

Confidentiality In Intellectual Property Litigation

By its very nature intellectual property involves the development and protection of monopolies. Whether the monopoly covers a new invention, a trade mark, a new design or an artistic work, owners of intellectual property want to protect their monopolies. Protecting these monopolies can mean litigating against close competitors. In such litigation it may become necessary to disclose confidential information which neither party wants to place in the hands of the other party, or the public.

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Australian courts have for many years been prepared to make confidentiality or protective orders to protect the confidentiality of confidential information and documents disclosed in proceedings so that confidential material is not disclosed to trade competitors and does not become public knowledge. Generally these orders will limit inspection of confidential documents and access to confidential information to the parties' external lawyers and experts. These lawyers and experts must undertake not to disclose the documents or information to any other persons including their clients.

Recently a Federal Court decision considered the circumstances in which one party's confidential information could be disclosed to the in-house counsel of the other party. That decision was of Justice Sundberg in the case of *Interpharma Pty Ltd v Eli Lilly and Company* [2008] FCA 1422.

THE FACTS:

The case involved a patent dispute. Pursuant to confidentiality orders made earlier in the proceedings, disclosure of INTERPHARMA's confidential information was limited to LILLY's Australian lawyers (and support staff), independent experts nominated by LILLY and other persons to whom INTERPHARMA agreed in writing.

LILLY sought to expand the group of people who could have access to INTERPHARMA's confidential documents to include two in-house counsel at LILLY. One of these in-house counsel (a Ms McGraw) was responsible for the provision of instructions to LILLY's Australian lawyers in relation to the matter. The second lawyer was Ms McGraw's manager, Mr Caltrider, LILLY's Deputy General Patent Counsel.

In support of the application to be given access to the documents Ms McGraw deposed to the fact that she had been involved in litigation involving broadly the same subject matter in a number of countries including Australia and that she had scientific training which allowed her to understand the relevant technical issues. She said she needed access to the documents in order to provide instructions in relation to the matter on behalf of LILLY. Ms McGraw also deposed that she did not have any involvement in prosecuting patents or in developing, commercialising or selling new products for LILLY except insofar as she provided legal advice concerning intellectual property.

There was also evidence that the confidential documents would be stored by Ms McGraw and Mr Caltrider in locked cupboards and cabinets and that access to the documents electronically was subject to password protection.

Both Ms McGraw and Mr Caltrider agreed to undertake to keep the documents confidential. There was a provision in the existing confidentiality orders (which Ms McGraw and Mr Caltrider would be subject to) which provided that LILLY would be obliged to compensate INTERPHARMA for any loss sustained by reason of any disclosure of the confidential documents or the information in the documents.

DECISION:

Justice Sundberg agreed to give Ms McGraw and Mr Caltrider access to the documents. In deciding that he had regard to the following:

- (a) Ms McGraw and Mr Caltrider had a need to access the confidential material.





- (b) Neither Ms McGraw nor Mr Caltrider were involved in competitive decision making.
- (c) Ms McGraw and Mr Caltrider both had ethical obligations as lawyers.
- (d) Ms McGraw and Mr Caltrider acted on intellectual property related matters only as lawyers and did not draft or prosecute patent applications.
- (e) Ms McGraw and Mr Caltrider were prepared to give confidentiality undertakings.
- (f) There was no suggestion that either Ms McGraw or Mr Caltrider have not honoured confidentiality undertakings in the past.

In making his decision Justice Sundberg cited with approval the decision of Justice Finkelstein in *Conor Medsystems v The University of British Columbia* (No.4) [2007] FCA 324 – in that case Justice Finkelstein allowed in-house counsel for one of the parties, who said she needed access to confidential documents in order to properly provide instructions, to have access to the other party's confidential documents.

In allowing access to the documents Justice Finkelstein had regard to the fact that the lawyer was not involved in competitive decision making. His Honour also considered it relevant that the lawyer was an attorney of long standing and was aware of her obligations. His Honour ordered that if the attorney was to have access to the documents she should undertake not to participate in any litigation in a country in which the documents would not have to be discovered. His Honour also ordered that compensation should be paid if there was any inadvertent disclosure of the confidential information.

MATTERS TO CONSIDER WHEN DEALING WITH CONFIDENTIAL DOCUMENTS AND INFORMATION IN INTELLECTUAL PROPERTY LITIGATION IN AUSTRALIA:

Once it has been established that a party must disclose confidential information either as part of the discovery process or as part of the evidence, a number of matters need to be considered in preparing a confidentiality order. They include:

- How can the owner of the information be reasonably protected against the disclosure of confidential documents and the information in them to persons who may use the documents or information to the owner's detriment?
- Who is to have access to the documents and the information in them and on what basis? Parties who may have access to this material may include:
 - the external lawyers (and support staff) for the parties;
 - experts (who are first identified and not objected to); and
 - in-house counsel for the parties (in limited circumstances).
- What arrangements are to be made for storing and copying the documents and records of the information in them?
- What is to happen to the documents and records of the information in them once the proceedings are concluded?
- What is to happen if there is an unauthorised disclosure of the documents or the information in them?
- What use, if any, can be made of the documents and the information in them beyond the litigation in Australia?

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FURTHER INFORMATION

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