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February 25, 2015

Office of Policy and International Affairs
Attention to: Ms. Soma Soha
Mr. Edward Elliot
United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Re: Comments on International Issues Related to Privileged Communication
between Patent Practitioners and Their Clients

Dear Ms. Soha and Mr. Elliot:

In response to the Request for Comments on International Issues Related to Privileged Communication between Patent Practitioners and Their Clients, published on January 26, 2015, at 80 Fed. Reg. 3953, I respectfully submit the following comments which are focussed on international issues only.

Question 4. Explain how U.S. stakeholders would be impacted by a national standard for U.S. courts to recognize privilege communications with foreign patent practitioners, including potential benefits and costs.

In a foreign country where no discovery in civil action is available, the national standard for U.S. courts to recognize privilege communications with a foreign patent practitioner in the foreign country has no impact, because there is no way for a civil court in the foreign country to require a party to force a testimony or to produce a document in that country concerning contents of a confidential communication. See *Astra Aktiebolag v. Andrx Pharmaceuticals Inc.*, 64 USPQ2d 1331 (DC S.D.N.Y. 2002) in connection with South Korea. In this context, the communications of the U.S. stakeholders with the foreign patent practitioners are privileged under the national standard for U.S. courts.

Japan, a civil law country, provides a limited discovery. However, the communications between a U.S. stake holders and Japanese practitioners are privileged and do not have to be provided to Japanese courts. Accordingly, U.S. stakeholders are not impacted by the U.S. national standard before Japanese courts. See *VLT Corp v. Unitrode Corp.*, 194 F.R.D.8 (D.C. Mass. 2000), *Eisai Ltd. v. Dr. Reddy's Laboratories, Inc.*, 2005 U.S. Dist. LEXIS 35597 (S.D.N.Y. 2005).

Question 4.a. Identify which jurisdictions have potential problems and explain exact nature of the problem in each of those jurisdictions.

Fundamental Problem: All Jurisdictions: Touching Base Rule and Comity Rule

Some major Japanese companies have in-house patent attorneys (*Benrishi*). Most of Japanese companies do not have in-house patent attorneys. Vast majority of Japanese

companies do not have in-house U.S. attorneys. When a U.S. patent infringement warning letter is received by a Japanese company, they know that they must hire a U.S. attorney to consult with. However, to hire an expensive U.S. attorney, they must obtain fund from the company. To obtain fund, a Japanese patent attorney or someone under the patent attorney's supervision in an intellectual property department of the company must explain to a personnel having a funding authority why obtaining an opinion of a U.S. counsel is necessary, by analyzing the risk of the U.S. patent, claim by claim, comparing with their accused product. The analysis document is desirable to be privileged. In this case, however, none of U.S. courts grants attorney-client privilege concerning the communication between the Japanese company client and the Japanese patent attorney based on "touching base" test¹ because the evaluation of a U.S. patent has a touching base with the U.S. and the Japanese patent attorney involved is regarded as a lay person. See *Golden Trade, S.R.L. v. Lee Apparel Co.*, 143 FR.D. 514 (S.D.N.Y. 1992).

On the other hand, some U.S. courts have granted privileges concerning the communications between a Japanese patent attorney and his client based on "comity rule" as recognized in *Golden Trade*, 143 FR.D. at 529.

In *VLT Corp v. Unitrode Corp.*, 194 F.R.D.8 (D.C. Mass. 2000), the court held as follows:

In asserting the non-applicability of the attorney-client privilege to the two letters at issue, Unitrode concedes and Plaintiffs appear to agree that the court must first undertake a choice of law analysis. In this regard, the parties both cite *Golden Trade, S.R.L. v. Lee Apparel Co.*, 143 FR.D. 514 (S.D.N.Y. 1992), which recognized **the principle of international comity** to analyze communications with foreign patent agents. The *Golden Trade* approach admittedly contrasts with a bright line rule articulated in earlier cases from the Southern District of New York which refused to recognize the attorney-client privilege for foreign patent agents under any circumstances. See *id.* at 519 (citing cases).

