In The Supreme Court of the United Kingdom

ON APPEAL

FROM HER MAJESTY'S COURT OF APPEAL

(CIVIL DIVISION)

Appeal №. UKSC 2010/0215

B E T W E E N:-

THE QUEEN

on the application of

(1) PRUDENTIAL PLC
(2) PRUDENTIAL (GIBRALTAR) LTD

Appellants

-and-

(1) SPECIAL COMMISSIONER OF INCOME TAX
(2) PHILIP PANDOLFO (HM Inspector of Taxes)

Respondents

-and-

(1) INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES
(2) THE GENERAL COUNCIL OF THE BAR
(3) THE LAW SOCIETY
(4) AIPPI UNITED KINGDOM[1]
(5) THE LEGAL SERVICES BOARD[2]

Interveners

The Written Case of the Fourth Intervener
AIPPI United Kingdom

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[1] This is the registered company name of the Fourth Intervener as of 27th October 2000.
[2] The Legal Services Board was granted permission to intervene by an Order dated 29th March 2012, after AIPPI United Kingdom was granted permission to intervene by an Order dated 10th October 2011.

Introduction

1. This appeal is about the issue of legal professional privilege ("LPP"), and more particularly one type of LPP namely legal advice privilege ("LAP"), and how that applies to the advice given by tax accountants who are not lawyers. In these proceedings, both the High Court and the Court of Appeal held that they were bound by the case of *Wilden Pump Engineering Co v Fusfeld* [1985] FSR 159, which concerned the scope of LPP for advice given by a patent agent.

2. The Fourth Intervener, AIPPI United Kingdom ("AIPPI UK"), is an organisation concerned with intellectual property ("IP") issues in general. It will make submissions on (i) the issues peculiar to IP matters and practitioners, (ii) LPP in general, and (iii) Parliament's apparent approach to LPP. Unless asked, AIPPI UK does not intend to address the particular factual matters or provisions of the tax regime that are under direct consideration in this case, as it neither supports nor opposes the appeal.

About AIPPI and its involvement in the issue of Legal Professional Privilege

3. The International Association for the Protection of Intellectual Property (referred to as "AIPPI" after the French title: Association Internationale pour la Protection de la Propriété Intellectuelle) is an organization involved in the development of intellectual property. AIPPI was founded in 1897, shortly following the signature of the Paris Convention for the Protection of Industrial Property in 1883. It is a politically neutral, non-profit organization, domiciled in Switzerland. Currently it has almost 9000 members from more than 100 countries. Members of AIPPI include private practice and in-house lawyers, patent and trade mark attorneys (again from both private practice and in-house), judges and academics. AIPPI UK has over 300 members that mirror the diversity of the international membership (save that there are no UK judicial members).

4. The objectives of AIPPI are to improve and promote the protection of intellectual property at a national and international level. It pursues these objectives by working for the development of national, regional and international laws, agreements and treaties relating to intellectual property. It conducts studies of existing national laws and proposes measures to achieve harmonisation. AIPPI

has become increasingly concerned with the enforcement of intellectual property rights in general, and in particular the question of LPP relating to the advice given by IP practitioners (both lawyers and non-lawyers).

5. AIPPI proceeds by conducting studies relating to issues of topical concern to the IP community. This is done by producing papers that synthesise the local reports submitted by national groups to a series of questions posed on particular issues. The study dealing with LPP was designed "Q199 – Privilege Task Force", which addressed the disparities that exist in different jurisdictions relating to the advice given by professional IP advisers other than lawyers, and in particular whether such advice was subject to LPP. The study addresses, and proposes solutions to, the arbitrary consequences of the differences that exist in those jurisdictions that provide for LPP, for example concerning the advice given by local and foreign IP advisers. The committee formed to continue the work started by Q199 now compromises a global group of practitioners who are working with their national Governments and global bodies, such as the World Intellectual Property Organisation, to procure the enactment of treaties to recognise at an international level that LPP should attach to IP advice that has been given by any suitably qualified IP practitioner, whether a lawyer or not.

Why is AIPPI UK intervening?

6. AIPPI UK wishes to set the context in order to reduce the risk of there being any unintended consequences that would adversely affect the current, national, position of IP practitioners and their recognised privilege. The membership of AIPPI UK includes what would be traditionally termed "lawyers" (such as barristers and solicitors) and "non-lawyers" (such as patent and trade mark attorneys), and so its views by necessity reflect a wider constituency than might be the case for the other parties and interveners to this appeal (save for the Fifth Intervener, The Legal Services Board), who in each case represent only one side of the argument.

7. A second reason to intervene concerns its current involvement at an inter-Governmental level, along with other groups under the central body of AIPPI, in seeking and recommending that international treaties be enacted to recognise that

LPP should attach to IP advice. AIPPI has made a proposal for an International Agreement to implement a minimum standard for the protection from forcible disclosure of communications relating to the obtaining and giving of IP professional advice on or relating to intellectual property matters. This proposal is in response to concerns globally about such forcible disclosure and the adverse consequences of such forcible disclosure. In that international context, the judgment in this case will have potential ramifications on how other jurisdictions – and in particular their legislatures – will view the issue of LPP for IP advice given by IP practitioners generally.

