

**PROFESSIONAL STANDARDS BOARD FOR PATENT AND TRADE  
MARKS ATTORNEYS and MACAULEY**

**Reasons for Decision**

**INTRODUCTION**

1. Mr Colin Macauley is a registered patent attorney, who has been carrying on practice for more than 30 years, for most of that time as a principal of Callinans Patent and Trade Mark Attorneys of Toorak Rd, Camberwell, Melbourne, formerly known as Callinan Lawrie (**Callinans**).
2. Mr Macauley has been charged by the Professional Standards Board for Patent and Trade Marks Attorneys (**the Board**) with conduct falling short of acceptable standards over a period of years in relation to two matters he was handling.
3. At the hearing in Melbourne on 17 and 18 December 2015, Mr Peter Gray SC appeared for the Board and Mr Barry Hess QC and Dr Louise Duncan appeared for Mr Macauley.
4. The first of the two matters is described as the US patent matter, the other as the Indian patent matter.
5. The US matter relates to a period of time from 29 July 2005 to 27 February 2010. The Indian patent matter relates to a period extending from June 2010 to January 2012.
6. An immediate threshold question arises in relation to the US matter because, with effect from 1 July 2008, Chapter 20 of the *Patents Regulations 1991* (Cth) (**the Regulations**), which relates generally to the registration of patent attorneys, has been repealed and replaced by a new Chapter 20. Within the new Chapter 20, a new Part 8 headed “Discipline” replaces the former Part 4, which was also headed “Discipline”, and also Part 5, which related to the constitution of the Board and this Tribunal.
7. Definitions of the conduct that might give rise to disciplinary proceedings are contained in the new Part 8, as they were in the previous regulations. There are

slight differences, however, in the wording.

8. Prior to 1 July 2008, Part 4 provided for disciplinary action in relation to “unprofessional conduct” and “unsatisfactory conduct”. Regulation 20.1 contained the following definitions:

*“unprofessional conduct* means conduct on the part of a registered patent attorney whereby he or she can be regarded as committing a gross failure to comply with the standards that, in the circumstances, it is reasonable to require the registered patent attorney to observe.

...

*unsatisfactory conduct* means not having attained or sustained a professional standard that is consistent with the standard of practice of registered patent attorneys.”

9. The corresponding definitions in Part 8, since 1 July 2008, are set out in Reg. 20.32 as follows:

*“professional misconduct* means:

- (a) unsatisfactory professional conduct that involves a substantial or consistent failure to reach reasonable standards of competence and diligence; or
- (b) any other conduct, whether occurring in connection with practice as an attorney or otherwise, that shows that the attorney is not of good fame, integrity and character; ... .

*unsatisfactory professional conduct* includes conduct, in connection with practice as a registered patent attorney, that falls short of the standard of competence, diligence and behaviour that a member of the public is entitled to expect of an attorney.”

10. The Board’s primary submission is that Mr Macauley’s conduct both prior to and post-2008 alike, is to be assessed entirely by reference to the “new” definitions as they now apply and that the “old” definitions quoted at paragraph 8 above have no application.
11. I do not agree with this for the reasons I will explain below. In my view, conduct prior to 1 July 2008 should be assessed by reference to the definitions which then applied, and conduct since then should be assessed under the definitions which have since applied. The Board seeks to maintain the charges on this basis in the alternative.

12. Regulation 20.33(6) of the Regulations provides (as did the pre-1 July 2008 regulations) that the Board must consider the *Code of Conduct for Patent and Trade Marks Attorneys (the Code)* when deciding whether an attorney's conduct calls for disciplinary proceedings; a Statement of Agreed Facts filed in this matter recites that Mr Macauley, as a registered attorney, was at all material times bound by the Code.
13. A version of the Code was published in 2001 and it applied up to 1 July 2008 when it was also replaced by a new Code. This new Code itself was replaced by another new Code on 18 September 2013 but the latter is not relevant for present purposes.
14. The 2008 Code contained the following clauses, which also appeared in the same terms (but with different numbering) in the 2001 Code:

“3.2.5: ...

*i. An attorney must act according to, and uphold the norms of the profession ...*

*3.2.9: An attorney must not engage in behaviours or practices which are misleading or deceptive, or that are likely to mislead or deceive ...*

*i. To mislead someone may include: ... leading them to a wrong conclusion; ... creating a false impression; ... leaving out (or hiding) important information.”*

15. The proceedings were commenced by a 13-page Notice received by me, as the Tribunal, on or about 19 December 2014. This has since been amended by leave and the charges are summarised in the Amended Notice as follows:

US Patent Matter:

Charge No. 1 – Unprofessional conduct/professional misconduct, or alternatively, unsatisfactory conduct/unsatisfactory professional conduct: failing to inform client of missed deadline in a timely way.

