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Michelle K. Lee
Deputy Under Secretary of Commerce for Intellectual Property and
Deputy Director of the United States Patent and Trademark Office
United States Patent and Trademark Office
Alexandria, Virginia

Via email to: ACPrivilege@uspto.gov

RE: Request for Comments on Domestic and International Issues Related to Privileged
Communications between Patent Practitioners and Their Clients

Dear Director Lee,

BASF Corporation, headquartered in Florham Park, New Jersey, is the North American affiliate of BASF SE, Ludwigshafen, Germany. BASF Corporation and BASF SE will be collectively referred to as BASF in this letter. BASF is the world's leading chemical company, and has a portfolio ranging from chemicals, plastics and performance products to agricultural products, fine chemicals and oil and gas. BASF uses its innovation to help its customers in virtually all industries to be more successful. With its high-value products and intelligent solutions, BASF plays an important role in finding answers to global challenges such as climate protection, energy efficiency, nutrition, and mobility.

As a multinational, BASF prepares and prosecutes patent applications throughout the world. BASF files more than 1,000 patent applications per year with the USPTO and currently has over 5,000 pending published unexamined US patent applications. Further, BASF has more than 2,000 pending US trademark applications and registrations.

BASF appreciates the opportunity to respond to the questions set forth in the Federal Register notice of January 26, 2015 relating to privileged communications between patent practitioners and their clients.

1. Impact of inconsistent treatment of privilege rules among U.S. federal courts

The lack of uniformity in privilege rules applied by U.S. federal courts has created a high level of uncertainty in patent litigation. Confidential communications between inventors and U.S. patent agents may not be accorded privilege protection by some courts. For this reason, owners of U.S. patent rights may choose not to use patent agents for preparation and prosecution of patents or involve US lawyers in predominantly foreign matters to maintain the US privilege.

Some courts may force disclosure of confidential communications between inventors and foreign patent practitioners, in the context of a foreign counterpart of the U.S. patent being litigated. Additionally, U.S. attorney-client privilege may be considered to be waived by some courts, by virtue of the forced disclosure of the foreign communication. The uncertainty created by this risk impacts the enforceability of IP rights in the U.S. and could disincentivize multinationals from



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commercializing products dependent on global IP rights in the U.S. As patents are generally prosecuted globally, a costly alternative is to have US counsel involved in all global prosecutions in order to protect the privilege.

2. National standard for innovator-U.S. patent agent privilege

If a national standard for privileged communications between innovators and U.S. patent agents is enacted, U.S. stakeholders would benefit from increased certainty in enforceability of U.S. patent rights in the event of litigation and eliminate the added cost of litigating privilege issues. In addition, since fees charged for services provided by U.S. patent agents are less than those charged for U.S. patent attorney services, U.S. stakeholders would benefit from more cost-effective patent prosecution. The scope of any national standard should be commensurate with the scope of authority granted to U.S. patent agents via their registration with the USPTO. That is, any and all confidential communications between an innovator and a U.S. patent agent relating to preparation and prosecution of a U.S. patent application should be privileged unless the innovator decides to disclose the communication.

3. National standard for innovator-foreign patent practitioner privilege

If a national standard for privileged communications between innovators and non-U.S. patent practitioners is enacted, all stakeholders would benefit from increased certainty in enforceability of U.S. patent rights in the event of litigation. Because of increased consistency in patent enforceability, non-U.S. companies may be willing to conduct more business in the U.S., thus benefitting the U.S. economy. Finally, a national standard for foreign patent practitioner privilege in the U.S. may encourage other countries to recognize privileged communications between U.S. practitioners and their clients. The scope of any national standard should encompass all confidential advice relating to foreign IP rights provided by the non-U.S. patent practitioner to the non-U.S. innovator.

4. International framework establishing minimum privilege standards

A major benefit of an international framework establishing minimum privilege standards would be the increased certainty for enforcement of global IP rights, whether owned by U.S. stakeholders or by non-U.S. stakeholders. BASF endorses the Joint Proposal of the AIPLA, AIPPI and FICPI for the establishment of a minimum international standard of protection from forcible disclosure of confidential IP advice.

5. Mechanism for establishing the national standard

Congress has authority to establish a national privilege applicable to U.S. patent agent-innovator confidential communications under Article I, Section 8, clause 8 of the Constitution. A national privilege applicable to an innovator's confidential communications with foreign patent practitioners could be enacted by Congress



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under the authority granted in the Commerce Clause. In the event that an international treaty relating to protection of confidential IP advice is ratified by the Senate, Congress has authority to enact a statutory foreign patent practitioner-innovator privilege under Article I, Section 8, clause 18 of the Constitution.

26 USC § 7525(a), which extends the common law protections of the attorney-client privilege to tax preparer-client communications, is a suitable model for a federal statute extending the attorney-client privilege to U.S. patent agents and to foreign patent practitioners. Although the services provided to innovators by U.S. patent agents are limited to patent preparation and prosecution, from a substantive law standpoint, those services do not differ from the same service provided by a registered U.S. patent attorney. For that reason, extension of the attorney-client privilege to communications with U.S. patent agents in preparation and prosecution matters is appropriate.

Foreign patent practitioners provide non-U.S. innovators confidential advice about legal consequences of IP-related matters under the law of the relevant foreign jurisdiction. On a general level, U.S. courts should respect the confidentiality of such communications as a matter of comity. However, the occasional practice in U.S. federal courts of recognizing IP-related privilege only to the extent it would be recognized in the country where the communication took place is both unwieldy and does not remove the uncertainty in enforcing IP rights in the U.S. To enhance judicial efficiency and equitable treatment of foreign patent owners, the national privilege standard in U.S. courts should extend the common law attorney-client privilege to foreign patent practitioners using the model set forth in 26 USC § 7525(a).

Respectfully submitted,

A handwritten signature in black ink that reads "Patricia A. McDaniels". The signature is written in a cursive style with a large, stylized "M" and "D".

Patricia A. McDaniels
Senior Counsel