

**PRIVILEGE AND SELF-REGULATION  
FOR CANADIAN PATENT AND TRADE-MARK AGENTS  
A BRIEFING MEMO**

**PATENT AND TRADE-MARK AGENTS: WHAT DO THEY DO?**

Patent agents are scientists or engineers who may be lawyers who have been trained through an apprentice-like procedure in patent law and practice. They have passed rigorous examinations on all aspects of patent law and practice including, but not limited to the patentability of inventions and the drafting of patent applications for inventions, the obtaining of patents in respect of such applications, the legal interpretation of patents and applications as they relate to matters of patentability, infringement and validity in order to provide legal advice to clients on such matters to allow clients to make business decisions. The Commissioner of Patents currently regulates patent agents and maintains a register of those who may practice before the Patent Office. The examinations are jointly managed by the Canadian Intellectual Property Office (CIPO) and the Intellectual Property Institute of Canada (IPIC).

In the course of practice, patent agents are the recipients of a spectrum of confidential information from clients including technical and/or scientific matters, client's business plans and activities, as well as information on competitors' activities. Keeping such information confidential is essential not only to maintain client confidence and trust, but also so as not to jeopardize the patent rights of clients throughout the world. In most jurisdictions non-confidential disclosures of inventions, if they occur prior to the filing of a patent application can invalidate patent rights or severely limit them.

Trade-mark agents are often lawyers, but some are not, as one may become registered to practice by writing a set of rigorous examinations about trade-mark law and practice before the Registrar of Trade-marks. The procedure for becoming a Trade-mark Agent is akin to that for patent agents. These exams are managed jointly by CIPO and IPIC, and the Registrar of Trade-marks maintains the Register of Agents. Trade-mark agents

provide legal advice to clients about the adoption of trade-marks, their availability and registrability as well as their enforceability and validity. The examinations cover all such matters. Trade-mark agents receive confidential business information from clients who could be seriously jeopardized by its disclosure. The business information is considered in the light of the law and the rights of others by the trade-mark agent who then provides legal advice to his/her client to allow the client to make a business decision.

Both patent and trade-mark agents may appear before Tribunals headed by the Commissioner of Patents and Registrar of Trade-marks, respectively, on behalf of clients.

### **THE INTELLECTUAL PROPERTY INSTITUTE OF CANADA (IPIC)**

This is the professional organization in Canada for Intellectual Property Practitioners including agents, lawyer agents and others who have an interest in IP. It is a voluntary organization. IPIC has a close relationship with CIPO, Industry Canada, and Heritage Canada and has worked towards the development of stronger IP laws in Canada and throughout the world, including the substantial changes that have occurred as a result of the FTA, NAFTA and the WTO. IPIC has a Code of Ethics that governs the behavior and practice of its members and hence the two professions. However, its discipline process is largely ineffective because of its voluntary membership. Further, CIPO and IPIC have no control over unauthorized practice. Anyone, including lawyers may practice in the areas of patents and trade-marks without benefit of registration, and obviously in the absence of any training<sup>1</sup>.

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<sup>1</sup> Report prepared for IPIC on Self Management Structures, Gavin MacKenzie, September 10, 1999

## **SELF-REGULATION FOR PATENT AND TRADE-MARK AGENTS IN CANADA**

### **CURRENT REGIME**

The Commissioner of Patents and the Registrar of Trade-marks currently govern agents in Canada. Sections 12, 15 and 16 of the *Patent Act* relate to patent agents, with Section 16 allowing the Commissioner “for gross misconduct or any other cause that he may deem sufficient” to remove an agent or attorney from the register of patent agents. Sections 12 to 19 of the Patent Rules deal with examinations, who may be registered as a patent agent and how one stays on the register. In the case of trade-mark agents, Section 28 of the *Trade-Marks Act* and Sections 18 to 23 of the Regulations govern agents, although there is no provision relating to conduct at all.

### **PROBLEMS WITH THE CURRENT REGIME**

Thus there are no guidelines from the Commissioner or the Registrar as to how to conduct oneself as an agent, there is no indication as to how a member of the public can make a complaint about a registered agent, nor is there any provision for any discipline, but removal from the register if a complaint is made. Furthermore, there is nothing that precludes a de-registered agent from practicing, since there are no provisions in the Acts or Regulations relating to unauthorized practice.

