

**ANSWERS BY THE INTELLECTUAL PROPERTY INSTITUTE OF CANADA TO THE
DISCUSSION PAPER ON PROPOSALS FOR PRIVILEGE PROTECTION AND SELF-
REGULATION OF PATENT AND TRADE-MARK AGENTS**

GENERAL FEEDBACK AND PERSISTING QUESTIONS

Question 1

Is the current lack of patent and trade-mark agent privilege problematic? (For clients? for agents? for prospective inventors?) If so, why? (Please provide evidence where possible.)

Question 2

Should privilege be created for non-lawyer patent and trade-mark agents?

Question 3

(A) If agent privilege is created, do you see a need to circumscribe certain aspects of the protection granted (for example, should privilege be restricted to communications made between a registered agent and the client in IP matters)? i.e., would the type of communications covered include:

- any communications conveying technical advice?
- only those communications supported by a legal opinion?
- only those communications conveyed during litigation or patent prosecution proceedings?

(B) Should there be further limitations or restrictions?

Question 4

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Question 10

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Question 1

Is the current lack of patent and trade-mark agent privilege problematic? (For clients? for agents? for prospective inventors?) If so, why? (Please provide evidence where possible.)

Summary:

Lack of privilege is a problem for all of these groups but ultimately it is a problem for clients because it tends to reduce the value of their innovations.

There are insufficient numbers of registered agents in Canada to meet the needs of Canadian clients seeking Intellectual Property services. If Canadian clients were to only employ lawyer agents to avoid the problem of loss of privilege, there would be even fewer agents available, a situation that would likely send even more of this work directly to the USA. Canadian clients are most at risk to exposure of confidential information in legal proceedings in the USA where the likelihood of litigation is greater, the risk of disclosure is far greater because of

the very extensive discovery proceedings, and the stakes are very high, since the possible consequences of losing such a dispute include treble damage awards and permanent injunctions that would mean the loss of access to one of the biggest world markets. Lack of privilege for non-lawyer agents favours lawyer agents who use this to market themselves to the disadvantage of their non-lawyer patent agent colleagues. However, even the issue of privilege for a lawyer acting in a capacity as an agent is not clear. Some cases have suggested that lawyers handling patent or trade mark prosecution, and thus acting as agents, may also risk their client's privilege. This situation needs to be rectified.

Too Few Agents but a Significant Impact:

Lack of privilege for client communications with Canadian patent and trade-mark agents is a problem for clients, for agents and for investors. Given that almost fifty percent of registered patent agents in Canada are not lawyers, we can estimate that approximately 50% of patent agency work in Canada is handled by non-lawyers. There are over 200 non-lawyer trade-mark agents and they do work for important Canadian businesses. While clients have the choice of selecting lawyer-agents to represent their interests, there are problems in restricting oneself to these professionals.

There are only 263 lawyer-patent agents in Canada and this is an insufficient number to meet the needs of the Canadian public. At the Intellectual Property Institute's Annual Meeting in 2003, technology transfer managers (including those from McGill University, Queen's University, McMaster University and the Sick Children's Hospital) all complained that there were not enough qualified patent agents in Canada to handle their work. These managers indicated that they are compelled to send work to the United States. This comment is consistent with the Conference Board of Canada's 4th Innovation Report that states:

According to focus group participants, Canada's gap in intellectual property culture is largely due to a lack of intellectual property education and experience and a shortage of intellectual property experts.

There is also a need for the supply of patent agents to include a variety of highly skilled scientists and engineers. Canadian clients today expect this from their patent agents as a given. While some lawyers have advanced scientific and engineering education and work experience, especially for some patent specialties, such as biotechnology, there is a need for graduate, and post graduate degrees to handle the complexity of client inventions, and there are more non-lawyer agents with those qualifications, than lawyers. In fact, the time and cost of graduate degrees in both law and science means that it is increasingly necessary to turn to non-lawyer agents for expertise in many areas of technology.

U.S. Litigation is a real danger!

The real danger in not having privilege is the exposure to litigation, particularly in the U.S. Canadian businesses and the academic research community are very aware of the necessity for valid and enforceable U.S. patent protection. The likelihood that successful inventions will be copied and that successful Canadian companies will be sued by U.S. competitors is extremely high. Thus, the fact that information exchanged with non-lawyer agents can be required to be disclosed in litigation in the United States is of serious concern. The potential for exposure of confidential information is significantly greater where Canadian companies use the services of non-lawyer agents. The lack of privilege for Canadian agents is one factor that can drive work away from Canadians to US professionals. Furthermore, obtaining advice from U.S. patent counsel can also lead to corporations seeking protection in the U.S. and not in Canada.

The clients of Trade-mark Agents require privilege also

Much emphasis is placed on the technology based IP rights, but one only has to look at those companies that have developed solid and substantial assets in their trade-mark rights to realize that privilege plays a very strong role in this area also. Trade-mark agents are privy to much confidential business and marketing information from their clients, it being conveyed when seeking advice. Thus, privilege for the clients of Canadian trade-mark agents is of great importance.

Canadians need assurance that their off-shore competitors will not have hidden advantages over them

The fact that many other jurisdictions, such as Australia, the UK, Japan and New Zealand where non-lawyer agents practice, provide client/agent privilege should be persuasive relative to providing the same protection in Canada. It seems completely anachronistic not to have this type of legislation in Canada, given the importance that IP plays in the agenda of the government and the critical role it plays for Canadians wanting to establish and develop business using IP as a reliable business tool.

