
**Patent Attorney Privilege in Australia:
Rationale, Current Concerns and Avenues for
Reform**

Report

**Intellectual Property Research Institute of Australia
(IPRIA)**

The University of Melbourne

December 2007



Preface

The Intellectual Property Research Institute of Australia (IPRIA) is a national centre for multi-disciplinary research on the law, economics and management of intellectual property. It is based at the University of Melbourne, and is a joint venture of the Faculty of Law, the Faculty of Economics and Commerce, and the Melbourne Business School. IPRIA undertakes research projects, holds public seminars about legal and regulatory developments, and supports research visits from Australian and international academics, lawyers and policy makers.

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IPRIA Report No. 01/07
ISSN: 1449-8790

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List of Abbreviations

AIPPI	International Association for the Protection of Intellectual Property
ALRC	Australian Law Reform Commission
APO	Australian Patent Office
CIPA	Chartered Institute of Patent Attorneys
CMI	Confidential Memorandum of Invention
EPO	European Patent Office
FICPI	Fédération Internationale Des Conseils En Propriété Industrielle
IPR	Intellectual Property Rights
IPTA	Institute of Patent and Trade Mark Attorneys of Australia
LCA	Law Council of Australia
PCT	Patent Co-operation Treaty
OHIM	Office of Harmonization for the Internal Market
UK	United Kingdom
UKLRC	United Kingdom Law Reform Committee
US	United States of America
WIPO	World Intellectual Property Organisation

Executive Summary

Communications between a patent attorney and her or his client facilitate the optimisation of patent grants and the efficient operation of the patent system overall. These communications are protected, in certain circumstances, by a privilege which prevents them being disclosed during the conduct of any litigation involving the client. Such a patent attorney privilege is recognised in Australia, but there are concerns arising out of its limited scope, in particular, its failure to apply to foreign patent attorneys. Similar concerns exist in other jurisdictions with respect to the non-recognition, in one jurisdiction, of privilege recognised in another. This Report investigates those concerns and whether the privilege's scope should be extended to encompass communications with foreign patent practitioners and third parties generally. It concludes that the privilege in Australia should be extended but that, to most effectively address the concerns, action is also required at a transnational level.

This conclusion is based on an analysis of the principles that underpin the privilege. There are two main public policy justifications for the recognition of patent attorney privilege in its current form: the good of society and the good of the person. The benefits found to flow to society from the operation of the privilege are the administration of justice and the maintenance of the economy. From the perspective of the individual, the privilege facilitates the provision of effective and appropriate advice and removes personal hardship. The Report finds that these justifications are supported by the documented rationale for the privilege and also by the rationales for other relational legal privileges.

Concerns over the extent of the privilege in Australia stem, in part, from differences in the recognition of an equivalent privilege in other countries and differences in the recognition of a patent attorney profession in other jurisdictions. These differences potentially give rise to some anomalous and unsatisfactory outcomes in terms of the protection of patent attorney-client communications during litigation. It is noted, however, that the incidence of patent litigation is low and, therefore, the need to rely on the privilege in Australia is minimal, at least for the present time. With harmonisation of patent laws and globalisation of the economy increasing, this may not continue to be the case.

Accordingly, there is a need to address the concerns, insofar as is possible at the domestic level, by extending the scope of the privilege to foreign patent practitioners and third parties. This extension is supported by the rationale for patent attorney privilege – the inclusion of communications with both foreign practitioners and third parties facilitates the provision of effective and appropriate advice for the patent attorney's client. However, this extension will not resolve the concerns from a global perspective. Thus, if the concerns are to be ameliorated more effectively, there needs to be action taken at the transnational level. Theoretically, this may be best achieved through global treaty negotiations, but practically, the most appropriate course of action is likely to be the negotiation of plurilateral agreements.

1 Introduction

(a) Background

1.1 There exists, under Australian patent law, a “patent attorney privilege”. This privilege allows a holder of patent rights, or a potential holder of patent rights, to withhold, from a court, communications that she or he has had with her or his patent attorney. Recently, concerns have been raised around the extent of this privilege. This Report investigates the rationale for the privilege, examines evidence with respect to the transnational recognition of the privilege (this recognition being the dominant concern), and proposes avenues for the reform of the privilege.

1.2 In broad terms, a privilege can be understood as 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 litigation’.¹ There are a number of privileges, such as the privilege against self-incrimination and the privilege that covers communications between a client and her or his lawyer. Common to them all is the assessment that a privilege operates to entitle a person in his or her role as a witness or a party to litigation to withhold evidence, or in some cases to prevent others from disclosing information.² In this Report, we are only interested in privileges that cover communications between people – such as between a patent attorney and a patentee or a lawyer and her or his client.

1.3 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.³ This, in turn, supports the public interest in having an effective and credible trial system, supported and respected by the community at large.⁴ Consequently, the recognition of a privilege involves the weighing of these competing public interests. This was acknowledged by the Australian Law Reform Commission (ALRC) in its Interim Report on Evidence:

Any privilege proposed must be justified and this must be done by reference to a public interest whether incidental to the administration of justice or to some other public interest. The decision whether to allow a privilege must be the result of the weighing one against another of these competing interests. In the weighing process primacy must be given to the courts’ need for evidence and

¹ Heydon (2000), 664.

² Keane (2006), 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 Report, our focus is on the blanket rules or exclusions. As this Report is concerned with patent attorney privilege, to the extent that it considers the rationale underlying other privileges, the focus is on those privileges which apply to witnesses and parties to civil litigation rather than as they may apply to an accused in a criminal trial. Further, as patent attorney privilege is dependent upon the relationship between patent attorney and client, our focus is also on other *relational* privileges.

³ ALRC (1985) Report, [848]. See also *Grant v Downs* (1976) 135 CLR 674, 685.

⁴ ALRC (1985) Report, [848].

to override that a case must be made out sufficient to counterbalance this established public interest.⁵

Accordingly, to the extent that a privilege has been recognised in a jurisdiction, the courts or the legislature have viewed the public interest that supports the withholding of evidence as being the prevailing interest.

1.4 In Australia, the legislature has determined that the public interest that supports a patent attorney privilege is the prevailing interest. A patent attorney privilege is recognised and, via its statutory manifestation in s. 200(2) *Patents Act 1990* (Cth) (Patents Act),⁶ it relies upon the client-lawyer privilege⁷ for its substance. Whilst the Patents Act explicitly links patent attorney privilege with client-lawyer privilege, one conclusion of this Report is that patent attorney privilege is justified in its own right – given the need for full and frank disclosure of communications between a patent attorney and her or his client and the expertise that an attorney possesses that informs the advice provided to the client. Concerns, however, have been expressed about the extent of the privilege recognised here and overseas.

(b) Concerns

1.5 In a recent decision,⁸ the Federal Court of Australia interpreted s. 200(2) narrowly, excluding from its application communications with foreign patent attorneys – that is, patent attorneys not registered under the Patents Act. This has given rise to numerous issues, which are being explored by key intellectual property bodies such as IP Australia, and concerns, which have been voiced by key legal bodies such as the Law Council of Australia (LCA). In particular, concerns have arisen from the difference in the scope of client-lawyer privilege as it applies to patent lawyer communications and patent attorney privilege, in that this can give rise to anomalous outcomes in litigation. 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 narrow interpretation of the privilege may also increase the cost of litigation; may lead to a loss of confidentiality, and thus privilege, if the communication does not fall within scope; and may also undermine the patent attorney profession to the detriment of optimal client representation. The extent to which a patent attorney privilege is recognised in foreign jurisdictions also contributes to some of the concerns raised, and the increasingly global nature of patent litigation will only heighten these concerns.

1.6 These matters have given rise to a push for legislative change in Australia to extend the scope of the privilege to ensure that communications (and any record or document made for the purposes of such communications) with foreign patent practitioners are covered by the privilege. Questions have also been raised as to whether the privilege should extend to communications with third parties. The issue of cross-jurisdictional recognition of patent attorney privilege is also being considered in a global setting with submissions being made to the World Intellectual Property

⁵ ALRC (1985) Report, [848].

⁶ See paras 2.8 to 2.17 below for a detailed description of the privilege.

⁷ 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 Report.

⁸ *Eli Lilly and Co. v Pfizer Ireland Pharmaceuticals* (2004) 137 FCR 573.

Organisation (WIPO) for a treaty to be established on intellectual property adviser privilege.

(c) Structure of the Report

1.7 Given the concerns that have been raised about the scope of patent attorney privilege in Australia, this Report investigates whether the privilege should be extended. It does this by considering the justifications for a patent attorney privilege and, in an attempt to determine the potential extent of the concerns raised, by examining empirical data. Similar concerns arise with respect to the transnational recognition of trade marks attorney privilege. Thus, whilst this Report focuses on patent attorney privilege, it also considers, albeit more briefly in Appendix Three, whether the scope of trade marks attorney privilege should also be similarly extended.

1.8 Prior to examining the justifications for patent attorney privilege and the extent of the concerns raised, some background to these matters is required. Chapter Two provides the necessary background. It gives an overview of the historical development of the patent attorney's role in Australia and looks at the role as it exists today. The current scope of the patent attorney privilege in Australia as found in the Patents Act is also set out.

1.9 Chapter Three examines the rationale for patent attorney privilege. It does this through a comparison of the justifications that underlie the other common relational privileges, such as the client-lawyer, medical, marital and cleric-communicant privileges. Consideration is then given to whether, in addition to the documented justifications for patent attorney privilege, the rationales underlying these other privileges also provide support for the recognition of patent attorney privilege.

1.10 Chapter Four investigates the transnational recognition of patent attorney privilege. It investigates the extent of the two main concerns arising out of the privilege's recognition across borders: the non-recognition, in one jurisdiction, of privilege recognised in another; and the potential loss of confidentiality of a documented where it is not covered by patent attorney privilege. Evidence as to the practical extent of the concerns is examined. Specifically, the incidence of patent litigation, the requirements for patent practitioner registration in other jurisdictions and the extent to which client-lawyer privilege, in lieu of patent attorney privilege, may be claimed in Australian proceedings, are all considered.

1.11 Finally, Chapter Five discusses the impact of the current scope of the patent attorney privilege in Australia. It considers the impact in terms of increased costs of litigation and the potential for its limited scope to undermine the patent attorney profession and jeopardise trade opportunities. The Chapter concludes that the scope of patent attorney privilege in Australia needs clarification and that efforts should be made to effect cross-jurisdictional recognition of patent attorney privilege. Drawing upon the rationale for the privilege, it contends that the scope of the privilege in Australia should be extended to foreign patent practitioners and third parties (both agent and non-agent). It also asserts that the concerns need to be addressed beyond the domestic sphere and concludes that while theoretically this may be best accomplished via global treaty, practically it is more likely to be realised by a series of plurilateral agreements.

2 Patent Attorneys in Australia: Role and Privilege

2.1 Prior to attempting to analyse the justifications for patent attorney privilege and whether the scope of patent attorney should be extended, it is first necessary to have an understanding of the nature of the privilege and the role of the patent attorney. Accordingly, in this Chapter, a brief history of the development of the patent attorney's role in Australia, what that role entails today and the privilege as defined in the Patents Act, is provided as background to the analysis provided in later Chapters.

(a) Historical Development of Patent Attorney Role

2.2 In the early 1800s, two different skills were required to obtain a patent in Britain: those involved with obtaining the patent deed; and those involved with the preparation of the specification and drawings to be filed within the time specified in that deed.⁹ Those who undertook the former task called themselves “patent agents” and included officials employed in the offices involved in the granting procedure.¹⁰ The latter task was entrusted to those with technical qualifications.¹¹ The technical qualifications were usually in engineering and it was not uncommon for those entrusted with this task to refer to themselves as “specifiers”.¹² Generally speaking, ‘[i]n those days, since information regarding the prior art was difficult to obtain, a specifier needed to have knowledge of the technical subject to which the invention related’.¹³ Over time, however, it appears that the term “patent agent” encompassed both functions.¹⁴

2.3 In Australia, after the enactment of patent legislation in the colonies in the mid to late 1800s, individuals practised as patent agents (later to be referred to as attorneys).¹⁵ As Hack explains, they performed ‘the basic functions of the profession, namely, advising inventors on patentability, preparing patent specifications and drawings, and filing and prosecuting patent applications on behalf of their clients’.¹⁶ At that time, however, there was not a large amount of work and most patent agents engaged in another line of work as their primary source of income. Thus, those who acted as patent agents were commonly also ‘solicitors ... engineers, accountants, commission agents, ... brokers, merchants, law stationers [or] parliamentary agents’.¹⁷

2.4 As patent agency moved towards becoming a profession, which required regulation in terms of the conduct of those registered and their required qualifications, debates were held in various state parliaments and there were parallels drawn between patent agents and licensed land brokers.¹⁸ In fact, regulation of the patent profession in South Australia had its origin in the licensing system applied to land brokers in that

⁹ Hack (1984), 2.

¹⁰ Hack (1984), 2.

¹¹ Hack (1984), 2.

¹² See Hack (1984), 3-5.

¹³ Hack (1984), 4.

¹⁴ See the description of various patent agents in Hack (1984), 2-5.

¹⁵ Hack (1984), 26. It appears that it was not until the *Patents Act 1903* (Cth) that patent agents were referred to as patent attorneys.

¹⁶ Hack (1984), 26.

¹⁷ Hack (1984), 26.

¹⁸ See the comment of the Attorney-General Hon. J.C. Bray in the debate in the South Australian Parliament on the *Patent Bill 1877*: Hack (1984), 30.

colony.¹⁹ From the survey of patent directories and other sources undertaken by Hack, it appears that during the colonial period in Australia it was not uncommon for patent agents to also carry on business as land and estate agents²⁰ and in South Australia, patent agency and land broking were often linked.²¹ Whilst many patent agents were also solicitors,²² generally patent attorneys were not required to possess legal qualifications. Queensland was the only colony to require a registrant to pass prescribed examinations in patent law and practice.²³

2.5 With the introduction of Commonwealth legislation regulating the patent profession,²⁴ the requirement to complete prescribed examinations became compulsory, regardless of the State in which an attorney practiced. However, legal practitioners were already considered to have the required qualifications and it was only necessary for patent attorneys (other than those who had already been practicing for some time) to acquire the same skill and level of competence by sitting the compulsory examinations.²⁵ The objective was to ensure that the ‘men (sic) who do the work of obtaining patents shall have the requisite knowledge, skill, and ability’.²⁶ Parliament was ‘creating a class analogous to the attorneys of the courts ... a class with some special knowledge and ability’.²⁷

(b) Current Role of the Patent Attorney

2.6 In Australia today, there is no requirement that patent attorneys registered under the patent legislation be legally qualified. However, there continues to be specific requirements that a patent attorney must satisfy in order to be accepted for registration. For example, there are certain educational requirements.²⁸ Patent attorneys are required to study legal process as a subject and are required to undertake study in each of the specific intellectual property areas of patent, design and trade mark law (and practice).²⁹

2.7 As is the case with patent lawyers, the activities undertaken by patent attorneys include the following, all of which assist the client to secure and protect her or his legal rights:

- advising on the acquisition and strength of patent, design and trade mark rights;
- assisting in the transfer of technology via licensing agreements;

¹⁹ Hack (1984), 30.

²⁰ See Hack (1984), 38-39, 42, 55 and 62-63.

²¹ See Hack (1984), 63-64.

²² See Hack (1984), 33, 54 and 55.

²³ See Hack (1984), 31-32.

²⁴ *Patents Act 1903* (Cth).

²⁵ See the comments of Senator Drake (Queensland – Post-master-General) in relation to Part 8 of the *Patents Bill 1903* (Cth), Commonwealth of Australia (1903) Parliamentary Debates, Vol XIV, 2086-87.

²⁶ Senator Drake, Commonwealth of Australia (1903) Parliamentary Debates, Vol XIV, 2086.

²⁷ Senator Drake, Commonwealth of Australia (1903) Parliamentary Debates, Vol XIV, 2116.

²⁸ See reg 20.3 and sch 5 of the *Patents Regulations 1991* (Cth) which set out the educational and other requirements for patent attorney registration. See also Appendix 1 for an overview of the qualification requirements.

²⁹ The patent attorney registration requirements state that the courses of study are designed to give attorneys an appropriate level of ‘knowledge and practical application so as to give advice about applicable categories of protection for particular activities... appreciation of the advantages of each form of protection for clients ... understanding of how to get and maintain appropriate protection for clients; and ... an understanding of the required standard of professional conduct’: PSB (2007) *Patent Attorney Registration: Qualifications (Technical Requirements)*.

- assisting in intellectual property litigation; and
- advising on intellectual property portfolio management.³⁰

A patent attorney, unlike a lawyer, holds specific academic qualifications (usually an engineering or a science degree) in a field of technology that contains potentially patentable subject matter.³¹ The preparation of a patent specification (which draws heavily on these technical qualifications and associated skills) is generally the preserve of the patent attorney.³² A patent attorney cannot, however, represent a client before a court,³³ although he or she can appear for a client in certain adversarial proceedings; for example, before the Patent Office in a patent opposition proceeding.

(c) Patent Attorney Privilege in Australia

2.8 In Australia, patent attorney privilege is purely the creation of statute. Section 102 of the original Commonwealth patent legislation, the *Patents Act 1903* (Cth),³⁴ 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.

As pointed out by IP Australia in their Issues Paper, it appears that the privilege was omitted from the *Patents Act 1952* (Cth).³⁵ Section 134(1)(b) of that Act was in similar terms to s. 102 of the 1903 Act, but no privilege appears to have been prescribed. Noting this, IP Australia has speculated that the omission may have been inadvertent.³⁶ In 1960, the privilege was reintroduced in s. 135(1A) of the *Patents Act 1952* (Cth).³⁷ Thirty years later the 1952 Act was repealed and replaced by the current Patents Act. The privilege was retained and located in s. 200(2).

2.9 Section 200(2) 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

³⁰ See further IPTA (2007).

³¹ See reg. 20.3 and sch 6 of the *Patents Regulations 1991* (Cth) and also, more generally, PSB (2007) *Patent Attorney Registration: Qualifications (Academic Requirements)*.

³² Only in specific circumstances can this activity be carried out by a lawyer: s. 202 Patents Act.

³³ See s. 200(3) Patents Act.

³⁴ The *Patents Act 1903* (Cth) was largely based on the *Patents Act 1883* (UK), although the 1883 Act did not contain any patent attorney privilege.

³⁵ IP Australia (2005), 2.

³⁶ IP Australia (2005), 2.

³⁷ Section 134(1A) provided: 'A communication between a patent attorney and his client is privileged to the same extent as a communication between a solicitor and his client'. This provision was inserted by s. 21 of Act no. 107 of 1960. Little information can be located on the reasons for the insertion or the stated need for this provision. Whilst the Report of the Commonwealth Patent Law Review Committee (which was the product of the Committee's reconvening in 1957) referred to the provision (at [31]), not much was said about it other than that the Institute of Patent Attorneys of Australia asked that the provision be inserted and had pointed out that 'before the commencement of the Patents Act 1952, a communication between a patent attorney and his client was so privileged': CPLRC (undated).

the purposes of such a communication, are privileged to the same extent as a communication between a solicitor and his or her client.

2.10 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.³⁸ ‘Intellectual property matters’ are defined as meaning matters relating to patents, trade marks, designs or any related matters.³⁹ 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.

2.11 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, 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 which are confidential and 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 which are confidential passing between or 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.⁴⁰

2.12 The extent to which lawyer-client communications are protected was recently reiterated by the High Court of Australia in *Daniels Corporation International v ACCC*:⁴¹

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.⁴²

³⁸ Sections 3, 198(4) and sch 1 Patents Act.

³⁹ Section 200(4) Patents Act. The patent attorney privilege has been held as not limited to the activities expressly stated in the Patents Act, for example, preparation of a patent specification, and extends to a patent attorney’s ‘legitimate professional activities’: *Wundowie Foundry Pty Ltd v Milson Foundry Pty Ltd* (1993) 44 FCR 474, 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).

