

Ethical Conflicts in IP Litigation and Prosecution



Hosted by the IP Law Section

January 9, 2009

Panelists:

Scott Brient

Candice Decaire

David Hricik

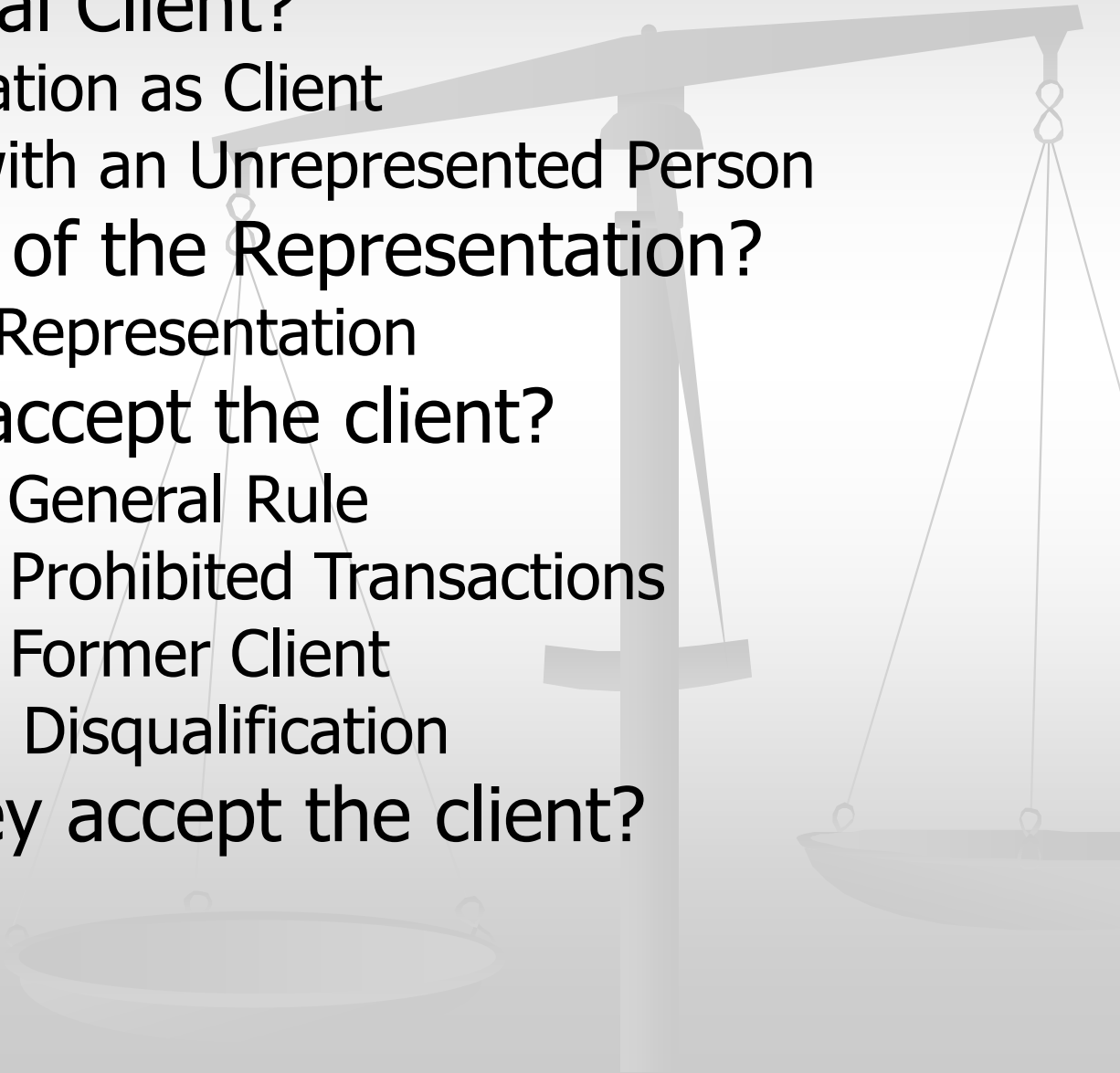
Dave Stewart

Presenter: Jennifer Liotta Moderator: Tiffany Williams

A faint, light gray background image of a balance scale is visible behind the text. The scale is positioned on the right side of the frame, with its beam extending towards the left. The left pan is lower than the right pan, indicating it is heavier. The text is centered over the scale.

QUICK OVERVIEW OF RELEVANT GEORGIA BAR RULES OF PROFESSIONAL CONDUCT

Establishing a Representation

- Who is the Potential Client?
 - Rule 1.13 Organization as Client
 - Rule 4.3 Dealing with an Unrepresented Person
 - What is the Scope of the Representation?
 - Rule 1.2 Scope of Representation
 - May the attorney accept the client?
 - Rule 1.7 Conflicts: General Rule
 - Rule 1.8 Conflicts: Prohibited Transactions
 - Rule 1.9 Conflicts: Former Client
 - Rule 1.10 Imputed Disqualification
 - Should the attorney accept the client?
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Managing Potential Conflicts



- Is one client's confidential information involved in a matter for another client?
 - Rule 1.16: Confidentiality of Information
 - Rule 3.7 Lawyer as Witness
- May a conflict be waived?
 - Rule 1.7 Conflicts: General Rule
 - Rule 1.8 Conflicts: Prohibited Transactions
 - Rule 1.9 Conflicts: Former Client
 - Rule 1.10 Imputed Disqualification

Terminating a Representation

- Rule 1.2 Scope of Representation
- Rule 1.7 Conflicts: General Rule
- Rule 1.8 Conflicts: Prohibited Transactions
- Rule 1.9 Conflicts: Former Client
- Rule 1.10 Imputed Disqualification
- Disqualification by the Court
 - *Enzo Biochem v. Applera*, 468 F. Supp. 2d 359 (D. Conn. 2007)
 - *Rembrandt Techs. v. Comcast*, 2007 WL 470631 (E.D. Tex. Feb. 8, 2007)

DISCUSSION HYPOTHETICALS



Titanic

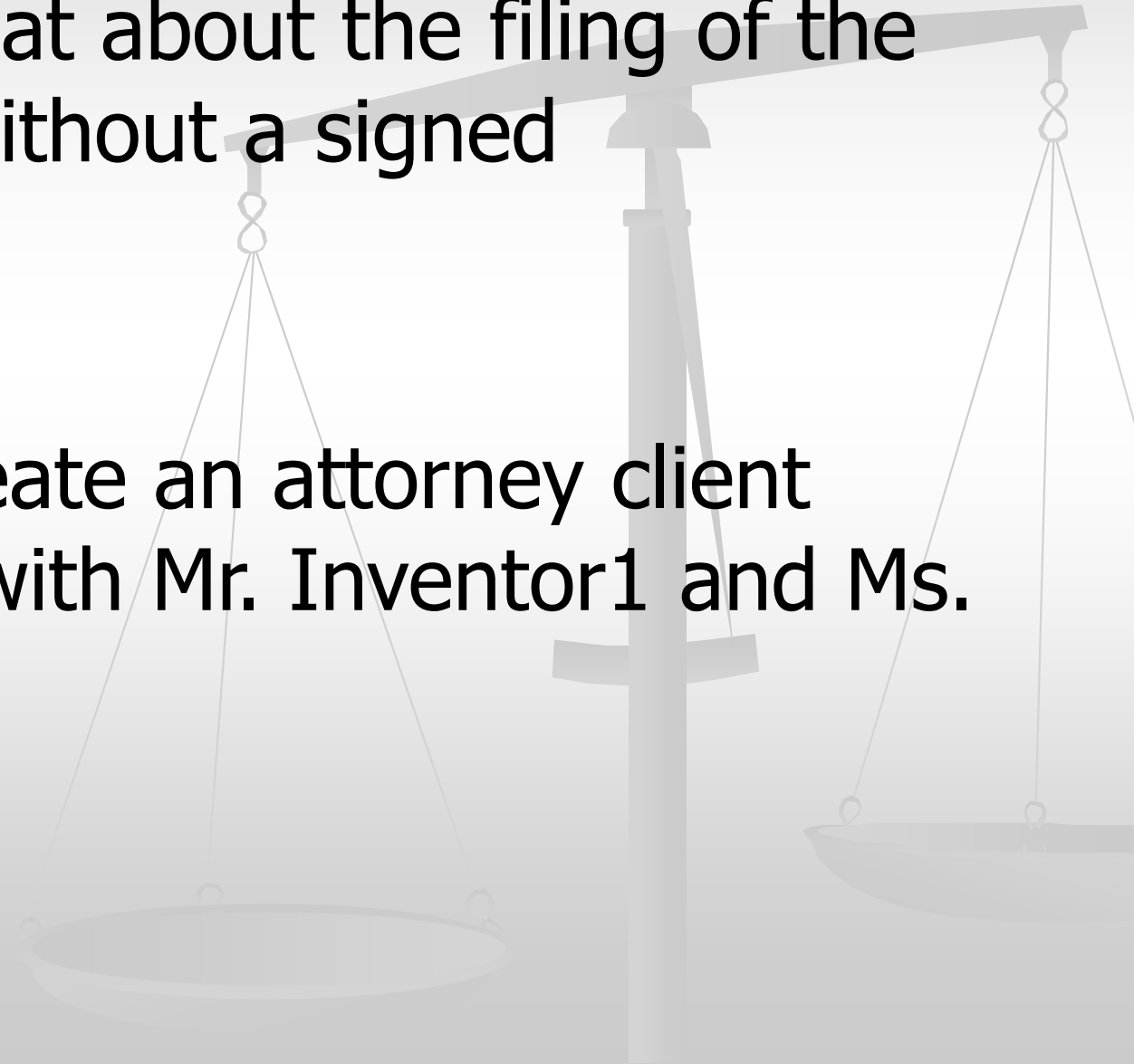
Mr. Inventor1 and Ms. Inventor2, along with Mr. MBA, Ms. Sales, and Mr. Inheritance wish to have a SuperLawyers corporate lawyer form a new company called "Titanic, Inc."

The SuperLawyers lawyer prepares an agreement and gives copy to each person to review and sign. The parties are notified separately in writing that Titanic, Inc. is the firm's only client, and the parties are invited to seek individual legal representation to represent their interests.

After all parties have signed the agreement, SuperLawyers is asked to file a patent application covering Mr. Inventor1 and Ms. Inventor2's invention. A SuperLawyers attorney meets with both inventors, prepares the needed patent application and files it with the PTO. The application must be filed hurriedly and before the oath and assignment can be signed. The SuperLawyers attorney dutifully provides copies of the oath and draft assignment to both inventors, saying she'll get back to them for signed originals for later filing.

Titanic, cont.

- Question, what about the filing of the application without a signed assignment?
- Does that create an attorney client relationship with Mr. Inventor1 and Ms. Inventor2?



