

March 6, 2015

The Honorable Michelle K. Lee  
Deputy Under Secretary of Commerce for Intellectual Property and  
Deputy Director of the United States Patent and Trademark Office  
United States Patent and Trademark Office  
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*via email: ACPrivilege@uspto.gov*

**Re: AIPLA Comments in Response to the USPTO “Notice of Roundtable and Request for Comments on Domestic and International Issues Related to Privileged Communications Between Patent Practitioners and Their Clients,” 80 Fed. Reg. 3953, January 26, 2015**

Dear Deputy Under Secretary Lee:

The American Intellectual Property Law Association (AIPLA) is pleased to have the opportunity to present its views in response to the announcement by the United States Patent and Trademark Office (USPTO) regarding domestic and international issues related to privileged communications between patent practitioners<sup>1</sup> and their clients.

AIPLA is a national bar association with approximately 15,000 members who are primarily lawyers but also include patent agents, in private and corporate practice and government service and in the academic community. AIPLA’s members represent a wide and diverse spectrum of individuals, companies, and institutions, and are involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law. Our members represent both owners and users of intellectual property.

AIPLA is also the parent of AIPPI-US, the United States National Group of the Association Internationale pour la Protection de la Propriété Intellectuelle (known in English as the International Association for the Protection of Intellectual Property and more commonly by the acronym “AIPPI”). AIPPI is a non-profit, non-governmental international organization whose members are intellectual property professionals, academics, owners of intellectual property and

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<sup>1</sup> The term “patent practitioners” is used to be inclusive of those registered to practice before the USPTO (i.e. patent agents), attorneys-at-law who are patent agents (i.e. patent attorneys), and foreign patent attorneys who are admitted to practice before their local patent office but may not be attorneys-at-law.

others interested in the subject. AIPPI has played an active role in the work which led to the successive revisions of the Paris Convention for the Protection of Industrial Property of 1883, and active in harmonizing intellectual property laws around the world. AIPPI has worked on issues concerning patent practitioner privilege for more than ten years.

## **SUMMARY**

Protecting, and thereby fostering, communications between clients and their legally-authorized patent practitioner representatives is very important to AIPLA members. AIPLA believes that clients – be they individuals or non-corporeal entities such as corporations, trusts, etc. – must be able to obtain advice in confidence concerning intellectual property rights from Intellectual Property (IP) advisors nationally and trans-nationally.

Therefore communications to and from such IP advisors, documents created for the purposes of such advice, and other records relating to such advice need to be confidential from forcible disclosure to third parties unless and until the persons so advised voluntarily make public such communications, documents or other records.<sup>2</sup> As discussed in more detail below, many differences with respect to the treatment of protected communications results from differences inherent in the legal systems of common law and civil law countries.

An exposition of the detailed background to the issues addressed in this letter is contained in the Appendix.

## **GENERAL COMMENTS**

The above-referenced Notice asks for information about attorney-client privilege. Rule 501 of the Federal Rules of Evidence instructs that:

“The common law – as interpreted by United States courts in the light of reason and experience – governs a claim of privilege unless any of the following provides otherwise: the United States Constitution; a federal statute; or rules prescribed by the Supreme Court. But in a civil case, state law governs privilege regarding a claim or defense for which state law supplies the rule of decision.”

Fed. R. Evid. R. 501 (emphasis supplied). While the rule appears to be deferential to civil cases under state law, the evolution of this rule shows that initially it was not so. (State law can become very relevant since not all cases that involve a patent are infringement litigations. *See*

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<sup>2</sup> Under very specific circumstances, the conventionally-applied attorney-client privilege is not applicable or is vitiated. For instance, any communications occurring as part of a crime or fraud would be an exception to the privilege. *See Clark v. United States*, 289 U.S. 1, 15 (1933) (“A client who consults an attorney for advice that will serve him in the commission of a fraud will have no help from the law. He must let the truth be told.”); *U.S. v. Zolin*, 491 U.S. 554, 562-63 (1989). AIPLA believes that the circumstances where no privilege is applied because of these narrow exceptions should be the same for patent practitioners as those typically applicable to attorneys-at-law.

*Holmes Group, Inc. v. Vornado Aircirculation Systems, Inc.*, 535 U.S. 826 (2002); *Gunn v. Minton*, 568 U.S. 310 (2013).) The Federal Rules of Evidence are rules meant to apply in federal courts. Fed. R. Evid. 101(a).

Today, there are various evidentiary privileges recognized under federal common law, such as the privilege accorded the attorney-client relationship, privileges invoked to protect medical and counseling relationships, the clergy-communicant relationship, and communications among family members. *Development In The Law – Privileged Communication: I. Introduction: The Development Of Evidentiary Privileges In American Law [Part One of Eight]*, 98 Harv. L. Rev. 1450, 1466 (1985) [hereinafter “Development”], *supra*, pp. 4-7. These privileges are based upon common law valuation of the underlying privacy or purpose of the relationships in which these communications occur. *See, e.g., Jaffee v. Redmond*, 518 U.S. 1, 10 (1996) (“Like the spousal and attorney-client privileges, the psychotherapist-patient privilege is rooted in the imperative need for confidence and trust.”). For example, the attorney-client privilege “serve[s] as a means of fostering confidence and trust by the client in his legal advisor so that the legal advisor could provide effective legal advice.” James N. Will, *Proposal for a Uniform Federal Common Law of Attorney-Client Privilege for Communications with U.S. and Foreign Patent Practitioners*, 13 Tex. Intell. Prop. L.J. 279, 284(2005).

With respect to patent practitioners and specifically patent agents, it is important to note that the purpose behind having patent agents was to create a cost effective way to offer professional patent assistance for inventors; the idea being that if all patent professionals required both extensive technical backgrounds and a law degree, then the costs of obtaining patent protection would be prohibitively expensive. Allowing scientific disciplines to practice patent law as a patent agent before the USPTO (upon proof of understanding the patent code, regulations and practice) is an effective alternative to requiring a law degree for all legal advice. Patent applications can be very complex – *i.e.*, expensive - to prosecute, since they require both an understanding of the law and science, which is why patent practitioners are utilized by inventors. James Y. Go, *Patent Attorneys and The Attorney-Client Privilege*, 35 Santa Clara L. Rev. 611 (1995). Agents are significantly less expensive than attorneys at law.<sup>3</sup> If patent agents are not entitled to have their communications be considered privileged, however, then their utility – and associated cost savings for stakeholders – is lost.