IPIC is a voluntary professional organization for intellectual property professionals that espouses a modern code of ethics, and adherence to high professional standards. It provides education at all levels to its members, and liaises with the Canadian government and internationally with other government and professional organizations. IPIC works with CIPO to set and mark exams for agents. However, the most severe form of discipline available to IPIC members is expulsion from the Institute for gross misconduct, a penalty that is largely ineffective since membership is not required to practice.

In September 10, 1999, Gavin MacKenzie<sup>2</sup> delivered a report to the Intellectual Property Institute of Canada relating to the Self-Regulation of the Profession. In this report, Mr. MacKenzie stated:

“The current regulatory regime is seriously --- and I would go so far as to say fundamentally – flawed, for reasons discussed below.”

No single regulatory body that is responsible for admission, professional standards and conduct, and discipline exists for agents in Canada. Registration before the Commissioner and the Registrar is not the equivalent of obtaining a license to practice these professions. Only registered patent agents may file and prosecute patent applications before the Patent Office on behalf of applicants. However, the lack of registration does not stop non-registered persons from performing all the tasks of a registered agent except for the signing of documents filed in the Patent Office which an applicant may sign itself.

The Acts do not cover how agents may carry on their practices. Earlier rules covered agents’ offices and advertising but these have been repealed.

While the self-imposed standards of the profession are generally quite high, those who practice and who are neither members of IPIC or registered with CIPO are subject to no controls of any sort. Unfortunately, there are no easy ways to regulate such activity.

In summary:

- (1) The licensing processes for agents are not as effective as is found in other professions.
- (2) The complaint and disciplinary process is insufficient as provided by the Commissioner and the Registrar, and IPIC.

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<sup>2</sup> Mr. MacKenzie is an elected bencher of the Law Society of Upper Canada. He chairs the Law Society’s professional regulation committee (which is responsible for professional conduct and discipline) and is co-chair of its strategic planning committee and its task force on the reform of the Rules of Professional Conduct. Mr. MacKenzie is the author of *Lawyers and Ethics: Professional Responsibility and Discipline* (Carswell-Thomson, 1993 with annual supplements). He has been retained as an expert witness on professional responsibility issues in litigation in the United States and Canada.

- (3) IPIC is ineffective because it is a voluntary organization without statutory authority.
- (4) The Commissioner, the Registrar and IPIC have no ability to control unauthorized practice.

The regime in place does not meet the standards of the regulatory bodies of other Canadian professions, which are typically governed by a council comprising members of the profession and public representatives, together with a full-time staff engaged in establishing and enforcing professional standards through admission and discipline processes.

#### **PROPOSAL TO RECTIFY THE SITUATION**

IPIC recommends that the Government empower, through legislation, a new College of Patent and Trade-mark Agents to be responsible for the governance of the professions including admission, conduct, complaints and discipline. The broad objectives of the College would encompass ensuring that consumers and stakeholders, including CIPO are able to rely on licensed Canadian Patent and Trade-mark Agents as being knowledgeable and proficient members of the profession and protecting consumers and other stakeholders from licensed and unlicensed persons practicing as agents who do not comply with standards of competence and conduct or who otherwise practice in an unauthorized manner.

IPIC would continue to perform its roles as a provider of education programs for the profession, as well as its liaison roles with other stakeholders and CIPO regarding the laws and practice relating to intellectual property in Canada and abroad.

The new College would be modeled on the Canadian Institute of Actuaries, the only other federally regulated profession in Canada. The *Actuaries Act* was created in 1965 and comprises only eight sections that deal with its objects, head office location, membership, council and powers. By-laws are enacted which detail governance provisions, election of council members and rules of professional conduct. Similar legislation would allow the proposed new College flexibility to effect changes to its standards and enforcement mechanisms without requesting and awaiting amendments to its governing statute.

## **PRIVILEGE FOR PATENT AND TRADE-MARK AGENTS**

### **CURRENT REGIME**

There is no common law or statutory privilege for patent and trade-mark agents in Canada. The Federal Court of Canada has consistently found that communications between clients and agents are not protected by privilege: *Whirlpool Corp. v. Camco Inc.* (1997), 72 C.P.R. (3d) 444 (F.C.T.D.) ; *Montreal Fast Print v. Polylok Corp.* (1983), 74 C.P.R. (2d) 34 (F.C.T.D.)