Current Client Conflicts

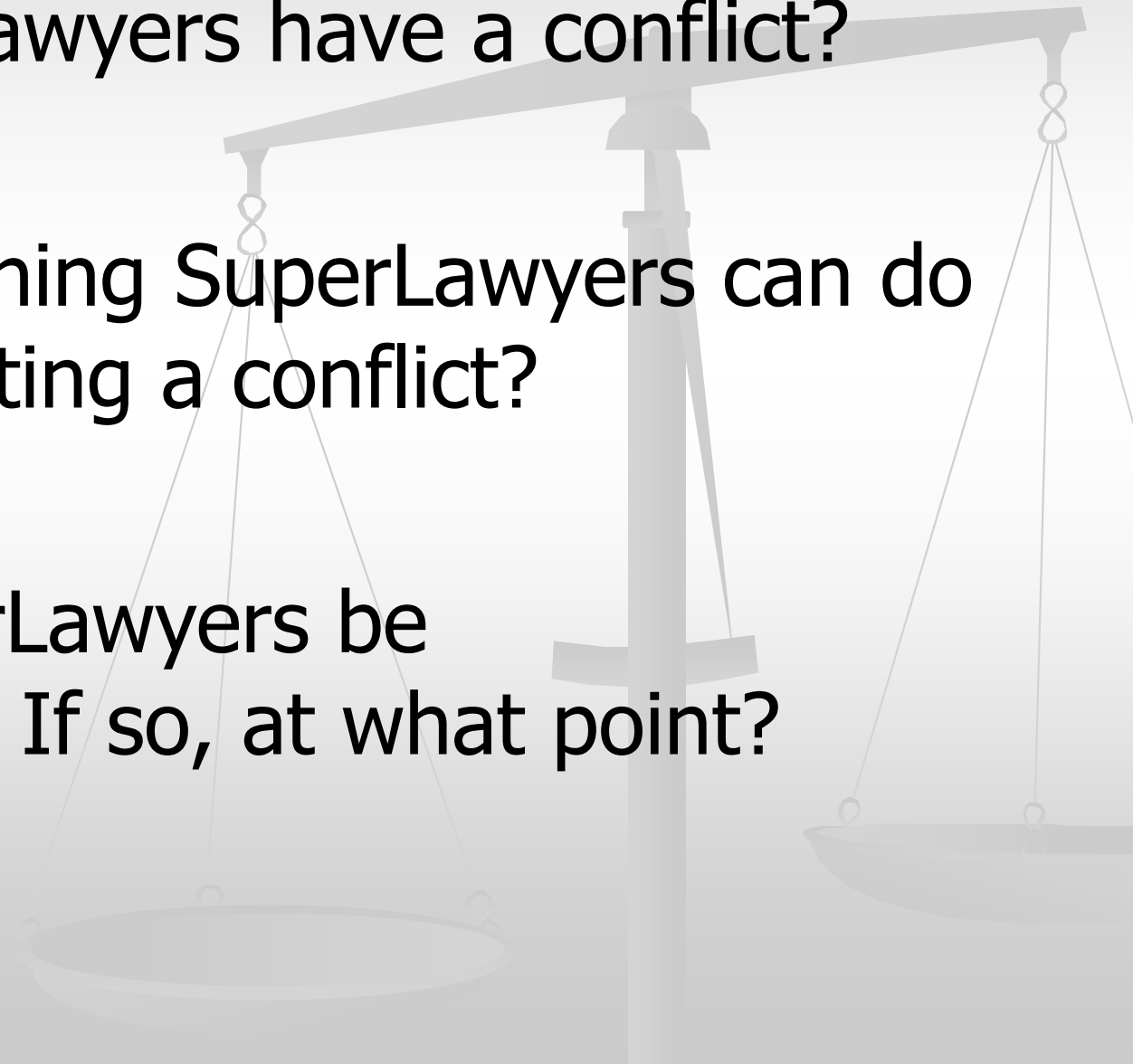
SuperLawyers represents Inventor Corp., which owns patents that it believes broadly read on the products of numerous large electronic device manufacturers. SuperLawyers files a patent infringement suit on behalf of Inventor Corp, naming several defendant corporations.

However, SuperLawyers cannot include two device manufacturers in the suit, BigCo and Monolith Inc., because these companies are current clients of SuperLawyers.

A few months later Inventor Corp hires Competitor Firm to file suit against BigCo and Monolith in a subsequent suit, asserting the same patents, in the same District Court. Both cases are assigned to the same Judge. SuperLawyers will handle all aspects of the first case.

Current Client Conflicts, cont.

- Does SuperLawyers have a conflict?
- Is there anything SuperLawyers can do to avoid creating a conflict?
- Should SuperLawyers be disqualified? If so, at what point?



Who is the Client?

SuperLawyers represents Greater Atlanta Gadgets and Gizmos LLC, a consumer goods electronics manufacturer, drafting and prosecuting numerous trademark applications directed to the client's products. Mr. Tech is the client's Chief Technology Officer and has been SuperLawyers' main point of contact for all information relating to the trademark applications.

One of the SuperLawyers trademark attorneys has become good friends with Mr. Tech over the course of the representation. Recently, Mr. Tech told the SuperLawyers attorney that he was planning to leave Greater Atlanta Gadgets and Gizmos LLC and start his own competing electronics company.

Mr. Tech would like SuperLawyers to represent him, but has asked the SuperLawyer attorney for a recommendation of another law firm to represent him if SuperLawyers cannot take the representation. Mr. Tech would like to name his new business Metro Atlanta Gizmos, Inc.

Who is the Client?, cont.

- Can SuperLawyers serve as trademark counsel for Mr. Tech's new business?
- Can SuperLawyers give Mr. Tech an opinion as to the availability of METRO ATLANTA GIZMOS as a service mark or trade name?
- Can SuperLawyers file a registration application for the METRO ATLANTA GIZMOS mark?
- Are there other business or legal conflict issues that SuperLawyers needs to consider before or after accepting the representation?
- Can SuperLawyers recommend alternate counsel to Mr. Tech?

Former Client Conflicts

SuperChip manufactures computer components. BigBrain has patented numerous computer components, but does not manufacture any of these components.

BigBrain believes that SuperChip's computer components infringe its patents. BigBrain wishes to hire SuperLawyers to sue SuperChip for patent infringement.

SuperLawyers previously performed legal work for SuperChip in other matters, such as providing legal opinions regarding noninfringement and conducting licensing deals. During the course of this work, SuperLawyers learned a great deal about the technology used by SuperChip, which is relevant generally to the present situation, although not directly involved. SuperLawyers ended its relationship with SuperChip less than a year ago.

Former Client Conflicts, cont.

- Should SuperLawyers accept the work from BigBrain, where it has gained information that may unfairly benefit BigBrain in an infringement suit?
- In the event that SuperLawyers chooses to go forward with its representation of BigBrain, what precautions should SuperLawyers take to maintain client confidentiality?

GreenWidget – Part I

Battery-Co. manufactures battery powered widgets and sells them worldwide. Green-Co. manufactures solar powered “green” widgets in Japan and wants to sell worldwide but doesn’t have the infrastructure or the capital to develop the market.

At the 2008 World of Widgets trade conference, the presidents of Battery-Co. and Green-Co. reached an agreement to collaborate on the world-wide sales of “GreenWidgets.” In the agreement, SuperLawyers is to handle all patent and trademark prosecution and clearance work for GreenWidgets worldwide. Green-Co. will license the patents and trademarks to Battery-Co.

In the conflicts check, Green-Co. is not a client of or adverse to a client of SuperLawyers, but finds that a one of its attorneys does tax work for Discount-Co., a company that uses the “Green Widgets For Less” trademark in its local, small town, Georgia market and sells solar powered widgets that will compete directly with Green-Co.’s GreenWidgets when the latter are sold in the U.S.

May SuperLawyers accept the new work?

GreenWidget – Part II

After the “GreenWidget” trademark applications have been filed, the Trademark Examiner cites against the application a trademark owned by Bankrupt-Co., a SuperLawyers bankruptcy client.

May SuperLawyers respond to the rejection?

After the first GreenWidget patent application is filed, the Patent Examiner cites against the application a patent owned by Bankrupt-Co., again a SuperLawyers bankruptcy client.

May SuperLawyers respond to the rejection?

Before sales of the GreenWidgets start in the U.S., Battery-Co. asks SuperLawyers to provide Freedom to Operate/Use Opinions in the patent and trademark contexts. After the searches are done, patents and trademarks owned by Tax-Co. and License-Co. are located. Tax-Co. is a tax client of SuperLawyers; License-Co. is not a client but its IP has been licensed to Tax-Co.

*Can SuperLawyers opine with respect to Tax-Co.’s IP?
License-Co.’s IP?*

GreenWidget – Part III

Battery-Co. subsequently buys Green-Co., and Green-Co. notifies SuperLawyers that Infringer-Co. is infringing a patent that SuperLawyers had obtained for Green-Co. and asks SuperLawyers to send a cease and desist letter, and if necessary, to sue Infringer-Co. for patent infringement.

Upon studying the issues, SuperLawyers learns that the SuperLawyers attorney who prosecuted the patent did not disclose to the Patent Office several references that had been cited by a foreign patent office against a corresponding foreign patent application. The lawyer in question is interviewed, but staunchly believes that the uncited art was distinguishable under U.S., albeit not foreign law.

May SuperLawyers pursue Infringer-Co. on Green-Co.'s behalf?

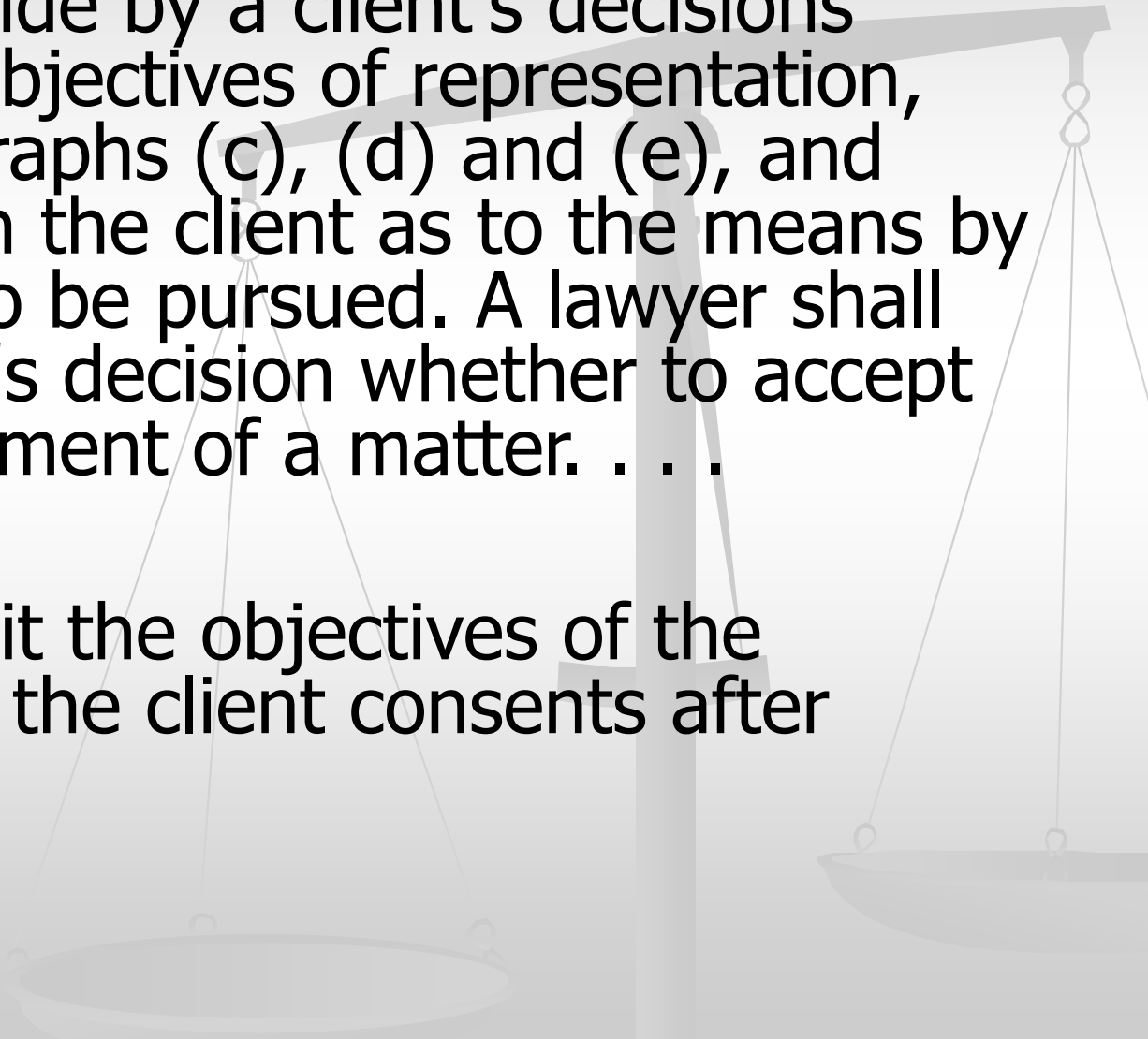
Notable Resources

- *Conflicts and Liability in Patent Practice* by Prof. David Hricik
 - <http://www.hricik.com/AIPLA.pdf>
- Conflicts-related Legal Websites and Blogs
 - www.freivogelonconflicts.com
 - www.legalethicsforum.com
 - www.legalethics.com

