

Court sees patent lawyers' role as inherently confidential

By Arnold Ceballos

Holding that a court will look beyond a strict solicitor-client relationship, the Federal Court has disqualified a law firm from acting in a patent infringement lawsuit against a company that the firm never had any relationship with, on the basis that the firm was in a conflict of interest. In doing so, the court also stated that the pivotal role played by a patent lawyer, by its nature, would seem to imply that confidential information and instructions will be imparted by the client to the lawyer.

Robbins & Myers Canada, Ltd. v. Torque Control Systems Ltd. and Andrew Wright [2007] F.C.J. No. 1257 involved a lawsuit brought by Robbins & Myers Canada against Torque Control Systems and Andrew Wright for infringement of a patent for a piece of oil well equipment. The invention that was the subject of the patent was initially owned by a company called Alberta Basic Industries Ltd., and its employees, including the defendant Wright, conceived the invention. The patent application was eventually assigned to the plaintiff Robbins and issued in its name.

The application was prepared by Peter Everitt, then of Kvas Miller Everitt, although the firm was no longer the agent and representative of record when the invention and application were assigned. Kvas Miller was then retained by the defendants when they were sued by the assignee Robbins. Everitt eventually joined the law firm of Ridout & Maybee, which then began acting for the defendants.

Robbins sought to disqualify Ridout & Maybee from continuing to act in the lawsuit, but the firm refused to withdraw as counsel, with the defendants arguing that no confidential information had been disclosed when the patent application was being prepared. They also argued that the potential conflict had been brought to the attention of Robbins' lawyer early on in the proceedings, with no objection being raised.

Prothonotary Roger Lafrenière wrote that he would have easily found that a conflict existed had the invention and patent application never been assigned. He did not buy that no confidential information was disclosed to Everitt in relation to the invention.

"I am satisfied," wrote the prothonotary, "that Everitt engaged in confidential discussions with [employee inventor] Ring in preparing and filing the U.S. Application and the '975 Application, which would have included canvassing the prior art, the inventive features, different embodiments, the meaning of the language, and the scope of the claims."

Furthermore, he added, a client cannot be expected to remember exactly what was discussed. "In any event, given the pivotal role played by a patent lawyer, I fail to see how Everitt could have been effective or useful without having first obtained confidential information and instructions from his client," wrote Lafrenière, who concluded that relevant confidential information was likely imparted. "By its very nature, a lawyer's retainer entails consultations with the client, solicitation of information, and provision of legal advice."

The next issue he had to deal with involved the assignment and the fact that neither the defendants' former and current lawyers ever had any relationship with Robbins. In analyzing this issue, Lafrenière adopted an expansive definition of "client", finding that he was required to look beyond the strict solicitor-client relationship. The assignment, he concluded, meant that Robbins could reasonably expect that the assignor's counsel would not act against its interests with respect to the validity of the patent, to the extent those interests are consistent with those of the original owner. Furthermore, he wrote, lawyers have a duty of loyalty that goes beyond simply an obligation not to disclose confidential information.



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"The fiduciary duty of loyalty owed by a lawyer to a former client continues after termination of the solicitor-client relationship such that a lawyer may not act in a manner that will injure the former client in matters involving the former representation," wrote Lafrenière. "Having represented a

party in applying for a patent, a lawyer may not thereafter represent another party in an action arising out of, or closely related to, the patent at issue."

As for the argument that the plaintiff waived the conflict after being notified early on, Prothonotary Lafrenière wrote that delay in objecting to a conflict of interest does not correct the existence of the conflict. He added that any prejudice to the defendants could be addressed by an order of costs.

While recognizing that disqualification of a party's chosen counsel is an extraordinary remedy, Lafrenière found that the appearance of impropriety nonetheless was the overriding principle.

"Part of the Defendants' defence in this proceeding is the impugment of the validity of the '975 Patent, for which the application was prepared and filed by the very lawyer whose firm now seeks to invalidate it," wrote the prothonotary. "A reasonably-informed person could not, in such circumstances, be satisfied that there would be no improper use of confidential information imparted as a result of a solicitor-client relationship. The present circumstances

have every appearance of impropriety."

The decision reflects an increased focus on issues of lawyer conflict of interest. It comes after the Supreme Court of Canada has visited the issue three times in under twenty years, most recently this past summer with the *Strother v. 3464920 Canada Inc.*, [2007] S.C.J. No. 24 decision. This focus has also spurred the Canadian Bar Association to establish a task force on conflicts of interest.

The *Robbins* decision is important for lawyers generally and intellectual property practitioners in particular. While it is probably fair to say that most observers would consider there to have been a conflict of interest in this case, the case does highlight the need to consider more broadly who the lawyer's client is, and what duties lawyers owe after the retainer ends. It is also instructive for its analysis of the inherently confidential nature of the relationship between clients and their patent lawyers and, likely by analogy, trade-mark lawyers as well.

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