Charge No. 2 – Unsatisfactory conduct/unsatisfactory professional conduct: failing to take all reasonable steps to avoid a conflict of interest.

Charge No. 3 – Unprofessional conduct/professional misconduct, or alternatively, unsatisfactory conduct/unsatisfactory professional conduct: engaging in misleading or deceptive conduct or conduct likely to mislead or deceive.

Indian Patent Matter:

Charge No. 4 – Professional misconduct, or alternatively unsatisfactory professional conduct: failing to inform client of patent lapsing in a timely way.

Charge No. 5 – Professional misconduct, or alternatively unsatisfactory professional misconduct: engaging in misleading or deceptive conduct or conduct likely to mislead or deceive.

16. Mr Hess's stance on these charges has been a little confusing arising from a submission he made that the way they are presented in the Amended Notice is defective. The submission, as I understood it, was that the charges really are global charges of "unprofessional conduct" etc. and that the details, failure to inform, conflict of interest etc, are merely particulars of the global charges, not separate charges in their own right.
17. Mr Gray says the Amended Notice is properly framed and what is set out in paragraph 15 above are the separate counts on the various charges. That is how I read them; the way the charges are framed accords with the practice in previous cases in this Tribunal and I can see nothing exceptionable about this.
18. Mr Macauley accepts that he is guilty of the lesser charges of unsatisfactory conduct/unsatisfactory professional conduct as alleged in Charge No.1 and unsatisfactory professional conduct as alleged in Charge No.4. As I understand it, Mr Hess also accepts that Charge No.3 is satisfied provided it is limited to the lesser charges of unsatisfactory conduct/unsatisfactory professional conduct. His position on Charge No.5 is more equivocal.
19. In his closing submissions at the hearing, Mr Gray announced that Charge No.2 was not pressed and he accepted that he could not establish a "gross" failure within the meaning of that word in the definition of "unprofessional conduct" in the pre-1 July 2008 regulations. The charges of "unprofessional conduct" prior to 1 July 2008 therefore cannot be sustained.
20. The upshot of what I have just said is that, in view of my ruling at paragraph 11 above, conduct prior to 1 July 2008 is not in contention for present purposes.
21. The matter is unusual in that the complainant (common to both matters) is

anonymous and apparently unconnected with Mr Macauley's clients in either matter. No evidence has been given by the complainant or anyone associated with Mr Macauley's clients.

22. The only real problem this has presented is that the usual implied waiver of privilege by the client-complainant is not present. In all the circumstances I have, by agreement between counsel, made some confidentiality orders pursuant to Reg. 20.38(2) in relation to the material before me and the names of the clients and some other references have been anonymised or neutralised in these reasons.

## **THE FACTS**

23. There is little dispute about the facts. I will canvass the essential facts in each matter separately.
24. The Board relies on affidavits of Karen Ann Spark, a patent and trade marks attorney with Phillips Ormonde Fitzpatrick and member of the Board, and Harita Lakshmi Savitri Sridhar of Sparke Helmore Lawyers, each dated 30 June 2015. Mr Macauley relies on his own affidavit of 7 September 2015 and a shorter affidavit of the same date. Mr Macauley also gave oral evidence at the hearing and was cross-examined by Mr Gray.
25. The Board arranged for expert evidence from Mr Gregory James Bartlett, for which I am grateful. (See my comments about the desirability and role of expert evidence in the matter of *Pullen*, 25 July 2013, at para's 65 and 66). There is a written report dated 25 June 2015 and a supplementary report of 30 November 2015, although Mr Gray did not rely on the second report. Mr Bartlett also gave brief oral evidence.
26. Finally, as I have already indicated, I am assisted by the fact that the parties and their legal representatives have co-operated to produce a written Statement (albeit non-exhaustive) of Agreed Facts.

## **The US Patent Matter**

27. On 23 December 2003, on instructions from Mr X of ABC Pty Ltd, Mr Macauley filed an International Patent Application in Australia in respect of a particular article for use with machinery.

