

# LEGAL AND PATENT ATTORNEY PRIVILEGE

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1. The issue of privilege – both patent attorney privilege and legal professional privilege is an absolutely vital one. The aim of this session is to create a heightened awareness of it amongst the patent attorney profession. It is critical that in your daily practice you operate in such a way as to safeguard your client's privilege and protect your client's best interests. Also you need to guard against any inadvertent waiver of privilege to your client's detriment.
2. The scope of this paper will cover the current law i.e. **before** the new Evidence Bill comes into force. Greg Arthur in his paper will deal with the changes that the new Bill will bring.
  - (1) Some introductory remarks;
  - (2) The basics of legal privilege;
  - (3) Patent attorney privilege as it now is;
  - (4) Instructions to expert witnesses;
  - (5) The in-house patent attorney;
  - (6) Correspondence with foreign patent attorneys – the current law;
  - (7) Waiver of privilege;
  - (8) Some practical suggestions.

**(1) Introduction**
3. Privileged communications occur every day for patent attorneys:
  - In advice given to clients on the preparation of patents, trade marks and design applications and on other intellectual property rights including those that are not registration-based rights.
  - In the course of advice on potential infringement of intellectual property rights.
  - In the course of briefing evidence (including expert evidence) for oppositions or in High Court litigation.
  - In correspondence with in-house patent attorneys or solicitors.
4. For in-house patent attorneys, special considerations arise as to when privilege can be claimed for communications between the patent attorney and his or her employer/client.

5. Knowing the scope of the privilege or privileges that are available to your client is essential. In New Zealand patent attorneys are often also a qualified solicitor holding a current practising certificate. In these circumstances the client will be advantaged by claiming legal professional privilege rather than patent attorney privilege because the patent attorney privilege both now (and as it will be under the Evidence Bill) is narrower in scope than legal advice privilege and certainly narrower than legal litigation privilege.
6. In all cases it is important that issues of privilege are reviewed and considered early on when the file is opened and the scope of the instruction is first being established. By being careful at the outset, it is possible to ensure that structures are put in place to ensure that appropriate communications and documents qualify as privileged and that privilege is not inadvertently waived to the detriment of the client. It is critically important to think about who the client is and who the real client is, so that your file opening and initial letters properly reflect the real position. As is discussed later, it can sometimes make a difference as to who the client is.
7. The importance of keeping privilege issues constantly under review throughout the life of the file cannot be underestimated. In particular, when the attorney is considering advising that the client waive his or her privilege – for example, in relation to an expert's report. In these circumstances the attorney will need to consider and advise on the risk of a deliberate waiver of one document leading to possible implied waiver of other documents in a sequence or underlying documents referred to in the report.

## **(2) The basics on legal privilege**

8. Legal professional privilege has been described most recently by the Privy Council as “a right to resist the compulsory disclosure of information”<sup>1</sup>. The privilege is usually invoked to resist disclosure of a relevant document although it may also be invoked in legal proceedings to refuse to answer a question. It is a longstanding right which has been recognised by the common law since the reign of Elizabeth I.
9. The policy underlying the justification for the privilege is the public interest in people being able to consult their legal advisers in confidence knowing that confidence will be respected. That rationale was succinctly set out by Jessell MR in *Anderson v Bank of British Columbia*<sup>2</sup>:

“The object and meaning of the rule is this: that as, by reason of the complexity and difficulty of our law, litigation can only be properly conducted by professional men, it is absolutely necessary that a man, in order to prosecute his rights or to defend himself from an improper claim, should have resource to the assistance of professional lawyers and it being so absolutely necessary, it is equally necessary, to use the vulgar phrase, that he should be able to make a clean breast of it to the gentleman whom he consults with a view to the prosecution of his claim, or the substantiating [of] his defence against the claim of others; that he should be able to place unrestricted and unbounded confidence in the professional agent, and that the communications he so makes to him should be kept secret, unless with his consent (for it is his privilege, and not the privilege of the confidential agent), that he should be enabled properly to conduct this litigation. That is the meaning of the rule.”

10. Consistent with the rationale, the privilege belongs to the client who may restrain the solicitor from making disclosure or may waive the privilege.

<sup>1</sup> *B v Auckland District Law Society* [2003] 2 AC 736 per Lord Millet.

<sup>2</sup> (1875-1876) L.R. 2 Ch. D. 644, 649.

