



## **New System for Regulation of UK Lawyers including Patent and Trade Mark Attorneys**

### **1. Background and overview of the new system**

Following a report by Sir David Clementi in 2004, Parliament enacted the Legal Services Act 2007 to reform regulation of lawyers. The Act has resulted in the establishment of regulatory bodies independent of professional bodies. Thus the Law Society, the Bar Council, the Chartered Institute of Patent Attorneys, and the Institute of Trade Mark Attorneys have each ceased to regulate their respective professions directly.<sup>1</sup> The Act also provides for regulation of private practices consisting of different types of lawyer (“LDPs”) and of lawyers and non-lawyers (“ABSs”).

Most Federation Members have in-house departments of employed patent attorneys and/or trade mark attorneys. The attorneys are now regulated by the Intellectual Property Regulation Board (“IPReg”), and are bound by IPReg’s *Code of Conduct*, which came into force in 2010.

### **2. Definitions of “corporate work” and “in private practice” in the Code of Conduct**

Mostly, regulation applies equally to private-practice and to in-house patent and trade mark attorneys, but there is some regulation which applies appropriately only to private practice attorneys because they offer services to the general public. Thus, under the *Code*, only attorneys in private practice have obligations relating to professional indemnity insurance, complaints handling, letter headings, e-mail footers, and website contents. The *Code* defines an attorney “in private practice” as one not exclusively engaged in “corporate work”. In the 2009 draft of the *Code*, “corporate work” was in turn defined to include work by an attorney for his employer or for a related company such as a subsidiary or a joint venture. However, the definition did not contemplate any work for an unrelated company. The Federation pointed out that it was quite common, and necessary, for in-house attorneys to act as agents for unrelated companies, for instance to file and prosecute patent or trade mark applications for a transitional period after their sale. The Federation proposed a revised definition of “corporate work” which did cover such activities, and this revision was adopted, with minimal amendment, in the *Code* as issued. Without this successful lobbying by the Federation, in-house attorneys would have been liable to being deemed “in private practice” and therefore to having inappropriate obligations imposed on them.

### **3. Implications of current regulation for Federation Members**

Despite the improvement in the definition of “corporate work” achieved by the Federation, any Member wishing to avoid the risk of regulation as a private practice needs to ensure that its IP Department provides services only to persons

---

<sup>1</sup> The former regulatory role of the Intellectual Property Office has also been terminated.

with whom the Member has a connection through ownership, employment, or common interest.

Federation Members need to be aware of key obligations of an in-house patent attorney or trade mark attorney which *are* the same as those of his private practice counterpart. Any attorney must deal competently and honestly with his client (who may be his employer) and must further his client's legitimate interests; but he may not, even on instructions from his client, deal dishonestly with third parties and with the Courts. He is also obliged to maintain his professional skill and knowledge through Continuing Professional Development ("CPD").

IPReg's CPD *Regulations* require 16 hours of CPD per year; at the end of each year, attorneys are required to declare whether or not they have achieved this, and declarations are subject to random audit. To achieve 16 hours within IPReg's CPD *Guidelines*, most attorneys will need to achieve at least 12 hours<sup>2</sup> by formal training. If CIPA, ITMA, the Law Society, or the Bar Council certify an IP-related event as worth so many CPD hours, then the event will usually count accordingly towards the 12. Training events organised by a department for itself can also count, but IPReg and CIPA at least do not have the resource to certify these in advance, so records need to be kept showing the standard of the events for use if an attendee is audited.

#### **4. Future prospects**

Quite properly, the two Institutes will in future be most directly involved in any discussions with IPReg of changes to the *Code* or other aspects of regulation. However, as the affair of the definition of "corporate work" indicates, it is quite possible for the Institutes and IPReg inadvertently to fail to note the implications for companies with in-house attorneys, so the Federation needs to maintain a watching brief. For instance, the present Rules in the *Code* on fees and financial matters apply both to in-house and to private practice attorneys, and are sufficiently general not to pose a problem for in-house practitioners; but if these Rules were in future made more specific in the interests of the clients of private practice, it might be necessary for the Federation to urge a partial exclusion for in-house attorneys.

MJ, 27 September 2010

---

<sup>2</sup> A "capped" joint contribution to the 16-hour total requirement of 4 hours can be made under various heads, one of which is discussion of IP law and practice at Federation meetings. The only "uncapped" activity other than formal training is "preparing a lecture, seminar, book, article or law report where legal research is involved of the standard and extent required for publication in an established legal publication", but most attorneys do not engage in such activity regularly.