

**COMMONWEALTH OF AUSTRALIA**

Patents Act 1990  
Patents Regulations 1991, Chapter 20

**PATENTS AND TRADE MARKS ATTORNEYS DISCIPLINARY TRIBUNAL**

**IN RE HOWARD KENNETH SCHULZE  
IN RE PHILLIP BOEHM**

**Tribunal:** Mrs S. Higgins

**Date:** 23 February 2012

**Place:** Sydney

- Decision:**
1. The Tribunal has jurisdiction to hear and determine these proceedings.
  2. Mr Schulze is guilty of unsatisfactory conduct in that he failed to resolve the conflict of interest between client A and client B on or after 11 September 2007 in breach of clause 4.2.8 of the Code of Conduct for Patent and Trade Mark Attorneys.
  3. No orders as to disciplinary action are made in regard to Mr Schulz's unsatisfactory conduct.
  4. The charge against Mr Boehm is dismissed.



.....  
Sigrid Higgins  
Patent and Trade Marks Disciplinary Tribunal

## CATCHWORDS

*DISCIPLINARY PROCEEDINGS – jurisdiction – proceedings commenced under amending regulations when the conduct the subject of the proceedings occurred prior to the commencement of the amending regulations – presumption against retrospectivity – general rule of construction that rights and obligations accrued under a repealed statute remain unaffected*

*DISCIPLINARY PROCEEDINGS - 'unsatisfactory professional conduct' – conflict of interest*

Acts Interpretation Act 1901  
Acts Amendment and repeal (Courts and Legal Practice) Act 2003 (WA)  
Interpretation Act 1984 (WA)  
Legal Practice Act 2003(WA)  
Legal Practitioners Act 1893 (WA)(repealed)  
Legislative Instrument Act 2003  
Medical Practice Act 1994 (Vic)  
Medical Practitioners Act 1970 (Vic)(repealed)  
Patents Act 1990  
Patents Regulations 1991 reg 20.1, 20.23  
Patents and Trade Marks Legislation Amendment Regulation 2008 (No 1)  
State Administrative Tribunal Act 2004 (WA)  
Trade Marks Act 1995

Briginshaw v Briginshaw (1938) 60 CLR 360  
Blackwell v Barroile Pty Ltd (1994) 51 FCR 347  
Clyne v The New South Wales Bar Association (1960-1961) 104 CLR 186  
Council of the Law Institute of Victoria v A Solicitor [1993] 1 VR 361  
Davey v Woolley, Hames, Dale & Dingwall (1982) 35 OR (2d) 599  
Dr Gertrude Kennedy v Medical Practitioners Board of Victoria [2008] VSC 507  
In The Matter of Kelly (Patent and Trade Marks Disciplinary Tribunal, 28 February 1997, J F Lyons QC)  
James v Keogh (2008) 102 SASR 51  
John Peter Gahan and Professional Standards Board for Patent and Trade Marks Attorneys (1998) 27 AAR 517; [1998] AATA 479  
Ku-Ring-Gai Municipal Council v Attorney-General for the State of New South Wales (1957) 99 CLR 251  
Law Society of New South Wales v Foreman (1994) 34 NSWLR 408  
Law Society of NSW v Pullman (1994) 34 NSWLR 408  
Maguire v Makaronis [1997] HCA 23: (1997) 188CLR 449  
Maxwell v Murphy (1957) 96 CLR 261  
Mijatovic v Legal Practitioners Complaint Committee [2008] WACA 115  
Neat Holdings Pty Ltd v Karajan Holdings Pty Ltd (1992) 67 ALJR 170, (1992) 110 ALR 449  
In the Matter of Kelly (Patent and Trade Marks Attorneys Disciplinary Tribunal (Cth), 28 February 1997, J F Lyons QC)  
Professional Standards Board for Patent and Trade Marks Attorneys and Patent and Trade Marks Disciplinary Tribunal (2002) 70 ALD 592  
Qantas Airways Ltd v Gama (2008) 101 ALD 459

QX00/C v Companies Auditors and Liquidators Disciplinary Board (2000) AATA  
1144  
The New South Wales Bar Association v Evatt [1968] 117 CLR 177  
World Medical Manufacturing Corporation v Phillips Ormonde and Fitzpatrick  
Lawyers and Anor [2000] VSC 196  
Yrttioho v Public Curator (Qld)(1971) 125 CLR 228  
Ziems v Prothonotary of the Supreme Court of New South Wales (1957) 97 CLR  
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## REASON FOR DECISION

### Introduction

1. On 20 January 2011, pursuant to regulation 20.35 of the *Patents Regulations* 1991 (the Regulations), by written notice, the Professional Standards Board for Patent and Trade Marks Attorneys (the Board) commenced disciplinary proceedings against Mr Howard Schulze (Mr Schulze), a registered patent and trade marks attorney.
2. On 20 January 2011, pursuant to regulation 20.35 of the *Patents Regulations* 1991 (the Regulations), by written notice, the Board also commenced disciplinary proceedings against Mr Philip Boehm (Mr Boehm), a registered patent attorney.
3. On 25 February 2011, by consent, the Board filed an amended notice, in regard to Mr Schulze and an amended notice in regard to Mr Boehm. Each notice states that the Board is satisfied that 'there is a reasonable likelihood' of the attorney, the subject of the notice, 'being found guilty of unsatisfactory professional conduct in accordance with clause 20.33(3) of the Regulations.' Each notice then sets out the terms of the charge(s) of alleged unsatisfactory conduct and the particulars (i.e. the alleged acts and omissions) in relation thereto.
4. In the amended notice relating to Mr Schulze, the Board has alleged two incidents (charges) of unsatisfactory professional conduct by Mr Schulze. These are in the following terms:

#### RE HOWARD KENNETH SCHULZE

##### Charges

First charge: Mr Schulze failed to resolve the conflict of interest between [client A] and [client B] on or after 11 September 2007 in breach of his duty to resolve the conflict pursuant to clause 4.2.8 of the *Code of Conduct for Patent and Trade Mark Attorneys* and under the general law, and was thereby guilty of unsatisfactory professional conduct within the meaning of clause 20.32 of the Regulations.



Second Charge: Mr Schulze failed to recognise the conflict of interest between [client A] and [client B] and was thereby guilty of unsatisfactory professional conduct within the meaning of clause 30.32 of the Regulations.

5. In the amended notice relating to Mr Boehm, the Board has alleged one incident (charges) of unsatisfactory professional conduct by Mr Boehm, which is in the following terms:

**RE PHILLIP BOEHM**

**Charge**

Mr Boehm:

- a. failed to take all reasonable steps to avoid a conflict between [client A] and [client B] contrary to clause 4.2.8 of the *Code of Conduct for Patent and Trade Mark Attorneys* and under the general law;
- b. failed to discharge his duty to take immediate steps to resolve the actual or potential conflict which had arisen between the interests of [client A] and [client B] by Collison and Co acting for both parties, contrary clause 4.2.8 and under the general law;
- c. failed to maintain the rights of [client B] in circumstances where those rights might be put at risk contrary to clause 4.2.8 and under the general law, and thereby
- d. was guilty of unsatisfactory professional conduct within the meaning of clause 20.32 of the Regulations.

6. In the particulars to this charge, the Board asserted that it was the advice Mr Boehm gave in his letter to client A, on 24 August 2007, which evidenced these failures.
7. Mr Schulze and Mr Boehm have each denied that they are guilty of unsatisfactory professional conduct as charged. In regard to the second charge made against him, Mr Schulze initially raised an issue about the lack of particularity in that charge as to when it was alleged he had failed to recognise a conflict of interest had arisen. These particulars were provided subsequently, however, in my view the charge is not one that can be validly made. I have discussed this under the heading 'jurisdiction'.

8. As a preliminary issue, Mr Schulze and Mr Boehm have also contended that the Tribunal has no jurisdiction to hear and determine these proceedings to the extent they concern alleged misconduct which occurred prior to 1 July 2008, which is the date on which the old Chapter 20 of the Regulations was substituted with a new Chapter 20 (see *Patents and Trade Marks Legislation Amendment Regulations 2008 (No 1)*). There is no dispute that the first charge against Mr Schulze and the charge against Mr Boehm concern alleged misconduct occurring prior to 1 July 2008 and that the notice (including the amended notice) on which the Board commenced these proceedings is a notice issued under the new regulations in Chapter 20 and that they allege 'unsatisfactory professional conduct' as defined in the new regulations in that Chapter.
9. The Board contended that the Tribunal does have jurisdiction to hear and determine both matters.
10. As the jurisdiction issue was raised so late in the preparation of the proceedings for hearing and Mr Boehm and Mr Schulze requested that they be given an opportunity to make oral submissions on their written submissions, I did not determine this issue as a preliminary matter. Instead, I heard oral submissions at the commencement of the hearing on 21 July 2011. At the conclusion of those submissions, with the consent of the parties, I reserved my decision in regard to jurisdiction and proceeded to hear the evidence in regard to the charges of unsatisfactory professional conduct made against each attorney.
11. These matters were heard, in Adelaide, on 21 and 22 July 2011. Subsequently, in accordance with the consent orders I made, the parties filed and served further detailed written submissions in August and September 2011.
12. For the reasons set out below I have found that the Tribunal does have jurisdiction to hear and determine the first charges made against each attorney. However, the alleged 'unsatisfactory professional conduct' is to be assessed in accordance with the meaning of the term 'unsatisfactory

conduct' in regulation 20.1 of Chapter 20 of the Regulations as they applied prior to 1 July 2008.