Investors need assurance that the IP Rights of Canadians are valid and enforceable!

Investors are totally geared towards the value of IP rights. They are now extremely sophisticated about the nature of this protection, its strengths and weaknesses as well as its limitations. They are sensitive to privilege issues since they recognize that its existence can help in ensuring the enforceability of IP rights. Investors are most concerned with freedom-to-operate issues and persons seeking investment are always concerned about protecting legal opinions relating to such issues to ensure privilege protection in any potential litigation. Thus, based on our experience, the investment community is aware of the potential limitations of advice obtained from Canadian patent agents and trade-mark agents on IP matters.

Communications are made more complex and costly without agent-client privilege

From a very practical point of view, the lack of privilege for Canadian patent agents can create some awkward and problematic situations for clients. Most clients are unaware that communications to some IP professionals are privileged while communications to others are not. Often, clients will deal with both lawyer and non-lawyer agents in the same office, and would expect that their communications to all their advisors would be treated with the same degree of confidentiality. It is both inconvenient, and administratively difficult for firms employing both lawyer and non-lawyer IP professionals to create a working environment that ensures that all confidential information is treated the same way.

Question 2:

Should privilege be created for non-lawyer patent and trade-mark agents?

Summary:

The short answer is yes. Canadians should be able to freely select who they work with to obtain and manage their intellectual property rights without fear that their choice may ultimately destroy the validity of those rights because the agent they prefer to work with can be compelled to disclose their confidential communications in legal proceedings.

Yes. In the course of their practice, patent and trade-mark agents receive a spectrum of confidential information from clients, including technical and/or scientific matters, business plans and activities, as well as information on competitors' activities. Patent and trade-mark agents are fully conscious of the importance of confidentiality in their dealings with clients. Given that patent and trade-mark agents are permitted by federal statutes to give advice in the areas of patent and trade-marks, Canadians should be able to use agents to obtain such advice without running the risk that confidential information may one day be produced to their detriment. It is vitally important that the client's interests be protected against what may be an unnecessary trap.

Non-lawyer patent agents

One cannot be licensed to draft and file patent applications in Canada, without first spending a period of time in training with a registered patent agent, and then passing rigorous examinations on all aspects of patent law and practice. This applies to lawyers and non-lawyer agents. Training and exams prepare candidates to provide advice to clients. The exams cover matters such as the patentability of inventions, the drafting of patent applications and the obtaining of patents in respect of such applications, as well as the legal interpretations of patents and applications as they relate to matters of patentability, infringement and validity. Patent agents may appear before the Patent Appeal Board headed by the Commissioner of Patents.

Since it is the ability to pass the patent agent exams, and not the fact that one has been called to the bar that qualifies one for patent prosecution practice, it does not make sense to distinguish between lawyers and non-lawyer agents, in terms of the treatment of the confidential information that a client may supply in the course of obtaining patent protection. In fact, some of the best-known, and most highly respected IP professionals are and have been non-lawyer agents. For some technologies, it is non-lawyer agents who are recognized as leaders in the profession. Their clients have sought them out for their understanding of both the technology and the patent system. It is indeed difficult to rationalize the treatment of information given to those professionals from that given to lawyers, particularly when this situation arises because of the federal statutes that provide for the patent and trade-mark agency professions.

Non-lawyer trade-mark agents

Non-lawyer trade-mark agents residing in Canada become registered to practice as trade-mark agents by spending a term under the supervision of a registered trade-mark agent, and then writing a set of rigorous examinations about trade-mark law and practice. Non-lawyer trade-mark agents provide advice about the adoption of trade-marks, their availability and registrability as well as their enforceability and validity. Non-lawyer trade-mark agents appear before the Trade-marks Opposition Board headed by the Registrar of Trade-marks. Lawyers are required to show that they have experience in the trade-mark field for a period of at least two years before being able to practice before CIPO. Some lawyers write the exams to avoid this waiting period.

Since in many offices, the same work for clients is done by lawyers and non-lawyer trade mark agents, it is confusing to clients that the work done by an agent would not be subject to privilege, while that of a lawyer would be. In addition, similar comments as made above with respect to the professional esteem of senior non-lawyer agents apply to non-lawyer trade-mark agents.

There is a clearly disparate situation in the client of a lawyer/agent having privilege and the client of a non-lawyer agent having no privilege, when the agent may have more experience and offer the same advice as the lawyer/agent.

Question 3

(A) If agent privilege is created, do you see a need to circumscribe certain aspects of the protection granted (for example, should privilege be restricted to communications made between a registered agent and the client in IP matters)? i.e., would the type of communications covered include:

- **any communications conveying technical advice?**
- **only those communications supported by a legal opinion?**
- **only those communications conveyed during litigation or patent prosecution proceedings?**

(B) Should there be further limitations or restrictions?

Summary

Agents should be granted privilege protection for those communications relating to any and all matters that fall under the relevant Acts and Regulations that agents are permitted to engage in by virtue of their meeting the requirements for registration. From the perspectives of competition and reciprocity, we should ensure that any statutory privilege granted to Canadians should be no less than it is in other jurisdictions, such as Australia, the UK, New Zealand and Japan. Further restrictions would result from the regulatory regime proposed for the new College. This would ensure accountability and prevent abuse.