28. Over a period of time in early 2005, Mr Macauley sought instructions from Mr X for entry of the application into the national phase for various countries. In relation to the United States, Mr X was advised of requirements in relation to fees and of the deadline of 23 June 2005 for filing in the US to preserve the priority date, this being 23 December 2002.
29. Mr Macauley received instructions on 6 June 2005 to proceed in the United States.
30. On 10 June 2005, Mr Macauley sent the necessary forms, executed by Mr X, to a patent attorney in the United States who acted as his agent.
31. Despite reminders, it was not until 21 June 2005 that Mr X provided the necessary funds and it was not until 23 June 2005 that Mr Macauley was apprised of this by Callinans' accounts department.
32. Mr Macauley immediately emailed instructions to the US patent attorney to proceed and US attorney said he would file the documents that day.
33. By faxed letter on 28 June 2005, the US attorney confirmed to Mr Macauley that he had filed the US application on 23 June 2005.
34. The US attorney faxed the filing receipt through on 29 July 2005. In a covering letter he noted that the receipt was actually dated 24 June 2005 and indicated that this was an error. He also attached a copy of a Petition he had already lodged with the US Patent and Trademark Office to correct the filing date.
35. By a one-page letter dated 8 August 2005 to ABC Pty Ltd (Attention Mr X), Mr Macauley reported the filing of the US application.
36. A table of the details in the bottom half of the page clearly enough gives the filing date as 24 June 2005, but there was no comment about the significance of that date.
37. The Petition was unsuccessful. Although the documents were physically deposited as required on 23 June 2005, there was apparently a clerical error attaching to the lodgement, for which the US attorney or his office appear to have been responsible. Although the error seemed quite minor, and would have been readily accommodated in Australia under s 223 of the *Patents Act 1990* (Cth), it apparently was the reason the US Patent Office regarded 24 June as the effective date.

38. Several Renewed Petitions and requests for reconsideration lodged over the next 12 months failed to move the Patent Office, so an application for judicial review was filed on or about 12 September 2007, the parties to the proceedings being Mr X as plaintiff and the US Commissioner of Patents as defendant.
39. This too was unsuccessful. The decision of the Judge in the U.S. Federal District Court issued on 25 April 2008.
40. The US attorney seemed temporarily downcast in a letter in early 2006 but overall, throughout this time, particularly in the early stages and at least up until the judicial review application was underway in early 2008, he seemed confident that the date would be rectified. His firm bore all the costs incurred in the US.
41. In the meantime, in or about October 2007, the US Patent Office rejected the principal application on the merits and an appeal was filed, but Mr X was not told anything about the unsuccessful efforts to have the filing date rectified or the reasons for doing so.
42. The matter dragged on with little activity while the appeal, for which there was apparently a large backlog, remained outstanding.
43. On 17 February 2010, Mr X emailed Mr Macauley with instructions to drop the matter in relation to the articular referred to in para 27 above, being of no commercial value, and to file a divisional application for a component part of the article.
44. On the same date, Mr X emailed Mr Macauley in these terms:

“I have just found out that there was a court case of which I was unaware, but which you surely were well aware. You had better tell me the full story.”
45. This produced a relatively lengthy email response on 27 February 2010 in which Mr Macauley finally told Mr X of the problem regarding the 23 June date and the unsuccessful attempts to overcome the problem.
46. A divisional application was filed in the US on 22 June 2010 and was granted in July 2014. Neither Callinans nor the US firm charged any fees in relation to this application either.

47. The result however, for the patent granted on the divisional application, is that its priority date is 24 June 2005, not 23 December 2002, which should have been the case. There is no evidence of any commercial ramifications arising from this but they remain a theoretical possibility.

### **The Indian Patent Matter**

48. On 17 February 2003, on instructions from Mr Macauley on behalf of one of his regular corporate clients, a firm of patent attorneys in Kolkata, India, XY & Co, submitted to the Patent Office in Kolkata an application for National Phase entry of an International Patent Application in Australia in respect of a particular article of machinery.

49. The application was granted in India on 2 March 2007, as reported to Callinans by email letter of 24 May 2007 from XY & Co. This letter then said:

“The 3rd to 7th annuities are required to be paid immediately. In India, annuities can be paid only after grant. Our debit note for paying the same is enclosed. Please let us have your instructions and the relevant payment urgently to enable us to pay the annuities.”

50. Nothing further was heard from India; Callinans paid the required amount of \$US500 (which included professional fees of \$US155 as well as official Patent Office fees) on 3 September 2007.

51. Nothing further apparently happened on the file until late 2009. Beginning on 15 September 2009 through to mid-2010, there were repeated emails from Callinans enquiring about the formal issue of the letters patent. Initially they came from the Renewal/Records Department but, from 4 December 2009, they were from Mr Macauley himself. There was no response from India (apart from some automatically generated acknowledgments of receipt) until a letter from XY & Co of 19 July 2010.

52. This letter advised, for the first time, that the deadline for the payment of the “annuities” had been 2 June 2007. The letter continued:

“By our letter dated 24 May 2007, we had asked for your specific instructions to pay the accumulated annuities due on 2 June 2007. [This was untrue. See para 49 above. There was no mention of the due date.]

