



May 9, 2014

Via email: denis.martel@ic.gc.ca

Mr. Denis Martel
Director, Patent Policy
Marketplace Framework Policy Branch
Industry Canada
235 Queen Street
Ottawa, ON K1A 0H5

Dear Mr. Martel:

Re: Patent and Trade-mark Agent-Client Privilege

I am writing on behalf of the Canadian Bar Association National Intellectual Property Section (IP Section) in response to questions posed in the November 2013 Consultation Paper on Patent and Trade-mark Agent-Client Privilege. We appreciate the additional time to consider the issues at greater length, following CBA President Fred Headon's letter of November 20, 2013.

Extending a class privilege akin to solicitor-client privilege raises important issues of public policy. To provide this response the IP Section consulted with its Executive members as well as its patent and trade-mark committees and the CBA Ethics and Professional Responsibility Committee. While the Executive members and patent committee reached consensus views, set out in this letter, the trade-mark committee was unable to reach a consensus, with some members of that committee remaining in favour of the position in the IP Section's February 2004 submission, in response to the 2003 Industry Canada consultation,¹ that privilege should not extend to patent and trade-mark agents.

The CBA Ethics and Professional Responsibility Committee also expressed continued support for the position in the 2004 submission for the following reasons:

- there is no demonstrable harm that must be remedied (as expressed in the 2004 submission);
- extension of privilege is inconsistent with the intent that there be full disclosure in the patent process (as expressed in the 2004 submission); and
- there has been no change in circumstances or law since Industry Canada's 2003 consultation on this topic.

¹ www.cba.org/CBA/submissions/pdf/04-07-eng.pdf

The 2004 submission gives a full understanding of the reasons for recommending, at that time, that privilege not extend to patent and trademark agents.

The responses to the questions posed in the Industry Canada consultation that follow are a summary of the views of the IP Section Executive, the patent committee and those members of the trade-mark committee who hold a different view from that expressed in the 2004 submission. Both this submission and the 2004 submission stand as contributions to Industry Canada's consultation on this issue from different CBA constituent groups. We recognize this is an evolving area and the CBA is continuing to study the issues.

Given the importance of these issues, we urge Industry Canada to undertake consultations with the Federation of Law Societies of Canada and the provincial and territorial law societies, with adequate time for a meaningful response.

1. Are there other considerations that should be taken into account in regards to granting a privilege to patent and trade-mark agents?

The primary considerations that should be taken into account when determining whether to grant privilege for patent and trade-mark agent-client communications are the best interests of the client, the effect on the administration of justice, and keeping Canada most in line with other jurisdictions.

The practical reality is that patent and trade-mark agents advise clients on issues relating to obtaining intellectual property rights, as well as the protection of those rights. For the client's interests to be served best, communications to obtain this advice should be as frank and as free flowing as possible and unencumbered by concerns as to whether confidential information should be disclosed. The client should have no uncertainty on whether necessary confidential communications will be protected.

It is in the interests of justice to base the approach to privilege on the nature of the information and the manner and purpose for which it is being shared. Confidential communications should be protected if the elements of the privilege test are met, irrespective of whether the advice given on that information is from a lawyer, or a patent or trade-mark agent acting within their area of practice as permitted by law so long as that area is well-defined (as is the case with lawyers).

From an international standpoint it is important that Canada keep pace with other jurisdictions and develop in accordance with the realities of practice. Clients should not be subject to competitive disadvantages because communications relating to innovation and branding strategies that would otherwise be treated as confidential may be disclosed in future litigation.

Other jurisdictions have granted privilege to patent and trade-mark agents, including the UK and Australia. Section 200(2) of the Australia *Patents Act* grants privilege to communications, records or documents made for the dominant purpose of a registered patent attorney providing intellectual property advice. The section goes on to state that privilege does not authorize a registered patent attorney to conduct barrister duties (*i.e.*, preparing a document to be issued from or filed in a court or to transact business, or conduct proceedings, in a court).