Nature of privilege for agents

It is clear from the CIPO briefing paper that the type of privilege that agents require would be akin to that identified under the second head of privilege discussed on page 5 of the Discussion Paper on Proposals for Privilege Protection and Self-regulation for Patent and Trade-mark Agents. The paper states as follows:

"The second head of privilege known as *legal professional privilege* is afforded to those communications which meet a three-part test.⁸ That is, the communication must: 1) be directly between the solicitor or her/his agent and the client; 2) involve the seeking or giving of legal advice, and; 3) be intended to be kept confidential.⁹"

Legal advice has broad meaning

The paper goes on further to discuss the lawyer-agent dual role and indicates that the courts have in some instances considered that the work of a solicitor, whether or not also an agent, as clothed with privilege, so long as it relates to that which can be construed as the provision of legal advice, legal assistance or depending upon the circumstances relating to litigation.¹³ Moreover, the courts have given a broad interpretation to the meaning of "legal advice".¹⁴

Support for privilege in new situations

The paper goes on further to indicate that the common law permits privilege in new situations where reason, experience and the application of the principles that underline the traditional privilege so dictate. The paper further indicates that although legislative change is required to create privilege for agents, the Supreme Court of Canada has recognized that extending privilege to new situations may be the most practical and reasonable solution in certain circumstances.²¹

Privilege should be based on function of professional

And further, "Legal scholars have recognized the ever-expanding use of external or internal consultants by lawyers in the dispensation of legal advice. They advocate that privilege should be granted based on such consultants' true function as opposed to their title and status since the legal distinction between an agent, employee or third party has become ever more difficult to draw in the context of privilege cases." ²⁸

Scope of privilege

Clearly, it makes sense to provide privilege protection for those communications relating to any and all matters that fall under the relevant Acts and Regulations that agents are permitted to engage in by virtue of their meeting the requirements for registration.

It would seem reasonable from the perspectives of competition and reciprocity to ensure that any statutory privilege granted to Canadians should be no less than it is in other jurisdictions, such as Australia, the UK, New Zealand and Japan. In such countries, the privilege granted to agents is fairly broad, within the context of the governing laws. In the discussion paper, the precise language of the various statutes is presented and hence the nature of the privilege in these other jurisdictions is quite apparent. It would seem to be totally at odds with harmonization efforts for Canada not to adopt legislation that would provide for Canadians the same advantages that are provided to the citizens of other countries with whom they must compete on the world economic stage. As noted in the CIPO paper, in the U.S.A., the courts have extended privilege for agents to several aspects of the preparation and prosecution of a patent application, and thus have recognized the legal aspects of this work.

Wigmore Test is standard for privilege determination

Privileged communications/information would clearly have to meet the Wigmore test, as set out in the CIPO paper, but that would not seem to pose a problem for the scope of privilege that would seem to be most practical for Canadian agents.

New Regulatory Body would provide accountability and governance

As far as limitations or restrictions are concerned, it is believed that the regulatory regime proposed by IPIC would clearly provide the required accountability. The study prepared by Gavin Mackenzie for IPIC states that the regulatory regime that currently exists would not meet the type of regulatory regime that should be in place if agents are to be granted the same proposed legal privilege. To rely on the governance of lawyers by the Law Society and the burden placed on lawyers to govern non-lawyers in their employ or firms seems to skew the agency practice in favour of lawyers-agents. It would be impossible in such instance for registered patent agents to function unless they did so in law firms. From the perspective of public interest, it would mean that agents would only be available in those jurisdictions where law firms chose to establish such practices, which would tend to restrict access to such professionals by the public.

Question 4

How often does the matter of forced disclosure for non-lawyer patent agents arise? Is it a recurring problem? Can you provide specific examples?

Summary

Relatively few disputes go to trial but both anecdotal incidents and the number of reported Canadian cases suggests that this is a very important issue for Canadians and one that should be remedied to provide clarity and security for Canadians in a more cost effective fashion.

The matter of forced disclosure routinely arises whenever parties are involved in Intellectual Property disputes before the courts in any jurisdiction. The CIPO Discussion paper references some major Canadian Court cases where such disclosures have been an issue upon which the court was asked to decide. These include:

Canadian Cases

Lumonics Research Ltd. v. Gould (1983), 70 C.P.R. (2d) 11 (F.C.A.)
Montreal Fast Print v. Polylok Corp. (1983), 74 C.P.R. (2d) 34 (F.C.T.D.)
F.P. Bourgault Industries Air Seeder Division Ltd. v. Flexicoil Ltd. 64, C.P.R. (3d) 70 (F.C.T.D.)
Sunwell Engineering Co. v. Mogilevsky (1986) 9 C.P.R. (3d) 479 (ONT. S.C.)
Montreal Fast Print v. Polylok Corp (1983), 74 C.P.R. (2d) 34(F.C.T.D.)

Reference may also be had to the paper by *R.E. Dimock and C.G. Lam*, "Privilege and Patent Agency in Canada" (1999) 16 CIPR 107 for additional decisions relating to this issue.

US Case involving Canadian Agent

John Labatt Limited v. Molson Breweries 898 F.Supp. 471 (E.D. Mi 1995)

Also of interest is the paper by *Edward A. Pennington*, "Recent Developments in Attorney-Client Privilege in the United States" (1999) 16 CIPR 121.

Other U.S. Cases involving privilege and U.S. Patent Agents and Foreign Agents/Attorneys can be found in Appendix A attached hereto.

