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Michel Gerin,
Executive Director
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Dear Mr. Gerin:

Re: The Jurisdiction of Parliament and Patent and Trade-Mark Agents

The Privilege and Self-Management Committee of the Intellectual Property Association of Canada (the “committee”) has requested our opinion on two matters. First, whether it is within the constitutional jurisdiction of the Parliament of Canada to enact legislation providing the equivalent of solicitor-client privilege for patent and trade-mark agents (“agents”). We have, for the purposes of this opinion, considered whether that jurisdiction would extend to all legal proceedings in Canada including those within the legislative control of the Provinces. Second, whether it is within the jurisdiction of the Parliament of Canada to provide for the professional regulation of agents, including means of self-regulation. As is further elaborated on below it is our opinion that the Parliament of Canada has jurisdiction in respect of both matters.

I. Extension Of Privilege to Agents**1. The Concept of Privilege**

As we have discussed your committee has considered various materials on the concept of privilege and in particular the paper presented to your predecessor organization at the 1987 Annual PTIC Meeting by R. Scott Jolliffe and Lysanne F. Cholette. This paper, subsequently published in the PTIC Review (1987-88, Vol. 4, pp.371-384), is an extensive and comprehensive review of common law privilege. Various submissions made to Industry Canada in response to the invitation to comment on the principle of extending privilege to agents also make

extensive reference to the history and nature of common law privilege. This is not a matter in contention and it is unnecessary to repeat that detailed analysis here.

Privilege in essence involves the right to refuse to reveal information that would otherwise be subject to disclosure, most commonly in proceedings before a court but also in any other situation where a legal obligation to disclose information may exist.

Solicitor-client privilege, which protects from disclosure communications between clients and their solicitors and to which the proposed agent-client privilege is compared, is recognized throughout the common law world and has been acknowledged by the courts as a basis for protecting the confidence of communications for over four centuries. While the concern of your committee is with evidentiary privilege it may be noted that solicitor-client privilege has developed to the extent that it is now regarded as not simply an evidentiary privilege, barring disclosure in particular legal proceedings, but a substantive right that clients enjoy to preserve the confidentiality of communications with their legal advisers. (*Descoteaux v. Mierzwinski* (1982), 141 D.L.R. (3d) 590 (S.C.C.) at 605, *Caricline Ventures Ltd. v. ZZTY Holdings Ltd.* (2001), F.C.T.D.).

The current state of the law in Canada is that common law privilege does not extend to communications between clients and their agents even though the communications are for the purposes of obtaining advice regarding proceedings under the *Patent Act* or *Trade-marks Act* (see, for example, *Whirlpool Corp. et al v. Camco Inc. et al.* (1997) 72 C.P.R. (3d) 444 (F.C.T.D.)). Independent of any common law privileges that may exist protection of confidential information from disclosure in legal proceedings may be granted by statute. However, the courts require that any statutory derogation from the right to obtain disclosure be expressly worded (see, for example, *Levin v. Boyce*, [1985] 4 W.W.R. 702 (Man.C.A.)).

In certain other jurisdictions communications between agents and their clients enjoy a form of privilege. In particular, in 1994 British legislation extended to communications between agents and their clients a similar privilege to that enjoyed in common law jurisdictions by solicitor-client communications. It appears that the draft wording proposed by your committee closely follows the provisions of the recent British statute. The only issue of substance that arises from following the British model is the inclusion, in relation to trade mark agents, the phrase, which appears in both the British statute and the draft wording, “or as to any matter involving passing off.” This raises constitutional considerations in Canada that have no application in the United Kingdom.

1. The Patent and Trade-Mark Statutory Schemes

Jurisdiction over matters relating to patents of invention and discovery is

conferred on the Parliament of Canada by section 91(22), *Constitution Act, 1867*. While no express reference to jurisdiction over trade marks is contained in the *Constitution Act, 1867*, support for the jurisdiction of the Parliament of Canada to enact a statutory scheme for the registration of trade marks has been found under section 91(2), the regulation of trade and commerce (see, *A.G. Ontario v. A.G. Canada* [1937] A.C. 405 at 417 (J.C.P.C.) and *Asbjorn Horgard v. Gibbs/Nortac Industries Ltd.* [1987] 3 F.C. 544).

