

2 June 2017

Trans-Tasman IP Attorneys Board

By email only

MDB-TTIPABCodeOfConduct@ipaaustralia.gov.au

Response to the Consultation Paper on review of the Code of Conduct

Our Ref: 28M-3

Dear Madam/Sir

We refer to the Consultation Paper that issued in April 2017 concerning the proposed review of the Code of Conduct for Patent and Trade Mark Attorneys. We note that the deadline for submission of comments is 3 June 2017 and are pleased to make the following submissions on behalf of FB Rice. We have sought to provide comment on each of the issues as identified in the review. We note that the Board expects to issue a draft revised Code for public comment and look forward to the opportunity to review the draft revised Code in due course.

Issue 1: Amendments consequential upon introduction of the trans-Tasman regime

- Are there any amendments, other than those already identified by the Board, that need to be made to the Code as a result of the introduction of the trans-Tasman regime?

We have not identified any other required amendments.

Issue 2: Equal application of provisions generally

- Should the Code apply the provisions of sections 11(4), 12, 13(1), 13(2), 14(2), 14(3), 14(4) and 24(3) to *all* registered attorneys – including, in particular, incorporated attorneys and attorney directors – not just registered attorneys who are individuals?

Yes. We agree it is neither necessary nor appropriate to limit the application on these provisions to only individual attorneys.

- Should the provisions of sections 22 and 23 be consolidated with the provisions of section 21?

Yes. We agree it would be desirable to see streamlining of these provisions.

Issue 3: Elaboration of the Professional Conduct Standards

- Should the professional conduct standards of the Code be elaborated by the introduction of Guidelines providing guidance in relation to the discharge of the standards, in a manner similar to which the UK Rules provide such guidance?

Yes, we believe there should be elaboration.

However, it is well recognised that Australasian attorneys serve both domestic and international clients. Having regard to the global nature of the profession, we believe it is important that these international clients experience a standard of professional performance comparable to the standard provided by their domestic attorneys. We do not suggest that this code ought to reproduce the rules established in jurisdictions such as the UK and the US. Rather we consider it appropriate that the Code of Conduct ensure that its standard is comparable to or exceeds such jurisdictions. In this way, international clients may be assured that their Australasian work is performed at an appropriate standard. Of particular importance in the Australasian jurisdiction is the existence of incorporated businesses owned by publically listed corporations. To the best of our knowledge, such structures (to the extent of comprising groups of such businesses) do not exist in any other major jurisdiction. As such, international clients need to have confidence that such entities are properly regulated and held to the standards expected of their domestic attorneys.

- If so, which standards should be so elaborated, and what is the guidance that should be provided in relation to them?

We further agree that greater elaboration could be provided around diligence (Section 16) and integrity (Section 17). As mentioned above, the Board does need to develop its own standards but do agree the UK Rules would be a useful starting point for the Board to consider in preparing the elaboration.

Issue 4: Groups of firms

- Should the Code expressly recognise the possibility of a legal person (whether a publicly listed or privately owned company, an individual or some other legal person), owning and operating a plurality of incorporated attorney practices?

Yes.

- Should the Code provide that incorporated attorney practices that are commonly owned are not to be treated (a) as other than separate practices, and (b) as business associates of each other for the purposes of the conflict of interest provisions, so long as they are operated independently?

Yes, although our approval is subject to the definition of what is considered “operated independently”.

- Should the Code provide guidance on what governance and management structures and procedures are required within group scenarios for group practices to be considered as operating independently for the purposes of the Code?

Yes, although we regard “guidance” as likely to be insufficient. We consider that the Board should establish clear rules as to when group practices are considered as “operating independently”.

- If so, what are the governance and management structures and procedures that should be specified in the guidance? How prescriptive should be the guidance?

We submit that rather than “guidance”, the Board establish clear rules. As a minimum, structures and procedures need to include:

- *Establishment of information screens between the practices.*
- *Requirement that attorneys and staff are employed by the practice (by this we mean not employed by the listed parent entity or a service entity providing employees to all of the various practices within a Group. Note: having employees in a related entity that only provided employees to one practice would be unobjectionable).*
- *Requirement that registered attorneys employed by the parent company in a management or leadership role not be allowed to practice as attorneys within a subsidiary company (on the basis that these attorneys by definition of their management or leadership role in the parent company could have access to the records, approach and practice of each of the subsidiary practices).*

- Should the Code impose on a commonly owned attorney practice an obligation to disclose the practice’s ownership status to prospective and existing clients?

Yes.

- If so, what is the minimum information about the practice’s ownership status that should be disclosed?

Where a practice is part of a Group, with other practices in the Group also providing IP attorney services, we consider the minimum disclosure should be as follows:

- *Advice that the practice is fully or partly owned by another parent entity.*
- *Advice that the parent entity is listed on a stock market (where applicable) and has shares publicly traded on that stock market.*
- *Advice that registered attorneys working in the practice may own shares in that parent entity (except where that is not the case).*
- *Advice as to what other practices (that employ registered attorneys) are also owned by that parent entity).*

Not addressed by the above question is when and how disclosure should be made. We consider the amended Code should address these issues.

Issue 5: Equal application of conflict of interest provisions

- Should the Code’s conflict of interest provisions apply to all attorneys equally, whether they are individual attorneys, incorporated attorneys that are not part of a group, or incorporated attorneys that are part of a group (either a publicly listed group or a privately owned group)?

Yes.

Issue 6: Double employment

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- Should the Code expressly permit double employment in non-contentious matters so long as the clients provide sufficient consent?

Yes, for non-contentious matters.

- If so, what type of consent should the Code specify as being sufficient for this purpose?

Fully informed consent in writing. There is no reason why the Trans-Tasman IP attorney profession should be held to a lower standard than patent attorneys and agents registered in other comparable countries (such as the US and the UK). The UK Rules appear to adopt a pragmatic approach to balancing the requirement for fully informed consent whilst acknowledging that IP attorneys will often act for clients in the same general field of business or technology.

- Should the Code provide guidance on what information must be provided to a client for its consent to be sufficient to permit an attorney to act in a double employment situation?

Yes.

- If so, what is the information that should be specified in the guidance?

Where a conflict is identified, the name of the other party.

- Should the Code expressly prohibit double employment in contentious matters?

Yes. The Code should provide a definition of “double employment”.

- If so, should the Code provide guidance on what are to be regarded as contentious matters for this purpose? What matters are to be considered contentious matters for this purpose?

Yes, for IP attorneys:

- *Opposition matters*
- *Re-examination*
- *Provision of advice preliminary to undertaking opposition or re-examination work*
- *Litigation support, including pre-litigation support (i.e. where an IP attorney is assisting a lawyer in regard to litigation)*
- *Litigation and provision of advice preliminary to litigation.*

Issue 7: Resolution of conflicts of interest

- Should the Code apply the obligation to take steps to resolve a conflict of interest to all types of such conflict?

Yes.

- Should the Code provide guidance on what steps an attorney must take to resolve a conflict of interest?

Yes.

- If so, what are the steps that should be specified in the guidance?

In regard to non-contentious matters, the guidance should stipulate that the attorney seek fully informed consent.

For contentious matters, the guidance should stipulate that the attorney resolve the conflict by ceasing to act for at least one of the parties (and all parties where the attorney is in possession of confidential information or knowledge of relevance to the dispute and would not have been in that possession but for the fact of having acted for the other client).

Yours sincerely
FB Rice



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