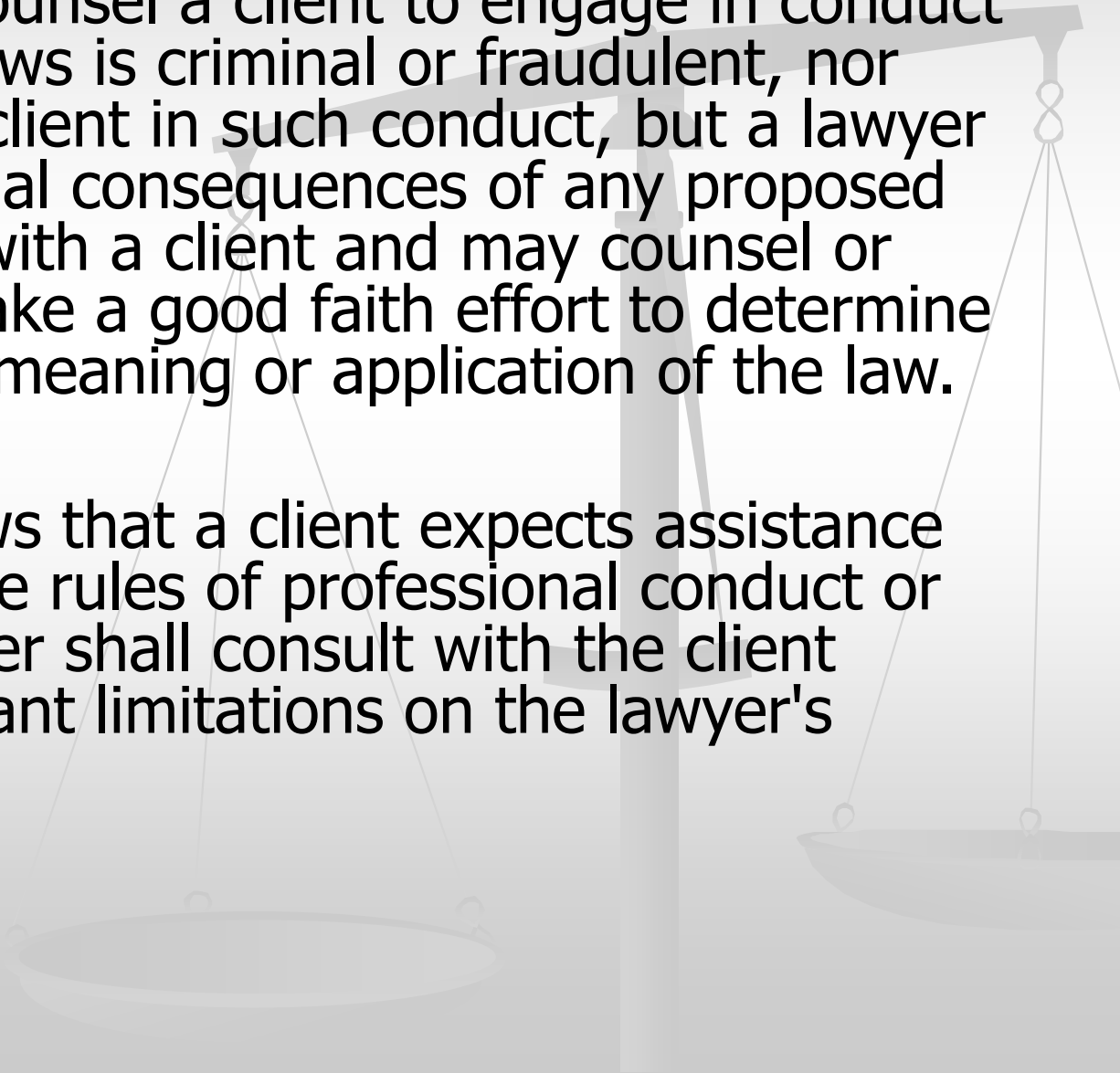
FULL TEXT OF RELEVANT GEORGIA BAR RULES OF PROFESSIONAL CONDUCT



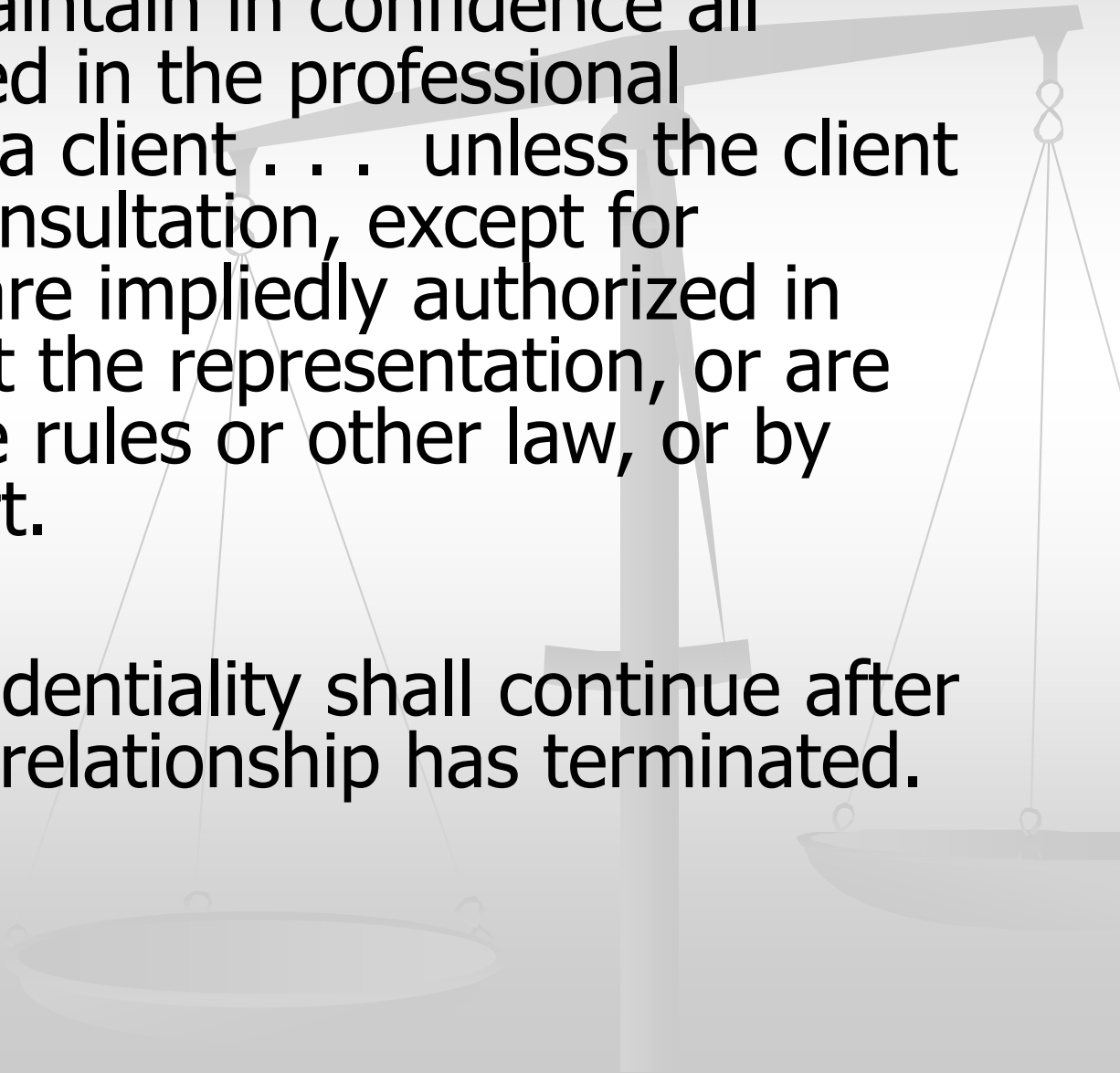
Georgia Rule 1.2(a), (c) Scope of Representation

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- (a) A lawyer shall abide by a client's decisions concerning the objectives of representation, subject to paragraphs (c), (d) and (e), and shall consult with the client as to the means by which they are to be pursued. A lawyer shall abide by a client's decision whether to accept an offer of settlement of a matter. . . .
- (c) A lawyer may limit the objectives of the representation if the client consents after consultation.

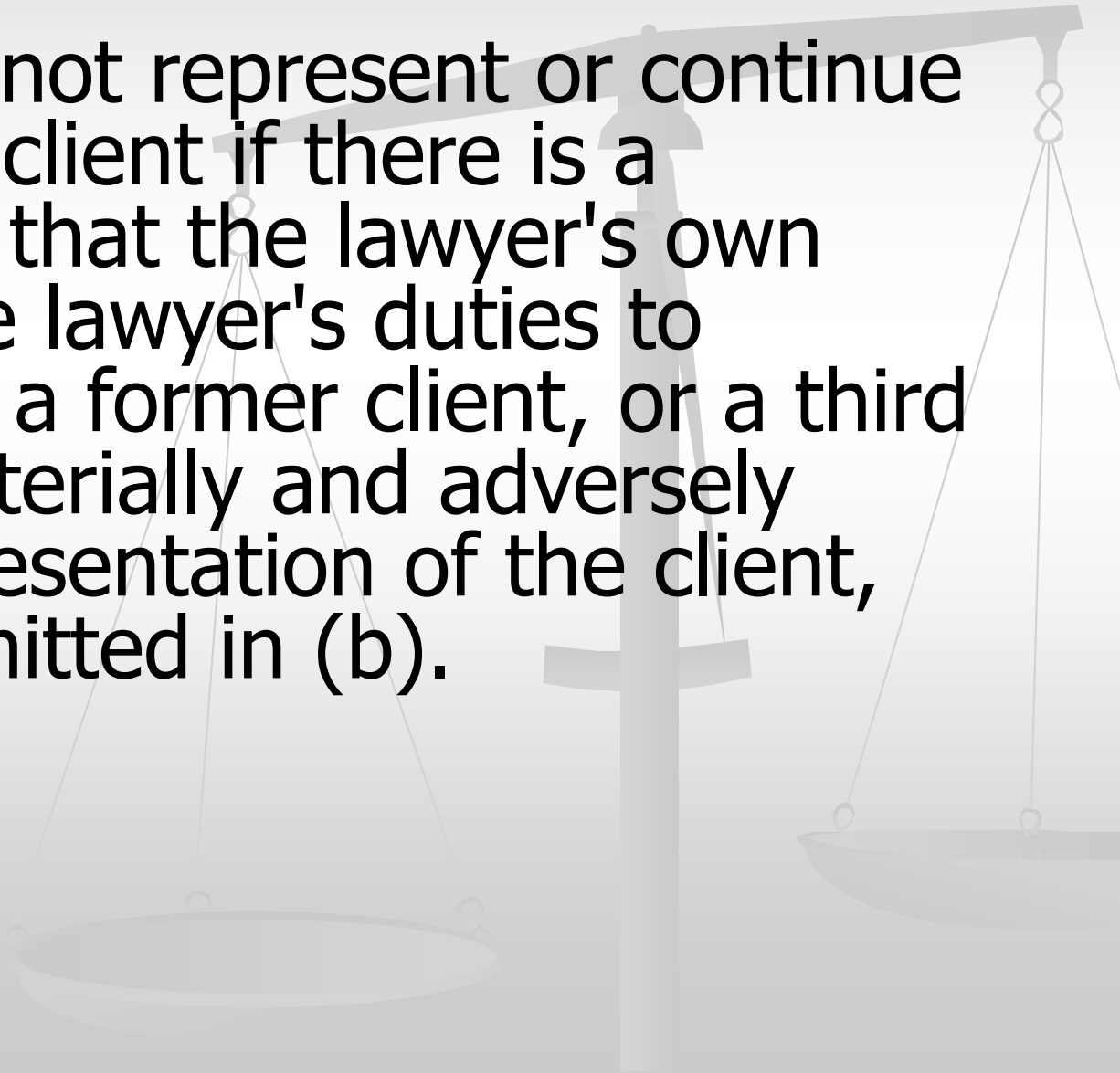
Georgia Rule 1.2(d), (e) Scope of Representation

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- (d) A lawyer shall not counsel a client to engage in conduct that the lawyer knows is criminal or fraudulent, nor knowingly assist a client in such conduct, but a lawyer may discuss the legal consequences of any proposed course of conduct with a client and may counsel or assist a client to make a good faith effort to determine the validity, scope, meaning or application of the law.
 - (e) When a lawyer knows that a client expects assistance not permitted by the rules of professional conduct or other law, the lawyer shall consult with the client regarding the relevant limitations on the lawyer's conduct.

Georgia Rule 1.6(a) and (e) Confidentiality of Information

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- (a) A lawyer shall maintain in confidence all information gained in the professional relationship with a client . . . unless the client consents after consultation, except for disclosures that are impliedly authorized in order to carry out the representation, or are required by these rules or other law, or by order of the Court.
 - (e) The duty of confidentiality shall continue after the client-lawyer relationship has terminated.