Id. at 14. (Emphasis added.)

...

In the court's opinion, the reference in the Feigenbaum letter to a United States patent is incidental to the inquiry and hardly amounts to a justification for the application of anything but Japanese law on privilege. However, even were the court to consider such reference as more than incidental, Japan still has the most direct and compelling interest in the

¹ **The court will apply the "touching base" test as follows.** If, as the parties appear to agree, a communication has nothing to do with the United States or, in the court's view, only an incidental connection to this country, the privilege issue will be determined by the law of the foreign nation. If, however, the communication has more than an incidental connection to the United States, the court will undertake a more traditional analysis and defer to the law of privilege of the nation having the most direct and compelling interest in the communication or, at least, that part of the communication which mentions the United States. Such interest will be determined after considering [1] the parties to and the substance of the communication, [2] the place where the relationship was centered at the time of the communication, [3] the needs of the international system, and [4] whether the application of foreign privilege law would be "clearly inconsistent with important policies embedded in federal law." *Golden Trade*, 143 FR.D. at 521. (Emphasis added.)

Feigenbaum letter. The letter is clearly limited to Japanese legal issues. After Mr. Feigenbaum, a United States attorney, explains that he will be dealing with "some issues with respect to prior art" as it affects the patent in the United States, he asks Mr. Fujimura, a Japanese *benrishi*, for "careful analysis and advice" with respect to "the impact of the prior art on the Japanese patent." That, and not an interpretation of a United States patent, is the clear intent of the letter.

Id. at 17.

[T]he court believes that Japanese law would treat the Feigenbaum letter as privileged. *Benrishi*, after all, may appear before the Japanese patent office, offer legal advice concerning infringement and validity issues under Japanese patent law, send warning letters to potential infringers, and appear on behalf of clients in certain court proceedings relating to patents. (*See* Kolodney Decl., Ex. 1.) Article 197 of the Japanese Civil Procedure Code, effective January 1, 1998, treats as privileged information learned by *benrishi* from clients in the same manner as *bengoshi*. In particular, paragraph I item (2) of Article 197 provides that "where a witness who is or was a ... lawyer (including a ... *bengoshi*), [or a] patent attorney [*benrishi*], . . . is questioned with regard to [a] fact which he has obtained knowledge in the exercise of his professional duties and he should keep secret," that witness has a testimonial privilege. (*See* Kolodney Decl., Ex. J.) The former Article 281 of the Japanese Civil Procedure Code provided substantially the same privilege to communications with *benrishi*.

Id. at 17.

Eisai Ltd. v. Dr. Reddy's Laboratories, Inc., 2005 U.S. Dist. LEXIS 35597 (S.D.N.Y. 2005) followed and opined with the same conclusion.

Question 4.b. Explain what the scope of an international framework for privilege standards should cover.

To solve the problems identified above, an international framework for privilege standards should cover:

- A. No touching base requirement; and
- B. No comity requirement. Instead, "national treatment" must be required.

Explanation about No Touching Base Requirement

If a U.S. practitioner reviews a Japanese patent and opines about it, the touching base of the communication is with Japan. The communication is highly likely privileged under a Japanese law² and does not have to be produced to a Japanese court. Instead, if a Japanese practitioner reviews a U.S. patent and opines, the touching base of the

² There is no precedent in Japan. However, because the communication is made in confidence, it should be privileged like a communication with a *benrishi* or a *bengoshi*. See Makoto Ito, "Litigation Preparation Document as a Document for Own Use Only and Duty of Document Production," Article Collection for Late Mr. Yoshio Sasaki entitled "Solution and Procedure for Civil Dispute," page 415: "The Civil Code provision of Testimony Refusal is to protect a person who made a communication, relying on a professional personnel, to the personnel who gets involved in confidential matters. By considering this, a foreign attorney who has confidential obligation under a foreign law shall be subject to the protection assuming that the foreign attorney corresponds to a *bengoshi* of this country." English translation is made by the author of this letter.

communication is with the U.S. The communication is not privileged and must be produced to a U.S. court. This is unfair and internationally imbalanced.