Under federal law, there is also a tax preparer privilege codified at 26 U.S.C. § 7525. This provision holds that: “With respect to tax advice, the same common law protections of confidentiality which apply to a communication between a taxpayer and an attorney shall also apply to a communication between a taxpayer and any federally authorized tax practitioner to the extent the communication would be considered a privileged communication if it were between a taxpayer and an attorney.” It “may only be asserted in – (A) any noncriminal tax matter before the Internal Revenue Service; and (B) any noncriminal tax proceeding in Federal court brought by or against the United States.” Notably, as discussed below, the privilege by its terms does not

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<sup>3</sup> According to AIPLA’s 2013 bi-annual Economic Survey, on average patent agents charge \$238/hr whereas lawyers in private practice charge an average of \$425 for partners and \$305 for associates.

extend to state law proceedings such as those relating to state taxes (where those ‘sovereigns’ have their own interests).

Moreover, the Supreme Court has specifically said that Congress is free to fashion statutory privileges. In *Branzburg v. Hayes*, 408 U.S. 665, 706 (1972), it wrote: “At the federal level, Congress has freedom to determine whether a statutory newsman’s privilege is necessary and desirable and to fashion standards and rules as narrow or broad as deemed necessary to deal with the evil discerned and, equally important, to refashion those rules as experience from time to time may dictate.” As one federal appellate court stated:

“The legislature, not the judiciary, is institutionally better equipped to perform the balancing of the competing policy issues required in deciding whether the recognition of a ... privilege is in the best interests of society. Congress, through its legislative mechanisms, is also better suited for the task of defining the scope of any prospective privilege. Congress is able to consider, for example, society’s moral, sociological, economic, religious and other values without being confined to the evidentiary record in any particular case. Thus, in determining whether a ... privilege should obtain, Congress can take into consideration a host of facts and factors which the judiciary may be unable to consider.”

*In re Grand Jury Proceedings*, 103 F.3d 1140, 1154-55 (3d Cir. 1997) (emphasis supplied).

## **SPECIFIC RESPONSES**

The following are responses to specific questions posed by the USPTO in the Announcement:

**1. Please explain the impact, if any, resulting from inconsistent treatment of privilege rules among U.S. federal courts. In your answer, please identify if the impact is on communications with foreign, domestic, or both types of patent practitioners.**

The inconsistent treatment of privilege rules among the district courts impacts the stakeholders, users and public at many levels. At a first level, inconsistency leads to confusion in relationships between patent practitioners and clients; clients have an expectation of privilege from their patent practitioners, including agents, and the ultimate challenges to privilege during litigation come as a surprise (particularly for foreign stakeholders use patent attorneys who are not lawyers). In consulting with AIPLA’s members to prepare this response, it is clear that most members consider patent agents, as well as patent attorneys and foreign patent attorneys, to have confidentiality associated with communications. That issue is most certainly magnified in the understanding of inventors, who rely on patent agents without any inkling that privilege could become an issue.

At another level, it is clear that the inconsistent treatment of privilege among federal courts encourages litigation disputes concerning privilege. So long as there is a possibility of invading

an adversary's privileged communications by claiming that patent agents' communications should be deemed immune from discovery, litigants are encouraged to at least try to obtain the information by filing motions seeking access to the client-agent communications. In other words, the unsettled and inconsistent nature of this issue drives up litigation costs and burdens the courts.

Finally, as noted above, the purpose behind privilege is to encourage frank and open communications between practitioners and their clients, which supports the broad public interest of observing the law and administration of justice. *Upjohn Co v United States*, 449 U.S. 383, 389 (1981). If clients do not believe that they can consistently rely on privilege, then the goals underlining the privilege will not be met.

**2. Please explain how U.S. stakeholders would be impacted by a national standard for U.S. courts to recognize privilege for communications with U.S. patent agents, including potential benefits and costs. If you believe such a standard would be beneficial, please explain what the scope of a national standard should cover.**

U.S. stakeholders would benefit significantly by a national standard for privilege covering communications between clients and patent professionals, both U.S. patent attorneys and agents alike, that could be applied in the U.S. courts but also in other federal tribunals that hear patent-related matters such as the International Trade Commission. Not only would it encourage the stated goals underlying the privilege, as discussed previously, it would also significantly reduce costs for the stakeholders. Initially, it would reduce prosecution costs by eliminating the need to have attorneys overseeing agents during prosecution in order to invoke the attorney-client-privilege should an agents' communications be challenged. Significant costs also would be saved because it would eliminate the need to litigate the issue of privilege in each and every district court infringement action. Accordingly, AIPLA believes that the standard applicable for patent practitioners should be commensurate in scope with the attorney-client privilege generally available in other contexts and applied to all areas in which patent agents practice law in accordance with Title 35 of the U.S. Code.

Notably, the questions presented in the Notice focused on U.S. courts and a national standard. In addition, however, AIPLA believes that it would be useful to have similar concepts of privilege for patent agents communications included in the discovery rules for post-grant proceedings (e.g., inter parties review) before the USPTO.<sup>4</sup> As the agency responsible for administering patent-related matters, AIPLA believes that if the USPTO instituted and clarified privilege for

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<sup>4</sup> The Patent Trial & Appeal Board has applied privilege as to discovery issues, e.g. *Corning Inc. v. DSM IP Assets B.V.*, IPR2013-00043, Paper 27 (6/21/2013) at pp. 6-7 (denying motion to require a privilege log because of speculative value), and historically has protected privilege, compare *Pevarello v. Lan*, Int. No. 105,394 MPT, Paper 85 (Jan. 12, 2007) at pp. 21-22 ("An attorney needs to be able to freely talk with a client witness or non-client witness to formulate a litigation strategy ..."), with *GEA Process Engineering, Inc. v. Steuben Foods, Inc.*, Case Nos. IPR2014-00041, -00043; -00051; -00054, and -00055 (PTAB, Sept. 12, 2014) (redacted) (granting patent owner's motion to compel production of invoices withheld under a claim of attorney-client privilege but allowing redactions).

patent agents in its own rules, it would be entitled to some level of deference when courts consider the issue, *see Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1994), and accordingly endorses a USPTO adopted national standard that would go beyond that applicable to U.S. courts, but might also be considered by those courts.

