

2 June 2017

Trans-Tasman IP Attorneys Board
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Dear Colleagues

Re Review of the Code of Conduct

Thank you for the Consultation Paper of April 2017.

UK-style guidelines

We are strongly in favour of adopting guidelines similar to those in the UK Rules¹. In our view, this adoption would remedy various defects in the current Code and otherwise further the objectives of the Code. By way of example:

- In connection with section 13², some worked examples of common work flows outlining the timing and extent of the required communications would be very helpful. One such work flow might describe the steps from filing a provisional patent application through to national renewal fees via an international patent application.
- Some examples of what might trigger section 14(2)³ would be helpful.

Section 14(4)

We recommend that this section be replaced with a requirement to ensure that clients are reasonably informed⁴ of the coverage and content of their patent applications at the appropriate times.

Section 14(4) provides:

¹ Rules of Conduct for Patent Attorneys, Trade Mark Attorneys and Other Regulated Persons <http://ipreg.org.uk/wp-content/files/2012/08/IPReg-Code-of-Conduct-April-2016-website.pdf>

² As it relates to the provision of written estimates

³ As it relates to the provision of certain advice for 'new work'

⁴ To adopt the language of the consultation paper



A registered attorney who is an individual must ensure that the client is given an opportunity, if practicable, to view drafts of patent specifications prepared by the registered attorney for the client.

The timing of the opportunity to view is not specified. One is left to assume that it is before the specification is filed. The pluralisation of "drafts" and "specifications" appears to be a drafting error.

In our view:

- it is entirely proper to file a patent application once the client has been reasonably informed and (a) approves a draft (singular), or (b) indicates that the specification should be filed with some minor amendment;
- simply providing a lay client with a draft of the specification is not enough to reasonably inform the client – a guideline should make clear that the independent claims should be identified and explained;
- a client can be reasonably informed without viewing a draft specification – e.g. in our view there is no need to forward a draft to an experienced IP manager who has instructed you to "please file a divisional patent application to claims 10 to 20";
- a guideline should make clear that "appropriate times" (above) includes during prosecution – e.g. in our view a lay client is not reasonably informed by "we propose to restrict the coverage of the application to the substance of claim 5" if the client is unlikely to know what that means.

Section 15(6)

We recommend that:

- this section be replaced with "a registered attorney may accept instructions from a client or prospective client that create a conflict of interest if reasonably necessary to avoid harm to the client or prospective client"; and
- guidelines make clear that:
 - section 15(8)⁵ becomes operative upon the acceptance of the instructions; and
 - nothing in section 15(6) obliges a registered attorney to accept instructions.

The current wording indicates that if (amongst other things) there is a conflict, instructions must be accepted – that instructions that can be refused at other times must be accepted if they create a conflict seems to be a drafting error.

⁵ Relating to the resolution of conflicts



Section 17

We recommend that section 17 be replaced by a guideline to section 11(3) that is akin to guidance 14.1 in the UK Rules.

Section 11(3) provides prohibits fraudulent and deceitful actions. Guidance 14.1 provides:

- 14.1 A regulated person must not submit orally or in any documents or pleading:*
- a) statements of fact or contentions that are not supported by the evidence or instruction of the client;*
 - b) contentions that he cannot justify as prima facie arguable; or*
 - c) allegations of fraud unless clearly instructed to make such an allegation and it is prima facie supported by credible material (note, however, that this does not preclude the making of claims of "bad faith" per se (for example, a lack of intention to use a trade mark), unless that claim is specifically directed to substantive fraud).*

Currently:

- section 17(1)(a) requires being open and frank in dealing with IP Australia (and other regulatory authorities); and
- sections 17(1)(b) to 17(1)(e) prohibit misleading statements.

The requirement of section 17(1)(a) is subject to the registered attorney's duty to the registered attorney's clients. Sections 17(1)(b) to 17(1)(e) are not subject to any similar limitation.