⁴⁰ The ALRC has noted that under the common law and under the uniform Evidence Acts (ss. 118 and 119), the operation of the privilege is substantially the same: ALRC (2007) Issues Paper, [2.3]. Outside the ACT, to which the *Evidence Act 1995* (Cth) expressly applies, the Act has been adopted in New South Wales (*Evidence Act 1995*), Tasmania (*Evidence Act 2001*) and Norfolk Island (*Evidence Act 2004*). Under the *Evidence Act 1995* (Cth) (ss. 118 and 119) the privilege is, however, limited to providing protection against adducing evidence at trial. The ALRC has noted, however, that in NSW, the Supreme Court and District Court rules now provide that the *Evidence Act 1995* (NSW) applies pre-trial: see ALRC (2007) Issues Paper, [2.4] and fn 10.

⁴¹ (2002) 213 CLR 543.

⁴² (2002) 213 CLR, [9]-[10], Gleeson CJ, Guadron, Gummow and Hayne JJ.

2.13 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 the Federal Court's decision in *Pratt Holdings Pty Ltd v Commissioner of Taxation*.⁴³ 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.⁴⁴

2.14 As well as extending to third parties, there is a rebuttable presumption that client-lawyer privilege in Australia applies to foreign legal practitioners.⁴⁵ 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 with foreign patent practitioners⁴⁶ 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.

2.15 Whilst client-lawyer privilege does not extend to advice of a purely commercial nature, it does cover more than simple formal advice as to the law. As noted by Allsop J in *DSE (Holdings) Pty Ltd v Intertan Inc*:⁴⁷

What legal advice is, however, goes beyond formal advice as to the law. This recognition does not see the privilege extend to pure commercial advice. In any given circumstance, however, it may be impossible to disentangle the lawyer's views of the legal framework from other reasons that all go to make up the "advice as to what should prudently and sensibly be done in the relevant legal framework".⁴⁸

Allsop J also 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'.⁴⁹

2.16 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*

⁴³ (2004) 136 FCR 357. See ALRC (2007) Issues Paper, [2.13]-[2.16].

⁴⁴ Traditionally, the privilege covered three kinds of communications, which Heydon notes as follows: '(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.'; Heydon (2000), 799.

⁴⁵ See *Kennedy v Wallace* [2004] FCAFC 337.

⁴⁶ See para 2.10 above and *Eli Lilly and Co. and others v Pfizer Ireland Pharmaceuticals and Another* (2004) 137 FCR 573. Foreign patent attorneys and agents are not included in the definition of 'registered patent attorney'. The Law Council of Australia in a letter to IP Australia, notes that this exclusion may have been unintentional. It states that it may have been overlooked at the time a new defined term of 'registered patent attorney' was inserted in the Patents Act by the *Intellectual Property Laws Amendment Act 1998* (Cth) when the new registration scheme for patent attorneys was introduced: LCA (2005), 2.

⁴⁷ (2003) 135 FCR 151.

⁴⁸ (2003) 135 FCR 151, 165, quoting Taylor LJ in *Balabel v Air India* [1988] Ch. 317. *Balabel v Air India* was subsequently approved in *Three Rivers District Council and Others v Governor and Company of the Bank of England (No. 6)* [2004] 3 WLR 1274.

⁴⁹ (2003) 135 FCR 151, 168.

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. Thus, to the extent that technical matters are addressed in and form part of advice provided in an intellectual property law context (for example, to the extent it would form part of advice concerning the protection or defining of patent rights), they would fall within the patent attorney privilege.

2.17 Based on the strict interpretation of s. 200(2) and the recent comments in *Telstra Corporation Limited v Minister for Communications, Information, Technology and the Arts (No 2)*⁵⁰ regarding client-lawyer privilege, it is expected that patent attorney privilege would apply to communications with in-house patent attorneys subject to a couple of provisos. First, the attorney would need to be registered under the Patents Act. Second, he or she would need to be acting in his or her capacity as a patent attorney rather than in any commercial or technical capacity. In that case, Graham J reiterated the independence required of the in-house lawyer and that for privilege to operate the lawyer needs to be acting in a legal, rather than a commercial, role. The lawyer, and thus, also the patent attorney, would need to be able to give impartial legal (patent attorney) advice not ‘compromised by virtue of the nature of his employment relationship with his employer’.⁵¹

(d) Conclusion

2.18 Patent attorney privilege, in this country, has a statutory foundation, however, its extent is not clearly defined. Before reforms are proposed to clarify the privilege’s scope, a more detailed understanding of the function of the privilege must be undertaken. The next Chapter of this Report considers the rationale for the recognition of relational privileges generally. It then specifically identifies the public interest grounds upon which patent attorney privilege can be justified. The role of the patent attorney, as considered from both an historical and a modern perspective as explored in this Chapter, reveals the variety of activities undertaken and the highly specialised knowledge and expertise possessed by the patent attorney today. This understanding, together with the overview of the nature of the patent attorney privilege recognised, provides the background for our analysis of the public interest justifications for patent attorney privilege.

⁵⁰ [2007] FCA 1445.

⁵¹ [2007] FCA 1445, [35].

3 Patent Attorney Privilege: Rationale

3.1 In order to clarify the rationale for the patent attorney privilege, recourse may be made to the principles behind other privileges. Those other privileges, such as that between a client and a lawyer, have been recognised for far longer than patent attorney privilege. Thus, having endured over time, the rationale underlying those privileges may inform that which supports the recognition of patent attorney privilege. This review of a number of common relational privileges found in Australian, United States of America (US) and European law⁵² reveals two main justifications constituting the requisite prevailing public interest for those privileges: the good of society and the good of the person. Consideration of other relational privileges and their underlying rationale reveals a commonality with the justifications for patent attorney privilege. The two broad justifications provide support for a patent attorney privilege. However, as explained below, it is its assistance to the administration of justice and the promotion of the economic health of society, and perhaps to a lesser extent the alleviation of personal hardship, that appear to provide a foundation for the privilege in the form currently recognised.

(a) For the Good of Society

3.2 The “good of society” is a key justification for all privileges because, if there was not a public interest in maintaining a privilege, it would no longer be protected by the courts or the legislature. This justification is broad and may usefully be considered in terms of its more specific manifestations: the administration of justice and the maintenance of the economy as an institution in society. The relationship between the patent attorney privilege and these two sub-categories is considered here.

(i) Administration of Justice

3.3 Parallels can be drawn between the role of a patent attorney and a lawyer in the adversarial setting, such that the administration of justice basis for client-lawyer privilege appears equally applicable to patent attorney privilege. The proper administration of justice and the particular role that the lawyer plays in that administration is the basis of the oldest privilege: the client-lawyer privilege. That privilege was well recognised by the end of the 16th century⁵³ and enabled confidential communications between a legal practitioner and her or his client and related documents to be withheld from evidence or disclosure in legal proceedings.⁵⁴

⁵² The privileges reviewed were the client-lawyer privilege, medical, marital and cleric-communicant privileges.

⁵³ Wigmore (1961), 542 and Williams (1980), 38.

⁵⁴ Generally, the privilege will apply to documents prepared by or communications passing between: a client and his or her legal adviser, if made either for the purpose of obtaining legal advice or in relation to litigation either actual or contemplated (that is, advice privilege and litigation privilege); or the legal adviser or client and third parties where they relate to litigation either actual or contemplated (that is, litigation privilege only).

In Australia, client-lawyer privilege is a substantive rule of common law (having its genesis in English common law), but is also reflected in the statutory rules of evidence found in the Uniform Evidence Acts. The ALRC has noted that under the common law and the Evidence Acts, the operation of the privilege is substantially the same: see ALRC (2007) Issues Paper, [2.3]. The *Evidence Act 1995* (Cth) was enacted to provide a comprehensive law of evidence for application in proceedings in federal courts and the courts of specified territories. It was hoped it would be adopted by the states with a view to having a uniform evidence law across the country in state and territory courts as well, removing

A rationale for the privilege, in particular for the litigation privilege limb which incorporated an extension to third party communications, developed in English law in the nineteenth century based on both the nature of the barrister's brief and on necessity.⁵⁵ That rationale, which has been recognised more recently in the High Court of Australia,⁵⁶ was heavily influenced by the adversarial nature of the common law trial system, as McNicol explains:

It became apparent that for litigation to be conducted properly it was essential that any materials or information which a party or the solicitor gathered for an action should be kept from the other side. The freedom of the client and the lawyer to make investigations without being required to divulge what was turned up, needed protection and preservation.⁵⁷

3.4 The privilege was, therefore, seen as necessary to the operation of a common law trial system that relied upon the parties, rather than the court, to locate and present the information favourable to their case and capable of damaging or destroying the other party's case. The information and evidence obtained by the lawyer needed to be privileged and that privilege could only be waived at the discretion of its owner in accordance with how its owner chose to use that information. As Williams has pointed out, if it were otherwise, a party could simply rely on the other party's investment in the fact finding process.⁵⁸ Knowing that the results of the other party's investment could be revealed via discovery, a less diligent party could simply rely on that other party to investigate the issues and wait for the results to be disclosed during

inconsistencies and uncertainties arising both at common law and under statute which had been identified (for example, the ALRC identified problems in the application of client-lawyer privilege, the privilege protecting spousal communications, doctor-patient privilege and cleric-communicant privilege: see ALRC (1985) Report, [108]-[119] and [124]). Outside the Australian Capital Territory (to which the Commonwealth Act expressly applies), its adoption has only been achieved in New South Wales (*Evidence Act 1995*), Tasmania (*Evidence Act 2001*) and Norfolk Island (*Evidence Act 2004*). The client-lawyer privilege rules are found in ss. 118 and 119 of these Acts.

In the United States, the privilege likewise had its roots in the English common law. Formulations of the modern privilege, which have been static for around one hundred years, can be found in Dean Wigmore's 1904 treatise: *Evidence in Trials at Common Law*, and the opinion of Judge Wyzanski in *United States v United Shoe Machinery Corp* 89 F. Supp. 357 (D. Mass. 1950): Musch (2003), 177-78. The *Federal Rule of Evidence* 501 enables this and other privileges, to be developed on a case by case basis in accordance with common law principles.

⁵⁵ Whilst the English courts of the nineteenth century considered that the need to promote full and frank disclosure (discussed in paras 3.12-3.13 below) did not apply to third party communications, their judgements did not present 'a coherent reasoned account of the factors that shaped the creation of the protection': Williams (1980), 47. However, it was clear that a new rationale encapsulating the extension of the privilege had developed: see generally Williams (1980), 47.

⁵⁶ See Brennan J in *Baker v Campbell* (1983) 153 CLR 52, 108 who noted that one of 'the purpose[s] of the privilege is ... the maintenance of the curial procedure for the determination of justiciable controversies - the procedure of adversary litigation'. He also favourably cited Lord Simon of Glaisdale in *Waugh v British Railways Board* (1980) AC 521, who at 537 made the following point:

But the exception which most nearly touches the issue facing your Lordships was cogently invoked in this very connection by James L.J. in *Anderson v. Bank of British Columbia* (1876) 2 Ch D 644, at p 656 : "as you have no right to see your adversary's brief, you have no right to see that which comes into existence merely as the materials for the brief". The adversary's brief will contain much relevant material; nevertheless, you cannot see it because that would be inconsistent with the adversary forensic process based on legal representation'.

This rationale is also recognised as justifying the protection of the notes and materials produced by the lawyer which reveal 'the thoughts, theories and strategies of the lawyer' and concern the handling of his client's matter: ALRC (1985) Report, [877].

⁵⁷ McNicol (1992), 48.

⁵⁸ Williams (1980), 46.

the discovery process. This could result in ‘inaccurate fact finding as the court would not be presented with all the information that would have been uncovered from a diligent search made by both parties’.⁵⁹

3.5 The connections between the role of lawyers and patent attorneys were reflected in the justifications given for the introduction of clause 15 of the *Civil Evidence Bill 1968* (UK),⁶⁰ insofar as it extended privilege to communications ‘made for the purpose of pending or contemplated proceedings in the Patents Office or the Patents Appeal Tribunal to be conducted by a patent agent’.⁶¹ During debate of the Bill in the House of Commons, reference was made to comments of the United Kingdom Law Reform Committee (UKLRC). The UKLRC considered whether a patent agent should be entitled to the same privilege as he or she would have if acting as a professional legal adviser, and stated that ‘[w]e think that it is clearly right that they should and, in our view, the principle on which is based the common law rule of privilege in aid of litigation would extend to such communications’.⁶² The UKLRC noted that patent agents:

may, and often do, initiate proceedings themselves on behalf of their clients, prepare the documents, collect evidence and conduct the oral hearing in person or instruct counsel directly to do so. In relation to these proceedings they perform the same functions as a solicitor does in proceedings in the county court.⁶³

Insofar as patent attorney privilege takes the form of the litigation privilege limb of client-lawyer privilege in Australia, arguably it helps ensure that both parties to the patent-related proceedings undertake their own diligent investigations and preparations. It limits the ability of a party to rely upon the other party to produce material that will support their case. As a result, the documentation and other information upon which the decision making body will base its decision can be expected to be of higher quality, thus promoting the administration of justice.

3.6 Even in a non-adversarial setting, a patent attorney, like a legal practitioner, can be viewed as a collaborator in the administration of justice. Advice privilege like that which forms the first limb of client-lawyer privilege facilitates the role of the patent attorney. It encourages “frank and full” disclosure by the client and enables the patent attorney to receive the information necessary to more effectively advise his or her client on rights and obligations in the intellectual property law area. Importantly, by encouraging this openness, patent attorney privilege places the client in the best position to seek advice about what constitutes law abiding conduct. The administration of justice is promoted by increasing the level of respect for, and observance of, the law.⁶⁴

⁵⁹ Williams (1980), 46.

⁶⁰ Clause 15 of the *Civil Evidence Bill 1968* (UK) provided for a patent attorney privilege which put a patent attorney in the same position as a solicitor would have been if he had been acting in the place of the patent attorney. See para 4.14 below for the historical development of the provision.

⁶¹ United Kingdom (1967-68) Parliamentary Debates, Vol 769, 457.

⁶² UKLRC (1967), 11.

⁶³ UKLRC (1967), 11.

⁶⁴ The ALRC also considers this “compliance rationale” ‘to be a significant part of the modern basis for the doctrine of client legal privilege in serving the administration of justice’: ALRC (2007) Discussion Paper, 263.

(ii) Maintenance of the Economy

3.7 The second aspect of the “good of society” rationale that is relevant to the patent attorney privilege focuses on the role of the patent system in the wider economy. An analogy may be drawn with either the medical practitioner-client privilege or the cleric-communicant privilege. The former reflects the maintenance of the health system in society and the latter facilitates the role of the church in the broader community.⁶⁵ The public interest in maintaining high levels of health in the general community is also identified as a justification for the medical practitioner-client privilege.⁶⁶ As the seeking and provision of medical assistance can be dependent upon the confidential relationship which exists between medical

⁶⁵ It is also arguable that there are connections to be made with the marital privilege as that privilege exempts from production in litigation communications between spouses which have occurred during their marriage. Marriage has been viewed as a special, very complex, relationship that contributes to society’s overall wellbeing and, therefore, one that is deserving of treatment different to that given to other relationships: see, for example, McNicol (1992), 309. Recognising this, a privilege covering spousal communications was recommended in the United Kingdom by the Common Law Commissioners prior to its embodiment in the *Evidence Amendment Act 1853* (UK). Given the importance of the institution of marriage in society, the public interest in supporting marriage was seen by the Common Law Commissioners as overriding the public interest in ensuring reliable fact finding by complete evidence production: *Shenton v Tyler* [1939] 1 Ch 620, 628 quoting from the Common Law Commissioners Second Report which recommended that all communications between spouses be privileged. In the United States, traditional support for the privilege has reflected this view, with the emphasis being on the ‘danger of causing dissention and of “disturbing the peace of families”’ and the ‘natural repugnance ... to compelling a wife or husband to be the means of the other’s condemnation [and] humiliation’: Wigmore (1961), 216-217.

⁶⁶ Historically, the common law has never recognised a privilege which enables a medical practitioner to withhold confidential communications held with a patient if compelled by law to disclose them. See McNicol (1992), 339-40 and Scholl J, *X v Y (No. 1)* [1954] VLR 708, 709. The absence of such a privilege was lamented by judges of the English courts as early as 1792. See Issacs J, *National Mutual Life Association of Australia Ltd v Godrich* [1909] 10 CLR 1, 34 referring to comments made by Lord Chancellor Brougham in *Greenough v Gaskell* (1833) 1 Myl & K 98, 103. However, there remains no recognition of the privilege at common law or in legislation in England: McNicol (1992), 369 and Choo (2006), 194.

The first provision to recognise the privilege was found in an American statute, the New York statute of 1828. By 1999, the privilege was recognised in some form in all but two states in the United States, although at the federal court level the privilege is not recognised because it has never existed at common law: Mosk and Ginsburg (2001), 353 and fn44.

Some statutory recognition of the privilege exists today in Australia. Specific provision for the privilege can be found in the *Evidence Act 2001* (Tas) s. 127A, *Evidence Act 1958* (Vic) ss. 28(2)-(5) and the *Evidence Act 1939* (NT) s. 12(2). The *Evidence Act 1995* (NSW) s. 126B, also provides some protection for such communications. That provision enables the exclusion of evidence of protected confidences. However, it gives the court discretion whether to require that the evidence be produced in a particular case, the court determining whether the harm which would result from the disclosure outweighs the desirability of the evidence being given. As such, it is not an outright privilege. There is also some recognition of the privilege in Europe. For example, under the German *Civil Procedure Code* there is provision for medical practitioners to decline to answer questions or refuse to give evidence: see § 383 *Zivilprozessordnung (Civil Procedure Code)* cited in Koch and Diedrich (1998), 112. Further, the Court of Justice of the European Communities in *Mlle M v Commission* 1980 E. Comm. Ct. J. Rep. 1797, noted that a medical privilege was recognised in Member States, although the states to varying degrees placed limits on the extent of the privilege. To the extent that the states place limits on the privilege, it is likely that the rule in each of those states is not a blanket privilege, but rather it would be in the court’s discretion whether to require the production of evidence based on a consideration of the detriment to the party which sought to withhold the evidence.

practitioner⁶⁷ and patient based on trust, a threat is posed to public health in the absence of a privilege.⁶⁸ With the knowledge that communications with his or her doctor will remain confidential, the patient is encouraged to seek treatment and be candid with the doctor. This leads to appropriate diagnosis and treatment, including appropriate education about the patient's condition.⁶⁹ This can be viewed as being particularly important from both an individual and public health perspective.

3.8 As is the case when seeking medical advice from a medical practitioner, for example, detailed and complete instructions are required to be given to the patent attorney when seeking advice and this will often involve the disclosure of highly confidential information. A privilege that promotes full and frank communication assists an attorney procure strong, readily enforceable, intellectual property rights, just as it assists a medical practitioner provide effective and appropriate medical advice. In both situations, the client and society benefit. In the health setting, the individual's pain and suffering is alleviated and public health issues are more readily managed. In terms of intellectual property rights, strong rights are advantageous for the economy as research and development is increased and the production of new products is encouraged. These rights promote the disclosure and dissemination of innovative material upon which others can build, encourage firms to develop new and less expensive processes and products from which consumers benefit, and reduce litigation; all for the overall benefit of society. Further, if the economy is to be viewed as a social structure or institution of our society, the patent attorney privilege, operating as outlined above, arguably supports it in the same way as the marital privilege supports the institution of marriage.

3.9 These benefits to the "economic" health of the client and society can be illustrated by the following example. A pharmaceutical drug company may invest hundreds of millions of dollars in research for a new drug. The information required to be disclosed in order to secure a patent for that new drug may be highly confidential. However, to ensure procurement of a strong patent, all of that information may need to be disclosed to the company's patent attorney. The comfort the privilege provides against disclosure of that confidential information for purposes other than obtaining patent protection, encourages the full and frank communication required to obtain a strong patent right. A strong patent right will enable the company to obtain a return on its investment, encourage further research and development and, ultimately, provide the community with a better way of treating health problems.⁷⁰

⁶⁷ The reference to "medical practitioner" or "doctor" is to a medically trained professional in the traditional sense (such as a physician or a surgeon), although privileges have been extended to allied medical professionals such as psychotherapists and psychologists: Strong (1992), 370-71.

