

Federation of Law Societies
of Canada



Fédération des ordres professionnels
de juristes du Canada

**Submission of the
Federation of Law Societies of Canada
to Innovation, Science and Economic Development
Canada**

**Comments on the Regulations under the *College of
Patent Agents and Trademark Agents Act* pre-
published in Canada Gazette, Part I, Volume 155,
Number 11, March 13, 2021**

Ottawa, April 12, 2021

Introduction

1. The Federation of Law Societies of Canada (the “Federation”) is the national coordinating body of Canada’s 14 provincial and territorial law societies, which together govern Canada’s 130,000 lawyers, Quebec’s 3,800 notaries, and Ontario’s nearly 11,300 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 comment on the proposed regulations under the *College of Patent Agents and Trademark Agents Act* (the “Act”) and consequential amendments to the *Patent Rules* and *Trademarks Regulations* pre-published in the *Canada Gazette* Part I, Vol. 155, No. 11 on March 13, 2021 (the “Regulations”).

Submission Highlights

3. The Regulations will bring into force a new regime for the regulation of patent agents and trademark agents (“IP agents”). The Regulations address the composition of committees, agent licensing requirements, investigations, the by-laws of the College of Patent Agents and Trademark Agents (the “College”), and transitional matters.

4. The Federation is concerned that the Regulations provide inadequate protections for solicitor-client privilege and do nothing to clarify how the burden of regulatory duplication for lawyers and Quebec notaries who are IP agents, a problem created by the Act, will be addressed. These issues undermine the constitutionally-protected right to solicitor-client privilege and will likely result in unnecessary regulatory confusion and conflicts. The Federation submits that these consequences are not in the public interest – the government’s stated purpose for creating the new regulatory regime for IP agents. The Regulations also raise additional concerns that the Federation would like to bring to the attention of Innovation, Science and Economic Development Canada (“ISED”).

Inadequate Protection for Solicitor-Client Privilege

5. The Act outlines the powers of the College to conduct investigations of IP agents for professional misconduct or incompetence, including powers to take possession of information protected by solicitor-client privilege. The ISED has stated that “[w]ithout the ability to pierce solicitor-client privilege, the regulator would not be able to fully regulate lawyer-agents or agents working in a law firm.”¹ The Federation has previously raised concerns about the risks this regime may pose to the constitutional protection of solicitor-client privilege.² In the Federation’s view, the Regulations compound these problems and fail to adequately protect solicitor-client

¹ Innovation, Science and Economic Development Canada, *Frequently asked questions: College of Patent Agents and Trademark Agents*, <https://www.ic.gc.ca/eic/site/693.nsf/eng/00167.html>.

² Federation of Law Societies of Canada, *A Governance Framework for Intellectual Property Agents, Submission to Innovation, Science and Economic Development Canada and the Canadian Intellectual Property Office* (August 31, 2016).

privilege in accordance with the applicable law. It is the Federation's position, as discussed below, that clause 14(3)(a), in particular, is very likely unconstitutional.

6. The Act authorizes a College investigator to seize privileged information and documents, including those protected by solicitor-client privilege except where the documents are not related to a patent, trademark, or other mark recognized by statute. Although the Act requires that all documents in the possession of legal counsel or a law firm be sealed and not viewed by the investigator, the prescribed process for protecting any information or documents protected by solicitor-client privilege is problematic. It places a positive obligation on legal counsel to take all reasonable steps to notify the holder of any privilege in the documents and, if the privilege holder cannot be found within the prescribed period of time, to notify the law society immediately. The Act also provides for a right to object to disclosure of privileged documents by making an application to the Federal Court and requires that sealed documents be handled in accordance with the Regulations.

7. The Regulations prescribe a period of 10 days for legal counsel to locate and notify any privilege holder before notifying the legal regulator, which, in the Federation's view, is inappropriately short given the importance of the right to solicitor-client privilege. The Regulations further undermine solicitor-client privilege by purporting to authorize the opening of sealed documents after 30 days, subject only to any Federal Court order that may have been made. The Regulations provide no exception to this authority in any circumstances including, for example, where proceedings may have been commenced in the Federal Court but not yet concluded. The blanket provision also sets no threshold or test for access to privileged information raising the very real possibility that privileged information that is irrelevant to an investigation may be viewed by an investigator and others involved in the College's investigation process.

8. The Supreme Court of Canada has been vigilant about protecting solicitor-client privilege in its past jurisprudence on the statutory powers of government and other administrative actors. The Supreme Court has repeatedly made it clear that solicitor-client privilege must remain as close to absolute as possible and should not be interfered with unless absolutely necessary.³

9. In *Lavallee, Rackel & Heintz v. Canada (Attorney General)*⁴ and its companion cases, the Supreme Court outlined the relevant constitutional principles that apply when federal legislation purports to grant the authority for an official to examine, copy or seize a document in the possession of legal counsel who asserts that the documents are subject to solicitor-client privilege. *Lavallee* dealt with a scheme under section 488.1 of the *Criminal Code* that purported to permit the mandatory disclosure of potentially privileged information when a claim of privilege has been made to the official, but no application to court has been made by the legal counsel or privilege holder. The Supreme Court concluded that the section was unconstitutional finding that mandatory disclosure of potentially privileged information "cannot be said to minimally impair the privilege...[and]...amounts to an unjustifiable vindication of form over substance, and it creates a real possibility that the state may obtain privileged information that a court could very well have recognized as such."⁵

10. In the submission of the Federation, the scheme set out in Act and the Regulations does not respect the important constitutional protections for solicitor-client privilege set out by the

³ See *Alberta (Information and Privacy Commissioner) v. University of Calgary* 2016 SCC 53 (CanLII) at para. 43.

