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IN THE SUPREME COURT OF TEXAS

IN RE ANDREW SILVER,
Relator.

Original Proceeding from Cause No. DC-15-02268
In the 134th District Court of Dallas County, Texas
Honorable Dale Tillery, Presiding Judge

BRIEF OF AMICUS CURIAE AUSTIN INTELLECTUAL PROPERTY LAW ASSOCIATION

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INTEREST OF AMICUS CURIAE

The Austin Intellectual Property Law Association ("AIPLA") is a bar association located in Austin, Texas with approximately 250 members engaged in private and corporate practice across a wide range of industries and technologies. *See* www.austin-ipla.org. Austin IPLA members represent both the owners and users of intellectual property.

As an organization, AIPLA has no stake in any of the parties to this litigation. No party to the appeal or its counsel authored this brief in whole or in part. Further, no fee has been or will be paid for the preparation of this brief. AIPLA's amicus committee and Board of Directors voted on the preparation and submission of this brief, and no AIPLA member voting to prepare and submit this brief has served as record counsel to any party in the subject of this appeal. AIPLA procedures require approval of positions in briefs by a majority of directors present and voting. AIPLA submits this brief in accordance with Texas Rule of Appellate Procedure 11, which authorizes an appellate clerk to receive an amicus brief without requiring consent or leave of the court.

SUMMARY OF THE ARGUMENT

The AIPLA supports including communications with patent agents within the scope of the attorney-client privilege. A client's confidential communications with a registered patent agent should be privileged under Texas Rule of Evidence 503, so long as those communications are made to facilitate rendition of legal services that the agent is authorized to perform.

The purpose of the Rule 503 is to protect clients. Respecting the privilege for patent agent communications serves this purpose. Clients are protected by uniform treatment of patent agent communications in state and federal forums. A refusal to recognize the privilege under state law would undermine the federal licensure scheme, encourage forum shopping, and disincentivize forthright and candid communications between patent agents and their clients. Clients are also protected by having the freedom to select patent agents for highly technical patent subject matter, but freedom of selection could be substantially impaired if the attorney-client privilege is not afforded to communications involving patent agents.

Denying privilege to confidential patent agent communications would harm Texas patent agents and the intellectual property legal profession in Texas. It would put Texas patent agents and the Texas law firms that employ patent agents at a competitive disadvantage relative to patent agents and firms from other states. It could also lead to a counterintuitive result that communications with a Texas patent

agent would not be considered privileged in Texas courts, but communications with another state's patent agent would be considered privileged in Texas courts.

ARGUMENT

I. In Texas, Rule 503 should protect confidential communications between a patent agent and a client that are made to facilitate the agent's provision of authorized legal services

The AIPLA agrees with Arguments Sections I.A. and I.B from the Relator Andrew Silver's Brief on the Merits. Texas Rule of Evidence 503(b) grants clients a privilege to refuse to disclose confidential communications between the client and his or her lawyer (as lawyer is defined in defined in the rule) when those communications are made to facilitate the rendition of professional legal services. TEX. R. EVID. 503(b)(1)(A). The rule defines "lawyer" as a person authorized "to practice law in any state or nation." TEX. R. EVID. 503(a)(3). This definition is satisfied by patent agents because patent agents are authorized by the United States to practice law before the Patent Office. Since the actions of registered U.S. patent agents constitute the authorized practice of law, no new privilege is created by recognizing that confidential communications between clients and their patent agents fall within the scope of Rule 503's attorney-client privilege. Therefore, so long as the communications between clients and patent agents involve the authorized legal services of prosecuting patents, those communications should be privileged under Rule 503.

Federal law, the Federal Circuit, and the Supreme Court have all explicitly recognized that prosecuting patents, when performed by registered patent agents, constitutes the authorized practice of law. Under Federal law, registered patent

agents are authorized to prepare patent applications and prosecute them before the Patent Office. 37 C.F.R. §§ 1.31, 1.34. The Supreme Court, in *Sperry v. State of Fla. ex rel. Florida Bar*, stated that it did "not question the determination that under Florida law the preparation and prosecution of patent applications for others constitutes the practice of law." 373 U.S. 379, 383 (1963). The Court went on to rule that "Florida may not deny to those failing to meet its own qualifications the right to perform the functions within the scope of the federal authority," even when located in Florida. *Id.* at 385.