**3. Please explain how U.S. stakeholders would be impacted by a national standard for U.S. courts to recognize privilege for communications with foreign patent practitioners, including potential benefits and costs. If you believe such a standard would be beneficial, please explain what the scope of a standard should cover.**

When considering decisions like *Eli Lilly*,<sup>5</sup> it is clear that there is also confusion in how U.S. courts recognize privilege for communications with foreign patent practitioners, *i.e.*, foreign patent attorneys who are not also attorneys-at-law. Often, these issues arise in U.S. litigation, typically involving U.S. stakeholders because the most common scenario is that a US-based entity is prosecuting a patent application in a foreign jurisdiction utilizing the foreign patent agent. Therefore, it is U.S. stakeholders that have the greatest interest in the adoption of a national standard for U.S. courts to recognize privilege for communications with foreign patent practitioners. The benefits and cost savings associated with the adoption of a national standard for communications with foreign patent practitioners are the same as those set forth in Item 2, above – both eliminating the need for attorneys-at-law during the prosecution stage and removing the opportunity for very expensive motion practice in each patent litigation occurring in the United States while adding certainty and the opportunity for frank communication. (As discussed at pages 13 to 14, there has been a complex history for the treatment of foreign patent attorneys who are not attorneys at law.<sup>6</sup>) Accordingly, AIPLA suggests adoption of a national standard similar to that expressed in the Communique (Appendix page 6).

**4. Please explain how U.S. stakeholders would be impacted by an international framework establishing minimum privilege standards in the courts of member countries for communications with patent practitioners in other jurisdictions, including potential benefits and costs. If you believe such a framework would be beneficial, please also address the following issues:**

**a. Please identify which jurisdictions have potential problems and explain the exact nature of the problem in each of those jurisdictions.**

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<sup>5</sup> *Eli Lilly & Co. v. Barr Labs., Inc.* 96-491-C(B/S), paper no. 279 (S.D. Ind. Apr. 20, 1998).

<sup>6</sup> In addition, the treatment of privilege for Japanese “Benrishi” – Japanese patent agents who also are permitted to represent clients in certain administrative proceedings and out-of-court negotiations – can be traced by review of several United States cases: *E.g.*, *Detection Sys. Inc. v. Pittway*, 96 F.R.D. 152 (W.D. NY 1982) (no privilege for letter from benrishi to British patent agent); *Alpex Comp. Corp. v. Nintendo Co.*, 1992 U.S. Dist. Lexis 3129 (S.D.N.Y. Mar 9, 1992) (no privilege for letter from benrishi to president of client or for handwritten notes of Benrishi’s comments); and *VLT Corp. v. Vicor Corp.*, 194 F.R.D. 8 (D. MA 2000)(recognizing 1996 amendments to Japanese Civil Code and applying privilege).

**b. Please explain what the scope of an international framework for privilege standards should cover. An example of such a framework can be found in Appendix 5 of the following document: [https://www.aippi.org/download/onlinePublications/Attachment1SubmissiontoWIPODecember182013\\_SCP.pdf](https://www.aippi.org/download/onlinePublications/Attachment1SubmissiontoWIPODecember182013_SCP.pdf).**

The issue of privilege is typically associated with discovery, and therefore, is most at issue in common law jurisdictions. Accordingly, minimum privilege standards for other member countries might not be applicable, for instance in countries where there is no opportunity for discovery.<sup>7</sup> The framework, however, is simply that communications made for purposes of, or in relation to obtaining professional advice on or relating to intellectual property rights from a patent practitioner should be considered confidential, absent a waiver or other limited ground for invasion of the privilege.

Under the U.S. Constitution, the President has the authority to enter treaties “by and with the Advice and Consent of the Senate ... provided two thirds of the Senators present concur.” U.S. Const. art. II, § 2, cl. 2. The Framers did not enumerate the substantive scope of the treaty power, and did not confront the question of whether Congress could legislate beyond its enumerated Article I, section 8 powers in furtherance of a treaty.

Accordingly, an international agreement would be beneficial to U.S. stakeholders although it would not be the only way to effectuate the changes within the United States. The real benefit of an international framework would be the protection of U.S. patent practitioners in other jurisdictions. As noted in the document listed in item 4.b, many countries do not apply any privilege to communications with patent agents and, therefore, an international agreement would eliminate that issue in those countries that subscribe.

AIPLA supports the content of Appendix 5 of the document referred to in the question.

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

**a. If Federal legislation would be appropriate, what should such legislation encompass? Please consider whether the Federal tax preparer-client privilege legislation, which statutorily extended attorney-client privilege to non-lawyer practitioners (e.g., certified public accountants) under 26 U.S.C. 7525(a), is an**

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<sup>7</sup> As one example of a foreign provision, the European Patent Convention contains an article and related rule (Art. 134a(1)(d) and Rule 153) that provide European Patent Attorneys with a privilege “from disclosure in proceedings before the EPO in respect of communications between a professional representative and his client or any other person” (unless such privilege is expressly waived by the client). Rule 153 specifies that this privilege applies, in particular, to any communication or document relating to: (a) the assessment of the patentability of an invention; (b) the preparation or prosecution of a European patent application; (c) any opinion relating to the validity, scope of protection or infringement of a European patent or a European patent application.

**appropriate model and explain why or why not. Are there any noteworthy parallels or differences between Federally-registered accountants and Federally-registered patent agents in either policy or operation?**

Ideally, it would be useful to have an international treaty that established confidentiality for patent practitioner communications in line with the Colloquial Communique (Appendix page 6). However, that is not inconsistent with the adoption of legislation within the United States to establish privilege as well as the adoption of appropriate regulations that set forth the privilege for patent agents in USPTO proceedings where discovery is allowed. Thus, both Congress and the USPTO have the ability to implement such a standard.

As previously noted, both the Constitution and 35 U.S.C. § 2 (implementing the Constitutional power) justify treating the patent bar, *i.e.* patent attorneys and agents, as having a specialized privilege. “According to Dean Wigmore, where an administrative tribunal had the power to create its own bar, courts should extend the attorney-client privilege to members of that bar.” James Will, *Proposal for a Uniform Federal Common Law of Attorney-Client Privilege for Communications with U.S. and Foreign Patent Practitioners*, 13 *Tex. Intell. Prop. L.J.* 279, 343 (2005). Accordingly, Congress can enact a privilege for patent practitioners in accordance with its power and the Patent Clause.

A review of Supreme Court precedent shows that it has deferred to Congress’ authority under Article I, section 8, clause 8 of the Constitution. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429-431 (1984) (“As the text of the Constitution makes plain, it is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors or to inventors in order to give the public appropriate access to their work product.”); *Wheaton v. Peters*, 33 U.S. 591, 661-62 (1834); *Eldred v. Ashcroft*, 537 U.S. 186, 208 (2003).

