

**CONFERENCE ON CLIENT PRIVILEGE IN INTELLECTUAL
PROPERTY PROFESSIONAL ADVICE**

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**NEEDS IN RELATION TO CLIENT/IP PROFESSIONAL
PRIVILEGE IN CANADA**

**OUTLINE OF CANADIAN EFFORTS TO ACHIEVE
STATUTORY AGENT PRIVILEGE — LINKAGE BETWEEN
REGULATORY SCHEME AND STATUTORY PRIVILEGE**

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AGENT PRIVILEGE — LINKAGE BETWEEN REGULATORY
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Our colleague, Mr. Garland has outlined for you the situation in Canada with respect to jurisprudence that has developed regarding privilege for patent and trade-mark agents. Canadian Courts, so far, remain unconvinced that the clients of non-lawyer patent agents should expect that their confidential communications will be privileged in litigation, because they are not members of the legal profession. There is also some uncertainty in the jurisprudence as to whether the use of the services of a lawyer agent by a client to obtain its Canadian patent rights would ensure that communications with such clients would be privileged. Mr. Garland has indicated also that the courts have determined that information found in the files of a non-lawyer agent can affect damages awarded in litigation, which demonstrates that serious consequences can result from a patent agent's file being disclosed in litigation. And now, it appears that Canadian Courts are not prepared to recognize the privilege of agents or patent attorneys in other jurisdictions who enjoy statutory privilege, because there is no equivalent legislation in Canada. Thus it would appear that the need for legislation in this area is even more critical, especially when one considers that the majority of the users of the IP system in Canada, as is the case in many other countries, are foreign based. This situation surely must be taken seriously by any country that wishes to have a robust Intellectual Property regime to protect the interests of IPR holders.

As many of you are aware, Canadian IP professionals have been asking the Government of Canada to introduce legislation in this area for over ten years. It is worthwhile to review those efforts, as they have revealed the challenges that exist in the Canadian legal landscape which may provide useful lessons in the considerations that should be given to an international treaty that would set standards for this type of legislation.

The Intellectual Property Institute of Canada (IPIC) has been largely responsible for the efforts made to date¹, although these efforts have been supported by FICPI² and AIPPI

as well. It has to be said that at the time these efforts began, there were many members of the Canadian IP community, most notably and understandably, IP lawyers who were concerned that agents were not properly trained in a manner that would allow them to appreciate the implications of such a responsibility. In 1999, in part to deal with such concerns, IPIC undertook to obtain a report on a suitable structure for the regulation of patent and trade-mark agents in Canada. This report referred to as the *Report By Gavin Mackenzie On The Regulation Of Patent And Trade-Mark Agents (September 1999)*³ proved to be one of the most important documents relative to the approach taken by IPIC in its efforts. Mr. MacKenzie is a well respected member of the Canadian legal community⁴, who subsequent to preparing this report was elected Treasurer (President) of the Law Society of Upper Canada in 2006.

In his report Mr. MacKenzie remarked that the current regulatory regime for patent and trade-mark agents, which remains in place today, is found in Sections 12, 15 and 16 of the Canadian *Patent Act* and Section 28 of the *Trade-Marks Act* and Sections 18 to 23 of the *Trade-mark Regulations*. Section 16 allows the Commissioner of Patents "for gross misconduct or any other cause that he may deem sufficient" to remove a patent agent 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. Section 28 of the *Trade-Marks Act* and Sections 18 to 23 of the *Regulations* govern trade-mark agents, although there is no provision relating to conduct at all. There are no guidelines from the Commissioner of Patents or the Registrar of Trade-marks 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 an agent from practicing, except for communicating with the Canadian Intellectual Property Office (CIPO), once removed from the register, since there are no provisions in the Acts or Regulations relating to unauthorized practice.