The issue also arises when decisions are being made about how to present evidence in litigation, particularly in the US. Firms with experience in this area will know that the privilege issue impacts who might be chosen for depositions, lawyers normally being insulated from this requirement.

Question 5

What existing mechanisms could effectively control potential abuse of privilege?

Summary:

To properly serve the Canadian intellectual property market, clients of Canadian patent and trade-mark agents must be able to claim the same privilege in communication with their agents as is currently provided to lawyer-client communications.

Abuse

There is no evidence (either in the case law or anecdotally) of which IPIC is aware that shows a lawyer abusing privilege in relation to intellectual property matters. Privilege is not a shield used to protect a lawyer from a claim of malpractice. Instead, it is designed to protect a client, and ensure that the client can fully communicate with his or her advisor to obtain the best possible advice. It is not expected that there will be any “abuse” by agents, particularly since the privilege is that of the *client* and not the agent. It is the *client* who will be involved in litigation, the *client* who will claim the privilege and the *client* who will obtain the benefit of it.

Courts control privilege

Canadian courts control the application of the rules of privilege in disclosure proceedings during a trial. If statutory privilege is granted to communications with patent and trade-mark agents, courts will similarly control the extent of privilege a client can claim in relation to these communications.

Nature of privilege

Privilege exists for the benefit of the client and must be maintained unless the client gives permission for it to be waived. Privilege cannot be used to protect an incompetent or dishonest legal advisor. The client can disclose a privileged communication if the client wishes. A client can complain or launch suit against his or her patent or trade-mark advisor basing the claim on privileged communications.

Privilege can only be used for specific communications between a client and an adviser. Privilege will not attach to communications in relation to unlawful conduct. The case law suggests that unlawful conduct has a broader meaning than simply conduct that is prohibited by criminal law. For example, the communication between a solicitor and client relating to an abuse of process was considered not protectable by solicitor client privilege:

Communications obtained to facilitate an abusive process are not protected by solicitor/client privilege. The privilege does not apply because it is not a part of a solicitor's professional duties to counsel a client to misuse the court's process for improper purposes [Goldman, Sachs Co. v. Sessions (1999), 38 CPC (4th) 143 9(BCSC).]

Existing Mechanisms

Insofar as the control of agents is concerned, the only mechanism in place comprises the provisions of the Patent Act that empower the Commissioner to remove a patent agent from the Register. Interestingly, there are no corresponding provisions in the Trade-marks Act. Nor is there any effective means to supervise or control individuals giving patent or trade-mark advice who have never registered as patent or trade-mark agents. While IPIC has a code of ethics, it is a voluntary organization and cannot impose penalties on its members aside from expulsion from the Institute, which would not stop an agent from practicing, or a person with no training or recognized qualifications from holding himself or herself out as an IP advisor. Hence self-regulation of the professions has been proposed to address this point.

Question 6

Is the proposed College a necessary adjunct to the extension of privilege as a check on potential abuse, or is there a more appropriate regulatory regime?

Summary

The current system of registers maintained by the Commissioner of Patents and Registrar of Trade-marks does not provide adequate regulation or protection of the public. Patent and trade-mark agents should not be regulated by the Commissioner of Patents or the Registrar of Trade-marks because of the appearance of unfairness and possibility of conflict of interest. A viable alternative is the regime of self-regulation as proposed by IPIC, which leaves CIPO free to pursue its main function as guardian of IP knowledge for Canadians.

Independent regulatory authority is required

IPIC believes that the appropriate regulatory regime is the proposed College of Patent and Trade-mark Agents wherein the profession, with additional input from the public, industry and the government would be responsible for governance including admission, conduct, complaints and discipline of its members. The proposed College would also be in a position to educate its proposed and existing members including on-going education on privilege and ethics.

The report of Gavin MacKenzie to the Intellectual Property Institute of Canada in September 10, 1999 stated that the present situation is “fundamentally flawed”. The system of registration maintained by the Commissioner of Patents and the Registrar of Trade-marks is flawed in that their authority does not extend to the disciplining of an agent other than the removal of his or her name from the Registers and does not extend to protecting the public from unauthorized practice. There are no ongoing requirements that agents are knowledgeable in their areas of practice or trained in the application of ethical issues to their practices. Furthermore, there is no requirement for agents to maintain sufficient liability insurance.

The current regime is inadequate. It does not recognize the importance of intellectual property nationally or internationally given its patchwork approach to IP professionals.

Self-regulation is the best option

One alternative would be the regulation of agents under the Patent and Trade-marks Act granting the Commissioner of Patents and the Registrar of Trade-marks to undertake these responsibilities as guardians of the Registers. This option would require CIPO to be responsible for all costs associated with its administration and any ensuing liability. This may be a demanding undertaking as the Canadian Intellectual Property Office is about to become an ISA/IPEA.

Further, agents stand in a fiduciary relationship with their clients and it is their responsibility to act with the utmost good faith and to present their clients’ cases vigorously before the Patent Branch or the Trade-marks Branch of CIPO. This could result in the appearance of unfairness, if patent and trade-mark agents are dependent on CIPO for their licenses to practice as agents. Such a system would appear to the Canadian public and to other nations to be inherently unjust.

