in further expenses to be incurred by the party seeking to gain the benefit of the privilege.

There are two, potential, approaches to defining which foreign practitioners may be classed as patent attorneys to whom the privilege extends: a structural and a functional approach. A structural approach would require that foreign practitioners satisfy specified requirements concerning their ability to practise in the patent field in a jurisdiction other than Australia. This may, eg, require that the foreign practitioner establishes that he or she is on the country’s Register of Patent Attorneys/Agents; or holds a qualification to practise before a Patent Office (other than IP Australia). A functional approach, on the other hand, would involve consideration of the activities performed by the practitioner regardless of her or his qualifications or registration. If, eg, it could be established that the person engages in the usual activities of a patent attorney (such as advising as to the patentability of inventions or the drafting of patent specifications), then that person would fall within the provision.

The latter approach would capture practitioners practising in jurisdictions, such as Switzerland, that do not recognise a patent attorney profession as such. However, the evidentiary requirements of this approach are likely to be more burdensome than a structural approach. Further, if the structural approach included, as a possible criterion for recognition, membership of a patent practitioner association, then practitioners would be included from jurisdictions where no formally regulated profession exists, but where there are professional bodies that impose some informal regulation on member practitioners.⁸⁵ The complexities arising from the definitional issues in the extension of the Australian patent attorney privilege to foreign patent practitioners are such that no specific formulation is offered here.

In addition to the extension of the patent attorney privilege to foreign patent practitioners, there is the potential to extend privilege to cover communications with third parties (whether or not the third parties are agents of either the client or the attorney). With respect to third parties acting as an agent, the justification of the extension of the privilege is based on the role of the third party. The need for an agent’s involvement may, for example, arise in order to secure and facilitate the communication between the attorney and client. Third parties that act in such a capacity act as the alter ego of either

⁸² The 2009 amendments to the *Evidence Act 1995* (Cth) are a step in the right direction; they do not, however, provide clarity as to the extent of the recognition of privilege for communications with foreign patent attorneys.

⁸³ The Law Council of Australia has raised a concern that the privilege as currently worded under *Patents Act 1990* (Cth), s 200(2) and any amendment that links the privilege to the client-lawyer privilege, may be constitutionally invalid: LCA n 58 at 3. Codifying all legal privileges in the *Evidence Act 1995* (Cth) would appear to address this concern.

⁸⁴ *Kennedy v Wallace* (2004) 142 FCR 185 at 221 per Allsop J. For a discussion of issues with respect to foreign client-lawyer privilege see McComish J, “Foreign Legal Professional Privilege: A New Problem for Australian Private International Law” (2006) 28 Syd LR 297.

⁸⁵ This is the case in Switzerland where there is no formally regulated profession, but where the Association of Swiss Patent Attorneys imposes some regulation on its members.

the client or the patent practitioner. Accordingly, the justifications for the privilege's operation as between client and patent practitioner are equally applicable in the agency situation.⁸⁶

The basis for extending the privilege to communications with non-agent third parties focuses on the technical nature of patent advice. The matters in respect of which advice is commonly sought from attorneys involve complex, often technical, issues upon which specialist input is required.⁸⁷ Therefore, third party input, such as from engineers or scientists, may be necessary. Knowing that these third party communications will be privileged in the same way their own communications would be, clients are encouraged to provide the patent attorney with all the information he or she needs in order to provide appropriate advice, regardless of whether that information emanates from the client or a third party. Accordingly, the benefits such technical advice offers the client, the attorney, the patent system and, therefore, the broader economy mean that the extension of the privilege to third parties, via legislative amendment, is well-founded on the rationale of the privilege and the practices of the profession.

B. Transnational reform options

Some of the concerns surrounding the operation of patent attorney privilege may be alleviated by widening the scope of the privilege in Australia in the manner suggested above. This would not assist those parties involved in litigation in an overseas jurisdiction where there is no patent attorney privilege. Australian firms may face increased costs in the process of ensuring their communications, relevant to the litigation, are protected by client-lawyer privilege where patent attorney privilege is not available. This issue could be remedied through the institution of transnational agreements that require signatory countries to recognise patent attorney privilege in a complementary manner. These agreements could be bilateral, plurilateral or, in theory at least, global.