We did not receive your instructions to pay the accumulated annuities and were unable to pay the same before the applicable deadline. Consequently the patent lapsed.”

53. The letter then said that an application had been filed in the Patent Office to have the patent restored. There was an oblique reference on the second page to this application having been made more than a year ago but the overall tenor of the letter was that the application had been made on receipt of Callinans’ email of 15 September 2009.
54. Mr Macauley conveyed his shock and concern at the situation. On 1 October 2010 another letter was received from XY & Co. It enclosed the certificate of the grant and said that the application for its restoration had been filed on 20 November 2008 – “as you are aware” (although this was the first mention of this date and contrary to what had been said in the letter of 19 July 2010).
55. By letter of 18 November 2010, XY & Co advised that the application for restoration had not been accepted by the Patent Office but they were making further representations about this and “the matter is pending resolution.”
56. The impression one gets from the correspondence is that there was an administrative/clerical problem, not unlike the problem which arose in the US matter, arising from the fact that XY & Co had purported to pay the fees on the application by debit to an account they had with the Patent Office, rather than in cash.
57. Finally, by letter of 14 June 2011, XY & Co advised that they had discussed the matter with the Controller-General of Patents and “on due consideration of the matter, he has declined to allow the patent.” They continued, “We regret to inform you that the patent has irrevocably lapsed and no remedial action to revive it is possible.”
58. In an overall letter of explanation of 21 July 2011, in which they took no responsibility at all but did say they would refund the amount of \$US500 which had been paid, XY & Co reverted to their initial stance that the application for restoration had not been made until receipt of Callinans’ email of 15 September 2009. This, they now said, was itself out of time because “the acceptable deadline” for the application had been 2 December 2008 - the first mention of this date, a deadline which had been met according to the letter of 1 October 2010.

59. Mr Macauley was understandably confused and frustrated. He obtained advice from another firm of patent attorneys in India and in October 2011, one of his colleagues at Callinans also approached some Indian lawyers who looked into the matter. These firms were quick to criticise XY & Co and reassure Callinans that all was not lost. Great store was placed in the fact that there was no record at the Patent Office that any application for restoration had actually been made but this is consistent with what XY & Co had said, that they lodged an application but it was rejected.
60. According to the Agreed Statement of Facts, attempts are still outstanding in India to reverse the administrative decisions made in the Patent Office but the more credible item in the correspondence seems to me to be the initial email from the second firm of patent attorneys of 23 June 2011.
61. It is at a level of specificity with reference to the relevant legislation which is lacking in most of the correspondence with India. It explained that, upon the lapse of the patent on 2 June 2007, a further 6 months to 2 December 2007 was available during which the patent could have been automatically restored by payment of the fees originally due plus some penalty payments. The time limit for an application for restoration was 18 months from the lapse of the patent. They suggested this would have been 2 June 2009, but I would have thought 2 December 2008, the date actually nominated by XY & Co, albeit belatedly and without explanation (see para 58 above).
62. The investigations by the Indian lawyers continued until about December 2011 and Mr Macauley wrote to his client with a full report on 19 January 2012.

## **PRELIMINARY ISSUES**

### **Transitional Operation of the Definitions**

63. As I have already indicated (para 11 above), I do not accept the Board's submission that conduct in the US matter prior to 1 July 2008 is to be assessed by reference to the Regulations which came into force on that day.
64. The new Chapter 20 of the Regulations was substituted for the old Regulations, by Schedule 1 to the *Patents and Trade Marks Legislation Amendment Regulations 2008* (No 1) (Cth). Regulation 5 provides that:

“(1) The amendments made by Schedules 1 and 2 apply to:

...

(b) a disciplinary proceeding commenced on or after 1 July 2008.”