The Federal Circuit recognized *Sperry's* continued vitality, and confirmed that patent agents "are engaging in the practice of law itself," a practice which is authorized by United States law. *In re Queen's Univ. at Kingston*, 820 F.3d 1287, 1296 (Fed. Cir. 2016). The Federal Circuit went on to unequivocally hold that there exists "a patent-agent privilege extending to communications with non-attorney patent agents when those agents are acting within the agent's authorized practice of law before the Patent Office." *Id.* at 1302. Since the Federal Circuit has nationwide jurisdiction over appeals of patent litigation and related discovery disputes, as well as jurisdiction over appeals from the Court of Federal Claims, all District Courts including the Court of Federal Claims recognize that privileged communications exist between clients and patent agents. *See* 28 U.S.C. § 1295(a)(1), (a)(3).

II. Recognizing a privilege for confidential communications with patent agents protects clients.

1. Clients are protected by uniformity between state and federal forums.

The AIPLA agrees with Arguments Sections I.C. from the Relator Andrew Silver's Brief on the Merits. If this Court rules against Silver, the prevailing rule in Texas state courts will be contrary to all federal forums in which patent issues are litigated. In addition to the Federal courts, other federal forums also recognize that privileged communications exist between clients and patent agents. The U.S. Patent and Trademark Office ("USPTO") has also proposed a rule that would also recognize the privilege in proceedings at the Patent Trial and Appeal Board.[1] Respondents to the USPTO request for comments on the proposed rulemaking relative to the patent-agent privilege issue "unanimously supported a rule recognizing such privilege".[2] In addition to the federal courts and the USPTO, the International Trade Commission (ITC) also hears patent disputes and recognizes the privilege for patent agent communications.[3] Therefore, all applicable federal forums recognize that privileged communications exist between clients and patent agents.

[1] *See* Rule Recognizing Privileged Communications Between Clients and Patent Practitioners at the Patent Trial and Appeal Board, 81 Fed. Reg. 71653, 71653-54 (proposed Oct. 18, 2016) (to be codified at 37 C.F.R. pt. 42).
[2] 81 Fed. Reg. at 71654.
[3] *See* 81 Fed. Reg. 71653, 71654-55

A refusal to recognize that privilege under state law could have serious consequences for clients of patent agents and undermine the federal scheme which is intended to allow patent agents to practice law before the Patent Office. Plaintiffs seeking discovery of patent agent communications that would be privileged in federal court might sue in a Texas state court as an end-run on the privilege. As Justice Evans noted, "[this] decision might encourage satellite state court litigation as an opportunity to discover such communications privileged from discovery in federal court patent litigation." *In re Silver*, 500 S.W.3d 644, 650 (Tex. App.–Dallas Aug. 17, 2016, orig. proceeding [mand. pending]) (Evans, J., dissenting)).

Out of an abundance of caution, clients will assume that communications with patent agents are not privileged and will be forced to treat all communications as not being privileged, for fear that those communications will be discoverable in Texas state courts. Even though communications are privileged in Federal forums, clients would still be less forthcoming in their communications with patent agents. Honest, direct communication between clients and patent agents will be forestalled, with the consequence that adequacy of representation before the USPTO will be hampered and diminished. Clients might be reluctant to share information with a patent agent that the patent agent needs to know to prosecute a patent.

2. **Clients are protected by having the freedom to select patent agents.**

In appearance and in fact, a registered patent agent stands on the same footing as an attorney in proceedings before the USPTO. Congress established the patent system "to promote the commercialization and public availability of inventions made in the United States by United States industry and labor". 35 U.S.C. § 200. Due in part to the long-recognized difficulty of patent drafting and prosecution[4] and the limited supply of attorneys with sufficient technical and scientific knowledge, "nonlawyers have practiced before the Office from its inception, with the express approval of the Patent Office and the knowledge of Congress". *Sperry*, 373 U.S. at 388.

Freedom of selection would, however, be substantially impaired if as basic a protection as the attorney-client privilege were not afforded to communications involving patent agents. Denial of privilege for communications between a client and patent agent will discourage clients from choosing representation by registered patent agents. "If patent agents are not entitled to have their communications be considered privileged, however, then their utility—and associated cost savings for

[4] *See Topliff v. Topliff*, 145 U.S. 156, 171 (1892) ("The specification and claims of a patent, particularly if the invention be at all complicated, constitute one of the most difficult legal instruments to draw with accuracy, and in view of the fact that valuable inventions are often placed in the hands of inexperienced persons to prepare such specifications and claims, it is no matter of surprise that the latter frequently fail to describe with requisite certainty the exact invention of the patentee").

stakeholders—is lost."[5] This would "frustrate the very purpose of Congress's design: namely, to afford clients the freedom to choose between an attorney and a patent agent for representation before the Patent Office." *Queen's Univ.*, 820 F.3d at 1298. The protection intended by *Queen's University* and the availability of patent agents as an alternative and complement to patent attorneys will be eliminated.

