



IPIC

Sustaining Excellence:
A Modernized Regulatory Framework
for Patent and Trade-mark Agents

Consultation Paper

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Executive Summary

The Self-governance Committee and the Council of the Intellectual Property Institute of Canada (IPIC) are seeking to modernize the regulatory framework for patent agents and for trade-mark agents. We are therefore asking for the views of the members of IPIC on a proposal for the self-regulation of our profession.

This proposal builds upon three elements of the current system:

- IPIC currently plays a major role in the qualifying examinations for patent agents and trade-mark agents.
- IPIC currently provides a number of training and professional development courses.
- Members of IPIC have adopted a code of ethics.

The proposal also seeks to unite and improve the disciplinary processes administered by the Canadian Intellectual Property Office (CIPO) and IPIC, as neither meets the needs of a modern profession.

Proposal

The objective is to implement, via changes to the regulations within the current legislative framework, a modern regulatory system for patent and trade-mark agents: one that empowers the profession to better protect the interests of IP owners and the public. In summary:

- The profession, through IPIC, would be responsible for the establishment of entrance requirements to become a patent or trade-mark agent, and determine whether the requirements are met.
- IPIC would maintain a code of ethics and a code of conduct for all agents.
- The profession, through IPIC, would manage the process for the discipline of agents.
- CIPO would continue to maintain the registers.
- CIPO would retain final say on disciplinary matters, including suspension or removal from the registers.
- CIPO and IPIC would establish requirements for insurance and for continuing professional development.

Next steps

After consideration of the comments from the members, Council will adopt, modify or set aside this proposal. If the decision is to continue the process, members will be asked, at the October 14, 2010 Annual General Meeting, to mandate Council to seek from the Government of Canada (i.e. CIPO) the changes required to implement the proposal.

1. Introduction

While the work of patent and trade-mark agents is a key element in the process of obtaining valuable intellectual property rights, the regulatory framework for the profession does not meet the standards of modern professions. Fortunately, the admission process has been effective in admitting qualified practitioners, and there have been very few complaints against agents. However, as the profession grows, and as the recognition of the role of IP in the economy increases, the current professional regulatory system will face new challenges.

Over the past few years, looking at the regulatory system of other professions in Canada, the members of IPIC have expressed their belief that it is the profession itself that is best equipped to improve the regulatory framework.

A first option for self-regulation, with the working title of College of Patent Agents and of Trade-mark Agents, was studied carefully by IPIC over the past few years and was proposed to CIPO, the current regulator of the profession. This option was based on the model in use for most professions in Canada: that is, a regulatory body, managed by the profession, and created by statute. A major challenge faced by the profession with this option is the limited experience in creating such a regulatory body at the federal level, unlike the established framework for professions in the provinces. Because it is already difficult to introduce legislation into parliament, and because there is no tradition of doing so for professions, CIPO has indicated that it has other legislative priorities and will not pursue this option at this time.

However, the Self-governance Committee and Council believe that the profession needs to continue moving forward and build upon the interest expressed by members and the work already accomplished. This interest and this work include the determination of what self-regulation would mean for patent and trade-mark agents, the adoption in 2001 of a code of ethics, the adoption in 2003 of a disciplinary process for a future self-regulatory body, the innumerable hours devoted by volunteers to the setting and marking of the admission examinations, the hiring of an examination expert to work with IPIC on improving these examinations, and the creation of a number of training courses.

Therefore, calling upon the expertise of an association consultant and studying the regulatory framework for patent and trade-mark agents in other jurisdictions, a proposal has been developed that improves the current regulatory framework, increases the role of our profession in that framework, does not preclude the creation of the College, does not require new legislation, and is therefore achievable in the near term for the benefit of clients, the public, the government and the profession.

