Federal Court  Cour fédérale

Date: 20140625

Docket: T-1749-11

Citation: 2014 FC 616

BETWEEN:

SNF INC.

Plaintiff

and

CIBA SPECIALTY CHEMICALS WATER TREATMENTS LIMITED

Defendant

AND BETWEEN:

CIBA SPECIALTY CHEMICALS WATER TREATMENTS LIMITED AND BASF PERFORMANCE PRODUCTS PLC

Plaintiffs By Counterclaim

and

SNF INC., SNF HOLDING COMPANY AND SUNCOR ENERGY INC.

Defendants By Counterclaim

REASONS FOR ORDER

PHELAN J.

I. Introduction

[1] These are the Reasons for the Order of June 23, 2014 in respect of a motion by SNF Inc. [SNF/Applicant] declaring certain documents not to be privileged. The responding party [Ciba/BASF, together or separately named] has claimed privilege over groups of documents under one or more principles of Wigmore privilege, European Patent Attorney privilege litigation privilege and solicitor-client privilege.

[2] Some of the documents claimed as privileged have been disclosed in other litigation – the reasons therefore are not always clear. There is no issue that the documents listed in Schedule 2 of the Affidavit of Production are relevant. The sole issue is whether those documents are entitled to privilege in accordance with one or more of the principles named.

[3] In accordance with the Court's Order, only Ciba's claim of solicitor-client privilege has been sustained. Documents over which other types of privilege have been asserted must be disclosed.

II. Background

[4] The action at issue is a patent infringement case. Ciba/BASF's patent relates to a process for treating tailings employing a polymer in solution form. As part of the challenge to the patent, SNF alleges that Ciba made materially misleading statements in its patent for the purpose of

misleading the Canadian Patent Office [CPO] and the public. There is no allegation that the solicitors were part of this plan to mislead.

[5] It is important to note that in February 2007 SNF filed its first protest with the CPO related to the patent in issue. The protest was part of a litigation strategy for SNF. However, Ciba did not know who filed the protest or what was the true motive for the protest. Two further protests were filed in January 2011. These circumstances have led to different production orders as between the parties; SNF was able to claim litigation privilege over the whole of this protest process while, for reasons set out here, Ciba cannot.

[6] There have been several orders requiring answers on discovery and orders for further production. A number of refusals have been upheld. Disclosure of some of the productions has been permitted for purposes of a similar proceeding in Australia – subject to restrictions on use and confidentiality terms.

[7] There is little point in outlining the parties' positions – they know them. The documents at issue are specific to this action and are examined on a case by case basis.

III. Analysis

A. *European Patent Attorney Privilege*

[8] The parties debated the extent of my decision in *Lilly Icos LLC v Pfizer Ireland Pharmaceuticals*, 2006 FC 1465, 304 FTR 262 [*Lilly Icos*], in which I held that the European

patent attorney privilege was not sustained in that case or in Canada generally. The facts are different and more extensive here than in *Lilly Icos* and the UK legislation in force at that time, the *Copyright, Designs and Patents Act 1988*, has since been amended to remove a geographical restriction which played a role in the reasons for that decision.

[9] However, despite these differences, the matter remains that the privilege accorded elsewhere to European patent attorneys does not extend to Canadian litigation unless the privilege arises under some other principle of privilege such as the Wigmore principles or litigation privilege on a case by case basis.

[10] As a separate class of privilege, the European patent attorney privilege is not recognized in Canada for the principled reasons set out in *Lilly Icos* and as held by Justice Pratte in *Lumonics Research Ltd* v *Gould*, [1983] 2 FC 360, 70 CPR (2d) 11 (FCA) at paragraph 14:

> It is clear that, in this country, the professional legal privilege does not extend to patent agents. The sole reason for that, however, is that patent agents as such are not members of the legal profession. That is why communications between them and their clients are not privileged even if those communications are made for the purpose of obtaining or giving legal advice or assistance.

