

Ethical Issues in IP Law Practice: Where the Rubber Meets the Rules
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Introduction

The month of May in Indiana is particularly important because of the Indianapolis 500, an event that is officially described and even trademarked as “the greatest spectacle in racing.” It seems appropriate, as we prepare for the 100th anniversary of the Indy 500, to use the various imagery and symbols of the race to alert us to some of the ethical issues in the practice of intellectual property law. Of course, we want to chart a safe course from the green flag to the final lap and avoid yellow flag cautions, mishaps and mistakes that send us to the pits for repairs, black flag penalties and dangerous curves, all with the hope of being rewarded with the checkered flag that signals that we are the winner. Throughout the race, various rules, experiences, decisions and best practices will govern how we handle our car and the racetrack and deal with other drivers and uncontrollable risks, such as the weather conditions.

Using the race theme and symbols as a way to frame the discussion, this paper will highlight a variety of ethical issues that can emerge throughout the representation of a client in matters related to intellectual property law. These are complicated issues, made even more so by the changing nature of the practice of law, by technology and by the fluid nature of the national and global economy. It would be impossible to capture all of the potential ethical issues that could confront an attorney practicing in intellectual property law in one short paper or presentation. Therefore, this paper will wave a yellow flag over a few topics that are at the intersection between law and technology and that may be common to attorneys who deal with patent, trademark, trade secret and copyright law. The bibliography contains a number of resources that can assist attorneys in other matters related to ethical issues of practicing intellectual property law not covered in the paper.

I. Rules of the Road

Fortunately, in charting a safe course through intellectual property law practice, a number of rules are available for guidance. Among these rules are the ABA Model Rules of Professional Conduct, as adopted in whole or in part by various states. These rules cover such important issues as the duties owed to current, prospective and former clients, conflicts of interest, screening and disqualification, confidentiality, responsibilities of senior attorneys over junior attorneys, support staff and third-party vendors, discerning the identity of the client versus other related parties, candor towards the tribunal, communications, advertising and competence. Attorneys who practice patent, trademark and other law before the U.S. Patent and Trademark Office are also governed by the Patent and Trademark Office Code of Professional Conduct. Note that under section 10.1 Definitions of the Code, the language reads that “[n]othing in this part shall be construed to preempt the authority of each State to regulate the practice of law, except to the extent necessary for the Patent and Trademark Office to accomplish its federal objectives.” It is important to note that although the PTO Code is largely based on the Model Rules, there are likely to be differences between the PTO Code and the language of a particular state’s rules. In Appendix 1 of *Patent Ethics: Prosecution*, Hricik and Meyer provide an annotated PTO Code of Professional Conduct with commentary that discusses the PTO Code in the context of state disciplinary rules as well as other federal rules and decisions. Appendix 4 in

Hricik and Meyer's book provides a correlation table between the PTO Code and other ethical codes, while Appendix 3 provides summaries of recent decisions by the PTO's Office of Enrollment and Discipline.

Other rules may have an impact on the practice of intellectual property law and the attorney's ethical obligations. For example, the Federal Rules of Civil Procedure and the Federal Rules of Evidence, along with similar rules for state and local courts, may need to be consulted in order to avoid either disciplinary action, sanctions or a claim of malpractice. In addition, intellectual property law rarely exists in a vacuum, but may be part of other causes of action. For example, one of the concurrent tracks at the 2011 AIPLA Spring Meeting is devoted to the intellectual property assets of clients who are in bankruptcy, the proceedings of which will be guided by the Federal Rules of Bankruptcy Procedure and the rules of the local bankruptcy courts. In addition to the decisions by the PTO's Office of Enrollment and Discipline, intellectual property law practitioners will also be guided by case law. A quick search in LEXIS revealed cases on screening and disqualification, protective orders to avoid inadvertent disclosure of confidential patent information and the reasonableness of attorney fees.