2. Objectives and Benefits

Patent agents and trade-mark agents are part of a growing profession, one that will be under more scrutiny because of the economic importance of intellectual property and of the expectation by the public that certain basic regulatory requirements apply to all professionals. The objective is therefore to implement a modern self-regulatory system for patent and trade-mark agents: one that empowers our profession to better protect the interests of IP owners and the public. In doing so, CIPO and the members of IPIC would strengthen a key element of a competitive IP system.

The proposal will benefit the public, the profession and CIPO.

In the public interest:

- A comprehensive admission process, continuing education, an enforceable code of conduct and an effective and transparent disciplinary process increases the trust in the profession.
- Compulsory professional insurance protects the clients.
- An enhanced regulatory system may facilitate the realization of statutory protection of confidential communications with agents.

For the profession:

- It allows those who best understand the profession to manage its regulatory framework.
- It gives the tools to the profession to grow within an increasingly challenging environment.
- Recognition as a trusted and well-regulated profession by the public can only help in increasing the overall IP business from within and from outside Canada.
- It creates a stronger sense of belonging and pride within the profession.

For CIPO:

- An enhanced regulatory regime is provided.
- It is done with fewer resources than are currently required and allows CIPO to redirect resources towards core tasks.
- CIPO maintains control.

3. Details of the Proposal

The proposal is divided into three sections: admission to the profession, maintenance in the profession and professional conduct.

In summary, CIPO would delegate to IPIC, through regulatory changes, the responsibility of managing certain aspects of the regulatory system while retaining the registers, and thus, final say.

Each section below begins by outlining the current strengths and issues and then identifies what would be changed or added to the current situation.

The implementation of this proposed self-regulatory system would be a logical step for the profession. First, as can be seen in the three following sections, many elements of a regulatory system are in place, and IPIC already plays a role in the admission, maintenance and professional conduct aspects of the profession (e.g. preparation and marking of exams, code of ethics). Secondly, in addition to its current role in these regulatory functions, IPIC has the structure in place for the profession to assume these additional responsibilities: an effective and democratic governance model, successful development of new courses, tremendous volunteer participation in numerous committees, courses, tutorials and conferences, a solid staff team that knows when to call upon outside experts, and 84 years of history.

3.1 Admission to the Profession

3.1.1 A Base to Build Upon

At present:

- CIPO holds the registers.
- CIPO administers the qualifying exams and provides some of the members of the Examining Boards.
- IPIC supplies most members of the Examining Boards. IPIC members annually provide a total of over 1,600 hours of professional expertise for the preparation and marking of the exams.
- In addition to its obligation of supplying examiners, IPIC took the initiative a few years ago to seek the help of an exam expert to improve the exams. This has led to improvements. The work of the expert and exam revision committees continues.
- IPIC offers training courses.

3.1.2 Current Issues

- Admission is mostly based on a set of exams after an apprenticeship period. The process lacks formal common training elements.
- The candidates' preparation for these exams is inconsistent, causing uncertainty as to the training of the candidates, and causing frustration for the candidates.
- As the interest in IP has grown in recent years, a clear and comprehensive process is required to prepare trainees who come to the profession through a variety of paths.

3.1.3 Proposal

- CIPO continues to maintain the registers.
- IPIC manages the establishment of entrance requirements to the profession and determines whether the requirements are met.
- This includes the management of the qualifying exams and the collection of the exam fees by IPIC.
- IPIC recommends to CIPO the names of the individuals who have successfully passed the qualifying exams for entry on the registers.
- IPIC continues to offer training courses.
- IPIC develops and manages a modern admission process based on a clear curriculum which states what should be learned by apprenticeship and through courses, and how this will be tested.
- For example, this could include courses and new exams on ethics and on basic principles of law.
- IPIC is already developing training courses. However, this has been done in a reverse logical flow: the exams came first, and courses are geared to passing the exams. A comprehensive, mandatory admission system would follow a more logical flow and would benefit from discussions in the profession on topics such as standards of practice.

