

EXPLANATORY STATEMENT

Code of Conduct for Patent and Trade Marks Attorneys 2013

Issued by the Professional Standards Board for Patent and Trade Marks Attorneys

Patents Act 1990 and Trade Marks Act 1995

The *Code of Conduct for Patent and Trade Marks Attorneys 2013* ('the Code of Conduct') is established by the Professional Standards Board for Patent and Trade Marks Attorneys ('the Board').

The Code of Conduct applies to registered patent attorneys or trade marks attorneys under the *Patents Act 1990* ('Patents Act') or the *Trade Marks Act 1995* ('Trade Marks Act'):

- an individual patent attorney, an incorporated patent attorney and a patent attorney director; and
- an individual trade marks attorney, an incorporated trade marks attorney, and a trade marks attorney director.

In this Explanatory Statement, all of these are referred to as 'registered attorneys'.

The Code of Conduct:

- explains to registered attorneys the standards of professional conduct that they are expected to meet in their practice as registered attorneys
- aligns those standards with the behaviours expected of other comparable professionals
- makes it clear to users of the services of registered attorneys what they should expect
- provides a framework for the Board to readily determine whether the conduct of an attorney should be the subject of disciplinary proceedings before the Patent and Trade Marks Attorneys Disciplinary Tribunal ('Disciplinary Tribunal').

Subparagraph [228\(2\)\(r\)\(ia\)](#) of the Patents Act and subparagraph [231\(2\)\(ha\)\(ia\)](#) of the Trade Marks Act permit regulations to be made for the purpose of assessing the professional conduct of registered attorneys by reference to standards of practice established by the Board from time to time. The Code of Conduct is such a standard of practice.

The Board must consider whether or not a registered attorney has complied with the Code of Conduct, when deciding whether the registered attorney has been engaged in professional misconduct or unsatisfactory professional conduct, see subregulation [20.33\(6\)](#) of the *Patents Regulations 1991* and regulation [20.15](#) of the *Trade Marks Regulations 1995*. The expressions 'professional misconduct' and 'unsatisfactory professional conduct' are defined in regulation [20.32](#) of the Patents Regulations.

After the Board considers a registered attorney's compliance with the Code of Conduct, the Board is permitted, or in some circumstances required, to take proceedings against the registered attorney before the Disciplinary Tribunal:

see subregulations [20.33 \(3\) and \(4\)](#) of the Patents Regulations. For further detail on disciplinary proceedings, see regulation [1.3](#) and Parts [8](#) and [10](#) of Chapter 20 of the Patents Regulations and regulations [2.1](#) and [20.15](#) of the Trade Marks Regulations.

The Code of Conduct replaces the Code of Conduct for Patent and Trade Marks Attorneys that was published by the Board and commenced on 1 July 2008 ('the previous Code'). With effect from 15 April 2013, the *Intellectual Property (Standards of Practice) Instrument 2013 (No. 1)* had established the previous Code as a standard of practice for subparagraph [228\(2\)\(r\)\(ia\)](#) of the Patents Act and subparagraph [231\(2\)\(ha\)\(ia\)](#) of the Trade Marks Act. Schedule 1 to the Code of Conduct repeals that instrument.

The Code of Conduct commences on the day that is 1 month after the day it is registered.

From its commencement, the Code of Conduct will govern the conduct of registered attorneys. The previous Code will continue to be the standard for assessing the conduct of registered attorneys from 1 July 2008 up to the commencement of the Code of Conduct.

To inform the drafting of the Code of Conduct, the Board conducted four weeks of public consultation in June and July 2013. This included consulting patent and trade marks attorneys in Australia and New Zealand who are registered in Australia.

The Office of Best Practice Regulation in the Department of Finance and Deregulation has advised that no Regulation Impact Statement is required to be prepared for this Code of Conduct.

Explanatory notes on selected aspects of the Code of Conduct are set out in **Attachment A**.

A statement of compatibility under subsection [9\(1\)](#) of the *Human Rights (Parliamentary Scrutiny) Act 2011* is provided as **Attachment B**.

Attachment A: Details of the Code of Conduct for Patent and Trade Marks Attorneys 2013

Part 1—Preliminary

Part 1 sets out basic information regarding the Code of Conduct:

- its name
- its commencement date
- the authority for its establishment
- definitions of key expressions used in the Code of Conduct.