II. Specific Ethical Issues in Intellectual Property Law Practice

Bray and Drewry provide an excellent discussion of some of the specific ethical issues that confront attorneys who deal with patent, trademark and copyright matters. For example, in patent practice, they outline the duty of candor and good faith, as specified in the Code of Federal Regulations Rule 56. They explain that this duty includes the obligation to be truthful in dealing with the USPTO and the need to disclose to the USPTO all information known to be "material to patentability". The authors then discuss breaching the duty of candor and good faith as inequitable conduct and that in order to establish inequitable conduct, materiality and deceptive intent must be shown by clear and convincing evidence. The authors provide a case study, based on *McKesson Information Solutions, Inc. v. Bridge Medical, Inc.*, 487 F.3d 897 (Fed. Cir. 2007), to demonstrate how to evaluate a claim of inequitable conduct. On page 13, the following practice tips are provided to help the patent practitioner avoid the consequences of inequitable conduct:

- When in doubt, err on the side of disclosure.
- Send a letter to your client summarizing the "duty of candor and good faith," listing typical sources of material information, and emphasizing the extensive consequences of breach.
- Cross-cite applications having "substantially similar" claims.
- Document reasons for deciding not to disclose information.

Significant guidance is available to practitioners engaged in patent prosecution in Faber's *Prosecution Ethics* (2nd *Annual Patent Law Institute*, Volume 2. New York, NY: Practising Law Institute, 2008) and *Patent Ethics: Prosecution* by Hricik and Meyer (New York, NY: Oxford University Press, 2009). Patent practitioners are also encouraged to consult Hricik's *Patent Ethics: Litigation* (New York, NY: Oxford University Press, 2010).

Likewise, Bray and Drewry discuss the need for practitioners working on trademark cases to be truthful in dealing with the USPTO, noting that federal regulations require that a

trademark application be accompanied by truthful statements of fact and belief. As stated by Bray and Drewry, “[i]n addition to requiring truthful statements during the application process, regulations also require truthful statements during maintenance and renewal of a registered trademark.” The authors then provide an analysis of how to prove fraud upon the USPTO in the context of trademark law, discussing *In re Bose Corp.*, 91 USPQ2d 1938 (Fed. Cir. 2009) as a decision that clarified the doctrine of trademark fraud upon the USPTO and the implications for the 2003 *Medinol* decision. (*Medinol Ltd. V. Neuro Vasx, Inc.*, 67 USPQ2d 1205 (TTAB 2003)). Their assessment is that “[c]urrent law under Bose brings trademark law in line with general fraud standards including fraud standards required to establish patent and copyright doctrines of fraud.” (p. 19) In their recommendations for attorneys (p. 20), they note that “trademark practitioners should stay vigilant of the fraud issue” and that “the attorney’s specific role in this situation may still be unclear.” They pose a number of questions and assert that “[t]hese questions emphasis the attorney’s need to verify all USPTO filings, to remain aware of legal developments, and to make sure that clients understand and appreciate the risks.”

The duty of good faith in both patent and trademark applications is also described in an article by Valoir and Hricik. In terms of patents, they discuss who is subject to the duty of candor, what must be disclosed, the duration of the duty, the requirement of intent and the impact of a breach of the duty of candor, providing practical advice about the patent prosecution process that will help the attorney more fully comply with the duty of candor. With respect to trademark applications, the authors also discuss the duty of good faith and candor, noting that the duty is generally narrower than in patent prosecution. The authors discuss the elements for fraud in the procurement of a trademark, that subjective intent to mislead is not required, the question of what is material for purposes of proving fraud, when the duty of good faith and candor exists and the impact of a breach of the duty of candor, along with practical suggestions for avoiding a claim of such a breach.