11. Broadly speaking, the privilege covers three kinds of communication:
- (a) Communications between the client or his agents and the client's professional legal advisers (**legal advice privilege**); and
  - (b) Communications between the client's professional legal advisers and third parties, if made for the purpose of pending or contemplated litigation (**litigation privilege**); and
  - (c) Communications between the client or his agent and third parties, if made for the purpose of obtaining information to be submitted to the client's professional legal advisers for the purpose of obtaining advice upon pending or contemplated litigation (**litigation privilege**).
12. The party claiming the privilege bears the onus of proving that the communication was made, or the document was brought into existence, for the dominant purpose of giving or obtaining legal advice.
13. A helpful practical summary of the principles governing legal professional privilege is set out in the recent decision of the Federal Court of Australia in *AWB Limited v Honourable Terence Rhoderic Hudson Cole* (No 5).<sup>3</sup>

*Legal advice privilege*

14. Legal advice privilege protects communications between the client or his agents and the client's professional legal advisers where those communications are made for the dominant purpose of giving or receiving legal advice. It applies even if litigation is **not** in reasonable prospect although the range of documents to which it applies is narrower.
15. The concept of "dominant purpose" is an important one – i.e. the communication was for the dominant purpose of giving or receiving legal advice. A dominant purpose is one that predominates over all other purposes – a prevailing or paramount purpose<sup>4</sup>. Where communications take place between a client and his or her independent legal advisers or between a client's in-house lawyers and those legal advisers, it is appropriate in most cases to assume that legitimate legal advice was being sought, absent any contrary indications<sup>5</sup>.
16. The privilege was extensively considered in the *Three Rivers* litigation arising out of the Bingham inquiry into the collapse of BCCI. Against the background of those authorities the test for legal advice privilege was recently restated by the High Court of New Zealand in *The Commerce Commission v Bay of Plenty Electricity Limited*<sup>6</sup> as follows:
- (a) Does the advice have a "**relevant legal context**"? Does the advice relate to the rights, liabilities, obligations or remedies of the client under either private or public law? If not, then legal advice privilege would not apply to any communications or documents in relation to that advice.

<sup>3</sup> [2006] FCA 1234 [44], Young J.

<sup>4</sup> *AWB v Cole* [2006] FCA 571 [105-6]; *FCT v Pratt Holdings* (2005) 225 ACR 266, [30]; *Guardian Royal Exchange Assurance of New Zealand v Stuart* [1985] 1 NZLR 596.

<sup>5</sup> *AWB v Cole* [2006] FCA 1234, [44]; *Kennedy v Wallace* 208 (2004) ALR 424, 442 [65]; *Kennedy v Wallace* (2004) 142 FLR 185, 191-2 [23]-[27].

<sup>6</sup> Wellington Registry CIV 2001-485-917, Wild J, 13 February 2006.

- (b) Objectively assessed, is it reasonable to expect the privilege to apply? If the advice does meet step one of the test then, on an objective assessment having regard to the policy underlying the justification for legal advice privilege, is the occasion on which the communication takes place and is the purpose for which it takes place such as to make it reasonable to expect the privilege to apply?
17. An important difference between legal advice privilege and litigation privilege is that legal advice privilege will not apply to communications between clients and third parties, even though the purpose of the communication is to enable a lawyer to be instructed. Neither can the client claim privilege for communications between the lawyer and third parties where no litigation is contemplated.
18. Following the Court of Appeal decision in *Three Rivers (No.5)*, it may also be the case that in certain circumstances legal advice privilege may not be claimed for communications within a company even where those communications are created for the purpose of instructing a lawyer.<sup>7</sup> Given the difficulties that such an approach would present for claiming the privilege for communications with an in house legal adviser it is hoped that this decision will not be followed by New Zealand courts.

#### *Litigation privilege*

19. Litigation privilege arises only where litigation is in prospect or pending and is broader in scope than legal advice privilege. Whether litigation is contemplated at the time of the communication is a question of fact.
20. The justification for the privilege is that the effective conduct of litigation in an adversary system requires that a party or potential party should be free to seek evidence to conduct their preparations for litigation without being obliged to disclose the result of this research to the other side. Litigation privilege “does not protect private secrets but only the process of collecting evidence”.<sup>8</sup>
21. Once litigation is in contemplation, the privilege applies to any communications between the client and his legal adviser or agent **or** between one of them and a third party where the communication is made for the dominant purpose of either giving or receiving legal advice with regard to the litigation or collecting evidence for use in the litigation.
22. Litigation privilege is the privilege relied upon for withholding evidence of communications with witnesses. Briefs of evidence or witness statements are privileged, at least until they are delivered to another party to the litigation. It is necessary to return shortly to the issue of litigation privilege in relation to expert witnesses.