Such bilateral agreements could be with key jurisdictions in which Australians seek patents and commercialise their inventions. One such country would be the US. While not as high as the filings from some other countries, the number of patent filings made by Australians in the US numbered 18,448 over the period 1977 to 2006.⁸⁸ It is not unreasonable to assume that communications with Australian patent attorneys with respect to the associated patent applications would have occurred and that, in the event of patent litigation in the US relating to those patents, communications with Australian patent attorneys may be relevant and require disclosure. Thus, negotiations for a bilateral agreement between Australia and the US would seem appropriate. The *Australia-United States Free Trade Agreement* provides both a motivation and a justification for such negotiations.⁸⁹ Of course, Australia does not have such agreements with all the countries with which bilateral agreements would be desirable, such as the UK. Therefore, a ready-made platform from which to launch such negotiations will not always exist. Nevertheless, if an agreement could be reached with the US, it may pave the way for the negotiation of subsequent agreements with other countries.

Bilateral transnational agreements may result in removing the uncertainty surrounding the privilege's application with respect to its operation as between major trading partners. However, there are a number of difficulties with this approach. First, given that the various sets of contracting parties will be negotiating their agreements in isolation, there is unlikely to be a uniform approach to the issue across jurisdictions. Thus, while the agreements may clarify the position vis-à-vis the two contracting

⁸⁶ Certainly, the operation of client-lawyer privilege in these circumstances has been long recognised: *Trade Practices Commission v Sterling* (1979) 36 FLR 244 at 245 (Lockhart J) and the authorities there cited.

⁸⁷ As such, the comments of Finn J in *Pratt Holdings v Commissioner of Taxation* (2004) 136 FCR 357 are equally applicable in the context of the client who seeks the services of a patent attorney.

⁸⁸ United States Patent and Trademark Office, *Extended Year Set – Historic Patents by Country, State, and Year. All Patent Types (December 2006)*, Part A1 – Table A1-1a, Breakout by Country of Origin. Number of Patents Granted as Distributed by Year of Patent Grant. Granted: 01/01/1977 – 12/31/2006; US filings in which France was nominated as the residence of the first-named inventor numbered 91,864 for the same period.

⁸⁹ *Australia-United States Free Trade Agreement* of (2004), Art 17.9.14, provides in relation to patents: "Each Party shall endeavour to reduce differences in law and practice between their respective systems". The scope of professional privilege for patent attorneys is a matter of patent law in respect of which there are differences between the Australian and the US systems.

parties, they may not provide a great deal of consistency or certainty across jurisdictions. This may be problematic in the event of global patent litigation.

Plurilateral agreements may, however, provide a better solution. A significant number of key patenting countries could agree upon cross-recognition of the privilege. This is not an uncommon approach and is illustrated by the Anti-Counterfeiting Trade Agreement which, it was announced in October 2007, is being negotiated by the US, the European Union, Canada, New Zealand and other key trading partners. As plurilateral agreements do not encompass all countries, they share some of the problems of bilateral agreements. Further, as trade continues down the globalisation path and patents, over the same invention, are sought in more and more countries (as reflected in the increasing numbers of *Patent Cooperation Treaty* applications), even plurilateral agreements may not have sufficient coverage to minimise concerns over the transnational recognition of patent attorney privilege.

The final transnational avenue for reform is the negotiation of a global treaty. As with bilateral and plurilateral agreements, a global treaty would require signatories to regulate for the complementary recognition of patent attorney privilege. This may mean that, within those jurisdictions that do not already recognise a separate patent attorney profession, a system of recognition and qualification for those practitioners currently engaging in patent attorney work is required. The difficulties associated with negotiating global treaties are, however, well known; the negotiations themselves, eg, may be protracted; the current state of discussions in WIPO with respect to patent reform and harmonisation and the Doha round of World Trade Organization trade talks are cases in point. With respect to WIPO, eg, the Organization's Secretariat has been asked to conduct a preliminary study into client attorney privilege for future attention of the Standing Committee on the Law of Patents.⁹⁰ The timeline for substantive reform options through WIPO, therefore, is lengthy. Each form, then, of transnational agreement is imperfect for countering concerns with respect to the recognition of patent attorney privilege.

VI. CONCLUSION

It is difficult to quantify the impact of the inconsistency in the treatment of patent attorney privilege across jurisdictions, and arguments can be raised both in support of and against it having any significant impact. Nevertheless, as there are sound public policy grounds for maintaining a patent attorney privilege, inconsistencies in its recognition are contrary to the public interests the privilege seeks to promote. The question remains as to what is the most effective way to remedy the inconsistencies. A global solution may be ideal; however, a more pragmatic approach may be to pursue bilateral or plurilateral routes to reform. From a practical perspective, however, any attempt to alleviate the problems that these inconsistencies create may be best started at the local level; but even this requires will on the part of the Government and motivated actions on the part of key stake-holders.

⁹⁰ See, Summary by the Chair, Standing Committee on the Law of Patents, 23-27 June 2008, http://www.wipo.int/edocs/mdocs/scp/en/scp_12/scp_12_4_rev.pdf. This decision was made after the Conference, see n 3.