In terms of ethics in copyright practice, Bray and Drewry assert that the doctrine of fraud is important to understand from both a legal and a practical perspective. The authors state that “[a]n act of fraud upon the U.S. Copyright Office can bring about a severe result including cancellation of a copyright registration which is tantamount to losing subject matter jurisdiction in a federal civil copyright infringement claim.” (p. 20) They explain that although fraud upon the Copyright Office has been an equitable defense to infringement, the Prioritizing Resources and Organization for Intellectual Property Act, which became law in 2008, included an amendment to Section 441(b) of the U.S. Copyright that codified the existing doctrine of copyright fraud in the registration process. The authors then provide an analysis of how to prove a claim of fraud on the Copyright Office using several major cases as examples. The authors explain that a finding of fraud may invalidate a copyright registration entirely and that this will have the practical effect of dismissing a civil infringement action, since a civil action for copyright infringement cannot be instituted until the copyright in a work is registered. (p. 23) Bray and Drewry note that since the results are severe if there is a finding of fraud on the Copyright Office, practitioners should avoid filing applications with false statements and/or overly broad statements that could induce reliance by the Copyright Office. (p. 24)

A chapter in the seminar manual for The 2010 Midwest Intellectual Property Institute provides a wealth of information on a variety of ethical issues that are embodied in the Model Rules of Professional Conduct and their applications in intellectual property law practice,

including a list of resources to assist lawyers in avoiding violations. (*See also* McCormack, T.B. and Daley-Watson, C.J. *Intellectual Property Legal Ethics*. Seattle, WA: McCormack, 1999. <http://www.mccormacklegal.com/docs/online/Intellectual-Property-Legal-Ethics.html>, accessed 3/2/2011). Allgeyer and Poulos cover a number of issues, including:

- Conflicts between current clients
- Conflicts in representing multiple parties
- The requirements for writing waivers for conflicts
- Conflicts with former clients and disqualification
- Imputed conflicts and ethical wall

The notion of what constitutes scholarship in the academic legal world has expanded beyond traditional doctrinal research to encompass qualitative and quantitative studies using methodologies from the social sciences. Gallagher has provided the results of an empirical study he conducted on the ethics of the everyday practice of law, specifically the ethical decision-making of patent litigators in the pretrial discovery process, by conducting semi-structured interviews with 55 patent litigators and from a detailed study of the *Qualcomm* patent sanctions case. He notes that, to date, there are few empirical studies of intellectual property lawyers or of legal ethics “in action”. This article is part of a larger project to study intellectual property lawyers in patent, trademark and copyright enforcement and litigation actions. Some of the topics discussed in his article are lawyers’ perceptions of legal ethics, influences on the ethical decision-making of lawyers and whether discovery sanctions are a deterrent against unethical behavior, particularly in light of the *Qualcomm* case and the significant sanctions that were imposed.

III. **Ethics and Technology in the Law Firm**

In *Information Security for Lawyers and Law Firms*, Nelson, Isom and Simek outline the duties that lawyers have for the use of technology in their law firms. The following basic principles are offered as a starting point:

- Responsibility for information security
- Competent use and management of technology
- Managing information security and resources
- Preserving privilege, confidences and privacy
- Client consent and participation in risk
- Communication with courts and other official entities
- Retention, migration and destruction of client information
- Responsibilities of the law firm

Information security, defined as the protection of information assets, includes:

- security management practices
- physical security
- personnel security

- computer security
- network security
- telecommunications security
- operations security

Attorneys have a duty to safeguard and keep client information confidential, including information about prospective and former clients. Rules 1.6, 1.9 and 1.18 of the Model Rules of Professional Conduct speak to this issue and the concept of confidentiality is also imbedded into specific provisions of other rules, such as 1.8(b), 1.15, 1.10 and 1.11, to name but a few. With some variations in wording and interpretation, each state has similar rules requiring attorneys to maintain the confidentiality of client information, including information that is maintained on all types of computers, including mobile devices, laptops, desktops and servers. The danger of confidential client information being released is very real and can result from either a mistake or by deliberate intrusion.