<sup>7</sup> *Three Rivers DC v Bank of England (No.5)* [2003] QB 1556. In order to organise the Bank's response to the Bingham inquiry the Bank had set up an internal unit known as the Bingham Inquiry Unit (BIU) through which all communications within the bank were routed and the BIU communicated directly with the Bank's external solicitors, Freshfields. The Court of Appeal held that the BIU and not the Bank was the client for the purpose of instructing Freshfields. This meant that the communications within the bank (i.e. between the BIU and other employees or officers of the Bank) were treated like communications with third parties and were held not to be privileged.

<sup>8</sup> Law Commission, *Evidence Law: Privilege* (NZLC PP23, 1994), [89]-[99].

### (3) Patent attorney privilege – as it now is

23. In dealing with patent attorney privilege, I will speak only of the current law contained in the Evidence Amendment Act (No. 2) 1980. I will leave Greg Arthur to explain the new provisions that will apply once the new Evidence Bill passes into law.
24. It is important to refer to and be aware of the existing law for two reasons. First, obviously it continues to apply for a little longer and secondly, there are some examples under the current law of how the privilege has been interpreted and dealt with. These will endure.
25. A New Zealand patent attorney privilege is solely a statutory privilege. Communications between a patent attorney and his or her client have never been privileged at common law<sup>9</sup>.
26. The privilege has its origins in the report of the Torts and General Law Reform Committee, *Professional Privilege and the Law of Evidence*<sup>10</sup>. The Committee recognised that patent attorneys provide specialist advice in relation to IP matters and that the rationale underlying the grant of a privilege to communications between patent attorneys and their clients was analogous to the rationale underlying legal professional privilege. The committee recognised that “*a legal quality permeates all his [a patent attorney’s] advice*”.
27. The privilege is granted by s34 of the Evidence Amendment Act (No. 2) 1980, which provides:

#### “34. Communication to or by patent attorney, etc

1. A registered patent attorney shall not disclose in any proceeding any communication between himself and a client or any other person acting on the client’s behalf made for the purpose of obtaining or giving any **protected information or advice**, except with the consent of the client or, if he is dead, the consent of his personal representative.
2. A person shall not disclose in any proceeding any communication between himself and another person made for the purpose of obtaining or giving any protected information or advice sought by that other person for submission to a registered patent attorney in his professional character, except with the consent of that other person, or he is dead, the consent of his personal representative.
3. This section shall not apply to any communication made for any criminal purpose.
4. In this section, **protected information or advice** means information or advice relating to any patent, design, or trade mark, or to any application in respect of a patent, design, or trade mark, whether or not the information or advice relates to a question of law.”

### Scope of the privilege

#### *The Frucor Decision*<sup>11</sup>

28. The Frucor decision clarified that s34 is to be interpreted broadly in light of Parliament’s intent when enacting it. A majority of the Court of Appeal confirmed the

<sup>9</sup> *Frucor Beverages Limited v Rio Beverages Limited* [2002] 2 NZLR 604 at para 11.

<sup>10</sup> Ministry of Justice 1977.

<sup>11</sup> *Frucor Beverages Limited v Rio Beverages Limited* [2001] 2 NZLR 604 (CA).

previous patent attorney practice that information in the hands of the patent attorney's client, as well as that in the hands of the patent attorney was protected.

29. The point arose because the literal words of s34(1) quite clearly only cover material in the hands of the patent attorney. Yet, on a purposive approach, the Court of Appeal held that the section also protected documents held by the client despite there being no words in the actual section which could be interpreted to mean this. In reaching its decision the Court of Appeal relied heavily on the legislative history of s34, although the Court was not asked to and did not consider the scope of "protected information or advice" as defined in that section.
30. The Court of Appeal (at para [19] of its decision), referred to the Parliamentary Explanatory Note accompanying the Bill that became the Evidence Amendment Act 1980 (No. 2). This Explanatory Note states, "clause 41 [which became s34] sets out a privilege in respect of communications relating to patents ...". This note was held to support the Court's finding that in general "communications between a patent attorney and his client are privileged".
31. The Court of Appeal also noted that a literal interpretation of s34 would render that section useless as any protected information held by clients would be obtained even if copies of the same information in the hands of the patent attorney were privileged. In the *Frucor* case the majority of the Court noted the unsatisfactory distinction that might arise if s34 were not given a purposive interpretation – particularly where the patent attorney was also a solicitor. The Court foresaw undesirable consequences.