⁶⁸ ALRC (1985) Report, [912].

⁶⁹ ALRC (1985) Report, [912]. The encouragement of disclosure by the patient to ensure proper diagnosis and treatment is also cited as a traditional rationale for the medical privilege in the United States (*Piller v Kovarsky*, 194 N.J Super. 392, 476 A.2d 1279 cited in Strong (1992), 369).

⁷⁰ In terms of client-lawyer privilege, there is debate about whether the privilege should be available to corporations, particular where the privilege is sought to be described in terms of human rights. (See ALRC (2007) Discussion Paper, 79-82.) While similar arguments may be raised in the context of patent attorney privilege, the benefits to the economic health of society which have been identified primarily arise via the corporate client. Thus, it is submitted that the ability of corporations to rely upon patent attorney privilege is essential.

(b) For the Good of the Person

3.10 There are two sub-categories of the “good of the person” that are relevant here. The first is the provision of effective and appropriate advice by the patent attorney. The second relates to the removing of “personal hardship”. Each is considered in turn.

(i) Effective and Appropriate Advice

3.11 The provision of appropriate patent advice is important for the person seeking advice and its importance rests on the knowledge and expertise of the person providing the advice. As described earlier, patent attorneys have to undergo significant training before they may be registered as a patent attorney.⁷¹ There are, therefore, similarities with the capacity of patent attorneys and doctors to provide effective and appropriate advice in their areas of expertise.

3.12 A common justification for privilege is that it encourages “full and frank” dialogue between communicants.⁷² Such dialogue results in a personal benefit to the individual entitled to claim the privilege, in terms of receiving effective and appropriate advice. Removing the apprehension that those confidential communications would be disclosed to his or her detriment at a later time, the client could seek legal advice with full confidence that his or her lawyer, armed with all relevant facts, could effectively advise him or her.⁷³ With respect to the medical privilege, an ability to consult fully and frankly with a medical practitioner without the fear that those personal communications will be required by the process of law (or otherwise) to be revealed, has been seen as encouraging timely consultation of a medical practitioner in the event of illness⁷⁴ and thus, enabling the patient to obtain appropriate diagnosis and treatment.

⁷¹ See para 2.6 above.

⁷² As such, forms of privilege may be seen to promote the protection of privacy and liberty. The privacy of the individual and unwanted interference from the law is recognised as a rationale for the marital privilege and the medical privilege. McNicol also notes that ‘more recent statements of [the full and frank] rationale in terms of client-lawyer privilege, have emphasised the need to protect individual rights and privacy of the citizen from the demands and intrusion of law and government in a modern state’: (1992), 47. Deane J, in *Baker v Campbell*, saw the principle as underlying client-lawyer privilege. His Honour considered that a person should be able to seek legal advice and assistance without apprehension of prejudice, as ‘of fundamental importance to the protection and preservation of the rights, dignity and equality of the ordinary citizen under the law’: (1983) 153 CLR 52, 118. Privacy and liberty also underlie the cleric-communicant privilege. That privilege, which enables evidence of confessions made to a cleric in his or her professional capacity to be withheld from a court, has some statutory recognition in Australia and abroad. A rationale for the recognition of the privilege, at least in Australia, is revealed in the comments by the ALRC in their 1985 Interim Report on Evidence. It was stated there that ‘there can be little doubt the community places a high priority upon the privacy and inviolacy of the relationship [between a cleric and a communicant]’: ALRC (1985) Report, [904]; and to compel disclosure of such communications is an ‘interference with the right of the citizen to practice his religious beliefs without interference from the law’ and ‘a barrier to free and unfettered practice of religion’: ALRC (1985) Report, [461]. It is also argued that this right is essential to the freedom of religion protected via s. 116 of the Australian Constitution: see McNicol (1992), 328. Similarly, in the US, the free exercise of religion under the First Amendment of the United States Constitution and the need for a person to be able to freely seek spiritual advice and counselling without the threat of disclosure of those communications, are also cited in support of the privilege: Anon (1985), 1560-61.

⁷³ See *Greenough v Gaskell* (1833) 39 ER 618, 62.

⁷⁴ Sholl J in *Pacyna v Grima* [1963] VR 421 cited in McNicol (1992), 341.

3.13 In terms of client-lawyer privilege, Stephen, Mason and Murphy JJ acknowledged, in *Grant v Downs*,⁷⁵ the traditional rationale of the client-lawyer privilege as follows:

it promotes the public interest because it assists and enhances the administration of justice by facilitating the representation of clients by legal advisers, the law being a complex and complicated discipline. This it does by keeping secret their communications, thereby inducing the client to retain the solicitor and seek his advice, and encouraging the client to make a full and frank disclosure of the relevant circumstances to the solicitor.⁷⁶

In so doing, their Honours noted the interrelationship between the personal benefit ensuing to the client from full and frank disclosure and the social good which comes from the proper administration of justice in which the legal practitioner plays a central role.⁷⁷ Their Honours specifically referred to the ‘law being a complex and complicated discipline’ – lawyers have the expertise to provide appropriate legal advice and, therefore, the communications that include that advice are protected by the law.

3.14 The emphasis on expertise differentiates patent attorney advice from that of other professionals such as real estate agents. Like patent attorneys and lawyers, real estate agents facilitate the transfer of legal (that is, property) rights. It may be argued, therefore, that communications with real estate agents, to whom patent agents were likened in the colonial period, should also attract a privilege. However, it is submitted that there are distinct differences between the roles of the patent attorney and patent lawyer on the one hand, and the role of the real estate agent on the other hand. These differences relate, in particular, to the expertise required to practice in the respective roles.⁷⁸ When providing advice, a real estate agent is likely to rely upon pro-forma

⁷⁵ (1976) 135 CLR 674.

⁷⁶ *Grant v Downs* (1976) 135 CLR 674, 685. A similar view was expressed by the Court of Justice of the European Communities in *Australian Mining and Smelting Europe Limited v EC Commission* [1982] 2 C.M.L.R 264, [18]-[21]. The court thought that while the rule differed in form between European Economic Community Member States, those states recognised the importance of the confidentiality between a lawyer and client. Indicative of a ‘full and frank’ rationale for the privilege, the states were said to recognise the importance of confidentiality as serving the requirement that ‘any person must be able, without constraint, to consult a lawyer whose profession entails the giving of independent legal advice to all those in need of it’: at [18]. The “full and frank” justification is also the traditional and principal justification for client-lawyer privilege in recent times in the United States: Strong (1992), 314, Wigmore (1961), 545-9, LoCascio (1994), 1206 and Musch (2003), 177.

⁷⁷ Their Honours went on at 685 to acknowledge that in Australia, the public interest they had identified outweighed that which requires the production of all relevant evidence before a court: ‘the existence of the privilege reflects, to the extent to which it is accorded, the paramountcy of this public interest over a more general public interest, that which requires that in the interests of a fair trial litigation should be conducted on the footing that all relevant documentary evidence is available’.

⁷⁸ The ALRC’s view is that where legal advice is being given by a non-lawyer in a context whereby the administration of justice is being served, then client-lawyer privilege should extend to the provision of that advice: [6.230]. This provided the basis for its recommendation that ‘[f]ederal client legal privilege legislation should provide that a person who is required to disclose information under a coercive information gathering power of a federal body is not required to disclose a document that is a tax advice document prepared for that person.’ (Proposal 6-3). It was specifically noted that ‘Australian taxation law is complex, and the self-assessment system requires tax payers to have a good understanding of their rights and obligations before they can make an assessment of their tax liability. This justifies why the tax legislation makes allowance for accountants to give legal advice on taxation law and the ATO has provided an administrative concession to tax accountants’: ALRC (2007) Discussion Paper, [6.231].

legal documents, such as pro-forma rental agreements provided by the Real Estate Institute of Victoria Ltd, and the parties involved in any sale/purchase transaction will usually seek independent legal advice. This is to be contrasted with the work of a patent attorney who, for example, can advise on legal rights and obligations in the intellectual property law field and draft patent specifications and applications to obtain patent (that is, legal) rights for his or her client. The work performed by the patent attorney requires a specialised set of skills learned over an extended period of time.⁷⁹

3.15 One final aspect of effective and appropriate advice needs to be considered: the potential need for the input from third parties. It may be argued that, to the extent that client-lawyer privilege extends to communications with third parties, it cannot facilitate full and frank disclosure by the client because the communication is between the adviser and the third party, not the client. However, as Finn J in *Pratt Holdings Pty Ltd v Commissioner of Taxation*⁸⁰ observed,

a party seeking to obtain legal advice may not have the aptitude, knowledge, skill and expertise, or resources to make adequately, appropriately or at all such communications to its legal adviser as is necessary to obtain the advice required. Such is commonplace today where advice is sought on complex and technical matters. To deny that person the ability to utilise the services of a third party to remedy his or her own inability or inadequacy unless he or she is prepared to forego privilege in the documents prepared by the third party, is to disadvantage that person relative to another who is able adequately to make the desired communication to a legal adviser by relying upon his or her own knowledge, resources, etc.⁸¹

It is appropriate for the law, via the privilege, to provide an incentive to utilise the services of third parties to enable the acquisition of effective and appropriate advice from the lawyer. To do otherwise is ‘to undercut the privilege itself’ and ‘would not facilitate access to effective legal advice nor ... facilitate effective communication with legal advisers for the purpose of obtaining legal advice.’⁸²

(ii) Removing Personal Hardship

3.16 The final principle underpinning the patent attorney privilege relates to the removing of personal hardship for the professional – in this case, the registered patent attorney. The hardship sought to be alleviated arises from the personal moral conflict a witness may experience; for example, whether to betray a confidence or commit

⁷⁹ Even in 1903, a distinction between real estate agents and patent attorneys was drawn, with patent attorneys being viewed as being specially skilled in their particular area of the law. This is illustrated by the following comments of Senator Drake (Queensland: Post-master-General) made during debate of the *Patents Bill 1903* (Cth):

The word “agent” is very vague indeed. It signifies a man who acts for another, and who possesses no particular skill or qualification in connexion with his work. There are land agents and house agents who may be skilful in their business, but whose work requires no particular qualification. Here we are making a departure. We want the patent attorneys to be persons having special skill in connexion with patents. They will not necessarily be members of the legal profession, except in regard to the Patents law; but we want it to be understood that they are not ordinary agents, but persons possessed of ability in connexion with this business.

(Commonwealth of Australia (1903) Parliamentary Debates, Vol XV, 3333-34.)

⁸⁰ (2004) 136 FCR 357.

⁸¹ Finn J, *Pratt Holdings Pty Ltd v Commissioner of Taxation* (2004) 136 FCR 357, 368.

⁸² Finn J, *Pratt Holdings Pty Ltd v Commissioner of Taxation* (2004) FCR 357, 368.

perjury. This conflict may arise when a spouse whose partner is involved in the court process is required to give evidence. In such cases, the rationale for privilege is based on ‘the undesirability that the community should make unduly harsh demands on its members by compelling them ... to give evidence that will bring punishment upon those they love, betray their confidences ... or social hardships’⁸³ and seeks to avoid the path of perjury being chosen.

3.17 It is also recognised that the trial system creates hardship for a professional who is required to keep communications confidential and various privileges have been justified by a need to alleviate that hardship for the good of the professional. For example, it has been acknowledged that the absence of a privilege ‘creates a situation in which the doctor’s code of ethics and his legal obligations as a witness may come into conflict’.⁸⁴ There is a public interest in avoiding this situation. A trial system which imposes unnecessary hardship on participants, particularly where there is the likelihood of the witness choosing the punishment associated with disobeying the law over breaching a patient’s confidence,⁸⁵ is less likely to be viewed favorably by the public. Similarly, there is often an ethical duty imposed upon members of the clergy to maintain the confidentiality of communications with their parishioners. For some clerics, breach of that confidence may have significant professional consequences. Furthermore, it is acknowledged that when faced with choosing between violating a sacred religious duty (that is, holding a confession confidential) and facing the sanction of the court if he or she does not obey the law, this ethical dilemma is likely to be resolved in favour of maintaining the confidence.⁸⁶

3.18 Patent attorneys are subject to a Code of Conduct⁸⁷ which is aimed at maintaining an ‘honourable professional relationship between attorneys and their clients’.⁸⁸ The Code does not specifically refer to an obligation to maintain the confidentiality of communications with clients. However, it does provide that ‘[a]n attorney must act according to, and uphold the norms of the profession’⁸⁹ and thus, it is likely to be read as requiring a patent attorney to maintain client confidentiality. As such, the conflict an attorney may face when required to disclose confidential communications of a client if ordered to do so by a court, may provide a further justification for the privilege. Similarly, if the patent attorney is a member of the Institute of Patent and Trade Mark Attorneys of Australia (IPTA),⁹⁰ he or she may face a similar conflict when required to comply with the IPTA Code of Ethics.⁹¹

⁸³ ALRC (1985) Report, [529].

⁸⁴ ALRC (1985) Report, [913].

⁸⁵ See McNicol (1992), 343 where evidence is cited of doctors refusing to divulge patient confidences out of ethical duty even if this means facing court imposed sanctions. Also, the Commissioners on Revision of the Statutes of New York, 3 NY Rev. Stat. 737 (1836) believed that faced with the conflict between legal duty and professional honour, a medical practitioner would, in most cases, be overcome by the ‘temptation to the perversion or concealment of truth’: Wigmore (1961), 829.

⁸⁶ McNicol (1992), 330 and fn 30. In particular, the NSW Parliament in the 1989 debate on the legislative introduction of the privilege in 1989, acknowledged this to be likely in the case of Catholic priests. See also Bentham, 4 Rationale of Judicial Evidence 588-91 (1827) cited in Wigmore (1961), 877, and Anon (1985), 1562, which note the justifications for the privileged based on removing this ethical dilemma faced by members of the clergy.

⁸⁷ PSB (undated) *Code of Conduct*.

⁸⁸ PSB (undated) *Code of Conduct*, item 3.1.

⁸⁹ PSB (undated) *Code of Conduct*, item 4.2.5 i.

⁹⁰ Membership of IPTA is voluntary.

⁹¹ IPTA’s Code of Ethics can be found in the IPTA *Memorandum and Articles of Association and By-Laws, Code of Ethics and Guidelines* (2004).

Paragraph 7 of the Code of Ethics guidelines provides, amongst other things, that a 'member shall not ... disclose confidential information which has been derived from or obtained on behalf of any client ... unless he or she is released from the obligation not to disclose such information'.⁹²

(c) Conclusion

3.19 Recognition of a privilege is the result of weighing competing public interests, with the public interests in support of the privilege overriding those which support full disclosure of evidence before the courts. Our review of the public policy interests supporting a number of the relational privileges has revealed that a number of them also support the recognition of a patent attorney privilege. Patent attorneys play a special role in the administration of justice both in the adversarial and non-adversarial setting. Their specialised knowledge and expertise allows them to provide appropriate and effective advice to their clients – with that advice directly going to the maintenance and benefit of the overall economy. Further, the existence of the patent attorney privilege provides protection for the attorneys who may, otherwise, be torn between their duties to their clients, their profession and the responsibilities to the justice system. The recognition of the rationale, and importance, of the patent attorney privilege reinforces the need to ensure that privilege is not unduly limited in its operation. The next Chapter details the key concern practitioners have over the extent of the privilege currently recognised in Australia; the concern relates to questions over the transnational recognition of the privilege.

⁹² To the extent that these privileges do not relate to confessional confidences, it is difficult to justify their operation which treats these professionals differently to other professionals, such as journalists, who may have similar obligations of confidentiality: McNicol (1992), 331. The disrepute likely to be brought upon the judicial process as a result of a choice in favour of perjury is apparent regardless of the field of practice of the professional who is entrusted with, and has an obligation to observe, the confidentiality of particular communications.

4 Transnational Recognition of Patent Attorney Privilege

4.1 This Chapter investigates the extent of the most significant concern with respect to the current extent of patent attorney privilege – that of the recognition of privilege across borders. The first section details the concerns in terms of the lack of recognition and the issue of loss of confidentiality. The second and third sections examine the evidence that goes to the concerns. The evidence includes an examination of the extent to which privilege is recognised in other jurisdictions and an exploration of the data available on the level of patent litigation. Privilege is at its most valuable when relied upon in litigation; the rate of patent litigation in Australia and overseas, therefore, is an indicator of the practical extent of concerns over patent attorney privilege.

(a) Concerns Relating to Transnational Recognition

4.2 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.

(i) Non-recognition of Foreign Patent Attorney Privilege

4.3 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, for example, the following hypothetical situation:⁹³ a patent revocation proceeding for 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 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.

4.4 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. This was the finding of Heerey J in *Eli Lilly v Pfizer Ireland*⁹⁴ who referred to s. 200(2) of the Patents Act and the prerequisites for patent attorney registration set out in s. 198(4) of that Act.⁹⁵ If, however, the foreign

⁹³ This hypothetical situation is adapted from the facts of *Eli Lilly v Pfizer Ireland* (2004) 137 FCR 573.

⁹⁴ (2004) 137 FCR 573, 575.

⁹⁵ In *Eli Lilly v Pfizer Ireland* (2004) 137 FCR 573, Heerey J referred to Gyles J’s comments in *Kennedy v Wallace* where His Honour stated that it was ‘far from axiomatic’ that client-lawyer privilege should extend to foreign legal advice: (2004) 208 ALR 424, 440. 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’. Malcolm Royal

patent practitioner were also legally qualified, client communications with him or her could attract client-lawyer privilege.⁹⁶

4.5 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*,⁹⁷ 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. However, the clarity which this decision provided regarding the treatment of foreign client-lawyer privilege was limited:

[N]othing I have said should be taken as expressing a view on the existence of privilege in Australia, where, under the legal system governing the foreign lawyer, or under the legal system of the state where the advice was given, no privilege would attach.⁹⁸

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.⁹⁹

4.6 Kee and Feiglin refer to the difficulties that this can give rise to, especially for multinational companies, and illustrate this by reference to the position various jurisdictions adopt on the extension of privilege to in-house counsel.¹⁰⁰ As noted in

argued that Eli Lilly was wrongly decided. In his opinion, ‘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 Australian privilege but as a foreign one’: Paton and Whitaker (2005), 282-3.

⁹⁶ See *Arrow Pharmaceuticals v Merck* (2004) 210 ALR 593 and *Kennedy v Wallace* (2004) 142 FCR 185. Allsop J in the latter case, at 220, specifically referred to the ‘administration of justice’ rationale for client-lawyer and said that he did not consider that rationale to be limited by ‘territorial or geographical nexus’. He also noted, at 221, that ‘[m]embers of the community may well need to seek the assistance of foreign lawyers ... the multiplicity and complexity of the demands of the modern state on its citizens, the complexity of modern commercial life and the increasing global inter-relationships of legal systems, commerce and human intercourse, make treatment of the privilege as a jurisdictionally specific right ... both impractical and contrary to the underlying purpose of the intended protection in a modern society’; and further, a ‘refusal to recognise foreign lawyer’s advice privilege or narrowly to constrict advice privilege ... would undermine the rationale of the privilege. It would also undermine the administration of justice by enlivening a threat in this jurisdiction to the confidentiality of communications which would otherwise be protected in other places.’ Whether the same situation arises under the *Evidence Act 1995* (Cth) is uncertain. Under that Act, ‘lawyer’ is defined as ‘barrister or solicitor’ (see the dictionary in the schedule to the Act) and it is not clear whether that is a reference to a barrister or solicitor admitted to practice in Australia. In any event, as the Law Council of Australia argues ‘[i]f patent attorney privilege were extended to foreign patent attorneys/agents, that would be consistent with the recognition by Australian courts that communications with third parties may be subject to legal professional privilege where they are made to enable clients to make the communications necessary to obtain legal advice as required’: LCA (2005), 7.

⁹⁷ (2004) 142 FCR 185.

⁹⁸ (2004) 142 FCR 185, 223, Allsop J.