In the UK, section 280 of the *Copyright, Designs and Patents Act 1988* provides privilege to patent agents for any matter relating to the protection of any invention, design, technical information, or trade mark, or any matter involving passing off and documents, material or information relating to passing off. Section 87 of the *Trade Marks Act 1994* of the United Kingdom similarly extends privilege to trade mark agents for the protection of any design or trade mark, or as to any matter involving passing off.

Recently, the UK Supreme Court commented on the legislative intent behind extending legal advice privilege to non-lawyers (*Prudential et al. v. Special Commissioner of Income Tax et al.* [2013] UKSC 1). The Court observed that when Parliament chose to extend privilege to patent and trade mark agents, by inference, it did so with the clear intent to confer rights on those groups. The Court concluded that privilege did not protect accountants. We take no position on the question of whether privilege ought to be extended to communications between clients and other non-lawyer groups in Canada.

2. How is the general public better served by a patent and trade-mark agent privilege? What is the overarching harm that needs to be remedied? Are there developments or new evidence since the 2003 consultations on this issue?

Two possible over-arching “harms” need to be considered. First, are clients able to obtain the best advice possible if they are less likely to provide confidential information to a patent and trade-mark agent (or a lawyer acting in an agent capacity) for fear that the information will be required to be disclosed in litigation in Canada or elsewhere. A number of members of the IP Section believe that full and open disclosure in communications between agent and client could be hampered without the safeguard of protecting the communications by privilege. Second, would litigation, and in particular discovery, be more streamlined with better defined rules and restrictions on disclosure of patent-related documentation if privilege extended to agent-client confidential communications.

While there is no empirical evidence on the first point, since 2003, several judicial cases have emphasized the essentiality that there be “full, frank and free communications between those who need legal advice and those who are best able to provide it” (*Blank v. Canada (Minister of Justice)*, [2006] 2 S.C. R. 319).

On the second point, the B.C. Supreme Court decisions in *Northwest Mettech Corp. v. Metcon Services Ltd.*, 1996 CanLII 1056, illustrate some of the difficulty that can arise in litigation with privilege not protecting communications between a client and a lawyer who is acting also as a patent agent. In that case, the plaintiff sought production of the defendant’s lawyer’s file relating to a patent application. The lawyer, who was also a patent agent, refused to produce documents such as patent drafts, on the basis of privilege. The lawyer/patent agent was required to swear an affidavit regarding the documents, forcing the lawyer to parse through his work to determine when he was acting qua lawyer and when he was acting qua patent agent. The court itself parsed the documents to determine whether they “indirectly” disclosed legal advice. The plaintiff’s counsel also sought to examine the lawyer/patent agent, which resulted in a further hearing: 1997 CanLII 3843. By that point the lawyer was no longer retained by the former client, and had to retain counsel to represent himself at the hearing to ensure he did not disclose privileged information.

Similarly, in *Les Laboratoires Servier v. Apotex Inc.* 2008 FC 321, the specific communications of a lawyer who was also a patent agent were scrutinized on whether they should be protected by privilege. A subpoena against the lawyer was issued in advance of trial. The lawyer was ultimately called and was required to testify at trial on some of the steps he took during prosecution of the patent application.

3. If privilege were to be granted, what should be the scope of that privilege and should patent and trade-mark agents receive the same privilege?

Privilege cannot extend beyond the categories given to lawyers and would be based on solicitor-client type communications where there is an intent to keep the communication confidential and for which patent or trade-mark advice is being given relating to the nature and scope of rights being sought or rights being enforced.

Some members of the IP Section believe there should be no difference afforded to patent and trade-mark agents so long as the information would otherwise meet the requirements of privileged information if communicated to a lawyer. Specific delineation by category or by the type of agency work (patent vs. trade-mark) was, in their view, neither necessary nor desired but was better left for the Court to determine.

Some members of the trade-marks IP Section committee noted that as a whole, more sensitive information was likely to be discussed between a patent agent and client than between a trade-mark agent and client and that this could raise different concerns for patent agents. Future implementation of the Madrid Protocol could change the nature of communications between trade-mark agents and their clients to make privilege less relevant to trade-mark agents.

4. How are the users of the Canadian IP system affected by a lack of client-agent privilege in Canada? Please provide evidence.

