



Law Council
OF AUSTRALIA

Business Law Section

21 December 2022

Mr Sean Applegate
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By email: sean.applegate@ipaaustralia.gov.au

Dear Mr Applegate,

WIPO Group B+ Core Group on CAP's Draft Explanatory report on Draft Agreement on Cross-Border Aspects of Client-Patent Attorney Privilege and the Draft Agreement on CAP

1. This submission to IP Australia regarding the **draft** WIPO explanatory **report** and **draft agreement** on client attorney privilege (**CAP**) described above is made by the Intellectual Property Committee of the Business Law Section of the Law Council of Australia (the **Committee**).

Summary

2. The Committee supports the need for a coordinated cross-border approach to the issue of CAP. As such, the Committee is fully supportive of the objectives which the draft agreement seeks to achieve. If the draft agreement were adopted in its present form, it would provide a common framework for the protection of CAP amongst Signatory States. This would be a significant improvement on the current position. However, the Committee considers that there are a number of improvements that could be made to the drafting of the draft agreement. These suggested improvements are set out below.
3. In providing these suggestions, the Committee recognises that IP Australia may take the view that reopening substantive drafting at this stage may be more likely to hinder rather than facilitate further progress. The Committee also recognises that some drafting which appears unnecessarily confusing from the perspective of Australian law and practice may have been incorporated for a specific reason having regard to local laws in other proposed member states. It is also recognised that treaties necessarily involve some degree of compromise. The Committee makes the suggestions set out below in that context.
4. The draft agreement is proposed to provide a "*minimal level of protection in every jurisdiction in relation to privileged advice on patent law*".¹ As explained in greater detail below, the Committee considers that the draft agreement fails properly to articulate that intent in several respects because of some infelicity of defined terms; does not cover non-patents advice and advisers; and fails properly to address waiver of privilege.

¹ Draft report first paragraph under "III. Aim of an Agreement on CAP". The draft report does not have page numbers or numbered paragraphs.

5. The last point is especially important given that the draft agreement proposes a *minimum* standard of protection. Without properly addressing the possibility of waiver of privilege, in all its various forms, the draft agreement would impose on member states the statutory grant of a privilege in circumstances where that privilege would otherwise be considered waived if it concerned a communication made for the “dominant purpose of a legal practitioner providing legal advice to a client”.² [As such, as outlined in paragraph 31 below, the Committee proposes an amendment to Article 2 so that it refers expressly to waiver.](#)

Draft agreement limited in scope to “patent” advice about “patent advisors”

6. The draft report sets the scene by observing that a “*multilateral agreement on cross-border aspects of CAP is needed to provide the same minimum standard of protection in its member states concerning disclosure of communications to and from IP advisors in relation to advice on IP rights (IPRs)*”.³ Plainly enough, the draft agreement does not meet that need because it is limited to “patent advisors” giving advice “concerning patents” alone.⁴
7. Australia presently has a statutory regime whereby advice given by a registered patent attorney about a much broader set of intellectual property rights⁵ is privileged,⁶ and the same goes for registered trade mark attorneys.⁷
8. In Australia, that protection is also afforded to any intellectual property advice provided by any “*individual authorised to do [patents / trade marks] work under a law of another country or region, to the extent to which the individual is authorised to provide intellectual property advice of the kind provided*”.
9. Accordingly, if the draft agreement does not address privilege as broadly as Australia’s existing domestic legislation, overseas clients will have an advantage in Australia that they may not have in other member states’ jurisdictions.

Articulation of intent to provide privilege in respect of advice on patent law

10. The Committee considers that the draft agreement will not achieve the stated aim of providing “*minimal level of protection in every jurisdiction in relation to privileged advice on patent law*”.
11. Article 2 provides:

A [confidential] communication made for the dominant purpose of a patent advisor providing professional advice to a client shall be privileged, meaning it shall be protected from any disclosure to third parties, unless it is or has been disclosed with the authority of that client.