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Wilden Pump Engineering Co v Fusfeld

8. The *Wilden Pump* case was concerned with whether LPP attached to the advice of a patent agent given in respect of the copyright that subsisted in some design drawings for various pumps.

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9. In this appeal, at first instance, Charles J. quoted extensively from the *Wilden Pump* case, and held that he was bound by it to reach the conclusion that LPP applied only to advice given by legal advisors, and did not extend to other professionals (such as tax accountants in this case) who have specialist knowledge of the relevant area of law (§49 of his judgment). The Court of Appeal similarly held that *Wilden Pump* was binding upon it, and on that basis rejected the arguments advanced by the Prudential, namely to extend the ambit of LPP to tax accountants (§85 *per* Lloyd LJ).

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10. At the time of the *Wilden Pump* case, LPP had been conferred on certain communications of patent agents (for whom there was an official register) made for the purposes of certain proceedings, first by the Civil Evidence Act 1968 s 15, and then in an extended form by the Patents Act 1977 s 104.

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Developments in LPP relating to IP practitioners since *Wilden Pump*

11. Since the *Wilden Pump* case was decided, there have been six main developments in relation to specialist IP practitioners:

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11.1 patent and trade mark agents are now referred to as patent and trade mark attorneys respectively, which reflects the greater legal nature of the advice that is sought from and given by them (and their respective professional bodies – the Chartered Institute of Patent Attorneys ("CIPA") and the Institute of Trade Mark Attorneys ("ITMA") – also changed their names accordingly to reflect this development);

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11.2 the protection conferred upon patent attorneys by the Patents Act 1977 s 104 (the "PA 1977") has been repealed and replaced by a wider protection contained in the Copyright, Designs and Patents Act 1988 s 280 (the "CDPA 1988");

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11.3 there is now an official register also for trade mark attorneys, as well as for patent attorneys (in the UK, these registers are now kept by the respective professional bodies – historically, the patent register was kept by the Patent Office[3]); while the European equivalent registers are maintained by the Office for the Harmonization of the Internal Market (Trade Marks and Designs) ("OHIM") and the European Patent Office ("EPO") respectively);

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11.4 certain communications of trade mark attorneys are now also protected by LPP by the operation of the Trade Marks Act 1994 s 87 (the "TMA 1994");

11.5 it is now possible for patent and trade mark attorneys to seek a further qualification to become respectively Patent Attorney Litigators or Trade Mark Litigators that confer certain enhanced rights of audience and to conduct litigation, and which attract a wider scope of LPP; and,

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11.6 patent and trade mark attorneys are now regulated by the Intellectual Property Regulation Board (which in turn is overseen by the Legal Services Board), which was formed by CIPA and ITMA (who are the two relevant Approved Regulators for the purposes of the Legal Services Act 2007 Schedule 4 Part 1) to regulate members of the respective Institutes.

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[3] The Patents and Designs Act 1907 s 62 states that the Treasury will provide an office that "*shall be called, ... , the Patent Office*". This section is still in force. However, since November 2008, the Patent Office has operated under the name the Intellectual Property Office (the "IPO"), by which it is now commonly called.

12. These changes reflect the increasingly legal nature of the advice that is sought from and given by patent and trade mark attorneys. In particular, the fact that patent and trade mark attorneys now fall under the regulation of the Legal Services Board reflects the fact that they carry out certain reserved legal services and so form part of the wider legal profession in the UK.

The current position of LPP for IP matters

13. The PA 1977 s 103 provides **[Combined Authorities, Volume B, Tab 32]**:

> "*103.— **Extension of privilege for communications with solicitors relating to patent proceedings.***
> *(1) It is hereby declared that the rule of law which confers privilege from disclosure in legal proceedings in respect of communications made with a solicitor or a person acting on his behalf, or in relation to information obtained or supplied for submission to a solicitor or a person acting on his behalf, for the purpose of any pending or contemplated proceedings before a court in the United Kingdom extends to such communications so made for the purpose of any pending or contemplated—*
> *(a) proceedings before the comptroller under this Act or any of the relevant conventions, or*
> *(b) proceedings before the relevant convention court under any of those conventions.*
> *(2) In this section—*
> *"legal proceedings" includes proceedings before the comptroller; the references to legal proceedings and pending or contemplated proceedings include references to applications for a patent or a European patent and to international applications for a patent; and*
> *"the relevant conventions" means the European Patent Convention, and the Patent Co-operation Treaty .*
> *This section shall not extend to Scotland.*"

14. LPP in Scotland is provided by PA 1977 s 105 (as amended by the CDPA 1988 s 303(1), 303(2), Sch 7 §21 and Sch 8; and the Patents Act 2004 Sch 3 §1), which provides **[Combined Authorities, Volume B2, Tab 32]**:

> *105.— **Extension of privilege in Scotland for communications relating to patent proceedings.***
> *(1) It is hereby declared that in Scotland the rules of law which confer privilege from disclosure in legal proceedings in respect of communications, reports or other documents (by whomsoever made) made for the purpose of any pending or contemplated proceedings in a court in the United Kingdom extend to communications, reports or other documents made for the purpose of patent proceedings.*

(2) In this section—

> *"patent proceedings" means proceedings under this Act or any of the relevant conventions, before the court, the comptroller or the relevant convention court, whether contested or uncontested and including an application for a patent; and*
>
> *"the relevant conventions" means the European Patent Convention, and the Patent Co-operation Treaty."*

15. It is to be noted that this provision extends to communications made "*by whomsoever*", and so is not limited to those made "*with a solicitor or a person acting on his behalf*", as is the case under section 103, which applies in England and Wales. Therefore, it is the nature of the advice that determines whether not or privilege attaches to the "*communications, reports or other documents*", rather than the status of the giver of that advice contained therein.

16. Further, PA 1977 ss 103 and 105 are concerned with "*proceedings*", *i.e.* contentious matters of some sort. This aspect of LPP is akin to the litigation privilege that arises in the context of contentious legal proceedings. These provisions remove any doubt over whether privilege arises in proceedings before various patent tribunals (such as the Patent Office).

17. The PA 1977 s 104 provided for privilege for communications with patent agents relating to patent proceedings. This was the provision upon which the decision in the *Wilden Pump* case was reached. However, it was repealed by the CDPA 1988 ss 303(2) and Sch 8, and replaced by the CDPA 1988 s 280, which in turn was amended by the Legal Services Act 2007 Part 8 s 185(6) and Sch 21 §77 to read **[Combined Authorities, Volume B1, Tab 8]**:

> *"280.— **Privilege for communications with patent agents.***
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> *(1) This section applies to*
>
> > *(a) communications as to any matter relating to the protection of any invention, design, technical information or trade mark, or as to any matter involving passing off, and*
> >
> > *(b) documents, material or information relating to any matter mentioned in paragraph (a).*
>
> *(2) Where a patent attorney acts for a client in relation to a matter mentioned in subsection (1), any communication, document, material or information to which this section applies is privileged from disclosure in like manner as if the patent attorney had at all material times been acting as the client's solicitor.*
>
> *(3) In subsection (2) "patent attorney" means —*
>
> > *(a) a registered patent attorney or a person who is on the European list,*

(b) a partnership entitled to describe itself as a firm of patent attorneys or as a firm carrying on the business of a European patent attorney, or
(ba) an unincorporated body (other than a partnership) entitled to describe itself as a patent attorney, or
(c) a body corporate entitled to describe itself as a patent attorney or as a company carrying on the business of a European patent attorney."

18. Note that the privilege is conferred upon a patent attorney who is either "*registered*" (*i.e.* on the official list maintained by CIPA) or "*on the European list*" (which is maintained by the EPO). In order to gain entry upon either of those lists, a prospective candidate must qualify (now by passing extensive examinations, even though historically there were "grandfathering" provisions when the lists were first introduced).

19. Further, this privilege arises in a context that is independent of there being any "*proceedings*" afoot, and so is akin to legal advice privilege ("LAP"), which forms the essence of this appeal.

20. CDPA 1988 s 280 governs the scope of LPP that is accorded to a patent attorney. If, however, a patent attorney holds a Patent Attorney Litigator's Certificate, then the scope of LPP is widened by a two step process. First, the scope of what is covered by the Patent Attorney Litigator's Certificate is governed by the CIPA Higher Courts Qualification Regulations 2007 paragraph 3, which reads **[Combined Authorities, Volume E, Tab 17]**:

> " *'Intellectual Property Litigation' means litigation in respect of any matter relating to the protection of any invention, design, technical information or trade mark, or similar rights, or as to any matter involving passing-off, or any matter ancillary thereto.*"

21. The use of the phrases "*similar rights*" and "*any matter ancillary thereto*" means that the relevant activities are more widely drawn than the provisions of the CDPA 1988 s 280.

22. Secondly, the Legal Services Act 2007 section 190 then confers LPP upon the authorised legal activities provided by someone who is not a barrister or a solicitor **[Combined Authorities, Volume B2, Tab 26]**:

> "*190. — **Legal professional privilege.***
> *(1) Subsection (2) applies where an individual ("P") who is not a barrister or solicitor–*

(a) provides advocacy services as an authorised person in relation to the exercise of rights of audience,

(b) provides litigation services as an authorised person in relation to the conduct of litigation,

(c) provides conveyancing services as an authorised person in relation to reserved instrument activities, or

(d) provides probate services as an authorised person in relation to probate activities.

(2) Any communication, document, material or information relating to the provision of the services in question is privileged from disclosure in like manner as if P had at all material times been acting as P's client's solicitor.

(3) Subsection (4) applies where–

(a) a licensed body provides services to a client, and

(b) the individual ("E") through whom the body provides those services–

(i) is a relevant lawyer, or

(ii) acts at the direction and under the supervision of a relevant lawyer ("the supervisor").