13. Initially, at a directions hearing, on the application of Mr Schulze and Mr Boehm and with the consent of the Board, I made an order that the disciplinary proceedings against each attorney should be heard separately. However, after the evidence had been filed by the parties I raised the appropriateness of this course as the underlying facts relied on by the Board and the attorneys was in most respects the same. The Board responded by saying it did not have a position on this issue. Mr Schulze and Mr Boehm pressed for separate hearings and they filed and served written submissions on this issue. By consent, I did not make any final ruling on this issue until the commencement of the hearing on 21 July 2011. However, I did indicate a preliminary view that separate hearings did not appear to be warranted. After hearing short submissions from the parties I determined, pursuant to Regulation 20.36 of the Regulations, that the two disciplinary matters should be heard together.
14. In regard to the onus of proof and the standard of in regard to each charge of 'unsatisfactory conduct', there is no dispute that the onus rests on the Board and that the standard of proof is the civil standard of proof, on the balance of probabilities: see *Neat Holdings Pty Ltd v Karajan Holdings Pty Ltd* (1992) 67 ALJR 170, (1992) 110 ALR 449 at 450 per Mason CJ, Brennan, Dean and Gaudron JJ; *Qantas Airways Ltd v Gama* (2008) 101 ALD 459 at [109] per French and Jacobsen JJ and [123] to [126] per Branson J and *Briginshaw v Briginshaw* (1938) 60 CLR 360 at 361-362.
15. For the reasons set out below, I have found:
  - (a) the first charge of unsatisfactory professional conduct made against Mr Schulze has been proven, by the Board, to the requisite standard of proof;
  - (b) in the circumstances, it is not appropriate to make penalty orders in regard to this proven unsatisfactory professional conduct; and

- (c) the charge against Mr Boehm has not been proven by the Board to the requisite standard and should be dismissed.

## **Jurisdiction**

16. As I have indicated, Schedule 1 of the *Patents and Trade Marks Legislation Amendment Regulations 2008 (No 1)* (the Amending Regulations and 2008 Amending Regulations) substituted the existing provisions in Chapter 20 of the Regulations with entirely new provisions. The date on which that substitution came into effect was 1 July 2008. The transitional provision was contained in regulation 5 of the Amending Regulations and it relevantly provides as follows:

### **Regulation 5 Transitional**

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

- (a) an application for registration received on or after 1 July 2008; and

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

(2) For paragraph (1)(b), disciplinary proceedings are taken to have commenced on or before 30 June 2008 if, on or before that date, the Board has given written authority to a complainant to bring proceedings against a registered patent attorney.

(3) If, on or before 30 June 2008:

- (a) a person has been granted an exemption from a requirement in Schedule 5 to the *Patents Regulations 1991*; or

- (b) the Board has decided that it is satisfied that a person has an academic qualification; or

- (c) the Board has accredited a course of study;

the exemption, decision or accreditation applies to that person or course, as if it had been exempted, decided or accredited under the relevant provision of the *Patents Regulations 1991*, as amended by these Regulations.

(4) ...

17. It is the contention of the attorneys that on their proper construction, the new substituted regulations in Chapter 20 do not apply to alleged misconduct that occurred prior to the commencement of the 2008 Amending Regulations (i.e. prior to 1 July 2008). That contention is based

on the well established presumption against retrospectivity of statutes and subordinate legislation and the terms of regulation 5(2) of the 2008 Amending Regulations. Furthermore, it is contended that regulation 5(2) of the Amending Regulations evidences an intention of the Legislature that, other than in the circumstances prescribed in this regulation, no disciplinary action lies against alleged misconduct of a registered patent attorney that occurred on or before 1 July 2008. That is, regulation 5(2) evidences a contrary intention to the general rule of construction that rights and obligations accrued under a repealed statute before it was repealed remain unaffected by that repeal: see *Ku-Ring-Gai Municipal Council v Attorney-General for the State of New South Wales* (1957) 99 CLR 251, at 269. This general rule of construction is set out in section 7 of the *Acts Interpretation Act 1901* (section 7 was recently amended by the *Acts Interpretation Amendment Act 2011*. The amendments came into effect on 27 December 2011. As a result of the amending Act, sections 7, 8, 8A, 8B, 8C and 9 were repealed and a new section 7 was inserted. Subsection 7(1) is in similar terms to the old section 7 and subsection 7(2) is in similar terms, with some additions and amendments, of the old section 8).

18. The rule of statutory construction, that an amending Act is presumed to have no retrospective operation, unless there is a clear indication of a legislative intent that it is to have such an effect, was explained by Dixon CJ in *Maxwell v Murphy* (1957) 96 CLR 261, 267 as follows:

‘The general rule of the common law is that a statute changing the law ought not, unless the intention appears with reasonable certainty, to be understood as applying to facts or events that have already occurred in such a way as to confer or impose or otherwise affect rights or liabilities which the law had defined by reference to past events.’

19. In order to deal with the arguments that have been raised it is necessary first set out the relevant legislative provisions in regard to the registration and discipline of patent attorneys.
20. The Patents Act 1990 Chapter 20 of the *Patents Act 1990* (Patents Act) contains provisions in regard to patent attorneys. Part 1 of that Chapter

(i.e. sections 198 to 200A) deals with registration, privileges and professional conduct of a patent attorney. Subsections 198(1) to (3) make provision for the creation of a Register of patent attorneys. Subsection 198(4) provides that a person meeting the criteria set out in subsection 198(4), must be registered as a patent attorney. These criteria include the holding of 'such qualifications as are specified in, or ascertained in accordance with, the regulations' (see paragraph 198(4)(b)) and other matters as prescribed. Section 199 provides that 'the name of a person registered as a patent attorney may be removed from the Register of Patent Attorneys in the prescribed manner and on the prescribed grounds.'

21. Chapter 22 of the Patents Act contains a number of miscellaneous provisions (i.e. sections 212 to 230). Section 227A in that Chapter (added in 1998) establishes the Board and sets out its functions in regard to patent attorneys and trademarks attorneys under the *Trade Marks Act 1995*. These functions include those conferred on it by regulation for the purpose of the registration, deregistration and professional conduct of patent attorneys.
22. Section 228 in this Chapter makes provision for the making of regulations. It relevantly provides as follows:

#### **228 Regulations**

(1) the Governor-General may make regulations, not inconsistent with this Act:

(a) prescribing matters required or permitted by this Act to be prescribed; and

(b) ...

(2) without limiting subsection (1), that subsection includes the power to make regulations:

(a) ...

(r) for the control of the professional conduct of registered patent attorneys and the practice of the profession and, for that purpose, making provision for and in relation to all or any of the following:

- (i) making complaints, and hearing charges, against registered patent attorneys about their professional conduct;
- (ii) imposing penalties on registered patent attorneys, including issuing a reprimand and suspending or cancelling registration;
- (iii) summoning witnesses;
- (iv) requiring persons to give evidence on oath (whether orally or otherwise);
- (v) administering oaths to persons giving evidence (whether orally or otherwise);
- (vi) requiring persons to produce documents or articles, and
- (s) ...

23. It should be noted that similar provisions are contained in the *Trade Marks Act 1995* in regard to trade marks attorneys (see sections 228A, 228B and 231(2)(ha)) and the Professional Standards Board of trade marks attorneys under that Act is defined to be the Board as established under the Patents Act.
24. The Patents Regulations 1991 The Patent Regulations were made pursuant to section 228 of the Patents Act. Chapter 20 of the Regulations contain regulations relating to patent attorneys. These include regulations for the registration of, accreditation of courses for study and professional conduct matters (including complaints and disciplinary matters). As I have indicated the 2008 Amending Regulations substituted each and every regulation in this Chapter with new regulations, which essentially cover the same subject matters of registration, accreditation of courses of study and professional conduct matters. Set out below, are the relevant disciplinary regulations as they applied before (the old regulations) and after (the new regulations) the commencement of the 2008 Amending Regulations.
25. *The old regulations:* Old regulation 20.20 made provision for complaints to be made, to the Board, about the conduct of a registered patent attorney. The complaint was required to be in writing and the complainant was required to provide a statutory declaration that set out the alleged facts on which the complainant relied (see old regulation 20.20(3) and (4)). Once

the Board received a complaint in the correct form, the Board was required to forward a copy of the complaint and the statutory declaration to the registered attorney and request a response from the attorney (see old regulation 20.20(5)). The attorney had 21 days within which to respond (see old regulation 20.20(6)) and the Board was give power to seek further information from the attorney, who was required to respond within a further 21 days (see old regulation 20.20(7) and (8)).

26. Old regulation 20.21 set out the circumstances in which disciplinary proceedings could be brought against a registered patent attorney. That regulation was in the following terms:

**20.21 Authorisation to bring proceedings against a registered patent attorney**

(1) A person may not bring proceedings against a registered patent attorney before the Disciplinary Tribunal unless the person is authorised under this regulation.

(2) The Board must give written authority to a complainant to bring proceedings against a registered patent attorney:

(a) charging the attorney with unsatisfactory conduct or unprofessional conduct; or

(b) charging that the attorney was unqualified at the time of his or her registration or obtained his or her registration by fraud;

if it appears to the Board, after considering the complaint and any reply and any further information given under regulation 20.20, that the attorney may be guilty of conduct of that kind or may have been unqualified, as the case may be.

(3) If the Board authorises a complainant to bring proceedings, it must inform the complainant that he or she may ask the Board to bring those proceedings on the complainant's behalf.

(4) If a person authorised to bring proceedings:

(a) informs the Board that he or she wants the Board to bring the proceedings — the Board must bring the proceedings on behalf of the complainant; or

(b) does not bring the proceedings within 21 days after the day on which the authority is sent to him or her — the Board may bring the proceedings on its own behalf.

(5) If a person has begun proceedings but fails to continue them, the Board may continue the proceedings on its own behalf.



(6) If the Board authorises proceedings against a registered patent attorney, the Board must:

(a) give the Disciplinary Tribunal copies of the complaint and all other documents it holds that relate to the complaint; and

(b) notify the attorney, in writing, of that authorisation.

(7) If the Board, after considering a complaint and any reply and any further information given under regulation 20.20, decides not to authorise proceedings against a registered patent attorney, it must give written notice of its decision to the complainant and the attorney.

27. The term 'Disciplinary Tribunal' is defined in regulation 1.3 to mean 'the Patent Trade Marks Attorneys Disciplinary Tribunal and established under regulation 20.41'.