⁹⁹ Kee and Feiglin (2006), 138.

¹⁰⁰ Kee and Feiglin (2006), 139-140.

the decision of the European Court of Justice in *Australian Mining and Smelting Europe Limited v Commission of the European Communities*,¹⁰¹ 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.¹⁰² Thus, Kee and Feiglin state that if Australian law does required 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’.¹⁰³ They specifically note that ‘[t]his outcome would seem illogical and would undoubtedly be of considerable concern to those companies.’¹⁰⁴

4.7 After *Kennedy v Wallace*,¹⁰⁵ the question as to which body of law governed foreign client legal privilege recognition arose for consideration in *Arrow Pharmaceuticals v Merck*.¹⁰⁶ The latter case concerned a communication, being a Confidential Memorandum of Invention (CMI),¹⁰⁷ from a Merck employee to a US patent attorney. Unfortunately, the decision does not appear to have clarified the issue:

In circumstances such as the present, it seems to me that, when dealing with international patents, it is appropriate to pay special regard to the situation in the place where the events have occurred, at least in circumstances where the principle applied there is the same as the principle applied here.¹⁰⁸

4.8 Evidence was lead that the applicable law in the US was that espoused in *In re Spalding*.¹⁰⁹ No counter evidence concerning the US law appears to have been provided to challenge that position,¹¹⁰ although Gyles J noted that a difference of opinion as to the applicable law in the US was apparent from the *Spalding* decision itself.¹¹¹ 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’.¹¹² 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.

¹⁰¹ [1982] 2 CMLR 264.

¹⁰² *Waterford v Commonwealth* (1987) 163 CLR 54, *Sydney Airports Corporation Ltd v Singapore Airlines Ltd* [2005] NSWCA 47 and *Commonwealth v Vance* (2005) 158 ACTR 47. In the recent case of *Telstra Corporation Limited v Minister for Communications, Information, Technology and the Arts (No 2)* [2007] FCA 1445, Graham J reiterated the independence required of the in-house lawyer and that the privilege will only attach if the lawyer is acting in a legal, rather than a commercial, role and thus, is able to give impartial legal advice (at [35]).

¹⁰³ Kee and Feiglin (2006), 139.

¹⁰⁴ Kee and Feiglin (2006), 139-140.

¹⁰⁵ (2004) 142 FCR 185.

¹⁰⁶ (2004) 210 ALR 593.

¹⁰⁷ As noted in the case, 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’ (2004) 210 ALR 593, 594.

¹⁰⁸ (2004) 210 ALR 593, 597, Gyles J.

¹⁰⁹ F.3d 800 (Fed Cir. 2000).

¹¹⁰ As noted: ‘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’: (2004) 210 ALR 593, 597, Gyles J.

¹¹¹ (2004) 210 ALR 593, 598, Gyles J.

¹¹² (2004) 210 ALR 593, 598, Gyles J.

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 reinforces a need for clarity around any extension of patent attorney privilege that would cover foreign patent agents.

(ii) Loss of Confidentiality, Loss of Privilege

4.9 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.¹¹³ 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.

4.10 Although the case concerned client-lawyer privilege, evidence given by a US lawyer and patent attorney in *Arrow Pharmaceuticals v Merck*¹¹⁴ 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.¹¹⁵

A similar concern has been raised by International Association for the Protection of Intellectual Property (AIPPI). In their submission to WIPO for a treaty to be established on Intellectual Property Adviser Privilege they stated:

Privilege is dependent upon confidentiality in the communications to which it applies first being established and then being maintained. If privilege is not recognised in one of two countries in which an owner of IP wishes to enforce that IP, communication of the advice obtained in the country where privilege does exist to the country where it does not, brings with it the risk that the advice may be required to be made public in the latter country. *If it is thus forced to be published, it is no longer confidential. Thus, privilege in the*

¹¹³ LCA (2005), 5-6

¹¹⁴ (2004) 210 ALR 593.

¹¹⁵ *Arrow Pharmaceuticals v Merck* (2004) 210 ALR 593, 596.

*advice will be lost in the country where privilege would otherwise have existed.*¹¹⁶

4.11 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 United Kingdom (UK) with respect to client-lawyer privilege, a lack of patent attorney privilege recognition in one jurisdiction may not necessarily destroy the confidentiality required for a claim of privilege in another.¹¹⁷ 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.¹¹⁸ 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. In order to assess the potential scope of these concerns, it is necessary to examine the extent to which privilege is claimable in other jurisdictions. This is done next.

(b) Patent Attorney Privilege in Key Jurisdictions

4.12 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.¹¹⁹ 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. It is also amplified by the increasingly international nature of intellectual property and the fact that multiple professions practice in the area; i.e. patent and trade mark professionals as well as lawyers. This section provides an overview of the qualifications of patent practitioners¹²⁰ and the operation of the privilege in the UK, the US and selected other European jurisdictions.¹²¹

(i) United Kingdom

4.13 The position in terms of patent practitioner qualifications in the United Kingdom is similar to that in Australia. Patent agents (also known as patent attorneys),

¹¹⁶ AIPPI (2005), 1. Emphasis added.

¹¹⁷ 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.

¹¹⁸ *Mann v Carnell* (1999) 201 CLR 1. It was stated by the majority of the Court that:

It is the inconsistency between the conduct of the client and maintenance of 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: Gleeson CJ, Gaudron, Gummow and Callinan JJ at 13.

See also see Ligertwood (2004), 296. A similar result appears to arise from application of the relevant provisions under the Evidence Acts. Bell J noted in *Application of Cannar Re Eubanks*, that the *Evidence Act 1995* (NSW) 'contemplates disclosure of the contents of confidential documents and confidential communications without the loss of client-legal privilege': [2003] NSWSC 802, [82].

¹¹⁹ For example, IP Australia's Issues Paper (2005) and AIPPI's Submission to WIPO (2005).

¹²⁰ The different qualification requirements for patent professionals in the jurisdictions considered in this chapter are summarised in Appendix 1.

¹²¹ For an overview of the recognition and operation of patent attorney privilege as discussed in this Chapter, see Appendix 2.

are required to pass registration examinations in specified areas of intellectual property law¹²² and are also required to have academic qualifications in science, engineering, technology or mathematics.¹²³ Patent agents are not required to be legally qualified in the UK,¹²⁴ but must satisfy prescribed employment requirements.¹²⁵

4.14 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.¹²⁶ 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) ‘in a form appropriately modernised to meet the developments which [took] place consequential upon the entry of the United Kingdom into the European Economic Community’,¹²⁷ and is now found in s. 280 of the *Copyright, Designs and Patents Act 1988* (UK). The substantive wording of the current provision is:

- (1) This section applies to communications as to any matter relating to the protection of any invention, design, technical information or trade mark, or as to any matter involving passing off.
- (2) Any such communication -
 - (a) between a person and his patent agent, or
 - (b) for the purpose of obtaining, or in response to a request for, information which a person is seeking for the purpose of instructing his patent agent,is privileged from disclosure in legal proceedings in England, Wales or Northern Ireland in the same way as a communication between a person and his solicitor or, as the case may be, a communication for the purpose of obtaining, or in response to a request for, information which a person seeks for the purpose of instructing his solicitor.¹²⁸

¹²² See the *Regulations for the Examinations for the Registration of Patent Agents & Trade Mark Agents 1991* (UK). The regulations are made by CIPA and the Institute of Trade Mark Attorneys with the approval of the Comptroller-General of Patents, Designs and Trade Marks under Rule 8 of the *Register of Patent Agents Rules 1990* and Rule 8 of the *Register of Trade Mark Agents Rules 1990* (UK).

¹²³ See the *Regulations for the Examinations for the Registration of Patent Agents & Trade Mark Agents 1991* (UK).

¹²⁴ Patent agents are now also known as patent attorneys in the UK and a solicitor can refer to him or herself as a “patent attorney” (although not a “patent agent”) even though he or she is not required to pass any examinations relating to intellectual property as such to practice in that area: see ss. 276 and 278 *Copyright, Designs and Patents Act 1988* (UK) and CIPA (2007) *Patent attorneys and other advisors*. There is also a specialist Patent Bar which deals with intellectual property cases, with the barristers generally having scientific as well as legal qualifications: CIPA (2007) *Patent attorneys and other advisors*.

¹²⁵ Rule 9, *Register of Patent Agents Rules 1990* (UK).

¹²⁶ See Thorley and Terrell (2000), 445; *Moseley v Victoria Rubber Co.* (1886) 3 RPC 351, 355; *Dormeul Trade Mark* [1983] RPC 131, 135; and *Wilden Pump Engineering Co v Fusfeld* (1984) 3 IPR 104, 110-112.

¹²⁷ *Dormeul Trade Mark* [1983] RPC 131, 135, Nourse J.

¹²⁸ Section 280(3) of the *Copyright, Designs and Patents Act 1988* (UK) defines “patent agent” as (a) a registered patent agent or a person who is on the European list; (b) a partnership entitled to describe itself as a firm of patent agents or as a firm carrying on the business of a European patent attorney; or

4.15 A note to the provision in Halsbury's Statutes of England and Wales 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. Previously, the privilege applied 'only to communications made for the purpose of pending or contemplated patent proceedings'.¹²⁹ In essence, the communications between a patent agent and client are protected in the same way as client-lawyer privilege protects solicitor-client communications.

4.16 In the UK, client-lawyer privilege protects confidential communications between a solicitor and his or her 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 preparation for existing or contemplated litigation.¹³⁰ In *Three Rivers District Council v Governor and Company of the Bank of England (no. 5)*¹³¹ 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 (in that case, a unit established to deal with all communications between the Bank and an independent inquiry into the collapse of the Bank of Credit and Commerce International SA) 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. Whilst invited to review that aspect of the decision, the House of Lords declined to do so for a raft of reasons including that the actual matter before it did not require it, it

(c) a body corporate entitled to describe itself as a patent agent or as a company carrying on the business of a European patent attorney.

¹²⁹ *Halsbury's Statutes of England and Wales* (2003), 351. Clause 15 of the *Civil Evidence Bill* was discussed in the House of Commons Standing Committee on 23 July 1968. In its Report *Privilege in Civil Proceedings*, the UK Law Reform Committee had recommended that client-lawyer privilege extend to patent agents as if they were professional legal advisers if made for the 'purpose of pending or contemplated proceedings in the Patent Office or the Patent Appeal Tribunal'. Accordingly, clause 15 of the Bill contained a privilege for 'communications between a patent agent and his client as between a solicitor and his client when they are made in connections (sic) with appeal proceedings before the Patent Office or the Patents Appeal Tribunal.' (United Kingdom Parliamentary Debates, Vol 769, 23 July 1968, 457). The Bill also went further and gave 'privilege even when these communications [were] in connection with an application to the Patent Office, when perhaps no litigation ... [was] pending': United Kingdom Parliamentary Debates, Vol 769, 23 July 1968, 457. The Bill did not include privilege in respect of proceedings before the High Court. The UK Law Reform Committee did not think that client-lawyer privilege extended *generally* to patent agents and did not think that the absence of a privilege for High Court proceedings was a concern as 'communications would be privileged [anyway], since in these proceedings solicitors and counsel are also instructed': United Kingdom Parliamentary Debates, Vol 769, 23 July 1968, 457-8. Mr Graham Page (Crosby) sought an amendment to include such proceedings. He argued that the UK Law Reform Committee was incorrect on this point as it was often the case that a client would consult a patent agent first without instructing a solicitor in such matters. This position was supported by CIPA and The Law Society, but was rejected on the basis that it was too late a stage to deal with the amendment and the Solicitor-General didn't consider the amendment 'necessary or desirable': United Kingdom Parliamentary Debates, Vol 769, 23 July 1968, 460.

¹³⁰ Choo (2006), 174-5. See also Lord Carswell judgement in *Three Rivers District Council and Others v Governor and Company of the Bank of England (no. 6)* [2004] 3 WLR 1274 for a review of the authoritative statements of the two limbs of the privilege.

¹³¹ [2003] QB 1556.

was a difficult issue and the views of their Lordships would not constitute binding precedent.¹³²

4.17 With respect to third parties and patent agent privilege in the UK, the Chartered Institute of Patent Attorneys (CIPA)¹³³ 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.’¹³⁴

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.¹³⁵

4.18 Further, as is the position in Australia, client-lawyer privilege in the UK extends to communications with foreign legal advisers.¹³⁶ 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*.¹³⁷

4.19 With respect to the recognition of any UK privilege by Australian courts, an examination of the Register of Patent Agents under the *Copyright, Designs & Patents Act 1988* (UK)¹³⁸ reveals 1,633 registered patent agents in the UK as at the end of 2006. However, a comparison of a sample¹³⁹ of those patent agents with the Law Society register of solicitors holding a practicing certificate and being licensed to practise by that body as at 24 August 2007,¹⁴⁰ reveals that only approximately 1% of patent agents are also registered to practice as solicitors. The low number of dual registered practitioners in the UK may not, however, be as great as first thought. In

¹³² *Three Rivers District Council and Others v Governor and Company of the Bank of England (No. 6)* [2004] 3 WLR 1274.

¹³³ CIPA is the professional and examining body for patent agents in the UK.

¹³⁴ CIPA (2000), [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).

¹³⁵ CIPA (2000), [280.04]. Under common law client-lawyer privilege, both client and legal adviser can act through an agent: Tapper (1999), 453.

¹³⁶ *In re Duncan, Deed. Garfield v Fay* [1968] P. 306 and *Great Atlantic Insurances Co v Home Insurance Co* [1981] 1 WLR 529.

¹³⁷ Thorley and Terrell appear to hold this view. Referring to the operation of patent attorney privilege, they state ‘[i]n 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.’: Thorley and Terrell (2000), 39.

¹³⁸ CIPA (2007) *Register of Patent Agents*.

¹³⁹ The sample size was 16% of all registered patent agents. Every second patent agent with a London address listed in the Register was included in the sample. The London address was selected as it was expected that firms located in London were likely to be larger and likely to process a greater percentage of PCT patent applications than firms in other locations in the United Kingdom.

¹⁴⁰ The Law Society is the representative body for solicitors in England and Wales. The register was accessed via The Law Society search facility (The Law Society (2007)).

the UK, a solicitor can use the term ‘patent attorney’ and practice as such without being on the register of patent agents. Whilst the clients of solicitors not also registered patent agents cannot rely on the patent attorney privilege provided under the UK legislation, they would be able to rely upon client-lawyer privilege and any recognition of that privilege in foreign proceedings. Accordingly, the percentage of communications with UK patent practitioners that may attract client-lawyer privilege is expected to be greater than indicated.

(ii) United States

4.20 In contrast to the Australian and UK regimes, patent attorneys in the US are required to have legal qualifications.¹⁴¹ US patent agents, on the other hand, are not legally qualified practitioners.¹⁴² Like patent attorneys, however, they have to meet specified legal, scientific and other qualifications.¹⁴³

4.21 Originally, communications between patent attorneys, patent agents and their clients were not protected by any client-lawyer privilege in the US.¹⁴⁴ 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.¹⁴⁵ However, there were views to the contrary and a significant degree of confusion on the issue existed.¹⁴⁶

4.22 The situation was, to an extent clarified in when the US Supreme Court in *Sperry v Florida*¹⁴⁷ ruled that patent practice was the practice of law.¹⁴⁸ That is, as a result of that decision, the situation appeared more certain regarding the privilege existing between a client and a patent attorney (being a legal practitioner). Consequently, in the decision of *In re Spalding*,¹⁴⁹ 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.¹⁵⁰ The court decided the issue was unique to patent law and clearly implicated substantive patent law and, therefore, considered it appropriate to apply Federal Circuit law.¹⁵¹ In doing so, the court stated that the client legal privilege ‘exists to protect not only the giving of

¹⁴¹ *United States Code of Federal Regulations Patents, Trademarks, and Copyrights* (Title 37), Chapter 1, Pt 11 §11.6(a).

¹⁴² *United States Code of Federal Regulations Patents, Trademarks, and Copyrights* (Title 37), Chapter 1 Pt 11 §11.6(b).

¹⁴³ *United States Code of Federal Regulations Patents, Trademarks, and Copyrights* (Title 37), Chapter 1 Pt 11 §11.6 and §11.7 and see USPTO (2007) *General Requirements Bulletin*, 4 and 18.

¹⁴⁴ See Willi (2005), 294 and the cases cited by him, for example, *United States v United Shoe Machinery Corp.* 89 F. Supp. 357 (D. Mass. 1950) and *Zenith Radio Corp. v Radio Corp of America* 121 F. Supp 792 (D. Del 1954).

¹⁴⁵ See Willi (2005), 294-295 and LoCascio (1994), 1210-1211.

¹⁴⁶ See Willi (2005), 294-296.

¹⁴⁷ 373 US 379 (1963).

¹⁴⁸ See Willi (2005), 296 and LoCascio (1994), 1211.

¹⁴⁹ 203 F.3d 800 (Fed Cir. 2000).

¹⁵⁰ According to the case report of *In re Spalding* 203 F.3d 800 (Fed Cir. 2000), 802 n 2, 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.’.

¹⁵¹ *In re Spalding* 203 F.3d 800 (Fed Cir. 2000), 803-804.

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'.¹⁵² Citing *Sperry v Florida*¹⁵³ and *Knogo Corp v United States*,¹⁵⁴ 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"',¹⁵⁵ 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'.¹⁵⁶

4.23 Musch makes the observation that the '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',¹⁵⁷ and give rise to a consistent standard.¹⁵⁸ Unfortunately, this does not appear to have eventuated and jurisdictional differences remain. Musch cites the decisions of *McCook Metals LLC v Alcoa Inc*¹⁵⁹ and *Fordham v Onesoft*¹⁶⁰ to illustrate the continuing lack of uniformity.¹⁶¹ Of course, even if it is accepted that the privilege does apply to communications with patent attorneys, all the requirements for privilege must still be met.

¹⁵² Quoting *Upjohn Co v United States*, 449 US 383, 390 (1981) and also citing *Shearing v Iolab Corp.*, 975 F.2d 1541, 1546 (Fed Cir. 1992).

¹⁵³ 373 US 379 (1963).

¹⁵⁴ (1980) 213 USPQ (BNA) 936.

¹⁵⁵ 203 F.3d 800 (Fed Cir. 2000), 806 quoting *Knogo Corp v United States* 1980 213 USPQ (BNA) 936. McCabe notes that the *Knogo Corp v United States* case expressly rejected the *Jack Winter Inc v Koratron Co.* 50 FRD 225, 228 (N. D. Cal 1970) line of district court decisions which hold that 'the transmission of technical information to an attorney, and documents relating to patent prosecution, are not privileged because the attorney is only acting merely as a "conduit" between the client the PTO': McCabe (2001), §3.01 [B][1].

¹⁵⁶ Rose and Jessup (2004), 319 fn 191. McCabe also holds the view that while the decision is strictly limited to invention records submitted to attorneys for advice on patentability, 'it may have a significant impact in broadening the limits of the attorney-client privilege... to other kinds of documents relating to invention and patenting': (2001), §3.01 [B][2].

¹⁵⁷ Musch (2003), 191.

¹⁵⁸ The District Circuit courts have jurisdiction over patent matters (excluding actions brought against the United States) and a right of appeal lies from them to the District Circuit Courts of Appeal. To which court an appeal can be taken is determined on a geographical basis. The Court of Appeals for the Federal Circuit, the 13th Circuit Appeal court, will hear appeals where appellate courts have reached inconsistent decisions on the same issue or have applied the law inconsistently. The aim is to increase doctrinal stability in the areas of the law with which it is charged, which include patent law and trademark decisions. See LoCascio (1994), 1239-1241.

¹⁵⁹ 192 FRD 242 (N.D. Ill. 2000).

¹⁶⁰ No. 00-1078-A, 2000 WL 33341416 (E.D. Va. Nov. 6., 2000).