Georgia Rule 1.7(a) Conflict of Interest: General Rule

- (a) A lawyer shall not represent or continue to represent a client if there is a significant risk that the lawyer's own interests or the lawyer's duties to another client, a former client, or a third person will materially and adversely affect the representation of the client, except as permitted in (b).
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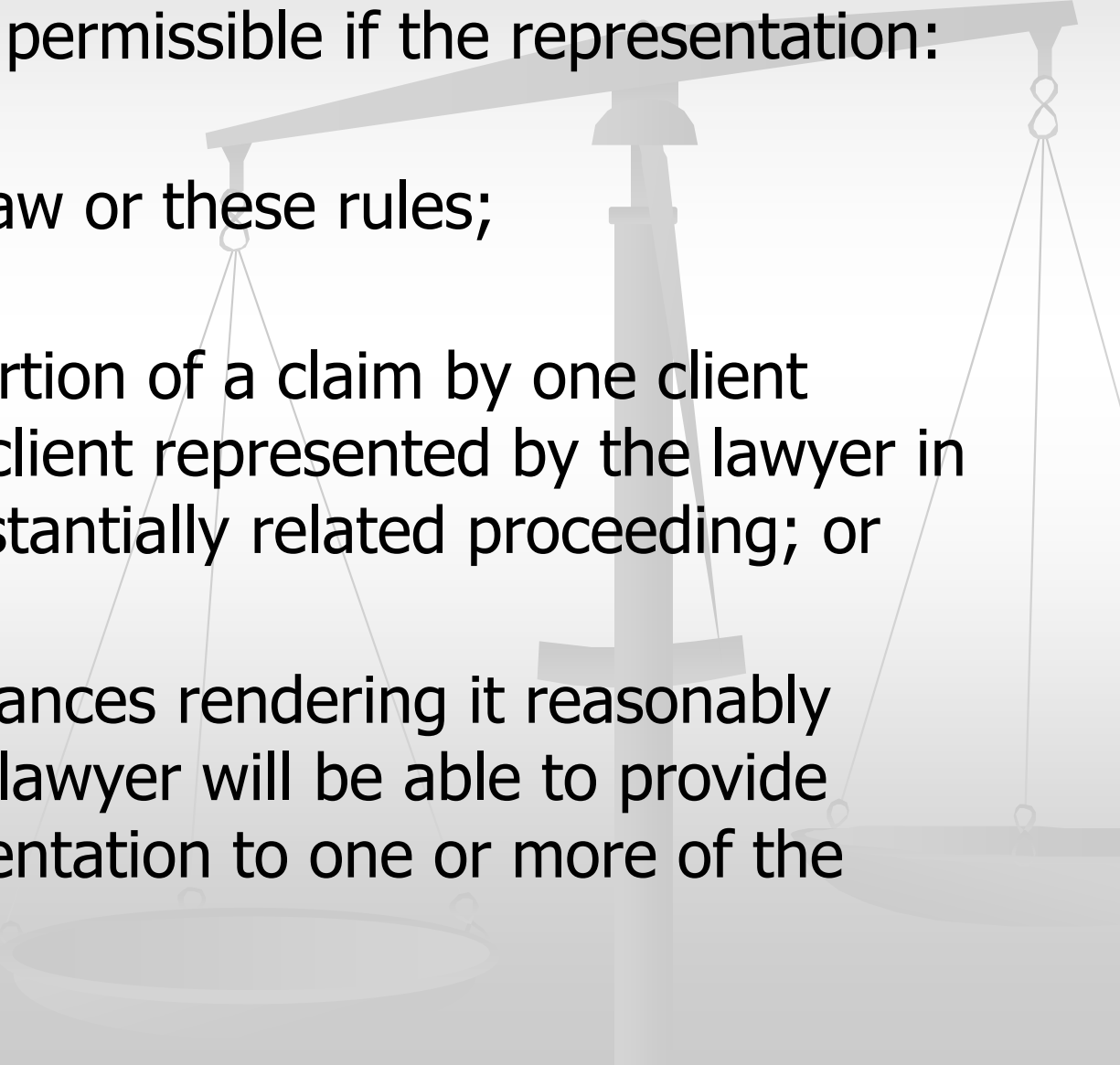
Georgia Rule 1.7(b) Conflict of Interest: General Rule

(b) If client consent is permissible a lawyer may represent a client notwithstanding a significant risk of material and adverse effect if each affected or former client consents, preferably in writing, to the representation after:

- (1) consultation with the lawyer,
- (2) having received in writing reasonable and adequate information about the material risks of the representation, and
- (3) having been given the opportunity to consult with independent counsel.

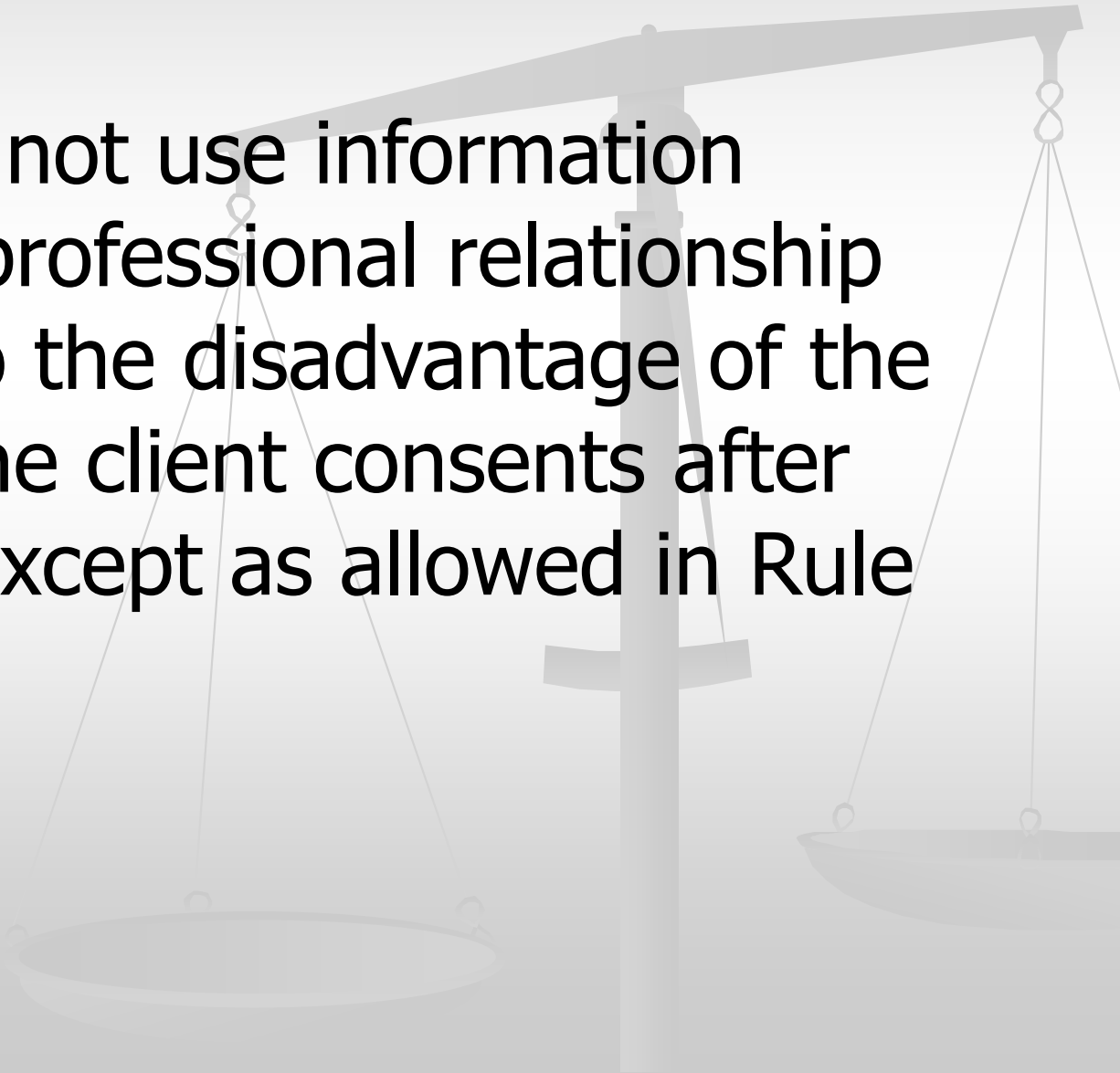
Georgia Rule 1.7(c) Conflict of Interest: General Rule

(c) Client consent is not permissible if the representation:

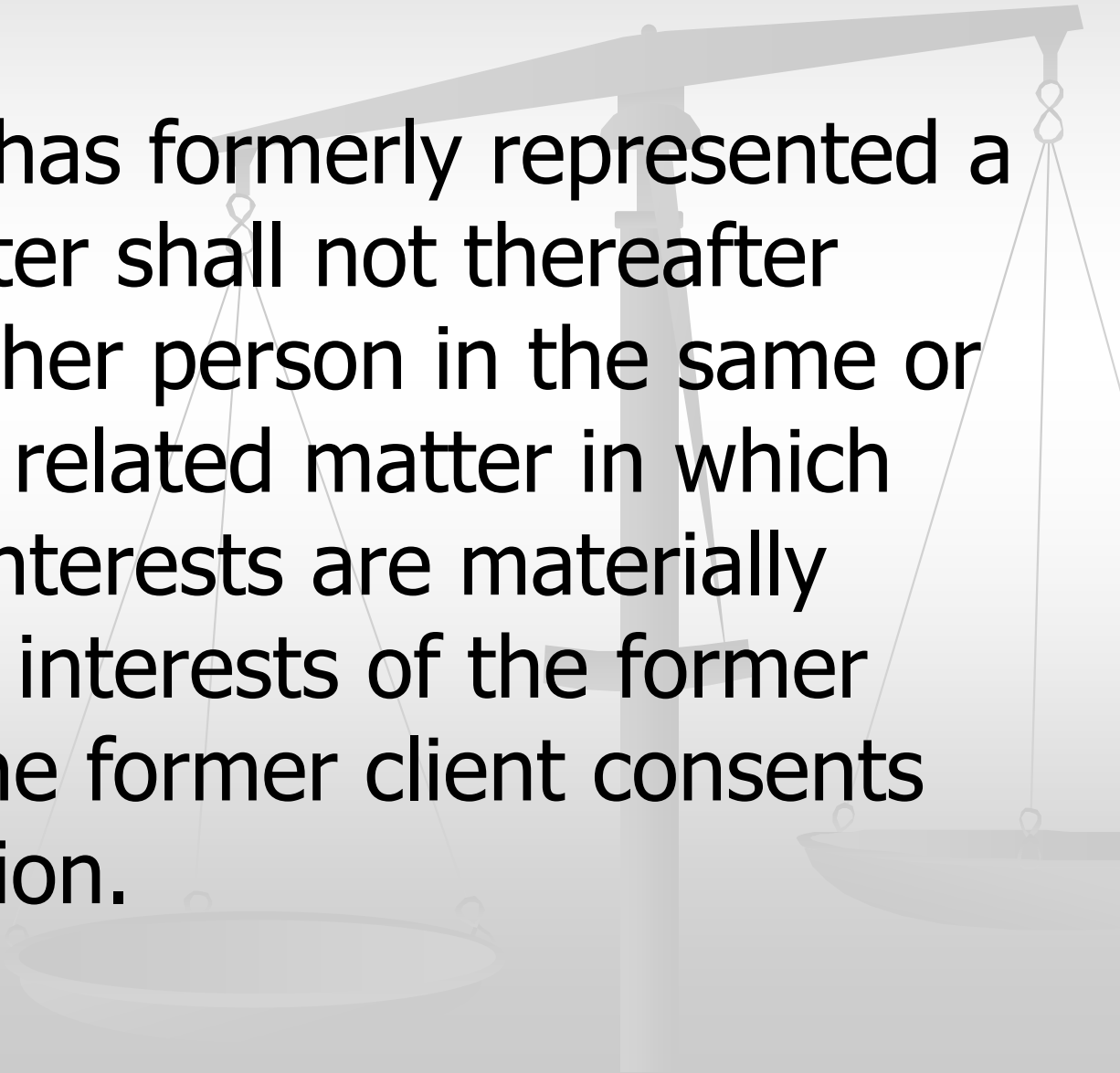
- (1) is prohibited by law or these rules;
 - (2) includes the assertion of a claim by one client against another client represented by the lawyer in the same or substantially related proceeding; or
 - (3) involves circumstances rendering it reasonably unlikely that the lawyer will be able to provide adequate representation to one or more of the affected clients.
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Georgia Rule 1.8(b) Prohibited Transactions