While IPIC espouses a modern code of ethics and adherence to high professional standards, provides education at all levels to its members, liaises with the Canadian government and internationally with other government and professional

organizations, and works with CIPO to set and mark exams for agents, it is a voluntary organization. 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 in IPIC is not required to practice.

Unfortunately, there is no provision in the regulatory regime for agents that affects the ability of persons who are not registered to give opinions on the validity or infringement of patents or the patentability of inventions, or prepare patent applications on behalf of applicants who sign their own applications. Further, nothing in the *Patent Act* or *Rules* deals with the manner in which patent agents should carry out their practices.

In the words of Mr. MacKenzie,

“The current regulatory regime is, in my opinion, seriously flawed, but nevertheless has developed some pronounced strengths that position the profession well to develop an effective system of self-regulation. These strengths include admirably rigorous qualification examinations, and a well-established and respected professional organization that has developed a modern code of conduct, and which emphasizes high standards of conduct and competence and promotes continuing education.

The inadequacies of the current regulatory regime may be summarized as follows:

1. The effect of successfully completing the qualifying examinations is to become entitled to be listed on the register of agents maintained by the Commissioner of Patents and Registrar of Trademarks. Registration confers rights that are exclusive but limited. Persons who are not registered are nevertheless able to perform most functions ordinarily performed by patent and trademark agents. Thus, the profession really does not have an effective licensing process comparable to that of other professions, which require practitioners to qualify to become members of the profession's governing body in order to practise as a member of the profession at all.

2. The profession does not have an effective disciplinary system. Although the Commissioner of Patents and Registrar of Trademarks is empowered by statute to refuse to recognize agents for gross misconduct or any other cause deemed sufficient, no standards have been articulated by the Commissioner or Registrar, and in practise this power has rarely if ever been invoked. Even if it were, for the reason identified in paragraph 1 above, the practitioner in question could continue to perform with impunity most of the functions ordinarily performed by patent and trademark agents.”

3. The disciplinary process of IPIC is similarly ineffective, because IPIC is a voluntary association without legislative authority that cannot prevent practitioners who are not members of IPIC, from practising.

4. For these reasons, the Commissioner of Patents and Registrar of Trademarks, and IPIC, are entirely helpless to prevent unauthorized practise.”

Most importantly, Mr. MacKenzie indicated that the extension of privilege to clients of patent and trade-mark agents would meet with opposition in some quarters. In his view this opposition would come from two sources: the first concerned the aforementioned shortcomings of the current regulatory regime for patent and trademark agents; and further, that agents receive little or no training in professional responsibility and are not subject to a code of professional conduct that is capable of being enforced effectively. The second source was that by extending privilege to patent and trade-mark agents the government might be embarking upon a slippery slope that may well have the effect of diluting privilege generally. Mr. MacKenzie stated that opponents believed that it would be necessary to acknowledge the legitimacy of claims for similar treatment of other professional groups including, for example, chartered accountants, customs agents, and immigration consultants. In Mr. MacKenzie’s view, the extension of privilege to the clients of other professional groups might create a backlash that would undermine privilege generally. He further stated that

“These objections may or may not be overcome if a more effective regulatory regime is successfully created. They will not be overcome, however, unless such an effective regime replaces the current, inadequate model. For reasons that will by now be apparent, it is in my view essential that the current regulatory regime be replaced whether or not such an effort results in the extension of privilege to the clients of patent and trademark agents.”

Given this report, IPIC clearly had no choice but to work towards a regulated profession to ensure that statutory privilege could be obtained. Accordingly, IPIC undertook to modernize the profession in Canada, to better protect the public and IP owners. IPIC has proposed a national College of Patent and Trade-mark Agents which would regulate the profession in accordance with modern professional standards, which include a code of ethics; compulsory professional insurance; continuing education; regulations pertaining to the handling of client funds held in trust; a client indemnity fund; and an effective and transparent disciplinary process. IPIC has worked closely with CIPO in connection with its efforts, and finally in the preparation of draft federal legislation for the creation and operation of the College⁵.