¹⁶¹ Musch (2003), 194. As Musch explains at 190-191, the court in *McCook Metals LLC v Alcoa Inc.* 192 F.R.D. 242 (N.D. Ill. 2000), adopted the *In re Spalding* rationale and granted protection to documents produced during a patent prosecution. It found that Federal Circuit precedent governs if the document is unique to patent law (because it implicates substantive patent law), but if not, circuit law (in that case Seventh Circuit law) applies. (For example, an invention record would be unique to patent law because it relates to an application for patent protection, but communications relating to contractual issues relating to the licensing of a patent would not.) In contrast, the court in *Fordham v Onesoft* No. 00-1078-A, 2000 WL 33341416 (E.D. Va. Nov. 6, 2000) ruled that *In re Spalding* had no precedential or persuasive effect. In that case, Fourth Circuit law was applied. So whilst the Court of Appeals of the Federal Circuit believed that the application of attorney-client privilege (a procedural doctrine) to patent law fell within its jurisdiction, this view is not shared by all.

4.24 The position is, however, even 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.¹⁶² The second position provides for a limited privilege based on a subordination requirement; for example, the patent agent must be working under the supervision of an attorney as his or her immediate subordinate.¹⁶³ 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.¹⁶⁴

4.25 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.¹⁶⁵ Under the ‘Non-Choice of Law’ approach one version does not recognise any privilege and the other two recognise privilege in defined circumstances.¹⁶⁶ 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.¹⁶⁷

¹⁶² See Willi (2005), 298-301 and fn 140 where he cites cases from the District Courts of Massachusetts, Eastern District of Wisconsin, South Carolina and Northern District of Illinois, which have supported this approach.

¹⁶³ 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 (2005), 301-302 including *Congoleum Industries Inc. v GAF Corp* 49 F.R.D 82 (E.D. Pa. 1969), aff’d 478, 478 F.2d 1398 (3d Cir. 1973) and *Hercules Inc. v Exxon Corp.* 434 F. Supp. 136 (D. Del 1977).

¹⁶⁴ Willi 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) and *In re Ampicillin Antitrust Litigation* 81 FRD 377 (D.D.C. 1978): Willi (2005), 303-307.

¹⁶⁵ For a detailed review of the different approaches see Willi (2005), 307-335.

¹⁶⁶ 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 (examples of this approach can be found in decisions of the Federal District Courts in Maryland and Wisconsin); 2. the ‘Immediate Subordinate’ approach – Limited privilege is recognised i.e. communications are privileged only when the foreign patent practitioner is acting as the agent or immediate subordinate of a US attorney (note that independent foreign patent practitioners retained either by the client directly to prosecute US patent applications through US attorneys or by a US attorney to prepare and prosecute patent applications in their foreign country are not generally treated as agents or subordinates) (examples of this approach can be found in decisions of the Federal District Courts in New York, Delaware and Illinois); and 3. the ‘Functional’ approach – Limited privilege is recognised – communications are privileged only if the foreign patent practitioner is *functioning* as an attorney e.g. are permitted by law in their country to give patent law advice by virtue of being registered in the patent office of their country (examples of this approach can be found in decisions of the Federal District Courts in New Jersey, Delaware and Illinois).

¹⁶⁷ The versions of the ‘Choice of Law’ approach are the ‘Touching Base’ approach, the ‘Comity Plus Function’ approach and the ‘Most Direct and Compelling Interest’ approach. The Touching Base approach has been summarised as follows:

communications with foreign patent agents regarding assistance in prosecuting foreign patent applications 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... communications with foreign patent agents 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 agent was representing the client and that law is not contrary to the public policy of the United States ... where communications with foreign patent agents relate to

4.26 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.¹⁶⁸ 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.¹⁶⁹ 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.

4.27 With respect to the recognition of any US privilege by Australian courts, the United States Patent and Trademark Office, as at 7 August 2007, reported that there were 8,313 active patent agents and 26,297 active patent attorneys in the US.¹⁷⁰ That is, of the total number of patent practitioners in that country (34,610), 24% are agents and 76% are attorneys, only the latter being legally qualified. The US was the source country or country of origin in 50% of non-Australian PCT applications to the Australian Patent Office (APO) during 1999 to 2003.¹⁷¹ Accordingly, assuming a similar patent agent/attorney percentage split during the 1999 to 2003 period, communications in respect of 38% of all non-Australian PCT patent applications (assuming client-US patent attorney communication) may attract client-lawyer privilege in Australian proceedings.

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: Willi (2005) 322-23.

Willi, at 323, notes that the problem with the 'touching base' theory is that it doesn't address the situation of foreign clients using their foreign patent law firms or practitioners to communicate directly with US patent practitioners to obtain US patents, effectively denying privilege to those foreign clients (various interpretations of the 'Touching Base' approach can be found in decisions of the Federal District Courts in South Carolina, Illinois and Columbia).

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. (The Northern District of Illinois has adopted this approach.)

The 'Most Direct and Compelling Interest' approach 'purports to be a more comprehensive choice of law analysis than the "touching base" approach, [however] the determination of which nation's privilege law to apply is the same': Willi (2005), 330. Privilege will be recognised under this approach: (1) for 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 filed (the exception to this rule is when the European Patent Office is involved; in that situation, the law of the country where the patent agent is located is applicable); and (2) for 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 practice patent law. (Examples of the application of this approach can be found in decisions of the District Courts in New York and Massachusetts.)

¹⁶⁸ Wigmore (1961), §2301 and §2317. See also *Fin Tech Int'l Inc v Smith* 49 Fed R. Serv. 3d 961, 967 (S.D. N.Y. 2000) quoted in Gruetzmacher (2003), 979.

¹⁶⁹ See Wigmore (1961), §2317 and Gruetzmacher (2003), 980.

¹⁷⁰ USPTO (2007) *Patent Attorney/Agents Search*.

¹⁷¹ Tables 1 and 3, IPRIA (2004), 6-7.

(iii) Europe

4.28 Across Europe, the recognition and qualifications of patent professionals differ from jurisdiction to jurisdiction. For example, in Switzerland there is no recognition of a separate patent and/or trade mark profession,¹⁷² whereas in Germany there is such recognition and defined requirements for qualifying as a patent attorney exist.¹⁷³ French patent attorneys must also pass a qualifying examination, obtain a specialised IP degree from the Centre d'Etudes Internationales de la Propriété Industrielle, satisfy prescribed employment requirements and hold a science or engineering degree.¹⁷⁴

4.29 The recognition of patent attorney privilege also varies between the various European countries.¹⁷⁵ It is worth noting, in particular, the position in both Switzerland and Germany, particularly as a number of large companies in industries from which many patents arise are resident there. In Germany, a client-lawyer privilege exists under the *Attorney-at-Law Act* and the *Code of Civil Procedure* and *Code of Criminal Procedure* provide for an attorney at law to refuse to give evidence (i.e. information about facts or opinions that have become known within the scope of his or her activity for a client). These privileges apply to German patent attorneys.¹⁷⁶ In contrast, no patent attorney privileges exist in Switzerland where 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'.¹⁷⁷ 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.

4.30 It may be noted that patent agents in individual European countries, including the UK, may also be "European Patent Attorneys" – that is, they may be entitled to appear before the European Patent Office (EPO) as well as their national office. To the extent that any practitioner wants to practice before the EPO with regard to patent applications in European Patent Convention member states, specific qualification requirements must be met.¹⁷⁸ At present, whilst European Patent Attorneys are under an obligation of confidentiality with regard to information disclosed and accepted by

¹⁷² AIPPI (2002), Answer of the Swiss Group, item 2.

¹⁷³ For example, an applicant must: pass registration examinations; hold a master degree in engineering or natural sciences; and complete prescribed practical training: AIPPI (2002), Answer of the German Group, item 2.

¹⁷⁴ CNCPI (2005/2006), slide 13.

¹⁷⁵ See Appendix 1 and the recognition of the privilege in the various European countries listed there.

¹⁷⁶ AIPPI (2002), Answer of the German Group, items 1 and 2. In *McCook Metals LLC v Alcoa Inc.* 99 C 3856 (N.D. Ill 2000) at [34] 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).

¹⁷⁷ AIPPI (2002), Answer of the Swiss Group, item 1.

¹⁷⁸ Generally see CIPA (2007), *Patent attorneys and other advisors: European Patent Attorneys* and, more specifically, art 134(2) and (4) of the *Convention on the Grant of European Patents* of 5 October 1973, EPO (2007) *About the EQE* and EPO (2007) *Admittance and Enrolment*.

them in confidence in exercise of their duties,¹⁷⁹ no privilege as such exists. However, art 134a(1)(d), rule 153 EPC 2000 will provide such a privilege.¹⁸⁰

(iv) Summary of Patent Attorney Privilege in Other Jurisdictions

4.31 Most jurisdictions surveyed recognise patent practice as a profession separate from the legal profession. Rigorous requirements regarding academic qualifications, intellectual property specific education and practical experience must be met. Legal qualifications are generally not required to be held by patent practitioners; the notable exception to this is that patent attorneys (as opposed to patent agents) in the US are required to hold such qualifications. Patent attorney privilege is recognised in Australia and the UK, it being legislated that communications are privileged to the same 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.

4.32 It appears, however, that in the UK, patent attorney privilege only extends to communications with registered patent agents or those on the list of persons entitled to practice before the EPO.¹⁸¹ Thus, the privilege appears unlikely to protect communications between clients and their foreign patent attorneys unless the latter are on the list noted or registered in accordance with the Act. As in Australia, however, client-lawyer privilege may operate to protect the communication if the foreign patent attorney is also legally qualified, as that privilege has been held in the UK to extend to foreign legal advisers.¹⁸²

¹⁷⁹ This obligation of confidentiality exists under the Code of Conduct of the Institute of Professional Representatives before the European Patent Office (paragraphs 1(a) and (b) and 4(f) and (g)) and the Rules of Professional Conduct in the Disciplinary Regulation adopted by the Administrative Council of the European Patent Organisation (art 2) (see EPO (2007) *E-learning module*, EPI (2007) *Code of Conduct* and EPI (2007) *Regulation on discipline etc.*).

¹⁸⁰ EPC 2000 entered into force on 13 December 2007. The catalyst for the introduction of the rule and the privilege was the case of *Bristol Myers Squibb v Rhone Poulenc Rorer* (S.D. N.Y., 19 April 1999). In that case, the court ordered the discovery of the file of the European patent attorneys of a French company because whilst the attorneys were subject to confidentiality requirements, no evidentiary privilege preventing disclosure in court proceedings existed (EPO (2007) *E-learning module*). 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 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.

¹⁸¹ See ss 280, 275 and 286 of the *Copyright, Designs and Patents Act 1988* (UK).

¹⁸² See *In re Duncan, Deed. Garfield v Fay* [1968] P. 306. In that case, 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. In his Honour's view, '[t]he nationality of the foreign lawyer is as irrelevant as his address'; and 'territoriality has little or nothing to do with the matter': at 311-314. His Honour also considered that '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.

4.33 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 is rendered impotent if it is not recognised in a foreign jurisdiction. For example, CIPA have noted that the breadth of the protection afforded by s. 280 *Copyright, Designs and Patents Act 1988* (UK) ‘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.¹⁸³ They illustrate this by reference to the United States decision of *Chubb v National Bank of Washington*.¹⁸⁴ In that case, the court denied privilege for communications with a British patent agent (non-lawyer).¹⁸⁵

(c) Incidence of Patent Litigation

4.34 The existence of any patent attorney privilege in other jurisdictions only provides part of the data on the extent of the concerns around the privilege in Australia. In practice, privilege is important when litigation or the threat of litigation exists. If the rate of patent litigation is high, then the ability to be able to claim privilege in respect of communications with a patent practitioner assumes greater importance. However, if the likelihood of settlement of proceedings prior to discovery is high, then privilege will be less important. In this section, we examine the available information about the incidence of patent litigation in the US and in Australia.

(i) United States

4.35 Based on a review of 1999 lawsuit and patent figures, it appears that the likelihood of proceedings in the US requiring the disclosure of client-foreign patent practitioner communications would be low. It is claimed that, in the US, ‘[t]he annual number of patent lawsuits filed ... doubled during the 1990s’ with the patent lawsuits filed annually in the US totalling just under 1600 in 1999.¹⁸⁶ Those latter proceedings would have arisen out of the 1,242,853 US patents in force at that time.¹⁸⁷ Further research would be required to determine the percentage of those proceedings which involved PCT based patents/applications such that the availability of foreign patent attorney privilege may be more of an issue. However, given the number of patents in force in the US from which only a small number of proceedings have arisen, it is expected that, statistically, the issue is not likely to be of major concern. This expectation is supported by the litigation rates by foreign patent owners in the US and post-filing settlement rates. Research undertaken by Lanjouw and Schankerman reveals that the litigation filing rate¹⁸⁸ was lowest for foreign patentees, ‘far lower than for their domestic counterparts’.¹⁸⁹ Further, various studies show that the rate of patent cases litigated through to trial is low, for example, one study found that 6.9% of patent cases were found to proceed to trial.¹⁹⁰ It has also been determined that most

¹⁸³ CIPA (2000), [280.08].

¹⁸⁴ (1985) 224 USPQ 1002.

¹⁸⁵ CIPA (2000), [280.08].

¹⁸⁶ Bessen and Meurer (2005), 1. The annual number of patent lawsuits filed in 1991 was around 800 (ibid, 38).

¹⁸⁷ UN (2007).

¹⁸⁸ The filing rate was the estimated number of suits per thousand patents per cohorts 1978-95 set out in Table 1: Lanjouw and Schankerman (2004), 55.

¹⁸⁹ Lanjouw and Schankerman (2004), 56. The filing rate for foreign owners was only 4.2 cases/thousand compared with individuals (35.2), domestic unlisted (46) and domestic listed (10.4).

¹⁹⁰ Moore (2000), 383.

settlements occur quickly, usually soon after proceedings are filed and often prior to a pre-trial hearing.¹⁹¹

(ii) Australia

4.36 A significant proportion of patent litigation in Australia appears to involve patents that have a country other than Australia as their country of origin. For example, Weatherall and Jensen found that 36% of patents litigated through to judgment in Australia during the period 1997 to 2003 did not have Australia as their country of origin.¹⁹² Whilst Weatherall and Jensen treated ‘country of origin of the patent as a proxy for the country of origin of the technology to which the patent relates’, they did not analyse the ownership of the patents.¹⁹³ Nevertheless, there is the potential for: a foreign patent practitioner to have given advice to the patent owner with respect to the technology and its use/protection; and that the advice may be relevant to Australian patent litigation

4.37 The potential for a lack of patent attorney privilege recognition to present difficulties with respect to such advice must be viewed in light of i) the number of patent in force; and ii) the degree of patent litigation in Australia. As noted by Rotstein and Weatherall, the rate of patent litigation in Australia is low. While there was close to 100,000 patents in force in Australia in 2004, over the period 1995 to 2005, the total number of proceedings filed was 399.¹⁹⁴ It is also worth noting that Rotstein and Weatherall found that from 1995 to 2002 only ‘approximately 15% ... of Australian patent proceedings ended with a judgment on the merits’.¹⁹⁵ Further, Dent and Weatherall from their studies discovered that the majority of cases that settle do so early. They found that 22% of settlements occur prior to discovery. However, they did make the following observation:

despite the legal costs associated with the [discovery] process, there does not seem to be a tendency for parties to settle prior to the conduct of discovery. This may reflect a desire for the parties to suffer the inconvenience and cost of discovery in order to get a more complete picture of the information held by the opposing party.¹⁹⁶

While this may be so, their finding that almost a quarter of proceedings settle before discovery may operate to reduce the concern which arises out of the unwillingness of Australian courts to recognised foreign patent attorney privilege.

(d) Conclusion

4.38 The state of the law in the countries described above, potentially, gives rise to some anomalous and unsatisfactory outcomes. In the example given above,¹⁹⁷ a party to the proceedings may not be required to disclose relevant communications between

¹⁹¹ Lanjouw and Schankerman (2004), 69. Specifically, Lanjouw and Schankerman state: ‘About 80 percent of all suits that are settled (without third-party adjudication) reach settlement before a pretrial hearing is held’: at 59. This includes suits involving foreign owned patents, which recorded a 78.8% rate of settlement before pretrial hearing.

¹⁹² Weatherall and Jensen (2005), 271.

¹⁹³ Weatherall and Jensen (2005), 270 and fn 148.

¹⁹⁴ Rotstein and Weatherall (2007), 68.

¹⁹⁵ Rotstein and Weatherall, 69. It should be noted that Rotstein and Weatherall stated that ‘our findings are based on FEDCAMs and Casetrack designations, which are not unequivocally reliable’.

¹⁹⁶ Dent and Weatherall (2006), 265.

¹⁹⁷ See para 4.3 above.

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.¹⁹⁸ From our brief examination of the incidence of patent litigation and settlement, it appears that, compared to the number of patents actually issued, the incidence of litigation is low. This suggests that, currently at least, the non-recognition of privilege over communications with foreign patent agents is having little impact in terms of the conduct of litigation. 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. It is, therefore, important to remedy the situation before the impact gets too great. The final Chapter will provide an overview of potential routes for the reform of patent law here and overseas.

¹⁹⁸ The Law Council of Australia, however, notes that in the *Eli Lilly* case, ‘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’: LCA (2005) 3-4.

5. Potential Reforms of Patent Attorney Privilege

5.1. The inconsistency in the recognition of patent attorney privilege across different jurisdictions is a concern for the Australian patent profession. Before specific reform routes are considered in this Chapter, there is a brief summary of the potential impacts of the inconsistency. These impacts include an increase in the cost of litigation, the undermining of the patent profession and the jeopardising of trade opportunities.

(a) Impact

(i) Increased Costs of Litigation

5.2. The ‘global nature of trade and of IPR which supports that trade, go hand in hand’,¹⁹⁹ and, as AIPPI points out, 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.²⁰⁰ 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 (for example, 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.

(ii) Undermining the Patent Attorney Profession

5.3. 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 doesn’t have the dual qualification.²⁰¹ In this way, ‘clients [can be] assisted from the beginning to the end i.e. from patent prosecution to patent litigation in courts’²⁰² 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

¹⁹⁹ AIPPI (2005), 1.

²⁰⁰ AIPPI (2005), 1.

²⁰¹ This issue has been raised by a major Australian law firm: Burgess and Fisher (2004), 3.

²⁰² Waldbaum (2003), slide 5.

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. 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 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.

(iii) Jeopardising Trade Opportunities

5.4. Finally, it has been suggested that a country's trade opportunities may be negatively impacted by a narrow patent attorney privilege which fails, amongst other things, to extend to foreign practitioners. In the Australian context, the LCA has observed that 'the explanatory memorandum to the 1998 [Intellectual Property Laws Amendment] Act notes the importance of ensuring that our major trading partners have confidence in the Australian [patent] system'.²⁰³ The LCA points to this as supporting the need for consistent treatment of communications with Australian and foreign patent practitioners under our legal system.²⁰⁴ The international nature of patents is reflected in the Patent Co-operation Treaty (PCT), and the involvement of foreign patent attorneys in PCT applications is inevitable. It is also possible that a failure to recognise foreign patent attorney privilege may render Australia less attractive as a jurisdiction in which to seek patent protection and to commercialise technological and other advancements.²⁰⁵ However, such a causal effect would be extremely difficult to establish quantitatively and we are not aware of any direct evidence in support of such an assertion. Accordingly, while the concern may be acknowledged, it must not be given undue weight.

(iv) Summary of Concerns over Patent Attorney Privilege

5.5. 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. 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 judicial arm of the state 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, as canvassed in Chapter Three, encompasses the promotion of the administration of justice, facilitation of delivery and receipt of effective and appropriate patent advice, and alleviation of personal hardship. Furthermore, the privilege promotes the

²⁰³ LCA (2005), 7, referring to para 12 of s. 2 of the First Explanatory Memorandum to the *Intellectual Property Laws Amendment Bill 1997* (Cth).

²⁰⁴ LCA (2005), 7.

²⁰⁵ The discouragement of such filings may have a significant impact locally when one considers that of all patent filings in Australia in 2003, 68% were non-Australian PCT filings (Table, IPRIA (2004), 6) and that, as reported by WIPO, 'by year-end 2004, the PCT topped one million applications from across the globe': WIPO (2007).

economic health of both the client and society. It is 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.