Section 2—Commencement

The Code of Conduct commences on the day that is one month after the day it is registered. This gives registered attorneys time to familiarise themselves with the changes from the previous Code of Conduct.

Section 4—Definitions

The definition of **regulatory authority** includes (but is not limited to) examples of four agencies with which a registered attorney might have dealings while acting for a client on intellectual property matters.

Associated person includes technical assistants, administrative assistants and other clerical and accounting staff.

Section 5 and Schedule 1—Former Code of Conduct

Until the *Code of Conduct for Patent and Trade Marks Attorneys 2013* commences, the operative standard of practice will continue to be the *Intellectual Property (Standards of Practice) Instrument 2013 (No. 1)*. Schedule 1 repeals that instrument.

Part 2—Overview

Part 2 explains to whom the Code of Conduct applies, the objectives of the Code of Conduct and the effect of the Code of Conduct on the rights of registered attorneys' clients.

Section 6—Application of code

The Code of Conduct applies to registered patent and trade marks attorneys. Following amendments made by the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* to the Patents Act and the Trade Marks Act, a patent and/or trade marks attorney may now be an individual, an incorporated attorney or a registered attorney director (of an incorporated attorney). Schedule 1 of the Patents Act and section 6 of the Trade Marks Act define these terms.

Section 7—Objectives of code

It is intended that all registered attorneys will adhere to the Code of Conduct in all of their dealings with clients, other professional service providers and regulatory authorities such as IP Australia—which includes the Patents, Trade Marks, Designs and Plant Breeder's Rights Offices.

Part 3—Professional Conduct

Part 3 of the Code of Conduct sets out the substantive standards of practice that apply to all registered attorneys.

Section 11—Core obligations

This section sets out the core obligations for registered attorneys. The detailed provisions following this section should be interpreted in light of these core obligations.

Subsection 11(4) requires that registered attorneys be responsible for their own work, acts and defaults, although exceptions to this are set out in Sections 21, 22 and 23.

Section 12—Competency

Section 12 requires that individual registered attorneys have appropriate competency to perform specific work in their professional capacity as a patent and/or trade marks attorney. Competency requires relevant knowledge and skills for the work being done. For patent attorneys, competency also requires relevant technical expertise. Following section 12, there are examples of work that a registered attorney must not do—unless the registered attorney in fact possesses suitable competency for the task being undertaken.

Section 12 does not seek to limit registered attorneys from engaging in new types of work. It is recognised that competency in work relating to a field of science or technology (e.g. drafting specifications in that field) may be achieved by experience rather than by obtaining a formal qualification. Likewise, in performing such work a registered attorney may draw on the skill, knowledge and technical expertise of others. The registered attorney is responsible for the work she or he actually does, although this may be subject to the Code of Conduct's other provisions (especially section 21 *Supervision of associated persons*).

Sections 13 and 14—Information for new or prospective clients, and Information and services for existing clients

Sections 13 and 14 ensure that a client has sufficient information to determine whether or not:

- the client can afford the work that they are asking the attorney to do
- the work is suitable for the client
- the work will be done by someone who is competent and legally able to do it.

It is not the intent of sections 13 and 14 to oblige attorneys employed in industry to provide costings and related information to their employers for intellectual property work (outside of any existing employment contract or work agreement).

Sections 13 and 14 are to protect clients by ensuring that adequate information is shared, especially whenever new work is commenced. As the party with expertise in IP matters, the registered attorney is expected to take the lead in ensuring that a client is informed.

New work is taken to mean substantially different (or major additional) tasks, materially different in nature or cost, rather than marginal and/or routine administrative tasks. For example, it is understood that during routine, repeat process work, registered attorneys and ongoing clients will commonly come to their own understanding about the appropriate amount of information to share.

Sections 13 and 14 are structured to reflect the different levels of information likely to be required by different types of clients. New clients (who may be unfamiliar with the intellectual property system) are expected to require more information than existing clients. Existing clients may require less information; however, a registered attorney will need to inform an existing client of any material changes in the cost and timing of the work being undertaken.

Sections 13 and 14 require that registered attorneys will take account of clients' different levels of knowledge and needs. With that as a guide, there is no bar to providing clients information through links to a sufficiently detailed web site, or by giving them a standard publication such as a biography or profile of a registered attorney, so long as this meets a given client's needs and is otherwise in keeping with the intent of sections 13 and 14.