65. Accordingly, the Board submits, the old Regulations can now be ignored.
66. A contrary conclusion was reached by Ms Sigrid Higgins, sitting as the Tribunal on 23 February 2012 in the matter of *Schulze and Boehm*. Ms Higgins referred to the presumption against retrospective operation of legislation reflected in s. 7(2) of the *Acts Interpretation Act 1901* (Cth), and pointed out that there is a distinction to be drawn between amendments which are merely procedural in nature, which usually do apply retrospectively, and those relating to standards of conduct and penalties which do not.
67. This is, of course, subject to a contrary legislative intention (*Acts Interpretation Act 1901* (Cth), s. 2(2)), which the Board submits is apparent from Regulation 5 quoted at paragraph 64 above.
68. I do not accept this argument for the reasons outlined by Ms Higgins at paras 57 *et seq.* in her decision. I would have expected a much clearer expression of a “contrary intention” than that expressed in Regulation 5.
69. I was informed at the hearing that this aspect of the matter was uncontested before Ms Higgins (ie. the Board’s submissions were contrary to its submissions before me), which perhaps reflects on the weight I should accord the decision but upon consideration, I do not intend to depart from it.
70. There was an alternative submission by Mr Gray that the amendments of 1 July 2008 were actually only procedural in nature and that, for this reason, the presumption against retrospectivity does not apply. Although the authorities say that powers of sanction of legal practitioners and patent attorneys are protective of the public rather than penal in character (*Professional Standards Board for Patent & Trade Marks Attorneys and Patent and Trade Marks Attorneys Disciplinary Tribunal* [2002] AATA 728 at [61]-[66]), I think it is unrealistic to ignore the fact that the whole nature of these proceedings is semi-criminal and penal consequences are inevitable:

*Law Society of NSW v Foreman* (1994) 34 NSWLR 408 at 413.

71. Finally, Mr Gray referred me to a passage in Pearce and Geddes: “*Statutory Interpretation in Australia*” (Ed. 8) (2014) at [10.4] *et seq.* and authorities there referred to such as *Re a Solicitor’s Clerk* [1957] 1 WLR 1219. They relate to the principle that there is no infringement of the rule against retrospectivity when an Act permits action to be taken in the future in respect of conduct which took place in the past but in my view that is a different situation from the present. Here, there was a regime regarding professional conduct already in place prior to 1 July 2008. It was amended on that date. To suggest that the amendments apply to pre-1 July 2008 conduct does, in my view, involve giving them retrospective operation which I do not regard as appropriate.

### **The Board’s “Failings”**

72. Shortly before hearing, I received some written submissions from Mr Hess and Dr Duncan as a belated supplement to their main written submissions. They were headed, “Role and Responsibilities of the Board – Failings.”
73. The thrust of these submissions was that, in a number of respects, the Board omitted to go through all the steps it was required to go through and to consider properly the various matters it was required to consider under the Regulations and otherwise before commencing these proceedings.
74. These were matters which Dr Duncan had flagged at one of the early telephone directions hearings I held in this matter. I adjourned the directions hearing to give Mr Macauley the opportunity to make such application (in whatever forum) he might be advised but no such application was made.
75. I do not think it is appropriate for me to embark on an enquiry into these matters, particularly now that we have had a contested hearing over two days and Mr Macauley has in effect pleaded guilty to some of the charges.
76. I regard my function as one governed, as Mr Gray submitted, by Reg. 20.37, which says that, once I receive a Notice commencing proceedings, I am to proceed to hear the matter.
77. At the hearing, Mr Hess referred me to *Project Blue Sky Inc v Australian*

*Broadcasting Authority* (1988) 194 CLR 355, in particular at [91] to [93], in support of an argument, as I understood it, that the decision of the Board to bring these proceedings was in effect an invalid exercise of its statutory power for the reasons mentioned in paragraph 73 above. As I have already indicated, I do not regard that as a question of which I am properly seized.

78. I should say, in any event, that I would not have been persuaded of any irregularity on the part of the Board. The attack centred on an examination of certain Board minutes but they are not necessarily conclusive of the steps undertaken or the matters considered by the Board.

### **THE QUESTIONS FOR DECISION**

79. As I have indicated (para's 18 and 19 above), there have been helpful concessions on both sides in this matter, with the result that there is no controversy for me to resolve in relation to the pre-1 July 2008 conduct.

80. I see the questions I am left with (as to guilt) to be the following:

Charge No.1: Did Mr Macauley's conduct in the US matter after 1 July 2008, in not informing the client of the missed deadline of 23 June 2005 in a timely way, amount to "professional misconduct" as defined in the post-1 July 2008 (ie. current) Regulations?

Charge No.3: Did Mr Macauley's conduct in the US matter after 1 July 2008, to the extent that it misled the client about the priority date, amount to "professional misconduct" as so defined?

Charge No.4: Did Mr Macauley's conduct in the Indian matter, in not informing the client in a timely way of the lapsing of the patent, amount to "professional misconduct" as so defined?

Charge No.5: Did Mr Macauley's conduct in the Indian matter, to the extent that it misled or may have misled the client about the ongoing validity of the patent after it lapsed, amount to "professional misconduct" as so defined?

Alternative Charge No.5: Did Mr Macauley's conduct in the Indian matter, to the extent that it misled, or may have misled, the client about the ongoing validity of the

patent after it lapsed, amount to “unsatisfactory professional conduct” as so defined?