5.6. 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.²⁰⁶ The impact of those adverse affects 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.

5.7. It also appears that there is international consensus on the negative impact of the inconsistency in patent attorney privilege recognition. The Australian group's response to AIPPI's survey on the issue was said to articulate a sentiment shared by the majority of the responding groups,²⁰⁷ and was summarised as follows:

We consider the matter is beyond purely national concerns. In this era of harmonization, globalization and increasingly international issues of Intellectual Property infringement, it is unnecessarily expensive and complicated to deal with a situation where some communications with advisors in one jurisdiction are the subject of privilege, whereas deliberations with advisors in a second country are subject to disclosure in the client's own country on the basis that as the communications were not in a strict sense privileged in the second country, the privilege in any such communication has been waived. This is a real and serious issue for clients with Intellectual Property in multiple jurisdictions.²⁰⁸

Inconsistency in the approach to patent attorney privilege in and between countries can operate to undermine the rationale for the privilege. Where a lack of recognition of, or limits placed on, the privilege in one country results in the loss of the privilege in another, the rationale for the privilege is undermined. The public interests which the latter country sought to promote (and, it is argued, the former country should have been promoting) via the privilege, are not advanced. To avoid this and to generally reduce or eliminate the impact of the uncertainty, 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.

²⁰⁶ 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, particularly as Australian patent attorneys are not also required to hold legal qualifications such that client-lawyer privilege may apply in the absence of patent attorney privilege.

²⁰⁷ There were responses from 22 National Groups: AIPPI (undated), 1.

²⁰⁸ AIPPI (undated), 6.

(b) Potential Avenues for Reform

5.8. The balance of this Chapter 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. More work needs to be carried out before specific recommendations for reform are put forward. Broadly speaking, there are three avenues available – amending Australian legislation; entering into bilateral or plurilateral agreements with other countries; and negotiating a global treaty. Each of these is considered in turn.

(i) An Australian Reform Option – Legislative Amendment

5.9. 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 arising 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.

However, 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 Report.²⁰⁹

Foreign Patent Attorneys

5.10. In the context of client-lawyer privilege, Allsop J commented that:

Members of the community may well need to seek the assistance of foreign lawyers ... the multiplicity and complexity of the demands of the modern state on its citizens, the complexity of modern commercial life and the increasing global interrelationships of legal systems, commerce and human intercourse, make treatment of the privilege as a jurisdictionally specific right, in my view, both impractical and contrary to the underlying purpose of the intended protection in a modern society.²¹⁰

These comments are equally applicable in the context of patent attorney privilege 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, is assisted by the patent attorney's work regardless of whether she or he is local or foreign. Neither the patent attorney's role as an "officer" of the patent system nor the privilege's facilitation of that role is diminished simply because the patent attorney resides outside Australia. The privilege will operate to promote the "full and frank" disclosure necessary for a foreign patent attorney to provide effective patent advice to her or his client in the same way as it does for a local patent attorney.

²⁰⁹ It is worth noting that the Law Council of Australia has raised a concern that the privilege as currently worded under Patents Act s. 200(2) and any amendment that links the privilege to the client-lawyer privilege, may be constitutionally invalid: LCA (2005), 3. Codifying all legal privileges in the *Evidence Act* would appear to address this concern.

²¹⁰ *Kennedy v Wallace* (2004) 142 FCR 185, 221. For a discussion of issues with respect to foreign client-lawyer privilege see McCommish (2006).

Extending the privilege to cover communications with foreign practitioners is not without problems. Given the variation in the recognition of patent professionals and the patent attorney profession between jurisdictions,²¹¹ 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 costs.

5.11. 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 the foreign practitioner satisfy specified requirements concerning his or her ability to practice in the patent field in a jurisdiction other than Australia. This may, for example, require that the foreign practitioner establishes that she or he is on the country’s Register of Patent Attorneys/Agents; or holds a qualification entitling him or her to practice before a Patent Office (other than the APO). A functional approach, on the other hand, would involve consideration of the activities performed by the practitioner regardless of his or her qualifications or registration. If, for example, 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 she or he would fall within the provision.

5.12. 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.²¹² The complexities arising from the definitional issues in the extension of the Australian patent attorney privilege are such that no specific formulation is offered here.

Third Parties

5.13. In addition to the potential extension of the patent attorney privilege to foreign patent practitioners, it is arguable that the privilege should be extended to cover communications with third parties. This is the case 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 can arise for any one of a number of reasons – for example, the inability of a practitioner to be physically present in a particular location or a client’s inability to understand advice provided due to a language barrier. Those third parties act as the alter ego of either the client or the patent practitioner for the relevant communications. In essence, the agent and the client (or patent practitioner) are the one person. Accordingly, the justifications for the

²¹¹ See Appendix 1.

²¹² 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. It is also noted that there is a push for measures to be taken to ensure that there is a legally protected title for qualified patent attorneys and that all countries maintain and publish an official register of qualified patent attorneys holding the appropriate skills and experience: FICPI (2007).

privilege's operation as between client and patent practitioner are equally applicable in the agency situation.²¹³

5.14. With respect to non-agent third parties, the basis for extending the privilege focuses on the technical nature of the advice needed in patent litigation. As such, the comments of Finn J in *Pratt Holdings v Commissioner of Taxation*²¹⁴ noted above²¹⁵ are equally applicable in the context of the client who seeks the services of a patent attorney. The matters in respect of which advice is commonly sought from attorneys involve complex, often technical, issues upon which specialist input is required. 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 her or his communications would be, a client is encouraged to provide the patent attorney with all the information she or he 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 – whether they be technical experts or have expertise in other areas – is supported by the privilege's rationale.

(ii) Transnational Reform Options

5.15. 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 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.

5.16. 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 2006.²¹⁶ 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, particularly Article 17.9.14 of the Agreement, appears to provide a logical route for

²¹³ Certainly, the operation of client-lawyer privilege in these circumstances has been long recognised: see *Trade Practices Commission v Sterling* (1979) 36 FLR 244, 245, Lockhart J and the authorities there cited.

²¹⁴ (2004) 136 FCR 357.

²¹⁵ See para 3.15 above.

²¹⁶ USPTO (2007) *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: *ibid*.

such negotiations. 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.

5.17. 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 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.

5.18. 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, will be 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 PCT applications), even plurilateral agreements may not have sufficient coverage to minimise concerns over the transnational recognition of patent attorney privilege.

5.19. 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, for example, may be protracted – the current state of discussions in WIPO with respect to patent reform and harmonisation and the Doha round of World Trade Organisation trade talks are cases in point. Each form, then, of transnational agreement is imperfect for countering concerns with respect to the recognition of patent attorney privilege. More research needs to be carried out to assess which, if any, is the most pragmatic route of reform to take.

(c) Conclusion

5.20. 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, there are sound public policy grounds for maintaining a patent attorney privilege, and inconsistencies in its recognition are contrary to the public interests the privilege seeks to promote. From a practical perspective, any attempt to alleviate the problems that these inconsistencies create may be best started at the local level, but if the problems are to be addressed more completely, then action at the global level may also be needed.

Appendix 1 – Practitioner Qualifications and Privilege in Selected Jurisdictions

Country	Qualifications ²¹⁷	Privilege
<i>Australia</i>	<p><i>Patent Attorney</i></p> <ul style="list-style-type: none"> ▪ Need not be a qualified lawyer; ▪ Must pass registration examinations e.g. examinations in patent, designs and trade mark law subjects; ▪ Must hold a degree, diploma, advanced diploma or graduate diploma in a field of technology that contains potentially patentable subject matter or an approved engineering or science qualification; and ▪ Must satisfy prescribed employment requirements e.g. work as a technical assistant in a patent attorney practice.²¹⁸ 	<ul style="list-style-type: none"> ▪ Yes – s. 200(2) <i>Patents Act 1990</i> (Cth). ▪ Communications between a registered patent attorney or trade mark attorney and a client (or any record or document made for the purpose of that communication) are privileged to the same extent as a communication between a solicitor and his/her client.

²¹⁷ The qualifications focused on in this table are those relating educational requirements and practical training. Registration will usually require satisfaction of additional, more general, requirements such as those relating to the applicant’s integrity and character.

²¹⁸ For the required qualifications generally see Patents Act s. 198(4), reg. 20. 3 and sch. 5 and 6 *Patents Regulations 1991* (Cth). See also PSB (2007) *Patent Attorney Registration: Qualifications*.

<p><i>United Kingdom</i></p>	<p><i>Patent Agent</i></p> <ul style="list-style-type: none"> ▪ Patent Agents (also known as ‘patent attorneys’) – on the Register of Patent Agents. (A solicitor can use the term ‘patent attorney’ even though he or she has not qualified for entry, and is not entered, on the Register)²¹⁹. ▪ Need not be a qualified lawyer.²²⁰ ▪ Must pass registration examinations e.g. examinations in patent, designs, trade mark and copyright law subjects.²²¹ ▪ Patent agents require academic qualifications in science, engineering, technology or mathematics or equivalent qualifications.²²² ▪ Must satisfy prescribed employment requirements i.e. at least 2 years practice under professional supervision.²²³ 	<ul style="list-style-type: none"> ▪ Yes – s. 280 <i>Copyright, Designs & Patents Act 1988</i> (UK). ▪ Any communication between a patent agent and a client, or for the purpose of obtaining, or in response to a request for, information which a person seeks for the purpose of instructing the patent agent, is privileged from disclosure in legal proceedings in the same way as a communication between a solicitor and his or her client, or a communication for the purpose of obtaining, or in response to a request for, information which a person seeks for the purpose of instructing his or her solicitor.
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²¹⁹ Sections 276 and 278 *Copyright, Designs and Patents Act 1988* (UK).

²²⁰ See generally CIPA (2007) *Patent attorneys and other advisors*.

²²¹ *Regulations for the Examinations for the Registration of Patent Agents & Trade Mark Agents 1991*(UK).

²²² See CIPA (2007) *Patent attorney as a career* and *Regulations for the Examinations for the Registration of Patent Agents & Trade Mark Agents 1991* (UK).

²²³ Rule 9 *Register of Patent Agents Rules 1990* (UK). See also CIPA (2007) *Patent attorney as a career*.

<p><i>United States</i></p>	<p><i>Patent Attorney</i></p> <ul style="list-style-type: none"> ▪ Must be a qualified lawyer.²²⁴ ▪ Must have scientific and technical qualifications e.g. degree in engineering, pharmacology or biochemistry.²²⁵ ▪ Must pass registration examinations e.g. examinations testing an applicant’s knowledge of patent laws, rules and procedures.²²⁶ 	<ul style="list-style-type: none"> ▪ Whilst the decision of the Court of Appeals for the Federal Circuit in <i>In re Spalding Sports Worldwide</i>²²⁷ supports the view that communications will be privileged provided the communication is for the purposes of securing primarily legal opinion, legal services, or assistance in a legal proceeding, this position has not been adopted by all Federal District Circuit courts.
	<p><i>Patent Agent</i></p> <ul style="list-style-type: none"> ▪ Need not be a qualified lawyer.²²⁸ ▪ Must have scientific and technical qualifications e.g. degree in engineering, pharmacology or biochemistry.²²⁹ ▪ Must pass registration examinations e.g. examinations testing an applicant’s knowledge of patent laws, rules and procedures.²³⁰ 	<ul style="list-style-type: none"> ▪ Protection varies (no recognition, full recognition and recognition conditional upon subordination).

²²⁴ *United States Code of Federal Regulations Patents, Trademarks, and Copyrights (Title 37)*, Chapter 1 Pt 11 §11.6(a).

²²⁵ *United States Code of Federal Regulations Patents, Trademarks, and Copyrights (Title 37)*, Chapter 1 Pt 11 §11.7(b) and see USPTO (2007) *General Requirements Bulletin*, 4.

²²⁶ *United States Code of Federal Regulations Patents, Trademarks, and Copyrights (Title 37)*, Chapter 1 Pt 11 §11.7(b) and see USPTO (2007) *General Requirements Bulletin*, 18.

²²⁷ 203 F 3d. 800 (Fed Cir 2000).

²²⁸ *United States Code of Federal Regulations Patents, Trademarks, and Copyrights (Title 37)*, Chapter 1 Pt 11 §11.6(b).

<p>France</p>	<p>Patent Attorney</p> <ul style="list-style-type: none"> ▪ Must pass a qualifying examination; ▪ Must obtain a specialised IP degree from the Centre d'Etudes Internationales de la Propriété Industrielle; ▪ Must hold science or engineering degree; and ▪ Must satisfy prescribed employment requirements i.e. 3 years practice.²³¹ 	<ul style="list-style-type: none"> ▪ Yes – it appears that a privilege for patent attorneys exists.²³²
<p>Germany</p>	<p>Patent Attorney</p> <ul style="list-style-type: none"> ▪ Need not be a qualified lawyer; ▪ Must pass registration examinations e.g. examinations in legal studies including intellectual property law subjects which could include patent and trade mark law; ▪ Must hold a master degree in engineering or natural sciences; and 	<ul style="list-style-type: none"> ▪ Client-lawyer privilege applies under the <i>Attorney-at-Law Act</i>, and the <i>Code of Civil Procedure</i> and <i>Code of Criminal Procedure</i> provide for the attorney at law to refuse to give evidence (information about facts or opinions that have become known within the scope of his/her activity for a client) and this applies to German patent attorneys.²³⁴ The privilege will apply only to the

²²⁹ *United States Code of Federal Regulations Patents, Trademarks, and Copyrights (Title 37)*, Chapter 1 Pt 11 §11.7(b) and see USPTO (2007) *General Requirements Bulletin*, 4.

²³⁰ *United States Code of Federal Regulations Patents, Trademarks, and Copyrights (Title 37)*, Chapter 1 Pt 11 §11.7(b) and see USPTO (2007) *General Requirements Bulletin*, 18.

²³¹ CNCPI (2005/2006), slide 13.

²³² See Finnila (2007), 12 and CNCPI (2005/2006), slides 15 and 16. See also McCabe (2001), § 3.01 [C][2][b](ii) where it is noted that various US federal district courts have found that French law recognises privilege for confidential communications between a French patent agent and his or her client citing *McCook Metals LLC v Alcoa, Inc.*, 192 FRD 242 (N.D. Ill. 2000); *The Duplan Corp. v. Deering Milliken, Inc.*, 397 F.Supp. 1146, 1170 (D.S.C. 1975); and *Baxter Travenol Laboratories, Inc. v Abbott Laboratories*, 1987 US Dist. LEXIS 10300 (N.D. Ill. June 17, 1987).

	<ul style="list-style-type: none"> ▪ Must complete prescribed practical training.²³³ 	<ul style="list-style-type: none"> ▪ extent a patent attorney obtains information from a client.²³⁵
<i>Switzerland</i>	<ul style="list-style-type: none"> ▪ No recognition of patent attorneys or agents as a separate profession and no specific qualification requirements for representing clients before the Swiss Federal Institute of Intellectual Property.²³⁶ 	<ul style="list-style-type: none"> ▪ No patent attorney privilege.²³⁷
<i>European Patent Office (EPO)</i>	<p><i>European Patent Attorney</i></p> <ul style="list-style-type: none"> ▪ European Patent Attorneys - on a list of professional representatives at the EPO and entitled to prosecute patent applications at the EPO.²³⁸ (When a new country 	<ul style="list-style-type: none"> ▪ Currently, no patent attorney privilege operates. However, Art 134a(1)(d), Rule 153 EPC 2000 (which shall enter into force no later than 13 December 2007)

²³³ AIPPI (2002), Answer of the German Group, item 2.

²³⁴ AIPPI (2002), Answer of the German Group, items 1 and 2.

²³⁵ AIPPI (2002), Answer of the German Group, items 1 and 2. See also the judges' comments in *McCook Metals LLC v Alcoa, Inc.*, 192 FRD 242 (N.D. Ill. 2000); *Softview Computer Products Corp. v. Haworth, Inc.*, 2000 US Dist. LEXIS, at 37 (S.D. N.Y. March 31, 2000); *Santrade, Ltd. v. General Electric Co.*, 150 FRD 539, 547 (E.D. N.C. 1993) and *Golden Trade, S.r.L. v. Lee Apparel Co.*, 143 FRD 514, 524 (S.D. N.Y. 1992) cited in McCabe (2001), § 3.01 [C][2][b](iii).

²³⁶ AIPPI (2002), Answer of the Swiss Group, item 2. In that item, however, it was also noted that 'Patent attorneys that have the qualification for acting before the European Patent Office are bound by the European Patent Institute rules and code of conduct. The patent attorneys who are members of Association of Swiss Patent Attorneys representing the Fédération Internationale Des Conseils En Propriété Industrielle (FICPI) in Switzerland are bound by the FICPI rules and more particularly the LUGANO Code of conduct that specifies in rule 5 that each member should keep secret information received by a client unless he is released of this obligation. In any case a Judge may release a Patent Attorney from its secrecy obligation. The Patent Law however provides in art 68 that the trade and manufacturing secrets should be preserved.'

²³⁷ AIPPI (2002), Answer of the Swiss Group, item 2.

²³⁸ Article 134(4) of *Convention on the Grant of European Patents*. The *Convention on the Grant of European Patents* is commonly referred to as the 'European Patent Convention'. See also CIPA (2007) *Patent attorneys and other advisors: European Patent Attorneys*.

	<p>joins the European Patent Convention, its existing patent agents automatically have this entitlement).²³⁹</p> <ul style="list-style-type: none"> ▪ Need not be a qualified legal practitioner. (However, to the extent a legal practitioner qualified in one of the Contracting States is entitled to act in such State in patent matters, he/she can do so before the EPO.) ▪ Must pass registration examinations e.g. examinations in European patent law and national laws in so far as they apply to European patent applications.²⁴⁰ ▪ Must hold scientific or technical qualifications e.g. master or bachelor degree with honours in biology, biochemistry, engineering or physics.²⁴¹ ▪ Must satisfy prescribed employment requirements e.g. at least 3 years under the supervision of a professional representative.²⁴² 	<p>will provide for such privilege.</p>
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²³⁹ CIPA (2007) *Patent attorneys and other advisors: European Patent Attorneys*.

²⁴⁰ Article 134(2) of the *Convention on the Grant of European Patents* of 5 October 1973 and EPO (2007) *About the EQE*.

²⁴¹ EPO (2007) *Admittance and Enrolment*.

²⁴² EPO (2007) *Admittance and Enrolment*.

Appendix 2 – Scope of Patent Attorney Privilege Scenarios

Jurisdiction in which privilege sought	Communication Scenario	Operation of Privilege if patent attorney/agents <u>are not</u> also legal practitioners		Operation of Privilege if patent attorney/agents <u>are</u> also legal practitioners	
		Privilege applies	Explanation	Privilege applies	Explanation
<i>Australia</i>	Client ²⁴³ – Australian registered Patent Attorney	Yes	s. 200(2) <i>Patents Act 1990</i> .	Yes	Client-lawyer privilege ²⁴⁴ applies at common law and under the <i>Evidence Act 1995</i> (Cth).
	Client – Foreign Patent Attorney/Agent	No	s. 200(2) is confined to communications with Australian registered patent attorneys. ²⁴⁵	Yes	Client-lawyer privilege will apply i.e. as if the communication had taken place in Australia, ²⁴⁶ although a question arises as to whether this is dependent on the law of privilege in the foreign jurisdiction. ²⁴⁷

²⁴³ No distinction appears to be made in the authorities between a client who is resident in the jurisdiction and one who is resident in a foreign jurisdiction.

²⁴⁴ ‘Client-lawyer privilege’ means legal professional privilege or an equivalent term such as client-legal or attorney-client privilege.

²⁴⁵ *Eli Lilly v Pfizer Ireland* [2004] FCA 850.

²⁴⁶ *Arrow Pharmaceuticals v Merck & Co. Inc* (2004) 210 ALR 593 and *Kennedy v Wallace* (2004) 142 FCR 185.

