FOREIGN PRIVILEGE ISSUES IN U.S. PATENT LITIGATION
WITH FOCUS ON KOREA

By

Andrew Choung (achoung@glaserweil.com)
Mieke Malmberg (mmalmberg@glaserweil.com)
Rex Hwang (rhwang@glaserweil.com)
Clifford Chang (cchang@glaserweil.com)

Of
GLASER WEIL FINK HOWARD AvCHEN & SHAPIRO LLP
10250 Constellation Blvd., 19th Floor, Los Angeles, CA 90067
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>II. U.S. TREATMENT OF “FOREIGN PRIVILEGE” ISSUES IN PATENT CASES</td>
<td>2</td>
</tr>
<tr>
<td>A. Choice-Of-Law</td>
<td>4</td>
</tr>
<tr>
<td>1. Three Main Approaches</td>
<td>4</td>
</tr>
<tr>
<td>2. Cases Applying The “Touching Base” Approach</td>
<td>5</td>
</tr>
<tr>
<td>B. Applying Foreign Privilege Law</td>
<td>10</td>
</tr>
<tr>
<td>III. U.S. COURT TREATMENT OF “KOREAN PRIVILEGE” ISSUES</td>
<td>12</td>
</tr>
<tr>
<td>IV. IMPLICATIONS AND UNANSWERED QUESTIONS</td>
<td>21</td>
</tr>
<tr>
<td>A. Foreign Patent Prosecution</td>
<td>21</td>
</tr>
<tr>
<td>B. Attorney Versus Patent Agent Distinction</td>
<td>18</td>
</tr>
<tr>
<td>V. CONCLUSION</td>
<td>24</td>
</tr>
<tr>
<td>A. Key Considerations</td>
<td>24</td>
</tr>
<tr>
<td>B. Best Practices For Korean Companies</td>
<td>25</td>
</tr>
</tbody>
</table>
I. INTRODUCTION

In the United States, a client’s communication with an attorney and the work product generated by the attorney in preparation or furtherance of litigation are afforded the highest protections against discovery. These privileges and protections are subject to a relatively well-developed body of law. However, when the issues and facts in a U.S. litigation cross over into other countries, implicating cross-border and foreign communications and/or documents, new questions arise. Documents and communications that typically may not be discoverable, may, under certain circumstances suddenly have to be disclosed.

Privileges and protections against discovery raise complex issues when intersecting with the legal systems of other countries. A U.S. client may easily be in communication with foreign attorneys and patent agents concerning matters that are domestic, foreign or a mixture, such as in the case of global litigation and worldwide patent prosecution efforts. These issues become even thornier when the foreign legal system in question is significantly different from that of the U.S., such as in countries that do not have U.S.-style pre-trial party discovery or formalized attorney-client privilege or work-product doctrines. In these contexts, the U.S. courts may not even have the proper framework to address the issues.

One example of this is Korea. By gross domestic product, Korea was ranked fifteenth in the world and is home to some of the largest global technology companies. Unsurprisingly, Korean companies and their U.S. subsidiaries are frequently embroiled in U.S. litigation. However, unlike the United States, the Korean legal system does not recognize U.S.-style attorney-client privilege or litigation work-product doctrine. In fact, the Korean Supreme Court recently made clear that no broad common law style attorney-client privilege, as U.S. attorneys understand it, exists under Korean law.

---

1 This paper assumes a familiarity with U.S.-style discovery and attorney-client privilege and work product doctrines.
2 For a more detailed examination of Korean privilege law, please refer to the paper by co-panelists, Stephen Ma and Won-Hee Cho.
Under Korean law, a client is only afforded protections against disclosure in the form of professional obligations on the representing Korean attorney. These differences led one U.S. court to depart from the typical foreign privilege analysis and make specific allowances for these differences, in a recent case that implicated Korean communications and documents being sought in a U.S. litigation.

In this paper, we explore how U.S. courts have treated the issues of foreign privilege and protection within the context of a U.S. litigation, specifically patent litigation. We start by examining the decisions that have set forth the general framework for analyzing these issues. We then look at specific cases involving Korea. We conclude with a brief discussion on best practices for Korean companies in anticipation of discovery in U.S. litigation.

II. U.S. TREATMENT OF “FOREIGN PRIVILEGE” ISSUES IN PATENT CASES

Communications with U.S. counsel seeking legal advice are privileged, whether or not the subject matter relates to the United States or a foreign country (e.g., domestic or foreign patent applications). Softview Computer Prod. Corp. v. Haworth, Inc., No. 97 Civ. 8815 KMWHBP, 2000 WL 351411, at *10 (S.D.N.Y. Mar. 31, 2000) (holding that documents concerning foreign patent applications were protected only to the extent that they were communicated “for the purpose of obtaining legal services in connection with [the] foreign patent applications, or were prepared because of pending or anticipated litigation”). The question of foreign privilege in U.S. patent litigation arises with respect to communications with or documents by foreign attorneys or foreign patent agents. Depending on the analytical approach taken by the court, the outcome may depend on the whether the subject matter concerns U.S. or foreign proceedings.