[11] Absent legislation (and various discussions on the topic have occurred), the recognition of this type of class privilege is doubtful. It is, as recognized in the comments of Justice Binnie, a matter for Parliament:

> At common law, privilege is classified as either relating to a class (e.g. solicitor and client privilege) or established on a case-by-case basis. In a class privilege what is important is not so much the content of the particular communication as it is the protection of the type of relationship. Once the relevant relationship is established between the confiding party and the party in whom the

> confidence is placed, privilege presumptively cloaks in confidentiality matters properly within its scope without regard to the particulars of the situation. Class privilege necessarily operates in derogation of the judicial search for truth and is insensitive to the facts of the particular case. Anything less than this blanket confidentiality, the cases hold, would fail to provide the necessary assurance to the solicitor's client or the police informant to do the job required by the administration of justice. The law recognizes very few "class privileges" and as Lamer C.J. observed in rejecting the existence of a class privilege for communications passing between pastor and penitent in *R. v. Gruenke*, [1991] 3 S.C.R. 263:
>
> > Unless it can be said that the policy reasons to support a class privilege for religious communications are as compelling as the policy reasons which underlay the class privilege for solicitor-client communications, there is no basis for departing from the fundamental "first principle" that all relevant evidence is admissible until proven otherwise.
>
> It is likely that in future such "class" privileges will be created, if at all, only by legislative action.
>
> *R v National Post*, 2010 SCC 16, [2010] 1 SCR 477, at paragraph 42

[12] Prothonotary Aalto's decision in *DataTreasury Corporation v Royal Bank of Canada*, 2008 FC 955, 70 CPR (4th) 241 (Court File Nos. T-1661-07 and T-1472-07) [*DataTreasury*], is distinguishable on the facts and relevant principles and does not alter my conclusion that this class of privilege is not recognized in Canada. The *DataTreasury* decision was heavily influenced by the involvement of an American lawyer and the impact of solicitor-client privilege.

[13] *In terrorem* arguments that SNF will bring other motions or that tactical litigation in Canada will ensue are not persuasive. The Court is well equipped to deal with such issues.

Where there are legitimate motions, the Court can deal with them on the basis of relevance and can protect disclosures as may be necessary.

B. *Wigmore Principles*

[14] The Wigmore Principles were set out in *R v Gruenke*, [1991] 3 SCR 263 at page 284:

> (1) the communications must originate in a confidence that they will not be disclosed;
>
> (2) this element of confidentiality must be essential to the full and satisfactory maintenance of the relation between the parties;
>
> (3) the relation must be one which in the opinion of the community ought to be sedulously fostered; and
>
> (4) the injury that would inure to the relation by the disclosure of the communications must be greater than the benefit thereby gained for the correct disposal of litigation.

[15] Contrary to the Plaintiff's submissions, I concluded that at least Ms. Beveridge expected that her communications would be confidential. The same might be said about Mr. Peatfield. However, that expectation is based in part upon the state of law in England; not in Canada. A mistaken understanding of the applicable law is not a solid ground for recognizing the legitimacy of the expectation.

[16] While there may be some merit to the essentiality of confidence as a patent is developed, once the patent application is filed, the interests of the litigation process must be given precedence when it comes to relevant documents.

[17] The relationship at issue, particularly as regards patent agents, is not one which the Canadian community believes must be sedulously fostered. Canada has not invoked anything akin to the UK legislation and the courts have not recognized the relationship as a privileged one *per se*.

[18] The Defendant has not established that the injury of disclosure outweighs the benefits of correct disposition of the litigation. The search for the truth, and the proper adjudication of disputes, is of paramount importance and should only be hindered in the rarest most compelling circumstance. Solicitor-client privilege is one example of the exception to the public interest in proper adjudication.

[19] The Court can address through both the pre-trial and trial process the legitimate interest in confidentiality without undermining proper adjudication. The Defendant has not shown otherwise.

[20] The Defendant has also argued that comity dictates a recognition of the privilege claimed. One of the difficulties with this argument is that the Defendant's argument would result in recognition of a foreign patent agent privileged relationship (on terms which may vary by jurisdiction) not available to Canadian patent agents. The foreign patent agent would enjoy the benefits of that privilege even when dealing with a Canadian patent. This asymmetrical relationship is not justified.

C. *Litigation Privilege*

[21] The principal tenet of this privilege is that it can only be invoked when litigation is pending or apprehended and the documents were created for the dominant purpose of litigation. There must be a realistic anticipation of litigation, not just a hope, desire or suspicion.

[22] The purpose of the privilege is well set out in *Blank v Canada (Minister of Justice)*, 2006 SCC 39, [2006] 2 SCR 319, at paragraph 27:

> Litigation privilege, on the other hand, is not directed at, still less, restricted to, communications between solicitor and client. It contemplates, as well, communications between a solicitor and third parties or, in the case of an unrepresented litigant, between the litigant and third parties. Its object is to ensure the efficacy of the adversarial process and not to promote the solicitor-client relationship. And to achieve this purpose, parties to litigation, represented or not, must be left to prepare their contending positions in private, without adversarial interference and without fear of premature disclosure.