28. Old regulation 20.22(1) set out how proceedings were commenced in the Disciplinary Tribunal, it was in the following terms:

#### **20.22 Bringing of proceedings**

(1) Proceedings against a registered patent attorney arising from a complaint are to be brought before the Disciplinary Tribunal by lodging with that Tribunal:

(a) a copy of the complaint; and

(b) if the proceedings are to be brought by the complainant — a copy of the authorisation of the Board to bring proceedings.

29. The terms 'unprofessional conduct' and 'professional misconduct' were defined in old regulation 20.1 as follows:

**'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

30. In June 2001, following extensive consultation, the Board published a 'Code of Conduct for Patent and Trade Marks Attorneys' (the 2001 Code of Conduct). Paragraph 1.1 of the published 2001 Code of Conduct

applied to all registered patent and trade marks attorneys, 'including those employed in companies undertaking the business of the company.'

31. Paragraph 2 of the 2001 Code of Conduct set out its objectives, which included: 'to provide a standard of acceptable conduct that can be used in the settling of disputes' between clients and attorneys (see paragraph 2.2). Standards of acceptable conduct for patent and trade marks attorneys were set out in paragraph 4 of the 2001 Code of Conduct. Paragraph 4.2.7 of the 2001 Code of Conduct relevantly provided:

'An attorney must at all times act within the law and subject to that obligation in the best interest of the client.

- i. An attorney must act promptly on a client's instructions or promptly advise a client of his or her inability to do so.
- ii. An attorney must not use his/her position to take advantage of –
  - information given to the attorney by a client, or
  - circumstances resulting from the professional relationship with a client, either on his/her own account or on behalf of another person.
- iii ...'

32. Paragraph 4.2.8 of the 2001 Code of Conduct provided as follows:

'An attorney must take all reasonable steps to avoid situations in which a conflict between the interests of a client and the interests of the attorney or those of another client may occur.

- i. Where a conflict or potential conflict arises, an attorney must take immediate steps to resolve the conflict. Where the rights of a person might be put at risk by failing to act urgently in a conflict or a potential conflict, the attorney must take the necessary action to maintain the rights of a person and then immediately resolve the conflict.'

33. Old regulation 20.23 set out the decisions the Disciplinary Tribunal could make after hearing a charge of unsatisfactory conduct or unprofessional conduct against a registered patent attorney. These decisions included a finding of guilt of unsatisfactory conduct or unprofessional conduct, as charged. Where such a finding of guilt was made, the Disciplinary Tribunal had a discretionary power to reprimand the attorney, suspend the attorney's registration for no more than 12 months and in the case of a

finding of guilt of unprofessional conduct, cancel the attorney's registration.

34. *The new regulations:* New regulation 20.33, sets out the role of the Board in disciplinary proceedings and it relevantly provides as follows:

**Regulation 20.33 Role of Board in disciplinary proceedings**

(1) The Board has the sole responsibility for commencing and conducting disciplinary proceedings against a registered patent attorney.

(2) The role of the Board in commencing disciplinary proceedings includes investigating, either as a result of information received or of its own motion, whether:

(a) a registered patent attorney has been engaged in:

(i) professional misconduct; or

(ii) unsatisfactory professional conduct; or

(b) ...

(c) ...

(3) The Board may commence proceedings before the Disciplinary Tribunal against a registered patent attorney if the Board is satisfied that there is a reasonable likelihood of the attorney being found guilty of unsatisfactory professional conduct.

(4) The Board must commence proceedings against a registered patent attorney before the Disciplinary Tribunal if the Board is satisfied that there is a reasonable likelihood of the attorney being found guilty of an offence under subregulation (2), other than of unsatisfactory professional conduct.

(5) In deciding whether or not to commence disciplinary proceedings against a registered patent attorney, the Board may take into account patterns of behaviour of the attorney when deciding whether or not it is satisfied that there is a reasonable likelihood of the attorney being found guilty of an offence under subregulation (2).

(6) In deciding whether or not a registered patent attorney has been engaged in:

(a) professional misconduct; or

(b) unsatisfactory professional conduct;

the Board must consider whether or not the attorney has complied with the Code of Conduct.

35. The interpretation provision in new regulation 20.1 defines the 'Disciplinary Tribunal' to mean 'the Patent and Trade Marks Attorneys Disciplinary Tribunal established under regulation 20.61'. However, the meaning as

contained in regulation 1.3 has remained the same. That is, it refers to the ‘the Patent and Trade Marks Attorneys Disciplinary Tribunal established under regulation 20.41’. This would appear to be a legislative drafting oversight. In any event, in substance, the provision establishing the tribunal under the old regulation 20.41 and the new regulation 20.61 are the same.

36. The terms ‘professional misconduct’ and ‘unsatisfactory professional conduct’ are defined in new regulation 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; or

(c) any contravention of a law that is declared by these Regulations to be professional misconduct.

**‘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.

37. The term ‘Code of Conduct’ is also defined in new regulation 20.32 to mean ‘the document titled “Code of Conduct for Patent and Trade Marks Attorneys” published by the Professional Standards Board for Patent and Trade Marks Attorneys, as existing on 1 July 2008’ (the 2008 Code of Conduct).
38. The 2008 Code of Conduct contains provisions in exactly the same terms as paragraph 4.2.7 and 4.2.8 of the 2001 Code of Conduct (see paragraph 3.2.7 and 3.2.8 of the 2008 Code of Conduct). In the introductory paragraph to the 2008 Code of Conduct, it is stated that the Board had ‘revised the former Code of Conduct to reflect changes in the disciplinary regime for registered attorneys’ brought about by the 2008 Amending Regulations.

39. New regulation 20.35 provides as follows:

**20.35 Commencing disciplinary proceedings**

(1) The Board must commence disciplinary proceedings by way of notice given to the Disciplinary Tribunal.

(2) A notice must be in writing and must set out the charges that are made against the registered patent attorney.

(3) The Board must, as soon as practicable after giving a notice to the Disciplinary Tribunal, give a copy of the notice to the registered patent attorney who is the subject of the notice.

40. Consideration In support of their argument, Mr Boehm and Mr Schulze rely on the decision of Kaye J in *Dr Gertrude Kennedy v Medical Practitioners Board of Victoria* [2008] VSC 507 (*Kennedy*).
41. The Board, on the other hand, rely on the decision of Beech AJA (with Martin CJ and Buss JA concurring) in *Mijatovic v Legal Practitioners Complaint Committee* [2008] WACA 115 (*Mijatovic*).
42. The decision in *Kennedy* did not concern the jurisdiction of the relevant body (i.e. the Panel of the Medical Board) to hear and determine alleged misconduct that occurred prior to the commencement of the repealing statute. It concerned a notice, issued by the Victorian Medical Practitioners Board (Medical Board), to Dr Kennedy (a medical practitioner) under the repealing statute, *Medical Practice Act 1994* (Vic) (the 1994 Act). The notice stated that it was issued pursuant to Part 3 and section 102A of the 1994 Act and that the Medical Board had determined to hold a formal hearing before a Panel of the Medical Board, into Dr Kennedy's professional conduct as a result of a complaint it had received. The notice went on to allege that Dr Kennedy had engaged in 'unprofessional conduct' as defined in paragraphs (a) and (b) of subsection 3(1) of the 1994 Act. The notice also set out the nature of the disciplinary action that was available to the Panel if they found Dr Kennedy had not carried out her professional duties adequately. The misconduct the subject of the notice occurred in 1992, prior to the commencement of the 1994 Act (i.e. 1 July 1994). At the time of the alleged misconduct the

relevant legislation was the *Medical Practitioners Act 1970* (the 1970 Act). The 1970 Act was repealed by the 1994 Act.

43. In *Kennedy*, at [65]-[66], Kaye J held that the notice issued by the Medical Practitioners Board was invalid on the basis of the terms of the notice and the transitional provisions in sections 102 and 102A of the 1994 Act. These provisions are set out in full at [14] and [15] of that decision. Section 102 provided that investigations and enquiries into the activities or physical or mental health of a medical practitioner under the 1970 Act and any appeal or further proceeding in regard to such an inquiry were to be taken under the relevant provisions of the 1970 Act. Section 102A (which was inserted subsequently but expressly applicable from 1 July 1994) provided that in the case of the activities of a medical practitioner occurring before the commencement of the 1994 Act, the 1994 Act applied in so far as there was power to conduct an inquiry under sections 16 or 17 of the 1970. That section also provided that any determination or outcome of a hearing into those activities had to be ones that were available to the old Board under the 1970 Act.

44. Kaye J approached the issue by initially determining whether the standards of conduct for medical practitioners differed in the 1970 Act to those contained in the 1994 Act. At [33] he found that they did differ, although ultimately not substantially. His Honour then posed the question as to whether:

‘ [the] 1994 Act, in particular section 102A, had the effect that the standard described in [the 1994] Act may apply to conduct engaged in by a medical practitioner before the commencement of the 1994 Act, either in addition to, or in exclusion of, the standard described in ss 16 and 17 of the 1970 Act?’

45. At [45], Kaye J found that section 102A did not have the effect that the standard described in the 1994 Act (i.e. section 3) applied to alleged misconduct engaged in by a medical practitioner before the commencement of that Act. Instead, it had the effect of preserving the application of the old standard and penalties prescribed in the 1970 Act (i.e. section 16 and 17) to pre 1994 alleged misconduct. As the notice

expressly foreshadowed a hearing by reference to the standards of conduct prescribed in the 1994 Act, His Honour held that the notice was invalid (see at [62]).