Internal definition of “privileged” in Article 2

² Adopting the words of sections 200(2) and (2A) of the *Patents Act 1990* (Cth).

³ Draft report last paragraph under “II. The current situation: problems faced and the benefits of a multilateral agreement.”

⁴ Draft agreement, Article 1, definition of “patent advisor”. See also the definition of “professional advice” in Article 1, which refers to “advice given on patent law”.

⁵ That is: “(a) patents; or (b) trade marks; or (c) designs; or (d) plant breeder’s rights; or (e) any related matters” as set out in section 200(2C) of the *Patents Act*.

⁶ Sections 200(2) and (2A) of the *Patents Act*.

⁷ Section 229 of the *Trade Marks Act 1995* (Cth).

12. First, the Committee notes that the term “privileged” is defined within the article rather than in Article 1 where definitions are found. This does not give rise to any specific difficulties, except to note that the term “privileged” is used elsewhere in the draft (as the Committee will discuss below). It may be worth, however, noting that the “protection” should extend to the ability to refuse production of such communications by any process, including subpoenas, notices to produce, discovery and the like.

Definition of “communication” is important (and correct)

13. Article 1 defines “communication” as including “any oral, written or electronic record”. Notably, neither that definition nor Article 2 require the oral, written, or electronic record to be *communicated* to any person or entity for the privilege to arise. It need only be “made” for the dominant purpose described. The definition of “professional advice” also makes clear that the advice need not in fact be sent to the client.
14. That is sensible because the privilege should cover, for example, the internal working papers of a patent attorney which may never be communicated to the client but are created for the dominant purpose of providing professional patent advice. The privilege would, therefore, protect against the forced production of internal working papers of a patent attorney which are created for that dominant purpose. This broad definition of “communication” to cover information not in fact communicated is relevant for reasons set out below.

Definition of “advice” has difficulties

15. Article 1 defines “advice” to mean:

the subjective or analytic views and opinions of the patent advisor. Raw data and mere facts are not privileged in and of themselves unless:

3. they are communicated with the “dominant purpose” of seeking or giving advice; or

4. they are contained in a document containing privileged information and they are related or connected to the privileged information and have been communicated with the “dominant purpose” of seeking or giving advice.

16. As to this definition, item 3 suggests that the privilege provided for in Article 2 should extend to the communication of raw data and mere facts that are communicated with the “dominant purpose” of seeking or giving advice. However, that is not what Article 2 provides—it only provides for the creation of a privilege in respect of communications made for the dominant purposes of a patent advisor providing professional advice to a client and does not mention raw data and mere facts at all. Unless one treats the definition of “advice” as a stand-alone operative article for the creation of a privilege in respect of such raw data and mere facts, there is no operative article which gives rise to a privilege for such information. The Committee considers that it would be far clearer for such protection to be enunciated either in Article 2 or a further article.
17. Another difficulty with item 3, assuming it creates a privilege in respect of raw data and mere facts, is that it only extends to such information when it is

“communicated” for the dominant purpose of seeking or giving advice. As the Committee notes above, Article 2 and the definition of “communication” makes clear that the privilege should extend to a record that contains subjective or analytic views and opinions of the patent advisor that are “**made** for the dominant purposes of” providing professional advice to a client but which might not in fact be communicated. Item 3, however, only extends the privilege to raw data or mere facts that are in fact *communicated* for that purpose. Accordingly, where a patent advisor records raw facts for the purpose of providing legal advice but does not communicate them to the client, they are technically not privileged. The Committee sees no reason for that limitation. [At a minimum, the Committee considers that item 3 should be amended so that it refers to raw data and mere facts where these are “communicated or recorded with the ‘dominant purpose’ of seeking or giving advice”.](#)