(4) Any communication, document, material or information relating to the provision of the services in question is privileged from disclosure only if, and to the extent that, it would have been privileged from disclosure if–

(a) the services had been provided by E or, if E is not a relevant lawyer, by the supervisor, and

(b) at all material times the client had been the client of E or, if E is not a relevant lawyer, of the supervisor.

(5) "Relevant lawyer" means an individual who is–

(a) a solicitor;

(b) a barrister;

(c) a solicitor in Scotland;

(d) an advocate in Scotland;

(e) a solicitor of the Court of Judicature of Northern Ireland;

(f) a member of the Bar of Northern Ireland;

(g) a registered foreign lawyer (within the meaning of section 89 of the Courts and Legal Services Act 1990 (c. 41));

(h) an individual not within paragraphs (a) to (g) who is an authorised person in relation to an activity which is a reserved legal activity; or

(i) a European lawyer (within the meaning of the European Communities (Services of Lawyers) Order 1978 (S.I. 1978/1910)).

(6) In this section–

"advocacy services" means any services which it would be reasonable to expect a person who is exercising, or contemplating exercising, a right of audience in relation to any proceedings, or contemplated proceedings, to provide;

"litigation services" means any services which it would be reasonable to expect a person who is exercising, or contemplating exercising, a right to conduct litigation in relation to any proceedings, or contemplated proceedings, to provide;

"conveyancing services" means the preparation of transfers, conveyances, contracts and other documents in connection with, and

other services ancillary to, the disposition or acquisition of estates or interests in land;

"probate services" means the preparation of any papers on which to found or oppose a grant of probate or a grant of letters of administration and the administration of the estate of a deceased person.

(6) *This section is without prejudice to any other enactment or rule of law by virtue of which a communication, a document, material or information is privileged from disclosure.*"

23. For Patent Attorney Litigators, the LPP conferred in respect of advocacy or litigation services is akin to the normal litigation privilege.

24. For trade mark attorneys, the matter was governed by the CDPA 1988 s 284, but this has been repealed and replaced by the TMA 1994 s 87 (as amended by the Legal Services Act 2007 Part 8 s 184(6) and Sch 21 para 113) **[Combined Authorities, Volume E, Tab 46]**:

*"87.— **Privilege for communications with registered trade mark agents.***

(1) This section applies to–

(a) communications as to any matter relating to the protection of any design or trade mark, or as to any matter involving passing off, and

(b) documents, material or information relating to any matter mentioned in paragraph (a).

(2) Where a trade mark attorney acts for a client in relation to a matter mentioned in subsection (1), any communication, document, material or information to which this section applies is privileged from disclosure in like manner as if the trade mark attorney had at all material times been acting as the client's solicitor.

(3) In subsection (2) "trade mark attorney" means —

(a) a registered trade mark attorney , or

(b) a partnership entitled to describe itself as a firm of registered trade mark attorneys, or

(c) any other unincorporated body or a body corporate entitled to describe itself as a registered trade mark attorney."

25. TMA 1994 s 87 only confers privilege on UK registered trade mark attorneys. Privilege has been extended by virtue of the Community Trade Mark Regulations 2006 (SI №. 1027 of 2006) regulation 11 to "*professional trade marks representatives*", *i.e.* those on the list maintained by OHIM (now pursuant to Council Regulation №. 207/2009/EC Article 93).

26. For Trade Mark Litigators, the permitted activities are defined by the ITMA Trade Mark Litigator and Trade Mark Advocate Certificate Regulations 2009 §3 **[Combined Authorities, Volume E, Tab 26]**:

> *"3 **Rights of Trade Mark Litigators***
> *3.1 The following rights are granted by ITMA to holders of Trade Mark Litigator Certificates without prejudice to any existing rights of ITMA Members namely, subject to the jurisdiction of the courts concerned, including such courts as are designated Community Trade Mark and/or Community Design Courts, the right to conduct:*
>
> *(a) litigation in the Chancery Division of the High Court, including the Patents Court, and in the County Court, including the Patents County Court; and*
> *(b) appeals from the Comptroller General of Patents Designs and Trade Marks, the Patents County Court, the County Court, and the Chancery Division of the High Court,*
> *in respect of any matter relating to the protection of any trade mark or design or as to any matter involving passing off, or to the Olympic Symbol etc. (Protection) Act, 1995, or to the Olympic Association Right (Infringement Proceedings) Regulations 1995, or to the right to an injunction to restrain the unauthorised use of Royal Arms etc. conferred by Section 99(4) of the Trade Marks Act 1994:*
> *and any claim*
> *c) for infringement of literary or artistic copyright in the Trade Mark itself: and*
> *d) for breach of contract insofar as it relates to the sale of trade mark goods or the provision of trade mark services, the subject of a licence (Trade Mark & Design Litigation)*
> *3.2 All such litigation aforesaid is hereinafter referred to as Trade Mark & Design Litigation."*

27. As with Patent Attorney Litigators, LPP is conferred upon those permitted activities by the operation of the Legal Services Act 2007 s 190. So, as with Patent Attorney Litigators, the scope of LPP is wider for Trade Mark Litigators than it is for trade mark attorneys who do not hold that additional qualification. As for Patent Attorney Litigators, the LPP conferred on Trade Mark Litigators in respect of advocacy or litigation services is akin to the normal litigation privilege.