#### *The Pfizer Decision*

32. In the recent case of *Pfizer Ireland Pharmaceuticals v Eli Lilly*<sup>12</sup> the New Zealand High Court considered the scope of the privilege and in particular construction of the words "**relating to**" any patent or application in respect of a patent.
33. The facts of that case were that in the course of patent infringement and revocation proceedings, Lilly had sought orders for the production and inspection of three documents. The disputed documents summarised responses given to a Pfizer in-house patent attorney from patent attorneys in a series of different jurisdictions (including New Zealand) as to whether Swiss form claims were acceptable. The advice had been sought and given in the context of the intended prosecution of the PCT patent application.
34. The documents were severable into parts that recorded advice from a firm of **New Zealand** registered patent attorneys and solicitors and parts that recorded advice from **foreign** patent attorneys and in some case lawyers.
35. Pfizer accepted that parts of the documents recording advice from the New Zealand patent attorneys were relevant but claimed patent attorney privilege over those parts. As to the other parts, the advice from foreign patent attorney and solicitors, Pfizer claimed that these parts were not relevant to a case involving infringement and revocation of the New Zealand patent.
36. Lilly argued that the disputed documents could not fall within s34(4) as, at the time the documents came into existence the New Zealand patent had not been applied for. Lilly's argument was that advice which **preceded** the patent application was not protected. Pfizer argued that this was unworkable as it would lead to the dissection

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<sup>12</sup> 66 IPR 661.

of communications between patent attorneys and their clients whereby certain specific advice in a communication would be protected but general advice in the same communication would not be. Fine arguments would arise as to whether or not particular pieces of advice were general or specific and discovery would become an excessively burdensome and onerous task.

37. The issue was one of some importance in that the protection intended to be granted by s34 would have been seriously eroded if it were held to apply only to information or advice that only related specifically to a particular *existing* patent or patent application. Patent attorneys give large amounts of advice on the drafting and preparation of applications *prior* to them being completed and filed.
38. In applying the purposive approach to the interpretation of s34 adopted by the Court of Appeal in the *Frucor* decision, Potter J held that the words “relating to any patent or any application in respect of a patent” was sufficiently broad to include under the ambit of protected information or advice, information or advice that related to an application in its formative stages. On the facts, Pfizer had plainly been taking advice from its New Zealand attorneys on whether certain claims were acceptable. Such advice was clearly within the scope of the privilege. Potter J said a narrow interpretation such as one that Lilly was putting forward “would lead to absurd and unworkable outcomes”<sup>13</sup>.

#### *The current scope of the privilege*

39. On its face the current scope of the special statutory provision in the Evidence Amendment Act (No. 2) 1980 is far too limited and simply does not cater for the needs of the modern patent attorney by confining the privilege to just patents, trade marks and designs. That is a matter which Greg Arthur will discuss in his paper and fortunately is about to be remedied by the forthcoming Evidence Bill.

#### **(4) Instructions to expert witnesses**

40. At this point it is topical to deal with an aspect both legal and patent attorney privilege namely instructions to expert witnesses.
41. It is important to recognise that under the current law, the patent attorney privilege is a legal advice privilege. Patent attorneys do not have a litigation privilege that lawyers have. This is despite a tentative statement by Master Williams QC (as he then was) in *Whangapirita v Allflex NZ Limited*<sup>14</sup>. What are the consequences of this?
42. Where litigation is carried out in the High Court, the patent attorney will generally be a key part of the legal team with a barrister and solicitor running the litigation. Where the attorney contacts expert witnesses and is involved in the briefing of the expert, then, most often, the attorney will be acting as agent of the client and the barrister/solicitor for the dominant purposes of collecting evidence for use in the litigation. Accordingly, the attorney’s actions will be covered by the litigation privilege. But it is nonetheless worth thinking about the briefing process and, to be on the safe side, the initial instructions to the expert should come from the lawyer in the first place.

<sup>13</sup> Ibid [53].

<sup>14</sup> (1991) 5 PRNZ 151, 154. There Williams QC suggested that s34(1) “appears to import the notion of dominant purpose outlined in *Stuart’s* case and to make the patent attorney’s privilege comparable *in some degree at least* with legal professional privilege and litigation privilege as described in that case”. The writer respectfully disagrees that the privilege in s34(1) extends to litigation privilege.

