

IP and Canada's Competitiveness



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

Protection of Confidential Communications

Clients may disclose confidential information to agents in the course of considering IP protection and drafting applications. In Canada, confidential communications between a client and his/her patent agent or trade-mark agent are **not** protected from disclosure in litigation. Such communications are protected by legislation or treaty in Australia, New Zealand, the United Kingdom, Japan, France, Germany and the European Patent Organization. Additionally, similar protection arises in the United States by way of jurisprudence.

What does this mean? The forced disclosure of such highly valuable confidential communications can lead to the loss of IP rights in Canada and elsewhere. In the United States, courts have held that if a foreign jurisdiction prohibits the forced disclosure of such confidential information, then that prohibition against disclosure will be respected by the court in the course of U.S.-based litigation. However, if there is no domestic protection, then there likely will be no bar to the production of such confidential information in the United States. The absence of such protection puts Canadian IP owners at a distinct disadvantage *vis-à-vis* their competitors in other jurisdictions where such protection is available—especially in such an important market as the United States.

How does this affects Canada? The issue not only affects Canadian IP owners but can also have an impact on foreign investment in Canada. In December 2006, in the course of litigation, a Canadian judge ordered a company to divulge the confidential communications held with its UK patent agent even though, in the UK, these communications are protected by statute¹. This problem is highlighted in an article available on the website of one of the largest American IP firms, in which it is stated: "If there is no such protection [for communications], a company that is considering, or is in the midst of, a U.S. patent litigation might think again about pursuing the prosecution in a foreign country that does not afford protection for confidential communications."²

What are the consequences? When a company is advised to think twice about prosecuting (applying for) a patent in Canada, it may very well think twice before investing in R&D in Canada.

Why resolve this issue? This problem can easily be corrected by a short amendment to the *Patent Act* and to the *Trade-marks Act*. Resolving this issue would not only improve Canada's competitiveness but would also serve the administration of justice. The Intellectual Property Research Institute of Australia at the University of Melbourne has found that "[t]here 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."³

¹ *Lilly Icos LLC. v. Pfizer Ireland Pharmaceuticals*, 2006 FC 1465 (Federal Court, December 6, 2006)

² Michael E. McCabe Jr., *Attorney-Client Privilege and Work Product Immunity in Patent Litigation*, 2001 <http://www.oblon.com/media/index.php?id=92>

³ Intellectual Property Research Institute of Australia, *Patent Attorney Privilege in Australia: Rationale, Current Concerns and Avenues for Reform*, December 2007, p. 5 (Note: In Australia, agents are called attorneys but they are not lawyers.)