Pursuant to its powers on these matters Parliament has created statutory schemes which among other things provide for proceedings before the offices of the Commissioner of Patents and the Registrar of Trade-Marks in order to obtain the granting of a patent or registration of a trade mark. Parliament has further specified that a register of patent agents shall be maintained containing the names of all persons and firms entitled to represent applicants in all matters before the Patent Office (*Patent Act*, R.S.C. 1985, c. P-4, as amended, s. 15). The regulations enacted pursuant to the Act (the Patent Rules) specify the process for qualification for entry on the patent agents register and specify that only patent agents may act on behalf of inventors in the prosecution of applications before the Office (s.12 and following). Parliament has made similar provisions for trade mark agents, requiring the Registrar to keep a list of trade mark agents which includes all persons and firms entitled to represent applicants in business before the Trade Marks Office (*Trade-marks Act*, R.S.C. 1985, c. T-13, as amended, s. 28). The Trade Marks Regulations, C.R.C. 1978, c. 1559, as amended, ss. 21-26, establish the qualifications for entry on the register of trade-mark agents.

2. The Protection of agent-client privilege by the Parliament of Canada.

There are, in our view, two bases on which the Parliament of Canada may validly enact provisions for the extension of solicitor-client type privilege to agent-client communications. On the basis of Parliament's substantive jurisdiction over patents and trade marks and on the basis of procedural jurisdiction over what may, or may not, be disclosed in legal proceedings.

i Substantive jurisdiction

Parliament may extend privilege as part of its substantive jurisdiction over patents and the registration of trade marks. Parliament has required persons seeking to use the statutory schemes to retain the services of agents and therefore to disclose to those agents the details of the intellectual property rights they wish to protect. Agents, as the only persons entitled to act in proceedings before the relevant Offices, are in turn necessarily required to advise persons seeking to take advantage of the protections offered by the schemes of the strength of their

claims and the appropriate way in which to present them. Communications of confidential information between agents and their clients is thus an integral component of the schemes which Parliament has adopted. Any provision protecting those communications from disclosure must be read in the context of the regulatory scheme and, in our view, would be upheld as a complementary provision serving to reinforce other valid provisions (see *MacDonald et al v. Vapor Canada Ltd.* [1977] 2 S.C.R. 134 at 159 and *AG Canada v. C.N. Transportation Ltd. et al* (1983), 3 D.L.R. (4th) 16 at 64-65 (S.C.C.)).

We also note that the courts have specifically upheld particular provisions of the *Patent Act* and the *Trade-marks Act* on the basis that while they may not deal with patents or trade marks *per se* they have a rational connection to the overall statutory scheme created by Parliament (see, in respect of patents, *Smith, Kline & French v. A.G. Canada* [1986] 1 F.C. 274, and in respect of trade marks, *Asbjorn Horgard v. Gibbs/Nortac Industries Ltd.* [1987] 3 F.C. 544 (F.C.A.)). It is in this context that the term “passing off” is of relevance. Passing off is a civil wrong (a tort in the common law provinces) which comes within the constitutional jurisdiction of the provinces as a matter relating to property and civil rights. Section 7(b) of the *Trade-marks Act* was described by the Federal Court of Appeal in *Asbjorn* as a statutory statement of the common law action of passing off. The Federal Court of Appeal further held that section 7(b) was “clearly within federal constitutional jurisdiction under s-s 91(2) [trade and commerce] of the *Constitution Act, 1867*” on the basis that it “rounded out” the statutory scheme for the protection of trade marks (*Asbjorn*, at 561). Therefore matters of passing off that come within the scope of the *Trade-marks Act* constitute part of the substantive jurisdiction of the Parliament of Canada and can support the protection of client-agent privilege. However, as the draft wording proposed by the committee is phrased more broadly than the *Trade-marks Act*, the proviso must be added that to the extent that it is subsequently held that some aspects of passing off (eg matters unconnected to even unregistered trade marks) are outside federal jurisdiction that will limit the substantive basis for protecting client-agent privilege.

ii. Procedural jurisdiction

The second basis which supports the jurisdiction of Parliament to extend solicitor-client privilege to agent-client communications derives from Parliament’s ability to determine the evidence which may be compellable or admissible in proceedings over which it has jurisdiction. Parliament may, subject to the restrictions of the Charter, impose any limit it wishes on the kind of evidence which may be compelled in proceedings before tribunals it has established. Thus, for example, Parliament may specify that agent-client communications shall not be compellable or received in evidence in any proceedings before the Patent and Trade-Mark Offices, or their institutional successors, any proceeding under the federal

Inquiries Act or in the Federal Court of Canada.