III. Recognizing a privilege for confidential communications protects Texas patent agents from being disadvantaged relative to patent agents of other States.

Texas patent agents play an important role for Texas industry and inventors. Nationwide, there are there are 11,320 active agents and 33,826 active attorneys.[6] In Texas, there are 598 active patent agents and 2,717 active patent attorneys.[7] Industry and innovators in Texas benefit from the services of the registered patent agents practicing here.

Texas patent agents will be put at a severe disadvantage relative to patent agents of other states if Texas fails to recognize a privilege for patent agent communications. In order to ensure that their communications are privileged, Texas clients might instead decide to use patent agents in states and districts that

[5] Letter from Sharon A. Israel, President of the American Intellectual Property Law Assoc., RE: Response to Proposed "Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board," 80 FR 50720 (August 20, 2015), p. 15-16 (Oct. 21, 2015).
[6] Patent practitioner roster, https://oedci.uspto.gov/OEDCI/practitionerRoster.jsp.
[7] Patent practitioner roster, https://oedci.uspto.gov/OEDCI/practitionerRoster.jsp.

recognize a privilege for patent agent communications. For example, the District of Columbia follows Federal common law and would therefore recognize a privilege for communications with patent agents. Thus, a Texas client might choose to use a patent agent from the District of Columbia to be assured that there would be a greater probability that those communications would remain privileged.

In the future, as more states decide the issue, Texas industry and inventors will be more inclined to use patent agents in states that recognize the privilege. Although, to our knowledge, no other states to date have specifically decided whether attorney-client privilege extends to patent agents, it is reasonable to think that this issue will be decided in the coming years for many of the other 49 states. It is also reasonable to assume that many states will follow Federal precedent and include communications with patent agents under the protection of attorney-client privilege. If so, Texas patent agents will be put at a severe competitive disadvantage relative to the patent agents in those states that decide to recognize the privilege.

Indeed, Texas courts would be forced to come to the counterintuitive result that communications with Texas patent agents would not be privileged, but communications with patent agents in states that recognize the privilege might be privileged – even in Texas courts. This is because, for choice of law considerations relating to the attorney-client privilege, this Court has specifically held that Texas

courts apply the "most significant relationship" test set forth in the Restatement (Second) Conflict of Laws. *See Ford Motor Co. v. Leggat*, 904 S.W.2d 643, 647 (Tex. 1995). "[T]he purpose of the attorney-client privilege and the reliance placed by the client on the confidential nature of the communications create special reasons" why the forum should yield to the privilege law of the state with the most significant relationship. *Id.* Therefore, while communications of Texas clients with Texas patent agents would categorically not be privileged in Texas courts, Texas courts would apply a balancing test to determine if communications with patent agents in other states would be privileged. "In determining whether there are countervailing considerations, a court should consider (1) the number and nature of the contacts in the forum state; (2) the relative materiality of the evidence that is sought to be excluded; (3) the kind of privilege involved; and (4) fairness to the parties." Restatement (Second) Conflict of Laws §139 cmt. d. This inherent preference given to out of state patent agents would put Texas patent agents at a severe competitive disadvantage and create a real incentive for Texas clients to use patent agents not located in Texas.

The purpose of the attorney-client privilege is to protect clients, and protect attorneys from non-attorney competitors. Here neither would be served by not respecting the privilege for patent agents.

CONCLUSION

In accordance with the plain language of Rule 503, this Court should recognize that registered patent agents engaged in the authorized practice of law are "lawyers" for the purposes of Rule 503 of the Texas Rules of Evidence. Consequently the trial court's order to compel production of such communications should be vacated.

Dated: February 21, 2017

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

I certify that this brief complies with the typeface and word-count requirements set forth in the Texas Rules of Appellate Procedure. This brief has been prepared, using Microsoft Word, in 14-point Times New Roman font for the text, and 12-point Times New Roman font for the footnotes. This brief contains 2549 words, as determined by Microsoft Word's word-count feature, excluding those portions exempted by Tex. R. App. P. 9.4(i)(1).

Dated: February 21, 2017

/s/ *Stephen R. Dartt*
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this amicus brief was served on all counsel of record in this case, identified below, on February 21, 2017, by the electronic filing manager.

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