The potential for unfairness where a profession is not only charged with representing clients before a federal authority with discretionary power, but is also regulated by that same federal authority was an important consideration of the Advisory Committee on Regulating Immigration in recommending that the Minister of Citizenship and Immigration not have authority to regulate immigration consultants as follows:

“An exhaustive legal analysis of this question is unnecessary for the purposes of this report. Suffice it to say that many of the clients who typically hire consultants are extremely vulnerable ... The consultant must therefore be held to a very high standard in dealings with his or her client. The consultant will be required to act with the utmost good faith and to present the client's case as vigorously as is required. In individual cases this will result in conflicts between Immigration Officers and Visa Officers exercising their discretion with a view to enforcing the Act and Regulations and consultants representing as vigorously as they can the interests of the persons whom they are representing. There would be no appearance of fairness in such a conflict if it were also the case that the consultant was dependent for his license to practice, and therefore his livelihood, upon a Commissioner who reported to the same Minister as the

Immigration or Visa Officer. Such a system therefore would be inherently and irrevocably flawed and is one that we therefore do not recommend.” [The Report of the Advisory Committee on Regulating Immigration Consultants, May 2003 Chapter 3: Model Regulatory Framework - B. Options for Canada].

CIPO is already charged with the heavy responsibility of granting appropriate patent and trade-mark rights in Canada. IPIC, on behalf of our clients and all Canadians, wants CIPO to concentrate its efforts on the management of this important function. There should be a separate and independent body, such as the proposed College, that has the responsibility for ensuring a high standard of training, sets and administers agent exams, and deals with all issues of practice and discipline.

Question 7

To whom would the proposed college be accountable? Should the government play a supervisory role? What safeguards could be implemented to protect the public?

Summary

Ultimately, the proposed College must be accountable to the public. Accordingly, the proposed college structure is meant to include a Board of Governors that would include public representatives appointed by the Government. This representation would ensure accountability to the public. Since the legislation governing the college would be federal legislation, the federal government (as representative of the Canadian public) would always have control of the college and the professions by virtue of the legislation. Since it is envisaged that the enacting legislation would also provide for the control of unauthorized practice, this would again provide an additional safeguard that is not present in the current regulatory regime.

Board of Governors to oversee College

The proposed College structure includes a Board of Governors that would include public representatives appointed by the Government. Clearly, the Board of Governors structured in this fashion would provide accountability to the public for the actions of the College. The Board would be empowered to intervene in the affairs of the College should they deem it necessary.

Federal Government to have ultimate control

Since the enacting legislation for the College would be federal legislation, the federal government ultimately has control of the College through the legislation.

In proposing the College structure, IPIC has had regard to the regimes in place for actuaries who are federally regulated, as well as the various provincial law societies. IPIC has also considered the regulatory regimes in other countries.

Prior Act and Rules provided better governance

It is interesting to note that in the past, the Patent Act and Regulations contained a great number of provisions relating to patent agents. In particular, regulations relating to how patent agents were to be entered on the register and how they were to behave were much more clearly set out. Reference can be had to old Patent Rules 130 to 145. These Rules encompassed how agents could advertise, how an agent was to behave toward clients, that the Commissioner was to conduct a hearing in the event the Commissioner had reason to believe that any patent agent was guilty of gross misconduct, incompetent to practice as a patent agent, had made any representation to any applicant or prospective applicant for patent or to the office which he knew or had reasonable cause to believe was misleading or false, had violated Sections 133, 134 or 135 of the Patent Rules or had in any other respect so conducted himself that his recognition as a patent agent may be refused. The Commissioner was empowered to determine the relevant facts, conduct the hearing, after which he could refuse to recognize the person as a patent agent or make an order that the recognition of the person as a patent agent be refused either permanently or until any condition imposed by the Commissioner had been complied with. Any such order had to be published in the Canadian Patent Office Record and a copy sent by registered mail to the patent agent named therein.

Section 141 of the Patent Regulations determined who was entitled to write examinations and those requirements were far more specific than those that exist today. In fact, all of the Regulations were more detailed and appeared to provide for far greater transparency than currently exists. While the exact reasons for the change in the legislation is not clear, it may have been that the government had concerns about its ability to effectively administer these provisions, or over-regulating the profession, or perhaps putting itself in a position of being exposed to liability for failing to comply with the Act and Regulations. Whatever the reason, the net result of these amendments was to leave a gap in the supervision and regulation of patent and trade-mark agents that needs to be addressed. In any event, it is the view of IPIC that we live in an age when the requirement for regulation is greater than ever, for the benefit of Canadians, who rely on their intellectual property professionals more and more to ensure that their IP rights offer the results they expect.

Transparent Discipline Process

The proposed College structure includes a Board of Governors and a discipline procedure. The discipline procedure has been approved by the membership of IPIC for future adoption by the College and has been posted on IPIC's website for public scrutiny. The proposed College structure would provide an environment that would be far more open and publicly accessible than the regime currently in place. Today, there

is no transparent process for complaining about an agent. There is no process for disciplining an agent. The federal government needs to address these issues in order to protect the public.

Question 8

Would the benefits of creating a self-regulated body out-weigh its costs?

Summary

Overall it would appear that the advantages out-weigh the disadvantages significantly. Costs are often perceived to be one of the major issues in setting up the College, but the funding that is currently derived from registration fees and the examination fees should provide adequate funding.

Historically, there have been few complaints to either CIPO or IPIC about the competence or ethics of patent or trade-mark agents. It is expected that the discipline duties of the College would be easily supported by the proposed fee structure.