81. It will be seen that Mr Macauley has been prepared to accept substantially that he has been guilty of unsatisfactory professional conduct. The main area of dispute is whether he is also guilty of professional misconduct.

### **Expert Evidence**

82. Turning to Mr Bartlett’s evidence on these matters he has, in dealing with the post-1 July 2008 conduct in the US matter (in accordance with his instructions) aggregated it in with the conduct before that date but I think that, on a fair view of his report, I can distill his opinion to be that Mr Macauley’s conduct in the US matter after that date, and in the Indian matter as a whole, has fallen short of the standards of competence, diligence and behaviour referred to in the definitions of “professional misconduct” and “unsatisfactory professional conduct” in the (current) Regulations. I am prepared to accept that, but it is of course only one element of the charges.
83. On Charges 3 and 5, Mr Bartlett has also ventured into the question of whether Mr Macauley’s conduct was “misleading or deceptive”, but I did not feel I needed expert evidence on this. The Code provides some guidance (see para. 14 above) which seems to be consistent with the numerous authorities on the application and meaning of the phrase in the context of the *Australian Consumer Law*, Schedule 2 to the *Competition and Consumer Act 2010* (Cth), formerly the *Trade Practices Act 1974* (Cth). I can see no reason why this learning should not be applied when considering Charges 3 and 5. Based on that, as will appear, I am of the view that this element of the charges is also made out.
84. Mr Bartlett has gone on to provide his assessment, on the charges of professional misconduct, of whether the failings were “substantial or consistent” but his views on this were basically overtaken by argument before me from counsel on the meaning of this phrase as a matter of law. It is on this ingredient that in my view, the charges of professional misconduct founder.

### **“Substantial or Consistent Failure”**

85. The Board’s case of professional misconduct since 1 July 2008 is based on the first limb (sub-para. (a)) only of the definition of that term in the current Regulations.

Sub-paragraph (b) is not relied on.

86. Sub-paragraph (a) contemplates a “substantial or consistent” failure to attain the requisite professional standards, this being a phrase which did not appear in the pre-1 July 2008 definitions.
87. It seems to be common ground that the phrase is to be read disjunctively (as Mr Bartlett read it and, as seems to be implicit in the Code – see para 14 above), ie sub-paragraph (a) is satisfied if there is either a substantial or a consistent failure to reach the requisite standards.
88. The argument that Mr Macauley’s shortcomings were “substantial” was barely raised by Mr Gray and, having regard to the authorities which I am about to discuss, I have no hesitation in finding they were not. The more relevant question, on which Mr Macauley was cross-examined, and I was addressed, at length is whether they were “consistent.”
89. *Xu v Council of the Law Society of NSW* [2009] NSWCA 430 was a case concerning provisions in the *Legal Profession Act 2004* (NSW), with very similar wording to those the subject of the present proceedings. A solicitor witnessed his client’s signature on a contract for the purchase of land. The client took the contract home and brought it back with his wife’s name and signature added. Although he had no contact with the wife, the solicitor allowed an exchange to take place with a certificate from him that he had advised both purchasers about waiver of the cooling-off period, although of course he had only advised one. The wife later said her signature was a forgery and the contract was rescinded.
90. Handley AJA, with whom the other members of the Court agreed, held that the solicitor was guilty of unsatisfactory professional conduct but not professional misconduct. His Honour did not think the solicitor’s conduct established “ ‘a substantial’, let alone ‘a consistent’ failure to reach the required standards” (at [41]). At [59] he said, “Although, by themselves, they were not acts of professional misconduct, repeated acts of this character would properly be characterised in this way”
91. *NSW Bar Association v Asuzu* [2011] NSWADT 209 was a case concerning alleged inappropriate conduct by a barrister in several different cases. The same statutory

provisions arose for consideration. In a lengthy judgment, the Administrative Appeals Tribunal (at [40] *et seq.*) essayed a definition of the phrase, “substantial or consistent.” They held that “substantial” meant “a failure to meet the requisite standard in a way that is meaningful or relevant to the legal practitioner’s ability to practise law.”

