



February 20, 2015

The Professional Association

Concerned with Patents,

Trade-marks, Copyright and

Industrial Designs

L'association professionnelle

en matière de brevets,

de marques de commerce,

de droits d'auteur et

de dessins industriels

Edward Elliott
Mail Stop OPIA,
United States Patent and Trademark Office,
P.O. Box 1450,
Alexandria, Virginia
22313-1450

**RE: Request for Comments on Domestic and International Issues Related to
Privileged Communications between Patent Practitioners and Their Clients
[Docket No. PTO-C-2014-0066]**

Dear Mr. Elliot,

The Intellectual Property Institute of Canada (IPIC) is pleased to provide its comments on *Domestic and International Issues Related to Privileged Communications between Patent Practitioners and Their Clients*. The attached submission was prepared by IPIC's Privilege and Self-Governance Committee and was approved by IPIC's governing Council.

We thank you for this opportunity to comment on this topic. If we can be of further assistance, please do not hesitate to contact Tiéoulé Traoré (Manager, Government Relations) at 613-234-0516 or ttraore@ipic.ca.

Sincerely,

A handwritten signature in black ink, appearing to read "David E. Schwartz", is written over a white rectangular area.

David E. Schwartz
President

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cc: Joan M. Van Zant, Chair, IPIC Privilege and Self-Governance Committee

Domestic and International Issues Related to Privileged Communications between Patent Practitioners and Their Clients [Docket No. PTO–C–2014–0066]

Response by the Intellectual Property Institute of Canada to the Request of Comments by the United States Patent and Trademark Office

February 20, 2015



INTELLECTUAL PROPERTY INSTITUTE OF CANADA
INSTITUT DE LA PROPRIÉTÉ INTELLECTUELLE DU CANADA

The Intellectual Property Institute of Canada (IPIC) is the professional association of patent agents, trademark agents, and lawyers practising in all areas of intellectual property law. Our membership totals more than 1,700 individuals, consisting of practitioners in law firms and agencies of all sizes, sole practitioners, in-house corporate intellectual property professionals, government personnel, and academics. Our members represent small and large businesses throughout Canada, Canadian universities and other institutions with intellectual property rights in Canada or elsewhere, and foreign organisations who do business in Canada using their intellectual property rights. IPIC has the status of national non-governmental organization observer before WIPO.

IPIC is pleased to respond to the *Request for Comments on Domestic and International Issues Related to Privileged Communications between Patent Practitioners and Their Clients* [Docket No. PTO–C–2014–0066] to provide information on the issue of whether and to what extent communications between U.S. patent practitioners and their clients may receive privilege in foreign jurisdictions, particularly Canada. As such, this submission focuses on the cross-border aspects protecting the confidentiality of communications between clients and their intellectual property advisors.

Introduction

In Canada, unlike many other jurisdictions, confidential communications between clients and their patent or trademark agents for the purpose of obtaining or giving advice in respect of patent and trademark rights are not protected from forced disclosure in litigation. This applies also to communications with lawyers working in the capacity of an agent. This situation discourages full and frank discussions between clients and their intellectual property advisors. It also places innovators at a disadvantage in asserting their intellectual property rights in litigation in Canada, and in other jurisdictions, such as in the United States where the courts can require the disclosure of such confidential communications because protection against such disclosure is not provided in Canada.

This deficiency prevents those seeking advice in intellectual property law from enjoying the same principles of justice that are enjoyed in respect of advice in all other areas of the law. This deficiency has been addressed by legislation in other countries.

IPIC has proposed a legislative solution for Canada that is simple, and modelled upon legislative solutions enacted by other countries. It would protect confidential communications between clients and their patent and trademark agents in seeking advice relative to patents and trademarks, in the same manner as in other fields of law. This would correct a deficiency in the evolution of the common law, consistent with the public policy purposes of privilege. The proposal is aligned with the principles expressed by the Supreme Court of Canada in its decisions on privilege. It would enable clients to obtain the best advice possible from those best able to provide it. Most importantly the change would consist of a few paragraphs which may be added to both the *Patent Act* and the *Trade-marks Act* to correct the deficiency.