Additionally, Congress can implement a privilege under the Commerce Clause. Article I, section 8 of the Constitution gives Congress the power “to regulate Commerce ... among the several States.” “Congress’ commerce authority includes the power to regulate those activities having a substantial relation to interstate commerce ... *i.e.*, those activities that substantially affect interstate commerce.” *United States v. Morrison*, 529 U.S. 598, 609 (2000) (internal quotation marks omitted). The nature of a patent is, unquestionably, interstate. *See Adams v. Burke*, 84 U.S. 453, 457-58 (1873). A national privilege standard for patent prosecution would therefore have an interstate impact. *See Timothy P. Glynn, Federalizing Privilege*, 52 *Am. U.L. Rev.* 59, 158-59 (2008) (“a national attorney-client privilege law regulates—indeed fosters and protects—economic and commercial activity, namely, commerce between attorneys and clients. There is little doubt that legislation providing for such protection would be aimed directly at regulating commercial activity. ... Nationwide legal practices and national litigation continue to grow, and counsel often is retained to assist clients with national or regional business interests.”) Such a provision would “not offend the Tenth Amendment or the values of federalism it serves.” *Since Reno v. Condon*, “it neither requires states to enact laws or legislation, nor commands state executive officials to assist in the enforcement of federal law regulating private individuals.” *Id.*



As a third justification that independently supports Congress' authority to enact a nationally-recognized privilege for patent practitioners, the Necessary and Proper Clause,<sup>8</sup> allows augmenting the constitutional provision for a federal court system in Art. III:

“For the constitutional provision for a federal court system (augmented by the Necessary and Proper Clause) carries with it congressional power to make rules governing the practice and pleading in those courts, which in turn includes a power to regulate matters which, though falling within the uncertain area between substance and procedure, are rationally capable of classification as either.”

*Hanna v. Plumer*, 380 U.S. 460, 472 (1965).

“*Erie* and its offspring cast no doubt on the long-recognized power of Congress to prescribe housekeeping rules for federal courts even though some of those rules will inevitably differ from comparable state rules.”

*Id.* at 473. This third ground shows that Congress would be within its power to enact a national standard for a patent practitioner privilege. It could do so as part of the necessary and proper clause for the federal court system.

In this way, AIPLA believes that federal legislation to extend the attorney-client-privilege to patent agents would go beyond that of the certified accountant privilege enacted in 26 U.S.C. § 7525(a). AIPLA understands, for instance, that state courts do not recognize the certified accountant privilege in the filing of state tax returns. Accordingly, AIPLA believes that the privilege associated with patent agents should be broader, leading to all work done by patent agents within the scope of the representative authority.

By way of example showing how this could arise, often the scope of a license agreement grant is defined in terms of the claims of a patent, so while a patent agent might not have been involved in the crafting of a license *per se* that same patent agent would, however, have been involved in the creation of the patent that defines the scope of the license. This would be an issue of state law (*e.g.*, *Holmes, supra*), typically heard in a state court or in a federal court based upon diversity jurisdiction. AIPLA believes that the privilege should be applied uniformly – so it would apply to patent agents in federal court for proceedings arising under federal law and equally in any proceedings under state law.

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<sup>8</sup> “The Congress shall have Power ... To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof.” U.S. Constitution, Art. 1, sec. 8, cl. 18.

## ANECDOTAL AND ORGANIZATIONAL OBSERVATIONS

***The USPTO also requested information identifying how user organizations are impacted by privilege issues (e.g., whether they are patent attorneys, agents, owners, licensees, or any other type of entity). In addition, we ask you provide any horror stories you or your client have regarding privileged communications between patent practitioners and clients.***

Issues of privilege only arise for U.S. patent agents not supervised by a lawyer; if a patent agent is a subordinate of, or is supervised by, a U.S. lawyer, then the attorney-client privilege applies (assuming all other conditions are met) based on status of the lawyer-supervisor, not the patent agent. For foreign patent attorneys/agents, however, there are two main approaches adopted by federal district courts when considering whether those communications are privileged based on foreign law or choice of law being applied. Under the traditional balancing test, if there is no connection with the United States or only incidental connections, then foreign law controls. If, however, there is more than an incidental connection to the United States, then the Court will look at the law of privilege in the nation having the most direct and compelling interest in the communication. *VLT Corp. v. Unitrode Corp.*, 194 F.R.D. 8, 16 (D. Mass. 2000). An interest is considered direct and compelling, based upon the parties and the substance of the communication, the place where the relationship was set during the time of communication, the needs of the international system, and whether the application of foreign law is inconsistent with policies embedded in the United States law. *Id.* at 16.

When the no choice of law analysis is required, there is no privilege for foreign patent practitioners because the practitioner is not a U.S. lawyer (presuming no lawyer directed the foreign patent practitioner). In most foreign countries patent preparation and prosecution services are performed by patent attorneys, who are typically not lawyers. Just like in the United States for patent agents, the qualifications to become a foreign patent attorney typically are rigorous: a technical background is usually required, there is often an apprenticeship requirement, and an examination must be passed (some countries have reported pass grades in the low 10%). In some instances limited privilege is sometimes recognized when communications are done through a U.S. attorney or where the foreign patent practitioner is functioning as if he or she was a lawyer under the law in their country.

For most courts, however, the choice of law approach is employed. This is based on either a “touching base” or “most direct and compelling interest” approach looking to the foreign nation’s laws. (The fact that there are three tests, with subparts, adds to the confusion that must be resolved.) Under the touching base approach, communications with foreign patent agents regarding assistance in prosecution of foreign patent applications may be considered privileged if the privilege would apply under the law of the foreign country in which the patent application is filed if it would not be contrary to United States public policy, e.g. *Duplan Corp. v. Deering Milliken, Inc.*, 397 F. Supp. 1146, 1169-71 (D.S.C. 1974).

Under the touching base approach, communications touching base with the United States are governed by the federal discovery rules; communications relating to matters solely involving

foreign countries and applications pending in foreign countries are governed only by the applicable foreign law. *Golden Trade S.r.L. v. Lee Apparel Co.*, 143 F.R.D. 514, 520 (S.D.N.Y. 1992); *Astra Akhebolag v. Andrx Pharm., Inc.*, 208 F.R.D. 91 (S.D.N.Y. 2002). Communications by foreign clients with foreign patent agents “relating to [the] assistance and prosecuting patent applications in the United States are governed by American privilege law.” 143 F.R.D. at 520 (citation and internal quotation marks omitted). Communications relating to preparing or prosecuting patent applications in the foreign country, however, are governed by privilege law of the foreign country in which the application is filed. *Id.*