46. In that case, there was no issue as to the application of the general rule of statutory construction that rights and obligations accrued under the 1970 Act before it was repealed remain unaffected by that repeal. Nor was it an issue that the new tribunal established under the 1994 Act had power to deal with such conduct. Section 102A of the 1994 Act merely provided that this conduct was to be dealt with in accordance with the standards and penalties under the 1970 Act.
47. In *Mijatovic*, there was an issue in regard to the State Administrative Tribunal of Western Australia having jurisdiction to hear and determine the proceedings. This Tribunal was established under the *State Administrative Tribunal Act 2004* and came into operation on 1 January 2005. On the commencement of the operation of that Tribunal, it assumed the jurisdiction of the then Disciplinary Tribunal and professional standards Committee for legal practitioners. It is unnecessary to deal with this issue, other than to say that the proceedings were commenced in the Disciplinary Tribunal prior to the commencement of the State Administrative Tribunal and that the Court found that this Tribunal did have jurisdiction.
48. Like *Kennedy*, an issue in that case was whether the disciplinary proceedings commenced against the legal practitioner, under the relevant repealing statute, the *Legal Practice Act 2003 (WA)* (the 2003 Act), had retrospective effect to alleged misconduct occurring prior to the commencement of that statute (i.e. before 1 January 2004). At the time of the alleged misconduct, the relevant legislation was the *Legal Practitioners Act 1893 (WA)* (the 1893 Act). Under that legislation, the relevant Tribunal had jurisdiction to find that a practitioner had been guilty of 'unprofessional conduct, or neglect, or undue delay in the practice of law' (see at [115] of the decision). The 1893 Act was repealed by section 4 of the *Acts*



*Amendment and Repeal (Courts and Legal Practice) Act 2003 (WA)* (the 2003 Repeal Act). Under the 2003 Act, the relevant Tribunal had jurisdiction to make findings that a legal practitioner was guilty of 'unsatisfactory conduct'. That term is defined in section 3 of the 2003 Act and includes 'unprofessional conduct'. Section 5(1) of the 2003 Repeal Act provided that the provisions of the *Interpretation Act 1984 (WA)* about the repeal of written laws and the substitution of other written laws for those repealed, applied to the repeal of the 1893 Act as if the 2003 Act repealed that Act: see at [118]. The relevant section of the *Interpretation Act 1984 (WA)* was section 37, which reflects the general rule of construction in regard to a repealed statute, namely rights, duties, obligations and liabilities that existed under the repealed Act are preserved, unless there is a contrary intention (see subsection 37(1)(c) and (d)).

49. It was the contention of the legal practitioner that, on the basis of the presumption against retrospectivity, the only tribunal having jurisdiction to hear and determine pre 2004 alleged misconduct was the tribunal established under the 1893 Act. At [141] and [147] Beech AJA rejected that argument and found that:

**[141]** [In] my opinion, the jurisdiction of the new Disciplinary Tribunal [i.e. the tribunal established under the 2003 Act] (and, after 1 January 2005, the State Administrative Tribunal) in respect of unsatisfactory conduct on the part of a practitioner applies to conduct before 1 January 2004 (as well as conduct after that date). However, the available scope of unsatisfactory conduct in respect of conduct prior to 1 January 2004 is constrained by the presumption against retrospectivity of changes in substantive rights and obligations. The result is that the liability of a practitioner under the 2003 Act is co-extensive with the liability which would have existed under the 1893 Act. ...'

50. His Honour's reasoning in reaching that conclusion was that:
- (a) the 2003 Act did not express any temporal limitation on the conduct over which the new Conduct Committee or new Disciplinary Tribunal was given jurisdiction (see at [132]),



- (b) by reason of section 37 of the *Interpretation Act 1984* (WA), alleged misconduct that occurred prior to the repeal of the 1893 Act gave rise to an inchoate liability in regard to that conduct and that liability could remain the subject of investigation and proceedings could be instituted in respect to that liability (see at [142]) and the legislature would not have intended to abolish that potential liability (see at [144]), and
- (c) however, as the inchoate liability under the 1893 Act 'is a discrete subset of potential liability under the 2003 Act', the 2003 Act contains a contrary intention to the general rule of construction in section 37 of the *Interpretation Act 1984* (WA): see at [146]. In this regard His Honour found that 'illegal conduct, unprofessional conduct, or neglect or undue delay in the practice of law' under the 1893 Act would also amount to 'unsatisfactory conduct' under section 3 of 2003 Act.

51. His Honour concluded by saying:

[147] In the circumstances just explained, the jurisdiction of the new Disciplinary Tribunal (and, consequently, after 1 January 2005 the State Administrative Tribunal) under the 2003 Act can be read as extending to conduct prior to 1 January 2004 in a way that is consistent with the presumption against retrospectivity. In respect of conduct prior to 1 January 2004 in the exercise of that jurisdiction, conduct may be found to be unsatisfactory conduct only insofar as it is conduct of one of the species rendering a practitioner liable to punishment under the 1893 Act, and only to the extent of such liability under the 1893 Act.

[148] This approach involves, in a sense, construing unsatisfactory conduct differently in its application to pre-2004 conduct and post-2004 conduct. There is no express provision in the 2003 Act supporting that differential construction. However, the presumption against retrospectivity seems to me to afford an adequate justification for such an approach.'

52. At [160], His Honour added:

'... [It] is evident that the object of the 2003 Act is to create a comprehensive scheme for the regulation of legal practitioners. It was to be expected that for a substantial period of time, much or some of the conduct of legal practitioners to be reviewed, after the 2003 Act came into force, would be conduct which had occurred prior to 1 January 2004. To require the parallel operation of two sets of committees and tribunals seems to me

to produce a very inconvenient result that was not intended by the legislature. Rather, it was intended that unless proceedings had already been commenced in the old Disciplinary Tribunal, the jurisdiction of the new Disciplinary Tribunal (and the new Committee) extended to matters occurring prior to 1 January 2004.'

53. In these proceedings, the provisions of the 2003 Amending Regulations must be construed having regard to their express words, their purpose, the context in which they appear (including any relevant provision in the Patent Act pursuant to which the regulations were made) and the relevant provisions of the *Acts Interpretation Act 1901* (by reason of section 46B of that Act and regulation 13 of the *Legislative Instruments Act 2003*, the provisions of the *Acts Interpretation Act 1901* apply to the Regulations the subject of this application).
54. Section 15AA of the *Acts Interpretation Act* provides that when interpreting a provision of an Act, the interpretation that would best achieve the purpose or object of the Act (whether or not that purpose or object is expressly stated in the Act) is to be preferred to each other interpretation.
55. As I have indicated, section 7(2) of the *Acts Interpretation Act 1901*, deals with the effect of a repeal or amendment of an Act (i.e. the general rule of construction as to rights and liabilities accrued under a repealed statute before it is repealed). It relevantly provides as follows:

#### **7 Effect of repeal or amendment of Act**

No revival of other Act or part

(1) ..

No effect on previous operation of Act or part

(2) If an Act, or an instrument under an Act, repeals or amends an Act (the **affected Act**) or a part of an Act, then the repeal or amendment does not,

(a) ...

(b) affect the previous operation of the affected Act or part (including any amendment made by the affected Act or part), or anything duly done or suffered under the affected Act or part; or

(c) affect any right, privilege, obligation or liability acquired, accrued or incurred under the affected Act or part; or

(d) affect any penalty, forfeiture or punishment incurred in respect of any offence committed against the affected Act or part; or

(e) affect any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment.

Any such investigation, legal proceeding or remedy may be instituted, continued or enforced, and any such penalty, forfeiture or punishment may be imposed, as if the affected Act or part had not been repealed or amended.

Note: The Act that makes the repeal or amendment, or provides for the instrument to make the repeal or amendment, may be different from, or the same as, the affected Act or the Act containing the part repealed or amended.'

56. Subsection 7(2) of the *Acts Interpretation Act 1901*, is of course subject to a contrary intention in the repealing Act.

57. In my view, there is no basis for the argument that, by inference, the 2008 Amending Regulations evidence a contrary intention to the general rule of construction that liabilities and potential liabilities for alleged misconduct that occurred pre 1 July 2008 were not preserved unless, the circumstances in regulation 5(2) had been met prior to the repeal of the old regulations in Chapter 20 (i.e. where the Board had given a complainant written authority, under old regulation 20.21, to bring proceedings against a registered patent attorney). As found by Beech AJA in *Mijatovic*, this could not have been the intention of Parliament. As evidenced in the terms of regulation 5(1)(b) of the 2008 Amending Regulations, the purpose of the new regulations was for disciplinary proceedings commenced on or after 1 July 2008 to be commenced in accordance with the new regulations. The relevant new regulation being regulation 20.33 which gave the Board sole responsibility for commencing and conducting disciplinary proceedings (which included investigating). That is, although the 2008 Amending Regulations established a new procedure as to when and how disciplinary proceedings were to be commenced. The responsible body, the Board, did not change. Nor, in effect, did the Tribunal. At the same time I accept the concepts of 'unsatisfactory conduct' and 'professional misconduct' were new. But as

held by Kaye J in *Kennedy* they did not differ substantially to the concepts of 'unsatisfactory professional conduct' and 'professional misconduct' in the old regulations. As pointed out by the attorneys these concepts are broader in application to those that applied under the old regulations. Nevertheless, as pointed out by the Board, conduct found to be 'unsatisfactory conduct' under the old regulations also would amount to 'unsatisfactory professional conduct' under the new regulations.