The issue of LPP in general

28. In the case of *Three Rivers District Council v Governor and Company of the Bank of England* [2005] 1 AC 610, Lord Carswell said (at [105]) that LPP was a *"single integral privilege, whose sub-heads are legal advice privilege and*

litigation privilege". This appeal is concerned only with legal advice privilege ("LAP"). However, it is pertinent to make some submissions on LPP in general in order to set the context for considering LAP in particular.

29. LPP is a creature of common law, and has evolved over the years in response to the particular facts and issues that have arisen in the various cases that have come before the courts. As is characteristic of the common law, its evolution has not necessarily been linear, nor have the various justifications that have been advanced for that evolution been consistently logical.

30. Since at least 1967 (with the Sixteenth Report of the Law Reform Committee) Parliament has regularly considered the proper scope of LPP and its potential extension to the advice given by non-lawyers. As such, the Courts have shown a reluctance to expand the scope of LPP independently of the provisions made by Parliament. This cautious approach was adopted by the Court of Appeal in this case: Lloyd LJ said, at [51] **[Combined Authorities, Volume C3, Tab 37]**:

> "*Thus, not only has Parliament not created any statutory extension of LPP to legal advice sought from and given by accountants on tax matters, but this position has been reached after consideration of the position by several responsible bodies, making diverging recommendations on the point, including two committees, some of whose recommendations did lead to legislation. Parliament's failure to change the law in this respect is not an accident.*"

31. There is a conflict between:

    31.1 the public policy of the courts having all the relevant facts before them in order to decide the case on the best possible information that is available; and,

    31.2 the public policy of ensuring that a person presents his case fully and frankly before his legal advisor in order to receive the best possible advice on his legal rights and obligations, and in order to ensure that full and frank disclosure the client should know that those facts and matters will not be revealed to a third party without his permission.

32. In this jurisdiction, the paramount position of LPP is considered to be essential for the administration of justice, and so there is no balancing exercise that needs

to be conducted between competing policies. Rather, once LPP has been established, it trumps any other policy (*R v Derby Magistrates ex parte B* [1996] AC 487 at 508A-509A, *per* Lord Taylor). Lord Taylor summarised the position as follows **[Combined Authorities, Volume A, Tab 9]**:

> *"But the drawback to that approach [namely that the protection is not absolute] is that once any exception to the general rule is allowed, the client's confidence is necessarily lost. The solicitor, instead of being able to tell his client that anything which the client might say would never in any circumstances be revealed without his consent, would have to qualify his assurance. He would have to tell the client that his confidence might be broken if in some future case the court were to hold that he no longer had 'any recognisable interest' in asserting his privilege. One can see at once that the purpose of the privilege would thereby be undermined."*

33. However, in other common law jurisdictions, the position is different, as noted by Lord Millet in *B v Auckland District Law Society* [2003] 2 AC 736 at [55] **[Combined Authorities, Volume A, Tab 4]**:

> *"Their Lordships do not overlook the fact that a different approach has been adopted in Canada, where the courts do conduct a balancing exercise by reference to the facts of the particular case. The common law is no longer monolithic, and it was open to the New Zealand Court of Appeal to make a deliberate policy decision to depart from the English approach on the ground that it is not appropriate to conditions in New Zealand. Had it done so, their Lordships would have respected its decision. But it did not. All the members of the Court of Appeal considered that they were applying established principles of English law. Their Lordships respectfully consider that the majority misunderstood them."*

34. Further, in this regard, in *Three Rivers District Council v Governor and Company of the Bank of England* [2005] 1 AC 610 Lord Scott said at [25] **[Combined Authorities, Volume A, Tab 13]**:

> *"The Supreme Court of Canada has held that legal professional privilege although of great importance is not absolute and can be set aside if a sufficiently compelling public interest for doing so, such as public safety, can be shown: see* Jones v Smith *[1999] 1 SCR 455 . But no other common law jurisdiction has, so far as I am aware, developed the law of privilege in this way."*

35. It cannot be said that because LPP is not considered paramount in Canada that therefore the administration of justice in Canada is frustrated or otherwise rendered futile. However, it is arguable that this fettering of the absolute nature of

LPP does have an effect on the margins, and that those marginal cases are the ones that are most deserving of absolute protection.

36. Moreover, in *Three Rivers District Council v Governor and Company of the Bank of England* [2005] 1 AC 610, Lord Scott said at [34] **[Combined Authorities, Volume A, Tab 13]**:

> *"It is obviously true that in very many cases clients would have no inhibitions in providing their lawyers with all the facts and information the lawyers might need whether or not there were the absolute assurance of non-disclosure that the present law of privilege provides."(emphasis added)*

37. Similarly in this case: presumably those seeking advice from advisors who are not lawyers have proceeded on the basis that their communications are not protected in the same way that the same communication conducted with a lawyer would have been protected, and yet they have been full and frank in their communications with their advisors.