Under the approach of following the law of the applicable country,<sup>9</sup> however, the court follows the outcome dictated by the comity doctrine when the foreign patent agent renders independent legal services. Accordingly, in *Mendenhall v. Barber-Greene Co.*, 531 F. Supp. 951, 952 (N.D. Ill. 1982), the court held that where a U.S. client seeks a foreign patent using a U.S. attorney to communicate with a foreign agent, then the U.S. attorney operates only as a conduit for information between the two such that communication is only privileged if the foreign law would recognize such privilege. Similarly, where a U.S. client retains a U.S. attorney and that U.S. attorney then retains a foreign patent attorney (not an attorney-at-law), if the foreign attorney does nothing other than filing documents with the foreign office, then the agent is no more than a conduit and privilege exists only if the foreign law would grant such privilege to communications between the U.S. attorney and the foreign office directly. *See 2M Asset Mgmt., LLC v. Netmass, Inc.*, 2007 WL 666987 (E.D. Tex. 2007).<sup>10</sup>

The final approach, the most direct in compelling interest approach, allows the court to weigh the competing interest of all involved states and decides which one has the greatest interest in applying it to law. *E.g. BLT Corp. v. Unitrude Corp.*, 194 F.R.D. 8, 16 (D. Mass. 2000); *VLT Corp.*, 194 F.R.D. at 15-16.

One particularly troubling case is *Bristol Meyers Squibb Co. v. Rhone Poulenc-Rorer Inc.*, 188 F.R.D. 189 (S.D.N.Y. 1999). In that case the district court did not recognize the client-patent attorney privilege of a European representative since the confidentiality was not expressly contained in the French statutory law. The court held that ethical professional disciplinary rules on secrecy did not rise to the level of U.S. attorney-client-privilege, and therefore the confidentiality required under the European Patent Office disciplinary rules did not protect communications discovery.

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<sup>9</sup> Notably, the Japanese Code of Civil Procedure was amended in 1996 and thereafter in the case of *Eisei Ltd. v. Dr. Ready Laboratories Inc.*, 406 F. Supp. 2d 341 (S.D.N.Y. 2005), the amended code was found to protect communications.

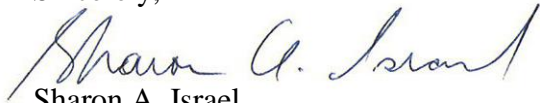
<sup>10</sup> Note that “[c]ommunications between foreign patent agents and a foreign corporation concerning the prosecution of a foreign patent are privileged if such privilege is recognized under the law of the foreign country in which the patent application is filed.” *Foseco Intern’l Ltd. v. Fireline, Inc.*, 546 F. Supp. 22, 25 (N.D. Ohio 1982).

## CONCLUSION

AIPLA believes that the USPTO effort to address issues of privileged communications is a significant step forward. These comments have been provided to assist in these efforts.

We appreciate the opportunity to provide comments on this important initiative. AIPLA would be happy to meet directly with USPTO officials to further discuss these issues.

Sincerely,

A handwritten signature in cursive script that reads "Sharon A. Israel".

Sharon A. Israel

President

American Intellectual Property Law Association

## APPENDIX

AIPLA endorses the underlying rationale for protecting the confidentiality of communications to and from Intellectual Property (IP) advisors to prevent the forcible disclosure of confidential advice to a third party, as well as documents or other records of such advice and communications. This protection will promote full and frank information transfer between IP advisors and the persons so advised. Certainty of confidentiality protection supports both public and private interests because persons so advised obtain correct legal advice and aid in their compliance with the law.<sup>11</sup> Despite the expectation that communications with all patent practitioners is protected, as noted below, at present there is no such certainty and the issue often becomes contentious when a patent is litigated. As one court noted,

“Some of the most difficult discovery questions presented in patent litigation related to the assertion of attorney-client privilege with respect to communications containing primarily or exclusively technical information.”

*Knogo Corp. v. United States*, 213 U.S.P.Q. 935, 940 (Ct. Cl. 1980).

The attorney-client privilege is one of the oldest privileges in the United States legal system. *See Swidler & Berlin v. United States*, 524 U.S. 399, 403 (1998). As the United States Supreme Court made clear, the ability to communicate in a frank manner without concern for having to disclose such communications is at the heart of the attorney-client privilege.

“[The privilege’s] purpose is to encourage full and frank communication between attorneys and their clients and thereby promote broader public interests in the observance of law and administration of justice. The privilege recognizes that sound legal advice or advocacy serves public ends and that such advice or advocacy depends upon the lawyer’s being fully informed by the client.”

*Upjohn Co v United States*, 449 U.S. 383, 389 (1981) (emphasis supplied); see *In re Spalding*, 203 F.3d 800 (Fed. Cir. 2000) (applying Federal Circuit law).

### Federal v. State Law

Rule 501 of the Federal Rules of Evidence instructs that:

“The common law – as interpreted by United States courts in the light of reason and experience – governs a claim of privilege unless any of the following provides otherwise: the United States Constitution; a federal statute; or rules prescribed by the Supreme Court. But in a civil case, state law governs privilege

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<sup>11</sup> AIPLA notes that privileged communications go to the advice and the basis for consideration, but do not serve to “hide” underlying factual issues. Therefore, if for instance a party had sold a device embodying a patented invention more than one year prior to the patent application date, for instance, the facts underlying the transaction that thereby invalidated the patent under 35 U.S.C. § 102 would not be “hidden” but the advice and related communications with the patent agent or attorney would be immune from discovery.

regarding a claim or defense for which state law supplies the rule of decision.”

Fed. R. Evid. R. 501 (emphasis supplied). While the rule appears to be deferential to civil cases under state law, the evolution of this rule shows that initially it was not so. (State law can become very relevant since not all cases that involve a patent are infringement litigations. *See Holmes Group, Inc. v. Vornado Aircirculation Systems, Inc.*, 535 U.S. 826 (2002); *Gunn v. Minton*, 568 U.S. 310 (2013).)

The Federal Rules of Evidence are rules meant to apply in federal courts, Fed. R. Evid. 101(a). The original version put forth by the Supreme Court codified rules of privilege and, importantly, was to apply even in diversity cases where state law supplied the substantive law. *See* Proposed Rule of Evidence 501 Advisory Committee’s Note, 56 F.R.D. §§ 183, 230 (1972) (explaining that the codified privileges were to govern all federal cases, criminal and civil, including federal question and diversity cases); *see also Development In The Law – Privileged Communication: I. Introduction: The Development Of Evidentiary Privileges In American Law [Part One of Eight]*, 98 Harv. L. Rev. 1450, 1466 (1985) [hereinafter “Development”] (“Federal common law development of privileges was to be frozen, and state privilege law – whether legislatively or judicially created – was to be superseded in all federal cases.”). In other words, contrary to some assertions at the time, the drafters of the rule did not think that privilege belonged to the states, and thus any suggestion that the issue is reserved to the states as a Tenth Amendment Constitutional issue is incorrect.<sup>12</sup> *See* Development, at 1466; *see* H.R. Rep. No. 93-650, at 9 (1973); S. Rep. No. 93-1277, at 6-7 (1974); H.R. Conf. Rep. No. 93-1597, at 23-24 (1974) (discussing on whether state privilege law should apply in diversity cases).<sup>13</sup>

Despite some issues at the time over whether a federal law of privilege could apply when subject matter jurisdiction was based solely on diversity (*see* note 13 above), most scholars today agree

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<sup>12</sup> The Tenth Amendment provides: “The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people.”