The United States Supreme Court has not squarely addressed the issue of foreign privilege and no federal statute has codified specific rules for treating foreign privilege in U.S. litigation. To this extent, the issue of foreign privilege is subject to potentially disparate treatment by the various federal appellate circuits. Foreign privilege is
particularly complicated because U.S. courts must first run through a choice-of-law analysis when foreign laws are implicated, to determine if U.S. or foreign privilege law applies.\(^3\)

However, one basic principle of U.S. privilege law that appears to circumscribe the relevant analysis is that “[t]he attorney-client privilege of course requires the participation of an ‘attorney.’ A legal professional generally must be admitted to the bar of a state or federal court to qualify as an attorney.” In re Rivastigmine Patent Litig., 237 F.R.D. 69, 74 (S.D.N.Y. 2006); see also Santrade, Ltd. v. Gen. Elec. Co., 150 F.R.D. 539, 546 (E.D.N.C. 1993) (“Generally, communications with patent agents, American or foreign, are not subject to privilege in the United States.”); see also Wultz v. Bank of China Ltd., No. 11 Civ. 1266(SAS), 2013 WL 5797114, at *8 (S.D.N.Y. Oct. 25, 2013) (“[A]ttorney-client privilege requires a showing that the person to whom the

\(^3\) This threshold analysis could be multi-level since it raises both U.S. procedural rules and foreign substantive laws. For example, in Astra Aktiebolag v. Andrx Pharm., Inc., a New York district court laid out an interesting rationale for the threshold choice-of-law analysis:

Most, if not all, of the challenged documents are foreign documents; therefore, determination of the applicability of attorney-client privilege or work product protection to many of the challenged documents implicates issues of foreign law. Rule 501 of the Federal Rules of Evidence provides that questions of privilege in a federal question case are “governed by the principles of common law as they may be interpreted by the courts of the United States in the light of reason and experience.” The “common law” applied under Rule 501 includes “choice of law” questions. The Federal Circuit generally defers to the law of the regional circuit on questions of comity. Even when the Federal Circuit applies its own law, it observes principles of international comity. Accordingly, the outcome of the choice-of-law analysis concerning these documents is the same regardless of whether Second Circuit or Federal Circuit law is applied.

208 F.R.D. 92, 97-98 (S.D.N.Y. 2002). Under this reasoning then, the standard for determining choice-of-law should be the same across all the federal courts, notwithstanding the differences in procedural law among each federal appellate circuit.
communication was made is a member of the bar of a court”)) (internal quotation marks
and citation omitted). Consequently, for example, “[i]f a communication with a foreign
patent agent involves a U.S. patent application, then U.S. privilege law applies, and
communications on that subject with a patent agent are not privileged, unless the
foreign agent is acting under the authority and control of a U.S. attorney, because such
foreign agents are not attorneys entitled to practice United States law.” Rivastigmine,
95 Civ. 8833(RPP), 1998 WL 158958, at *1 (S.D.N.Y. Apr. 2, 1998)). Therefore, if
U.S. privilege law is deemed to apply, then that usually signals that no protection will
be afforded because foreign privilege issues typically arise in situations involving
communications and documents of non-U.S. licensed, foreign attorneys or patent agents.

A. Choice-Of-Law

1. Three Main Approaches

The initial threshold analysis is a choice-of-law determination. Federal courts
have articulated several predominant methodologies to determine whether U.S. or
foreign law applies: (1) the most direct and compelling interest test; (2) the comity plus
function approach; and (3) the “touching base” test.

The first of these approaches is a balancing test to determine which country “has
the predominant or most direct and compelling interest in whether [the]
communications should remain confidential.” Astra Aktiebolag v. Andrx Pharm., Inc.,
jurisdiction with the predominant interest is either the place where the allegedly
privileged relationship was entered into or the place in which that relationship was
centered at the time the communication was sent.” Id. (internal quotation marks
omitted). Factors that courts consider when applying this test include: (1) the parties to
and the substance of the communication; (2) the place where the relationship was
centered at the time of the communication; (3) the needs of the international system;

The second approach is a functional test that looks “at the foreign nation’s law to determine the extent to which the privilege may attach.” SmithKline Beecham Corp. v. Apotex Corp., 193 F.R.D. 530, 535 (N.D. Ill. 2000). This approach consists of a two step inquiry focused on principles of comity: “(1) the court must determine whether the foreign nation in question extends the privilege to its patent agents, and if so, (2) the court must look at the specific capacity in which the agent was functioning with respect to a given document. If the patent agent was functioning as an attorney, then the communications are privileged.” Id.; see also Eisai Ltd. v. Dr. Reddy’s Labs., Inc., 406 F. Supp. 2d 341, 342-343 (S.D.N.Y. 2005) (“where a communication with a foreign patent agent or attorney involves a foreign patent application, then as a matter of comity, the law of that foreign country is considered regarding whether that law provides a privilege comparable to the attorney/client privilege”). For example, under this approach, a privilege will be recognized where “the foreign nation extends the privilege to communication with patent agents and, with respect to those communications, the agents are more or less functioning as attorneys.” SmithKline, 193 F.R.D. at 535.

The third, and perhaps the most frequently cited test, is the so-called “touching base” test. This test was first articulated in Golden Trade, S.r.L. v. Lee Apparel Co., which framed the “working standard” as “any communications touching base with the United States will be governed by the federal discovery rules while any communications related to matters solely involving [a foreign country] will be governed by the applicable foreign statute.” 143 F.R.D. at 520 (citing Duplan Corp. v. Deering Milliken, Inc., 397 F. Supp. 1146, 1169-70 (D.S.C. 1975)) (emphasis added). Thus,
communications by a foreign client with foreign patent agents relating to assistance in prosecuting patent applications in the United States are governed by U.S. 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 law of the foreign country in which the patent application is filed, even if the client is a party to an American lawsuit.

*Id.* (internal quotation marks omitted).