The jurisdiction of Parliament to enact evidentiary provisions governing admissibility in proceedings before tribunals established by a province is considerably more restricted. However, it has been held that in matters within the legislative jurisdiction of the Parliament of Canada the federal laws of evidence apply (see for example, *Banque Nationale du Canada v. Simpson* [1990] R.J.Q. 931 (C.A.) (promissory notes) and *Re Beam Ready Mix Ltd. (No.2)* (1980), 105 D.L.R. (3d) 555 (Ont. H.C.) (bankruptcy)). Thus, in intellectual property proceedings in which the courts of the provinces share concurrent jurisdiction with the Federal Court the federal laws of evidence would apply including any privilege from disclosure that may have been enacted to protect agent-client communications.

In proceedings before the tribunals of a province which deal with matters outside the legislative competence of Parliament (for example, matters of contract, tort or delict) procedural or evidentiary privileges or exemptions are within the jurisdiction of the legislatures of the provinces. It may be doubted that any procedural requirements that Parliament may have enacted for the protection of agent-client communications would be effective in such proceedings. However, even in such proceedings a privilege from disclosure which Parliament has validly enacted as part of its substantive jurisdiction over patents and the registration of trade-marks would, in our view, be binding and would entitle the agents and their clients to resist disclosure. Any contrary enactment of a province would either be *ultra vires* as an attempt to legislate in regard to patents or trade-mark registration or, if validly enacted for provincial purposes, inoperative to require breach of the privilege conferred by the Parliament of Canada by operation of the doctrine of paramountcy (see *Bisailon v. Keable*, [1983] 2 S.C.R. 60 at 109). If Parliament is entitled to protect agent-client communications from disclosure as part of its substantive jurisdiction over patents and trade marks it necessarily follows that disclosure cannot be required in any proceeding, federal or provincial, without destroying the privilege which Parliament has validly enacted. Applying the principle enunciated by Mr. Justice Beetz, in *Bisailon v. Keable*, supra, at 107, as confidentiality is indivisible provincial legislatures cannot limit a federal exclusionary rule applicable to agent-client communications as it would result in the basis of the federal rule being destroyed by provincial law.

3. Summary on the extension of privilege

It is my opinion that the Parliament of Canada possesses the jurisdiction to extend solicitor-client type privilege to agent-client communications. While for certain proceedings a privilege against disclosure could be enacted pursuant to Parliament's jurisdiction over the admission of evidence in matters under its legislative jurisdiction, a more comprehensive basis for the exercise of jurisdiction would be under the substantive powers over patents and trade mark registration.

While substantive privilege may be enacted in any enactment Parliament chooses (certain Crown privileges, for example, have been provided for in the *Federal Court Act* and in the *Canada Evidence Act*) it would probably be appropriate to underscore the substantive nature of the jurisdiction by proposing, as your committee has, that provisions regarding privilege be incorporated into the *Patent Act* and *Trade-marks Act*. A privilege enacted as part of Parliament's substantive jurisdiction will, as discussed above, be applicable in all legal proceedings, federal and provincial.

Finally, I note two potential restrictions on the proposed agent-client privilege. First, as the draft wording proposes to define the privilege in terms of solicitor-client privilege at common law the limits of that privilege, as they may be defined by the courts from time to time will apply. Secondly, any enactment barring the disclosure of information or its admissibility in a legal proceeding is subject to judicial scrutiny if it may adversely affect the exercise of a Charter right. While it may be difficult to foresee a Charter based challenge to an agent-client privilege one cannot presume that no such challenge and subsequent review will take place. The merits of such a challenge would have to be addressed at that time.