Protecting confidential client information can include general law office security, including physical security measures, the use of proper passwords, access rights for users, backup systems, minimizing threats from disgruntled employees, being mindful of metadata, protecting computer systems against viruses, spyware and hackers, use of firewalls and the appropriate destruction of storage media. Special care is needed when donating or repurposing computers or other equipment. Statistical studies show that a substantial number of computers that are donated contain personal information. The number of laptops or mobile devices that are stolen or lost is staggering, often leaving the data vulnerable along with the expense and time of reconstructing the data.

There are emerging ethical issues, particularly with respect to confidentiality, with the use of information technology, including email, websites, chat rooms, blogs, social networking sites and wireless access. Some of the new mobile devices are enjoyable to use and a great convenience, but they may also present a risk of revealing confidential client information. A recent study by Jones and her colleagues revealed that health information, in the form of both images and text, was readily viewable by people standing as far as 5 feet from the person using the device. There may also be a danger with outsourcing legal work internationally and with using third-party vendors offering cloud computing or virtualization strategies for storing and managing law firm information. Other risks of improper or inadequate security over law firm information include the loss of attorney-client privilege or work-product protection, so special care is needed to secure these materials. Proper redaction techniques are required, specifically when emailing documents. Confidentiality of client information is not just an ethical issue, but can be covered by federal or state law, such as HIPAA and the HITECH Act for protected health information, by contracts and licensing agreements or as trade secret or proprietary information.

Concern for the confidentiality of client information applies to third-party vendors, including electronic discovery vendors, cloud computing vendors, cleaning crew, file room staff and any other law firm or company functions that are outsourced. In other words, we cannot avoid violations of the Rules by “hiring away” the ethical breaches. The lawyer has ultimate responsibility for the integrity of the work that is done, including the security and confidentiality of any information. Attorneys, clients and vendors must understand their roles and responsibilities. Clients should agree, in writing, about the way that they would like to be

communicated with and the risks of public fax machines, shared email accounts or using an employer's network and email as the means of communication. Recent cases have held that the attorney-client privilege was waived when children had access to a parent's email account. Clients should also be informed about the attorney-client privilege and how this is waived and social media should not be a vehicle for any client information. Although not required, attorneys should carefully consider whether files should be encrypted. There should be a clear contract with third-party vendors about confidentiality and security, along with periodic review of how the third-party vendor's systems are functioning.

Technology is evolving quickly and constructing a system that is 100% secure may be unrealistic. Although there are no set standards about how to ensure security for a law firm's information, computers and networks, several organizations have attempted to provide lawyers with guidance on these issues. Most recently, the International Legal Technical Standards Organization (ILTSO) introduced its 2011 Standards for public review and comment.* The standards document addresses law firm security from the perspective of both the lawyer and the IT professional and divides its recommendations into bronze, silver and gold standards in an attempt to define what is reasonable in terms of the size and location of the law firm, the complexity of its operations and the technical sophistication that the law firm has in-house. The standards cover local networks, cloud services and access devices and include a section on ethical considerations.

IV. Ethics and Discovery

A. Why Does E-Discovery Create Ethical Issues?

More people are generating and saving more information at all stages of a matter, rather than a single archived paper file of final signed documents and memoranda. It is estimated that over 99 percent of information now in digital form and nearly 70 percent may never be reduced to paper (hard copy) form. Information is now created in a variety of formats: word processing, spreadsheets, databases, text messages, digital images, audio, video, websites, social networking, tweets, faxes, YouTube, etc. The terminology now used in the Federal Rule of Civil Procedure is Electronically Stored Information (ESI) in order to encompass both current and future information technology. All of this ESI is stored on a multitude of devices, including desktop computers, laptops, mobile devices, flash drives, voicemail, email, printers, scanners, copiers, CDs, DVDs and on an employee's home computer and personal devices. With judges being increasingly comfortable with technology, courts are now imposing significant sanctions on both clients and for attorneys when there is negligence in electronic discovery processes, such as failure to preserve and produce ESI and refusal to participate in the formulating a discovery plan, and especially when there are deliberate actions to alter or destroy ESI that might be relevant in a case.