58. In regard to the 2008 Code of Conduct, the relevant standards of conduct of registered patent and trade marks attorneys did not change from those contained in the 2001 Code of Conduct.
59. In regard to the presumption against retrospectivity, it is well established that the presumption does not apply where the regulation can be characterised as being procedural in nature, (see *James v Keogh* (2008) 102 SASR 51 at 62; *Maxwell* at 267 and *Yrttioho v Public Curator (Qld)*(1971) 125 CLR 228 at 245). On the contrary, it is presumed that a procedural regulation will have retrospective effect. As I have noted, new regulation 20.33 sets out in part a new procedure for commencing and conducting disciplinary proceedings, as does new regulation 20.35. These new regulations do not contain any time restriction in that the procedure will only relate to alleged misconduct that occurs after the commencement of the 2008 Amending Regulations. Accordingly, it is presumed that the procedure applies equally to conduct, or event, occurring prior to its commencement.
60. In my view, as liabilities and potential liabilities for alleged misconduct occurring prior to the commencement of the 2008 Amending Regulations have been retained the question is whether it can be inferred that the new disciplinary regulations also apply to such alleged conduct. In my view it can be so inferred and it would best achieve the purpose of the new and the repealed regulations. That is, for the reasons I have stated, it can be inferred that the legislature intended the Board to commence and deal with alleged misconduct that occurred prior to 1 July 2008 (i.e. other conduct to

which regulation 5(2) applies), under the new regulation 20.33 and the Tribunal to hear and determine proceedings commenced by the Board under new regulation 20.35. However, in deal with alleged misconduct that occurred prior to 1 July 2008, the applicable standards and penalties for that conduct is that contained in the old regulations. I have determined the charges against Mr Schulze and Mr Boehm accordingly

61. The second charge against Mr Schulze In my view the second charge against Mr Schulze is misconceived. The Board asserts that contrary to paragraph 4.2.5 of the 2001 Code of Conduct and 3.2.5 of the 2008 Code of Conduct, Mr Schulze, in his letter of 7 September 2007 and his letter to the Board in February 2009, failed to maintain standards of professional practice in that he was no 'courteous, ethical and well informed.' As I understand the position of the Board, the gravamen of this charge is Mr Schulze's alleged failure to understand the various conflict of interest problems and risks that arose out of Collison & co acting for two clients. For the reasons set out below, I accept that Mr Schulze demonstrated a poor understanding of duty of an attorney and a firm to avoid situations of conflict. However, I do not believe that poor understanding of this nature falls within paragraph 4.2.5 of the Code of Conduct. That paragraph consists of an introductory sentence and is followed by six sub paragraphs that set out specific standards of conduct that are expected of a registered attorney. In my view, on their proper construction, it is the standards in these sub paragraphs, which define what is mean by maintaining standards that are 'at once courteous, ethical and well-informed'. The alleged failure of Mr Schulze in the second charge does not fall within any of these sub paragraphs. Accordingly, on this basis alone this charge should be dismissed.

62. In my view, a charge based on the response an attorney has given to the Board in answer to an allegation of misconduct needs to be considered with care. If the response is proven to be deceitful, or deliberately misleading, a charge of unsatisfactory professional conduct may be appropriate. However, a response that merely sets out a position the

attorney has previously held is a different matter, even where that position is misconceived through lack of knowledge. That lack of knowledge, may itself be a matter going to penalty where a finding of guilt of otherwise unsatisfactory professional conduct has been established.

## **The Evidence**

63. In regard to the charges made against Mr Schulze, the Board tendered into evidence a bundle of documents relevant to the charges and a statement of an expert, Dr Trevor Davies, a registered patent and trades mark attorney and a partner at Allen Arthur Robinson Patent & Trade Marks Attorneys. In regard to the charges made against Mr Boehm, the Board also tendered into evidence a bundle of documents and a further statement of the expert Dr Trevor Davies. As I have already indicated, the majority of the material in each bundle of documents was the same.
64. Mr Schulze tendered into evidence a statement. That statement was not provided until the hearing. Mr Schulze indicated that he was relying on his written response to questions raised by the Board. That response was dated 18 February 2009. Mr Schulze's statement was essentially a repeat of what he had said in his written response to the Board.
65. Mr Schulze also tendered into evidence a statutory declaration of Mr John O'Mahoney, a fellow partner of Mr Schulze at Collison & Co., and a statement from an expert, Mr Leon Keith Allen, a registered patent and trade marks attorney and a partner in the firm Davies Collison Cave.
66. Mr Boehm tendered into evidence a statement he made and a statement from two expert witnesses, Mr Trevor Noel Beadle and Mr Anthony John Fowler Ward. Both experts are registered patent and trade marks attorneys. Mr Beadle is a consultant to Davies Collison & Cave and Mr Ward is a partner (currently Chairman of partners) at Griffith Hack.
67. At the hearing Mr Schulze and Mr Boehm gave evidence and were cross-examined. Mr O'Mahoney and the experts of each party also gave evidence and were cross-examined.

68. The underlying facts in these proceedings are evidenced in documents, created contemporaneously to the events to which they relate. This material is not disputed and as they are, in many respects, common to the proceedings against each attorney I have summarised these below.

### **The undisputed facts**

69. Mr Schulze has been a registered patent and trade marks attorney since 1972. He is a partner at Collison & Co and has worked at this firm continuously since about 1965. He was the managing partner of the firm at the relevant time.
70. In May 2001, Mr Boehm accepted an offer of employment, by Collison & Co, as a technical assistant.
71. In June 2001, Mr Schulze received instructions from client B in regard to its invention of a 'ground working tool' (client B's 2001 invention). On 28 June 2001, Mr Schulze wrote to client B and gave advice about worldwide searches that had been made in regard to its invention as to whether it was novel or new. Mr Schulze described client B's invention as involving 'the use of a flexible chain unit mounted to a supporting frame' with the 'chain unit' including a 'plurality of modules (teeth or discs), spaced along and projecting outwardly from each link within the chain.'
72. In September 2001, Mr Schulze prepared and lodged, on the instructions of client B, an Australian Provisional Patent Application for its invention (client B's 2001 patent application). In the application, the invention title is 'a cultivator chain' and the introductory paragraph in the description of the invention is:

'This invention relates to a cultivator chain and to an apparatus incorporating a cultivator chain and to a method of cultivating the earth.

In one form of this invention there is proposed a cultivator chain having at least two interconnected links where a first of the links is an integral ring of metal the path of which passes through an aperture of the second link which is also an integral ring of metal, the chain being characterised in that there is at least one blade secured to at least a one of the rings so as to



protect outwardly so as to be adapted to effect an earth engaging position in the event that the links be drawn along the ground.'

73. In September 2002, on the instructions of client B, Collison & Co prepared and lodged, with the Australian Patent Office, a Complete Specification and a Notice of Entitlement for client B's 2001 patent application.
74. On or about 30 March 2004, client A contacted Collison & Co seeking advice in regard to his 'prickle chain link' invention (client A's invention). On 20 April 2004, Mr Habel, a registered patent and trade marks attorney and a partner of Collison & Co at that time, wrote to client A following their discussions. In his letter Mr Habel informed client A of the search results of existing patents for 'prickle chains'.
75. In May 2004, on the instructions of client A, Mr Habel, with the assistance of Mr Boehm, prepared and lodged, an Australian Standard Patent Application together with Complete Specification for client A's invention (client A's patent application). The invention title of the Patent Application was 'prickle chain link' and the invention was described in the introductory paragraph as follows:

The present invention relates to a prickle chain link element and a prickle chain made by interconnecting a plurality of these links, and a method for making these. ...
76. On 31 August 2004, Mr Boehm became a registered patent attorney.
77. On 7 February 2005, IP Australia wrote to Collison & Co and provided the examiner's first report in regard client B's 2001 patent application. That report identified a number of lawful grounds for objection to client B's 2001 patent application.
78. On 14 April 2005, Mr Habel, on the instructions of client A, wrote to Collison & Co's associates in the United States of America (US) and Canada requesting that they lodge patent applications, for client A's invention, in their respective countries. A patent application was lodged



and published by the US Patent and Trade Marks Office, on 1 December 2005 (client A's US patent application).

79. On 7 February 2006, on the instructions of client B, Mr O'Mahoney provided a written response to the matters raised in the examiner's first report in regard to client B's 2001 patent application. The examiner responded in a letter dated 21 February 2006 (the examiner's second report). The examiner found that there continued to be lawful grounds of objection to client B's 2001 patent application. These objects were again specified and client B was given until 7 November 2006 to provide a response.
80. On 14 February 2006, Mr Habel wrote to client A, seeking instructions on an 'Office Action from the United States Patent and Trade Marks Office', in regard to the 'novelty and obviousness (or inventiveness)' of his US patent application.
81. On 27 February 2006, client B sent an email to Mr O'Mahoney. The email was in the following terms:

Hi John,  
We have had a successful reception in the US.  
Could you please investigate lodgement of the Disc Chain patent application in the US? I think it will be prudent to protect our IP in the US and now I think the Disc Chain will be the tool of preference here rather than the Prickle chain as I first thought.  
If the same application is acceptable then please go ahead, ...

82. Mr O'Mahoney responded to client B's email the following day. He responded by letter and advised client B that it was not possible to protect his invention in the US, as the time for doing so had passed in September 2002 (i.e. a year after client B had lodged his Australian patent application). Mr O'Mahoney said client B could slightly modify its Australian patent claim, however on the basis of the examiner's second report, he advised the he did not believe it was appropriate as client B's claims were 'already quite restrictive'.

83. On 3 May 2006, on the instructions of client A, Mr Boehm wrote to the US associates of Collison & Co responding to the issues that had been raised in regard to client A's US patent application.
84. On 25 May 2006, Mr O'Mahoney had a discussion with client B. In a file note recording that discussion, Mr O'Mahoney noted that client B still wanted to try and get a patent for the 'disc chain as there is interest in the USA' (client B's 2006 invention). He instructed that a new file be opened for client B's 2006 invention and that the title of the file was to be advised (TBA). In his file note he described the new inventions as follows:
- 'New design has the disc on every second link which provides improved "ground engaging"
1. doesn't rack up the debris + stubble
  2. pulls up the weeds
  3. turns the soil.'
85. On 10 August 2006, Mr O'Mahoney wrote to client B about its 'multi purpose ground engaging agricultural chain'. Attached to his letter was a draft Provisional Patent Application for client B's 2006 invention.
86. On 21 September 2006, on the instructions of client B, Mr O'Mahoney prepared and lodged, a Provisional Patent Application for client B's 2006 invention (client B's 2006 patent application). The invention title was 'an agricultural ground engaging chain' and the introductory paragraph of the description of client B's invention was described as:
- 'This invention relates to a ground engaging agricultural chain and to a method, process and/or assemblage of said chain.'
87. On 21 November 2006, client A's US patent application was granted.
88. On 22 November 2006, IP Australia wrote to Collison & Co and advised that client B's 2001 patent application had lapsed.
89. On 21 February 2007, Collison & Co received a response, from IP Australia, in regard to its request for a normal examination of client A's patent application. The examiner again reported that there were lawful

grounds for objection to the application and those grounds were again identified. On the instructions of client A, on 8 May 2007, Mr Boehm responded to the examiner's report with proposed amendments to the claims in client A's patent application. On 5 June 2007, IP Australia informed Collison & Co that there were no objections to client A's patent application and that it was accepted.