<sup>13</sup> At the time, some authors strongly supported applying federal privilege rules to all federal litigation, including diversity actions. *See, e.g.*, James W. Moore & Helen I. Bendix, *Congress, Evidence and Rulemaking*, 84 Yale L.J. 9 (1974); Paul F. Rothstein, *The Proposed Amendments to the Federal Rules of Evidence*, 62 Geo. L.J. 125 (1973). Even those who thought state law should govern privilege generally agreed that such an outcome was not constitutionally necessary. *See, e.g.*, John Hart Ely, *The Irrepressible Myth of Erie*, 87 Harv. L. Rev. 693, 740 (1974) (arguing that “[the proposed rule] will ignore a view of federalism that admittedly is not the Constitution’s, but has nonetheless throughout our history been imposed on the allocation of lawmaking authority in connection with the diversity jurisdiction”). There were those who argued that there is a constitutional duty in diversity cases to follow the state law of privilege, *see* David W. Louisell, *Confidentiality, Conformity and Confusion: Privileges in Federal Court Today*, 31 Tul. L. Rev. 101 (1956), but others argued that there was no constitutional reason to apply state privilege law in diversity cases “rest[ing] primarily on *Hanna v. Plumer*, 380 U.S. 460 (1965), which held that applying federal rules of civil procedure in diversity cases, although possibly affecting some substantive rights, was not foreclosed by *Erie*.” Developments, at 1467 n.106. In either event, as set out in this response and otherwise established, the issue here is entirely federal and not one of diversity.

that codified privileges applying even in diversity cases would be constitutional. *See* 4 J. MOORE, MOORE'S FEDERAL PRACTICE § 26.60[7], at 26-223, (1984) (arguing that it is "abundantly clear that there is no constitutional inhibition" to federal abrogation of state privileges); Developments, at 1467 ("But most authorities believed that this debate [on constitutionality] was miscast: even if *Erie* obliged federal courts to apply state privilege law in diversity cases, they argued, this result was not constitutionally mandated, and Congress could change it by enacting federal privilege rules."); SYMPOSIUM: *Giving Codification a Second Chance - Testimonial Privileges and the Federal Rules of Evidence*, 53 Hastings L.J. 769, 771 (2002) (calling the provision for state law of privilege in Rule 501 a "congressional decision" and explaining that "[r]egardless of whether it could have chosen otherwise, Congress decided that state law is to apply in diversity cases"); Earl C Dudley, Jr., *Federalism and Federal Rule of Evidence 501: Privilege and Vertical Choice of Law*, 82 Geo. L.J. 1781, 1788(1994) ("Constitutional authority is not generally an issue [in the enactment of privilege rules]").

### Patent Agents

The benefits of the attorney-client privilege are relatively well-recognized and enforced for attorneys-at-law (although it took some time for them to be applicable to patent attorneys engaged in patent prosecution<sup>14</sup>). The issue of whether client communications between U.S. patent agents or foreign patent practitioners for the purpose of obtaining or providing legal assistance are privileged, however, "is largely unsettled and confusing." James N. Will, *Proposal for a Uniform Federal Common Law of Attorney-Client Privilege for Communications with U.S. and Foreign Patent Practitioners*, 13 Tex. Intell. Prop. L.J. 279, 282-83 (2005). "Several different approaches [to determine if privilege applies] have evolved over time, which have provided highly unpredictable results. This is unacceptable because an uncertain privilege, or one which purports to be certain but results in widely varying applications by the courts, is little better than no privilege at all." *Id.* at 283 (internal quotation marks omitted). This lack of uniformity particularly has been a problem in the treatment of privilege as to patent agents, both domestic and foreign, and that has caused AIPLA to be very concerned with this issue.

Some courts, for instance, have just held that there is no privilege for U.S. patent agents, as one district court noted (while applying comity for foreign agents):

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<sup>14</sup> *E.g.*, *United States v. United Shoe Machinery Corp.*, 89 F. Supp. 357 (D. Mass. 1950) (privilege not applied between client and in-house patent department); *Zenith Radio Corp. v. Radio Corp. of America*, 121 F. Supp. 792 (D. Del. 1954) (patent attorneys not acting as lawyers when preparing and prosecuting patent applications); *Ball Corp v. American Nat'l Can Co.*, 27 U.S.P.Q. 1958, 1958-59 (S.D. Ind. 1993), and *Jack Winter, Inc. v. Koratron Corp.*, 54 F.R.D. 44, 47 (N.D. Cal. 1971) (limiting privilege based upon attorney being a conduit for information to the USPTO); *see Eli Lilly & Co. v. Barr Labs., Inc.* 96-491-C(B/S), paper no. 279 (S.D. Ind. Apr. 20, 1998) at p.5 ("This court agrees that whether the non-lawyer patent agent practitioner is acting under the direction and control of any attorney admitted to practice in this country or a foreign country, the communications are protected by the attorney-client privilege. In that circumstance, the patent agent is in the same category as an attorney's law clerk, paralegal, secretary, investigator, and functionary.") (emphasis supplied).

“The established rule in this circuit regarding communications with foreign patent agents is that ‘no communications from patent agents, whether American or foreign, are subject to an attorney-client privilege in the United States.’ The application of this rule is not rigid, however. Instead, the privilege may extend to communications with foreign patent agents related to foreign patent activities if the privilege would apply under the law of the foreign country and that law is not contrary to the law of this forum.”

