

*Federation of Law Societies
of Canada*



*Fédération des ordres professionnels
de juristes du Canada*

A Governance Framework for Intellectual Property Agents

**Submission to Innovation, Science and Economic
Development Canada and the Canadian Intellectual
Property Office**

Ottawa, August 31, 2016

INTRODUCTION

1. The Federation of Law Societies of Canada (“Federation”) is the national coordinating body of Canada’s 14 provincial and territorial law societies, which together govern Canada’s 125,000 lawyers, Quebec’s 4,500 notaries, and Ontario’s nearly 8,000 paralegals in the public interest. The Federation promotes the development of national standards, encourages the harmonization of law society rules and procedures, and undertakes national initiatives as directed by its members, among other activities. The Federation also speaks out on issues critical to safeguarding the public’s right to an independent legal profession, the protection of solicitor-client privilege and other issues relating to the administration of justice and the rule of law.

2. The Federation appreciates the opportunity to contribute to the Innovation, Science and Economic Development Canada and the Canadian Intellectual Property Office consultation (the “Consultation”) on a governance framework for intellectual property agents (“IP agents”).

SUBMISSION HIGHLIGHTS

3. In the submission of the Federation the most significant issue raised by the proposed framework is the regulatory duplication that each of the models that are contemplated would create. Many IP agents are lawyers¹ who are already regulated by provincial or territorial law societies. There is no public interest reason to subject lawyer IP agents to regulation by two distinct regulatory bodies and the additional regulatory burden, potential conflicts and likely confusion created by such duplication should be avoided. Possible options identified for resolving this issue include exempting lawyer IP agents from the proposed regulatory scheme, or extending the regulatory mandate of the law societies to include IP agents. There is a precedent for the first option and this approach is discussed below. As the limited time available for the Consultation has not afforded the opportunity for a thorough exploration of the second option it is raised as a *possible* solution only.

4. Regulation of lawyer IP agents by any entity other than a law society would also raise serious concerns about the protection of information protected by solicitor-client privilege. Effective regulation requires full access by the regulator to all relevant information, including information protected by solicitor-client privilege. Law societies are able to access this information pursuant to their statutory mandates, but they are bound to safeguard all privileged information. The proposed regulatory options do not provide adequate protection for information protected by solicitor-client privilege. Indeed, as each of the options contemplates some form of government oversight, it is not evident that appropriate protection is possible, highlighting another reason to avoid regulatory overlap.

¹ The scope of practice of notaries regulated by the Chambre des notaires du Québec is also broad enough to include advising clients on intellectual property law and notaries may become IP agents. The term “lawyer IP agent”, used for ease of reference throughout these submissions, includes any Quebec notaries who may be IP agents.

ISSUES AND RECOMMENDATIONS

Regulatory Overlap

5. All lawyers and Quebec notaries in Canada are subject to a robust regulatory regime established by provincial and territorial statutes. They must be licensed by the law society in their respective jurisdiction and are subject to comprehensive rules and regulations intended to protect the public. Despite this fact, each of the three regulatory models proposed in the Consultation contemplates the regulation of lawyer *and* non-lawyer IP agents, a model that would lead to regulatory duplication with two regimes regulating the same individual. Such regulatory duplication is neither necessary nor desirable.
6. The primary purpose of all professional regulation is to protect the public interest and while not expressly articulating this goal, the Consultation appears to recognize it. Lawyer IP agents should be included in the new regulatory regime for IP agents only if necessary to protect the public interest. It is not. Lawyers who are also IP agents are subject to the regulatory authority of the law societies, each of which is mandated by statute to regulate the legal profession in the public interest. The interests of the public are protected through comprehensive rules of professional conduct and law society regulations that include complaints and disciplinary processes to address breaches of the rules and regulations.
7. The Federation recognizes that there are instances in which an individual may be a member of two professions – law and accounting or law and medicine being two possible examples. In those cases the individual may be governed by two different regulatory bodies. Unlike the situation with lawyers and IP agents, however, the scope of practice of each of those professions is distinct. Discerning when the individual is acting as one or the other, a lawyer or a doctor, for example, is straightforward and identifying which regulator has jurisdiction in a particular case is equally straightforward. As important, a member of the public using the services of the individual is not likely to be confused about the professional capacity within which they are acting.
8. The potential for public confusion in the case of a lawyer IP agent is, by contrast, significant. Members of the public using the services of a lawyer for an IP matter are unlikely to be able to distinguish between legal work and IP work. As the IP agent regulator would have no jurisdiction over a lawyer IP agent when the individual is practicing law, governing lawyer IP agents through two separate regulators would lead to unnecessary, undesirable public confusion. It would also create the potential for conflicting rules and obligations that could put individuals in the impossible situation of having to choose between regulatory obligations, possibly violating the rules of one regulator to satisfy those of the other.
9. The Consultation documents recognize the potential for conflicts between law society rules and regulations and those that might be implemented by the IP agent regulator, suggesting that the regulators should be able to coordinate efforts to determine who has jurisdiction in a given situation. Such coordination might address some of the potential jurisdictional concerns, but protocols and agreements between the regulators are unlikely to do away with public confusion. In addition, it is not clear that full cooperation between distinct regulators would be possible. Statutory provisions preventing law societies from sharing information covered by solicitor-client privilege

could, for example, hamper cooperation in discipline cases. Particularly in the absence of a regulatory gap for lawyer IP agents, the preferable approach would be to avoid the potential conflicts and confusion. As discussed above, the public interest in the practice of lawyer IP agents is already fully protected through regulation by the law societies.