As part of this project, IPIC has consulted with major stakeholders including some of the provincial organizations that regulate lawyers. Unfortunately, these organizations have not been willing to agree to support, let alone “not oppose” the proposed legislation. The proposed legislation includes a provision which does not reference “privilege”, but rather refers to a prohibition against the forced disclosure of confidential communications that are exchanged between an IP owner and an agent, during litigation⁶. This language was adopted as it was suggested to IPIC that it might meet with better acceptance by the legal community. The attitude of the legal community has presented a challenge that remains an obstacle despite IPIC’s ongoing efforts to persuade the government to proceed with the legislation.

In the context of the present discussions, there is surely one question that should be considered which is the linkage, if any between the regulatory structure for patent and trade-marks agents or patent and trade-mark attorneys, and privilege. Those countries that have statutory privilege in place would appear to have a more robust regulatory environment than is currently present in Canada, but given the IPIC structure, which its members are subject to, the following questions should be asked:

1. Is a voluntary organization such as IPIC appropriate for the regulation of patent and trade-mark agents who have statutory privilege or must the proposed college or some equivalent structure be put in place? What would the minimum standards be for such an organization?
2. Has there been any erosion of or negative impact on solicitor client privilege in the broader sense in those countries where statutory privilege for patent and trademark attorneys or agents is in existence?
3. Has the agent or attorney privilege led to any other professions seeking similar legislation in such countries?

It is of interest to note that in the evolution of this initiative within the profession in Canada, many lawyer agents who initially were opposed to the idea that there should be statutory privilege for agents have come to support this effort as strongly as the non-lawyer agents. The lawyers have been very supportive of having a more robust

regulatory structure, although they were concerned about being “doubly” regulated, as they are already subject to control by provincial law societies. However the latter issue is addressed in the draft legislation. In addition, while initially this was a project that was thought to be a measure to shore up the businesses of non-lawyer agents, it has become clear to all that statutory privilege would benefit the clients of all members of the IP profession. It is clear that it is an important part of a modern IP infrastructure. In addition, it would seem that CIPO would benefit from being freed up to concentrate on its core business of administering the system of IP Rights in Canada by transferring its regulatory authority to the profession, the members of which are more familiar with the work of IP professionals. In Canada, almost all professions are self-regulated under provincial statutes. Unfortunately, there is no tradition in the federal arena to create such regulatory bodies.

Canada has both patent and trade-mark agents. Roughly half of the registered patent agents in Canada are non-lawyer agents. Lawyers must pass the same patent agent exams as non-lawyers to be registered and CIPO regulates both without any distinction. The trade-mark area is dominated by lawyer agents, but there are over 250 registered non-lawyer trade-mark agents who practice in Canada. Non-lawyer trade-mark agents must pass exams, but lawyers need not do this although they must be in practice for a period of time before they can be registered.

It would seem that the advent of an international treaty relating to IP privilege is essential for IP Rights to receive a more uniform global treatment. It would be in Canada’s interests to participate in the treaty discussions, but given all the work that has been done to date, it hardly seems necessary for Canada to wait for the treaty to implement the required legislation. However, Canada can certainly benefit from the experience of other countries in this area.

End Notes

¹ . See <http://www.ipic.ca/english/college/>

² . At the Vancouver FICPI Congress, the following resolution on Privilege was passed:

RESOLUTION A

(PRIVILEGE)

FICPI, the International Federation of Intellectual Property Attorneys, broadly representative of the free profession of more than 70 countries, assembled at its World Congress held in Vancouver from June 12 to June 16, 2000, passed the following Resolution :

Recognising the need for a client to have frank, honest and open communication with its Intellectual Property Advisors and to obtain opinions and advice therefrom,

Understanding that communications between an Intellectual Property Advisor and a client, even when confidential, may be subject to discovery in some jurisdictions,

Given that these communications may be with an Intellectual Property Practitioner located outside those jurisdictions,