²⁴⁷ See paras 4.5 to 4.8 above. Also, note that in its Discussion Paper on Client Legal Privilege & Federal Investigatory Bodies (ALRC (2007) Discussion Paper), the ALRC stated that ‘[i]n July 2007, the Standing Committee of Attorneys-General (SCAG) endorsed a Model Uniform Evidence Bill, which is based on the Evidence Act 1995 (NSW) and Evidence Act 1995 (Cth) with amendments as recommended in ALRC 102’: [3.4]. Further, the ALRC stated that ‘the Australian Government had indicated its intention

	Client or Australian Patent Attorney – Third Party (agent of either client or attorney and may include a foreign attorney if in agency relationship)	No	s. 200(2) is confined to client/patent attorney communications and, under the strict approach of <i>Eli Lilly v Pfizer Ireland</i> , ²⁴⁸ may not be privileged.	Yes	Client-lawyer privilege will apply: (a) at common law - the third party is acting as agent for either the client or the patent attorney (lawyer) or the communications are between various patent attorney (lawyer) advisers of the client; ²⁴⁹ and (b) under the <i>Evidence Act 1995</i> (Cth), as under s. 117 client includes ‘agent of the client’ and ‘lawyer’ is defined to include agent of the lawyer. Section 118(b) also covers 2 or more lawyers acting for the client.
	Client or Australian Patent Attorney – Third Party (non-agent)	No	s. 200(2) is confined to client/patent attorney communications and, under the strict approach of <i>Eli Lilly v Pfizer Ireland</i> , ²⁵⁰ unlikely to be privileged. The Law Council of Australia’s view is that s200(2) doesn’t extend to communications	Yes	At common law, client-lawyer privilege attaches if the function of the third party is to enable the client to make the communication (with his legal adviser) necessary to obtain legal advice (not required to be in connection with existing or anticipated legal

to introduce the relevant amendments to the Evidence Act 1995 (Cth) in late 2007’. That Model Bill defines ‘lawyer’ as including ‘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’: [3.4].

²⁴⁸ [2004] FCA 850.

²⁴⁹ *Trade Practices Commission v Sterling* (1979) 36 FLR 244.

²⁵⁰ [2004] FCA 850.

			with third parties in <i>any</i> circumstances. ²⁵¹		proceedings). ²⁵² Section 119 of the <i>Evidence Act</i> would apply, but s. 118 is limited to communications between a client and lawyer. The scope of s. 118, however, depends on the interpretation of ‘agent’ in the s. 117 definition of ‘lawyer’. ²⁵³
United Kingdom	Client – UK registered Patent Agent ²⁵⁴	Yes	s. 280 <i>Copyright, Designs and Patents Act 1988</i> (UK).	Yes	Client-lawyer privilege applies at common law. ²⁵⁵
	Client – Foreign Patent Attorney/Agent	No (unless foreign patent attorney on European List)	s. 280 <i>Copyright, Designs and Patents Act 1988</i> (UK) appears in essence to be confined to communications with <i>registered</i> patent agents or persons on the <i>European List</i> . ²⁵⁶	Yes	Client-lawyer privilege extends to communications with foreign <i>legal</i> advisers. ²⁵⁷

²⁵¹ LCA (2005), [2.5].

²⁵² *Pratt Holdings Pty Ltd v Commissioner of Taxation* (2004) 136 FCR 357.

²⁵³ See fn 247 above. Further, as noted by the ALRC the Model Uniform Evidence Bill proposes that the words ‘client or lawyer’ be replaced with ‘client, a lawyer or another person’ extending the operation of s118 to information provided by a third party (ALRC (2007) Discussion Paper, [3.43]),

²⁵⁴ The reference to patent agent in relation to the UK excludes the reference to patent agent litigators (i.e. certain members of CIPA who are granted litigation certificates), as they stand in the same position as solicitors as regards privilege in the UK (see CIPA (2000), [280.05]).

²⁵⁵ See *Three Rivers District Council and Others v Governor and Company of the Bank of England (No. 6)* [2004] 3 WLR 1274.

	Client or UK Patent Agent – Third Party (agent of either client or patent agent and may include a foreign attorney if in agency relationship)	Likely	The reference to ‘patent agent’ does not explicitly include a person acting on behalf of another. Arguable that these words would be imported into the section. ²⁵⁸	Yes	Both client and legal adviser can act through an agent. ²⁵⁹
	Client or UK Patent Agent – Third Party (non-agent presumably including foreign attorney)	Partly	Privileged via the client-lawyer (litigation) privilege. ²⁶⁰	Partly	Privileged via the litigation privilege. ²⁶¹ The proceedings (actual or in contemplation) which give rise to the privilege can be foreign proceedings ²⁶² provided the documents would be privileged under UK law. ²⁶³

²⁵⁶ See Thorley and Terrell (2000), 39.

²⁵⁷ *In re Duncan, Deed. Garfield v Fay* [1968] P. 306 and *Great Atlantic Insurances Co v Home Insurance Co* [1981] 1 WLR 529.

²⁵⁸ CIPA (2000), [280.04]. See also *Sonic Tape’s Patent* [1987] RPC 251 in which it appears that an agency relationship was recognised for the purposes of the privilege.

²⁵⁹ Tapper (1999), 453. See also *In Re Highgrade Traders Ltd* [1984] BCLC 151 and *Price Waterhouse (a firm) v BCCI Holdings (Luxembourg) SA* [1992] BCLC 583 cited in *Commissioner for Taxation v Pratt Holdings Pty Ltd* (2003) 195 ALR 717.

²⁶⁰ CIPA (2000), [280.07].

²⁶¹ *Wheeler v Le Marchant* (1881) 17 Ch D 675 and see Tapper (1999), 452.

²⁶² *Minnesota Mining v Rennicks* [1991] FSR 97.

²⁶³ *Lubrizol v Esso (No. 4)* [1993] FSR 64 and see CIPA (2000), [280.07].

United States	Client – US registered Patent Attorney/Agent	Recognition varies	<p><i>Patent Agent</i> privilege. 3 different positions exist across the federal district circuit courts i.e. privilege:</p> <ul style="list-style-type: none"> - not recognised at all - recognised only if agent acting as subordinate (i.e. under direction and supervision) of an attorney i.e. member of the bar of a court, and applies to prosecution of a US patent application. - recognised – <i>Sperry v Florida</i>²⁶⁴ extended to its logical conclusion and the federal common law of client-lawyer privilege protects confidential communications between clients and US patent agents made for the purpose of obtaining or providing legal advice in the field of patent law. 	Recognition varies	<p><i>Patent Attorney</i> privilege. The Court of Appeals of the Federal Circuit has held that privilege exists between confidential communications between clients and patent attorneys for the purposes of ‘securing primarily legal opinion, or legal services or assistance in a legal proceeding’.²⁶⁵ However, this has not been followed uniformly by Federal District Circuit courts and inconsistency between jurisdictions remains.²⁶⁶</p>
	Client – Foreign Patent Attorney/Agent	Recognition varies	<p><i>Patent Agent</i> - Variety of approaches adopted by the federal district circuit courts: ‘Non-Choice of Law’ approach (3</p>	Recognition varies	<p><i>Patent Attorney</i> – Same comments apply as re patent agents.</p>

²⁶⁴ 373 US 379 (1963).

²⁶⁵ *In re Spalding Sports Worldwide* 203 F 3d. 800 (Fed Cir 2000).

²⁶⁶ See Musch (2003), 191.

			versions - one version does not recognise the privilege, the other two recognise it in defined circumstances); and Choice of Law' approach (3 versions each with distinct rules for privilege recognition). ²⁶⁷		
	Client or US Patent Attorney/Agent – Third Party (agent of either client or attorney)	Recognition may vary	<i>Patent Agent</i> - Both legal practitioners and clients can act through agents in the legal practitioner/client relationship if necessary to secure and facilitate the communication between the attorney and client. ²⁶⁸ However, no consistency is expected in the application of this rule to patent agents, given the lack of consistency in the recognition of patent agent privilege generally.	Recognition varies	<i>Patent Attorney</i> - Same comments apply as re patent agents.
	Client or US Patent Attorney/Agent – Third Party (non-	Unlikely	<i>Patent Agent</i> – the client-lawyer privilege will not extend to information received by a lawyer	Unlikely	<i>Patent Attorney</i> – same comments apply as re patent agents.

²⁶⁷ See Willi (2005), 307-335.

²⁶⁸ Wigmore (1961), §2301 and §2317. See also Gruetzmacher (2003), 979 quoting *Fin Tech Int'l Inc v Smith* 49 Fed R. Serv. 3d 961, 967 (S.D. N.Y. 2000).

	agent)		from third parties (even if for the benefit of the client). ²⁶⁹ As this extended protection is not available under the client-lawyer privilege, it is expected that it would not be available under client patent agent privilege either.		
<i>France</i>	Generally	Yes	It appears that a privilege for patent attorneys exists. ²⁷⁰	Yes	There is a duty on entitled to practice under the professional title of Avocats to preserve the professional secret under Article 160 of the Decree of 27 th November 1991, Article 66-5 of the Law of 31 st December 1971, modified by the Law of 7 th April 1997 and by Article 226-13 of the French Criminal Code. ²⁷¹

²⁶⁹ Wigmore (1961), §2317. See also Gruetzmacher (2003), 980 where it is noted that third parties such as a client’s translator, interpreter, parent or adult child have been held to be third parties classed as agents. As such, their presence during client –attorney communications would not compromise the client-lawyer privilege. However, third parties that do not translate information from the client to the attorney, such as investment bankers or business advisors who provide information independently to the attorney, will compromise the privilege.

²⁷⁰ See Finnila (2007), 22, and CNCPI (2005/2006), slides 15 and 16. See also McCabe (2001), §3.01 [C][2][b][ii], where it is observed that in the United States there have been differing views on whether France recognizes an attorney-client privilege for French patent agents.

²⁷¹ Fish (2004), 25.

<i>Germany</i>	Generally	Yes	Client-lawyer privilege applies to German patent attorneys. ²⁷² The privilege will apply only to the extent a patent attorney obtains information from a client. ²⁷³	Yes	Client-lawyer privilege (an obligation of professional secrecy) applies under the <i>Attorney-at-Law Act</i> , and the <i>Code of Civil Procedure</i> and <i>Code of Criminal Procedure</i> provide for the attorney at law to refuse to give evidence (information about facts or opinions that have become known within the scope of his/her activity for a client). ²⁷⁴ The privilege will apply only to the extent a patent attorney obtains information from a client. ²⁷⁵
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²⁷² AIPPI (2002), Answer of the German Group, items 1 and 2. See also judges' comments in *McCook Metals LLC v Alcoa, Inc.*, 192 FRD 242 (N.D. Ill. 2000); *Softview Computer Products Corp. v. Haworth, Inc.*, 2000 US Dist. LEXIS, at 37 (S.D. N.Y. March 31, 2000); *Santrade, Ltd. v. General Electric Co.*, 150 FRD 539, 547 (E.D. N.C. 1993) and *Golden Trade, S.r.L. v. Lee Apparel Co.*, 143 FRD 514, 524 (S.D. N.Y. 1992) cited in McCabe (2001), §3.01 [C][2][b][iii].

²⁷³ AIPPI (2002), Answer of the German Group, items 1 and 2.

²⁷⁴ AIPPI (2002), Answer of the German Group, items 1 and 2.

²⁷⁵ AIPPI (2002), Answer of the German Group, items 1 and 2.

<i>Switzerland</i>	Generally	No	No patent attorney privilege. ²⁷⁶	Presumably	Client-lawyer privilege (an obligation of professional secrecy) is recognised in Switzerland under statute and its violation is a criminal offence under the Swiss criminal code. Covers all information that an attorney at law receives in his activity as an attorney-at-law including matters of a non-legal nature. ²⁷⁷
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²⁷⁶ AIPPI (2002), Answer of the Swiss Group, item 2.

²⁷⁷ AIPPI (2002), Answer of the Swiss Group, item 2.

Appendix 3 – Trade Marks Attorney Privilege

Introduction

In Australia, a trade marks attorney privilege is recognised, being embodied in s. 229(1) of the *Trade Marks Act 1995* (Cth) (Trade Marks Act). That provision mirrors s. 220(2) of the Patents Act. Accordingly, concerns similar to those arising with respect to patent attorney privilege potentially arise with respect to the operation of the trade marks attorney privilege. The impetus for the reform in the area of intellectual property privileges has, in Australia at least, focused on patent attorney privilege. The discussion here applies the discussion in Chapters 2 to 5 above to the trade marks attorney privilege, in order to assist the assessment of the relevance to trade marks attorney privilege of any reforms of patent attorney privilege.

Trade Marks Attorneys and the Privilege in Australia

In order to act as a trade marks attorney, a person needs to comply with the registration requirements contained in the Trade Marks Act.²⁷⁸ In practice, the trade marks attorney engages in a variety of intellectual property matters; for example, she or he may advise on the acquisition, transfer and infringement of trade mark rights and on the management of a client's trade mark portfolio. These roles, however, do not require the same level of technical expertise as the provision of patent advice and, therefore, there is no science/engineering/technology qualification requirement to be a trade marks attorney. In terms of the legal aspects of the work, registration necessitates the successful completion of courses of legal study in trade mark law and practice. As for patent attorneys, there is no requirement that Australian trade marks attorneys also be legal practitioners.

Provision for a trade marks attorney privilege is contained in the Trade Marks Act.²⁷⁹ Section 229(1) of the Act mirrors s. 220(2) of the Patents Act and extends privilege to communications between a registered trade marks attorney and that attorney's client in intellectual property matters. It provides as follows:

A communication between a registered trade marks 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.

²⁷⁸ See Trade Marks Act s. 228A(4) and reg. 20.1 of the *Trade Mark Regulations 1995* (Cth), which set out the requirements including the educational requirements for trade marks attorney registration.

²⁷⁹ Like patent attorney privilege, a trade marks attorney privilege has never been recognised at common law in Australia. Furthermore, it was not until the passage of the *Intellectual Property Amendment Act 1998* (Cth) that trade marks attorney registration and the trade marks attorney privilege were introduced into the Trade Marks Act even though the original Commonwealth trade marks legislation, *Trade Marks Act 1905* (Cth), was passed over 90 years earlier. Prior to the 1998 amendments, s. 229 of the Trade Marks Act provided, amongst other things, for a *patent attorney* to be able to prepare documents, transact business and conduct proceedings for the purposes of the Trade Marks Act and that he or she had any right or privilege that was prescribed. No mention was made of trade marks attorneys. The 1998 amendments were intended to provide 'a wider choice of providers of professional services [and to] remove restrictions on who can practice': The Hon Warren Truss MP (Wide Bay – Minister for Customs and Consumer Affairs), Second Reading of Intellectual Property Laws Amendment Bill 1997 (Commonwealth of Australia (1997) Parliamentary Debates, 11275).

It may be noted that, while a registered trade marks attorney must be registered under the Trade Marks Act,²⁸⁰ there is no requirement that she or he be ‘ordinarily resident in Australia’.²⁸¹ Further, ‘intellectual property matters’ are defined in s. 229(3) of the Trade Marks Act in the same way as they are in s. 220(2) of the Patents Act and cover matters relating to patents, trade marks, designs or any related matters. Interestingly, despite the width of that definition, during the second reading of the *Intellectual Property Laws Amendment Bill 1997*, it was stated that ‘suitably qualified persons will be entitled to registration as a trade marks attorney and will have the same rights of privilege as patent attorneys and lawyers in trade marks and design matters’,²⁸² suggesting that the definition in s. 229(3) was not intended to be as wide as is currently drafted.

Trade Marks Attorney Privilege: Rationale

As is the case with patent attorney privilege, both the good of society and the good of the person justifications provide support for a trade marks attorney privilege. Specifically, as discussed in this section, the privilege operates to promote the proper administration of justice, to maintain the economic health of society and the individual client and also to alleviate personal hardship.

Administration of Justice

The privilege viewed either in an adversarial or non adversarial context, promotes the administration of justice. The litigation limb of the client-lawyer privilege, operating via s. 229(1) of the Trade Marks Act, helps ensure that parties to trade mark related proceedings (for example in opposition proceedings or court proceedings) undertake their own diligent investigations and preparations, leading to a more complete exploration of the issues in contention presented to the decision making body. In the non-adversarial setting, advice privilege encourages “frank and full” disclosure on the client’s part. This encourages the client to be completely open with his or her trade marks attorney, thereby placing the client in the best position to seek and receive effective and appropriate advice on his or her legal rights and obligations. In turn, respect for and observance of the law is promoted.

Maintenance of Good Economic Health

As with the patent attorney privilege, parallels can also be drawn between the rationale for medical privilege and that for trade marks attorney privilege. Both can be viewed as promoting the health of society and that of the patient/client. The full and frank disclosure encouraged by these privileges enables both the medical practitioner to provide effective and appropriate medical advice to the individual patient, and the trade marks attorney to provide robust advice on the procurement of strong, readily enforceable, trade mark rights for the client and how best to manage those rights. The latter benefits the ‘economic health’ of the client, it not being unusual for a client to invest significant sums in the reputation represented by a trade mark, and the former benefits the ‘physical health’ of the patient.

²⁸⁰ Trade Marks Act s. 6.

²⁸¹ Contrast Patents Act s. 198(4).

²⁸² The Hon Warren Truss MP (Wide Bay – Minister for Customs and Consumer Affairs), Second Reading of Intellectual Property Laws Amendment Bill 1997 (Commonwealth of Australia (1997) Parliamentary Debates, 11275-6).

Similarly, while it is arguable that the medical practitioner-patient privilege is justifiable on public health grounds,²⁸³ so too can it be argued that trade marks attorney privilege can assist the ‘economic health’ of society when it assists in the procurement of strong, readily enforceable trade mark rights, such as those acquired via trade mark registration. Registered trade mark rights can decrease the risk of infringement (pre-existing rights being more easily determined via the trade marks register) and reduce the evidentiary difficulty associated with establishing infringement in the event that there is a rights violation.²⁸⁴ This reduces the costs associated with litigation, those costs being borne not only by the client (direct legal fees), but also by society when a client’s funds are diverted from its core commercial activities and court resources are diverted from other court business.

Removing personal hardship

The general justification for privilege based on the removal of personal hardship potentially endured by the professional faced with a conflict of his or her professional and legal obligations,²⁸⁵ can also be cited in support of a trade marks attorney privilege. Like an Australian patent attorney, an Australian trade marks attorney may experience personal conflict due to the obligations imposed on him or her, for example, under the IPTA Code of Ethics.²⁸⁶ The Code requires the attorney to maintain confidentiality of client communications, and the requirement at law to disclose those communications in judicial proceedings. A trade marks attorney privilege, therefore, reduces the conflict between an attorney’s duty to her or his client and the attorney’s duty to the court.

Transnational Recognition of Trade Marks Attorney Privilege

The above discussion shows that there are strong similarities between the rationales for the patent attorney and the trade marks attorney privileges. There are also similarities in the potential concerns with respect to the extent of the privileges. There are also differences in the concerns over the privileges. The first difference is that there has been less of a push for the reform of the trade marks attorney privilege (possibly as there has yet to be a judgment imposing a limit on the transnational recognition of the privilege). The second difference relates to the concern for the extension of the trade marks privilege to cover communications with third parties – such an extension may be less relevant in trade mark litigation as there is less of a need, when compared to patent litigation, for the seeking of advice from third parties in terms of the technical aspects of the protected matter.

Concerns

The same two main concerns arise with respect to the transnational recognition of trade marks attorney privilege as they do for patent attorney privilege: i) the non-recognition, in one jurisdiction, of privilege recognised in another; and ii) the impact of the loss of a document’s confidentiality when privilege does not attach to that document. This section briefly notes those concerns and then examines the evidence

²⁸³ See para 3.7 above.

²⁸⁴ This is to be compared with the generally more difficult task of establishing passing off in relation to an unregistered trade mark.

²⁸⁵ See para 3.16 above.