1. The Canadian Experience with the Lack of Protection for Confidential Communications between Clients and their IP Advisors

Numerous Canadian court decisions have held that communications between non-lawyer patent or trademark agents and their clients are not privileged because the agents were not lawyers.¹ In Canada, communications between clients and lawyers are protected from disclosure through the common law doctrine of solicitor and client privilege. It is important to note that there have also been Canadian court cases involving patent infringement where the communications between a client and a lawyer agent were deemed not privileged because the lawyer was acting as an agent and not in the capacity of a lawyer.²

This lack of protection in Canada and the lack of international harmonization have given rise to a number of cross-border issues that create significant uncertainty for Canadian and foreign (e.g. United States) IP applicants and owners to the detriment of the IP system and innovation.

a. Lack of Recognition of Foreign Agent Privilege

Whereas in the United Kingdom there is a statutory provision of privilege for agent-client communications pursuant to section 280 of the U.K. Copyright, Designs, and Patents Act, in Canada, as mentioned above, there is no such statutory provision. In fact, the Canadian judicial approach to privilege for agents has been shown to enable parties to reach through the Canadian patent system to pierce the privilege that has been afforded to a client by the U.K. patent system. For example, in *Lilly Icos LLC v. Pfizer Ireland Pharmaceuticals* (2006), 55 C.P.R. (4th) 457, the Federal Court of Canada concluded that communications between inventors and their U.K. patent attorneys were not privileged and were required to be produced in the Canadian litigation, despite the fact that they were considered privileged in the U.K, where the communications took place.³ The Court stated that judicial comity between countries does not require Canada to recognize a privilege not established in Canada. In its decision, the Court noted that the patentee, Pfizer, “*chose to market their products in Canada and therefore take both the benefits and burdens of the Canadian legal regime when they sue or are sued in this country*”. Although there does not appear to be any similar Canadian court decision involving communications of a non-lawyer U.S. patent agent, the *ratio* of this decision likely would apply, leading to the conclusion that communications between inventors and their U.S. patent agents will not be privileged for the sole reason that no such privilege attaches to communications between Canadian patent agents and their clients.

¹ See *Lumonics Research Ltd. v. Gould et al.* (1983), 70 C.P.R. (2d) 11 (Federal Court of Appeal); *Rentokil Group Ltd. v. Barrigar & Oyen* (1983), 75 C.P.R. (2d) 10 (Federal Court, Trial Division); *Visa International Service Assn. v. Visa Travel International Ltd.* (1983), 74 C.P.R. (2d) 243 (Federal Court, Trial Division); *Procter & Gamble Co. v. Calgon Interamerican Corporation* (1980), 48 C.P.R. (2d) 63 (Federal Court, Trial Division); *Sperry Corporation v. John Deere Ltd.* (1984), 82 C.P.R. (2d) 1 (Federal Court, Trial Division); *Scientific Games Inc. v. Pollard Banknote Ltd.* (1997), 73 C.P.R. (3d) 461 (Federal Court, Trial Division) and *Whirlpool Corp. v. Camco Inc.* (1997), 72 C.P.R. (3d) 444 (Federal Court, Trial Division).

² See, for example, *Montreal Fast Printing (1975) v. Polylok Corporation* (1983), 74 C.P.R. (2d) 34 (Federal Court, Trial Division); *Laboratoires Servier v. Apotex Inc.* (2008), 66 C.P.R. (4th) 406 (Federal Court); *Sunwell Engineering Co. v. Mogilevsky* (1986), 12 C.P.R. (3d) 560 (Ontario Supreme Court); *Northwest Meltech Corp. v. Metcon Services Ltd.* (1996), B.C.J. No. 1915.

³ See also *SNF Inc. v. CIBA Speciality Chemicals Water Treatments Limited*, (2014) 2014 FC 616

b. Limited Recognition of Foreign Patent Attorney Privilege

In one case, a Canadian court held that in appropriate circumstances, communications between an inventor and a U.S. patent attorney are privileged. In *Datatreasury Corp. v. Royal Bank*, 2008 FC 955, the court relied on comity in deciding information that “originated in the confidence that [it] would not be disclosed” (i.e. because the information would not be compelled to be disclosed under the laws of the United States) also should not be disclosed in Canadian litigation. However, this decision must be understood in the context that the reference to comity relates to the first of four criteria that the court ultimately relied on in holding that the information was protected under common law case-by-case privilege (the so-called *Wigmore* test).