43. Where there will be a significant issue of lack of privilege, is in cases before IPONZ where there is no lawyer involved. Typically a patent attorney will approach an expert. The attorney may send out some prior art and a questionnaire. This is particularly so as it is now regarded as “leading the expert witness” to provide the patent or patent application. In Australia, there is a practice of attorneys even sending out a draft brief of evidence that the attorney has prepared in advance.
44. The Patent Regulations 1954 contain powers<sup>15</sup> allowing the Commissioner to direct documents be furnished within such period as he may fix. The issue arises whether, under this provision, the Commissioner could be prevailed on to order disclosure of the patent attorney’s instructions to the expert which preceded the declaration as well any questionnaire. This could be particularly useful if there were to be any difference in wording between the questionnaire and the evidence tendered or between drafts of evidence and the final version.
45. As I understand it, the Commissioner in New Zealand has not exercised this power in Regulation 145 in the past and may require some justification for doing so in the future. But, as noted, patent attorneys do not currently have a litigation privilege. Therefore if the Commissioner could be persuaded to exercise this power, there is no privilege that can be asserted in the first place.

*Discoverability of prior documents from expert witnesses*

46. This leads on to a discussion of what happens with expert witnesses either before IPONZ or the High Court even where **solicitors** within the team are used to instruct the expert witness. What does the privilege cover? What can an opponent obtain by way of further discovery?
- (a) It is reasonably clear from authorities, that the initial instructions given by the solicitor to the expert will be covered by litigation privilege. But it is sometimes difficult to draw a “tidy line” between the expert’s evidence and the instructions, because the opinion of the expert is commonly based on the facts supplied to him or her and the expert is obliged to state those facts in the evidence<sup>16</sup>;
- (b) Secondly, once the expert’s brief is **served** on the other side, then there is a waiver of any litigation privilege that would otherwise apply to the brief. Further, the rules governing expert witnesses in the New Zealand Code for Expert Witnesses then come into play;
- (c) There is recent Australian authority that establishes<sup>17</sup> that any notes or documents generated unilaterally by the expert witness such as working notes or field notes or the witnesses’ own drafts of his or her report, do not

<sup>15</sup> 145: “At any stage of any proceedings before the Commissioner he may direct that such documents, information, or evidence as he may require shall be furnished within such period as he may fix.”

146: “In any proceedings before the Commissioner under the Act or these Regulations, the Commissioner may summon any person to appear and give evidence before him, or to appear and produce any books, deeds, papers or other writings in his possession or under his control relating to the matter of the said proceedings. Every summons issued in pursuance of this regulation shall be in Form 74.”

<sup>16</sup> High Court Rules Schedule 4 3(d); *Interchase Corporation Limited v Grosvenor Hill (Qld) Pty Limited (No. 1)* (1999) 1 QdR 141, 161.

<sup>17</sup> *ASIC v Southcorp* (2003) 46 ACSR 43 at [21]; see also *Interchase Corporation Limited v Grosvenor Hill (Qld) Pty Limited (No. 1)* (1999) 1 QdR 141, 161-2.



attract litigation privilege because they are not in the nature of communications between the expert and the solicitor<sup>18</sup>;

(d) The Fourth Schedule to the High Court Rules requires that the expert:

- “(d) States the facts and assumptions on which the opinions of the expert witness are based;
- (e) Specify any literature or other material used or relied on in support of the opinions expressed by the expert witness.”

It must be remembered that the expert witness now has an overriding duty to assist the Court. As one leading Australian case states<sup>19</sup> it would seriously jeopardise the proper testing of such expert witnesses if privilege were extended to the witnesses drafts of briefs, working papers and other data. “It is undesirable to encourage any tendency to make experts part of a team captained by one party. Opinion evidence is a special kind of evidence and courts have traditionally encouraged experts who are qualified to give such evidence to be objective. In my view an expert’s duty to the Court is more important than the duty to a client”.

47. An attempt to obtain disclosure of patent attorneys instructions to a witness has been raised in one Australian case before IP Australia in April 2006. In *Warner-Lambert Company v Cardinal Heath Inc*<sup>20</sup> the applicant requested the Commissioner to issue a notice under s201 of the Patents Act 1990. This enables the Commissioner to require the production of documents or articles. In particular, the documents the applicant sought included:

- All documents sent by the opponent including its attorneys to the expert regarding preparation of the evidence in support.
- All of the expert’s responses including drafts of declarations.
- All file notes and memoranda made by the expert relating to preparation of the declarations.