[23] As described above, where a party is represented, litigation privilege attaches only to communications between its solicitor and third parties. Many of the communications over which Ciba (a represented party) claims litigation privilege do not involve a solicitor and thus cannot claim the benefit of litigation privilege.

[24] However, its application in the context of a patent application is limited. Justice Walsh in *Montreal Fast Print (1975) Ltd v Polylok Corporation*, [1983] FCJ No 179, described the relevant situation as follows:

> While in one sense it can be said that there is always a possibility of litigation arising out of any patent application, there is nothing

> in the present case to indicate that the primary purpose of any advice given to the client whether by the American attorneys or by the solicitors in Canada was not in connection with obtaining the patents in question, and this is primarily patent agents' work even though the patent agent can consult with or obtain legal advice from other members of his firm qualified to give such advice in connection with these applications.

[25] Justice Teitelbaum in *Whirlpool Corp v Camco Inc*, [1997] FCJ No 416, at paragraph 5, elucidated the point:

> The Prothonotary did not provide any authorities for his conclusion that because a solicitor requests information from a third party to obtain information subsequently provided to a client, this information is privileged even if the third party is a patent agent. However, there is overriding and conclusive jurisprudence in Canadian law that communications between a client and a patent agent are not privileged, unless the documents were prepared through the medium of the client's solicitor if made in contemplation of litigation: *Flexi-Coil Ltd. v. Smith-Roles Ltd. et al.* (1983), 73 C.P.R. (2d) 89 (F.C.T.D.) at 92-93 [hereinafter "*Flexi-Coil*"]. In *Lumonics Research Ltd. v. Gould* (1983), 70 C.P.R. (2d) 11 (F.C.A.) [hereinafter "*Lumonics*"], Mr. Justice Pratte held for the Federal Court of Appeal at page 15:
>
> > It is clear that, in this country, the professional legal privilege does not extend to patent agents. The sole reason for that, however, is that patent agents as such are not members of the legal profession. That is why communications between them and their clients are not privileged even if those communications are made for the purpose of obtaining or giving legal advice or assistance.

[26] Ciba relies on the protests, first received in 2007, to ground its reasonable expectation of litigation. However, it has not established that a protest *per se* gives rise to such a realistic anticipation of litigation or that this protest should have and did raise that expectation.

[27] The dominant purpose of the communications at issue in this privilege claim was to acquire patent rights – not litigation.

[28] Examined as a whole, the Defendant has not made out this claim of privilege.

D. *Solicitor-Client*

[29] The principles are well-known and there is no real issue between the parties on these limited documents. The claim has been established.

E. *Waiver*

[30] SNF asserts that since some Schedule 2 communications have been disclosed, fairness and consistency requires disclosure of all Schedule 2 documents.

[31] The communications which were disclosed were subject to an assertion of Wigmore and/or European patent attorney privilege. The Court has found that the assertions of Wigmore and European patent attorney privilege are not made out. Any waiver which occurred in the disclosure of these communications is restricted to the particular class of privilege claimed. Fairness and consistency do not require solicitor-client privilege to fail along with other categories of privilege.

[32] In *Apotex Inc v Canada (Minister of Health)*, 2003 FC 1480, 30 CPR (4^{th}) 186, Justice Lemieux wrote at para 24:

In the case of *Hunter v Rogers*, [1982] 2 WWR 189 (BCSC), Meridith J. approved the following statement in *8 Wigmore, Evidence*, (McNaughton Rev.), 1961 cited in *Sopinka et al., The Law of Evidence in Canada*, at page 666 on what waiver by implication signifies:

> As to what constitutes waiver by implication, Wigmore said:
>
> > Judicial decision gives no clear answer to this question. In deciding it, regard must be had to the double elements that are predicated in every waiver, i.e. not only the element of implied intention, but also the element of fairness and consistency. A privileged person would seldom be found to waive, if his intention not to abandon could alone control the situation. There is always also the objective consideration that when his conduct touches a certain point of disclosure, fairness requires that his privilege shall cease whether he intended that result or not. He cannot be allowed, after disclosing as much as he pleases, to withhold the remainder. He may elect to withhold or to disclose, but after a certain point his election must remain final.

[33] There is no basis for concluding that there is a waiver of these solicitor-client documents which are legitimately privileged.

IV. Conclusion

[34] For these reasons, the Court issued the Order of June 23, 2014.

"Michael L. Phelan"
Judge

Ottawa, Ontario
June 25, 2014

FEDERAL COURT

SOLICITORS OF RECORD

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