Some special dangers include the handling of metadata, "deleted" data and inadvertent production of ESI that could have and should have been protected under attorney-client privilege or as attorney work-product. The speed of discovery process, necessitated by changes to the FRCP and the massive amount of ESI to be produced and reviewed, not only add to the risk of inadvertent production but also to inadvertent destruction of ESI. Questions remain that are important for counsel: where is the line between ESI that is reasonably accessible versus

inaccessible, such as back-up tapes, and who are the key players in the litigation, which could include high level employees as well as representatives from IT, accounting or human resources, to name but a few. Another issue is to specify the forms of production - native v. image – in any requests as well as respond to requests, which will most likely involve the production of ESI in native format with the metadata intact. In terms of attorney ethics, there are ongoing responsibilities of counsel, especially with regard to the duty to preserve and oversight of litigation holds, which were outlined in *Zubulake v. UBS Warburg*, revisions to the Federal Rules of Civil Procedure and various state trial rules.

B. What the Rules Say

An overarching principle in the Model Rules is competence. Model Rule 1.1 states that “[a] lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness and preparation necessary for the representation.” Comment 6 states that “[t]o maintain the requisite knowledge and skill, a lawyer should keep abreast of changes in the law and its practice, engage in continuing study and education and comply with all continuing legal education requirements to which the lawyer is subject.” So failure to be informed about – and comply with – all requirements of e-discovery will not be an excuse. It may be useful, especially for smaller law firms, to work with a third-party e-discovery vendor. However, it is important to note that the attorney will still be under a duty to supervise under Model Rule 5.3(c). In other words, hiring a vendor will not avoid or erase any ethical duties of the lawyer.

The duty of confidentiality is also significant in the context of electronic discovery. Model Rule 1.6(a) states that “[a] lawyer shall not reveal information relating to the representation of a client unless the client gives informed consent, the disclosure is impliedly authorized in order to carry out the representation or the disclosure is permitted by paragraph (b) - (preventing death, substantial bodily injury, etc.)” Note that Comment [16] states that “[a] lawyer must act competently to safeguard information relating to the representation of a client against inadvertent or unauthorized disclosure by the lawyer or other persons who are participating in the representation of the client or who are subject to the lawyer’s supervision.” Some daily activities that attorneys might not even think about may jeopardize the confidentiality of client information. For example, care is needed when sending email, especially with Reply To, Reply To All and automatic filling in of email addresses, and when using fax machines. Metadata may be lurking in edited documents or in documents that have been “re-purposed”.

A more narrow aspect of the duty of confidentiality is ESI that is protected by attorney-client privilege, protected as attorney work product or protected as other confidential information. One proactive step that can be taken is to enter into clawback agreements with the opposing counsel. However, under the FRCP, FRE or state trial rules, there may already be restrictions on the use of this material by opposing counsel. It is important to note that inadvertent production is a special danger in e-discovery context, given the sheer volume of ESI and short window of time to produce it to the opposing party. Fortunately, technology is getting better, allowing keyword (person, date, event) searching to reduce the set of potentially relevant ESI that needs a live human to review prior to production. Statistics suggests that we can perhaps reduce the set of ESI needing live human review by 75% using technology tools. However, a careless production and review process will not prevent waiver of privilege.

Model Rule 4.4(b) states that “[a] lawyer who receives a document relating to the representation of the lawyer’s client and who knows or reasonably should know that the document was inadvertently sent shall promptly notify the sender.” Per Comment [2], it is important to note that this applies to any documents that were mistakenly sent or produced by opposing lawyers or their lawyers (in other words, not just privileged documents). Comment [2] in the Indiana Rules states that “document” includes email or other electronic modes of transmission subject to being read or put into readable form.