As a practical matter, whether a court focuses on balancing the “most direct and compelling interest,” or on principles of comity, the formal distinctions between the choice-of-law approaches have essentially disappeared so that many of the inquiries considered by each approach overlap and are incorporated into the determination of whether a communication “touches base” with the U.S. *See, e.g., 2M Asset Mgmt. LLC v. Netmass Inc.*, No. 2:06-CV-215, 2007 WL 666987, at *3 (E.D. Tex. Feb. 28, 2007) (“courts applying this [‘touching base’] approach defer to the law of the country that has the ‘predominant’ or ‘most direct and compelling interest’ in whether those communications should remain confidential”) (internal quotation marks omitted); *also Willemijn Houdstermaatschaapij BV v. Apollo Computer Inc.*, 707 F. Supp. 1429, 1447 (D. Del. 1989) (where foreign patent agent communications “do not touch base with the United States[,] comity requires that they be given the same attorney-client privilege protection that they would be given abroad”).

2. **Cases Applying The “Touching Base” Approach**

The court in *Golden Trade* considered documents reflecting the communications between IDG, a foreign, non-party corporation who was the exclusive licensee and sub-licensor of the disputed patent, and IDG’s foreign patent agents who were assisting in the prosecution of patents in their respective countries, Norway, Germany, and Israel.
143 F.R.D. at 517. The court held that the communications did not “touch base” with the United States, because the “communications were between a non-party Italian corporation and foreign patent agents concerning the prosecution of foreign patents.” Id. at 522. Instead, the respective foreign countries had “the predominant interest in whether such communications should remain confidential.” Id. The court also recognized that “the foreign patent agents perform[ed] services akin to lawyers in their field of specialization,” and such a finding of “foreign-law protection for foreign patent agent’s communications with their foreign clients concerning the prosecution of foreign patents” did not undermine any compelling U.S. policy interest because U.S. case law has, in the past, offered such protection to both foreign and domestic patent agents. Id. at 522-523. Applying each foreign country’s respective laws, the court found that the documents would be protected from disclosure as privileged in each instance.

In applying the “touching base” test, the court in *Golden Trade* considered both principles of comity and which forum had the “most direct and compelling interest” in determining whether the communications should be privileged. 143 F.R.D. at 520-521 (“the countries in which the patent agents represented IGD have the dominant interest in determining whether the communications in question should be treated as confidential and . . . this court should therefore, as a matter of comity, look to the law of those jurisdictions . . . .”) (emphasis added). One court recognized that “although *Golden Trade* quotes a somewhat rigid choice of law analysis from *Duplan*, the court actually engages in a traditional balancing test and considers the subject matter at issue, the parties to the communication and whether those entities are parties to the lawsuit. With such factors in mind, the *Golden Trade* court focuses on those countries which have the dominant interest in the issue and concludes that it should, as a matter of comity, look to the law of those jurisdictions . . . .” *VLT Corp.*, 194 F.R.D. at 16 (internal quotation marks omitted).

The amount of association with the United States for a communication to “touch base” varies by jurisdiction, but, generally, courts simply apply the law of the nation in
which the patent application was filed. See, e.g., Rivastigmine, 237 F.R.D. at 74 (S.D.N.Y. 2006) (stating that “[i]f a communication with a foreign patent agent involves a U.S. patent application, then U.S. privilege law applies,” but that if “a communication with a foreign patent agent involves a foreign patent application, then as a matter of comity, the law of that foreign country is considered.”). However, several district court decisions have attempted to define this requirement by excluding “incidental connections” that do not rise to the level of “touching base” with the United States.

One of the most recent treatment of choice-of-law for the foreign privilege issue comes out of a district court patent infringement case. In Cadence Pharm., Inc. v. Fresenius Kabi USA, LLC, No. 13–cv–00139 DMS (MDD), 2014 WL 370132, at *2 (S.D. Cal. Feb. 3, 2014), a California district court looked at emails between an in-house German “patent manager,” and Fresenius employees and inventors concerning: (1) a patent search; (2) filing a patent application; and (3) the application of a German statute. Applying the “touching base” approach, the court integrated considerations of comity and predominant interests.

Under this approach, a court applies principles of comity in a traditional choice of law “contacts” analysis . . . [and] defer[s] to the law of the country that has the “predominant” or “the most direct and compelling interest” in whether the challenged communications should remain confidential, unless that foreign law is contrary to the public policy of the forum. The country with the “predominant interest” is either “the place where the allegedly privileged relationship was entered into” or “the place in which that relationship was centered at the time communication was sent.”
Id. (internal citations omitted). The court further clarified that the inquiry is fact-specific and focuses on whether communications have a “more than incidental” connection to the United States. *Id.* at *3.

American law typically applies to communications concerning legal proceedings in the United States or advice regarding American law, whereas foreign privilege law typically governs communications relating to foreign legal proceeding[s] or foreign law. In the context of patent law, courts often look to the law of the country where legal advice was rendered or where the patent application is pending. Communications between a foreign client and a foreign patent agent relating to assistance in prosecuting patent applications in the United States are governed by the U.S. privilege law. Communications relating to assistance in prosecuting foreign patent applications or rendering legal advice . . . on the patent law of foreign 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 a suit in the U.S.

*Id.* (internal quotation marks and citations omitted).