92. They thought “consistent” connoted “making the same mistakes of principle or acting in the same inappropriate way *in a variety of situations*” (my emphasis).
93. In *Council of the Law Society of NSW v Webb* [2013] NSWCA 423, a solicitor had taken instructions from different clients in ten conveyancing matters from the one intermediary or agent who, it turned out, was engaged in a fraudulent scheme. On the meaning of “substantial”, Meagher JA, with whom the other members of the Court agreed, said (at [22]) that the word “directs attention to the nature and consequences of the failure [to meet the relevant standards], which may be sufficiently serious to raise questions as to the lawyer’s competence and diligence”.
94. However, the issue in the case was whether there had been a “consistent” failure on the part of the solicitor. After referring to *Xu* and *Asuzu*, Meagher JA answered this question in the negative. At [22] he said, “The same or similar failures which occur on a series of related occasions and are explained by an overarching error of judgment on the part of the lawyer ... do not involve a ‘consistent failure’ in the sense in which that expression is used in this definition.” The solicitor’s overarching error, in his Honour’s view, was the trust and reliance he placed on the intermediary.
95. This seems to me to apply to the present case. Mr Macauley was cross-examined about the various opportunities which presented themselves to make a clean breast of things but the fact is that he could have done that at any time throughout the relevant period – 1 July 2008 to 27 February 2010 in the US matter (for present purposes), and 19 July 2010 to 19 January 2010 in the Indian matter.
96. In each matter there has been, in my view, a repeated or constant failure to meet required standards arising from an overarching error of judgment. In the case of the US matter the error of judgment, encouraged by the US lawyer, was that the problem was a minor one and would be rectified. In the Indian matter, it was Mr Macauley’s decision to delay reporting to the client until he made independent enquiries to get to

the bottom of exactly what had happened in India and what avenues were available to rectify the problem (T126.40)].

97. This occurred on two files. In my view, that does not constitute “consistent failure” because it does not involve the necessary “variety of situations” contemplated by *Asuzu* and *Xu*.

### **Findings on the Charges**

98. The result is that none of the charges of professional misconduct have been established to my satisfaction.
99. I will now summarise my findings on each of the questions for decision, as I have encapsulated them in paragraph 80 above, as follows:

Charge No.1: “Unsatisfactory professional conduct” (itself an element of “professional misconduct”) is admitted. However, Mr Macauley’s failure to tell his client about the problem with the priority date throughout the relevant period (see para 95 above) was not a “substantial or consistent” failure to meet required standards. For this reason, the charge is not established.

Charge No.3: Unsatisfactory professional conduct is again admitted, no doubt with authorities under the *Australian Consumer Law* in mind, such as *Demagogue v Ramensky* (1992) 39 FCR 31, to the effect that silence can be misleading or deceptive. Mr Macauley’s silence was maintained over the period mentioned in relation to Charge No.1 but, for the reasons explained in relation to Charge No. 1, I again do not find professional misconduct proven.

Charge No 4: Unsatisfactory professional conduct is admitted, but the failure to advise over the relevant period (see para 95 above) was not a “substantial or consistent” failure to meet required standards. For this reason, the charge is not established.

Charge No.5 & alt. Charge No. 5: Here I have assumed there are no admissions. Mr Hess suggested in argument that there was no misleading or deceptive conduct because Mr Macauley was in an understandable quandary about the position in India. Mr Gray conceded that the true situation was obscure; Mr Bartlett accepted that the patent system in India is at times “opaque.”

I am entirely sympathetic with the position Mr Macauley was in but the test for misleading or deceptive conduct under s.18 of the *Australian Consumer Law* is an objective one and the explanation of the conduct is irrelevant. The phrase is taken to be satisfied if the conduct “leads into error” or “amounts to a misrepresentation” (*Taco Aust Inc v Taco Bell Pty Ltd* (1982) 42 ALR 177 per Deane and Fitzgerald JJ) and these concepts are reflected in the Code. Mr Macauley accepts in hindsight that he should have reported to the client promptly after he was told by XY & Co that the patent had lapsed and it seems inescapable to me that his silence was misleading or deceptive: it led the client to assume there was no problem about the validity of the patent. In all the circumstances, I find that the lesser charge of unsatisfactory professional conduct has been established (alternative Charge No.5) but, for the reasons explained above on the other charges, the failures here were again not “substantial or consistent” and so professional misconduct (Charge No.5) is not established.

### **Outcome of Proceedings**

100. The result of the proceedings on the charges as preferred can be summarised as follows, on the basis that the various phrases, “unprofessional conduct” and so on, are to be read as respectively defined in the Regulations as they existed prior to and after 1 July 2008, as the case may be.

101. Charge No.2 was not pressed and is dismissed. As to the other charges, the respective charges which I find established can be tabulated as follows:

Charge No.1: Unsatisfactory conduct and unsatisfactory professional conduct for failure to advise the client about the problem with the priority date in the US matter throughout the period from about 29 July 2005 to 27 February 2010.

Charge No.3: Unsatisfactory conduct and unsatisfactory professional conduct for conduct which was misleading or deceptive to the client in relation to the priority date in the US matter throughout the same period of time.