The opponent provided three documents but objected to the others.

48. Assistant Commissioner Phillip Spann relied on the observations in the *ASIC v Southcorp* and held that the privilege in the communications:

“Whether further instructions to the expert, information put to the expert or draft declarations transmitted to them, cannot be maintained at the same time as the opponent seeks to rely on the expert’s declarations in the proceedings.”

“More particularly as to the drafts of declarations, it occurs to me that a process whereby an expert witness is provided with drafts of their declaration to which they are asked to agree or not, leads directly to a reasonable inference that the draft may have influenced the expert and accordingly that the effects of those drafts in the expert’s opinion should rightly be open to scrutiny. I appreciate the practice may be common in opposition proceedings and may be expedient for the parties noting the difficulty often associated with engaging experts. However it does not appear to me that it can be done in the expectation that a claim of privilege is likely to be maintained. Otherwise

<sup>18</sup> *ASIC v Southcorp* Supra; *Interchase Corporation Limited v Grosvenor Hill (Qld) Pty Limited (No. 1)* (1999) 1 QdR at 161-2. But see *Brookfield v Yevad Products Pty Limited* [2006] FCA 1180. The better view may be that once the brief has been served and privilege is waived, then certainly these documents are available.

<sup>19</sup> *Interchase* at 161.

<sup>20</sup> [2006] APO 14 (20 April 2006).

upholding the claim to privilege would be inconsistent with the objectivity and transparency required in relation to expert evidence.”

### **(5) The in-house patent attorney**

49. In one case, *Whangapirita v Allflex New Zealand Limited*<sup>21</sup>, discovery was sought in respect of communications between a patent attorney, Don Hopkins, and the defendant as well as notes of meetings in which Don Hopkins was present. At the time Don Hopkins was the assistant company secretary of the defendant as well as a patent attorney. Master Williams QC held that the communications between Don Hopkins and the client were only privileged if they were made to by him as a patent attorney in his professional capacity as such. Where they were in his capacity as assistant company secretary, then the privilege would not attach<sup>22</sup>.
50. Several recent articles<sup>23</sup> - including two in New Zealand – have helpfully provided practical guidelines for in-house counsel to ensure the documents are protected by legal privilege. Many of these guidelines would equally apply to the in-house patent attorney. The suggested guidelines for the protection of the privilege include:
- Ensuring in-house counsel or patent attorneys act in the capacity of a legal adviser or patent attorney not in some other capacity such as assistant company secretary.
  - Setting up structures to distinguish between work done in a legal or patent attorney capacity and work done in a commercial capacity.
  - Making sure the adviser has a legal practising certificate if a lawyer or a current registration as a patent attorney.
  - Marking correspondence provided in the capacity as a lawyer or patent attorney as “privileged and confidential” is strongly recommended.
  - Making sure that the in-house title distinguishes the person as a professional adviser – e.g. “In-house Legal Counsel or an In-house Patent Attorney” as opposed to a non-patent attorney title such as assistant company secretary.

### **(6) Correspondence with foreign patent attorneys – the current law**

51. It has been commonplace for many decades for foreign patent attorneys to act as master co-ordinator of instructions in numerous jurisdictions for the filing of patents, designs or trade marks. The foreign patent attorney will instruct the local attorney to file the application in New Zealand. There is then usually follow up correspondence on registrability and other issues.
52. This may involve the foreign patent attorney providing New Zealand patent advisers with background information concerning the invention, advice from foreign lawyers or patent attorneys or evidence in any litigation involving the patent. It is therefore important for the New Zealand adviser to consider when communications with foreign patent advisers will attract privilege.

<sup>21</sup> (1991) 5 PRNZ 151.

<sup>22</sup> See also *Commerce Commission v Bay of Plenty Electricity Limited* (13 February 2006, High Court, Wellington, CIV 2001-485-917, Wild J).

<sup>23</sup> Lambert *In-house Counsel and the Attorney Client Privilege*, National Law Journal, 14 August 2000; Whitaker and Paton *What Flows from Three Rivers* (2005) NZLJ ...; G Hall “*In-house Counsel: Legal Advisers or Men and Woman of Business?*”, *NZ Lawyer* 3 November 2006.