The court found that “the legal advice in this case was rendered in Germany and related to the prosecution of European patent applications, as well as the application of a German statute” and that “the alleged privileged relationship in this case was centered in Germany at the time of the communications.” *Cadence*, 2014 WL 370132, at *4-5. Therefore, the court held that the connection to the United States was incidental and “the communications at issue thus do not ‘touch base’ with the U.S.” *Id.* at *4. In reaching this conclusion, the court also held that the fact that the party was in litigation in the United States did not establish a “more than incidental connection to the U.S.” under the “touching base” analysis. *Id.* Additionally, the court recognized the
“attorney-like functions of German patent agents” and held that “because of their clients’ expectation of confidentiality, U.S. policy interests will not be violated by recognizing privilege protections under German law for German patent agent’s communications with foreign clients concerning the prosecution of European patents.” *Id.* at *6. The court went on to apply German privilege law and held the challenged communications to be protected. *Id.* at *9.

Another recent example is, *AstraZeneca LP v. Breath Ltd.*, No. 08–1512, 2011 WL 1421800, at *5 (D.N.J. Mar. 31, 2011), where New Jersey district court focused on the “subject matter” of the communications between AstraZeneca’s in-house European patent attorneys and AstraZeneca’s employees regarding:

1) drafts of Swedish patent applications prepared by the in-house foreign patent attorney;

2) correspondence between the in-house foreign patent attorney and the inventors and other employees regarding the patentability and preparation of the Swedish application;

3) drafts of the PCT application prepared by the in-house foreign patent attorney; and

4) correspondence between the in-house foreign patent attorney and the inventors and other employees regarding the draft PCT application and patentability of the inventions disclosed and claimed in the PCT application.

According to the court, “[u]nder this [‘touching base’] test, communications that relate to activity in a foreign country are governed by that country’s privilege law, while communications that ‘touch base’ with the United States are controlled by United States privilege law.” *AstraZeneca*, 2011 WL 1421800, at *4 (internal quotation marks and citations omitted) (emphasis
added). The court then held that the foregoing communications did not “touch base” with the U.S. because they (i) did not relate to the prosecution of a U.S. patent application, (ii) did not involve a U.S. proceeding, or (iii) did not involve communications with a U.S. attorney. Id. at *5. The court concluded that U.S. privilege law did not apply and the communications were governed by the foreign country’s privilege law. Id. at *8. The court went on to apply Swedish privilege law, and held that “under Swedish law, communications between in-house counsel and other employees are not protected under the attorney-client privilege.” Id.

Of particular note is that the court rejected AstraZeneca’s argument that “the communications ‘touch base’ with the United States simply based on the relationship between a U.S. patent and its foreign priority applications,” explaining that “the fact that these communications relate to two foreign applications that later served as the basis for a claim of priority for a U.S. patent is merely an ‘incidental connection’ between the communications and the United States and thus these communications do not ‘touch base’ with the United States.” Id. at *5 (emphasis added).

A similar concern was expressed in VLT Corp. v. Unitrode Corp., 194 F.R.D. 8 (D. Mass. 2000), which decided the privileged nature of two inadvertently produced letters. The Massachusetts district court rejected the argument that even a minimal amount of contact should preclude applying foreign privilege law. Id. at 15. The court also rejected the argument that all communications directed at foreign patent practitioners for the purpose of obtaining legal advice concerning foreign patent law should be deemed privileged by virtue of their overall purpose. Id. at 15-16. Instead, the court navigated between the two extremes.

If…a communication has nothing to do with the United States or, in the court’s view, only an incidental connection to this country, the privilege issue will be determined by the law of the foreign nation. If, however,
the communication has more than an incident connection to the United States, the court will undertake a more traditional analysis and defer to the law of privilege of the nation having the most direct and compelling interest in the communication or, at least, that part of the communication which mentions the United States.

Id. at 16 (emphasis added). In effect, the court further categorized the communications themselves, deferring to the privilege law of the nation having the “most direct and compelling interest” for those communications having “more than an incidental connection to the U.S.” Based on this “traditional analysis,” the court held that the respective foreign privilege laws would apply to the documents at issue. Id. at 17-19.

The Feigenbaum letter involved a request for “careful analysis and advice” from a Japanese benrishi (a specialized Japanese legal professional, but not an attorney-at-law) regarding “the impact of the prior art on the Japanese patent.” VLT Corp., 194 F.R.D. at 13 and 17. To the extent that the letter referenced a U.S. patent regarding “some issues with respect to prior art,” the reference was only incidental. Id. The court further held that “even if the reference was more than incidental, Japan still [had] the most direct and compelling interest” because the “letter [was] clearly limited to Japanese legal issues” in that it requested an analysis and advice only with respect to the Japanese patent. Id.

The court also found that the United Kingdom had the most direct and compelling interest and that British law on privilege would apply with respect those parts of the Prager letter, which involved advice from a British patent agent concerning “the significance of [a] German patent for the validity of [the British counterpart] under European (and specifically British) laws.” Id. at 18-19. (internal citations omitted). In declarations submitted by the plaintiffs, the British patent agent “specifically avow[ed] that his response was ‘from a British viewpoint,’ and that his advice might not apply in either Germany or the United States.” Id. (internal citations omitted).
B. Applying Foreign Privilege Law

United States district courts have looked at and applied the privilege law of a number of foreign countries. To understand the state of the foreign privilege laws and the nature of the duties of the legal professional in question, courts have relied upon expert declarations, court decisions, and international law publications for guidance. Courts have also occasionally engaged in statutory interpretations of the foreign privilege laws.