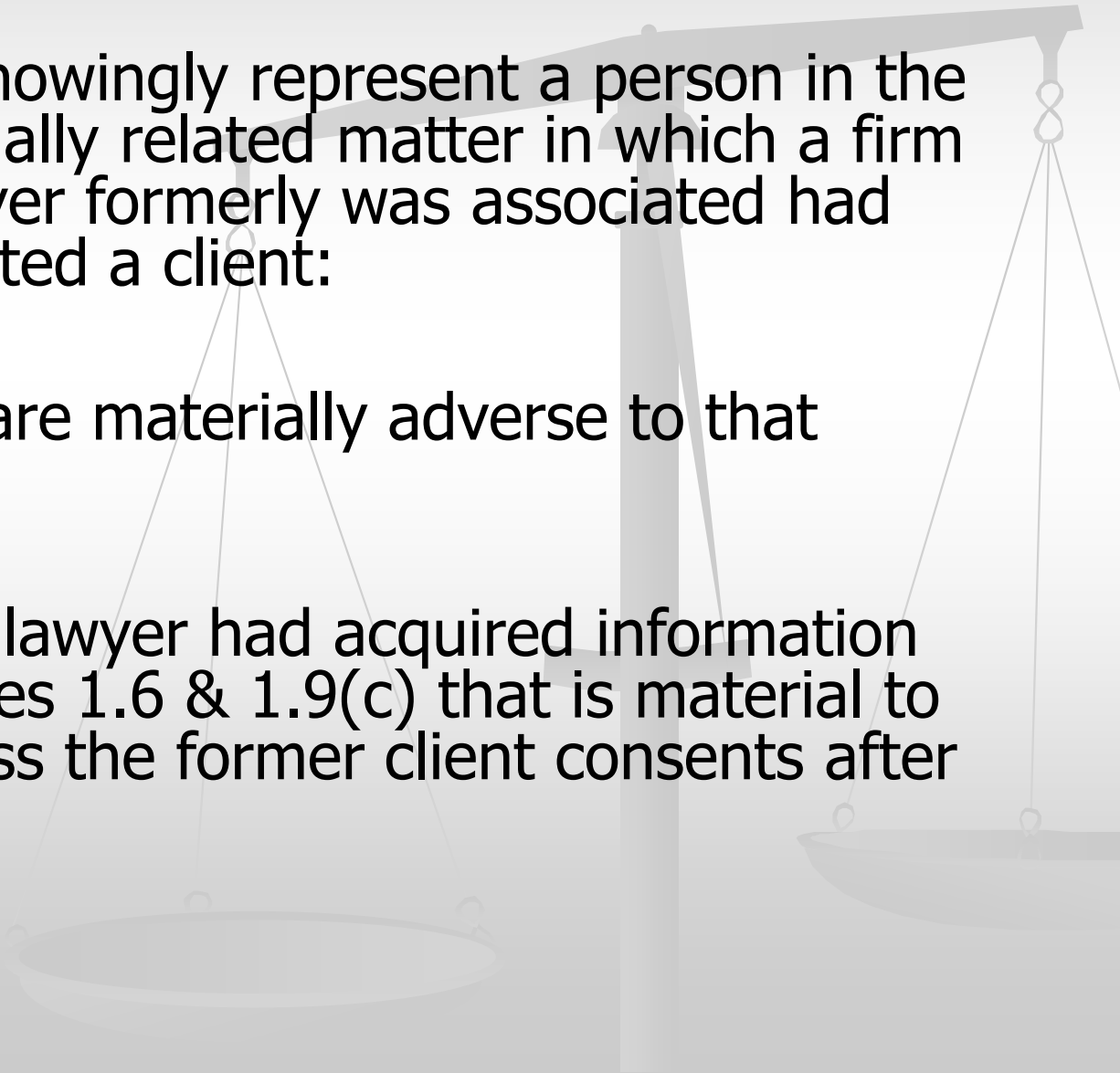
(b) A lawyer shall not use information gained in the professional relationship with a client to the disadvantage of the client unless the client consents after consultation, except as allowed in Rule 1.6.



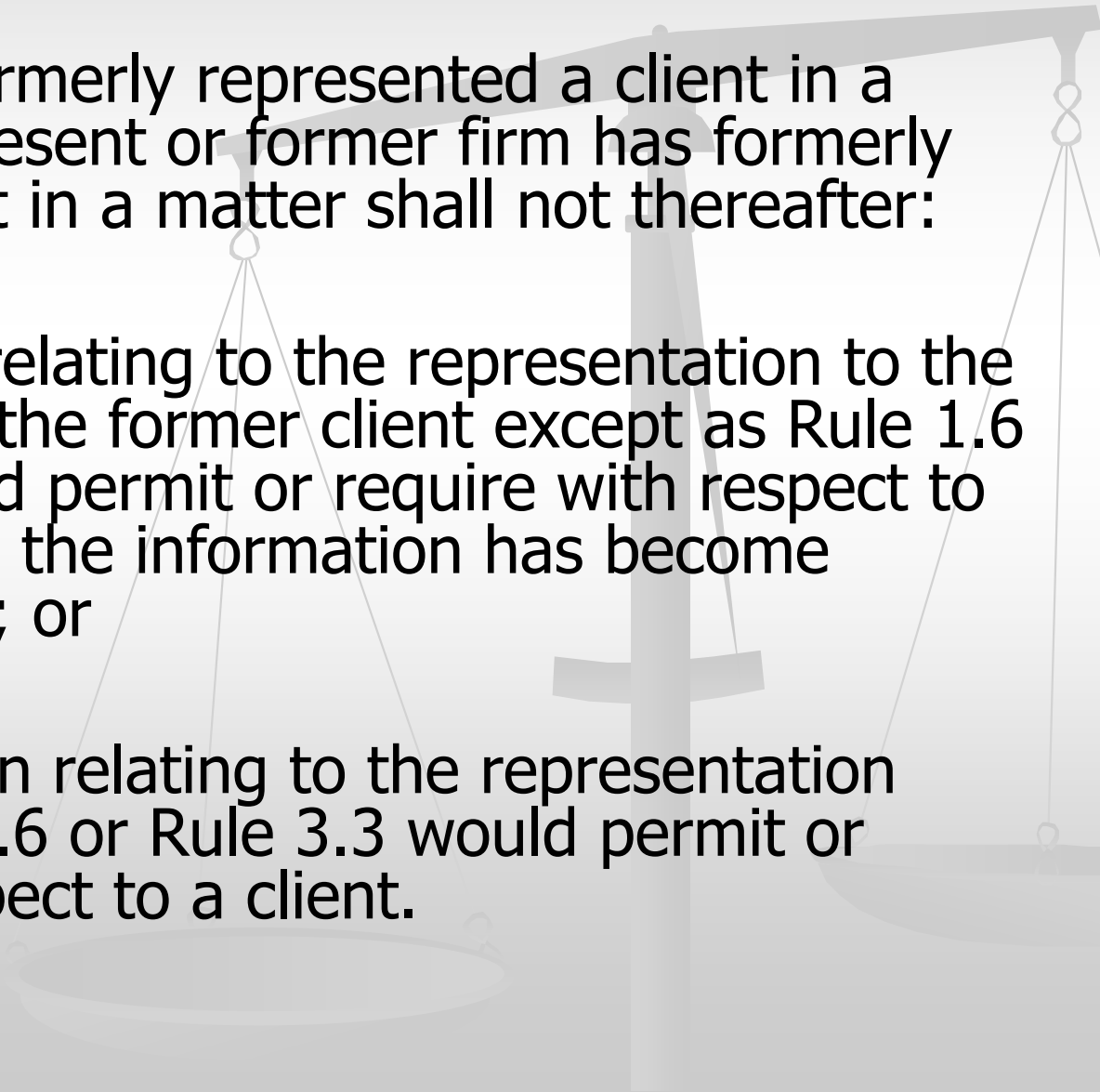
Georgia Rule 1.9(a) Conflict of Interest: Former Client

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- (a) A lawyer who has formerly represented a client in a matter shall not thereafter represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the interests of the former client unless the former client consents after consultation.

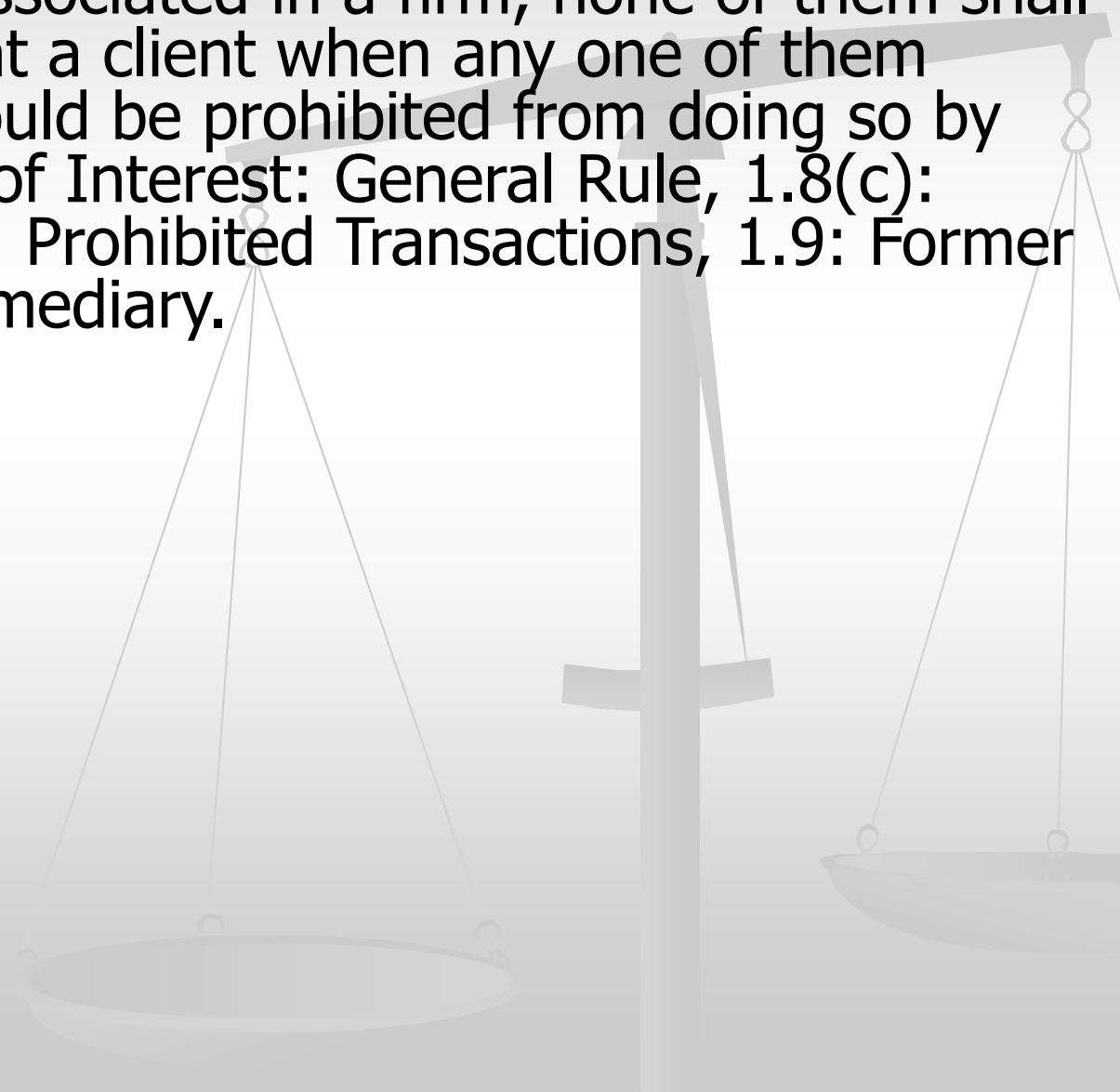
Georgia Rule 1.9(b) Conflict of Interest: Former Client

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- (b) A lawyer shall not knowingly represent a person in the same or a substantially related matter in which a firm with which the lawyer formerly was associated had previously represented a client:
- (1) whose interests are materially adverse to that person; and
 - (2) about whom the lawyer had acquired information protected by Rules 1.6 & 1.9(c) that is material to the matter; unless the former client consents after consultation.

