

Submission on
Proposals for Privilege Protection and
Self-Regulation for Patent and
Trade-mark Agents

NATIONAL INTELLECTUAL PROPERTY LAW SECTION
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TABLE OF CONTENTS

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PREFACE.....	i
I. INTRODUCTION.....	1
II. THE LAW OF PRIVILEGE.....	2
III. THE ROLE AND CURRENT REGULATION OF PATENT AND TRADE-MARK AGENTS	4
IV. THE RELEVANCE TO LITIGATION OF COMMUNICATIONS WITH AGENTS.....	5
V. IPIC’S ARGUMENTS FOR PRIVILEGE.....	7
VI. PRIVILEGE SHOULD NOT BE GRANTED TO AGENT-CLIENT COMMUNICATIONS.....	8

VII.	SELF-REGULATION	10
VIII.	CONCLUSION.....	10

PREFACE

The Canadian Bar Association is a national association representing 38,000 jurists, including lawyers, notaries, law teachers and students across Canada. The Association's primary objectives include improvement in the law and in the administration of justice.

This submission was prepared by the National Intellectual Property Law Section of the Canadian Bar Association, with assistance from the Legislation and Law Reform Directorate at the National Office. The submission has been reviewed by the Legislation and Law Reform Committee and approved as a public statement of the National Intellectual Property Law Section of the Canadian Bar Association.

Submission on
Proposals for Privilege Protection and
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Trade-mark Agents

I. INTRODUCTION

The National Intellectual Property Law Section of the Canadian Bar Association (the CBA Section) is pleased to provide its comments on *Proposals for Privilege Protection and Self-Regulation for Patent and Trade-mark Agents* to Industry Canada.

In November 2003, the Intellectual Property Institute of Canada (IPIC) proposed legislative changes to the *Patent Act* and *Trade-marks Act*, to grant privilege to and establish self-regulation for Canadian patent and trade-mark agents. Industry Canada called for comment as such changes would require amendments to the *Patent Act* and *Trade-marks Act*.

The CBA Section has considered the issues raised in the Discussion Paper published by Industry Canada in November 2003 and the document *Privilege for Clients of Canadian Patent and Trade-mark Agents* published by the Intellectual Property Institute of Canada in September 2002 (the IPIC Business Case). In its Business Case, IPIC proposes a statutory grant of a class privilege to patent and trade-mark agents. The CBA Section has concluded that there is no public outcry for the extension of privilege to the clients of patent or trade-mark agents. There is no demonstrable mischief that must be remedied. There is no demonstrable need for a statutory grant of privilege to patent and trade-mark agents.

Accordingly, the CBA Section submits:

- a) that the statutory grant of privilege not be extended to patent and trade-mark agents; and
- b) that it takes no position on whether patent and trade-mark agents should be self-regulated.

II. THE LAW OF PRIVILEGE

The concept of privilege originated in England in the 1600s, as a sign of respect for the oath and honour of lawyers who were duty bound to guard their clients' secrets and, more importantly, to prevent lawyers from being forced to testify about information received from and advice given clients. The courts granted this privilege to barristers in recognition of the duties and obligations of a barrister to the court, including the duty to uphold the law. Thus, a fundamental condition for privilege was the existence of an adversarial proceeding and the barrister's duties to the court.

A complete statement of privilege has been given as follows:

That rule as to the non-production of communications between solicitor and client says that where...there has been no waiver by the client and no suggestion is made of fraud, crime, evasion or civil wrong on his part, the client cannot be compelled and the lawyer will not be allowed without the consent of the client to disclose oral or documentary communications passing between them in professional confidence, whether or not litigation is pending.¹

Thus, solicitor-client privilege has been extended from its origin in adversarial proceedings to protect communications which provide legal advice, whether or not litigation is pending. In the seminal case of *Slavutych v. Baker*,² Mr. Justice Spence of the Supreme Court of Canada stated that four fundamental conditions must be met

¹ *Canada (Director of Investigation and Research) v. Canada Safeway Ltd.*, [1972] 3 W.W.R. 547 (B.C.S.C.).