⁴ 2002 SCC 61 (CanLII) (*Lavallee*).

⁵ *Ibid.*, at para. 43.

Supreme Court. It permits the automatic disclosure of privileged information without any requirement to first prove that access to the information is absolutely necessary and completely disregards the requirement that any infringement of solicitor-client privilege minimally impair the right. While it may be that the purpose of the proposed authority to unseal documents after 30 days is to facilitate an investigation into alleged misconduct or incompetence, it is not at all clear that this goal would meet the tests of absolute necessity or minimal impairment, particularly when alternatives – such as applying to the Federal Court – exist.

11. While the Act provides that the disclosure of solicitor-client privileged information to the College does not constitute a waiver of privilege this does not address problems of disclosure created by the Act and compounded by the Regulations. Any infringement must be measured through the eyes of the client. To a client compelled disclosure to a party outside of the privilege, as may occur under the proposed Regulations, compromises that privilege even if not disclosed further. The Supreme Court's jurisprudence firmly supports this position.⁶

12. In the Federation's view, the Regulations should provide that the unsealing of documents over which solicitor-client privilege has been claimed is permitted only by order of the Federal Court or with the consent of the privilege holder.

Regulatory Duplication

13. During ISED's consultations in 2016 on proposed options for an independent regulatory body to govern IP agents, the Federation expressed concerns about the prospect of regulatory duplication if IP agents who are also lawyers or Quebec notaries were subject to the new regulatory regime. The Federation argued that there was no public interest reason to subject lawyer and Quebec notary IP agents to regulation by two distinct regulatory bodies, and that the additional regulatory burden, potential conflicts, and likely confusion created by such duplication should be avoided.

14. The Federation proposed alternatives, including exempting IP agents who are already regulated by a Canadian law society or the *Chambre des notaires* from the new regulatory framework. The provision in the *Immigration and Refugee Protection Act* exempting lawyers and Quebec notaries from membership in the immigration consultant regulatory regime was cited as a precedent.

15. When the Act was introduced it ignored the fact that lawyers and Quebec notaries who are IP agents are already subject to comprehensive and effective regulation and proposed to include them within the scope of the proposed IP agent regulatory regime. This problem of regulatory overlap was not addressed during the legislative process and the Act, as adopted, extends to lawyers and Quebec notaries who are IP agents. As a consequence, the regulatory regime set out in the Act failed to address the serious issues that will arise from regulatory duplication, including but not limited to overlapping investigation and discipline processes.

16. Disappointingly, the pre-published Regulations also do nothing to clarify how that regulatory duplication might be managed in a way that is consistent with the public interest, the express purpose of the legislation. Further, this lack of clarification appears to fail to meet the

⁶ See *Canada (Privacy Commissioner) v. Blood Tribe Department of Health*, 2008 SCC 44 (CanLII) at paras. 2, 21-22.

government's own stated objective of "minimizing regulatory burden" for businesses and Canadians.⁷

17. It is the Federation's position that lawyers and Quebec notaries acting as IP agents are providing legal services. In our view, the federal government has no jurisdiction to regulate the legal profession in any way. Without prejudice to this position, the Federation suggests that there would be merit in providing greater clarity on how the overlapping jurisdiction of the College and the regulators of the legal profession will operate practically. The Regulations could, for example, require notice to a legal regulator of an investigation into a lawyer or Quebec notary who is an IP agent and address the possibility of collaboration with the applicable legal regulator in such circumstances. The Regulations might also provide guidance on when a matter might be referred by the College to another regulatory body as contemplated by section 41 of the Act. Further, although the Act requires IP agents to abide by a code of professional conduct and despite assurances from ISED that the code would align with those in place for the legal profession, the Regulations are silent both on the content of the code and how potential conflicts in professional obligations might be reconciled.

18. The Federation is also disappointed at the lack of early or meaningful engagement and consultation by ISED prior to the pre-publication of the Regulations. The federal government's Cabinet Directive on Regulation requires that departments engage in meaningful consultations with stakeholder and specifies that pre-publication of regulations "is not a substitute for early consultation"⁸. As the national coordinator of Canada's legal regulators, the Federation is an important stakeholder and is in a unique position to provide insightful comment on the development of a new professional regulatory regime and, more specifically, to explore ways to avoid problems of regulatory duplication through the Regulations.

Other Issues

19. The Federation also has concerns about provisions in the Regulations requiring that all IP agents must be Canadian residents and must meet, *inter alia*, requirements regarding physical and mental fitness set out in College by-laws. Given the short period of time provided for consultation, the Federation has not had time to consider these issues in detail but notes that they may raise human rights concerns and do not seem either necessary or logically connected to a valid regulatory purpose.

Conclusion

20. The Federation would welcome the opportunity to engage further with ISED on the issues raised in this submission, in particular, to address the problems caused by regulatory duplication and the risks to the fundamental right of solicitor-client privilege compounded by the Regulations.

⁷ Cabinet Directive on Regulation: <https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cabinet-directive-regulation.html>.

⁸ Ibid.