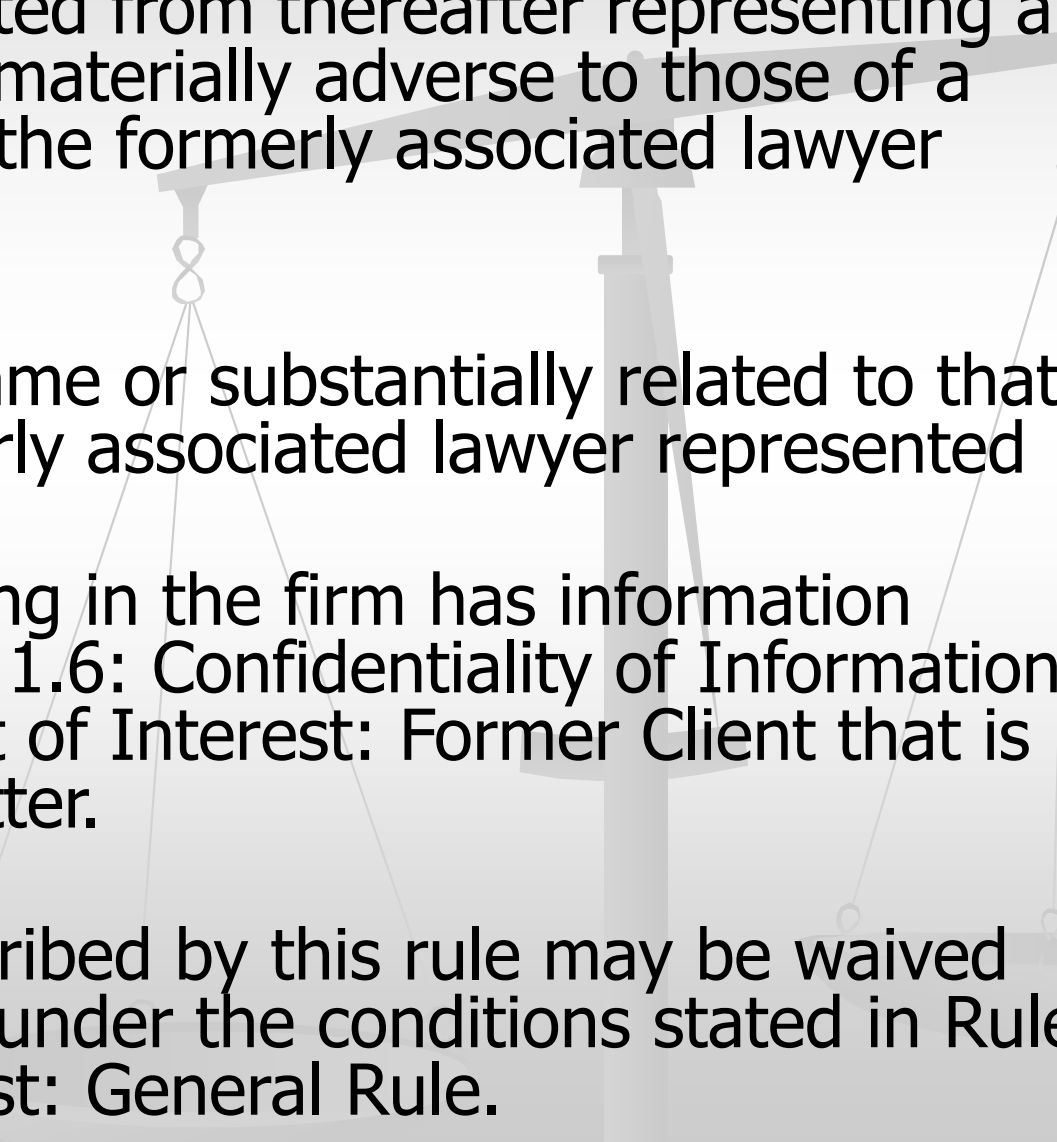
Georgia Rule 1.9(c) Conflict of Interest: Former Client

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- (c) A lawyer who has formerly represented a client in a matter or whose present or former firm has formerly represented a client in a matter shall not thereafter:
- (1) use information relating to the representation to the disadvantage of the former client except as Rule 1.6 or Rule 3.3 would permit or require with respect to a client, or when the information has become generally known; or
 - (2) reveal information relating to the representation except as Rule 1.6 or Rule 3.3 would permit or require with respect to a client.

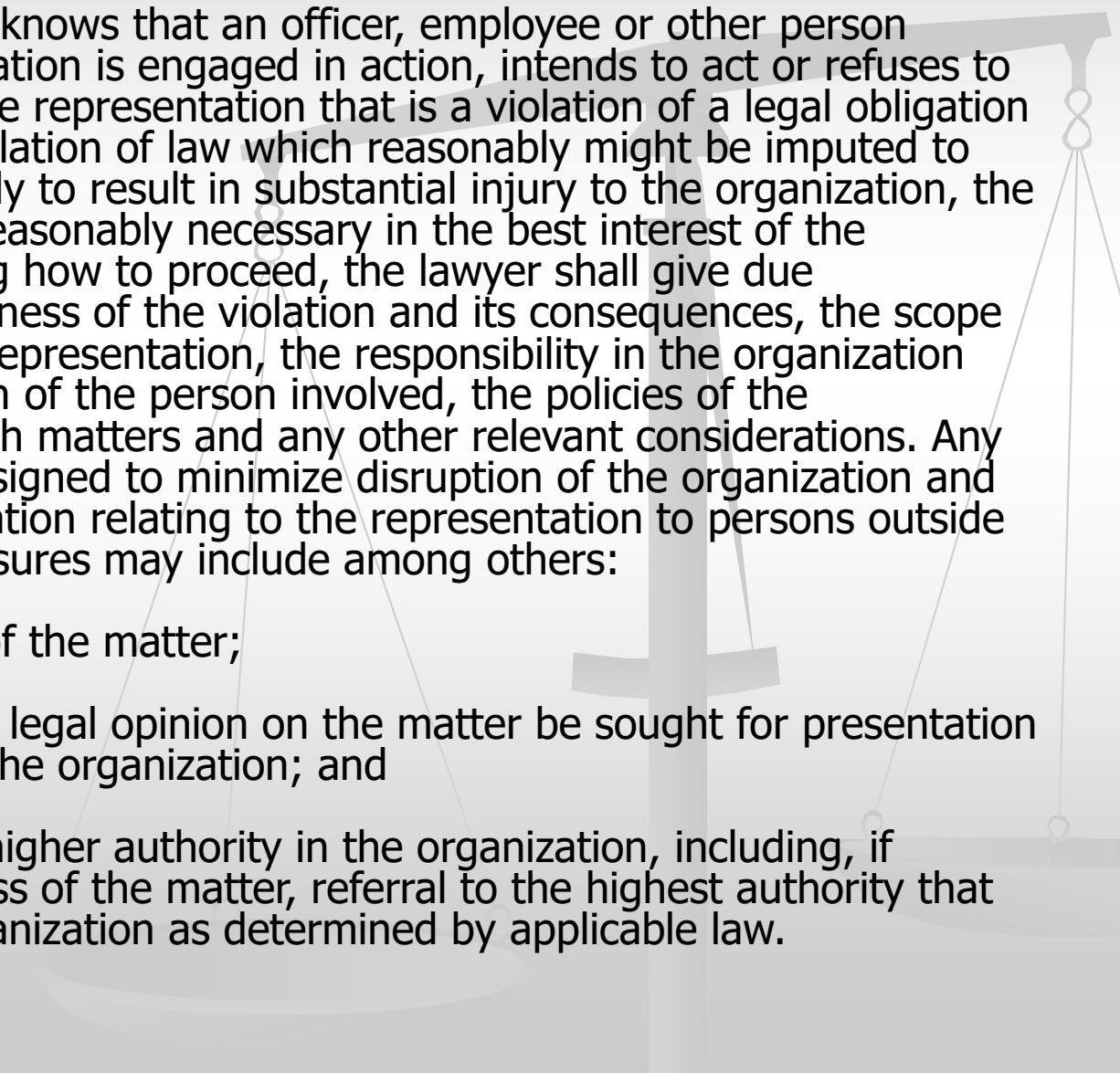
Georgia Rule 1.10(a) Imputed Disqualification: General Rule

- (a) While lawyers are associated in a firm, none of them shall knowingly represent a client when any one of them practicing alone would be prohibited from doing so by Rules 1.7: Conflict of Interest: General Rule, 1.8(c): Conflict of Interest: Prohibited Transactions, 1.9: Former Client or 2.2: Intermediary.
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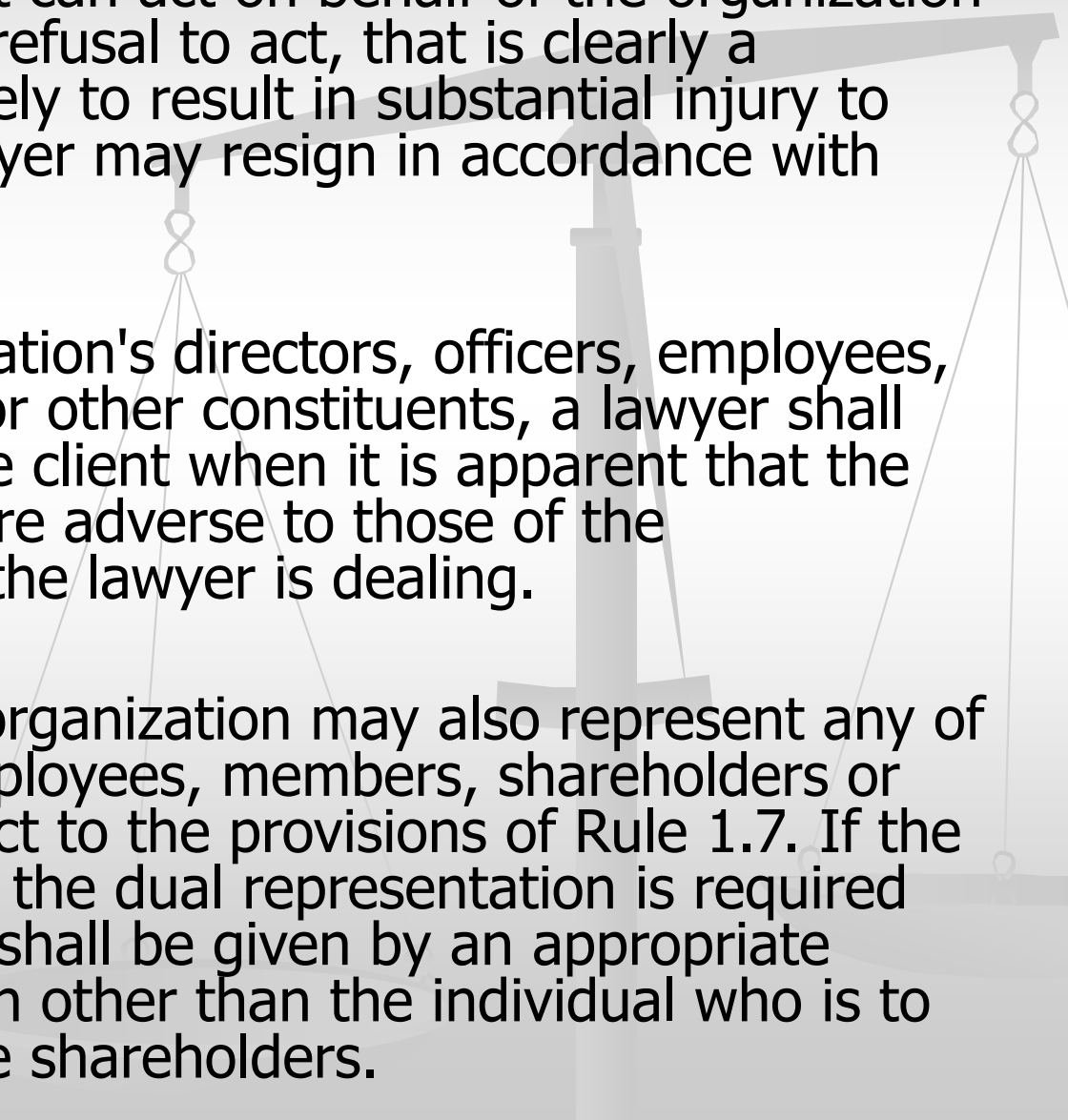
Georgia Rule 1.10(b)-(c) Imputed Disqualification: General Rule

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- (b) When a lawyer has terminated an association with a firm, the firm is not prohibited from thereafter representing a person with interests materially adverse to those of a client represented by the formerly associated lawyer unless:
 - (1) the matter is the same or substantially related to that in which the formerly associated lawyer represented the client; and
 - (2) any lawyer remaining in the firm has information protected by Rules 1.6: Confidentiality of Information and 1.9(c): Conflict of Interest: Former Client that is material to the matter.
 - (c) A disqualification prescribed by this rule may be waived by the affected client under the conditions stated in Rule 1.7: Conflict of Interest: General Rule.