*Burroughs Wellcome Co. v. Barr Labs., Inc.*, 143 F.R.D. 611, 616-17 (E.D.N.C. 1992) (internal citation omitted, emphasis supplied), *quoting Duplan Corp. v. Deering Milliken, Inc.*, 397 F. Supp. 1146, 1169 (D.S.C. 1974). Another Court phrased it as follows:

“The court is not similarly impressed with Lilly’s second argument, i.e., that the attorney-client privilege should be extended to foreign patent agents who are functional equivalent to an attorney and who are officially registered to practice before their respective patent office. Not only is the court admonished ... to construe the attorney-client privilege narrowly, given that it is in derogation of ‘the search for the truth,’ but if the privilege is extended as argued by Lilly, foreign patent agents would be afforded a greater privilege than their United States counterparts, a ludicrous result. Finally, there is the argument that comity requires recognition of foreign laws of privilege that would shield Lilly’s patent agent’s communications. ... The ‘certain circumstance’ in patent litigation is where the patent agent’s communication does not ‘touch base’ with the United States. ... The fact is that an attorney-client type privilege afforded to a non-attorney practitioner by that practitioner’s country contravenes the public policy of open discovery as set forth in the Federal Rules of Civil Procedure. Accordingly, Barr is entitled to discover any documents which were prepared by or submitted to independent foreign practitioners who are neither attorneys nor working under the direction and control of attorneys in their home country or this country.”

*Eli Lilly, supra*, at 5-6 (citations omitted, emphasis supplied). As discussed below, decisions such as these are not uniform but they also are not unique.<sup>15</sup> At core, *Burroughs Wellcome* and *Eli Lilly* are premised on the belief that patent agents are not practicing law *per se*, and the Federal Circuit too has declined to rule on this issue at times. *E.g., McClarin Plastic, Inc. v. LRV Acquisition Corp.*, 215 F.3d 1343, 1999 U.S. App. Lexis 15491, \*11 (Fed. Cir. July 12, 1999) (“We decline to consider that question [of patent agent-client privilege], because [patentee] has

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<sup>15</sup> See *Agfa Corp. v. Creo Prods., Inc.*, 2002 WL 1787534, at \*3 (D. Mass. 2002) (communications with domestic patent agents should not be protected “unless the agent is acting under the direction of an attorney.”); *E.I. du Pont de Nemours & Co. v. MacDermid, Inc.*, 2009 WL 3048421 (D.N.J. 2009) (no privilege for patent agent unless joint involvement with attorney in preparing patent agent); see also *Park v. Cas Enters.*, 2009 WL 3565293, at \*3 (S.D. Cal. 2009); *Gorman v. Polar Electro, Inc.*, 137 F.Supp.2d 223, 227 (E.D.N.Y. 2001); *Sneider v. Kimberly-Clark Corp.*, 91 F.R.D. 1, 5 (N.D. Ill. 1980).



failed to demonstrate that the district court's failure to recognize such a privilege constituted reversible error...").

As the Supreme Court stated in *Sperry v. Florida*, 373 U.S. 379, 383 (1963), patent agents do practice law: "We do not question the determination that under Florida law the preparation and prosecution of patent applications for others constitutes the practice of law." (emphasis supplied). This holding has been restricted by some courts that have looked at whether a person involved in the communication "is a member of the bar of a court, or his subordinate," *Joh. A. Benckiser G.mBH v. Hygrade Food Prods. Corp.*, 253 F. Supp. 999, 1001 (D.N.J. 1966), quoting the pre-*Sperry* case of *United States v. United Shoe Mach. Corp.*, 89 F. Supp 357, 358 (D. Mass. 1950) (emphasis supplied) – in other words, not just the member of a bar but a court's bar.

Pursuant to its Constitutional grant of authority under the "Patent Clause,"<sup>16</sup> Congress created a national bar for authorized representatives to practice patent law before the USPTO – if they are scientifically qualified and prove their knowledge of patent law and procedure, they are called patent agents and if they also are admitted attorneys at law, i.e. lawyers, they are called patent attorneys; a lawyer may not represent a client before the Patent Office unless registered to do so as a patent attorney. *See, e.g.*, 37 C.F.R. § 11.7(b)(1)(ii) (unless *pro hac* granted). Both patent agents and patent attorneys, however, are subject to governance and oversight as members of the USPTO's patent bar:

"The [USPTO] ... (2) may establish regulations, not inconsistent with law, which ... (D) may govern the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office, and may require them, before being recognized as representatives of applicants or other persons, to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office..."

35 U.S.C. § 2(b)(2)(D). There are no differences in how they are treated by USPTO for patent prosecution. *See, e.g.*, 37 C.F.R. §§ 10.1(r), 10.20-.24 and 11.6.

In *Sperry* the Supreme Court considered whether a patent agent was practicing law without a license in the State of Florida. The Court held that although the agent was practicing law,<sup>17</sup>

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<sup>16</sup> U.S. Constitution, Art. I, sec. 8, cl. 8: "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive right to their respective Writings and Discoveries."

<sup>17</sup> Specifically, the Supreme Court held:

"Such conduct inevitably requires the practitioner to consider and advise his clients as to the patentability of their inventions under the statutory criteria, 35 U.S.C. §§ 101-103, 161, 171, as well as to consider the advisability of relying upon alternative forms of protection which may be available under statute law. It also involves his participation in

Florida could not regulate that practice in a manner that blocked Congress' intent for patent agents to practice before the USPTO. "It is upon Congress that the Constitution has bestowed the power...*pursuant to which the Patent Office and its specialized bar have been established.*" *Id.* at 401 (emphasis supplied). While acknowledging that Florida has an interest in regulating the practice of law within its state, the Supreme Court held that patent agents are authorized to practice patent law before the USPTO based upon the authorization contained in the Title 35, United States Code:

"The statute thus expressly permits the Commissioner to authorize practice before the Patent Office by non-lawyers, and the Commissioner has explicitly granted such authority. If the authorization is unqualified, then, by virtue of the Supremacy Clause, Florida may not deny to those failing to meet its own qualifications the right to perform the functions within the scope of the federal authority. A State may not enforce licensing requirements which, though valid in the absence of federal regulation, give 'the State's licensing board a virtual power of review over the federal determination' that a person or agency is qualified and entitled to perform certain functions, or which impose upon the performance of activity sanctioned by federal license additional conditions not contemplated by Congress. 'No State law can hinder or obstruct the free use of a license granted under an act of Congress.'"

*Id.* at 383-85, quoting *Pennsylvania v. Wheeling & Belmont Bridge Co.*, 54 U.S. 518, 566, 14 L.Ed. 249 (1852). In other words, patents agents are engaged in the practice of law, but that practice is regulated by the PTO and therefore state bar regulations are preempted.