10. A regulatory framework that requires lawyer IP agents to be governed by two separate regulators would also violate the principle that regulation should not be more burdensome than necessary to accomplish its goals. The proposed regulatory duplication would increase costs for individual lawyer IP agents (and probably also for the regulatory bodies) and would require those agents to invest time and human resources in ensuring that they were aware of and in compliance with two sets of rules and regulations. In addition to being unnecessarily burdensome, the approach would be inefficient.

11. One way of avoiding this unnecessary regulatory duplication would be to exempt lawyer IP agents who are already regulated by a Canadian law society from the governance framework for IP agents.

12. There is a recent precedent for this approach. When the government introduced the regulatory regime for immigration consultants it specifically exempted practitioners already regulated by law societies. Although the scope of practice of lawyers providing immigration advice and representation is broader than that of immigration consultants, there is some direct overlap. Notwithstanding this overlap, however, lawyers providing immigration services are not required to become members of the designated regulatory body for immigration consultants. Pursuant to section 91(2) of the *Immigration and Refugee Protection Act*, only members of a Canadian law society (including the *Chambre des notaires du Québec*) or the regulatory body designated under the Act may represent a person in a proceeding or application under the Act.

13. The exemption of lawyers from the regulatory regime for immigration consultants recognized that there would be no public policy purpose in subjecting members of law societies to double regulation. The goal of public protection is met through law society regulation, as it would be were the government to take a similar approach to the regulation of IP agents.

14. The Federation recognizes that to register as an IP agent an individual must meet certain criteria, including successful completion of prescribed exams. We are not proposing that lawyer IP agents be exempt from this requirement whether the process continues to be administered by CIPO or is taken over by the body ultimately designated as the regulator for IP agents. It is important to note that registration is only one aspect of regulation. In our submission a comprehensive and coherent system of regulation that appropriately addresses all public risks can be established by recognizing law society regulation of lawyer IP agents, subject only to the requirement that lawyer IP agents meet the prescribed registration criteria.

15. Another possible approach would involve designating some or all of the law societies as the IP agent regulator. We have not, however, been able to explore this idea with our member law societies in the limited time provided by for the Consultation. In depth dialogue with the law societies would be required to determine whether there is an appetite for taking on this regulatory responsibility.

Protection of solicitor-client privileged client information

16. The potential threat to information protected by solicitor-client privilege is another issue arising from the proposal to include lawyer IP agents in the scope of the proposed regulatory scheme.

17. The Supreme Court of Canada has repeatedly held that solicitor-client privilege is a principle of fundamental justice that must be afforded the highest possible protection. Solicitor-client privilege must be as near absolute as possible and cannot be disclosed without client consent to a third party, including law enforcement and government.² In its recent decision in *Canada (National Revenue) v. Thompson*, the Court held:

Solicitor-client privilege has evolved from being treated as a mere evidentiary rule to being considered a rule of substance and, now, a principle of fundamental justice The obligation of confidentiality that springs from the right to solicitor-client privilege is necessary for the preservation of a lawyer-client relationship that is based on trust, which in turn is indispensable to the continued existence and effective operation of Canada’s legal system. It ensures that clients are represented effectively and that the legal information required for that purpose can be communicated in a full and frank manner³

18. Law societies are afforded access to solicitor-client privileged information held by lawyers to fulfill their regulatory purpose. They are, however, required, to carefully safeguard this information and may not share it with third parties (except as authorized by statute). Any regulatory scheme for IP agents must be constructed in such a way as to ensure that other than the law societies, no one not authorized by the client has access to privileged information. None of the proposed models would meet this requirement, a problem made particularly acute by the fact that all of the models contemplate some form of government oversight creating the additional risk that solicitor-client protected information might fall into the hands of the government.

19. This issue would be avoided by exempting lawyer IP agents from the proposed regulatory scheme as discussed above. Extending the regulatory authority of the law societies to include IP agents would produce a similar result. We repeat, however, that this latter option would have to be explored with the law societies and would be available only if the law societies were willing to take on this additional regulatory role.

IP Agent Privileged Communications

20. Recent amendments to the governing legislation have provided statutory protection for certain communications between IP agents and their clients (“IP agent privilege”). While the Consultation materials touch on the need to ensure that IP agents understand their professional duty to protect communications covered by IP agent privilege, they do not address access to or protection of privileged communications by the regulator. The IP agent regulator will need full access to protected IP agent

² Except in extreme circumstances of imminent risk of death or serious bodily harm and only such disclosure as is necessary to prevent the death or harm.