2. Potential Benefits of Legislated Privilege for IP Advisors and Their Clients in Canada

a. Privilege is required for Clients of All IP Advisors and All IP Rights

Canadian patent agents and trademark agents are creatures of statute. Stringent examinations must be passed before these professionals may deal with the Patent Office or Trade-mark Office. Lawyers who wish to represent clients before these offices must pass these same exams to be entered on the same Register of Patent Agents and List of Trademark Agents as are non-lawyer agents. There is no distinction between lawyer agents and non-lawyer agents as to what they are permitted to do before these government offices. Clients must be able to choose their agents freely and to expect to be able to invoke privilege for their communications with their advisors which pertain to legal advice as they would with any other non-IP legal matter. Clients should not have to navigate complex jurisprudence to determine the selection of their advisors whom the Government has qualified and recognized as experts in these areas.

b. Promotes Judicial Comity

In the *Lilly* case referenced earlier, the court stated that “judicial comity between countries did not require Canada to recognize a privilege not established in Canada”. Thus the UK Patent Attorney’s communications with his client were not protected from disclosure in Canada. This represents an unacceptable result for international users of the Canadian IP system. The legislated solution appears to represent the only way to avoid a further occurrence of such a result.

c. Promotes Effective Administration of Justice

Extending privilege to communications between patent and trademark agents and their clients promotes the effective administration of justice by encouraging full, frank and free communications in seeking advice in respect of intellectual property rights. It is an absurd situation if a client who seeks advice from a lawyer who has no expertise in patent law would see those communications protected from disclosure while one who seeks advice from a lawyer who is *also* a qualified patent agent, runs the risk of not being afforded the same protection.

Communications between clients and their agents for the purpose of seeking legal advice in respect of patents and trademarks are no different from those between clients and their lawyers for the purpose of seeking legal advice in respect of other legal matters. The Supreme Court of Canada has held that the role of patent and trademark agents involves aspects of the traditional practice of law.⁴

d. IP Matters Treated Like All Other Legal Matters

Communications between clients and their legal advisors in connection with patents and trademarks should receive the same treatment and protection as those seeking legal advice in other areas of the practice of law. As noted earlier, the Government of Canada has through statutes and regulations acknowledged and encouraged the qualification of experts in the areas of patents and trademarks. Clients seeking advice from these experts should be able to communicate fully and freely on matters such as potential infringement of patent rights or invalidation of granted patents. In both cases, clients must be sure that any communication to and from such expert advisors will remain confidential and will not be revealed in court or to a third party or otherwise made public.

3. Overview of Actions Taken in Other Countries

The major cause of the lack of international uniformity stems from the difference between common law countries or jurisdictions and those having a civil law tradition⁵. Common law countries have a long history of privilege, developed as a counterbalance to the “discovery” process in litigation. Civil law countries traditionally do not have discovery procedures and have relied on professional secrecy.

This difference does not create difficulties within the national systems of justice, with the exception of intellectual property which has an unusual international characteristic. Thus when litigants dealt with IP disputes in one or the other legal system with parties from the other system and given that the procurement of the IP rights involves non-lawyer agents and attorneys, problems regarding the protection of client privilege were bound to happen. In Europe however, due to the EU Intellectual Property Enforcement Directive, “discovery” is being gradually imported to other EU countries from the UK.

In the EU, many countries, mostly civil law countries, have found it necessary to deal with the introduction of “discovery” by either adopting within their laws, privilege provisions for lawyers and non-lawyer attorneys in IP, or ensuring that their professional secrecy provisions protect client privilege. However this has not always been a smooth process.

France amended its laws about 11 years ago to provide privilege to “conseil en propriété intellectuelle” (non-lawyer IP agents), after the *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer Inc.*, a District Court case in the USA. However the provisions did not provide for exceptions where privilege may be waived, even when the client chose to waive privilege.