In *Commissariat À L’Energie Atomique v. Samsung Electronics Co.*, the court applied French privilege law to communications between the plaintiff’s employees and a French firm of patent agents. 245 F.R.D. 177 (D. Del. 2007). Affirming a Special Master’s Report, the court found that communications between plaintiff and its patent agents or engineers, and internal communications between or among its own employees were not subject to protection. *Id.* at 190. Relying on testimony from three experts (one for each side and one appointed by the court) regarding the historical development of the title *Conseil en Propriété Industrielle* (“Industrial Property Attorney”) and several French statutes, laws, decrees, and professional codes, the court conducted a French statutory law analysis. *Id.* at 184-190. The court then determined that French statutes making professional secrecy for Industrial Property Attorneys absolute as an evidentiary privilege did not apply to those individuals who were grandfathered in under the *Liste Spéciale* (“Special List”) to continue practicing. *Id.* Thus, because the French patent firm practiced as members under the Special List, communications with the firm were not privileged. *Id.* at 189-190.

In *Rivastigmine*, the court applied Swiss privilege law (pursuant to agreement between parties) and found that no attorney-client privilege applied to documents reflecting communications between plaintiffs and Swiss patent agents or plaintiffs’ in-house counsel, as employees. 237 F.R.D. 69 at 73-78. Based upon several prior district court cases and a publication by the International Association for the Protection of Intellectual Property, the court found that Swiss law was unsettled on the recognition of
a privilege for patent agents, but ultimately held that any confidentiality protections in
the form of professional secrecy obligations were not coextensive with the attorney-
client privilege because “in many jurisdictions around the world, a court may order
disclosure if it determines that the need for the information is sufficient to outweigh the
secrecy.”  Id. at 75.

The Rivastigmine court also looked to several journals and publications,
describing Swiss law, to determine that Swiss law did not recognize a comparable
attorney-client privilege for in-house attorneys because “their lack of independence
from the client obviates the necessity for the privilege to facilitate the giving of
objective legal advice.”  In re Rivastigmine Patent Litigation (Rivastigmine II), 239
F.R.D. 351, 355 (S.D.N.Y. 2006), aff’g Rivastigmine, 237 F.R.D. 69 (explaining
magistrate’s reasoning that, as employees, in-house lawyers are “less likely to exercise
objective counseling because he has too great an interest in the outcome of his advice”).
The court found unpersuasive two declarations submitted by plaintiff’s expert, which
asserted that in-house attorneys and patent agents are bound by a secrecy obligation as
employees, because Swiss statutory language specifically excluded in-house attorneys
and patent agents from any recognized attorney-client privileges.  Rivastigmine, 237
F.R.D. at 77-78.

In Eisai Ltd. v. Dr. Reddy’s Laboratories, Inc., the court applied Japanese
privilege law to documents relating to communications with a foreign patent agent
involving a foreign patent application, and sustained the plaintiffs’ claim of privilege
for documents reflecting legal advice provided by Japanese benrishi (patent agents or
patent prosecution attorneys) or requests for such advice.  406 F. Supp. 2d 341
(S.D.N.Y. 2005).  In so ruling, the court relied on submissions by Japanese law experts
regarding the nature of Japanese legal professionals known as benrishi, and looked to
other district court cases that considered the same question after the 1988 amendment of
Japanese statutes extending privilege to documents created by benrishi.  Id. at 342.  The
court stated that foreign privilege law does not have to be “totally congruent with
American attorney-client privilege law (which itself varies from state to state and federal circuit to federal circuit) in order to be accorded comity.” *Id.* at 343. In discussing the Japanese statutes, the court found that the plain meaning of the statute provided that “any holder of privileged documents – including clients as well as benrishi – is permitted to withhold them,” and that the statute specifically provided for such protection to be applied retroactively. *Id.* at 343-345.

In *VLT Corp.*, discussed *supra* at 9-10, the court applied Japanese and British privilege laws to two different sets of inadvertently produced documents: the Feigenbaum letter and the Prager letter, respectively, and determined that all documents were accorded privileges under their respective foreign laws, and should be returned to plaintiffs or destroyed. 194 F.R.D. 8. The court interpreted the standard for the “touching base” test from *Golden Trade* and held that for documents with a “reference to a United States patent that is more than incidental should be governed by a traditional choice of law analysis,” which looks “to the laws of the country with the most direct and compelling interest in the reference.” *VLT Corp.*, 194 F.R.D. at 16.

Relying on this “working standard” of the “touching base” test, the district court conducted a choice-of-law analysis and determined that foreign privilege laws would apply to each document. The court found, as the *Eisai* court did, that Japanese law treated information learned by *benrishi* from clients as privileged after considering the declaration of plaintiff’s attorney regarding the Japanese civil code. *Id.* at 17. The court did not address whether United States privilege law would accord communication with *benrishi* the same protections accorded to U.S. attorneys. *Id.* at 18. Similarly, the court applied British law to the Prager letter. Relying on a declaration submitted by the plaintiff regarding British statutes, the court found that a British patent agent’s communications with a client are “entitled to the same privileges under British law as are the communications of a solicitor.” *Id.* Thus, the Prager letter was also protected from disclosure.
III. U.S. COURT TREATMENT OF “KOREAN PRIVILEGE” ISSUES

The most recent case to date, on the treatment of Korean privilege issues in a U.S. patent litigation, appears to be *Astra Aktiebolag v. Andrx Pharmaceuticals, Inc.*, 208 F.R.D. 92 (S.D.N.Y. 2002). *Astra* followed the standard in *Golden Trade* by using a “touching base” approach, explaining:

Where, as here, alleged privileged communications took place in a foreign country or involved foreign attorneys or proceedings, this court defers to the law of the country that has the “predominant” or “the most direct and compelling interest” in whether those communications should remain confidential, unless that foreign law is contrary to the public policy of this forum. The jurisdiction with the “predominant interest” is either “the place where the allegedly privileged relationship was entered into” or “the place in which that relationship was centered at the time the communication was sent.”