³ [Canada \(National Revenue\) v. Thompson, 2016 SCC 21](#), at paragraph 17.

privileged communications to fulfil its regulatory functions and its public interest mandate (but not information protected by solicitor-client privilege). In our submission it is essential, however, for the regulatory scheme to provide appropriate safeguards for such communications in the hands of the regulator.

Draft Interim Code of Conduct for IP Agents

21. The draft Interim Code of Conduct (“Code”) for IP agents demonstrates one of the potential problems with the proposed regulatory duplication: conflicting rules. While the Code has been amended since the start of the Consultation to include a provision addressing potential conflict with the law society rules of professional conduct, in the Federation’s submission this is an inadequate solution to the overall problem. If included in the regulatory regime, lawyer IP agents would still be burdened with two overlapping sets of professional conduct rules. As the public interest in the regulation of these individuals is already met through existing law society regulation, imposing this additional regulatory burden is simply unnecessary.

22. Without prejudice to our position that the proposed regulatory duplication must be avoided, we do wish to express a concern with the proposed Code. In our view the Code is insufficiently robust and fails to adequately address a number of important ethical issues. As suggested in the Consultation materials, a more robust consultation process will be required to develop a sufficiently comprehensive and defensible future code.

Support for proposed separation of regulator and professional association

23. One of the key strengths of Canada’s legal system is the clear distinction between the function of law societies and that of voluntary associations of members of the profession. The function of law societies is to regulate the legal profession in the public interest. The mandate of the Federation is also to serve the public interest. It is the function of voluntary associations of members of the profession, such as the Canadian Bar Association, to speak for and represent the interests of their members. We note that the governance framework for IP agents proposes regulatory structures that are separate from bodies that represent the interests of IP agents. We support this separation as fundamental to ensuring that the public interest prevails over the interests of IP agents in case of conflict.

Potential regulatory best practices dialogue

24. The proposed governance framework for IP agents does not seek feedback on innovations⁴ or debates on best practices in professional regulation. Law societies have a great deal of expertise in the design and management of a professional regulator. As

⁴ See e.g., Rees, Victoria, Transforming Regulation and Governance in the Public Interest, Nova Scotia Barristers’ Society, 15 October 2013, <https://nsbs.org/sites/default/files/cms/news/2013-10-30transformingregulation.pdf>. Terry, Laurel S., *Trends in Global and Canadian Lawyer Regulation* (2013), 76 Saskatchewan L. Rev. 145 (2013); Penn State Law Research Paper No. 24-2013. Available at SSRN: <http://ssrn.com/abstract=2260560>. Rickman, Neil and Anderson, James M., Innovations in the Provision of Legal Services in the United States: An Overview for Policymakers, Kauffman-RAND Institute for Entrepreneurship Public Policy, 2011, http://www.rand.org/pubs/occasional_papers/OP354.html.

an example and to provide context only, Canada's law societies are deeply engaged in expert discussions on many of the themes to be discussed at the 2016 International Conference of Legal Regulators such as adopting regulatory objectives through a transparent public process;⁵ regulating through compliance-based, proactive or preventative firm management;⁶ adopting aspirational discipline standards;⁷ using regulation to encourage disruptive innovations in service delivery;⁸ and promoting equity and diversity within a regulated profession and its workplaces.⁹ In furtherance of regulatory excellence in the public interest, we are confident that our member law societies would be pleased to engage in an expert dialogue on these topics as applicable to the regulation of IP agents.

⁵ See e.g., Terry, Laurel S., *Why Your Jurisdiction Should Consider Jumping on the Regulatory Objectives Bandwagon* (2013). 22(1) Prof. Lawyer 1 (2013). [Read the article at SSRN.](#)

⁶ See e.g., Parker, Christine and Gordon, Tahlia Ruth and Mark, Steve A., *Regulating Law Firm Ethics Management: An Empirical Assessment of an Innovation in Regulation of the Legal Profession in New South Wales*. Journal of Law and Society, Vol. 37, Issue 3, pp. 466-500, September 2010. [Read article on SSRN.](#)
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⁷ See e.g., Federation of Law Societies of Canada, National Discipline Standards, April 2014, <http://flsc.ca/national-initiatives/national-discipline-standards/>.

⁸ See e.g., Organisation for Economic Co-operation and Development (OECD), *Disruptive innovations in legal services*, <http://www.oecd.org/daf/competition/disruptive-innovations-in-legal-services.htm>.
Roper, Stephen, Love, Jim, Riger, Paul, and Bourke, Jane, *Innovation in legal services: A report for the Solicitors Regulation Authority and the Legal Services Board*, July 2015, Enterprise Research Centre, <http://www.sra.org.uk/sra/how-we-work/reports/innovation-report.page>.

⁹ See e.g., Hong, Kevin, *Equity And Diversity In Nova Scotia's Entity Regulation Management System*, Nova Scotia Barristers' Society, 31 July 2015, <https://nsbs.org/sites/default/files/ftp/InForumPDFs/Equity&DiversityNSEntityRegMgmtSystem.pdf>.