² [1976] 1 S.C.R. 254.

before privilege is extended to any communication, and that these four conditions serve as the policy foundation for determining all relational privileges. These four conditions, which are adopted from *Wigmore on Evidence*, are as follows:

1. The communications must originate in a *confidence* that they will not be disclosed;
2. This element of *confidentiality must be essential* to the full and satisfactory maintenance of the relation between the parties;
3. The *relation* must be one which, in the opinion of the community, ought to be *sedulously fostered*; and
4. The *injury* that would inure to the relation by the disclosure of the communications must be *greater than the benefit* thereby gained for the correct disposal of litigation.

Since the adoption of these criteria to determine whether privilege ought to be granted, the Canadian courts have been reluctant to expand privilege beyond the solicitor-client relationship. One text states that few communications with any other class of relationship have been held to be sheltered by privilege.³

Further, the Supreme Court of Canada has posited that classes of relationships entitled to a blanket privilege will be rare. McLachlin J. described the approach that ought to be taken when faced with a claim for privilege as follows:

A third preliminary issue concerns the distinction between absolute or blanket privilege, on the one hand, and partial privilege on the other. While the traditional common law categories conceived privilege as an absolute, all-or-nothing proposition, more recent jurisprudence recognizes the appropriateness in many situations of partial privilege. The degree of protection conferred by the privilege may be absolute or partial, depending on what is required to strike the proper balance between the interest in protecting the communication from disclosure and the interest in proper disposition of the litigation. Partial privilege may signify that only some of the documents in a given class must be produced. Documents should be considered individually or by sub-groups on a “case-by-case” basis.⁴

³ Sopinka, et al. *The Law of Evidence in Canada*, 2nd Edition, Butterworths, 1999 at p.721.

⁴ *M.(A.) v. Ryan*, 143 D.L.R. (4th) 1 at 7.

In a recent Supreme Court decision, *Maranda v Richer*,⁵ the court considered the issues of privilege and confidentiality in the context of a law office search seeking information about legal fees. LeBel J., stated:

The confidentiality of the solicitor-client relationship is essential to the functioning of the criminal justice system and to the protection of the constitutional rights of accused persons. *It is important that lawyers, who are bound by stringent ethical rules, not have their offices turned into archives for the use of the prosecution.*⁶ (Emphasis added)

Thus, the current jurisprudence of the Supreme Court of Canada indicates that the court must, on a case-by-case basis, seek to strike the proper balance between the interest in protecting the communication from disclosure and the interest in proper disposition of litigation. This approach would militate against the grant of privilege to patent and trade-mark agents as a class, whether by court decision or legislation. Further, as detailed below, the CBA Section is of the view that the conditions for the grant of privilege are not met.

III. THE ROLE AND CURRENT REGULATION OF PATENT AND TRADE-MARK AGENTS

Patent agents are, in most cases, technically educated people who, in basic terms, prepare, file and prosecute patent applications. While the *Patent Act*, in section 15, requires a register of patent agents to be kept in the Patent Office on which shall be entered the names of all persons and firms and title directions and applicants in the presentation and prosecution of applications for patents or in other business before the Patent Office, neither the *Patent Act* itself nor the *Patent Rules* contain a definition of the duties or responsibilities of patent agents.

Similar to the situation for patent agents, the *Trade-marks Act* itself provides only that

⁵ 2003 SCC 67.

⁶ at paragraph 37.

there shall be kept, under the supervision of the Registrar of Trade-marks, a list of trade-mark agents, that shall include the names of all persons and firms entitled to represent applicants in the presentation and prosecution of applications for the registration of a trade-mark or in other business before the Trade-marks Office (see section 28(1)(f) and (28(2)). Neither the *Trade-marks Act* nor the *Trade-marks Regulations* further define the duties and responsibilities of a trade-mark agent.