38. Yet, Prudential argue that "*If such legal advice is to be sought and obtained on an effective basis, clients and advisors need to know that the communications are protected from disclosure, as with communications with lawyers*" (emphasis added) [§29 of their case]. However, clients and advisors who are not lawyers have apparently been conducting business for many years without the benefit of any recognised LPP. Clearly, such communications can, and have been, conducted on an "*effective basis*" because (a) historically, the seeking and receiving of legal advice on tax matters from advisors who are not lawyers has worked in practice (*i.e.* such clients have "*no inhibitions*" of giving full and frank disclosure in order to obtain the best advice); and, (b) even in jurisdictions where LPP is not paramount (and so the protection is not assured), the system has worked. Prudential's argument apparently relies upon the need to protect those few people who retain such "*inhibitions*" – presumably with the nuance that those few are the most needing and deserving of protection, otherwise why should they be helped?

39. It is submitted that as a consequence of the paramount nature of the protection from disclosure that LPP confers in this jurisdiction, there is the natural tendency to limit the situations in which LPP may be invoked. If it is to be restricted, then

the obvious manner is to limit it to those who historically provided legal advice, namely solicitors and barristers.

40. Many cases (and in particular the older ones) that discuss LPP tend to conflate two matters: (a) the distinction between litigation privilege and legal advice privilege (and only the latter is relevant here); and, (b) there was no need to distinguish between the nature of the advice (*i.e.* legal as opposed to non-legal) and the status of the advisor (for it seems to have been assumed implicitly that legal advice could only be given by a legally qualified person).

41. The first point may be illustrated by the fact that LPP is conferred on communications between a client and his lawyers as opposed to the confidential communications with a non-legal advisor is commonly justified by reference to the special involvement of lawyers in the administration of justice, in particular their involvement in legal proceedings. Indeed, the fact that solicitors are officers of the Court has always indicated a particular link with the administration of justice to which other professionals are not subject. A similar result is reached for barristers by reason of their Code of Conduct; and more generally nowadays by those authorised persons who are entitled to provide the reserved legal activities relating to the conduct of litigation and the rights of audience by reason of their related Codes of Conduct.

42. The communications that arise in the context of legal proceedings are protected by litigation privilege. It requires a stretching of that special relationship (howsoever formed) to justify the conferring of protection solely upon lawyers in the context of legal advice privilege, because lawyers (or more generally authorised persons) do not stand in such a special relationship with the justice system as a whole when considering the provision of legal advice outside of the context of litigation.

43. The second point may be illustrated by the fact that without doubt historically only lawyers were thought qualified to advise upon legal matters, and so there was no need to identify the status of the provider of any legal advice, as by implication the advisors must have been a lawyer. However, as commercial affairs have become more complicated, and in particular as legal rights and obligations have required more consideration in everyday commercial matters,

then it has become necessary for non-lawyers to become knowledgeable of those parts of the law that affect their particular speciality. When matters fell to be considered by the courts, the natural reading of the older cases could easily assume that where legal advice was under discussion, the characteristic feature was that it had been provided by a lawyer. If historically, different aspects of legal advice had been provided by a range of advisors knowledgeable in their own specialities, then it is likely that the common law would have recognised that LPP could attach to advice of a legal nature, so long as it had been provided by a specialist in that area. As such, in such a hypothetical scenario, LPP would attach by reason of the nature of the advice, rather than the status of the advisor.

44. However, due to the evolution of these lines of historical reasoning, the common law finds itself in the position that legal advice given by lawyers is now justifiably different from legal advice given by non-lawyers, even though the actual advice might be identical. As such, given the tendency to restrict the circumstances in which LPP may be established (partly, it is submitted because of the power of its paramount nature), it is natural to draw the line dependent upon the status of the advisor, rather than upon the nature of the advice, even if the advice would be identical if it had been given by legal or non-legal advisors. In this context, the reticence of Parliament to extend LPP in only limited circumstances to other professionals (such as patent and trade mark attorneys) is apposite. This cautious approach of the legislature appears implicitly to approve and adopt this line of evolution of the common law.

45. One final general observation concerns the exceptions to the paramount nature of LPP. It was stated above that there is no balancing act to be performed. However, there are two clear exceptions, namely (i) fraud (*e.g.* Lord Millet in *B v Auckland District Law Society* [2003] 2 AC 736 at [44]); and, (ii) competition cases (Case C-550/07 P *Akzo Nobel Chemicals Ltd v European Commission,* in which the Court of Justice held that LPP only extended to communications from lawyers independent of the party whom they represented, *i.e.* not in-house lawyers). The latter example is pertinent to this case, because by refusing to allow LPP to prevent disclosure of internal documents prepared by in-house lawyers, the Court of Justice was endeavouring to ensure that it had all the relevant facts and matters available to it in order to reach a just decision. It implicitly considered that the

public policy of ensuring proper competition within the internal market (which is for the good of the public) overrode the justification for conferring LPP on the advice given by in-house lawyers (which is a private interest). In this case, there is a similar conflict between the private interest of Prudential in invoking LPP in order to prevent disclosure of its documents and the public good of allowing HMRC in assessing correctly the tax liability so as to ensure that all proper monies are paid over to the Treasury. Bearing in mind that the central argument for LAP is predicated upon the public policy need to ensure the proper administration of justice, any extension of LPP to the advice given by tax accountants would need to be balanced with the public interest in there being full disclosure to ensure the proper collection of taxes.