A qualified foreign practitioner knows their patent laws, including novelty (anticipation), inventive step (obviousness), disclosure requirements and infringement analysis rules of a patent which are similar to the rules of the U.S. A qualified foreign practitioner knows how to analyze a patent in connection with validity and infringement, by applying the patent law of the foreign country. In the scenario of a U.S. patent infringement letter that is received by a Japanese company above, the opinion by a Japanese practitioner for funding is prerequisite to the communication with the U.S. practitioner. If the touching base rule is not applied, the initial communication between the Japanese practitioner and the Japanese company is privileged before a U.S. court.

Assume that the U.S. patent in the warning letter of the scenario above is a Japanese patent, that specification, drawings and claims are the same the Japanese patent, the U.S. prosecution history is the same as the Japanese patent, and that a *benrishi* who is an expert of the Japanese patent law applies Japanese patent to interpret the claims and communicates with a client concerning infringement and validity of the assumed Japanese patent, the communication should be in a U.S. court also because the *benrishi* applied Japanese law in the analysis. However, there is no precedent in the U.S. in this context and the touching base rule is an impediment. There is no guarantee that a U.S. court grants privilege in that scenario.

The international framework should allow a communication between a client and a practitioner of a contracting state to be privileged in connection with whatever patents regardless the countries of origin of patents subject to the communications.

The international framework, a treaty governed by the WIPO, should clearly provide that there is no touching base requirement. The treaty may include qualification requirements of a patent practitioner who has confidentiality obligation concerning communication with a client. The proposed treaty should be a treaty under Article 19 of the Paris Convention so that the treaty is within the mandate of the WIPO and that the covering issues do not expand to other than patent related communications.

Explanation about No Comity Requirement

Comity rule is like reciprocity. The proposed treaty should be a treaty under Article 19 of the Paris Convention. The national treatment under Article 2 of the Paris Convention shall prevail over the comity rule. In this context, communications between U.S. patent agents and their clients must be equally privileged to avoid different treatments between the U.S. attorneys and U.S. patent agents by the U.S. courts, so that foreign non-lawyer patent agents are equally treated.

Question 5. If a national standard for U.S. courts to recognize privilege for U.S. patent agents or foreign practitioners would be beneficial, please explain how that standard should be established.

The national standard for U.S. Courts is currently unfair in the aspect discussed above in connection with the foreign practitioners. To balance the unfairness and make the national standard for U.S. courts equally beneficial for foreign practitioners, at least the international treaty, which will be a federal law if ratified by the U.S., as proposed above, and its implementing legislation will be necessary.

Once a treaty that eliminates the two requirements, namely, the touching base requirement and the comity requirement enters into force in the U.S., patent litigation costs in the U.S. will be significantly reduced when a communication with a foreign practitioner is involved.

Question 5.a. If a federal legislation is appropriate, what should such legislation encompass?

The answer to this question is the same answer to Question 4.b. which is as follows:

- A. No touching base requirement; and
- B. No comity requirement. Instead, “national treatment” must be required.

To achieve this goal, an international treaty is the most appropriate solution. In the international context, there will be no difference between an attorney and a patent agent. If the treaty treats an attorney and a patent agent equally, U.S. attorneys and U.S. patent agents will be treated equally under the federal legislation.

The undersigned sincerely thank the U.S. Patent and Trademark Office for considering these comments and would welcome any further dialogue or opportunity to support the USPTO in considering attorney-client issues that involve foreign practitioners.

Very truly yours,

Yoichiro Yamaguchi