In our view:

- Whilst "open", "frank" and "misleading" are seductively simple terms, their meanings are elusive.

To our knowledge, all public discussion of the evils intended to be prohibited by section 17 are covered by the "false" aspects of that section whereas, on our reading, "open, frank and misleading" are distinct other aspects of the section. In our view, if these other aspects are to remain in the Code, clarification (such as by UK-style guidance) is clearly required.

- At least arguably, "misleading" is inconsistent with the partisan role of a patent attorney⁶.

By way of example, it is routine to respond to inventive step objections with quotes from case law selected to favour the client's position. At least arguably, this routine selection is

⁶ As made clear by section 11(1) of the Code



"misleading", i.e. misleading an examiner to a view more favourable to the client than a balanced view of the current position of the law.

- Wording akin to UK Guidance 14.1 would more clearly codify what is meant by section 17.

Section 18(4)

We recommend adding the words "or otherwise deal with the refund as instructed by the client" to the end of this section.

Section 18(4) provides:

A registered attorney must, as soon as practicable, give a client any refund due to the client

whereas, in our view:

- it is entirely appropriate to hold client funds on account to be put towards future actions if the client provides informed consent to do so; and
- the Code should provide for this.

Section 19(2)

We recommend that the section be replaced by a requirement "not to use or disclose confidential information other than as intended by the owner of the information".

The section currently prohibits the use of confidential information, whereas attorneys routinely use their clients' confidential information (e.g. to prepare patent specifications) and disclose the clients' confidential information (e.g. by filing patent applications).

Sections 21(4) and 21(5)

We recommend that sections 21(4) and 21(5) be replaced by:

- a guideline to section 11(3)⁷ making clear that:
 - clients should not be led to (or otherwise allowed to reasonably) believe that an attorney is performing (or will perform) work that they are in fact passing (or will pass) on to other(s); and likewise
 - clients should not be misled (or allowed to reasonably misunderstand) in relation to the other's (others') experience and qualifications;

⁷ Which prohibits fraudulent and deceitful actions generally



- a guideline to section 11(1)⁸ making clear that acting in the client's interest requires taking due care when outsourcing, delegating and otherwise engaging others to assist the client.⁹

In our view, the current provisions require redrafting at least because on their plain and ordinary meaning they have absurd outcomes and are otherwise unclear.

Sections 21(4) and 21(5) of code explain that:

- (4) *Subsection (5) applies if:*
 - (a) *an associated person does work for a registered attorney; and*
 - (b) *the work is not clerical or administrative work.*
- (5) *The registered attorney must ensure that:*
 - (a) *the associated person has appropriate competency for the work; and*
 - (b) *if the associated person is unregistered—the client is informed, as soon as practicable, that the associated person is unregistered.*

The definition of "associated persons" apparently takes in foreign associates, technical assistants, accountants, IT staff and cleaners, etc. The Explanatory Statement mentions accounting staff. In our view, having to tell a client that the cleaners (or the nanny at home, for that matter) are not registered is absurd.

The current wording also begs the questions:

- How do we ensure that accountants, IT staff and cleaners (etc) are competent as required by section 21(5)(a)?
- Who is "the client" mentioned in section 21(5)(b)? For example, if the work mentioned in section 21(4)(a) is cleaning, which client must be informed of the cleaner's lack of registration?

The Explanatory Statement suggests that a delegating attorney should be responsible for the delegate's work. In our view:

- delegating attorneys should be responsible for taking due care in selecting and supervising delegates; and
- at least so far as it relates to ethical standards, delegating attorneys should not be otherwise responsible for their delegate's work.

⁸ Which outlines an attorney's core obligations

⁹ In line with the discussion in the Explanatory Statement – Code of Conduct for Patent and Trade Marks Attorneys 2013 <https://www.legislation.gov.au/Details/F2013L01822/Explanatory%20Statement/Text>



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