90. In August 2007, Mr O'Mahoney received instructions from client B to 'proceed with complete Filing in AU only' with 'USA description also included in the Final document.' On 22 August 2007, Mr O'Mahoney wrote to client B, attaching a 'proposed complete' [i.e. a Complete Australian Standard Application for client B's 2006 invention].
91. Shortly before 23 August 2007, Mr Boehm received a telephone call from the wife of client A. The wife of client A informed Mr Boehm of a meeting between her husband and client B, at an agricultural field day, where client B was exhibiting a 'prickle chain' very similar to that of client A. According to the wife of client A, client B informed her husband that it had obtained a patent for its 'prickle chain' and it was obtained through Collison & Co.
92. As a result of this telephone call Mr Boehm made some inquiries and had discussions with Mr O'Mahoney in regard to the matter raised by the wife of client A. It is the evidence of Mr Boehm that he also discussed the matter with Mr Schulze. Mr Schulze's evidence is that he was not aware of there being an issue until September 2007, when he received the letter from the client A's solicitor, asserting that he, Mr Schulze, and his firm had a conflict of interest.
93. On 23 August 2007, at 9.30am, Mr Boehm telephoned client A. Mr Boehm made a file note of that conversation in which he said the following:

'I asked [client A] to describe the prickle chain link that he had seen at the field day.

I told him that we (Collison & Co) had lodged an (sic) provisional patent application in respect of the prickle chain, as [client B] had told them at the field day, but we could not give him a copy of this.

I told him that I did not think that the chain link he described to me infringed his accepted AU claims.

[Client A] was very unhappy about this.

I explained to [client A] that we were forced to limit the claims during US prosecution due to prior art cited. I explained that the AU examiner cited the same prior art as the US examiner.

I told [client A] he was within his rights to seek a second opinion as to whether or not there had been an infringement of his claims.

...

94. On the following day, 24 August 2007, Mr Boehm wrote to client A. In that letter Mr Boehm said the following:

Further to our recent telephone discussion regarding your discovery of a prickly chain and a prickly chain link for the same as manufactured and sold by [client B] at a recent field day, we write to confirm which we discussed on the telephone.

We confirm that another of the attorney's here, quite independently of myself, has lodged a Provisional Patent Application ...entitled "An Agricultural Ground Engaging Chain", and a copy of the Bibliographic details in respect of this application, as published on the IP Australia Website, have been enclosed ... Because this is a Provisional Patent Application ....we are therefore unable to provide you with a full copy of this.

...

With respect to the claims which we have had accepted for you, we advise that we do not consider that they are so broad that the [client B] link and chain as described to us by [you], takes every feature of the broadest claim of your patent application, and it is therefore unlikely that an Australian Court would hold that the abovementioned [client B] link and chain infringes your accepted patent claims.

One option you may consider is to lodge a Divisional application based on your Australian application, which has different claims that are broad enough to encompass the [client A](sic) link and chain. Should you wish to pursue this avenue, please advise us urgently, as we must make our request for a Divisional before **14 September 2007**. Bear in mind however, that any Divisional application that we lodge will be subject to examination, ...

Moreover, in the event that this Divisional application is accepted with claims that are broad enough to encompass the [client B] link and chain, we may be unable to act for either party in this respect, as it would be clear conflict of interest.

...

95. On 29 August 2007, Mr O'Mahoney met with client B to review the draft Complete Australian Standard Application he had prepared for client B's

2006 invention (the agricultural ground engaging chain). Mr O'Mahoney made a file note of that meeting in which he noted that he had advised client B that client A had raised a 'potential infringement matter.' The file note goes on to state:

- Told him I had nothing previously to do with [client A].
- Told him I had now been shown a previously publicly available copy of the [client A's] specification and confirmed that it was unrelated to this claimed invention for discs.
- I indicated to [client B] we were trying to solve the matter with [client A] but if conflict continued or infringement action commenced we could not act for [client B] in relation to the conflict matters.
- Nonetheless at this late stage advised we could take instruction to lodge complete to safeguard [client B's] IP.'

96. On 7 September 2007, solicitors, acting for client A, wrote to Mr Boehm. In that letter the solicitors said that it was apparent that for a number of years, Collison & Co had been acting for client A and their primary competitor, client B. The solicitors asserted that the firm had thereby found itself 'in an insoluble conflict of interest position' and could no longer act for client A or client B. Accordingly, the solicitors requested that Collison & Co immediately transfer all of client A's files to a nominated patent attorney. The solicitors also requested a written undertaking by Collison & Co that it would not disclose client A's confidential information to client B, including the reason it cannot continue to act for that client.
97. On 11 September 2007, Mr Schulze wrote a letter in response to the letter from client A's solicitors. In that letter Mr Schulze said:

We are in receipt of your letter dated 7 September 2007 ...

...

Some allegations have been made in your correspondence that would appear to be defamatory of this firm and it would appear important to clarify from whom these emanate in fact.

Dealing with the contention that we have a conflict of interest, such a contention has to be based upon some reasonable rationale.

It does seem there are some expectations that any prickly chain element with a hook and a hole through the body might be a potential scope of protections.

The writer has carefully examined any proposal by [client B] and any reasonably obtainable scope that one or more of your clients might be seeking.

There is no issue in fact.

...

98. On the same day, Mr O'Mahoney telephoned client B. In his file note of that telephone conversation, Mr O'Mahoney noted that he told client B that client A believed there was a conflict of interest and that '[Collison & Co's] information does not reflect this and we have responded now to those representing [client A]'. Mr O'Mahoney went on to note that he told client B that Collison & Co could still lodge patent to safeguard its interest, but if client A disagrees with their interpretation, the firm may have to stop its involvement in the patent application 'albeit it covers a different subject matter.'
99. Ten days later, on 21 September 2007, Mr O'Mahoney lodged the papers necessary to complete client B's 2006 patent application.
100. On 27 September 2007, Collison & Co were advised by IP Australia that a patent had been granted for client A's invention.
101. On 23 October 2008, client A lodged a complaint with the Board about the conduct of Mr Boehm and Mr Schulze. The complaint was in the form of a statutory declaration. In his complaint, client A asserted that his US and Australian patent applications had not been broad enough to capture what he had intended for his idea. He set out his dealings with the firm and asserted that Mr Boehm and Mr Schulze 'have engaged in professional misconduct due to their blatant conflict of interest.' He went on to say that Mr Boehm and Mr Schulze had been dealing with his confidential information at the same time as his direct competitor.

## **Charge against Mr Schulze**

102. Essential to the first charge of unsatisfactory conduct made against Mr Schulze is proof of:

- (a) the existence, on or after 11 September 2011, of a conflict of interest between client A and client B;
- (b) Mr Schulze had a duty to take immediate steps to resolve the conflict of interest,
- (c) Mr Schulze failed to take such immediate steps as required under paragraph 4.2.8 (i) of the 2001 Code of Conduct, and
- (d) Mr Schulze's failure is such that it amounted to unsatisfactory conduct as defined in old regulation 20.1 of the Regulations.

103. There was some dispute as to whether, as at the relevant date, a conflict of interest did exist in the relevant sense. Mr Schulze accepted that Collison & Co were acting for client A and client B in the same endeavour, however this alone, he submitted, did not give rise to a potential or actual conflict of interest. Mr Allen agreed. Mr Schulze also adhered to what he had said in response to the assertion's of client A's solicitor, that Collison & Co were not in a situation of conflict. That assertion was based on the fact that there was no evidence of any disclosure of confidential information between the respective Collison & Co attorneys who were acting for each client and the fact that there was no infringement of the patent claim of client A, by the patent claim of client B. It was also the contention of Mr Schulze and Mr Allen that the suggested course of action by Mr Boehm in his letter of 24 August 2007 was correct and did not give rise to a situation of conflict in Collison & Co's role as attorney for both client A and client B.

104. Dr Davies disagreed. It was his evidence that a conflict of interest did exist, as at 11 September 2007, and while he accepted that there was no evidence of a 'legal conflict' (i.e. disclosure of confidential information, or infringement), there was evidence of a 'commercial conflict' in that the two



clients were competitors in the same area of endeavour. This he said became apparent when client A complained to Mr Boehm on 24 August 2007. Hence, from this date Collison & Co were placed in a situation of possible conflict in continuing if they continued to act for both clients.

105. On the undisputed evidence, I agree with Dr Davies' conclusion. The experts agreed that the inventions of client A and client B were in the same area of endeavour, being 'prickle chain links'. These, as described in the documents are agricultural chains that are used to cultivate the ground. The experts also agreed that, as a matter of law, the claims made by client B in his 2006 provisional patent application were not an infringement of the claims made by client A in his patent application. Yet, having regard to the evidence, I find that the area of endeavour is relatively narrow in compass. The skill of an attorney is of course the ability to identify those features of a client's invention which are novel and new and draft claims which reflect such features. This skill is developed through the attorney's specialist training, knowledge and experience as a registered attorney. It is this skill which clients rely on when retaining a registered attorney.

106. The duty of an attorney to avoid and resolve a conflict, or possible conflict, of interest is grounded in fiduciary law, which requires a fiduciary to give his or her undivided loyalty to the principal (the client). As explained by Mason J, in *Hospital Products Limited v United States Surgical Corporation* (1984) 156 CLR 41, at 68, fiduciary relationships are 'relationships of trust and confidence or confidential relations' where:

'...[the] fiduciary undertakes or agrees to act for or on behalf of or in the interests of another person in the exercise of a power or discretion which will affect the interests of that other person in a legal or practical sense. The relationship between the parties is therefore one which gives the fiduciary a special opportunity to exercise the power or discretion to the detriment of that other person who is accordingly vulnerable to abuse by the fiduciary of his position.'

107. It is not disputed that the relationship between a registered patent and trade marks attorneys is a fiduciary one and that the attorney, as fiduciary,



owes (subject to the law) a duty of undivided loyalty, to his or her client: see also paragraph 3.2.7 of the 2001 Code of Conduct which states that an attorney must act in the best interest of the client. This duty is repeated in the 2008 Code of Conduct.