Positive changes with the College

IPIC has made a comparison of the current situation versus that which it believes would exist with the College. While many things would remain the same, such as IPIC's role, the IPIC Code of Ethics, which would become the code of ethics of the College and the ultimate consequences of serious misconduct on the part of an agent would be similar to what they are now, many other things of value would be part of the new structure. In particular, the profession and the public would benefit from the institution of an effective, more transparent discipline proceeding, greater knowledge and adherence to the Code of Ethics by the profession, legislation governing unauthorized practice which could be used more effectively to protect the public from unqualified persons and the introduction of continuing education requirements. This would help maintain the highest professional standards for agents, thus ensuring that the public is properly served. The College could ensure through its Code of Ethics that members are adequately insured for professional liability so that the public is properly protected in the event of malpractice on the part of an IP professional. It is a part of the current Code of Ethics that IPIC members maintain insurance, but since membership in IPIC is voluntary, it is not necessary that all agents who practice before the Commissioner have such insurance.

Preliminary Cost Studies for Proposed Structure Reasonable

IPIC has conducted preliminary studies of the costs of establishing and maintaining the College and it is believed that current fee levels on the various registers would be adequate to fund the College. In addition, the examination fees associated with writing the examinations for agents would be available to the College. In its start-up phase, the College could rely on the volunteer support of IPIC members as IPIC does currently and

this would certainly help defray some of the early stage costs of the College. One key fact to bear in mind is that the number of agents in Canada is roughly 1,500. This small number will require a correspondingly small infrastructure.

As an example, it is anticipated that current registration fees and current agents registered would generate revenues of about \$700,000 per year alone. Examination fees would be on top of that. These funds would be allocated to the College, for the purpose of setting and administering exams, and conducting all activities associated with the regulation of agents.

IPIC would continue to be the body representing patent and trade mark agents and those interested in IP in Canada, and would continue its activities of advising and recommending legislative amendments and other steps designed to optimize IP protection in Canada.

We believe that the combination of the college and IPIC as they are projected to function would provide very powerful benefits for Canadians and anyone else wishing to obtain intellectual property protection and advice in Canada.

Question 9

Given the difficulty in distinguishing the lawyer-agent dual role, how might disciplinary measures be established to better define the boundaries?

Summary

It is expected that law societies in Canada will likely wish to investigate any complaint or alleged wrong against an intellectual property lawyer and, in such case, the new proposed College may suspend its own disciplinary procedure pending a decision by the law society. Once the law society makes a decision and takes the required action, the College's disciplinary body may then review the law society's decision and decide whether or not it should still proceed with its own disciplinary procedures.

Disciplinary Action by Law Society

In the case of a lawyer-agent who may be subject to disciplinary action due to a perceived error or wrong committed, we believe that most intellectual property lawyers and their respective law societies would very likely take the position that their services in the field of intellectual property are legal services and are therefore subject to the review and discipline imposed by the law societies. This view is apparently supported by court decisions that have given a broad interpretation as to what constitutes legal advice. Law societies in Canada should be able to determine for themselves whether or not the alleged error or wrong falls within their disciplinary jurisdiction by a determination as to whether or not it involved the provision of legal services or not. They have done this for many years and, as far as we are aware, there have been no incidents where law

societies have declined to act against a lawyer or have refused to carry out an investigation of a complaint because he or she was not providing legal services but only non-legal agency services. However, if this should occur, then this decision by a law society would naturally be a situation where the new proposed College should step in, investigate the matter on its own, and if necessary take disciplinary action against the lawyer-agent.

In the case of an agent who is not a lawyer, then obviously this person may not be subject to the discipline of a law society in many cases. However, a law society might still get involved if the agent is employed by or a permitted partner of a law firm, in which case the law firm is likely still subject to disciplinary measures by its governing law society. In the latter situation, we believe that again it is unlikely that either the law firm or the law society would take the position that only non-legal services were being provided and therefore the law society has no jurisdiction over the matter. In other words, a disciplinary action by the law society would likely be conducted.

Disciplinary Action by College against Agent (Non-Lawyer)

Where an agent who is not a lawyer committed the alleged error or wrong and he or she, or his or her firm, is clearly not subject to the jurisdiction of a law society, then the proposed College should act and apply its own disciplinary measures. This is true whether or not the agent was or was not providing an intellectual property “legal” service or was merely providing agency services. The College disciplinary body in this case would need to determine initially whether or not it had jurisdiction in the matter and this jurisdiction can and should be defined broadly to include all forms of patent and trademark agency services, which may include services in the nature of legal services.

Suspension of Disciplinary Procedure against Lawyer by College

In the situation involving the discipline of a person who is both a lawyer and an agent, the disciplinary measures of the College can provide for the College to suspend its disciplinary procedures against the person until firstly there is a determination by the law society which also has governance over the lawyer to act in the matter and proceed with its own disciplinary action. Secondly, if the law society does agree to proceed with its own disciplinary action, the College could under its own rules suspend any further action by it until the proceedings by the law society have been completed, provided such a suspension is reasonable under the circumstances. Once they are completed, the College’s disciplinary body can then review the decision of the law society and any action taken as a result of that decision and then decide whether the College should proceed with its own disciplinary procedures, or not take any further action on the grounds that a sufficient investigation and sufficient action have already been taken by the appropriate law society. A factor that the College would take into consideration is whether the public interest has been sufficiently protected by the decision of the law society or whether further action by the College is required to protect this interest.

Question 10

How should the lawyer-agent's dual role be managed given that professions are governed provincially and that IP is a federal matter?

