Keywords: Patent agent; privilege; patent-agent privilege; attorney-client privilege.

General: Patent-agent privilege extends to communications between a patent agent and a client when the agent is acting within the agent's authorized practice of law before the Patent Office.

In re: Queen's University at Kingston, PARTEQ Research and Development Innovations,
Petitioners.
U.S. Court of Appeals for the Federal Circuit
No. 2015-145
Decided: March 7, 2016

I. Background

Petitioners Queen's University at Kingston and PARTEQ (together, "Queen's University") are engaged in a patent infringement action against Samsung Electronics Co., Ltd. and Samsung Electronics America, Inc. (together, "Samsung") in the United States District Court for the Eastern District of Texas. Queen's University sought a writ of mandamus directing the district court to withdraw its order compelling the production of Queen's University's communications with its non-attorney patent agents on grounds that the communications are privileged.

II. Issue

Did the district court err in compelling production of Queen's University's communications with its non-attorney patent agents on grounds that the communications are not privileged?

III. Discussion

Yes. The Federal Circuit creates a patent-agent privilege that extends to communications between a patent agent and a client when the agent is acting within the agent's authorized practice of law before the Patent Office. Based on this newly created privilege, the district court erred in compelling production of Queen's University's communications with its non-attorney patent agents on grounds that the communications are not privileged.

Reasoning

- Rule 501 of Federal Rules of Evidence (FRE) addresses what is privileged and authorizes federal courts to define new privileges by interpreting common law principles:

> 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.

- The majority recognized the balance between the right to discover evidence and protecting evidence via privilege, as well as the presumption against creation of a new privilege.
    - The dissent heavily favored the right of the public to every man's evidence outweighing the creation of a new privilege.
- The majority recognized that the attorney-client privilege exists to encourage "full and frank communication" between the attorney and the client, thereby promoting broader public interest in the observance of law and administration of justice.
    - The dissent argued that the court has held that the need for confidence and trust alone is insufficient to create a new privilege. Moreover, the nature of patent prosecution (specifically with respect to the duty to disclose all information known to that individual to be material to patentability) reduces any public interest benefit achieved by the patent-agent privilege in encouraging full and frank communication between a client and agent.
- The majority recognized that courts have consistently refused to protect communication between clients and non-attorney client advocates (e.g., accountants) from discovery.
- The majority noted that a client has a reasonable expectation that all communications related to "obtaining legal advice on patentability and legal services in preparing a patent application" will be kept privileged. Otherwise, the purpose of Congress's design (i.e., to afford the client's freedom to choose between an attorney and a patent agent for representation before the PTO) is frustrated.

Sperry v. State of Florida ex rel. Florida Bar, 373 U.S. 379 (1963)

- The Supreme Court in *Sperry* held that (1) activities of patent agents before PTO constitute the practice of law and (2) the state of Florida did not have authority to regulate those activities (because patent agents are authorized and permitted by Congress to appear before PTO).
    - The majority pointed out that just because the Commission of Patents mentioned that a patent-agent privilege was not then assertable in court, did not mean, as the dissent implied, that Congress considered and rejected creation of such a privilege. The majority recognized its own authority to acknowledge new privileges where changing circumstances and considerations so warrant – and recognized that neither the Commissioner nor Congress in 1928 could have foreseen the expansion of patent litigation or the significant role that prosecution history of patents would take in that litigation.
- The Supreme Court in *Sperry* found that the rights conferred to patent agents are federal rights and Congress expressly permitted the Commissioner to promulgate regulations that allow patent agents to practice before the PTO in the 1952 Patent Act. Ultimately, Congress endorsed a system in which patent applicants can choose between patent agents and patent attorneys when prosecuting patents before the PTO and, as such, Florida could neither prohibit nor regulate that which federal law allowed.

