

Via Email Only

MDB-TTIPABCodeOfConduct@ipaaustralia.gov.au

28 September 2017

Ms Janine Brown
Trans-Tasman IP Attorneys Board

Re: Code of Conduct for Trans-Tasman Patent and Trade Marks Attorneys 2018

Dear Ms Brown

Thank you for the opportunity to comment on the draft code and guidelines. As a general observation, the proposals address the major changes required in light of the advent of corporatisation and common ownership of incorporated patent and trade mark attorney practices. We also welcome the clarifications and simplifications that have been made to the code.

There are only a few issues in respect of which we wish to provide specific comment.

Section 12 - Responsibility

As currently drafted, s12(1)(b) makes both individual attorneys or directors or an incorporated attorney responsible for "the work, acts and defaults of each associated person". The definition of associated person in section 4 only contains a restriction that the person "does work for a registered attorney...". In combination, there appears to be no limitation to the operation of s12(1)(b) such that any work, but more particularly act or default, is the responsibility of the registered attorney. In its current form this appears to be sufficiently broad to include in any act whether related to the practice of the patent attorney or not. It seems that an appropriate narrowing to refer only to the activities of the registered attorney would be appropriate. It is noted that subsections 2 and 3 are limited in this way.

Section 15 - Diligence

Subsection (1) uses the language "timely" whereas subsection (2) refers to "promptly". It is unclear why different language is used and how the two provisions interact. It is suggested that a more consistent approach should be adopted.

Section 16 - Communication

The exception provided by subsection (2) is limited to the first three sub paragraphs of section (1). That is, an incorporated attorney that is part of an ownership group is still required to provide that requisite information. It is submitted that this requirement is overly onerous and not necessary in relation to a client represented by foreign registered attorneys or other attorneys. There is no requirement on practices that are not of this type to divulge their ownership structure or identify or distinguish between the equity and non-equity owners of the practice. Historically, some practices have operated as unit trusts and other structures involving trusts where the beneficiaries and/or controllers of the trusts are opaque to the clients. If it is appropriate to impose disclosure obligations on incorporated practices, the same logic would seem to require that relevant control and/or beneficial owner disclosure obligations be imposed on private practices.

Section 19 - Loyalty

Subsection (1) defines a registered attorney to be a fiduciary in relation to a current client. It is submitted that this provision is unnecessary and potentially confusing having regard to the common law that already applies. The common law has well established principles that determine when a fiduciary relationship exists and the attempt to provide an inclusive provision without any definition potentially creates conflict with that law and a difficulty of interpretation in relation to the ensuing subsections, most of which are obligations that would be imposed if there were a fiduciary duty.

It is also unclear how subsection (3) interacts with subsection (4). Perhaps subsection (3) could be made expressly subject to subsection (4) – as subsection (4) is vis a vis subsection (5).

Section 20 - Conflicts

Subsection (1) is drafted using the language “must avoid”. It is submitted that this strict requirement might be breached either inadvertently or in some set of circumstances where the attorney is to take an action to preserve the rights of a client. Accordingly, it is suggested that the language would be better in the form of “take all reasonable steps to avoid”.

In addition, it would seem that the operation of section 20 should be subjected to any consent that has been provided under section 19.

Section 21 - Independence

The operation of subsection (1) is unclear in its reference to independence in as much as that neither section 19 or section 20 use that language.

Section 23 - Ownership

Subsection (2) requires an obligation of disclosure in relation to membership of an ownership group. We have strongly supported the disclosure of ownership and members of the ownership in our letters initially to Ms O’Neill on 27 September 2016 and yourself on 8 June 2017. It remains our view that there should be an obligation of disclosure of the ownership and other members of the group to clients.

It is our view however that the current drafting imposes an unrealistic and impractical level of disclosure. In particular, it is submitted that the requirement should be to disclose the information but not the specific form of documents that should carry the disclosure. By way of example, requiring that every email disclose the group structure seems highly impractical. Given the frequency with which long email chains arise these days it would seem unnecessary to have such structure details repeated each time. Similarly for short emails to confirm receipt of a communication, and so on.

Rather, we submit that it is appropriate that the group structure be outlined at the commencement of each new matter together with any subsequent material changes (consistent with subsections 16(1) and (3)).

We submit that the obligation should be to ensure that there is communication that is sufficient to disclose the information to the client without being prescriptive about which documents do and do not need to carry a disclosure. If desired, there could be a general obligation to 'refresh' this annually should the matter go beyond 12 months. It is our view that the requirement imposed by section 16(1)(f) is a sufficient safeguard. Also, it is noted that there is no corresponding obligation on non-incorporated practices to reveal details of their ownership structure and in particular distinguish between equity and non-equity partners.

If any of these comments require further explanation, we would be pleased to provide additional commentary by whatever means you consider appropriate.

Thank you again for the opportunity to review and provide comments on the draft.

Yours sincerely

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, representing the name Leon Allen.

Leon Allen
Managing Director and CEO
QANTM Intellectual Property Limited