Summary

Lawyer-agents will and should continue to be governed by their respective law societies. The proposed College may adopt procedural rules, which will avoid unnecessary duplication of disciplinary proceedings. In particular, the College could suspend its own disciplinary proceedings against a lawyer pending a decision on the matter or complaint by the law society and then review this decision once made to determine if further action by the College is required.

Governance by Law Societies Will Continue

We believe that lawyers, who are also agents, will want to be and should be governed by their respective law societies. There can be little doubt that intellectual property lawyers are providing legal services whether or not some of their services can also be classified as patent agency or trade-mark agency services. Law societies should still be able to exercise their governance and their discipline and it should matter little to the law society whether the particular services in question involves the application of provincial or federal law.

There appears to be little or no need to restrict the jurisdiction of provincial law societies over lawyers practicing in the field of intellectual property. It is also appreciated that law societies already have effective procedures and experience to deal with disciplinary issues, particularly the larger provinces such as Ontario and Quebec where many of the intellectual property lawyers are currently located. Also, because of the large membership base in these law societies, such as the Law Society of Upper Canada, there is little doubt that such societies have the financial resources and staff to carry out all necessary disciplinary proceedings with respect to their members. We believe that Canada's law societies will in a vast majority of cases involving intellectual property lawyers take the position that the service in question was a legal service and therefore there is little likelihood that they will decline jurisdiction in the matter or suspend the matter until it is heard by the new proposed College.

Duplication of Proceedings against Lawyer-Agent May Be Avoided

The disciplinary body of the new proposed College can, and will adopt procedure or rules, which will hopefully avoid a duplication of disciplinary proceedings involving a lawyer who is also an agent. In such a case, College rules could be enacted which would permit the disciplinary body to suspend its disciplinary action in the matter pending firstly a decision by the law society on whether or not it should carry out its own disciplinary investigation and proceedings and, secondly, if the law society decides to take action, the College would have the right to suspend its disciplinary procedures

against the person in question until the law society has completed its own proceedings. Under these rules, the disciplinary body could then review the decision of the law society and the action that has been taken by the law society and determine whether or not the College should proceed with its own disciplinary action either in the public interest or in the interests of the patent and trade-mark agency profession.

We note that lawyer-agents are currently subject to dual jurisdiction by the law societies and CIPO. To practice as a lawyer, the provincial law societies must license the individual to do so. To practice as an agent, CIPO must register the individual on the Patent/Trade-mark Register. The law societies can remove the right to practice (generally by disbarring a lawyer). CIPO can remove patent agents from the Patent Register in cases of extreme misconduct.