3.2 Maintenance in the Profession

3.2.1 A Base to Build Upon

At present:

- CIPO collects an annual fee to maintain the registers.
- IPIC negotiates an insurance program for its members.
- IPIC offers professional development programs accredited by bodies such as the Barreau du Québec, the Law Society of Upper Canada, the Law Society of British Columbia and the New York CLE Board.
- IPIC is developing a voluntary Continuing Professional Development (CPD) program that will provide rebates on IPIC insurance.

3.2.2 Current Issues

- There are no requirements after passing the exams except for the obligation to pay an annual fee. For example, there are no requirements for insurance or CPD.

3.2.3 Proposal

- CIPO adopts a rule regarding mandatory continuing professional development. IPIC establishes a self-reporting database system.
- CIPO adopts a rule regarding mandatory insurance. Proof will be submitted at renewal of registration.

3.3 Professional Conduct

3.3.1 A Base to Build Upon

At present:

- IPIC has a code of ethics.
- IPIC investigates complaints.
- A comprehensive discipline process for a self-regulatory body was approved by the members of IPIC at the 2003 Annual General Meeting.

3.3.2 Current Issues

- There is no mandatory code of ethics or code of conduct.
- CIPO investigates complaints against agents, but the process is not publicly known, and does not include input from the profession.
- IPIC investigates complaints against its members under its code of ethics but has very limited abilities/power for enforcement.

3.3.3 Proposal

- Under regulations established by CIPO, all registered agents (not only IPIC members) abide by a code of ethics and a code of conduct maintained by IPIC. (IPIC's current code of ethics contains elements of ethics and elements of professional conduct: these could be in two separate codes).
- CIPO mandates IPIC to investigate complaints against all agents on the registers (not only IPIC members) and to manage the disciplinary process.
- A representative from CIPO could be part of the Discipline Committee and of the hearing tribunals established by IPIC.
- IPIC and/or the tribunal recommend the appropriate sanction to CIPO.
- Regulatory or legislative changes may be required to implement the disciplinary process.

3.4 Summary

Table 1: Changes to the regulatory system

	Current Situation		Proposal	
	CIPO	IPIC	CIPO	IPIC
Admission	Administers exams	Prepares most of exams	Registers agents who have completed the admission process (upon recommendation from IPIC)	Prepares and administers the exams
	Prepares part of exams	Provides optional training courses	Could prepare part of the exams	Manages a complete admission process
	Registers agents who have passed the exams	Welcomes members on a voluntary basis		Welcomes members on a voluntary basis
Maintenance	Maintains registers	Offers optional insurance	Maintains registers	Sets standards for continuing professional development
		Offers professional development opportunities	Adopts regulation for mandatory professional insurance and continuing professional development	Offers optional insurance
				Offers professional development opportunities
Professional Conduct	Investigates complaints	Maintains a code of ethics	Imposes sanctions upon recommendation from IPIC	Maintains a code of ethics and code of conduct
		Investigates complaints and can remove someone from IPIC	May take part in disciplinary process	Manages the disciplinary process

Table 2: Effects on individuals of the proposed system

	Admission	Maintenance	Professional Conduct
Agent (member or not of IPIC)	N/A	Obligation to hold errors and omissions insurance (with some exceptions to be determined) Obligation to pursue continuing education	Must adhere to the code of ethics and code of conduct Disciplinary process will be clearer and managed by the profession
Trainee at time of transition	No change if process completed within certain time frame (transition period)	N/A	N/A
New trainee at or after time of transition	More complete admission process (may include new exams and mandatory courses)	N/A	Topic for consideration: should trainees who register in the admission process be subject to the code of conduct and disciplinary processes?
Supervisor of trainee	Clear curriculum to prepare for exams	N/A	N/A
Member of IPIC who is not an agent or trainee	N/A	N/A	N/A

4. Financial Considerations

It is expected that the proposed change in the regulatory system would not have a financial impact on members of IPIC because:

- IPIC would collect the exam fees currently being paid to CIPO.
- CIPO and IPIC would reach an agreement on the sharing of the annual fees currently being paid by agents to CIPO to remain on the register.
- The annual revenues would cover the costs incurred by each organization in administering the registers, CPD and insurance obligations, and disciplinary system. For IPIC, this would likely mean the hiring of additional staff.