Appreciating the possible consequences that the discovery of such communications may have in litigation in those countries,

Appreciating the international character of some intellectual property litigation,

With the knowledge that Intellectual Property Practitioners are required to be registered to practise in some countries or regions, members of an accredited professional association in some other countries and are not required to have any qualifications in other countries,

Appreciating that for the filing of an application for protection at a Regional Office, a client will prefer to engage a practitioner where legal professional privilege will apply rather than a practitioner in a country where that privilege does not apply,

Believing that the effect this has on the provision of services in that region is inequitable,

Resolves that the client of an Intellectual Property Practitioner should be afforded in relation to communications with that practitioner the protection of legal professional privilege,

Urges appropriate authorities in countries or regions which do not now afford such protection to amend their laws as necessary to provide legal professional privilege in relation to communications between a client and a registered Intellectual Property Practitioner or practitioners who are members of an accredited professional association, and that all countries should recognize the legal professional privilege that exists in other countries,

And urges appropriate authorities in countries and regions to amend their laws to establish an appropriate system of recognition of qualified intellectual property practitioners.

³ . See http://www.ipic.ca/english/pdf/Final_Gavin_MacKenzie_Report_.pdf

⁴ . Mr. MacKenzie has practiced law since he was called to the Ontario Bar in 1977. He is certified as a specialist in civil litigation by the Law Society of Upper Canada. His practice has been concentrated largely in the field of professional liability and discipline. He has frequently represented practitioners in various professions before professional disciplinary bodies and in the courts, and has often been retained by regulatory bodies either to prosecute allegations of professional misconduct or to provide independent advice to disciplinary tribunals. Between 1990 and 1993 he served as the Law Society's Senior Counsel for discipline, in which capacity he was the Law Society's chief prosecutor of allegations of professional misconduct against lawyers. He also acted as counsel on admission, readmission, and capacity hearings. He has been an elected bencher of the Law Society since 1995, and has been chair of the Law Society's Professional Regulation Committee, which is responsible for discipline policy and professional conduct. He has also been the co-chair of the Law Society's Task Force on the Reform of the Rules of Professional Conduct, and co-chair of the Law Society's Strategic Planning Committee. He formerly served as a vice-chair of the Legal Education Committee. He has written and spoken widely on the subjects of professional conduct and discipline. His book *Lawyers and Ethics: Professional Responsibility and Discipline* was published by Carswell (Thomson

Professional Publishing) in 1993, and supplements have been published annually since then. He has also published a "net letter" on professional responsibility, discipline and liability for *Quicklaw*. Between 1996 and 1998 Mr. MacKenzie served as a member of a task force created by the Canadian Institute of Actuaries to propose reforms to the Institute's discipline process.

⁵ . See <http://www.ipic.ca/english/college/legislation.cfm>

⁶ . This is the language proposed in the Draft Legislation that has been submitted to CIPO for consideration and to the Minister of Industry Canada in July 2006.

CONFIDENTIAL
COMMUNICATIONS

Confidential communications

35. (1) Subject to subsection (2), a communication, and its content, between a Patent Agent or a Trademark Agent and that agent's client or by a Patent Agent or a Trade-mark Agent on behalf of that agent's client is to be considered confidential and shall not be required to be disclosed by the agent or client, and they shall not be required to give evidence on the communication in legal or administrative proceedings involving the infringement, validity, use, or ownership of any intellectual property right that was the subject of any such communication, whether or not such proceedings were contemplated at the time of the communication.

Scope

(2) Communications to which subsection (1) applies are any oral, written, or electronic communications between a Patent Agent or a Trade-mark Agent and that agent's client or any person acting on behalf of the client or by a Patent Agent or a Trade-mark Agent on behalf of that agent's client in respect of intellectual property matters arising within the scope of services provided by the agent, and include any record or document made for the purposes of, or relating to, such communication. Evidence in hearing