SESSION 5.2

Recognizing Potential Conflicts in IP Law

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LEE AND LI
ATTORNEYS-AT-LAW
Existing Client

v.

Former Client
General Rule is "no representation of one client against another", yet what if another is a former client?
(Civil Action No.17-11642-PBS, July 26, 2018, District of Massachusetts, USA)

- Defendant moved to disqualify Plaintiff's counsel for conflict of interest.
- Both parties have been the counsel's clients for nearly six years.
- Plaintiff approached the counsel for patent dispute with Defendant in June 2017.
The counsel terminated relationship with Defendant on July 6, 2017.

On behalf of Plaintiff, the counsel filed an action against Defendant for patent infringement on August 31, 2017.

Court confirmed conflict based on duties of loyalty, anticipating potential conflict, disclosing conflict and obtaining informed consent.
Rules

Turning existing client to former client would not waive the conflict for the same and substantially related matter (Ethical Rule Art. 30-1-2)
2009 – Copyright and Trade Dress Dispute on OXYGEN XML Edition software Version 10.1 (Syncro Soft v. Altova)

The same matter – arguable?

Substantially related matter – most likely?

In the trade dress and copyright dispute case (2009), the counsel was provided by the CEO of SYNCRO SOFT information about how the subject OXYGEN XML Edition software functions (competent representation may be compromised by duties of loyalty and confidentiality?).
Same or Substantially Related Matter

v.

Other Matter
Key consideration to tie in former client with existing client in judgement of conflict
Guidelines for "substantially related":

- Directly adverse; and
- Materially limited.

Direct competitors of the products at issue (directly adverse?)

Given information about SYNCRO SOFT's products at issue (confidentiality duty for Defendant, SYNCRO SOFT, materially limits representation for Plaintiff, ALTOVA?)
Contentious

v.

Non-Contentious
Concurrent conflict of interest

Waiver by consent

No Matter

Matter (non-contentious matters only)
Informed Consent

v.

Prior Consent
Informed Consent

Disclosure of the following:

Risks and advantages in common representation;

Effects on loyalty, confidentiality and attorney-client privilege;

Costs and benefits for securing alternative separate representation.
Prior Consent

**YES**
if nature of possible conflict and adverse consequences are revealed.

**NO**
General and open-ended
Ongoing Matter

v.

Maintenance
Volume and Tenure of IP portfolio – an issue of debate?

IP Maintenance work – lesser weight?
Prohibited to act against the client of concurrent matter as represented, ongoing matter and maintenance alike
The Rule of Professional Conduct aims:

To ensure "competent and diligent representation"; and

To avoid "untruthful and incomplete defense" for client's rights.
All factors that may have impact on these purposes must be considered, e.g.:

- Relationship between the parties (clients);
- Effects of disclosure or non-disclosure;
Thank You!