

MEMORANDUM

DATE: April 14, 2022
TO: Darrel Pink, CPATA CEO
FROM: Patrick Mahoney
RE: Review of LS Program Coverage Against CPATA Requirements

This memo summarizes the issues that have been identified in reviewing whether the insurance provided by the Canadian law society insurance programs meet CPATA's insurance requirements for licensees. Footnotes are included for CPATA reference purposes and should not be included in any correspondence with licensees.

CPATA Requirements

CPATA requires a licensee who holds a class 1 licence or a class 3 licence and who provides services to the public to have professional liability insurance that meets the following requirements:

1. it must be issued by a company licensed in Canada;
2. it must cover claims made in and outside Canada;
3. it must indemnify the licensee for any civil liability that arises from the licensee acting as a patent agent or trademark agent;
4. it must have coverage limits of a minimum of \$1 million per claim and \$2 million aggregate per year.

Based on discussions with the five Canadian law society insurance programs, CPATA's current conclusions are that:

- CPATA is satisfied that all five programs meet the first and third requirements above,
- Three programs (ALIA, CLIA and LawPRO) do not meet the second requirement, and
- Based on amendments made in 2021, one program (ALIA) does not meet the fourth requirement.

Details by program are provided below.



British Columbia Lawyers Indemnity Fund (LIF)

LIF has confirmed that its policy meets CPATA's requirements.¹

Alberta Lawyers Indemnity Association (ALIA)

The ALIA policy limits coverage to Canadian law. ALIA recognizes that some practice groups, including patent and trademark lawyers, are able to practice before US government agencies and has confirmed that practicing before the USPTO is covered. However, CPATA has identified activities that are typically undertaken by a Canadian patent or trademark agent under extraterritorial laws which are distinct from practicing before the USPTO. These activities include:

- determining whether foreign novelty rules prevent a client from obtaining a patent due to the client's disclosure of their invention;
- drafting patent specifications to be filed outside Canada;
- identifying goods and services in respect of trademark rights outside Canada; and
- advising clients concerning prosecution of applications in foreign intellectual property offices, when that advice pre-empts the advice of a foreign attorney.

Further, ALIA amended its policy effective July 1, 2021 to reduce the program's exposure to foreign law risk. The changes were announced as follows:

“Under these revisions, there will still be coverage for Subscribers and firms sued outside of Canada in respect of Canadian legal advice, but these claims will be sub-limited to \$250,000 per occurrence (as opposed to the general \$1,000,000 limit for occurrences). ...

Coverage will also require that the claim involve domestic law or areas of law that are expressly authorized by a foreign governmental or regulatory authority and approved by ALIA as set out in a general endorsement to the Group Policy. This latter provision recognizes that some practice groups – immigration lawyers and patent and trademark lawyers – are able to practice before United States governmental agencies pursuant to the rules of those agencies.”²

As a result, even if the Canadian law requirement is met, ALIA limits coverage for claims brought outside of Canada to \$250,000 per occurrence, while CPATA's minimum requirement is \$1 million.

¹ See Su Forbes Oct 26.21 email to Darrel.

² See https://myemail.constantcontact.com/ALIAdvisory---Changes-in-Foreign-Law-Coverage--Retirement-Coverage--Group-Policy-FAQs.html?soid=1127621477491&aid=TUI7fy_bIYQ



ALIA has confirmed to CPATA that its program does not meet CPATA's minimum insurance requirements.³

Canadian Lawyers Insurance Association (CLIA)

CLIA provides coverage for lawyers acting as patent or trademark agents but excludes claims arising from "the practice of laws of a non-Canadian jurisdiction or the rendering of expert advice on those laws, as opposed to the provision of general information on those laws incidentally to an Insured's Canadian practice".

While the "provision of general information" wording narrows the foreign law exclusion somewhat, CLIA has not confirmed that practicing before the USPTO is covered. Further, CPATA has identified activities that are typically undertaken by a Canadian patent or trademark agent under extraterritorial laws including:

- determining whether foreign novelty rules prevent a client from obtaining a patent due to the client's disclosure of their invention;
- drafting patent specifications to be filed outside Canada;
- identifying goods and services in respect of trademark rights outside Canada; and
- advising clients concerning prosecution of applications in foreign intellectual property offices, when that advice pre-empts the advice of a foreign attorney.

CLIA has advised that although its policy does not contain a specific exclusion for claims brought outside of Canada, its policy will only respond to claims related to Canadian law.⁴

Lawyers Professional Indemnity Company (LawPRO)

The LawPRO policy requires that professional services be "performed with respect to the laws of Canada". If the services provided are with respect to foreign laws (not including, for example, public international law) then there is no coverage. LawPRO has advised a number of insureds that it considers work before the USPTO as work involving foreign law. It has also advised that while it considers the filing of trademark applications in foreign countries on behalf of Canadian clients through CIPO pursuant to the Madrid Protocol as the practice of Canadian law, dealing with post-CIPO filing objections is work involving foreign law.

CPATA has identified other activities that are typically undertaken by a Canadian patent or trademark agent under extraterritorial laws including:

³ See David Weyant's Nov 1/21 email to Darrel.

⁴ See Jan 17/22 letter from CLIA's Policy & Underwriting Committee to Darrel.

- determining whether foreign novelty rules prevent a client from obtaining a patent due to the client's disclosure of their invention;
- drafting patent specifications to be filed outside Canada;
- identifying goods and services in respect of trademark rights outside Canada; and
- advising clients concerning prosecution of applications in foreign intellectual property offices, when that advice pre-empts the advice of a foreign attorney.

LawPRO has advised a number of its insureds that it does not offer coverage that meets CPATA's minimum requirements.⁵

Fonds d'assurance responsabilité professionnelle du Barreau du Québec (Barreau)

The Barreau has confirmed that a lawyer who acts as a patent or trademark agent is rendering professional services as defined in its policy.⁶ The Barreau's policy does not contain a foreign law exclusion, although it does limit coverage to \$1 million per loss for services rendered outside Quebec and for lawsuits brought outside of Quebec (i.e. meeting CPATA's requirement for insurance limits).

CPATA considers that the Barreau's policy meets its minimum insurance requirements.

⁵ See for example Dec 1/21 email from Nora Rock of LawPRO.

⁶ See Maria De Michele's Dec 14/21 email to Darrel.