LPP and IP Practitioners

46. Historically, advice given by patent agents was not privileged. In the case of *Moseley v The Victoria Rubber Co* (1886) 3 RPC 351, Chitty J held (at pp355-356) **[Combined Authorities, Volume C3, Tab 29]**:

> *" ... , but I think that the Defendants who are interrogating have a right to a better answer in the circumstances of this particular case, because it is admitted by Mr Lawson that the solicitor intended to be referred to is also a patent agent; and it is quite clear, I need not say, in point of law, that communications between a man and his patent agent are not privileged; and therefore seeing the nature of this correspondence which is referred to, and seeing the double character which Mr Johnson occupies, it appears to me that the Defendants are entitled to an answer more precise; ... . The statement is, "confidential communications between myself and my solicitor." But he does not state that these communications took place between the Plaintiff and his solicitor in that relation one to the other; and it may be that the communication took place in the other relation, that of patent agent. The communication is between the Plaintiff and a person standing in two relations towards the Plaintiff ... . No doubt, as Mr Lawson stated, the Plaintiff might be in some difficulty in distinguishing what communications took place between him and his patent agent and what took place between him and his solicitor, seeing that the patent agent and the solicitor are one and the same person."*

47. This is a particularly pertinent case, because even though the advisor was both a solicitor and a patent agent, it was only those communications with him while he was acting as a solicitor that were privileged.

48. Similarly, historically, the communications with trade mark attorneys were not subject to LPP. In the case of *Dormeuil Trade Mark* [1983] RPC 131, Nourse J said (at 136) **[Combined Authorities, Volume C2, Tab 14]**:

> *"Mr. Platts-Mills accepts that, but he says that I should follow the general philosophy of that decision, particularly since the earlier cases on which Mr. Morcom relies were decided at a time when proceedings were only and could only be, conducted by solicitors and counsel. He says that in those days it was never necessary for anybody to consider whether the privilege should apply in a case where other professional men, far less non-professional men, were concerned in advising clients, or indeed in conducting litigation on their behalf. He says that in these days the rule should be different. Like the learned Master, I see great force in that submission. It does seem to me to be a little odd and possibly perverse, that if a trade mark agent is entitled to advise a client in relation to certain legal matters and to conduct certain legal proceedings on his behalf, the same privilege should not apply as would certainly apply in a case where the advice was being given and the proceedings were being conducted by a solicitor. Nevertheless I do not think it is open to me in this court to fly in the face of the established rule, as ununciated in Wheeler v. Le Marchant, the statement of Chitty J. in Moseley v. Victoria Rubber Company, and the fact that in 1968 the legislature seemed to think it was necessary expressly to extend the privilege to the case of patent agents."*

49. Therefore, it is clear that even though patent and trade mark attorneys were giving legal advice (at least in recent times), their communications did not thereby qualify for LPP. The common law had developed sufficiently by that time to limit LPP to the advice given by lawyers, and the same advice given by non-lawyers would not qualify. Further, it is clear that the whole system of patents and trade marks still operated well, despite the fact that a lot of specialist legal advice that was given was not protected by LPP.

50. From the enactment of the Civil Evidence Act 1968, there has been a steady stream of statutory provisions that have conferred LPP on the advice given by non-legal IP practitioners. It is pertinent to note, though, that those rights have been precisely tied to the advice given by a closely defined group of advisors (by reference to the official registers in the UK, or the lists kept by OHIM and the EPO in Europe). Also, those rights were defined by reference to the common law right that attached to communications between a client and his solicitor.

51. Further, those rights have been confined to the particular expertise that those advisors possess. This may be illustrated by the debates during the passage of the

clause that became CDPA 1988 s 280 (House of Lords, 12th January 1988; House of Commons, 21st June 1988). In particular, in the debate in the House of Lords, the Earl of Dundee said **[Combined Authorities, Volume E, Tab 11]** :

> *"One obvious change is that the word 'copyright' no longer appears in the list. I should like to emphasise, however that this does not mean that we have changed our minds about the degree to which patent agents are qualified to advise on copyright matters. Patent agents must have a considerable depth of knowledge about certain aspects of the subject, primarily arising from their work in advising on the protection of inventions, designs and trade and service marks. ...*
>
> *So we clearly accept that patent agents can and do given competent advice on certain aspects of copyright. However, the wording adopted no longer makes it necessary for copyright to be specifically mentioned. The examples I have just mentioned ["an action for breach of copyright in packaging or labels" and "the interaction between copyright, designs and patent laws as they relate to functional and aesthetic articles"] would all fall within the definition of,*
>
> > *'any matter relating to the protection of inventions, designs, technical information and trade or service marks."*
>
> *Questions of pure copyright would not, of course, be covered but such matters are generally acknowledged as falling outside the normal range of expertise of patent agents."*