II. The jurisdiction of Parliament to regulate the profession of patent and trade mark agents.

1. The Provinces and professional regulation.

It must be noted that as a general principle the regulation of particular trades and professions has been held to be a matter within "Property and Civil Rights" a class of subjects over which the provinces enjoy exclusive legislative jurisdiction (*Constitution Act, 1867*, section 92(13)). (for example, *A.G. Can. v. Law Society of B.C.* [1982] 2 S.C.R. 307; *Global Securities Corp. v. B.C.*[2000] 1 S.C.R. 494). The regulation of those engaged in legal proceedings, and in particular the regulation of the practice of law, may also be considered within exclusive provincial jurisdiction as a matter coming within the "administration of justice" a class of subjects (*Constitution Act, 1867*, section 92(14) over which the provinces enjoy exclusive legislative jurisdiction. (for example, *Law Society of B.C. v. Mangat* [2001] 3 S.C.R. 113 at 139-142).

2. Parliament and professional regulation

An attempt by Parliament of Canada to regulate a profession or occupation except as part of a valid federal regulatory scheme will be invalid. (for example, *R. v. Eastern Terminal Elevator Co.* [1925] S.C.R. 434).

As noted above in our discussion of the extension of privilege to agents, the regulatory schemes created by the *Patent Act* and the *Trade-Marks Act* are

enacted in accordance with the exclusive federal legislative jurisdiction over “Patents of Invention and Discovery” (section 91(22), *Constitution Act, 1867*) and the “Regulation of Trade and Commerce” (section 91(2), *Constitution Act, 1867*).

Within areas of federal competence there is federal jurisdiction to create tribunals and to determine who may practice before those federal tribunals even if such practice involves an element of legal practice. The Supreme Court of Canada in *Law Society of B.C. v. Mangat* at 147-148 included among a series of examples of categories of persons allowed to act as counsel before federal tribunals:

“patent agents” before the Patent Office under the *Patent Act*, R.S.C. 1985, c. P-4, s.15; and “trade-mark agents” before the Trades-Marks Office under the *Trades-Marks Act*, R.S.C. 1985, c. T-13, s. 28. All of these non-lawyers roles involve some aspect of the traditional practice of law. Representation by non-lawyers is consistent with the purpose of such administrative bodies, which is to facilitate access to and decrease the formality of these bodies as well as to acknowledge the expertise of other classes of people..”

The Supreme Court of Canada also commented in *Mangat*, at 151-152 on the issue of federal and provincial regulation of those who may be authorized to appear as counsel before the particular federal tribunal in issue, the Immigration and Refugee Board (“IRB”):

“there is no obligation for Parliament to regulate the “other counsel” [the non-lawyers], even though it may be wise and advisable to do so. The enactment of ss. 30 and 69(1) of s. 114(1)(v) illustrates Parliament’s intention to address the subject of who may appear before the IRB. Aside from the situations where Parliament refers to provincial legislation (as it does for barristers and solicitors), the federal government has defined Another counsel as being a person, and the provinces cannot interfere in that sphere. Moreover, by the enactment of s. 114, Parliament has demonstrated its intent to regulate such counsel if and when needed. It has not yet done so, but that does not mean that the provinces can enact conflicting legislation in the meantime. However, to the extent that Parliament refers to the provincial statutes and regulations or leaves the matter unaddressed, the provinces can regulate that matter in accordance with their own powers.

Sections 12(1)(j) and 15 of the *Patent Act* and sections 28 and 65(c.1) of the *Trade-Marks Act* similarly demonstrate Parliament’s intent that patent agents and trade-mark agents be subject to such regulation as may be considered appropriate. There are a variety of options for Parliament in regulating agents. It may, for example, choose to make no express provision for regulation of agents.

It may regulate all agents on the same basis whether agents are lawyers or not. It may specify that the only persons entitled to practise as agents are members in good standing of a specified association of agents. The association or “college” of agents may be endowed with similar powers of self regulation enjoyed by many other professional bodies. Alternatively, Parliament could adopt by reference provincial regulation of agents who are lawyers and limit any new federal regulation scheme to non-lawyer agents. Each is valid.

It is within federal jurisdiction to regulate those who are to be allowed to act as counsel before patent and trade-mark tribunals. While provinces may exercise a general power to regulate professions and in particular to regulate the practice of law, such regulation is subject to the constitutional principle of paramountcy, and is inoperative to the extent that it conflicts with the federal regulatory scheme. The provinces cannot prevent non-lawyer agents from practising before patent and trade-mark tribunals even if such practice involves elements of practising law and the provinces cannot shield lawyer agents from federal regulation of their practice before patent and trade-mark tribunals.

Please contact me if you have any questions on the above.

Yours very truly,

Martin W. Mason

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