108. This duty of undivided loyalty was explained by Wilson JA (CA (Ont)), a Canadian Judge, in *Davey v Woolley, Hames, Dale & Dingwall* (1982) 35 OR (2d) 599, at 602, as follows:

‘The underlying premise ... is that, human nature being what it is, the solicitor cannot give his exclusive, undivided attention to the interests of his client if he is torn between ... his clients interests, and those of another client to whom he owes the self-same duty of loyalty, dedication and good faith.’

109. Accordingly, an attorney is required to avoid a situation where his or her duty to act in the best interest (including loyalty and confidentiality) of one client, or a prospective client will conflict with his or her duty to act in the best interest to another client. In general, this conflict in the role of an attorney arises where the interests of the respective clients differ in regard to, or relating to the subject matter, or task for which the attorney has been retained. These interest, as Mr Davies explained, include commercial interests as well as legal interests: see also *In The Matter of Kelly* (Patent and Trade Marks Disciplinary Tribunal, 28 February 1997, J F Lyons QC), at [52]. However, these are not necessarily the only interest on which two clients of an attorney may have differences about. This will depend on the facts of and circumstances of each case.

110. This duty to ‘avoid’ situations of conflict, or possible situations of conflict in the role of the attorney has been held to mean a duty to be alert, at all times, for the possibility of a situation of conflict arising: see *Council of the Law Institute of Victoria v A Solicitor* [1993] 1 VR 361 at 367. That is, it is an ongoing duty and not one that only arises at the time the attorney receives instruction from a prospective client.

111. While consent of the client might cure a possible situation of conflict, that consent can only be obtained where the client is fully informed and

understands the consequences of consenting to the attorney acting or continuing to act. Where a possible situation of conflict may arise as a result of an attorney acting for two clients with differing interests that conflict, consent must be obtained from both clients. And even when consent is given, the duty to avoid situations of conflict remains.

112. It is not disputed that the duty to avoid situations of conflict, or possible conflict in the attorney's role/duty in acting for clients with differing interests, extends to the firm: see *Blackwell v Barroile Pty Ltd* (1994) 51 FCR 347 at 360. That is, without the consent of both clients, the fact that one partner, associate or employee in the firm acts for one client and another partner, associate or employee acts for the other client, will not be sufficient to avoid a conflict of the differing interest between these clients. In this regard I note the evidence of the experts of systems that firms have in place to address such an issue. There was also evidence of such a system at Collison & Co. However, as the system was not a matter relevant to the charges, I have not examined these any further. In this regard I note it is the Board's contention that from the time Collison & Co accepted the retainer from client A, there was a potential for a situation of conflict to arise as the interest of client A and those of existing client B, differed (i.e. conflicted) due to the similarity of their inventions and the fact that they were competitors in the same geographical market. The Board went on to contend that the potential for a situation of conflict of interest became actual when Collison & Co sought, unintentionally, to obtain rights for client A, to the detriment of client B, when lodging client A's patent application in 2004. It is asserted that the specifications of client A's patent application covered those of client B's 2001 invention. That conflict, the Board asserted was resolved when client A amended his specifications to narrow his claim. As the charges made against Mr Schulze and Mr Boehm do not contain any assertions of this nature I have taken this contention to be an example of where a situation of a conflict of interest can arise so easily when an attorney or a firm continues to act for two clients with interests that differ/ conflict.

113. I also note the evidence of the experts, Mr Allen and Mr Ward that it is not uncommon for a patent attorney firms in Australia to be acting for more than one client in a specific endeavour as the number of firms are small and there is a wide range of technology for which patents are sought. However, I do not accept that the duty to avoid a situation of conflict in such situations differs in any way to the duty that applies to an individual attorney: see *Mallesons Stephen Jaques v KPMG Peat Marwick* (1990) 4 WAR 357 at 374-5. The same principles apply.

114. For the reasons I have explained under the heading 'Charge against Mr Boehm', I agree with Mr Davies' opinion that the advice Mr Boehm gave to client A, in his letter of 24 August 2007, was contrary to the interests of client B and for this reason, Collison & Co was placed in a situation of conflict between the interests of client A and client B. In my opinion, it does not matter how the interests of client A and client B are categorised. The fact is that Mr Boehm advised client A to consider lodging a Divisional Application, with claims 'broad enough to encompass' client B's claim. He also said Collison & Co could prepare this document for him. While the nature of the advice might have been correct, in the circumstances it was not for Mr Boehm to give, because of the situation of possible conflict of interest. Mr O'Mahoney also gave evidence that client B had spoken to him at about the same time client A had spoken to Mr Boehm. Nor did Mr O'Mahoney dispute that he and Mr Boehm had a discussion about the inventions of their respective clients and during these discussions Mr O'Mahoney showed Mr Boehm a drawing from client B's file. Mr Boehm identified that drawing at trial to be one that had been published with client B's 2006 provisional patent application. While Mr Schulze stated that he was not aware of the complaint made by client A until he received the letter from client A's solicitor around 7 September, I find it difficult to believe he was not made aware of it. However, I do accept that he may have forgotten what was said.

115. Following the discussions and the letter written by Mr Boehm, Mr O'Mahoney continued to act for client B and Mr Boehm continued to await

instructions from client A. He even met with client B five days later, on 29 August 2007, where they discussed the draft Complete Australian Standard Application of client B's 2006 invention. Also on the day Mr Schulze wrote his response to client A's solicitor, Mr O'Mahoney telephoned client B and they had a discussion about the assertions made by client A's solicitor.

116. Accordingly, I find that Collison & Co's situation of conflict remained as at 11 September 2007, when Mr Schulze responded to the letter of the solicitor of client A. He, as I have noted, responded in his capacity as Managing Partner of the firm and his response indicates that he, or someone on his behalf, had examined the information that was contained in Collison & Co files of client A and client B.
117. In regard to the issue about resolving the conflict, the evidence of the experts varied. Mr Allen said that in his opinion, Mr Schulze had acted appropriately in the circumstances. As I have pointed out, paragraph 4.2.8 (i) of the 2001 Code of Conduct requires the attorney (or firm) to take immediate steps 'to resolve' a conflict or a possible conflict of interest, subject to, circumstances of urgency, where action is necessary to maintain the rights of the client(s).
118. In this case, it was the evidence of Mr Beadle and Mr Ward, that there was some urgency as the period in which client A had available to protect his rights was limited to the lodgement of a Divisional Application. That Application had to be filed by 16 September 2007. This was only a matter of 3 weeks after client A had complained to Mr Boehm. Yet when client A's solicitor wrote to Mr Schulze two weeks later, Mr Schulze had no such concern. Instead he decided that there was no issue of conflict as, in his opinion, the invention of client A and client B were not the same and there had been no breach of confidentiality. In my opinion, in the circumstances, where client A's solicitor had asserted that Collison & Co were in a position of conflict, it was not for Mr Schulze to cavil with this assertion. Instead he should have immediately arranged to have client A's

file transferred to the firm nominated by client A's solicitor and made arrangements for the immediate transfer of client B's file to another attorney (or firm).

119. Accordingly, I find that Mr Schulze failed to take immediate steps to resolve the situation of Collison & Co's conflict in the firm continuing to act for client B.
120. I also find that Mr Schulze's failure amounts to unsatisfactory conduct as defined in old regulation 20.1 of the Regulations.
121. While, the Tribunal has previously expressed concern about the meaning of unsatisfactory conduct as contained in the old regulation (see *In the Matter of Kelly* at [60]; *John Peter Gahan and Professional Standards Board for Patent and Trade Marks Attorneys* (1998) 27 AAR 517; [1998] AATA 479 and *Professional Standards Board for Patent and Trade Marks Attorneys and Patent and Trade Marks Attorneys Disciplinary Tribunal* (2002) 70 ALD 592; [2002] AATA 728), in my view with the introduction of the 2001 Code of Conduct these expressions of concern are no longer of such relevance to those standards expressly contained in that Code.
122. I accept that the evidence of the experts, including Mr Davies, have to some extent conceded that views might differ between competent registered patent attorneys as to Mr Schulze's conduct. But this is not determinative of the issue. Ultimately, it is for the trier of fact to determine this issue and on the basis of my findings that as at 11 September 2007, Collison and Co were in a situation of conflict and that Mr Schulze, as the managing partner of the firm failed to take immediate steps to resolve that conflict, as he was required to do under paragraph 4.2.7 of the 2001 Code of Conduct, this must lead to a finding of unsatisfactory conduct as charged. However, in making that finding, I note that there is no evidence of any actual loss suffered by client A or client B as a result of Mr Schulze's conduct. Nor is there any evidence of bad faith, or the disclosure of confidential information. Instead the evidence suggests that

Mr Schulze had a poor understanding of the duty placed on him and his firm to avoid situations of conflict.

### **Charge against Mr Boehm**

123. There are a number of aspects (i.e. elements) to the charge of unsatisfactory professional conduct the Board has made against Mr Boehm. These are (a) failure to avoid a conflict between client A and client B, (b) failure to discharge his duty to take immediate steps to resolve the actual or potential conflict that had arisen, (c) failed to maintain the right of client B. Each of these failures are said to be contrary to paragraph 4.2.8 of the 2008 Code of Conduct and the general law and by reason of these contraventions, Mr Boehm is guilty of unsatisfactory conduct.
124. Mr Boehm has contended that the Board has acted inappropriately in bringing these proceedings. While I can understand Mr Boehm's concern, in my view, the Board's conduct cannot be described as inappropriate. As I have explained, the Board is vested with the power and function to investigate and commence proceedings for unsatisfactory professional conduct (including pre 1 July 2008, unsatisfactory conduct) by a registered patent attorney. It can exercise that power in a number of ways and the fact that Mr Boehm considers this power could have been exercised in a different way does not make the Board's conduct inappropriate. I agree that matters such as these should be investigated as expeditiously as possible, but as I understand, the Board, which is the decision making body under the Patents Act and Regulations meets irregularly and in this context the delay in bringing these proceedings might be justified. Ultimately, it is for the Board to prove its charge and a delay in doing so can have an effect on such proof. However, as I have explained, the material relied on by the Board to establish the charges it has made is primarily contained in documents that were created contemporaneously with the events recorded therein.