Other rules may also protect against the waiver of attorney-client privilege or attorney work-product. FRE Rule 502 provides limitations on waivers of attorney-client privilege and work product. Likewise, FRCP 26(b)(5)(B) provides that “[i]f information produced in discovery is subject to a claim of privilege or of protection as trial preparation material, the party making the claim may notify any party that received the information of the claim and the basis for it. After being notified, a party must promptly return, sequester, or destroy the specified information and any copies of it; must not use or disclose the information until the claim is resolved; must take reasonable steps to retrieve the information if the party disclosed it before being notified; and may promptly present the information to the court under seal for a determining of the claim. The producing party must preserve the information until the claim is resolved.” The waiver and process for handling inadvertently produced ESI should be discussed in a “meet and confer” conference, which is required under the revisions to the FRCP. Cotropia’s paper provides specific commentary on the attorney-client privilege in the context of patent prosecution.

Metadata presents a clear danger to client confidentiality. It is important to note that metadata can be generated just by using computer software (word processing) without the user even being aware of it or because of a user’s settings or choices. Examples of metadata are revisions, authors and track changes. It is possible to “un-erase” changes to reveal confidential or other valuable information. Even image formats may not be completely safe. Some commentators recommend printing the document, blacking out the information and rescanning the document just to make sure that the information is truly “gone”. There is a divergence of opinions in various states on the ethics of mining for metadata when it has been inadvertently produced. For specific information, see the Metadata Comparison Chart from the ABA - <http://www.abanet.org/tech/ltrc/fyidocs/metadachart.html>

C. Preservation and Production of Electronically Stored Information (ESI)

The revisions to the Federal Rules of Civil Procedure added the term Electronically Stored Information (ESI). This is an updated term from “data or data compilations” and designed to encompass a wide range of known and future formats for information (including text, images, sound, etc.). Parties should work together at the outset of litigation to agree on the format(s) for ESI – native v. image files, metadata intact, searchable – part of mandatory “meet and confer” conference in federal courts. The burden is on the requesting party to specify the preferred format; generally, courts will not allow a second request in another format. If not specifically requested, the default under FRCP Rule 34(b)(ii) is that the responding party can produce ESI in the format at which it is ordinarily maintained or in a reasonably usable format. Some ethical issues include not thinking this through before making the request, then not being able to do what you need to do with the information. For example, rather than requesting or agreeing to receive a production of financial statements in image format, the preference should

be for a spreadsheet, so that you can search, check formulas and calculations and look for hidden cells. Note also that the duty to preserve begins when litigation is reasonably anticipated.

D. Responsibilities of Counsel

The *Zubulake v. UBS Warburg* case outlined some ongoing responsibilities of lawyers during the e-discovery process. A party's discovery obligations do not end with the implementation of a litigation hold. Counsel must oversee compliance with the litigation hold, monitoring the party's efforts to retain and produce the relevant documents. Proper communication between the party and the lawyer will ensure (1) that all relevant information (or at least all sources of relevant information) is discovered, (2) that relevant information is retained on a continuing basis; and (3) that relevant non-privileged material is produced to the opposing party.

- *First*, counsel must issue a "litigation hold" at the outset of litigation or whenever litigation is reasonably anticipated. The litigation hold should be periodically re-issued so that new employees are aware of it, and so that it is fresh in the minds of all employees.
- *Second*, counsel should communicate directly with the "key players" in the litigation, i.e., the people identified in a party's initial disclosure and any subsequent supplementation thereto
- *Finally*, counsel should instruct all employees to produce electronic copies of their relevant active files. Counsel must also make sure that all backup media which the party is required to retain is identified and stored in a safe place.
- Also important to be aware of the "safe harbor" provision in FRCP Rule 37(e) Litigation hold: "whenever litigation is reasonably anticipated"