There is even conflicting authority as to whether solicitor-client privilege attaches to communications with solicitors acting as patent agents. The courts recognized solicitor-client privilege for lawyer/patent agents in the following cases: *Lumonics Research Ltd. v. Gould* (1983), 70 C.P.R. (2d) 11 (F.C.A.); *F.P. Bourgault Industries Air Seeder Division Ltd. V. Flexi-Coil Ltd.* 64, C.P.R. (3d) 70 (F.C.T.D.); and *Sunwell Engineering Co. v. Mogilevsky* (1986), 9 C.P.R. (3d) 479 (Ont. S.C.). However, the court did not recognize this privilege for lawyers doing agency work in *Montreal Fast Print v. Polylok Corp.* (supra).

### **PROBLEMS WITH THE CURRENT REGIME**

Patent agents are knowledgeable in the technology of the patents they draft. Patent and trade-mark agents are specialists in the legal issues relating to patents and trade-marks. Consequently, patent and trade-mark agents are particularly qualified to advise clients on whether or not they can get a patent or a trade-mark registration; and whether or not someone else is infringing upon their rights. Clients who come to patent and trade-mark agents should be able to divulge their confidential information regarding their inventions, their trade-marks, and their business plans without fear that all of this information can be later divulged in a court proceeding relating to these very rights.

At the present time, Canadians who are clients of patent and trade-mark agents are not protected by privilege in the way that they should be.

The purpose of privilege is to ensure frank communication between a client and his or her legal advisor, to facilitate decisions on what a client should do. The communications between a patent or trade-mark agent and his or her client clearly meet two of the three requirements set out in the case of *Canada v. Solosky*<sup>3</sup>: The communication entails the seeking or giving of legal advice and it is intended to be confidential by the parties. The difference here is that the legal advice is coming from trained and qualified patent and trade-mark agents and not lawyers.

There are also problems in multi-disciplinary partnerships, since agent partners cannot be privy to solicitor-client information without risking a loss of the privilege.

The lack of privilege also creates a problem for Canada on the international stage. Britain, New Zealand and Australia have legislated privilege for patent and trade-mark agents. Amendments to the European Patent Convention will be enacted this year to provide for privilege for all European Patent Attorneys (18 countries) registered to practice before the European Patent Office. In Japan, steps are being taken to accomplish the same goal. In the U.S., although there is no legislation for agents, the courts have extended privilege to patent agents who are registered before the U.S. Patent and Trade-mark Office. The U.S. courts have also noted that in the case of trade-mark agents:

“I am confident that where Congress allows non-attorneys to practice law before federal agencies, a commensurate attorney-client privilege arises over communications with clients necessary to practice in the areas authorized.”

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

From a practical perspective, an agent who does not have privilege is disadvantaged in dealing with Canadian and U.S. clients. In Canadian litigation, the communications will be disclosed. In U.S. litigation, the same is true. The U.S. courts will recognize privilege of foreign agents where the foreign country grants such privilege. Thus,

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<sup>3</sup> [1980] 1 S.C.R. 821

information given to an agent from Britain could not be produced; while information given to a Canadian agent could be produced.

#### **PROPOSAL TO RECTIFY THE SITUATION**

IPIC recommends that privilege be given to the communications between patent and trade-mark agents and their clients relating to patent and trade-mark matters, by means of legislation.

Privilege is necessary to recognize the reality of the practice of patent and trade-mark agents. As stated by the New Zealand Court of Appeal:

“For many years, patent attorneys felt at a disadvantage in that, although effectively giving legal advice, the communications between them and their clients were not protected from production in any proceeding. Yet, at times these communications were highly confidential. Understandably, there was some agitation to reform the law.”

*Frucor Beverages Limited et al v. Rio Beverages Limited* [2001] NZCA 109

The policy reasons behind such legislation are twofold:

- (1) Canadian individuals and businesses who obtain legal advice about patents and trade-marks should not be disadvantaged because they are dealing with highly trained and specialized agents, rather than lawyers; and
- (2) Canadian patent and trade-mark agents should not be in a position where they cannot offer services that their counterparts in other countries can offer.

The legislation to protect communications between patent and trade-mark agents and their clients is consistent with the overall approach of the law in recognizing the need to protect confidential disclosures and legal advice between those qualified to give the advice (in this case patent and trade-mark agents) and those who need it, their clients.