208 F.R.D. at 98 (internal citations omitted).

On the facts, the challenged documents related to a preliminary injunction action and infringement action in the Korean civil court, and a scope confirmation trial and opposition proceeding over a Korean patent before the Korean Intellectual Property Office. For communications between Astra’s employees and in-house legal counsel, and their outside Korean law firm, the court determined that Korean law would apply. *Id.* at 99. For communication between Astra’s in-house counsel and Astra’s Korean counsel, but relating to the prosecution of a patent application in the U.S. and maintained by Astra in its files relating to the prosecution of that patent, the court determined that the documents “touch base” with the U.S. and applied U.S. law. *Id.*
In applying Korean law, the court relied on declarations by Korean counsel. *Id.* at 100. The court first noted that because Korea is a civil law country, the judges do not make new law the same way that common law courts do. Rather, they interpret the statutory codes of their countries. Consequently, the court concluded, “principles of comity limit this court’s inquiry under Korean law to a determination of whether there is a Korean statute establishing a privilege on the basis of which Astra is entitled to withhold production of the documents at issue. If no privilege is provided for by the statutes of the foreign forum, no privilege can be implied.” *Id.* The court then found that Korea lacked statutory attorney-client privilege and work-product protection, based on the observation:

Korean statutes do provide for a number of protections related to the concept of attorney-client privilege as it is known in this country. For example, Korea has statutory provisions that excuse attorneys from the obligation of revealing their clients’ secrets when they are testifying in court. That testimonial immunity, however, can only be invoked by professionals, not their clients. The Korean statutes address confidential information *received by the attorney*, not communications from the lawyer to the client. Neither an attorney’s communication to a client nor information that the client anticipates the attorney will convey to a court or adverse party is covered within the text of these provisions. Moreover, Korean law does not recognize a work product doctrine as it is understood in the United States.

*Id.* at 100-01 (internal citations omitted). Under these findings, the court should have then held that all of the challenged documents were not privileged and should therefore be produced.
However, the court went on to make the further observation that these findings “rest on the assumption that parties may be ordered or required to testify or produce documents concerning confidential communication by a Korean court during a lawsuit.” *Id.* at 101.

The court finds that such an assumption is, in fact, erroneous. Astra has demonstrated sufficiently for the purposes of this court’s present document review that these documents would not be subject to production, whether through a discovery process or by court order, in a Korean civil lawsuit. Under Korean law, a court may only issue an order to compel document production under specific limited circumstances designated by statute. These challenged documents would not be ordered produced under any of the three limited circumstances described by Article 316 of the Korean Code of Civil Procedure. That is, none of challenged documents were cited during Astra’s Korean legal proceedings, Andrx has no independent legal right to the documents under Korean law, and none of the documents evidences a legal relationship between Andrx and Astra that would under Korean law entitle Andrx to demand their delivery or inspection.

*Id.* at 101-02 (internal citations omitted). Thus, the court concluded, “if this court were to apply Korean law to the question of whether these documents should be produced in this case, the court would not require production of any of these documents.” *Id.* at 102.

By looking more deeply at the Korean legal system and practices, the court effectively changed the inquiry from the existence and application of Korean privilege law to the vastly different inquiry of Korean discovery law. On the one hand, the court acknowledged that this was not appropriate, since the Federal Rules of Civil Procedure
should apply to procedural questions in a U.S. litigation. *Id.* However, the court found that the wholesale production of Korean documents would “violate principles of comity and would offend the public policy of this forum.” *Id.*

The fact is that vastly different discovery practices, which permit only minimal discovery, are applicable to civil suits conducted in Korea. Indeed, none of the documents at issue here would be discoverable in a Korean civil suit. Under these circumstances, where virtually no disclosure is contemplated, it is hardly surprising that Korea has not developed a substantive law relating to attorney-client privilege and work product that is coextensive with our own law. It also seems clear that to apply Korean privilege law, or the lack thereof, in a vacuum—without taking account of the very limited discovery provided in Korean civil cases—would offend the very principles of comity that choice-of-law rules were intended to protect.

*Id.* at 102.

In addition, the court made the very interesting observation that, under U.S. law, most of the challenged documents would have been privileged or protected as work product, presumably if Korean attorneys were deemed equivalent to U.S. attorneys. *Id.* To the court, it made no sense to order the wholesale production of documents that would not have been produced in Korea or the U.S. Therefore, the court determined that it would “apply its own privilege law to the Korean documents, even though the communications do not ‘touch base’ with the United States.” *Id.* The court went on to apply U.S. privilege law and sustained Astra’s claims of attorney-client privilege and work-product protection.

The court’s approach in *Astra* reflects a notable flexibility in addressing the issue of foreign privilege. Not only did the court carefully consider the substantive law,
it adjusted the result based on the practical realities presented by the case. By factoring in the underlying expectations of the Korean legal system, the court crafted a result that was consistent with the policy principles of U.S. privilege law, without destroying the value of the “touching base” test.