53. While under the **current law** there is no foreign patent attorney privilege per se it will often be the case that the foreign patent attorney will be communicating with the New Zealand attorney as an agent for the client such that, so long as the communication meets the definition of “protected communication” in s34(4), the privilege will apply. A dominant purpose test will be applicable here as additional information concerning our client’s broad commercial intentions or strategies may not be protected by patent attorney privilege in New Zealand.
54. It will be recalled that patent attorney privilege in New Zealand protects “information or advice relating to any patent, design or trade mark, or to any application in respect of a patent, design, or trade mark”.
55. It has been held in an Australian case and accepted in the corresponding New Zealand case in litigation between *Pfizer v Eli Lilly*<sup>24</sup> that there is no foreign patent attorney privilege and that the statutory protection extends only to patent attorneys who are registered in Australia or in New Zealand. This anomaly in New Zealand will be addressed by Greg Arthur in his paper outlining the new Evidence Bill<sup>25</sup>.

#### (7) Waiver of privilege – how privilege may be lost

56. It is vital that patent attorneys – particularly those who are involved in litigation or preparing briefs for litigation – have an awareness of the circumstances in which privilege can be waived or lost. A waiver of privilege can occur in a number of situations, some of which can be quite devastating.

##### (a) Express waiver

57. Express waiver occurs where a party intentionally discloses protected material such as reading out a privileged document in open Court or tendering in Court a privileged communication. In making the decision to advise a client to deliberately waive privilege, the downstream consequences must be carefully evaluated. The party (or its legal advisers) waiving privilege and relying on a document need to be very sure of the consequences. A principle known as “cherry picking”<sup>26</sup> means that if there is a waiver of patent attorney advice or legal advice, then this will involve waiver of the whole advice and sometimes even associated material.<sup>27</sup>
58. So if the waived document forms part of a sequence of documents then on the facts of a particular case, the waiving party may find that it is obliged to put the whole sequence before the Court in order to be fair to the opponent. It is important to remember this otherwise you may find that your attempt at limited express waiver unravels on you.

<sup>24</sup> (2004) 61 IPR 292 (Australia, Heerey J); (2005) 66 IPR 661 (New Zealand, Potter J).

<sup>25</sup> There is authority that the underlying rationale for **legal advice privilege** does not provide a basis for viewing foreign lawyers and foreign legal advisers differently from domestic lawyers and legal advisers: *Kennedy v Wallace* (2004) 208 ALR 424:

“Part of the practical guarantee of the fundamental, constitutional human right and part of the practical worth of the fundamental common law privilege, is to seek advice from a lawyer as to one’s rights and obligations in a complex human, commercial and governmental environment which may be, for any particular person, multi-jurisdictional. A principle which differentiates between foreign and domestic lawyers in terms of approach based on training, ethics and curial control, is not warranted, in my view, by reference to the underlying rationale of the privilege, at least in circumstances where the person opposing the privilege claim does not raise issues of the kind referred to earlier.”

<sup>26</sup> Hollander 9<sup>th</sup> edition para 19-16; *Nea Kateria Maritime Co Limited v Atlantic & Great Lakes Steam Ship Corp* (No. 2) [1981] Com LR 138.

<sup>27</sup> *Derby & Co Ltd v Weldon* (No 10) [1991] 2 All ER 908 if *Mudgway v NZI* [1988] 2 NZLR 283.