In patent and trade marks attorney practice it can be the case that the client first deals with a registered attorney who then arranges for another registered attorney to do the work. It is the intention of subsections 13(3) and (4) and 14 (5) and (6) that, where there are such chains of handing on work, only the client's initial contact (the first registered attorney in that chain) should be required to comply with subsections 13(1) and (2) and subsections 14(1) to (4). The first registered attorney could be a foreign-registered attorney (see the definition in section 4). Where the first registered attorney in the chain is an incorporated attorney, the intent of sections 13 and 14 is that these duties fall on the staff attorney or registered attorney director who actually does the work. Sections 22 and 23 impose vicarious liability on attorney directors and incorporated attorneys for individual employees' failure to comply with sections 13 and 14.

With respect to client property, if a client has provided samples, prototypes or other physical objects, the registered attorney must return them if requested to do so.

Section 15—Conflict of interest

Section 15 requires registered attorneys to avoid or resolve conflicts of interest and duty. The section cannot anticipate every conceivable conflict of interest; it should therefore be read with the core obligations in mind, see section 11. It is understood that section 15 encompasses former clients.

In several instances section 15 requires acting "as soon as practicable". In these cases, it is understood that while immediate action is preferable, it may not be practically possible for a registered attorney to take immediate action. Section subsections 15(5) and (8) require a registered attorney to take steps to maintain client rights (if at risk) before resolving any conflict.

Section 16—Acting on instructions

This section requires a registered attorney to act promptly when given client instructions, or to inform the client that the registered attorney cannot act on the instructions.

It is recognised that deciding what comprises “promptness” will depend on circumstances, for example, the technical difficulty of a given task, or the need to obtain a priority date. Clear communication between a registered attorney and a client is necessary to help establish expectations and a common understanding in this regard.

Section 17—Honesty of statements and documents

This section should be read alongside section 11, especially subsection 11(3) which requires registered attorneys not to act in a fraudulent or deceitful manner.

This section states that registered attorneys must be open and frank, and avoid knowingly making (or helping to make) false or misleading statements.

This section also requires that in preparing and/or filing documents for clients, or assisting another registered attorney in preparing and/or filing documents, a registered attorney must not misrepresent facts or mislead others in relation to a matter. This includes all dealings with IP Australia (the Patents, Trade Marks, Designs and Plant Breeder’s Rights Offices), as well as other regulatory authorities as discussed in section 4.

The section is intended to apply to matters within a registered attorney’s professional practice.

In cases where there is any doubt, a registered attorney is expected to comply with section 17 ahead of section 16.

Section 18—Payments and funds

Section 18 is to ensure that funds are used by registered attorneys for proper purposes; are accounted for in a suitable manner; and any refund due is provided to the client.

Section 18 requires that funds are kept using an appropriate accounting standard, but does not specify a particular standard. This ensures that there is not a single standard prescribed for all sizes and types of firms. Registered attorneys are not required to personally attend to financial transactions, but must ensure that they are done. In cases where this work is delegated to another person by a registered attorney, the registered attorney is still obliged to observe sections 21, 22 and 23 of the Code of Conduct.

It is recognised that a registered attorney and a client may wish to negotiate the retaining of funds, particularly in cases where only small amounts are involved or when a client wishes to apply funds to future work. In such cases subsection 18(3)(b) would take precedence over subsection 18(4).

Section 19—Use of information

Section 19 clarifies a registered attorney’s expected behaviour with respect to information obtained in the course of the attorney’s practice. This section should be read alongside sections 11 and 15.

Section 21—Supervision of associated persons

It is longstanding and well-accepted practice in the attorney profession to delegate or outsource client work when appropriate. The intent of section 21 is

to ensure that in such cases the originating registered attorney remains accountable to the client for the work.

Subsection 21(1) recognises that a registered attorney who arranges for a foreign-registered attorney to do work overseas (such as filing applications in foreign jurisdictions) cannot oversee the foreign-registered attorney's work and cannot practicably be held responsible for the work, acts and defaults of the foreign-registered attorney. However, a registered attorney remains bound by section 11 to act in the best interest of the client.