Charge No.4: Unsatisfactory professional conduct for failure to advise the client about the lapse of the patent in the Indian matter throughout the period from 19 July 2010 to 19 January 2012.

Charge No.5: Unsatisfactory professional conduct for conduct which was misleading or deceptive to the client about the lapse of the patent in the Indian matter throughout the same period.

## **PENALTY**

### **Powers as to Penalty**

102. The current Reg. 20.44 relevantly provides as follows:

“(1) ...if the Disciplinary Tribunal finds a registered patent attorney guilty of professional misconduct, it may:

(a) cancel the attorney’s registration as a patent attorney; or

(b) suspend the attorney’s registration as a patent attorney for a period of between 6 and 12 months.”

103. Regulation 20.45 provides as follows:

“(1) ...if the Disciplinary Tribunal finds a registered patent attorney guilty of unsatisfactory professional conduct, it may:

(a) suspend the attorney’s registration as a patent attorney for a period of between 6 and 12 months; or

(b) administer a public reprimand to the attorney.”

104. There was authority, under the Regulations which applied before 1 July 2008, that the Tribunal reserved the right to impose no penalty even if the charge was proved: *Kelly*, 28 February 1997, at [44]; *Blenkinship*, 9 October 2008, at [128].

105. However, before me, Mr Gray submitted that, on the proper construction of the new regulations, this option is no longer available. He referred to the current Reg. 20.49, which requires notification of the Tribunal’s decision, and noted that it makes no provision for a case in which the charge is proven but there is no penalty.

106. I can see no material difference between the wording of the former Reg. 20.23 (6), (7), (8) and (9), and the current Reg. 20.49 and its 4 sub-paragraphs. Nor is there anything on the face of the former Reg. 20.23(2), which corresponds to the current Reg’s 20.44 and 20.45, to justify the construction contended for. The former Reg. 20.23(2) was in these terms:

“(2) If the Disciplinary Tribunal finds a registered patent attorney guilty of

unsatisfactory conduct or unprofessional conduct, that Tribunal may:

- (a) reprimand the attorney; or
- (b) suspend the attorney's registration for not more than 12 months; or
- (c) where the attorney is guilty of unprofessional conduct – cancel his or her registration.”

107. In my view, to interpret the current regulations in the way for which the Board contends, is to substitute “shall” for “may” in the relevant regulations. It would have been a simple matter to have done that, but it has not been done. Accordingly, I regard the discretion to impose no penalty as still being open.

### **Conclusions on Penalty**

108. Mr Macauley has been found guilty of the lesser charges of unsatisfactory conduct/unsatisfactory professional conduct as opposed to the more serious charges of unprofessional conduct/professional misconduct. He has in effect substantially pleaded guilty to the lesser charges.

109. He has co-operated with the Board from the outset of its enquiries into the matter and accepted that, with the benefit of hindsight, he was remiss in failing to advise his clients promptly about the problems which arose on their files.

110. Procedures are now in place to prevent a recurrence of the problem, assisted by the fact that he is now part of a larger firm than Callinans, with somewhat more sophisticated internal review mechanisms. Mr Macauley himself has now adopted a practice of copying all correspondence with overseas agents to the client with explanation where needed.

111. Mr Macauley is a senior practitioner of some thirty years' standing who has never come under notice for any shortcomings of professional practice before. Even now in these matters, the clients themselves have not lodged any complaint.

112. He is a respected member of the patent attorneys' profession. He is a former President of the Institute of Patent and Trade Mark Attorneys of Australia.

113. I see little point in suspending Mr Macauley from practice, particularly since my power to do so is protective rather than penal (see para 70 above). He has already

reached an age by which many practitioners have retired and, under the arrangements regarding his new merged firm, he must retire within three further years.

114. It is submitted for the Board that there should at least be a public reprimand but I can see no purpose served by such action in view of his seniority and the way news circulates these days on the internet. One can be confident that these proceedings and my findings will become public knowledge amongst Mr Macauley's professional peers (if they have not already done so) and more generally very soon.
115. In that way, and through the very nature of these proceedings, having regard to his professional standing, Mr Macauley has in my view already been through enough. I have explained that I regard myself as still having a residual power to impose no penalty and that is what I intend to do.
116. There is no evidence of any adverse result for the respective clients as a result of the shortcomings for which Mr Macauley has been found guilty and there are extenuating circumstances, certainly in relation to the Indian matter.
117. For these reasons, I impose no penalty in this matter.

**Katrina Howard SC**

**Acting as the Patent and Trade Marks Attorneys Disciplinary Tribunal**

**19 February 2016**