At present, neither patent agents nor trade-mark agents are required to have any training in legal subjects, such as the law of evidence, nor are patent or trade-mark agents required to have any training in issues such as conflicts of interest.

Thus, the only activities of trade-mark agents recognized by the applicable statutes are the presentation and prosecution of applications and “other business” before the offices. Presumably, this other business includes post registration or post grant issues, such as assignments and other chain of title issues and, for trade-marks, oppositions. The CBA Section recognizes that agents now (rightly or wrongly) do more than this – including drafting licence agreements and advising clients on infringement and validity issues, and advising on other forms of intellectual property protection, such as copyrights or industrial designs.

IV. THE RELEVANCE TO LITIGATION OF COMMUNICATIONS WITH AGENTS

It is axiomatic that documents exchanged or communications between an agent and client can only be required to be produced in litigation if those communications are relevant to the issues in the litigation. Thus, it is necessary to determine whether the typical agent-client communications may be relevant to potential issues raised in a lawsuit.

Typically, a patent prosecution file would contain, in addition to those documents of public record, documents in the following categories:

1. Correspondence with the client of an administrative nature, such as filing details, fee payments;
2. Documents obtained from the client describing the invention and the inventive entity;
3. Prior art searches, if any;
4. Notes or drawings made by the patent agent containing the agent's understanding of the invention; and
5. Drafts of the application and of correspondence to the Patent Office.

Of these categories, it is likely that, in most cases, the relevant documents would be those provided by the inventors describing the invention, for example where there is an allegation that the claims are broader than the invention made.

Similarly, a typical trade-mark prosecution file of an agent would contain, in addition to public record documents, the following:

1. Correspondence with the client of an administrative nature;
2. Samples of use or other documents obtained from the client regarding the use of the trade-mark, including documents relating to the date of first use and the wares/services upon which the mark has been used;
3. Documents relating to any trade-mark searches that may have been conducted; and
4. Drafts of the application and correspondence with the Trade-marks Office.

Of these categories, in most cases, it would be the samples of use and similar documents that would be relevant to any issues raised in trade-mark litigation.

Accordingly, the primary types of documents contained in a patent or trade-mark prosecution file that would be relevant to litigation are documents that originate with the client. These documents would not be subject to privilege, even if in a lawyer's file. Further, it is important to note that where there are allegations of fraud or wrongdoing, privilege will not apply. Therefore, any documents that may be relevant to the allegations of wrongdoing will be producible in any event.

V. IPIC'S ARGUMENTS FOR PRIVILEGE

IPIC has put forward three primary arguments in favour of granting privilege:

- 1. Canadian-based clients are disadvantaged in comparison to foreign-based clients since the lack of privilege may allow confidential information to be disclosed during litigation.**

As stated in the Discussion Paper, IPIC reasons that, while the purported instances of forced disclosure may not be great, just one instance of disclosure could mean a multi-million dollar problem for a company. The Discussion Paper notes that data to account for the frequency of instances of forced disclosure is not available. The CBA Section notes that the spectre of a multi-million dollar problem is unsupported and that any such "problem" would not be as a result of the disclosure of client-agent communications, but of the underlying acts of the client itself.

- 2. Foreign IP clients filing in Canada may be at a disadvantage because such clients may not be aware that communications with a Canadian agent are not privileged.**

This would not seem to be an argument in favour of privilege, but rather an argument in favour of disclosure by agents of the lack of privilege.

3. The lack of statutory agent privilege may deter foreign companies from investing in Canadian research and development.

As stated in the Discussion Paper, IPIC has presented no empirical evidence to suggest that Canada is losing research and development to other countries because Canada's agents do not have privilege. Similarly, there is no empirical evidence presented to suggest that companies are not seeking intellectual property protection in Canada due to lack of agent privilege. It seems that the overall economic climate, regulatory framework and market conditions for a specific product will be determinative of whether a company invests in research and development or seeks intellectual property protection in Canada.