In *Wultz*, a New York district court recently commented on *Astra*, in a case involving Chinese law issues in a non-patent context. 2013 WL 5797114, at *5-6. The defendant, Bank of China Limited ("BOC"), did not argue that the documents in question did not “touch base” with the United States, nor that Chinese law provides an attorney-client privilege or work-product doctrine. *Id.* at *5*. Instead, BOC urged that, under principles of comity and public policy, the court should follow the reasoning of *Astra* because the documents in question would not be subject to production in China “in practice.” *Id.* at *5*-6. However, the court noted that “[t]he critical inquiry in *Astra* is not whether the disclosure of attorney-client communications *would* happen, but rather whether it *could* happen.” *Id.* at *6*. The court found that “nothing in Chinese law prevents the disclosure of these documents in the same way that Korean law prevented the disclosure of the documents in question in *Astra*.” *Id.* Consequently, the court required production. *Id.* at *7*.

Although *Wultz* ultimately required production of the Chinese documents, the opposite result from *Astra*, the reasoning and analyses of the two decisions are consistent. In *Wultz*, the court simply found that the documents could have been legally producible under Chinese law, unlike under Korean law. *Id.* at *6*. Of course, when dealing with foreign law, the line between formal law and the practice may be thin, and could easily turn on the particular understanding and knowledge presented to and adopted by the court.

The *Rivastigmine* court also recognized “that special problems arise when evaluating the attorney-client privilege of foreign jurisdictions whose discovery systems are not comparable to our own,” but distinguished the case from *Astra* because the absence of privilege did not result “from the lack of comparability of the Swiss and U.S.
legal systems, but from the fact that Swiss law specifically excludes the documents at issue from the privilege it recognizes” (i.e., the legal professionals involved in the preparation of documents were employees of the client). 237 F.R.D. at 78.

IV. IMPLICATIONS AND UNANSWERED QUESTIONS

A. Foreign Patent Prosecution

In AstraZeneca, the court held that a patent priority relationship, by itself, is only an incidental connection to the U.S. 2011 WL 1421800, at *5; see, e.g., VLT Corp., 194 F.R.D. at 15. This raises an interesting dilemma. Due to the obvious connection in the subject matter, foreign prosecution records are frequently used in U.S. patent litigation. For example, foreign prosecution records might be used as evidence in claim construction, for novelty and obviousness, and any number of estoppel or disclaimer arguments against the U.S. patent. Thus, in practice, the foreign counterpart patent prosecution has a close connection to the U.S. patent, which is why foreign patent prosecution documents are often sought in U.S. patent litigation.

Today, most patent applicants understand this reality and, consequently, will often implement a global prosecution strategy in order to minimize the potential negative impact that foreign prosecution records might have on U.S. patent litigation. For example, in situations where a U.S. client manages global prosecution, the client may communicate directly with a foreign patent attorney or agent to set out the foreign prosecution strategy. However, while such communications will be focused on the foreign patent prosecution, it will rarely be completely divorced from U.S. legal and strategic considerations. The problem is that while most patent practitioners understand and expect that foreign prosecution records will be relevant to U.S. litigation, practically speaking, foreign patent prosecution documents themselves will rarely voice how it “touches base” with the United States in any explicit manner unless litigation is already underway.

Interestingly, when it comes to patent prosecution records, U.S. law may actually afford less protection than some foreign jurisdictions. Under U.S. law,
communications with patent prosecution counsel (and agents) that seek legal advice are privileged. However, the work product of patent prosecution counsel is only protected to the extent it is generated in anticipation of litigation. In re Minebea Co., Ltd., 143 F.R.D. 494, 499 (S.D.N.Y. 1992) (extending the work-product immunity privilege to document prepared in connection with patent prosecution activities also performed in anticipation of or concerning litigation); see, e.g., Bristol-Myers Squibb Co. v. Rhône-Poulenc Rorer, Inc., 95 CIV. 8833 (RPP), 1998 WL 2829 (S.D.N.Y. Jan. 6, 1998), at *4 (“attorney-client privilege is broader than the work product doctrine insofar as it extends, in the patent context, beyond communications made in anticipation of litigation, to cover consultations during prosecution of patent applications”). The U.S. courts have rejected the argument that the prosecution of a patent is inherently in anticipation of litigation. Id. at *5 (holding that patent prosecution is not work product); Stryker Corp. v. Intermedics Orthopedics, Inc., 145 F.R.D. 298, 302-04 (E.D.N.Y. 1992) (same); see also McNeil-PPC, Inc. v. Procter & Gamble Co., 136 F.R.D. 666, 671 (D. Colo. 1991); Detection Sys., Inc. v. Pitway Corp., 96 F.R.D. 152, 155 (W.D.N.Y. 1982) (“work-product immunity is not ‘extended to preparations for ex parte proceedings such as patent proceedings’”) (citing Choat v. Rome Indus. Inc., 462 F. Supp. 728, 732 (N.D. Ga. 1978) and Hercules v. Exxon Corp., 434 F. Supp. 136, 152 (D. Del. 1977)). Consequently, the work product of patent prosecution counsel should generally be viewed as subject to discovery.

This suggests that, for potential best practices, clients should take into account the level of privilege and protection in each jurisdiction, especially for work product, and take advantage of foreign jurisdictions that afford a greater level of protection. However, in foreign jurisdictions that afford a lower level of privilege and protection than the United States, client communications with the foreign patent attorneys and agents, as well as work product, should be mediated by a U.S. attorney. For example, companies may set up internal protocols that funnel global patent prosecution
management through a U.S. counsel. Such interactions should be framed specifically as the foreign attorney or agent acting under the authority and control of a U.S. attorney.