⁴ *Law Society of British Columbia v. Mangat* 2001 SCC 67 at para. 58

⁵ ICC Report on Client Privilege in IP advice; document no. 450/1040 October 9, 2008

Article L. 422-11, passed in France in February, 2004 in response to the 1999 *Bristol-Myers Squibb* decision, created an evidentiary privilege: "In all matters and for all services referred to in Article L. 422-1, the industrial property attorney shall observe professional secrecy." But the privilege applies only to Industrial Property Attorneys who "must be independent from other professions and commercial influences and may only associate with or report to supervisors, persons or entities within their profession." In *Commissariat à l'Énergie Atomique v. Samsung Electronics Co*⁶, the court noted, "an Industrial Property Attorney would lose independence if employed by a company or corporation not of his profession." Quoted from *Atty Privilege When U.S. Patent Case Involves Foreign Attys*⁷

Thus a US district court did not consider in-house IP attorneys to be independent so that employer/client does not benefit from privilege.

Sweden amended its laws in 2010 to insure that non lawyer patent agents benefited from the same privilege in IP matters as lawyers.

Germany was considered to have evidentiary privilege that satisfied at least one District Court in the USA.⁸ However employers of in-house attorneys in Germany do not appear to have privilege for reasons similar to those mentioned in relation to France.

Australia has also adopted legislation to create patent attorney privilege (note: that in Australia as well as some other jurisdictions, patent agents and trademark agents are called "attorneys" even though they are not lawyers). 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' and regulation 135 of the *Patent Regulations 1904 (Cth)* provided:

Patent attorneys shall be entitled to prepare all documents and deeds and transact all business and proceedings for the purposes of the Act and these Regulations, and the States Patents Acts, and communications between patent attorneys and their clients shall be privileged to the same extent as communications between solicitor and client.⁹

The Australian legislation was updated recently when an Australian court determined that the privilege applied only to communications with Australian agents and not foreign agents. This finding was of such concern that the Law Council of Australia wrote to the government, in May 2005: "we submit that urgent action be taken to amend the Act to extend patent attorney privilege to foreign patent attorneys and patent agents and to ensure that the privilege afforded to patent attorney communications is to the same extent as that afforded to lawyers."¹⁰

As a result, in 2012, the Australian government adopted legislation that strengthened the privilege by extending it to communications with foreign patent and trademark agents. New Zealand has adopted similar changes.

⁶ 245 F.R.D. 177, 182 (D. Del. 2007).

⁷ *Law360*, October 31, 2013 *Tridico Ph.D., Anthony C., Roscetti, Jennifer H.*

⁸ *Santrade Ltd. v. General Electric Co*

⁹ Intellectual Property Research Institute of Australia and the University of Melbourne, "Patent Attorney Privilege in Australia: Rationale, Current Concerns and Avenues for Reform" report, December 2007, p. 11, <http://www.ipria.org/publications/reports/IPRIA%20Patent%20Attorney%20Privilege%20Report%202007v2.pdf> (site accessed 20 Nov 2013).

¹⁰ Letter from the IP Committee of the Law Council of Australia to Ian Heath of IP Australia, 19 May 2005

The UK now has “absolute client-agent (attorney) privilege” which should act as a model for countries, such as Canada and the US, for the purpose of adopting privilege that will meet the test of the US courts.

4. Conclusion

It seems clear from this brief review of issues relating to privilege for IP advisors or practitioners in Canada, as well as some cross-border issues, and considering the experiences of Australia and New Zealand, in particular, the best solution to prevent forced disclosure of confidential communications between IP owners and their IP advisors is to enact legislation that protects both domestic and foreign innovators.

Communications between clients and their legal advisors in connection with patents and trademarks should receive the same treatment and protection as those clients seeking legal advice in other areas of law. Innovators must be sure that confidential communications to and from their advisors will remain confidential and will not be revealed in court or to a third party or otherwise made public. Full, frank and open communications between IP advisors and their clients must be encouraged for the effective administration of justice. Such a result can only be achieved when appropriate legislation exists in all countries. Given the special relationship that exists between Canada and the USA, it is imperative that both of our countries provide certainty for all users of our respective IP systems by providing reliable legal environments in which innovators of both countries can benefit from their IP rights, as opposed to being disadvantaged by them.

For more information, please contact Tiéoulé Traoré (Manager, Government Relations) at 613-234-0516 or ttraore@ipic.ca