18. Turning then to item 4 of the definition of “advice”, that suggests that raw data and mere facts should be privileged when they are “*4. contained in a **document** containing privileged information and they are related or connected to the privileged information and have been communicated with the “dominant purpose” of seeking or giving advice*”.⁸ Further to the same ills that item 3 suffers:
- (a) The Committee considers that item 4 is otiose. Item 4 requires the information to “*have been communicated with the “dominant purpose” of seeking or giving advice*” but item 3 already requires this, albeit in the present tense. If the information “has been” so communicated, it does not appear to matter that the information is then “*contained in a document containing privileged information and they are related or connected to the privileged information*”.
 - (b) In any event, given the word “communication” is defined to include “*any oral, written or electronic record*”, it is not clear why item 4 would be limited to a “document”. If the word “document” were replaced with the word “communication”, the need for item 4, given item 3, is even less apparent.
 - (c) Finally, the term “privileged information” is not defined in the draft agreement. That term also appears in Article 4. The term “privileged information” ought to be defined.

Use of (and failure to define) “privileged information”

19. The concept of identifying “privileged information” within a document is quite important and creates some difficulties. Article 2 simply creates a privilege over a communication which is made for the dominant purpose of a patent advisor providing professional advice to a client. It does not say the communication is only privileged in respect of some “privileged information” in the communication. Given Article 2 is meant to provide a “minimum” of protection, it is not clear why it would ever be necessary to identify the “privileged information” within such a communication. Once it is privileged it may not be disclosed to a third party.
20. However, Article 4 goes on to provide:

⁸ As a matter of style, it is not clear to us why the term “dominant purpose” is put in quotation marks in the definition of “advice” given that term is not defined or treated in that way anywhere else in the draft.

In case a document containing privileged and not privileged information has to be disclosed, the privileged information shall be blacked out.

21. This Article therefore contemplates that a privileged communication for the purposes of Article 2 might nevertheless have to be disclosed to a third party, presumably by some compulsion of law. Again, however, the draft agreement does not identify expressly what “privileged information” is. It ought to do so.
22. Alternatively, Article 4 could be deleted and it could be left to domestic law and procedure to determine the approach that should be taken to documents which contain or record both privileged communications and non-privileged material (presumably consistently with the approach adopted in relation to client legal privilege and other similar privileges). In that case, and assuming item 3 in Article 1 is deleted (see further above), the need to define “privileged information” would fall away. It is noted that Australia’s domestic legislation imports principles applying to client legal privilege by providing that the protected advice is “privileged in the same way, and to the same extent, as a record or document made for the dominant purpose of a lawyer providing legal advice to a client”⁹. The Committee considers that to be an approach that might be applied to the Draft Agreement, assuming as the Committee does, that all member states recognise legal professional privilege or an equivalent right in their jurisdiction.

Definition of “patent advisor” has difficulties

23. Turning back to Article 2, it provides the privilege over a communication made for the dominant purpose of a “patent advisor” providing professional advice. The term “patent advisor” is defined in Article 1 as meaning:

*an advisor who is authorised to act before a competent administrative or judicial authority in a jurisdiction of a signatory State or to which a signatory State participates, and **officially certified to provide professional advice concerning patents.** The criteria of qualification and the categories of certification are defined by national and international law.*

24. It is not clear to the Committee why the underlined words are needed or what they mean—that is, “authorised to act” in what way and capacity? The bolded words appear more than adequate, provided that the words “in a signatory State” are added after the words “concerning patents” (i.e. so that it is clear that the advisor does not need to be so certified in any particular signatory State). However, the draft report explains that the “*expression ‘authorised to act’ should not be understood as requiring necessarily an official decision or entry in any register*”. But what then of the words “officially certified”? Those words require there to be a “certification” of the individual and it would be very unusual for such certification to not involve an entry in a register compiling such certifications.