52. In the debate in the House of Commons, Mr Butcher said **[Combined Authorities, Volume E, Tab 8]**:

> *"We believe that the inclusion of copyright, commercial information and other intellectual property [wording taken from the definition of "intellectual property" in the then Supreme Court Act 1981 s 72] in the list of topics in clause 260 [which became s 280] is wrong. Some patent agents may know a great deal about those matters and all patent agents probably know something about them, but the subjects as such do not fall within the generally accepted expertise of patent agents. That was agreed by the working group to which I have just referred, and the patent agents did not dissent."*

53. Therefore, the scope of LPP that was conferred upon the communications of patent and trade mark attorneys was intended to be limited to what were perceived to be their core areas of expertise. This is in contrast to the scope of LPP that protects all legal advice from lawyers, regardless of their level of expertise in the particular area of law under consideration.

54. However, the legislation always lags behind what is happening in the marketplace. For example the term "*any matter relating to the protection*" in the

CDPA 1988 s 280 implies a limitation on the scope of the advice that is protected. However, patent and trade mark attorneys provide specialist advice to their clients upon a lot more than the mere protection of the particular rights that are detailed in that section.

55. This may be illustrated by reference to the scheme that was introduced by the Finance Act 2012 called the Patent Box that introduces a lower rate of tax on patent income. There has been much discussion in the IP literature about this new regime, and several patent and trade mark firms have published marketing material about it indicating that they are well placed to provide advice. The example of the Patent Box is particularly apposite for this appeal, because it is more than likely that tax accountants will also be providing advice on the scheme (as evidenced by the fact that many have published marketing material offering such advice in a similar vain to that offered by patent and trade mark attorneys) and it is foreseeable that they will be providing that advice in conjunction with the advice provided by patent and trade mark attorneys, and maybe also with specialist solicitors and barristers who have IP and / or tax expertise.

56. Finally, it ought to be observed that in the case of the advice given by patent and trade mark attorneys, there is not the same level of public interest that arises in the case of competition or tax cases. While it is true that certain IP rights confer a monopoly upon the rights holder, and generally the exercise of an IP right will fetter a completely and unregulated free market from arising, overall the legislature has considered that IP rights confer a benefit upon society as a whole. That is in contrast with anti-competitive behaviour or avoiding paying tax that is properly payable, both of which act only to the disadvantage of the public. Therefore, in the case of patent and trade mark attorneys there is not the concern that by conferring LPP upon the specialist advice that they are able to give that thereby society as a whole might be prejudiced.

Summary and Conclusions

57. The common law has now arrived at a stage in its evolution that LPP is conferred upon the communications of lawyers, but not upon communications containing exactly the same legal advice if that advice had been given by a non-lawyer. It is

submitted that a possible explanation for the reticence in expanding the scope of LPP protection to the legal advice of non-lawyers is (partly) because of the paramount nature of LPP protection once it is established, and so it ought to be conferred sparingly. Historically, when deciding where to draw the boundaries for conferring LPP, it was natural to confer the right upon lawyers' communications as they were the only people who gave legal advice (and so avoiding the question of whether it should be conferred by reason of the nature of the advice), and who had a special relationship with the courts (at least when concerned with the administration of justice by the courts).

58. Originally, there was no LPP conferred upon the communications of patent and trade mark attorneys. As a response to the fact that the clients of those attorneys were increasingly seeking and receiving specialist legal advice from them that they were particularly well qualified to give, statutory provisions were introduced. Over the years, the scope of the protection has been expanded. However, that scope still lags behind the full breadth of the areas upon which those attorneys are particularly skilled to provide specialist advice. The rights that patent and trade mark attorneys have slowly accrued over the years should not be jeopardised or fettered in any way, in particular by adopting the proposal advanced by Charles J (at §72 of his judgment), namely that the "*application [of LPP] to advice given by lawyers should be restricted on a review of the policy and public interest considerations that underlie LPP*".

59. The statutory regime, however, after the careful and considered approach adopted by Parliament after having received numerous reports and submissions, now confers LPP in limited circumstances upon a wider range of authorised persons.

60. AIPPI UK therefore submits that, as with the extension to patent and trade mark attorneys and other authorised persons, it should be left to Parliament to expand the categories of professionals to whose activities LPP may attach. This is a matter that is regularly reviewed by Parliament in general, and in particular is a matter that AIPPI currently is asking the UK Government to consider in relation to the advice given by IP professionals. Accordingly, AIPPI UK submits that the question of whether LPP should be extended to include the advice given by tax

accountants is best left for Parliament to regulate, rather than for common law to be left to evolve in this way.

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