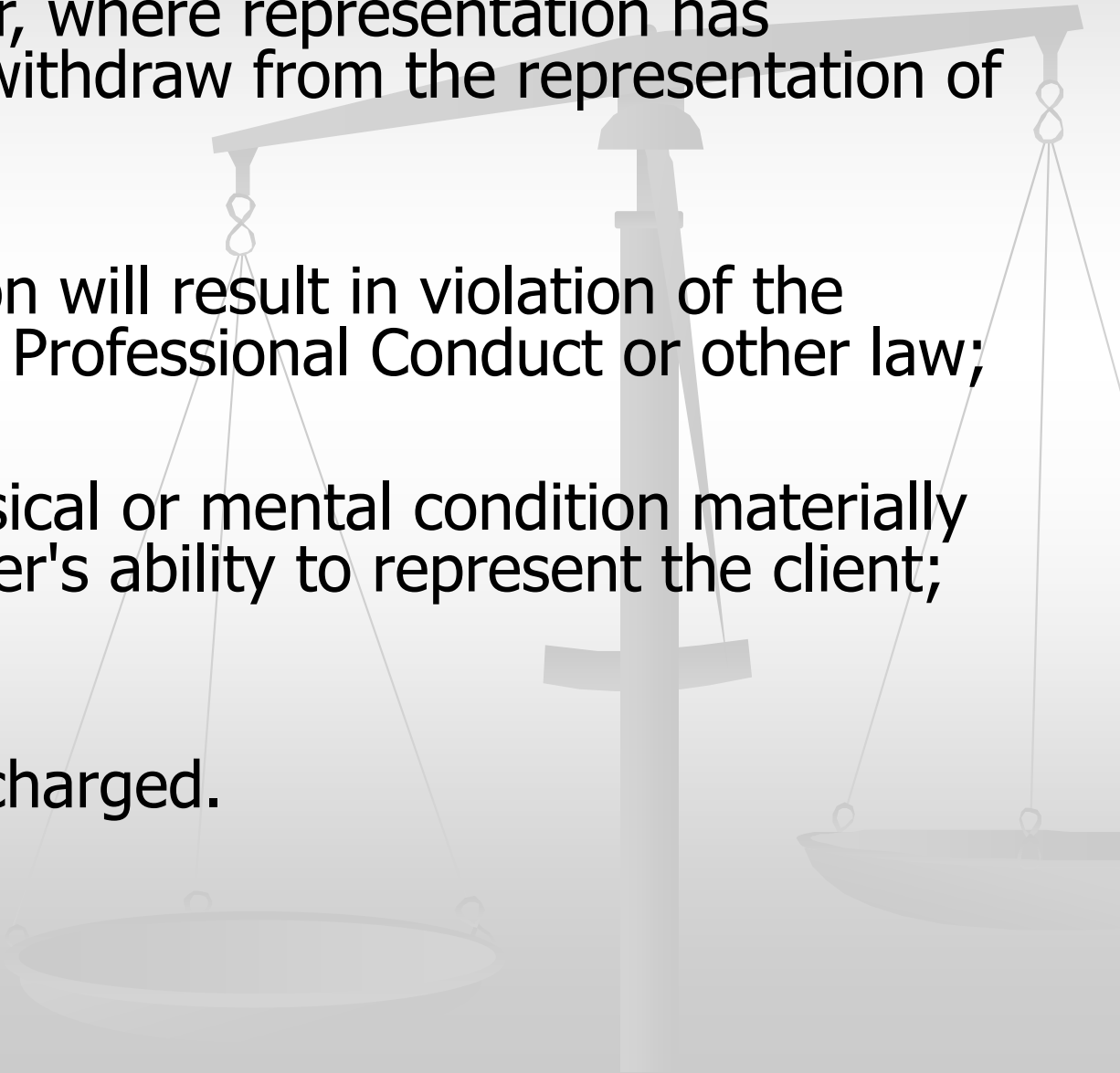
Georgia Rule 1.13(a), (b) Organization as Client

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- (a) A lawyer employed or retained by an organization represents the organization acting through its duly authorized constituents.
- (b) If a lawyer for an organization knows that an officer, employee or other person associated with the organization is engaged in action, intends to act or refuses to act in a matter related to the representation that is a violation of a legal obligation to the organization, or a violation of law which reasonably might be imputed to the organization, and is likely to result in substantial injury to the organization, the lawyer shall proceed as is reasonably necessary in the best interest of the organization. In determining how to proceed, the lawyer shall give due consideration to the seriousness of the violation and its consequences, the scope and nature of the lawyer's representation, the responsibility in the organization and the apparent motivation of the person involved, the policies of the organization concerning such matters and any other relevant considerations. Any measures taken shall be designed to minimize disruption of the organization and the risk of revealing information relating to the representation to persons outside the organization. Such measures may include among others:
- (1) asking reconsideration of the matter;
 - (2) advising that a separate legal opinion on the matter be sought for presentation to appropriate authority in the organization; and
 - (3) referring the matter to higher authority in the organization, including, if warranted by the seriousness of the matter, referral to the highest authority that can act in behalf of the organization as determined by applicable law.

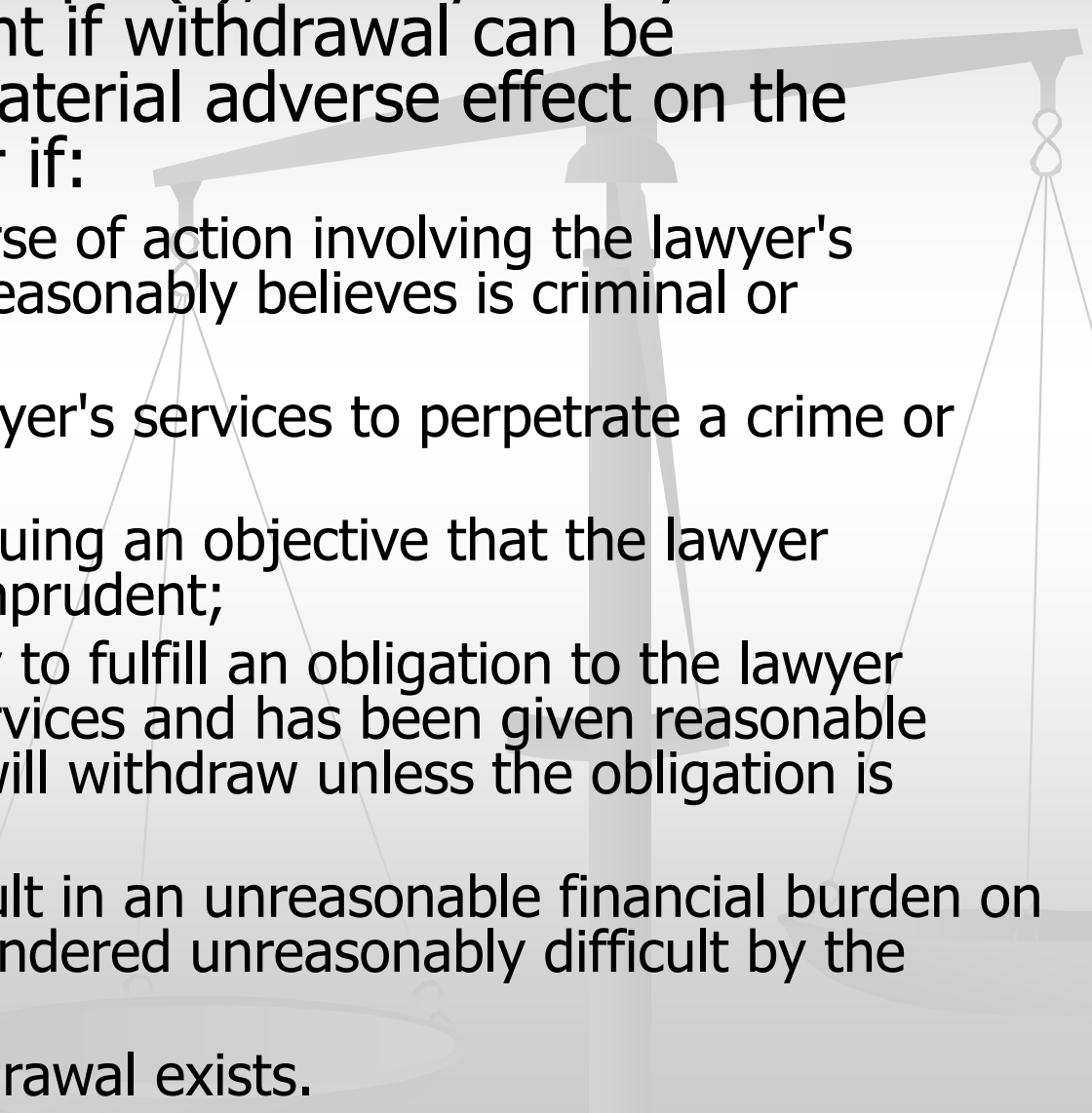
Georgia Rule 1.13(c)-(e) Organization as Client

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- (c) If, despite the lawyer's efforts in accordance with paragraph (b), the highest authority that can act on behalf of the organization insists upon action, or a refusal to act, that is clearly a violation of law and is likely to result in substantial injury to the organization, the lawyer may resign in accordance with Rule 1.16.
 - (d) In dealing with an organization's directors, officers, employees, members, shareholders or other constituents, a lawyer shall explain the identity of the client when it is apparent that the organization's interests are adverse to those of the constituents with whom the lawyer is dealing.
 - (e) A lawyer representing an organization may also represent any of its directors, officers, employees, members, shareholders or other constituents, subject to the provisions of Rule 1.7. If the organization's consent to the dual representation is required by Rule 1.7, the consent shall be given by an appropriate official of the organization other than the individual who is to be represented, or by the shareholders.

Georgia Rule 1.16(a) Declining or Terminating Representation

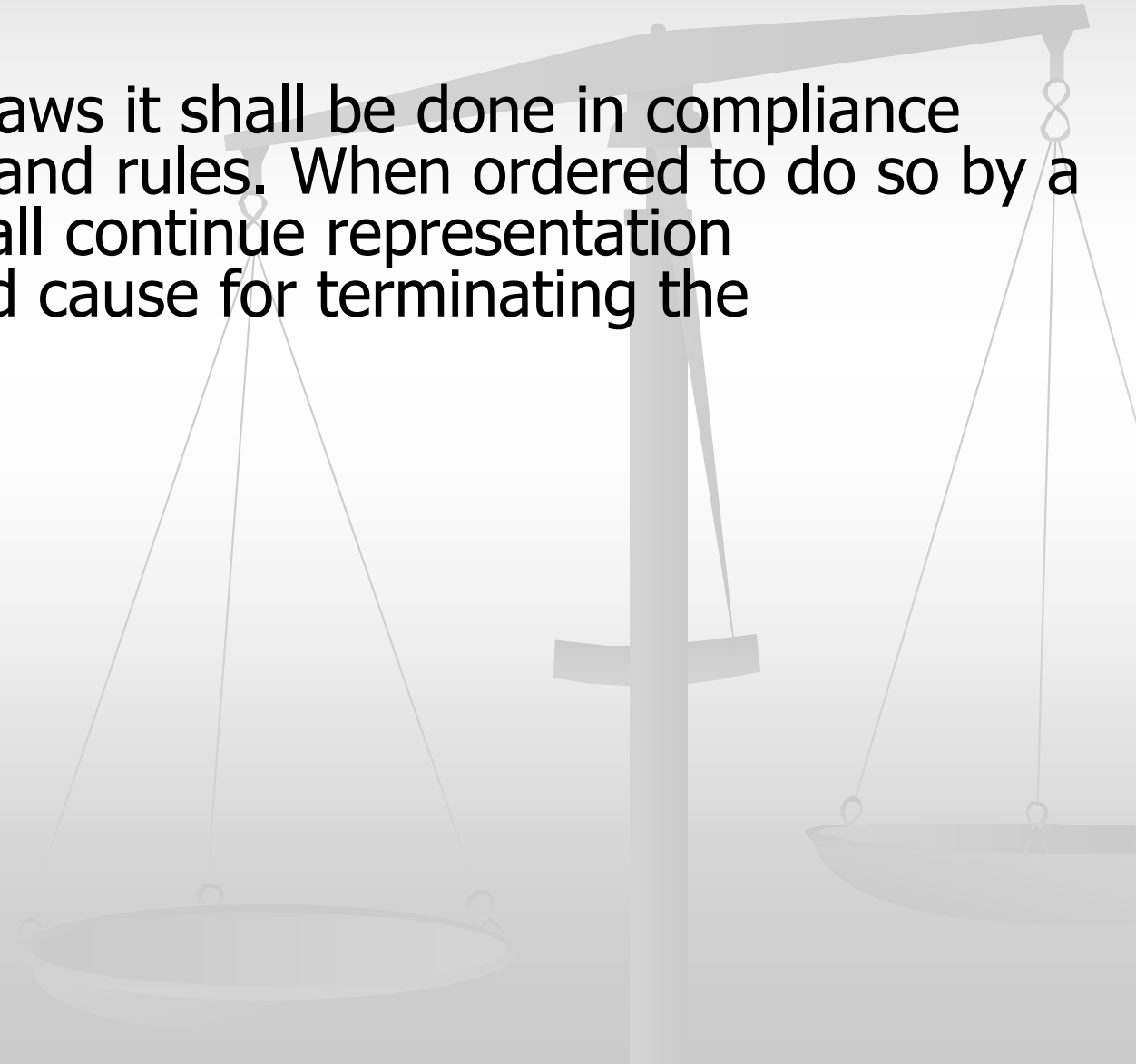
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- (a) Except as stated in paragraph (c), a lawyer shall not represent a client or, where representation has commenced, shall withdraw from the representation of a client if:
- (1) the representation will result in violation of the Georgia Rules of Professional Conduct or other law;
 - (2) the lawyer's physical or mental condition materially impairs the lawyer's ability to represent the client;
or
 - (3) the lawyer is discharged.