Something proactive that intellectual property law practitioners can do is to assist their clients in establishing records retention policies. Clients need records retention policies that make sense and then to put procedures in place to ensure compliance with policies rather than "remembering" them when litigation is imminent. It is important to note that defensible document retention requires the development, implementation and continued monitoring of a thorough and thoughtful electronic document retention policy that is tailored to an organization's particular needs. Other benefits to a records retention policy is that it reduces expenses, because there is no need to store, maintain and manage information that is no longer needed, and it reduces risks, since outdated and superseded information and multiple copies are eliminated, particularly draft documents and email messages. There are excellent kinds of technology available for archiving. A record retention policy is also needed in order to take full advantage of the "safe harbor" provision of FRPC. FRCP Rule 37(e) prevents courts from imposing sanctions on a party for failing to provide ESI lost as a result of the routine, good faith operation of an electronic information system.

Another important responsibility of lawyers who practice intellectual property law is the duty to supervise, both within the law firm and with outside vendors. Model Rule 5.1 outlines the responsibilities of a partner, who must make reasonable efforts to be sure that all lawyers under his or her supervision are in compliance with Rules of Professional Conduct and who

bears responsibility when there are violations by the attorneys being supervised. Model Rule 5.2 covers the responsibilities of subordinate lawyers. It is important to note that there are specific situations when a subordinate lawyer cannot ignore ethical duties in deference to a supervising attorney or partner's decision. The course of action taken must be a reasonable resolution of an arguable question of professional duty. Model 5.3 emphasizes the lawyer's responsibilities regarding non-lawyer assistants. In other words, it is not going to be acceptable to say "that was my secretary's mistake" in response to an ethical breach. Some of the characteristics of an approach to personnel management that will minimize the risks are orientation, ongoing training, regular review of office processes and audits.

An Acceptable Use Policy should be presented to all employees, which should be signed and put in each employee's human resources file, specifying the conditions of use of telephones Internet, email, social media, access to files, access to parts of the office, the fax machine and the photocopier. This policy should put employees on notice that the law firm reserves the option to monitor the usage of any of these devices or resources and the consequences, including disciplinary action, as a result of violations of the policy. There should be special processes for handling employees who have resigned or who are being dismissed, including disabling access to server/computer/facility, return of any computer equipment or other materials and an exit interview to remind the departing employee about duties related to confidentiality.

Model Rule 5.3, which outlines responsibilities for supervising non-lawyer assistants, also applies to third-party vendors. In other words, lawyers cannot avoid violations of the Rules by "hiring away" the ethical breaches. The lawyer has ultimate responsibility for the integrity of the e-discovery process or any other activity that requires the use of third-party services. Attorneys, clients and vendors must understand the roles in the e-discovery process. Vendors should not assume the role of a legal advisor. Many states are taking aggressive action against third parties that provide what are essentially legal services. Special care is needed with privileged information. (*See* ABA Formal Opinion 08-451 Duty to Supervise: When Outsourcing Electronic Discovery Processes or Other Law Firm Activities)

V. Ethics and Negotiation

In her book *Technology Licensing: A Practitioner's Guide*, Meeker notes a variety of ethical issues that can arise in the context of negotiations. By way of introduction, she notes that "[t]he professional rules can be challenging to apply in a transactional practice, because most of them were developed in litigation contexts." (p. 109). The ethical rules, taken from the ABA's Model Rules of Professional Conduct, that she examines as having implications in the negotiation of licenses for technology include:

Model Rule 1.7(a)(1) and 1.7(b): Conflicts of Interest: Current Clients

(a) Except as provided in paragraph (b), a lawyer shall not represent a client if the representation involves a concurrent conflict of interest. A concurrent conflict of interest exists if:

(1) the representation of one client will be directly adverse to another client; or

(2) there is a significant risk that the representation of one or more clients will be materially limited by the lawyer's responsibilities to another client, a former client or a third person or by a personal interest of the lawyer.