(b) *Implied waiver – deployment of privileged material*

59. A second way in which either patent attorney or legal privilege can be waived is by accident or by conduct. This is often called Implied Waiver. Again, although the privilege actually belongs to the client, the actions of the patent attorney or legal adviser can result in the waiver. A waiver can occur by implication or conduct even though you never intended it.
60. The leading New Zealand case is the Court of Appeal decision in *Ophthalmological Society of NZ Inc v Commerce Commission*<sup>28</sup>. Here the Court held that there were two elements involved in implied waiver of privilege - conduct inconsistent with maintaining confidentiality in a privileged document **and** potential injustice to the other party. In each case, the Court must look closely at the context of the disclosure, the issues before the Court, and the particular privilege in question<sup>29</sup>.
61. If the state of mind of a defendant is in issue and the defendant relies on the fact of patent attorney or legal advice to show that it was acting bona fide, then there may be waiver of that privileged advice. In *Advantage Computers v Advantage Group Limited*<sup>30</sup> one of the defences relied on in a trade mark infringement action was bona fide use of a name<sup>31</sup>. One of the defendant's witnesses in its brief of evidence expressly stated that in using the name ADVANTAGE and/or in making application for its own registration of ADVANTAGE in the face of the plaintiff's trade mark registrations, it had obtained legal advice from a particular law firm.
62. When the brief was read in open Court, the plaintiff applied for discovery of the relevant legal advice and associated services, on the basis that there had been an implied waiver of privilege. The state of mind and the conduct of the defendant was squarely in issue. Further, the defendant was relying on and taking some kudos from the fact of the legal advice to show that it was acting bona fide. This was being done without disclosing what that legal advice was. Chambers J ordered discovery be provided. There had been a deployment of the document and it would be unfair to the plaintiff to allow the defendant to rely on the fact of legal advice without disclosing it. As it turned out, the legal advice from the defendant's law firm plainly advised of the evidence of the plaintiff's two key trade mark registrations.
63. However it is important to examine the context. The mere mention of the fact that there has been legal advice does not of itself amount to waiver<sup>32</sup>. In *Rochester v Fujitsu General NZ Limited*<sup>33</sup> an interlocutory application was filed seeking leave to file a further amended statement of claim. In an affidavit in support of the application, Fujitsu's general manager explained that, as a result of a misunderstanding by the company's former counsel, he had not had a proper opportunity to review the draft of the previous statement of claim. The witness stated that the proposed changes were based on advice received from senior counsel. In a further affidavit, he stated that it was only after he met with new counsel, that he had understood what was required in the litigation.
64. The appellants promptly sought discovery and inspection of three categories of documents including the advice received from senior counsel in relation to the statement of claim. The Court of Appeal held that, in this instance, there had been

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<sup>28</sup> [2003] 2 NZLR 145.

<sup>29</sup> *Ophthalmological Society of New Zealand Inc v Commerce Commission* [2003] 2 NZLR 145 (CA) [30].  
Auckland High Court, CP 269-AS02, 19 July 2002, Chambers J.

<sup>30</sup> S12 Trade Marks Act 1953.

<sup>31</sup> Hollander QC, *Documentary Evidence*, (9<sup>th</sup> ed, 2006), Sweet & Maxwell, [19-16], [19-20].

<sup>32</sup> (2003) 16 PRNZ 740.

nothing more than a bare reference to legal advice in an explanation for the filing of a new pleading and that was perfectly consistent with keeping the content of the advice privileged.

**(8) Some practical recommendations for patent attorneys**

*(a) Understand privilege*

65. It is critical to have a good understanding of patent attorney privilege. This is an essential part of your tools of trade as a patent attorney. In addition, many patent attorney firms involve both patent attorneys and lawyers, so there is a need for a proper understanding of the two types of **legal** privilege (particularly litigation privilege).

66. Equally practitioners need to be acutely aware of the dangers involved in waiving privilege – either expressly or impliedly.

*(b) Interim position until Evidence Bill comes into force*

67. Until the Evidence Bill passes its third reading and comes into force, there is a need to be acutely aware that the present scope of the patent attorney privilege is very limited. If, within your firm, one member of your team is a lawyer, then it would be sensible to use the lawyer as part of the team communicating to the client so that your client can claim the benefit of the wider privilege. Where the advice extends beyond patents, trade marks and designs. By doing so, your client can claim the benefit of the wider legal privilege.

*(c) Mark correspondence and emails*

68. Always think about marking your correspondence with “privileged and confidential”. Of course this should not be used indiscriminately. Further, it is clear that just because you have marked a document that way, it does not automatically mean that the document is privileged. But it is a sensible precaution for communicating with clients.

*(d) Be disciplined with your emails*

69. The temptation with emails is to be too chatty and informal. Treat an email like any other letter. Create the **context** so that you can claim privilege later. State things like:

“This email is by way of follow up to your request for advice on ...”

Even if it is a short email, state a context. That way you can explain why you are writing and create the circumstances for the claim to privilege to be made. Obviously if this is coupled with the fact that the email is marked “privileged and confidential” you have done all you can to properly protect your client’s interests.

*(e) Instructing experts in oppositions and litigation*

70. Because of the wider legal litigation privilege, it is important to think about who instructs experts. Even under the new Evidence Bill, the patent attorney privilege does not provide a litigation privilege. In opposition cases before IPONZ, it would be sensible and safer to ensure that experts are briefed by a lawyer in the team. In matters before the High Court there are still arguments that the patent attorney is

acting as agent of the solicitor but the safest course is for the formal instructions to be sent by the lawyer.