Preserving Privilege in a Globalized IP Era

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Providing cross-border legal advice can often call into question whether country-specific protection against discovery will be acknowledged and enforced outside that jurisdiction.

Attorney-Client Privilege in the United States safeguards communication between a lawyer and client (and/or their respective communicating agents) in which legal advice is unambiguously and exclusively sought or provided, and whose content has not been revealed to any third party. Work Product Doctrine may also safeguard certain materials if those materials are prepared at the direction of an attorney in anticipation of litigation. In addition, the Common Interest Doctrine (a.k.a. Joint Defense Privilege) may protect secret discussions between entities pertaining to anticipated litigation. Protection may not be reliable, however, if an attorney is not legitimately participating in the communications. For example, in New Archery Products Corp. v. OutRAGE LLC, 3:12-cv-00122-bbc, W.D. Wis., partner companies planning to bring an infringement suit against a manufacturer were ordered to produce their email exchanges by the Court, which stated: "OutRAGE's position reflects a Pavlovian reaction that any communication in which the word 'lawyer' or 'attorney' is mentioned is the bell that causes the dog named Privilege to salivate."

There is also a lack of common law consensus as to whether attorney-client privilege exists for communications involving U.S. patent agents and not an attorney. Some rulings indicate that patent agents cannot qualify as attorneys for this purpose because they are not admitted to the bar of any court, and as such attract no privilege. Other rulings have maintained that a parallel privilege safeguard does exist, provided a supervising attorney is involved in the agent's practice and representation of clients before the U.S. Patent and Trademark Office (USPTO), though those rulings generally limit privilege to practitioner functions sanctioned by the USPTO Rules of Ethics and Professionalism (i.e., preparation and prosecution of patent applications and related documents).

In some international jurisdictions, however, privilege may apply, even without direct attorney participation. English law recognizes 'Legal Professional Privilege,' which includes both Legal Advice Privilege (LAP) (analogous to U.S. Attorney-Client Privilege) and Litigation Privilege (LP) (analogous to U.S. Work Product Doctrine). In recent years, English law has been amended to extend limited privilege rights to 'chartered patent attorneys' (generally analogous to U.S. patent agents in terms of scope of practice – typically not lawyers). Note, however, that the scope of such privilege for other professionals appears to have been recently narrowed, and privilege may not attach unless litigation is impending, as confirmed earlier this year in Prudential R. v. Special Commissioner of Income Tax, 23 Jan. 2013, (2013) UKSC1, holding that privilege does not extend to cover legal advice from non-lawyer accountants.

Although there is considerable agreement, English privilege law differs from U.S. privilege law in several ways. In the seminal Three Rivers decision by the Court of Appeal of England, Three Rivers District Counsel et al. v. Governor and Co. of the Bank of England, Session 2003-04 [2004] UKHL48 (a case stemming from the foundering of the Bank of Credit and Commerce International (BCCI) while under the oversight of the Bank of England), privilege was preserved for only a subset of employees called the Bingham Inquiry Unit, a sort of client 'task force' that conducted the preceding investigation into the collapse. This contrasts with the seminal U.S. Upjohn case (Upjohn Co. v. U.S., 449 U.S. 383, 101 S. Ct. 677 (1981)), in which privilege was ruled to extend beyond a "control group" of employees, to anyone passing a liberal three-prong "subject matter test."

Another point of distinction is that third-party communications in the U.K. do not attract privilege unless litigation is impending, whereas numerous recent U.S. cases (e.g., Mt. McKinley Insurance Co. v. Corning Inc., 2009 N.Y. Misc. LEXIS 6625) have granted privilege to attorney communications with third parties whose role is to assist the attorney in understanding matters outside his/her area of expertise and/or who function as de facto 'contract' employees, provided those communications remain directed to the purpose of providing advice to a client.

A final notable difference between English and U.S. law is that "selective waiver" for limited disclosures to third parties is available under English law, while mere inadvertent disclosures in the U.S. can often result in an irrevocable and broadening waiver of privilege.

Predicting how U.S. courts will settle multijurisdictional questions of privilege is no trivial task, particularly in light of the limited and aging guidance available from the U.S. case law. The landmark case, Golden Trade, S.r.L. v. Lee Apparel Co., 143 F.R.D. 514 (S.D.N.Y. 1992), established the oft-referenced "Touch Base" doctrine, which reinforced the notion of comity between nations and dictates that the choice of law shall correspond with that of the country having the most compelling interest in keeping the communications confidential. The Court stated that "[C]ommunications by a foreign client with foreign patent agents relating to assistance in prosecuting patent applications in the United States are governed by American privilege law whereas communications relating to assistance in prosecuting patent applications in their own foreign country or rendering legal advice… on the patent law of their own country are, as a matter of comity, governed by the privilege law of the foreign country in which the patent application is filed, even if the client is a party to an American lawsuit." However, 'touching base' has not been the solitary standard for determining and granting privilege in international cases. In Astra Aktiebolag v. Andrx Pharmaceuticals, Inc., 208 F.R.D. 92 (S.D.N.Y. 2002), the Court deemed that both German and Korean documents were attorney-client privileged despite the fact that neither jurisdiction recognizes such a concept. The Court reasoned that because there are no discovery procedures under German and Korean law, "ordering the wholesale production of the… documents would violate comity and offend public policy."

In summary, it appears that U.S. courts will generally employ reciprocity in applying the laws of foreign jurisdictions where doing so does not impose discovery when discovery is not expected. Less clear is whether and to what extent foreign courts will reciprocate. IPT