B. Attorney Versus Patent Agent Distinction

In VLT Corp., the court distinguished foreign patent agents from attorneys. 194 F.R.D. at 11 (deciding whether communications with “non-attorney patent agents” were privileged). In articulating the choice-of-law standard, the court recognized that the “crucial” question of applying foreign law to protect communications with patent agents was a significant issue “because many foreign countries treat their patent agents as the functional equivalent of an attorney and recognize what amounts to an attorney-client privilege for [their] communications with [their] clients.” Id. at 14 (citing Golden Trade, 143 F.R.D. at 519).

This raises an interesting issue because of the underlying assumptions it contains. Under U.S. law, patent agents are not attorneys. While they may be registered to practice before the U.S. patent office, they may not practice law in the United States or appear before U.S. courts. The designation, “patent attorney,” is specifically reserved for licensed U.S. attorneys who are also registered with the U.S. patent office. Thus, for example, communications solely between a client and a patent agent are not necessarily privileged as they might be if between a client and a patent attorney. Agfa Corp. v. Creo Prods., Inc., No. Civ.A. 00-10836-GAO, 2002 WL 1787534, at *3 (D. Mass. Aug. 1, 2002) (“patent agents are not protected by the privilege unless the agent is acting under the direction of an attorney”). 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. See In re Spalding Sports Worldwide, Inc., 203 F.3d 800 (Fed. Cir. 2000) (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).

Many foreign jurisdictions have a similar distinction between attorneys and patent agents. However, in some foreign jurisdictions, the distinction reflects more of a
difference in the sphere of representation than the level of privileges or protections. For example, in England, France, and Japan, each of licensed attorneys and patent agents have their own privilege laws.

This distinction should be relevant with respect to applying substantive foreign privilege law. In Commissariat, discussed supra at 10-11, which dealt with French substantive privilege law, the Delaware district court explicitly noted that “Brevatome employees were not attorneys; rather, they were patent practitioners referred to as either patent engineers or patent agents.” 245 F.R.D. at 180. Thus, the communication with Brevatome employees did not fall under the privileges afforded by French law. Id. at 190. Clients should be wary of the difference between the cultural and legal standing of patent agents, and make sure they fully understand the position and status of the people handling their matters in various countries.

V. CONCLUSION

A. Key Considerations

Based on the examples provided in U.S. cases, a few key determinations emerge:

First, at a minimum, the communications need to be directed to legal advice in order to be protected. U.S. courts are disinclined to protect communications where the subject matter is not confidential by its nature (e.g., technical information meant to be conveyed to a patent office).

Second, U.S. courts observe a distinction between patent attorneys and patent agents. Whether applying U.S. or foreign privilege law, the court will look at this distinction if it has an impact on the outcome. Under U.S. law, privilege only attaches where a U.S. attorney is involved.

Third, communications with a U.S. attorney, regarding legal advice, will be privileged under U.S. law, whether it pertains to U.S. or foreign matters. With a U.S. patent agent, communications will be privileged only if the patent agent is under the authority and acting at the direction of a U.S. attorney.
Fourth, with a foreign attorney or patent agent, if the communications pertain to solely foreign matters and foreign prosecution, then foreign privilege law will apply. Otherwise, U.S. law will apply, which generally means that no privilege is afforded (with limited exceptions).

**B. Best Practices For Korean Companies**

With respect to Korea, if the *Astra* case is followed, then U.S. courts should treat Korea-side communications and documents in a very similar manner to U.S. privilege. Korea licensed attorneys and registered patent agents appear to be treated in the same way as U.S. licensed attorneys and patent agents. Consequently, as a best practice, Korean companies should set up policies that reflect U.S. privilege law. However, because *Astra* is a district court opinion, U.S. law on this issue is not settled. Consequently, whenever in doubt, precautions should be taken under the assumption that disclosure may be required.

Practical measures that may be taken are:

1) Assume that documents that are part of a patent application file may be discoverable. Limit the content of such documents to purely prosecution-oriented subject matter. Avoid appending litigation-related commentary.

2) Use “privilege” and “confidential” designations on communications and documents. Although labels will not by themselves be sufficient, they provide an indication of intent and expectations and also assist in locating sensitive documents using search terms. This is of particular import when dealing with high volumes of electronically stored information.

3) Make clear at the outset of communications and documents that the subject matter regards or is for legal advice or analysis, if that is the case.
4) Make clear at the outset of communications and documents that the subject matter regards or relates to U.S. legal subject matter, if that is the case.

5) Avoid lengthy email chains, especially if they switch topics mid-stream. Instead, err on the side of starting new email chains with limited numbers of recipients.

6) Avoid copying unnecessary recipients.

7) Separate business and legal communications.

8) Establish a clear chain of supervision by a licensed attorney. Patent "specialists," who are neither licensed attorneys nor registered patent agents, will not likely be afforded privilege or protection by a U.S. court. Thus, the common practice in Korea of using “patent engineers” is a potential risk.

9) If communicating with a U.S. patent agent, include a U.S. attorney who oversees the patent agent, if at all possible, and strive to ensure that instructions to the U.S. patent agent are made by the U.S. attorney.

10) Use outside legal counsel. If advice of counsel is sought, then the work done internally by the client, to support or further the advice of counsel, will usually be subsumed by the privilege and protection umbrella.

The foregoing are only a sample of possible practical measures. They are not always necessary and they do not, by any means, insulate a client from discovery issues. Ultimately, each client must take careful stock of its own goals, needs and policies, and develop a tailored set of best practices.