

Attorney-Client Privilege When Using a Patent Agent

September 19, 2013

Legal Update

Hiring patent agents—persons who do not hold a license to practice law but are licensed to practice in front of the United States Patent and Trademark Office (USPTO)—can be an attractive alternative to more costly patent attorneys. Typically, patent agents can have all of the experience and skills necessary to prosecute patents at the USPTO, but often work at discounted rates in comparison to their attorney brethren. Thus, as companies continue to strive toward lean operation, patent agent hiring may increase. This practice, however, is not without risk. Notably, and as addressed in this article, attorney-client privilege may not attach to patent agent work, even when that work is solely related to representation at the USPTO.

As stated in *In re Echostar Commc'ns Corp.*, courts have long held that the purpose of the attorney-client privilege is to “promote full and frank communication between a client and his attorney so that the client can make well-informed legal decisions and conform his activities to the law.” To that end, the attorney-client privilege is often relied upon by litigants to protect their communications used in forming litigation, licensing, and even patent prosecution strategies. For example, communications between an inventor and the attorney/agent preparing the application can be particularly relevant to issues of inventorship or ownership. Assuming compliance with the various duties of candor owed to the USPTO, the courts, and other parties, oftentimes it is better for the patent applicant that these communications be kept secret. Courts, however, are split as to attaching privilege to patent agents when they are performing patent prosecution at the USPTO while not under the direction of an attorney. Thus, careful consideration should be made when deciding to hire patent agents to perform patent preparation and prosecution work.

The Federal Circuit has yet to directly rule on attaching privilege to patent agent communications with a client in connection with prosecution of a patent at the USPTO. In *In re Spalding Sports Worldwide, Inc.*, the Federal Circuit held that the central inquiry in determining if the attorney-client privilege applies is whether the client made the communication for the purpose of obtaining legal advice. The Federal Circuit also dispelled notions that technical documents are not afforded attorney-client privilege by holding that communications containing technical information may still be privileged since requests for legal advice on patentability or preparation of a patent application require examination of technical data. But, the Federal Circuit—or any circuit for that matter—has not directly ruled on the question presented. The issue has, however, been presented to numerous district courts, generally in response to motions to compel during discovery. Thus far, district courts have been split on the issue.

As discussed below, two lines of reasoning have developed at the district court level. The first line of cases extends from a Supreme Court ruling, *Sperry v. Florida*, regarding Congress’s intent in allowing the USPTO to recognize patent agents as equals of attorneys in matters before it. Based on the Supreme Court’s ruling, certain district courts have reasoned that the attorney-client privilege must attach to agents in order to similarly avoid frustrating Congress’s intent regarding patent agents and attorneys. The second line of reasoning, as espoused in the District of Massachusetts by Judge O’Toole, narrowly tailors the attorney-client privilege only to state licensed attorneys by recognizing that attorneys have a special role with clients. This reasoning analogizes patent agents to accountants, who do not enjoy protection for their communications.

Courts Granting Privilege

At least since the 1963 decision in *Sperry*, the Supreme Court has recognized that Congress established regulations recognizing patent agents to perform a limited form of legal practice in matters before the USPTO. The Supreme Court, however, did not take up the issue of whether the clients of patent agents enjoy the protections of attorney-client privilege. Indeed, there is no mention of attorney-client privilege in the opinion. Regardless, district courts have since extended the holding of *Sperry* to attach attorney-client privilege to non-attorney, registered patent agent communications with inventors.

Most recently, in April, 2012, the Central District of California in *Buyer's Direct Inc. v. Belk, Inc.*, held that "privilege may be invoked over communications between a client and the client's registered patent agent." The *Buyer's Direct* court was persuaded by reasoning espoused in *In re Ampicillin* (available via Westlaw) that the congressional goal of allowing clients to choose between an attorney and a patent agent in proceedings before the USPTO would be frustrated if the attorney-client privilege were not available to communications with registered patent agents.

In *Ampicillin*, the court stated that "in appearance and in fact, the registered patent agent stands on the same footing as an attorney in proceedings before the Patent Office." The court also noted that "freedom of selection, protected by the Supreme Court in [*Sperry*], would, however, be substantially impaired if as basic a protection as the attorney-client privilege were afforded to communications involving patent attorneys but not to those involving patent agents."

A number of districts have similarly followed the *Ampicillin* line of reasoning and held that the attorney-client privilege attaches to inventor-agent communications regarding matters before the USPTO, including the Central District of California, the Eastern District of New York, the Northern District of Illinois, the Eastern District of Michigan, and the Eastern Division of the Northern District of Ohio.

Courts Denying Privilege

Other districts have rejected the *Ampicillin* analysis, instead employing a narrower interpretation of the attorney-client privilege. For instance, the District of Massachusetts has been cited by others for its rationale in denying the privilege.

In 2002, Judge O'Toole of the District of Massachusetts considered this question in *Agfa Corp. v. Creo Products* (available via Westlaw), and held that communications with patent agents are not privileged. Judge O'Toole stated that:

a patent agent could in some sense be thought to be a 'professional legal advisor,' because some or part of the agent's work would include applying in practice on behalf of an inventor what she understood to be the requirements of the law. The same could be said, however, for any number of non-lawyer advocates who formally undertake to 'represent' 'clients' before some tribunal and who advise the clients about how the law might apply to or affect the clients' interests. The 'looks like a duck, walks like a duck' analysis relied on by cases such as those cited... works only if it regards as insignificant the fact that privilege is rooted both historically and philosophically, in the special role that lawyers have, by dint of their qualifications and license, to give legal advice.

Additionally, Judge O'Toole was not persuaded by the argument that *Sperry* supports the extension of the privilege to non-attorney patent agents, noting that in fact the *Sperry* decision has absolutely no discussion of privilege and recognizes that "there is a clear distinction between a non-lawyer patent agent and a lawyer formally admitted to practice before a state bar." Judge O'Toole is not alone in his reasoning, and other district courts have followed similar logic, including the Southern District of New York, the Western District of New York, the Eastern Division of the Northern District of Illinois, and the District of New Jersey.

It should be noted that if a non-lawyer agent is performing work as an agent of an attorney, privilege generally will

attach to all communications in furtherance of the agency. Furthermore, another common question regards the attachment of privilege to communications with foreign patent agents. As might be expected, courts are similarly split on this issue, but generally hold that if the foreign agent is working under the instruction of a U.S. attorney, privilege attaches.

How Does This Impact You?

Patent agents can provide an attractive means to reduce prosecution costs. However, when weighing the decision to hire a patent agent or a patent attorney, firms should be aware of the potential loss of privilege in communications with non-attorney patent agents. In portfolios that are likely to be litigated, this risk can become more serious and should be carefully considered.

Furthermore, when contemplating enforcing a patent that was prosecuted by a patent agent, the issue of patent agent communication privilege is an additional factor to consider in selecting jurisdiction. Given that district courts are split and little guidance is available from circuit courts, the choice of district court can determine whether patent agent communications are protected. Additionally, when defending against infringement claims, defense teams should explore the privilege case law of their jurisdiction as a potential tool to defeat privilege claims by patentees.

This advisory was prepared by Nutter's Intellectual Property practice. For more information, please contact your Nutter attorney at 617.439.2000.

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