Section 22—Additional obligations of directors

Section 22 sets out the additional obligations of the directors of incorporated attorneys. It particularly clarifies directors' responsibilities with respect to overseeing the work of staff attorneys and associated persons.

Subsection 22(4) recognises that a registered attorney director who arranges for a foreign-registered attorney to do work overseas (such as filing applications in foreign jurisdictions) cannot oversee the foreign-registered attorney's work and cannot practicably be held responsible for the work, acts and defaults of the foreign-registered attorney. However, a registered attorney director remains bound by section 11 to act in the best interests of the client.

Section 23—Additional obligations of incorporated attorneys

Section 23 provides the standards of practice for entities registered as incorporated attorneys. It particularly clarifies directors' responsibilities for the work of each attorney director, staff attorney and associated person.

Subsection 23(4) recognises that an incorporated attorney who arranges for a foreign-registered attorney to do work overseas (such as filing applications in foreign jurisdictions) cannot oversee the foreign-registered attorney's work and cannot practicably be held responsible for the work, acts and defaults of the foreign-registered attorney. However, an incorporated attorney remains bound by section 11 to act in the best interests of the client.

Part 4—Information about complaints against registered attorneys

Part 4 explains the role and responsibilities of the Board in disciplinary proceedings against a registered attorney. This Part also explains how complaints and disciplinary proceedings are initiated, and by whom.

Section 24—Information

Section 24 provides a clear explanation of how the Board may proceed against a registered attorney before the Disciplinary Tribunal.

Section 24 distinguishes between individual registered attorneys (in subsection 24(3)) and incorporated attorneys (subsection 24(4)), because the Patents and Trade Marks Regulations treat incorporated attorneys differently from individual attorneys for disciplinary purposes.

Although subsection 24(7) does not impose a duty on the client nor limit client rights (see also section 9). In the case of a grievance, clients are encouraged to first discuss and if possible resolve the matter with the registered attorney, if at all practicable.

It is generally expected that if a matter does proceed to complaint, the complaint will be submitted in writing through the Secretary of the Board (whose contact details are set out in Part 5).

Part 5 - Administration

Part 5 sets out the Board's role in administering the Code of Conduct and contact information.

Attachment B: Statement of Compatibility with Human Rights

Statement of Compatibility with Human Rights

*Prepared in accordance with Part 3 of the
Human Rights (Parliamentary Scrutiny) Act 2011*

Code of Conduct for Patent and Trade Marks Attorneys 2013

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

The *Code of Conduct for Patent and Trade Marks Attorneys 2013* ('the Code of Conduct') is a Legislative Instrument detailing the standards of practice expected of registered patent attorneys under the *Patents Act 1990* and/or registered trade marks attorneys under the *Trade Marks Act 1995* ('registered attorneys').

The Code of Conduct applies to:

- an individual patent attorney, an incorporated patent attorney and a patent attorney director; and
- an individual trade marks attorney, an incorporated trade marks attorney, and a trade marks attorney director.

The intention of the Code of Conduct is to provide the standard of professional conduct required of registered attorneys in dealing with their clients, other professional service providers, and regulatory agencies such as IP Australia (the government agency incorporating the Patent, Trade Marks, Designs and Plant Breeder's Rights Offices).

The Code of Conduct further assists by providing a standard of conduct that can be used in the settling of disputes, and to assist clients of registered attorneys and others dealing with the professions to understand the obligations of registered attorneys to their clients, IP Australia and each other. The Code of Conduct also sets out how information can be provided to the Professional Standards Board for Patent and Trade Marks Attorneys ('the Board') to enable the Board to investigate the conduct of a registered attorney.

The Code of Conduct supersedes the *Intellectual Property (Standards of Practice) Instrument 2013 (No. 1)*, which has had effect from 15 April 2013 ('previous Code'). The previous Code was a Legislative Instrument setting out the provisions of the 'Code of Conduct for Patent and Trade Marks Attorneys' as originally published by the Board on 1 July 2008 ('2008 Code').

As a result of the changes made by the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* and the *Intellectual Property Legislation Amendment (Raising the Bar) Regulation 2013* to the legislation

governing registered attorneys, the Code of Conduct now contains a more detailed statement of the conduct expected of registered attorneys.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

The Professional Standards Board for Patent and Trade Marks Attorneys