VI. PRIVILEGE SHOULD NOT BE GRANTED TO AGENT-CLIENT COMMUNICATIONS

The original rationale for the grant of privilege to solicitor-client communications was a recognition of the duties owed by lawyers to the courts and of the adversarial nature of court proceedings. The CBA Section notes that agents owe no duties to the courts and that the process of applying for and obtaining a patent or a trade-mark registration is not an adversarial proceeding (with the exception of trade-mark oppositions). Thus, the fundamental rationale for legal professional privilege is lacking for agent-client communications.

In any event, the current jurisprudence indicates that the proper approach to determining privilege is on a case-by-case basis, which militates against the grant of a blanket class privilege to agents. While recognizing that the fundamental rationale for privilege is not present for agents, the CBA Section considers that the four Wigmore conditions can be used as the framework for the analysis of whether there should be a statutory grant of privilege.

The CBA Section has concluded that agent–client communications do not meet at least three of the conditions for privilege.

1. The communications must originate in a confidence that they will not be disclosed

With respect to the categories of relevant documents identified above, neither the IPIC Business Case nor the Discussion Paper put forward any evidence that the relevant documents contained in a prosecution file are intended not to be disclosed at any time. The *Patent Act* requires that an application contain a correct and full description of the invention and its operation or use as contemplated by the inventor. It is therefore difficult to envision that inventors could expect that their description of the invention would be maintained in confidence. Further, the courts have held that an applicant for a patent has a duty to act *uberrima fide* and give all information in the application that will enable the invention to be carried out to its best effect as contemplated by the inventor. Accordingly, a patent applicant cannot reasonably expect that documents given to a patent agent that provide details of an invention will be maintained in confidence for all time.

Similarly, documents regarding dates of first use and extent of use of a trade-mark must necessarily be based on the use, in public, of the trade-mark. Such documents would not be expected to be confidential.

2. The relation must be one which, in the opinion of the community, ought to be sedulously fostered

As set out in the Discussion Paper, IPIC has put forward only anecdotal evidence to suggest that lack of agent privilege is putting Canada at a competitive disadvantage. There is no evidence to suggest that the Canadian public believes that communications with a patent or trade-mark agent ought to be protected from disclosure in court proceedings. There is no demonstrable need to extend a class privilege to patent and trade-mark agents. There is no evidence that the public considers that patent and

trade-mark agents are a special class of business or personal advisors, with whom communications ought to be protected from disclosure. There is no demonstrable mischief which must be remedied by a statutory grant of privilege to patent and trade-mark agents.

3. The injury that would inure to the relation by the disclosure of the communications must be greater than the benefit and thereby gain for the correct disposal of the litigation.

The primary categories of relevant documents found in the patent or trade-mark prosecution file are those that originate with the client. Such documents would be, in the majority of cases, producible from the client's own files. There would therefore be little, if any, injury to the agent-client relationship by the disclosure of these sorts of documents. Patent and trade-mark applicants have a duty of candour to the respective offices. This existence of this duty would seem to mean, in the majority of cases, that the interests in the correct disposal of litigation would be paramount.

VII. SELF-REGULATION

The CBA Section considers that whether or not patent and trade-mark agents are self-regulated will not have an impact on the administration of justice or the interests of the legal profession. Accordingly, the CBA Section takes no position on self-regulation.

VIII. CONCLUSION

The CBA Section is of the view that the four Wigmore conditions must guide the analysis of whether a blanket privilege ought to be accorded to communications between patent or trade-mark agents and their clients. Considering the argument put forward in favour of a statutory grant of privilege to patent and trade-mark agents, we have concluded that the Wigmore test is not met.

Accordingly, the CBA Section submits:

- (a) that privilege should not be granted by statute to patent and trade-mark agents; and
- (b) that it takes no position on whether patent and trade-mark agents should be self-regulated.