(b) Notwithstanding the existence of a concurrent conflict of interest under paragraph (a), a lawyer may represent a client if:

(1) the lawyer reasonably believes that the lawyer will be able to provide competent and diligent representation to each affected client;

(2) the representation is not prohibited by law;

(3) the representation does not involve the assertion of a claim by one client against another client represented by the lawyer in the same litigation or other proceeding before a tribunal; and

(4) each affected client gives informed consent, confirmed in writing.

Model Rule 4.2 Communication with Persons Represented by Counsel, noting especially Comment 7

In representing a client, a lawyer shall not communicate about the subject of the representation with a party the lawyer knows to be represented by another lawyer in the matter, unless the lawyer has the consent of the other lawyer or is authorized to do so by law or a court order.

[7] In the case of a represented organization, this Rule prohibits communications with a constituent of the organization who supervises, directs or regularly consults with the organization's lawyer concerning the matter or has authority to obligate the organization with respect to the matter or whose act or omission in connection with the matter may be imputed to the organization for purposes of civil or criminal liability.

Model Rule 8.4(b) Misconduct

It is professional misconduct for a lawyer to:

(b) commit a criminal act that reflects adversely on the lawyer's honesty, trustworthiness or fitness as a lawyer in other respects.

[But note other provisions outlining professional misconduct in Rule 8.4, including:

(a) violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another;

(c) engage in conduct involving dishonesty, fraud, deceit or misrepresentation;

(d) engage in conduct that is prejudicial to the administration of justice;

Model Rule 1.8 Confidential Information and Loyalty, noting especially Comment 5

(b) A lawyer shall not use information relating to representation of a client to the disadvantage of the client unless the client gives informed consent, except as permitted or required by these Rules.

[5] Use of information relating to the representation to the disadvantage of the client violates the lawyer's duty of loyalty. Paragraph (b) applies when the information is used to benefit either the lawyer or a third person, such as another client or business associate of the lawyer. For example, if a lawyer learns that a client intends to purchase and develop several parcels of land, the lawyer may not use that information to purchase one of the parcels in competition with the client or to recommend that another client make such a purchase. The Rule does not prohibit uses that do not disadvantage the client. For example, a lawyer who learns a government agency's interpretation of trade legislation during the representation of one client may properly use that information to benefit other clients. Paragraph (b) prohibits disadvantageous use of client information unless the client gives informed consent, except as permitted or required by these Rules.

Meeker goes on to remind us that “[i]t is one thing to obey the law, another to act properly in a professional setting.” (p. 111). She then provides a number of things to consider before participating in negotiations as an attorney, suggesting that being mindful of the unwritten etiquette of practice will have the added benefits of better relationships with colleagues and a more satisfying law practice.

In order to avoid conflict of interest in the future, which is highly likely given the movement of attorneys between law firms and the merger and acquisitions activity in corporations, some commentators advocate the use of advance waivers, particularly for sophisticated clients. Painter discusses some of the issues with including advanced waivers in engagement letters in the context of intellectual property law, including what is meant by the principle of informed consent and the impact of an advance waiver when there is parent-subsidiary relationship. In his conclusion, Painter notes that “[l]awyers drafting advance waivers and other provisions in engagement letters must use extreme caution to document the information they have provided to the client and the precise scope of that agreed upon consent.” He cautions lawyers about the need to share information throughout the law firm about conflicts and potential contacts, stating that “[i]ntellectual property lawyers working in firms that practice in other areas should this about the types of representations outside of intellectual property law that may come up.”

VI. Conclusions

The work of an intellectual property law practitioner moves at a rapid speed that could warrant comparison with the cars on the track at the Indianapolis 500. There are many demands on the attorney's time and many quick decisions that have to be made, often without a clear view of the road ahead and even with blocking by competitors. Still, the attorney must practice law in

an ethical fashion, in compliance with the rules and decisions that are available, running the best race possible while still avoiding risks and mishaps. This paper has highlighted a number of ethical issues for intellectual property law practitioners and that may serve as green, yellow, black and red flags in avoiding dangerous curves and in charting a course for the ultimate goal of reaching the finish line and the checkered flag.

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