Definition of “professional advice” has difficulties

25. Still on Article 2, it requires that the advice must be “professional advice” which is defined as:

⁹ Sections 200(2) and 200(2A) of the *Patents Act*, sections 229(1) and 229(1A) of the *Trade Marks Act*.

professional advice means advice given on patent law within the patent advisor's area of expertise, as defined by the national or international law that stipulates the professional qualifications whether it is transmitted to another person or not.

26. First, it is not clear what is meant to be “defined by the national or international law that stipulates the professional qualifications”, presumably of the patent advisor. Is it the “advice given on patent law” or an “advisor’s area of expertise”? Furthermore, is an area of expertise something quite narrow (for example, microbiology) or simply patent drafting, validity, prosecution and opposition? If the former, then that may raise unfortunate debates regarding whether privilege should not arise because the patent advisor gave advice on a mechanical patent prosecution when she was specialised only in microbiology. The draft report really does not assist here and it should be clarified.

Use of “confidential”

27. It is noted that the word “confidential” appears in square brackets in Article 2, indicating that there are differences of opinion amongst Core Group Members as to whether this word should appear in any agreement on CAP.
28. Certainly, for Australian law, the communication ought to be kept “confidential” for the privilege to arise and be maintained. However, there are circumstances where there is inadvertent disclosure where a Court would step in to protect and maintain the privilege. The Committee suggests that the draft agreement address that possibility (or the like).

Waiver of privilege not properly addressed

29. The draft report states, as to Article 2 that:

A [confidential] communication made for the dominant purpose of a patent advisor providing professional advice to a client, shall be privileged, meaning it shall be protected from any disclosure to third parties, unless it is or has been disclosed with the authority of that client.

The privilege applies only so long as the information remains confidential. Privilege will only apply if the communication was intended to be confidential when it was made, and if the client does not expressly or implicitly waive the privilege by disclosing the information to a third party.

30. It is worth repeating Article 2:

A [confidential] communication made for the dominant purpose of a patent advisor providing professional advice to a client shall be privileged, meaning it shall be protected from any disclosure to third parties, unless it is or has been disclosed with the authority of that client.

31. The concept of “waiver” of privilege appears to be addressed by the word “confidential” (which, as noted above, some states apparently have a difficulty with) and the phrase “unless it is or has been disclosed with the authority of that client”. Those words do not address a number of other ways in which a client may waive privilege in a legal advice under Australian law (and, as the Committee

understands it, in at least most common law jurisdictions), which can be bundled up into the concept of the client acting inconsistently with the maintenance of the privilege. Such waiver may be intentional, unintentional, or implied. The latter two would not be caught by the underlined words of Article 2. Implied waiver itself may involve:

- (a) “disclosure waiver” where there is a waiver over the whole advice where the substance, gist or conclusion is disclosed by the client;
 - (b) “issue waiver”, where there is a waiver over privileged information forming the basis of a case brought or assertion made—for example where the client puts her state of mind in issue; or
 - (c) “associated material waiver”, where there is a waiver of material relevant to the same issue or subject matter as a disclosed document.
32. By not allowing for such waivers and Article 2 stipulating a “minimum” of protection, it is concerning that the issue of waiver is not better developed, explained and catered for in the draft agreement. As noted above, Australian law provides that the scope of the patent attorney privilege is the same as that for client legal privilege¹⁰ and so the same kinds of waivers should apply to patent attorney privilege. The Committee does not think the general “flexibility” in Article 6 is sufficient in this regard. At a minimum, we consider that Article 2 should be amended so that it reads “unless it is or has been disclosed with the authority of that client or privilege has otherwise been waived”.

Conclusion and further contact

- 33. The Committee would be pleased to discuss any aspect of this submission.
- 34. Please contact the chair of the Committee, Angus Lang at lang@tenthfloor.org, if you would like to do so.

Yours faithfully



Philip Argy
Chairman
Business Law Section

¹⁰ Sections 200(2) and 200(2A) of the *Patents Act*, sections 229(1) and 229(1A) of the *Trade Marks Act*.