APPENDIX A

III- LIST OF CASE LAW

- *Advertising to Women, Inc. v. Gianni Versace S.p.A.*, 1999 U.S. Dist. LEXIS 12263 (N.D. Ill. 1999)
 - *Alpex Computer Corp. v. Nintendo Co.*, 1992 U.S. Dist. LEXIS 3129 (S.D.N.Y. 1992)
 - *American Standard Inc. v. Pfizer*, 828 F.2d 734 (Fed. Cir. 1987)
 - *Ami/Rec-Pro Inc. v. Illinois Tool Works Inc.*, 46 U.S.P.Q.2d 1369 (N.D. Ill. 1998)
 - *Amsted Industries, Inc. v. National Castings, Inc.*, 1990 U.S. Dist. LEXIS 8699 (N.D. Ill. 1990)
 - *Bayer AG v. Barr Laboratories, Inc.*, 33 U.S.P.Q.2d (BNA) 1655 (S.D.N.Y. 1994)
 - *Black & Decker (U.S.) Inc. v. Catalina Lighting Inc.*, 1997 U.S. Dist. LEXIS 5927 (E.D. Va. 1997)
 - *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer*, 188 F.R.D. 189, 52 U.S.P.Q.2d (BNA) 1897 (S.D.N.Y. 1999)
 - *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*, 1998 U.S. Dist. 4200 (S.D.N.Y. 1998)
 - *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*, 49 U.S.P.Q.2d (BNA) 1370 (S.D.N.Y. 1998)
 - *Brungger v. Smith*, 49 F. 124 (Mass. Circ. Ct. 1892)
 - *Burlington Industries v. Exxon Corp.*, 65 F.R.D. 26, 184 U.S.P.Q. (BNA) 651 (Md. Dist. 1974)
 - *Burlington Industries, Inc. v. Rossville Yarn, Inc.*, 1997 U.S. Dist. LEXIS 10347 (N.D. Ga. 1997)
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 - *Chubb Integrated Systems Ltd. v. National Bank of Washington*, 103 F.R.D. 52, 224 U.S.P.Q. (BNA) 1002 (D.C. Dist. 1984)
 - *Congoleum Industries, Inc. v. GAF Corporation*, 49 F.R.D. 82, 164 U.S.P.Q. (BNA) 376 (E.D. Pa. 1969)
 - *Cuno, Inc. v. Pall Corp.*, 121 F.R.D. 198 (E.D.N.Y. 1988)
 - *Dow Chemical Co. v. Atlantic Richfield Co.*, 227 U.S.P.Q. 129 (E.D. Mich. 1985)
 - *Duplan Corp. v. Deering Milliken, Inc.*, 184 U.S.P.Q. 775 (S.C. Dist. 1975)
 - *Duttle v. Bandler & Kass*, 127 F.R.D. 46 (S.D.N.Y. 1989)
 - *Falsone v. United States*, 205 F.2d 734 (5th Cir. 1953)
 - *Foseco Int'l Ltd. v. Fireline Inc.*, 546 F.Supp. 22 (N.D. Ohio 1982)
 - *Glaxo Inc. v. Novopharm Ltd.*, 148 F.R.D. 535 (E.D.N.C. 1993)
 - *Golden Trade, S.r.L. v. Lee Apparel Co.*, 143 F.R.D. 514 (S.D.N.Y. 1992)
 - *Gorman v. Polar Electro, Inc.*, 137 F. Supp. 2d 23 (E.D.N.Y. 2001)
 - *Heidelberg Harris Inc. v. Mitsubishi Heavy Industries Ltd.*, 1996 U.S. Dist. LEXIS 19274 (E.D. Ill. 1996)
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- *Hercules Inc. v. Exxon Corp.*, 434 F.Supp. 136, 196 U.S.P.Q. (BNA) 401 (Del. Dist. 1977)
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- *In re Natta*, 410 F.2d 187 (3rd Cir. 1969)
- *In re Rhone-Poulenc Rorer, Inc.*, 1998 U.S. App. LEXIS 33103 (Fed. Cir. 1998)
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- *In re Yarn Processing Patent Litigation*, 177 U.S.P.Q. (BNA) 514 (S.D. Fla. 1973)
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- *Kahn v. General Motors Corporation*, 1992 U.S. Dist. LEXIS 1489 (S.D.N.Y. 1992)
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- *Knogo Corp. v. United States*, 213 U.S.P.Q. (BNA) 936 (Cl. Ct. 1980)
- *Laitram Corp. v. Hewlett-Packard Co.*, 27 U.S.P.Q.2d 1541 (E.D. La 1993)
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- *McCook Metals v. Alcoa Inc.*, 192 F.R.D. 242 (N.D. Ill. 2000)
- *Mendenhall v. Barber-Greene Co.*, 531 F.Supp. 951, 217 U.S.P.Q. (BNA) 786 (E.D. Ill. 1982)
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- *Nestle Company, Inc. v. A. Cherney and Sons, Inc.*, 207 U.S.P.Q. (BNA) 930 (Md. Dist. 1980)
- *Novamont North America Inc. v. Warner-Lambert Co.*, 1992 U.S. Dist. LEXIS 6622 (S.D.N.Y. 1992)
- *Odone v. Croda International PLC*, 950 F.Supp. 10 (D.C. Dist. 1997)
- *People v. John Doe*, 416 N.Y.S.2d 466, [1979] NY-QL 876 (N.Y. 1979)
- *Rayette-Faberge, Inc. v. John Oster Manufacturing Co.*, 47 F.R.D. 524, 163 U.S.P.Q. (BNA) 373 (E.D. Wis. 1969)
- *Revlon Inc. v. Carson Products Co.*, 1983 U.S. Dist. LEXIS 15426 (S.D.N.Y. 1983)
- *Santrade, Ltd. v. General Electric Company*, 150 F.R.D. 539, 27 U.S.P.Q.3d (BNA) 1446 (E.D.N.C. 1993)
- *Saxholm AS v. Dynal, Inc.*, 164 F.R.D. 381 (E.D.N.Y. 1996)
- *Shearing v. Iolab Corp.*, 975 F.2d 1541 (Fed. Cir. 1992)
- *SmithKline Beecham Corporation v. Apotex Corp.*, 2000 U.S. Dist. LEXIS 13607 (N.D. Ill.)
- *Softview Computer Products Corp. v. Haworth, Inc.*, 58 U.S.P.Q.2d (BNA) 1422 (S.D.N.Y. 2000)
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- *State v. Hairston*, 444 N.Y.S.2d 853, [1981] NY-QL 3348 (N.Y. 1981)

- *State v. Red*, 311 N.W.2d 182, [1981] ND-QL 154 (N.D. 1981)
 - *Status Time Corp. v. Sharp Electronics Corp.*, 95 F.R.D. 27, 217 U.S.P.Q. (BNA) 438 (S.D.N.Y. 1982)
 - *Stryker Corp. v. Intermedics Orthopedics Inc.*, 145 F.R.D. 298, 24 U.S.P.Q.2d (BNA) 1676 (E.D.N.Y. 1992)
 - *United States v. United Shoe Machinery Corp.*, 85 U.S.P.Q. 5 (Mass. Dist. 1959)
 - *Upjohn Co. v. United States*, 449 U.S. 383 (1981)
 - *Variable-Parameter Fixture Development Corporation v. Morpheus Lights Inc.*, 1992 U.S. Dist. LEXIS 12272 (S.D.N.Y. 1992)
 - *Vernitron Medical Products, Inc. v. Baxter Laboratories, Inc.*, 186 U.S.P.Q. (BNA) 324 (N.J. Dist. 1975)
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 - *W.R. Grace & Co. v. Pullman Inc.*, 446 F.Supp. 771, 199 U.S.P.Q. (BNA) 432 (W.D. Ok. 1976)
 - *Welfare Rights Organization v. Crisan*, 33 Cal. 3d 766, 661 P.2d 1073 (Cal. 1983)
 - *Willemijn Houdstermaatschaap BV v. Apollo Computer Inc.*, 13 U.S.P.Q.2d 1001 (Del. Dist. 1989)
 - *Woods v. New Jersey Department of Education*, 858 F.Supp. 51 (N.J. Dist. 1993)
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