²⁸⁶ IPTA (2004).

relevant to those concerns. In particular, it examines: the extent to which a trade marks attorney profession is recognised in other jurisdictions; and whether, given a strict interpretation of s. 229 of the Trade Marks Act, foreign trade marks practitioners may also be registered legal practitioners such that communications with them may nevertheless attract client-lawyer privilege in Australia.²⁸⁷

Section 229(1) of the Trade Marks Act mirrors the patent attorney privilege under s. 220(2) of the Patents Act. As discussed at paragraphs 2.12 and 4.4 above, the latter section was interpreted strictly in *Eli Lilly v Pfizer Ireland*,²⁸⁸ limiting its application to patent attorneys registered under the Patents Act. Given the similarities of the provisions, it is expected that s. 229(1) would also be strictly interpreted by a court. As a result, the difficulties explored at paragraphs 4.3-4.8 above with respect to the narrow interpretation of the patent attorney privilege would also arise with respect to the operation of the trade marks attorney privilege. Similarly, there is a concern that a lack of trade marks attorney privilege recognition in one jurisdiction may destroy the confidentiality required for a claim of privilege in another. While this may not necessarily be the position if courts adopt the same approach as that taken by courts in Australia and the UK with respect to client-lawyer privilege,²⁸⁹ the position is not clear under the existing legislative provision.

Trade Marks Attorney Privilege in Key Jurisdictions

United Kingdom

The UK has a regime similar to Australia. Trade mark agents (also known as trade marks attorneys) are required to pass registration examinations in specified areas of intellectual property law. Trade mark agents must have a General Certificate of Secondary Education qualification or a degree in any field of study, or equivalent qualifications.²⁹⁰

As recently as the late 1980s there was no trade marks attorney privilege in the UK. In 1983, the court in *Dormeuil Trade Mark*,²⁹¹ while lamenting the fact, held that there was no privilege attaching to the communications between a trade mark agent and client. The *Civil Evidence Act 1968* (UK) had only extended client-lawyer privilege to patent attorneys. However, the *Copyright, Designs and Patents Act 1988* (UK) contained s. 284 which extended privilege to communications between trade mark agents and their clients. This provision is now embodied in s. 87 of the *Trade Marks Act 1994* (UK) and is, in substance, the same as the patent provision.²⁹²

²⁸⁷ A summary of the different qualification requirements for trade mark professionals and the extent to which trade mark privilege is recognised in the jurisdictions considered in this Appendix, is provided in Appendix 4 below.

²⁸⁸ (2004) FCR 573.

²⁸⁹ See para 4.11 above.

²⁹⁰ *Regulations for the Examinations for the Registration of Patent Agents & Trade Mark Agents 1991* (UK).

²⁹¹ [1983] RPC 131.

²⁹² In essence, s. 87(1) and (2) of the *Trade Marks Act 1994* (UK) provide that any communication as to any matter relating to the protection of any design or trade mark, or as to any matter involving passing off (a) between a person and his trade mark agent; or (b) for the purpose of obtaining, or in response to a request for, information which a person is seeking for the purpose of instructing his trade mark agent, is privileged from disclosure in legal proceedings in the same way as the communication between a person and his solicitor, or as the case may be, a communication for the purpose of obtaining, or in response to a request for, information which a person is seeking for the purpose of instructing his solicitor. Section 87(3) defines “trade mark agent” as (a) a registered trade mark agent; or (b) a

In the absence of the Australian trade marks attorney privilege applying to foreign practitioners, unless a foreign trade marks attorney is also registered as a trade marks attorney under the Trade Marks Act,²⁹³ a client won't be able to claim privilege for communications with that trade marks attorney. However, Australian courts may recognise privilege with respect to communications with foreign trade marks agents if those trade mark agents are also legal practitioners.²⁹⁴ However, as trade mark agents in the UK are not required to hold legal qualifications and we do not have any data on the dual registration of such practitioners, it is not possible to determine the practical extent of the concerns discussed above with respect to communications with UK trade mark agents.

United States

In contrast to the position in the UK, trade marks attorneys in the US are not required to apply for registration or pass any specialized examinations to practice,²⁹⁵ but they do have to have legal qualifications.²⁹⁶ As Fogo explains, in 1956, the Commissioner for Patents in the US amended trade mark rule 212(b) to provide that non-lawyers were not recognised to practice before the United States Patent and Trade Marks Office in trade mark cases, except those persons who were already recognised to practice as such (regardless of whether the practitioner concerned was a lawyer or not) prior to 1 January 1957.²⁹⁷

Insofar as a trade marks attorney privilege may be recognised in the US, its application is most likely to mirror the application of privilege to that country's patent attorneys rather than its patent agents, given the requirement that trade marks attorneys are to hold legal qualifications. This requirement would also mean that, in the absence of foreign trade marks attorney privilege recognition, communications with such practitioners may nevertheless attract privilege in Australia proceedings via client-lawyer privilege. From a practical perspective, this minimises the extent of the concerns arising from the limited scope of trade marks attorney privilege in Australia, at least in respect of communications with US trade marks attorneys.

Europe

Whilst in countries such as Australia, the UK and the US a clearly defined profession is recognised, this is not the case in some European jurisdictions. Neither Switzerland nor Germany recognises a trade marks attorney profession.²⁹⁸ In the European

partnership entitled to describe itself as a firm of registered trade mark agents; or (c) a body corporate entitled to describe itself as a registered trade mark agent. Note also the *Community Trade Mark Regulations 2006* (UK). Regulation 11 provides the same privilege as that under s. 87 of the *Trade Marks Act 1994* (UK) to European Trade Marks Attorneys entitled to practice before OHIM, except that the privilege under reg. 11 is restricted to communications as to any matter relating to the protection of any trade mark and matters relating to passing off (i.e. it does not extend to matters relating to design protection).

²⁹³ Unlike under the Patents Act, this is possible, as the requirements for registration of trade mark attorneys under the Trade Marks Act do not require that the individual be ordinarily resident in Australia.

²⁹⁴ See para 2.14 above regarding the application of Australian client-lawyer privilege to foreign legal practitioners.

²⁹⁵ *United States Code of Federal Regulations Patents, Trademarks, and Copyrights (Title 37)*, Chapter 1 Pt 10 §10.14.

²⁹⁶ *United States Code of Federal Regulations Patents, Trademarks, and Copyrights (Title 37)*, Chapter 1 Pt 10 §10.14.

²⁹⁷ Fogo (2001), 16.

²⁹⁸ AIPPI (2002), Answer of the Swiss Group, item 2 and Answer of the German Group, item 2.

jurisdictions in which a trade mark profession is recognised, such as France, there are specified qualification requirements. For example, French patent attorneys and trade marks attorneys must have passed a qualifying examination, hold a law degree, obtained a specialised IP degree from the Centre d'Etudes Internationales de la Propriété Industrielle and have satisfied prescribed employment requirements.²⁹⁹ If a practitioner wants to practice before the Office of Harmonization for the Internal Market (OHIM) with regard to Community Trade Marks in the European Union, specific qualification requirements must also be met.³⁰⁰

The recognition of trade marks attorney privilege differs between the various European countries. No trade marks attorney privilege exists in Switzerland where, as noted above, no independent trade marks attorney profession is recognised. It seems, however, that the Swiss' client-lawyer privilege³⁰¹ would operate to cover information relating to a trade mark matter that a legal practitioner in that country receives from his client or which he/she learns in the course of his/her activity as a legal practitioner. In contrast, it appears that a separate privilege exists for trade marks attorneys in France.³⁰²

To the extent that these European jurisdictions either require their trade marks attorneys to hold legal qualifications, or don't recognise a separate profession (thus leaving trade marks work to be performed by legal practitioners), communications with those practitioners may attract client-lawyer privilege in Australian proceedings. In this way, the practical effect of the absence of foreign trade marks attorney privilege will be reduced.

Potential Reforms of Trade Marks Attorney Privilege

The impact of the concerns identified with respect to the transnational recognition of trade mark privilege are discussed in this section. Parallels with the impact of the same concerns with regard to patent attorney privilege may be drawn. Options for addressing that impact are also identified.

Impact

Increased Legal Costs

As noted in respect of patent attorney privilege, the costs arising out of the involvement of a patent owner in global litigation are likely to increase as a result of the inconsistency of patent attorney privilege recognition and application in different jurisdictions.³⁰³ A similar assertion may be made in respect of a trade mark owner's involvement in global litigation. However, given the differences between patent and trade mark litigation, the assertion appears to have less force when made in the trade mark context.

Trade mark litigation is likely to be less complex than patent litigation, particularly given the nature of the technical issues that can arise in the latter.³⁰⁴ Thus, the volume

²⁹⁹ CNCPI (2005/2006), slide 13.

³⁰⁰ Generally see CIPA (2007) *Patent attorneys and other advisors: European Trade Mark Attorneys*. Specifically, see art 89.2(a) to (c) and 89.3 *Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community Trade Mark*.

³⁰¹ AIPPI (2002), Answer of the Swiss Group, item 1.

³⁰² CNCPI (2005/2006), slides 15 and 16.

³⁰³ See para 5.2 above.

³⁰⁴ This may be seen from data relating to the average length of hearings of patent and trade mark cases. Research has shown that average length, in terms of court hours, of a patent hearing is 54.27 hours

of relevant communications, particularly those with expert third parties, may be lower in trade mark litigation. Therefore, while concerns regarding foreign trade marks attorney privilege recognition do arise, their impact may be less in terms of:

- the time required to determine the relevance of documents and to identify the relationships and qualifications of the communicating parties which may impact upon discoverability; and
- interlocutory discovery disputes.

Accordingly, the costs associated with these issues may be lower than would be the case in global patent litigation, although there is little direct evidence of this.

Undermining the Trade Marks Attorney Profession

There is also the risk that the trade marks attorney profession may be undermined by the difficulties arising out of the recognition of foreign trade marks attorney privilege, both here and overseas. Arguably, this risk is higher for the trade marks attorney profession than it is for the patent attorney profession. For example, additional technical qualifications are required for patent attorney registration and, in Australia at least, specific activities can only be performed by registered patent attorneys.³⁰⁵ In contrast, there are no activities reserved for trade marks attorneys specifically, and the additional ability of a lawyer to represent a client in court provides the lawyer with the ability to provide a ‘one stop service’ and, thus, may be seen as the preferable representative. Unfortunately, this may result in sub-optimal representation where, despite holding the title of trade marks attorney, the expertise of the practitioner selected lies more in areas other than trade marks.³⁰⁶

Proposed Solutions

The concerns relating to the transnational recognition of trade marks attorney privilege can be addressed in the same way as those arising in respect of patent attorney privilege.³⁰⁷ Amendments can be made to broaden the privilege in Australia and attempts can be made to obtain consistency on a global scale via bilateral or plurilateral agreements or global treaty negotiations. However, the concerns surrounding trade mark communications can be distinguished from those relating to patent communications in a number of ways, suggesting that an approach different from that adopted for patent attorney privilege may be appropriate for trade marks attorney privilege. For example, the trade mark profession is less regulated than the patent attorney profession, thereby complicating the issue of who should be recognised as a foreign practitioner under a broadened privilege. Further, trade mark matters are less technically complex than patent matters, therefore raising the issue of whether there is the same need for communications with non-agent third parties to be covered by the privilege.

(Weatherall and Jensen (2005), 262), whereas the average length of a trade mark hearing is 20.22 hours (Bosland, Weatherall and Jensen (2006), 357). These figures are for original proceedings rather than appeal proceedings. In terms of appeal proceedings, the respective lengths are 11.81 hours and 11.17 hours. This suggests that there is similar complexity with respect to the points of law and that the additional time taken for original patent proceedings is a result of technical aspects of patent litigation.

³⁰⁵ See s. 202 of the Patents Act which provides that the preparation of a patent specification, generally, cannot be carried out by a lawyer.

³⁰⁶ There is anecdotal evidence that legal practitioners who have the qualifications to register as trade mark attorneys do so even though trade marks work forms only a very limited part of their practice.

³⁰⁷ See paras 5.9-5.19 above.

It is submitted, however, that a failure to extend the trade marks attorney privilege in the same manner in which it is proposed to extend the patent attorney privilege would create additional difficulties. Generally speaking, patent attorneys have the ability to undertake trade marks work.³⁰⁸ Thus, were trade marks attorney privilege not to mirror patent attorney privilege, the same anomalous situation which currently arises out of patent work communications with dual qualified as opposed to non-dual qualified patent attorneys, would replicate itself in terms of communications with patent and trade marks attorneys with regard to trade mark advice. That is, while communications with a patent attorney regarding trade mark advice would be privileged, similar communications with a trade marks attorney may not. Therefore, if only the patent attorney privilege was extended in Australia, in the event that both a foreign patent attorney in one jurisdiction and a foreign trade marks attorney in another jurisdiction gave trade marks advice to the one client, the former would be privileged and the latter would not.

In light of the above, it is envisaged that the scope of the trade marks attorney privilege would mirror the patent attorney privilege and similar rules would apply with respect to determining those foreign practitioners to be recognised. With respect to the privilege's application to third parties, some may consider it appropriate to limit it to agent third parties rather than extending it to all third parties. However, it is argued that, for similar reasons to those outlined under paragraph 5.14 above, the broader application is supported by the privilege's rationale and should be recognised.

Conclusion

In the same way that client-lawyer privilege operates, trade marks attorney privilege promotes the proper administration of justice, promotes the economic health of both the client and society, and operates to alleviate personal hardship. While the concerns arising from the trade marks attorney privilege, as currently expressed, appear to have less of an impact than those in relation to patent attorney privilege, solutions that address the concerns as they relate to both professions are appropriate if the public interests served by both privileges are to be advanced.

³⁰⁸ For example, the definition of intellectual property matters in Patents Act s. 200(4) covers matters relating to trade marks and, as noted in Appendix 4 below, German patent attorneys act in matters concerning the acquisition, maintenance, defence and dispute of trade marks.

Appendix 4 - Trade Mark Qualifications and Privilege in Selected Jurisdictions

Country	Qualifications ³⁰⁹	Privilege
<i>Australia</i>	<ul style="list-style-type: none"> ▪ Need not be a qualified lawyer; ▪ Must pass registration examinations e.g. examinations in trade mark law subjects; and ▪ Must hold a degree, diploma, advanced diploma or graduate diploma in any field of study.³¹⁰ 	<ul style="list-style-type: none"> ▪ S. 229(1) of <i>Trade Marks Act 1995</i> (Cth) ▪ Communications between a registered patent attorney or trade marks attorney and a client (or any record or document made for the purpose of that communication) are privileged to the same extent as a communication between a solicitor and his/her client.
<i>United Kingdom</i>	<ul style="list-style-type: none"> ▪ Trade Mark Agents (also known as trade marks attorneys) - on the Register of Trade Mark Agents. (No one in the UK can use the title of “Registered Trade Mark Agent” or “Trade Mark Attorney” unless on the Register of Trade Mark Agents.)³¹¹ ▪ Need not be a qualified lawyer. ▪ Must pass registration examinations e.g. examinations in trade mark, design and copyright law subjects.³¹² ▪ Must hold General Certificate of Secondary Education qualifications or a degree in any field of study or 	<ul style="list-style-type: none"> ▪ S. 87 <i>Trade Marks Act 1994</i> (UK) and reg 11 <i>The Community Trade Mark Regulations 2006</i> (UK). ▪ Any communication between a trade mark agent and a client, or for the purpose of obtaining, or in response to a request for, information which a person seeks for the purpose of instructing the trade mark agent, is privileged from disclosure in legal proceedings in the same way as a communication between a solicitor and his or her client, or a communication for the purpose of obtaining, or in response to a request for, information

³⁰⁹ The qualifications focused on in this table are those relating educational requirements and practical training. Registration will usually require satisfaction of additional, more general requirements, such as those relating to the applicant’s integrity and character.

³¹⁰ For the required qualifications, generally, see Trade Marks Act s. 228A(4), reg 20.1 *Trade Marks Regulations 1995* (Cth) and sch 5 *Patent Regulations 1991* (Cth). See also PSB (2007) *Trade Marks Attorney Registration*.

	<p>equivalent qualifications.³¹³</p> <ul style="list-style-type: none"> ▪ Must satisfy employment requirements: at least 2 years practice under professional supervision.³¹⁴ 	<p>which a person seeks for the purpose of instructing his or her solicitor.</p>
United States	<ul style="list-style-type: none"> ▪ Must be a qualified lawyer.³¹⁵ ▪ Not required to apply for registration or recognition or pass any specialized examinations to practice.³¹⁶ 	<ul style="list-style-type: none"> ▪ Trade Marks Attorney – arguably same recognition as for patent attorney.
France	<ul style="list-style-type: none"> ▪ Must pass a qualifying examination; ▪ Must obtain a specialised IP degree from the Centre d'Etudes Internationales de la Propriété Industrielle; ▪ Must hold a law degree; and ▪ Must satisfy employment requirements: 3 years practice.³¹⁷ 	<ul style="list-style-type: none"> ▪ It appears that a privilege exists for trade marks attorneys.³¹⁸
Germany	<ul style="list-style-type: none"> ▪ Trade marks attorneys, as a separate profession, do not appear to exist in Germany. However, under s. 3 of the <i>Patent Attorneys Act</i>, patent attorneys act as counsel or representative in a wide variety of intellectual and industrial property matters including the attainment, 	

³¹¹ CIPA (2007) *Registered Trade Mark Agents and Trade Marks Attorneys*.

³¹² *Regulations for the Examinations for the Registration of Patent Agents & Trade Mark Agents 1991* (UK).

³¹³ *Regulations for the Examinations for the Registration of Patent Agents & Trade Mark Agents 1991* (UK).

³¹⁴ Rule 9, *Register of Trade Mark Agents Rules 1990* (UK). See also ITMA (2006).

³¹⁵ *United States Code of Federal Regulations Patents, Trademarks, and Copyrights (Title 37)*, Chapter 1A Pt 10 §10.14.

³¹⁶ *United States Code of Federal Regulations Patents, Trademarks, and Copyrights (Title 37)*, Chapter 1A Pt 10 §10.14.

³¹⁷ CNCPI (2005/2006), slide 13.

³¹⁸ CNCPI (2005/2006), slides 15 and 16.

³¹⁹ AIPPI (2002), Answer of the German Group, items 1 and 2.

	maintenance, defence and dispute of trade marks. ³¹⁹	
Switzerland	<ul style="list-style-type: none"> No recognition of trade marks attorneys or agents as a separate profession and no specific qualification requirements for representing clients before the Swiss Federal Institute of Intellectual Property.³²⁰ 	<ul style="list-style-type: none"> No trade marks attorney privilege.³²¹
The Office of Harmonization for the Internal Market (OHIM)	<ul style="list-style-type: none"> European Trade marks attorneys – on a list in OHIM and entitled to practise before it.³²² Must be a national and have place of business/employment in the European Community.³²³ Must be entitled to act in trade mark matters before the central industrial property office of a Member State.³²⁴ A Member State’s industrial property office must certify that the applicant has the professional qualifications to practice before it, or where no special professional qualifications are required, that the applicant has practiced for at least 5 years in trade mark matters before it.³²⁵ 	<ul style="list-style-type: none"> The <i>Commission Regulations</i> No 2868/95 and <i>Council Regulations on the Community Trade Mark</i> No 40/94 do not appear to have any provisions on trade marks attorney privilege. However, the UK has implemented <i>Community Trade Mark Regulations</i> 2006 (UK) and under reg11 provision is made for privilege to apply to communications with persons on the list of professional representatives maintained under Article 89 of Regulation 40/94.

³²⁰ AIPPI (2002), Answer of the Swiss Group, item 2.

³²¹ AIPPI (2002), Answer of the Swiss Group, item 2.

³²² CIPA (2007) *Patent attorneys and other advisors: European Trade Mark Attorneys*.

³²³ Article 89.2(a) and (b) *Council Regulation* (EC) No. 40/94 of 20 December 1993 on the Community Trade Mark.

³²⁴ Article 89.2(c) *Council Regulation* (EC) No. 40/94 of 20 December 1993 on the Community Trade Mark

³²⁵ Article 89.3 *Council Regulation* (EC) No. 40/94 of 20 December 1993 on the Community Trade Mark and see CIPA (2007) *Patent attorneys and other advisors: European Trade Mark Attorneys*.

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