Jaffee v. Redmond, 518 U.S. 1, 8 (1996)

- The Supreme Court in *Jaffee* recognized a psychotherapist privilege under the (FRE) by relying on a number of factors such as recognition of the privilege by the States, endorsement of the privilege by a Judicial Conference Advisory Committee, and a need

for trust and confidence between the client and psychotherapist. Samsung attempted to show that these factors were not met by patent agent privilege

- However, the majority distinguished these factors by explaining that, in *Jaffee*, among other reasons, (1) there was no clear congressional intent to authorize an agency to create and regulate a group of individuals with specific authority to engage in the practice of law and (2) due to the federal nature of the activities at issue here, state action would be inappropriate.
- The dissent pointed out that the dissent in *Jaffee* noted that the lawyer-client privilege is not identified by advice-giving practiced by the person to whom the communication is given, but rather the professional status of that person. The majority responded that the Supreme Court's characterization of the activity in *Sperry* coupled with the clear intent of Congress to enable the PTO to establish prosecution by either patent attorneys or patent agents confers professional status of the patent agent, as evidenced by passing the PTO exam and having a technical or science-based degree. The majority also noted that, while patent agents do not have the ethical obligations imposed on attorneys, they do have ethical obligations imposed by the PTO.

Scope of privilege

- The majority noted that only those communications that are within the scope of activities authorized by Congress may be protected by the patent-agent privilege. The majority also noted that the regulations promulgated by the PTO relating to the scope of a patent agent's ability to practice before the PTO help to define scope of communications covered by the patent-agent privilege. Such regulations include those cited in 37 CFR § 11(b)(1) as :

> Practice before the Office in patent matters includes, but is not limited to, preparing and prosecuting any patent application, consulting with or giving advice to a client in contemplation of filing a patent application or other document with the Office, drafting the specification or claims of a patent application; drafting an amendment or reply to a communication from the Office that may require written argument to establish the patentability of a claimed invention; drafting a reply to a communication from the Office regarding a patent application; and drafting a communication for a public use, interference, reexamination proceeding, petition, appeal to or any other proceeding before the Patent Trial and Appeal Board, or other proceeding.

- The majority noted that communications between non-attorney patent agents and their clients that are in furtherance of the performance of these tasks, or "which are reasonably necessary and incident to the preparation and prosecution of patent applications or other proceeding before the Office involving a patent application or patent in which the practitioner is authorized to participate" receive the benefit of the patent-agent privilege. 37 CFR § 11(b)(1).
- The majority also noted that the burden of determining which communications are privileged rests on the party asserting the privilege.
- Communications that are not reasonably necessary and incident to the prosecution of patents before the PTO fall outside of patent-agent privilege. For example, communications with a patent agent who is offering an opinion on the validity of another

party's patent in contemplation of litigation, or for sale or purchase of a patent, or on infringement, are not "reasonably necessary and incident to the preparation and prosecution of patent applications or other proceeding before the Office." 37 CFR § 11(b).

- The dissent argued that it may be difficult to determine what functions reasonably would be within the scope of practice authorized by the PTO. For example, the majority's example of validity analysis of a patent may actually be for *inter partes* review or another such practice before the Board, and thus may be within the scope of practice authorized by the PTO.

Court's Role to Address Privilege

- The dissent argued that Congress or the Director of the PTO should create the privilege instead of the courts, if such a privilege is needed. The majority argued that Congress granted courts authority to craft federal rules of procedure and evidence, including rules relating to privilege (per Rule 501 of the FRE).
- The majority also noted that the Director of the PTO has no authority to create a privilege that would be applicable in court.

IV. Conclusion

The Federal Circuit created a patent-agent privilege that extends to communications between a patent agent and a client when the agent is acting within the agent's authorized practice of law before the Patent Office. As a result, the Federal Circuit granted Queen's University's petition for mandamus relief and ordered the district court to withdraw its blanket order compelling production of documents containing communications between Queen's University and its non-attorney patent agents. On remand, it ordered the district court to assess whether any particular claim of privilege is justified in light of the newly-recognized patent-agent privilege.