As set out above, a concern was raised as to whether users of the Canadian IP system might be at a disadvantage during litigation without agent-client privilege in Canada. The lack of privilege can raise disclosure issues in litigation where it is unclear what documentation must be disclosed during discovery both in Canada and in other jurisdictions and the level of inquiry to determine whether a communication is privileged.

Further, a concern was raised (although there is no empirical evidence on this point), that IP innovators looking to use the Canadian IP system may be at a competitive disadvantage because lack of privilege means less clarity on whether communications about patent and branding strategies will need to be disclosed. This may discourage innovators from using the Canadian system for fear that their strategies and rights could be weakened by exposure.

A further issue was whether the threat of disclosure discouraged users of the Canadian IP system from obtaining rights in Canada for fear that the potential exposure of their communications could open up additional lines of attack to invalidity allegations relating to correspondence and discussions as to how rights were obtained.

5. What oversight should be put in place to ensure that a privilege is not abused and who should perform the oversight functions (CIPO, IPIC, the Canadian Courts, some other body)?

It is our position that client-lawyer communications should always be afforded the protection of privilege, regardless of whether the lawyer is acting as a patent agent or trade-mark agent. To the extent the case law is inconsistent with this position, legislative changes should resolve this inconsistency to adequately protect client-lawyer communications.

For non-lawyer agents, many of the IP Section members consulted generally supported the ability of non-lawyer agents to have unfettered communications with their clients where advice provided and information exchanged will be treated confidentially and with the protection of privilege (or something similar to privilege).

As such, many IP Section members support the extension of some level of privilege to non-lawyer agent-client communications, provided appropriate safeguards are in place. Safeguards would ensure that privilege only extends to communications arising from regulated tasks within the specialized role and expertise of non-lawyer patent and trade-mark agents. Regulation of this privilege and the nature and extent of the privilege (whether as privilege or some other form of protection) will require further consideration and should be compared with other models, including those in other jurisdictions. Although non-lawyer agents serve a different and more

specialized role than paralegals, for example, recent amendments to the governance of paralegals in some jurisdictions serve as a possible model. In our view, at the very least the extension of some form of privilege to non-lawyer agent-client communications comes with a corresponding obligation of governance, possibly including self-governance, equivalent to lawyers. Again, in situations where agents are also qualified as lawyers, privilege should always be respected.

Lawyers are governed by law societies and a Code of Professional Conduct. Non-lawyer agents are not directly governed by these bodies and do not have the same education and training as lawyers. While non-lawyer agents may give advice specific to their qualifications and restricted area of practice, they cannot practice law and rules governing the nature of the advice that can be given, the scope of the advice, and sanctions if the advice exceeds these boundaries must be in place.

To further this objective, and in addition to establishing a governance model for non-lawyer agents, areas of training to supplement current licensing requirements should be considered. Specific training should, at a minimum, include knowledge on what constitutes communications that would be afforded protection, what constitutes a conflict of interest, as well as education on ethics and professional conduct. Specifically, non-lawyer agents would need to be trained to understand how to properly deal with confidential information and situations such as:

1. What happens to confidential information if the non-lawyer agent moves to a different firm and the client moves with the non-lawyer agent. Here, a presumption would arise that the confidential information would be shared with the new firm, which could result in a conflict of interest;
2. How to deal with the situation where the non-lawyer agent is retained by competitor businesses that may result in the non-lawyer agent taking a position on behalf of one client that may be adverse to the other client's interests;
3. Understanding how and when confidential information can be used; and
4. Understanding that confidentiality survives the end of the client relationship.

These are illustrations of the type of training that should be considered if some form of privilege is to be extended to communications between non-lawyer agents and clients. Commensurate with the question of whether to extend privilege to non-lawyer agent-client communications is the issue of how to implement an appropriate governance and training model for non-lawyer agents.

Please let us know if you have any questions on the above. Again, we urge full and open consultations on this important issue.

Yours truly,

(original signed by Tamra Thomson for Angela Furlanetto)

Angela Furlanetto
Chair, National Intellectual Property Section