125. In the particulars to the charge, the Board asserted that each of the failures specified in the charge were as a result of Mr Boehm giving the advice he gave in his letter of 24 August 2007. The Board asserts that Mr Boehm's letter 'illustrates graphically the potential for conflict between two clients'. First, it points to the second paragraph, which notes that Collison & Co is in possession of confidential information about client B's invention. The Board asserts Mr Boehm's remark is made in the context that this is information client A may wish to see. In my opinion, that is not what is said, nor do I believe this is what Mr Boehm intended his remark to mean. He was merely providing client A with information about the fact that the firm had lodged a provisions patent application on behalf of client B.
126. The Board then points to the paragraph in which Mr Boehm expresses an opinion as to whether B's invention, as seen by client A, would infringe his patent application for his invention and the paragraph in which Mr Boehm advises client A of his right to make a Divisional Application with claims that were broad enough to encompass client B's invention.
127. I agree with the contention of the Board in regard to these paragraphs. In the circumstances it was not for Mr Boehm to give advice in regard to a possible infringement as to whether client B's invention infringed client A's. He could however suggested that client a might seek some independent advice on this.
128. In regard to the latter paragraph, the experts, other than Mr Davies, seemed to agree that providing advice about the lodging of a Divisional Application was appropriate in the circumstances as client A's right to do so would expire within three weeks. These experts also agreed that in the circumstances it was appropriate for Mr Boehm to have suggested that he draft and lodge that Divisional Application on behalf of client A. Such an Application the experts all agreed were not uncommon and easily prepared as they were usually in the terms of the original application that had been lodged.



129. In my view, as Applications of this nature are easily prepared and lodged, it cannot be said that the circumstances for lodging this application was urgent so as to protect client A's rights. Even if the situation was urgent, I accept Mr Boehm's advice to lodge a Divisional Application which was broad enough to included client B's invention, was contrary to the interests of client B. Mr Boehm conceded as much in his oral evidence.
130. However, the question is whether the charge as made by the Board has been proven.
131. In regard to the alleged first failure of Mr Boehm, it is alleged that Mr Boehm, by giving the advice contained in his letter failed to take all reasonable steps to avoid a conflict. As pointed out by Mr Boehm in his submissions, the Board has not identified what those reasonable steps should have been in the circumstances. The evidence is that prior to 24 August 2007, Mr Boehm was unaware of the existence of client B's inventions or that client B was a long standing client of Collison & Co. At the time Mr Boehm commenced working on client A's invention, he was not a qualified patent attorney and was therefore not subject to the duty to avoid a conflict. At the time Mr Boehm was assisting Mr Habel who was the attorney working on client B's invention. After Mr Boehm became a registered patent attorney and became the responsible attorney for client A's invention, he remained an employee of Collison & Co. The evidence is that a new file for client B's 2006 invention was not created until after 25 May 2006 and on the instructions of Mr O'Mahoney, the title of the file was to be advised subsequently. What that file was titled is not in evidence. No criticism has been made against Mr O'Mahoney, a partner in the firm, as to the steps he might have taken to avoid a situation of conflict. In any event, I accept Mr Boehm's evidence that he had no reason to believe that his work in acting for client A may be contrary to the interests of another client of the firm, client B. This, the Board conceded.
132. Once Mr Boehm was contacted by client A, he immediately made enquiries about what matters of client B were with the firm and which



attorney was responsible for these matters and as a consequence he had a discussion with Mr O'Mahoney. No criticism has been made of this conduct and it is difficult to see what other reasonable steps Mr Boehm could have taken to avoid the dispute raised by client A, which included a possible situation of conflict. He clearly needed to respond to client A's complaint and this he did. It was the content of his letter, which is of concern, but this is not what is asserted in this failure.

133. In regard to the alleged failure to discharge his duty to take immediate steps to resolve the actual or potential conflict by giving the advice he gave, I think, at the time Mr Boehm believed this was what he was doing in sending the letter. It is the content of that letter which is of concern and not his failure to immediately act when client A raised his concerns. That is, it is what Mr Boehm said which created a situation of actual or more than possible conflict in the role of Mr Boehm and Mr O'Mahoney continuing to act for client A or client B, without both clients consenting to them and the firm continuing to act for them. On the evidence, after he had written this letter it appears that he had no further involvement in client B's matter, so it is difficult to envisage what further steps he could have taken to resolve the conflict after he wrote the letter.
134. Finally, it is asserted that he failed to maintain the right of client B, in circumstances where those rights might be put at risk. I do not understand this assertion. Mr Boehm did not act for client B, I accept that his advice to client A was contrary to the interest of client B, however, I do not see how that translates into a failure to protect the rights of client B.
135. As the Board has not proven the asserted failures, I must find the charge of unsatisfactory conduct against Mr Boehm not proven. Accordingly, the appropriate order is to dismiss the charge.
136. Nevertheless, I accept that the conduct of Mr Boehm in providing advice to client B in the terms he provided that advice was contrary to his duty to avoid situations of conflict in his role as a registered patent attorney. I also accept that the letter was written in a hurry, under stressful

circumstances and Mr Boehm did not intend any harm. This is not an excuse, but as I have explained, there is no evidence of any loss having resulted from his advice. Client A immediately sought advice elsewhere.

### **Penalty**

137. As set out above, the available disciplinary action (penalty), on a finding of guilt of unsatisfactory conduct or unsatisfactory professional conduct, is a reprimand or a suspension of the attorney's registration. However, the power to reprimand or suspend is discretionary.
138. The applicable principles in determining whether to exercise that discretion and what disciplinary orders should be made were set out by Deputy President the Hon. C.R. Wright QC in *Professional Standards Board for Patent and Trade Marks Attorneys and Patent and Trade Marks Attorneys Disciplinary Tribunal* (2002) 70 ALD 592; [2002] AATA 728 at [61] to [66]. In summary, they are as follows:

(a) the powers to discipline a practitioner are entirely protective in character and no element of punishment is involved: see *Ziems v Prothonotary of the Supreme Court of New South Wales* (1957) 97 CLR 279 at 286 per Dixon CJ; *Clyne v The New South Wales Bar Association* (1960-1961) 104 CLR 186 at 201-2 and *The New South Wales Bar Association v Evatt* [1968] 117 CLR 177 at 183-4. That is, the power is to be exercised in a manner that is 'likely to achieve the maintenance of a high standard of conduct within the profession which will continue its good reputation, and so protect, not only the future of the profession, but also protect its clients from harm': see also *Law Society of New South Wales v Foreman* (1994) 34 NSWLR 408 at 441 and *New South Wales Bar Association v Meakes* [2006] NSWCA 340;

(b) while the power to discipline should be no more necessary than 'to maintain professional discipline and high standards of conduct', it is recognised that orders such as suspension or cancellation of

registration will inescapably have a punitive consequence: see *Foreman* (supra) at 413; and

(c) the protection of the public is not confined to the protection of the public against further default by the [practitioner] in question. It extends also to the protection of the public against similar defaults by other practitioners and has, in this sense, the purpose of publicly marking the seriousness of what the instant [practitioner] has done.

139. As I have only made a finding of guilt of unsatisfactory conduct in regard to the charge made against Mr Schulze, it is only necessary for me to consider whether disciplinary action, in the form of a penalty, should be made against him. I would however, indicate that had I found the charge against Mr Boehm proven, I would not have made a penalty order against him, as he has at all times been fully frank and co-operative. Mr Boehm has also acknowledged his conduct in advising client A to lodge a Divisional Application was contrary to the interests of client B of the firm. In my view he now fully understands the duty of avoiding situations of conflict and there is no suggestion that he performed his role as attorney for client A other than in a manner that was in accordance with that expected of a competent registered patent attorney. In making these findings, I repeat, I am in no way critical of the Board in commencing these proceedings against Mr Boehm.

140. I have also determined that it is not appropriate to make a penalty order against Mr Schulz. In my view, for the reasons I have stated, the proven unsatisfactory conduct, while serious is at the lower end of the scale of seriousness for such misconduct. It is also the only proven allegation of misconduct that has been made against Mr Schulz in his very long career as a registered patent attorney. I also believe that despite his protestations, through these proceedings he now fully understands his duty, and that of the firm, to avoid situations of conflict, or possible conflict of interest and the duty to resolve any such situation. The role of a registered patent attorney is a privileged one and the duty to avoid

situations of conflict is critical to that role as this is central to the confidence held in and the reputation of the attorney and the profession as a whole: see *Law Society of New South Wales v Foreman* (1994) 34 NSWLR 408 at 412..

## Orders

On the basis of my findings of fact and my reasons in this decision I make the following orders:

1. The Tribunal has jurisdiction to hear and determine these proceedings.
2. Mr Schulze is guilty of unsatisfactory conduct in that he failed to resolve the conflict of interest between client A and client B on or after 11 September 2007 in breach of clause 4.2.8 of the Code of Conduct for Patent and Trade Mark Attorneys.
3. No orders as to disciplinary action are made in regard to Mr Schulz's unsatisfactory conduct.
4. The charge against Mr Boehm is dismissed.



Disciplinary Tribunal for Patents and Trade Marks Attorneys

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|-------------------------------|---|
| <b>Date of Hearing:</b>       | 21 and 22 July 2011, Adelaide                                       |
| <b>Date of Decision:</b>      | 23 February 2012  |
| <b>Counsel for the Board</b>  | Ms J S Gleeson  |
| <b>Counsel for Mr Schulze</b> | Mr P Amy of counsel   |
| <b>Counsel for Mr Boehm</b>   | Mr B J Hess SC and Dr L J Duncan                                    |
| <b>Solicitor for the</b>      | Ms L Buchannan of the Office of the Australian Government Solicitor |

**Board**

**Solicitor for Mr  
Schulze**

Mr A Donaldson of Donaldson Walsh Lawyers

**Solicitor for Mr  
Boehm**

Mr G Brown of EMA Legal