Georgia Rule 1.16(b) Declining or Terminating Representation

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- (b) except as stated in paragraph (c), a lawyer may withdraw from representing a client if withdrawal can be accomplished without material adverse effect on the interests of the client, or if:
- (1) the client persists in a course of action involving the lawyer's services that the lawyer reasonably believes is criminal or fraudulent; . . .
 - (2) the client has used the lawyer's services to perpetrate a crime or fraud;
 - (3) the client insists upon pursuing an objective that the lawyer considers repugnant or imprudent;
 - (4) the client fails substantially to fulfill an obligation to the lawyer regarding the lawyer's services and has been given reasonable warning that the lawyer will withdraw unless the obligation is fulfilled;
 - (5) the representation will result in an unreasonable financial burden on the lawyer or has been rendered unreasonably difficult by the client; or
 - (6) other good cause for withdrawal exists.

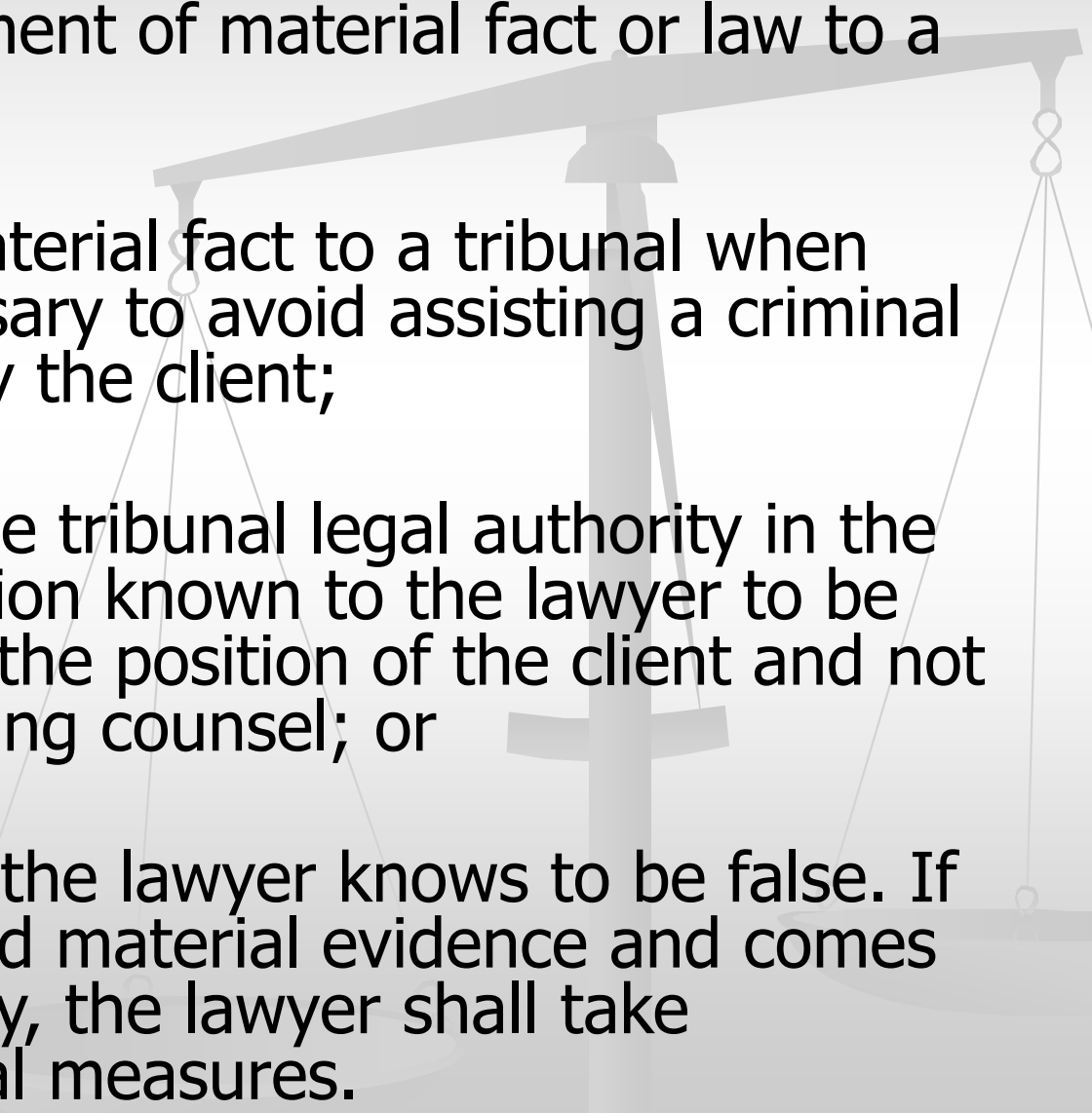
Georgia Rule 1.16(c) Declining or Terminating Representation

- (c) When a lawyer withdraws it shall be done in compliance with applicable laws and rules. When ordered to do so by a tribunal, a lawyer shall continue representation notwithstanding good cause for terminating the representation. . . .



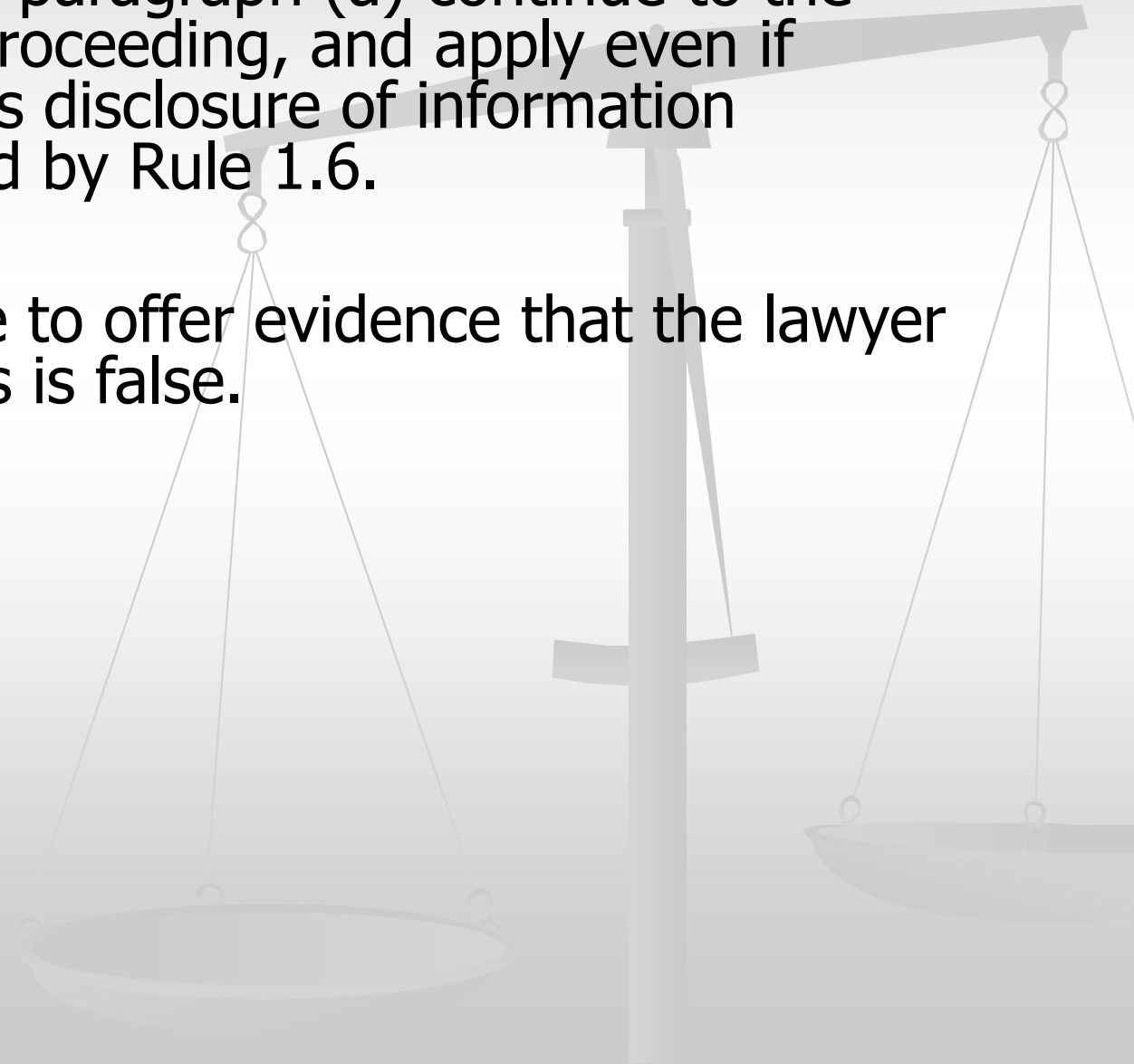
Georgia Rule 3.3(a) Candor Towards the Tribunal

(a) A lawyer shall not knowingly:

- (1) make a false statement of material fact or law to a tribunal
 - (2) fail to disclose a material fact to a tribunal when disclosure is necessary to avoid assisting a criminal or fraudulent act by the client;
 - (3) fail to disclose to the tribunal legal authority in the controlling jurisdiction known to the lawyer to be directly adverse to the position of the client and not disclosed by opposing counsel; or
 - (4) offer evidence that the lawyer knows to be false. If a lawyer has offered material evidence and comes to know of its falsity, the lawyer shall take reasonable remedial measures.
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Georgia Rule 3.3(b), (c) Candor Towards the Tribunal

- (b) The duties stated in paragraph (a) continue to the conclusion of the proceeding, and apply even if compliance requires disclosure of information otherwise protected by Rule 1.6.
- (c) A lawyer may refuse to offer evidence that the lawyer reasonably believes is false.



Georgia Rule 3.7 Lawyer as Witness

(a) A lawyer shall not act as advocate at a trial in which the lawyer is likely to be a necessary witness except where:

(1) the testimony relates to an uncontested issue;

(2) the testimony relates to the nature and value of legal services rendered in the case; or

(3) disqualification of the lawyer would work substantial hardship on the client.

(b) A lawyer may act as advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness unless precluded from doing so by Rule 1.7 or Rule 1.9.

Georgia Rule 4.3 Dealing with Unrepresented Person

In dealing on behalf of a client with a person who is not represented by counsel, a lawyer shall not:

- (a) state or imply that the lawyer is disinterested; when the lawyer knows or reasonably should know that the unrepresented person misunderstands the lawyer's role in the matter, the lawyer shall make reasonable efforts to correct the misunderstanding;
- (b) give advice other than the advice to secure counsel;
and
- (c) initiate any contact with a potentially adverse party in a matter concerning personal injury or wrongful death or otherwise related to an accident or disaster involving the person to whom the contact is addressed or a relative of that person, unless the accident or disaster occurred more than 30 days prior to the contact.