Some federal courts – unlike *Burroughs Wellcome* and *Eli Lilly* – have relied on *Sperry* and 35 U.S.C. § 2(b)(2)(D) to note that Congress "expressly permitted both patent attorneys and patent agents to practice" before the USPTO. Therefore, treating agents differently for purposes of privilege "would result in significantly unequal treatment" contrary to Congress' intended freedom for clients to select either a patent attorney or patent agent. Thus, in order "not to frustrate this congressional scheme, the attorney-client privilege must be available to communications of registered patent agents." *In re Ampicillin Antitrust Litigation*, 81 F.R.D. 377, 393-94 (D.D.C. 1978); see *Mold Masters Ltd. v. Husky Injection Molding Sys., Ltd.*, 2001

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the drafting of the specification and claims of the patent application, 35 U.S.C. § 112, which this Court long ago noted 'constitute(s) one of the most difficult legal instruments to draw with accuracy,' And upon rejection of the application, the practitioner may also assist in the preparation of amendments, 37 C.F.R. §§ 1.117-1.126, which frequently requires written argument to establish the patentability of the claimed invention under the applicable rules of law and in light of the prior art. 37 C.F.R. § 1.119. Nor do we doubt that Florida has a substantial interest in regulating the practice of law within the State and that, in the absence of federal legislation, it could validly prohibit non-lawyers from engaging in this circumscribed form of patent practice."

*Sperry v. Florida*, 373 U.S. 379, 383 (1963) (citations omitted, emphasis supplied).

WL 1268587, at \*3-4 (N.D.Ill. 2001) (“no logical reason to discourage the public from seeking legal advice from patent agents.”); *see also Polyvision Corp. v. Smart Techs., Inc.*, 2006 WL 581037 (W.D. Mich. 2006) (“The purpose of extending the privilege to a non-lawyer patent agent is to obtain advice in confidence that will substantially affect the legal rights of the client ... in the patent application process.”); *Buyer’s Direct Inc. v. Belk, Inc.*, No. SACV 12-00370-DOC (MLGx) (C.D. Cal. Apr. 12, 2012).

### AIPLA-AIPPI-FICPI Colloquium

The lack of uniformity demonstrated by the various decisions has created confusion in the practice, whereby parties rely on patent agents as if the communications are entitled to privilege, only to then find the confidentiality of that reliance under attack during litigation because of the conflicting laws. As a result of these concerns, AIPLA together with AIPPI International and the Fédération Internationale des Conseils en Propriété Intellectuelle (FICPI<sup>18</sup>) joined together to hold a two-day international Colloquium in Paris, France during June of 2013. The Colloquium brought senior government representatives from a number of countries (including Australia, Germany, Japan, Switzerland, U.S.A., Canada, Denmark and Norway) with experienced intellectual attorneys and representatives of the judiciary and academia from about 20 countries.

The purpose of the Colloquium was to discuss the urgent need to harmonize different countries’ laws so that confidential client communications with IP attorneys are protected against forcible disclosure. Participants identified significant differences in laws and practices around the world for the protection of confidential client communications in IP matters. Concerns were voiced that several countries afford no protection at all and have laws that can lead to the forcible disclosure of confidential advice, and that many countries do not adequately protect communications between clients and overseas IP attorneys. In a highly globalized area of law, participants identified viable options to harmonize individual countries’ laws. At the conclusion of the Colloquium, the attendees adopted a Joint Proposed Communique, which reads as follows:

Recognizing that

1. Intellectual property rights (IPRs) exist globally and are supported by treaties and national laws and that global trade requires and is supported by IPRs.
2. IPRs need to be enforceable in each jurisdiction involved in trade in goods and services involving those IPRs, first by law and secondly, by courts which apply due process.
3. Persons need to be able to obtain advice in confidence on IPRs from IP advisors nationally and trans-nationally, and therefore communications to and from such advisors and documents created for the purposes of such advice and

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<sup>18</sup> FICPI represents intellectual property attorneys in private practice internationally, with more than 5000 members in more than 85 countries.

other records relating to such advising need to be confidential to the persons so advised and protected from forcible disclosure to third parties (*the protection*) unless and until the persons so advised voluntarily make public such communications, documents or other records.

4. The underlying rationale for the protection of confidentiality of such communications, documents or other records is to promote information being transferred fully and frankly between IP advisors and the persons so advised.

5. The promotion of such full and frank transferring of information supports interests which are both public and private namely in the persons so advised obtaining correct legal advice and in their compliance with the law but to be effective, the protection needs to be certain.

6. Nations need to support and maintain confidentiality in such communications including said documents or other records and to extend the protection which applies nationally to IP advice given by IP advisors in other nations, to avoid causing or allowing confidential advice on IPRs by IP advisors to be published and thus, the confidentiality in that advice to be lost everywhere.

7. The adverse consequences of such loss of the protection include owners of IPRs deciding not to trade in particular nations or not to enforce IPRs in such nations where the consequences of doing so may be that their communications relating to the obtaining of IP advice get published and used against them both locally and internationally.

8. National laws are needed which in effect provide the same minimum standard of protection from disclosure for communications to and from IP advisors in relation to advice on IPRs, and such laws should also apply the protection to communications to and from overseas IP advisors in relation to those IPRs including their overseas equivalent IPRs.

9. The minimum standard of the protection needs to allow for nations having or hereafter to have, such limitations, exceptions and variations as they see fit provided that they are of specific and limited effect which does not negate or substantially reduce the effect of the protection required by the minimum standard.

**IN ORDER** to give effect to the statements recited above, the nations cited in the Schedule to this Agreement executed this Agreement on the dates stated respectively in that Schedule.

The nations so cited **AGREE** as follows:

1. In this Agreement,

**‘intellectual property advisor’** means a lawyer, patent attorney or patent agent, or trade mark attorney or trade mark agent, or other person, where such advisor is officially recognized as eligible to give professional advice concerning intellectual property rights.

**‘intellectual property rights’** includes all categories of intellectual property that are the subject of the TRIPS agreement, and any matters relating to such rights.

**‘communication’** includes any oral, written, or electronic record whether it is transmitted to another or not.

**‘professional advice’** means information relating to and including the subjective or analytic views or opinions of an intellectual property advisor but not facts including mere statements of fact which are objectively relevant to determining issues relating to intellectual property rights (for example, the existence of relevant prior art).

2. Subject to the following clause, a communication made for the purpose of, or in relation to, an intellectual property advisor providing professional advice on or relating to intellectual property rights to a client, shall be confidential to the client and shall be protected from disclosure to third parties, unless it is or has been made public with the authority of that client.

3. Jurisdictions may have and apply specific limitations, exceptions and variations on the scope or effect of the provision in clause 2 provided that such limitations and exceptions individually and in overall effect do not negate or substantially reduce the objective effect of clause 2 having due regard to the need to support the public and private interests described in the recitals to this Agreement which the effect of the provision in clause 2 is intended to support, and the need which clients have for the protection to apply with certainty.

AIPLA and the other organizations have since endorsed the Proposal in principle.