There are two areas where agents or trainees may see an increase:

- If an agent does not currently hold errors and omissions insurance, then mandatory insurance would mean a new cost.
- One could be concerned that a new admission process, that may include mandatory courses, could mean an increase in costs. However, as has been demonstrated by attendance at the IPIC training courses and tutorials, firms and other employers see a benefit in having trainees attend courses. Furthermore, a clear curriculum, with tools that can help with in-house training in addition to courses, may help to make the overall training of agents more efficient for all involved. Ultimately, because this will be developed by the profession, members will have a say if they feel the process is too expensive.

5. Other Options

Currently, patent and trade-mark agents are regulated by the government under federal statute. In Canada, almost all professions are self-regulated, and in almost all cases, under provincial statutes. Most industrialized countries have robust regulatory systems for their patent and trade-mark agents governed by clear accountability rules within various combinations of government and professional bodies. Within this context, the Self-governance Committee and Council have examined these other options:

5.1 The Status Quo

- In a world of increasing regulations, including recent examples of forced regulations, the current regulatory situation is unlikely to continue for patent and trade-mark agents.

- Therefore, with a strong belief that it is the responsibility of a profession to shape its future and improve the protection of the public interest, the status quo does not appear to be a viable long term option.

5.2 Creation, through legislation, of a new body to regulate the profession.

- This option, which we have called the College, was studied carefully by IPIC over the past few years.
- In consultations held by CIPO and by IPIC, members have demonstrated their support for this option.
- There are benefits to this option, especially in separating the advocacy and regulatory functions into two separate organizations.
- However, it is more difficult to implement at the federal level because there is no framework for professions as there are in the provinces. CIPO has indicated that it will not support this option at this time, as it is pursuing other legislative priorities.
- With the current proposal, the issue of possible conflict between the advocacy and regulatory functions is mitigated by having CIPO retain last say (which is different than for most other professions). Furthermore, many professions, including federally regulated professions, have only one association both to regulate and to advocate.
- Finally, it is expected that most, if not all, of the current proposal could be implemented by regulatory change instead of new legislation. This means, from the public interest point of view, that it can be more easily reversed. It also means that it does not prevent the eventual creation of a self-regulatory body. If at some point members prefer that the regulatory functions be removed from IPIC and transferred to a new body, then IPIC could resume its advocacy for the creation of that body. Its implementation would be made easier given that the profession would have already put in place all its elements.

5.3 Enhanced regulation by CIPO through regulatory changes, and possibly some legislative amendments.

- This option would require additional resources for CIPO and would mean CIPO would play a role not normally played by government in Canada.
- To our knowledge, no one within our membership, the public or government has expressed an interest in this option.

6. Proposed Implementation Plan

(subject to discussions with CIPO)

	Entrance	Maintenance	Discipline
2010	<ul style="list-style-type: none"> • Member consultation • Decision at Annual General Meeting 		
		Plan voluntary Continuous Professional Development (CPD) system	
2011	Discussions with CIPO		
		Voluntary CPD program implemented	
2012	Process to amend government regulations		
	Exam planning		Update code of ethics (separate out a code of conduct?) Disciplinary planning
2013	Implement management of exams by IPIC	New regulations re: insurance and CPD	Implement disciplinary process by IPIC
2014	Plan new admission process		
2015	Begin implementing new admission process	Begin mandatory CPD	
2016 – 2018	Add components to admission process		

7. Conclusion

IPIC is an established professional body with a solid record of developing and sustaining excellence within the Canadian IP system. By expanding IPIC's role, our profession can play a greater role in managing its future, CIPO can retain control but can focus more on its core mandate, and clients and the public will be better protected.