Committee Opinion
June 9, 1992

LEGAL ETHICS OPINION 1456

CONFLICT OF INTEREST — FORMER/MULTIPLE CLIENT: PATENT ATTORNEY REPRESENTING CURRENT CLIENT ADVERSE TO FORMER CLIENT IN UNRELATED INTERFERENCE OR LITIGATION MATTER.

You have indicated that a law firm represents corporation X in patent related matters including the preparation and filing of two patent applications which were then assigned to division Y of corporation X. Subsequently, division Y of corporation X was sold to corporation Z. At the time of the sale of division Y, corporation X and corporation Z were, and presently still are, involved in litigation in matters unrelated to the patent applications.

You further indicate that, at the time of the sale of division Y to corporation Z, law firm A received oral authorization from corporations X and Z to continue prosecution of patent applications before the U.S. Patent and Trademark Office (USPTO) despite the ongoing relationship between law firm A and corporation X. Each of the two patent applications referenced has since received an action from the USPTO rejecting the claimed invention, to which law firm A has filed a response in one of the patent applications. This response was based substantially on an analysis of the action by an attorney at law firm A after providing comments on the action to an attorney at corporation Z, and after having received authorization and completing instructions to file the response.

In addition, you advise that, in the handling of patent matters for corporation X, law firm A is presently handling a reissue patent application (R1) before the USPTO, wherein an issue should shortly be raised whether claims in the reissue application interfere with allowed claims in a reissue application (R2) filed by law firm B for corporation Z. Further, law firm A has been requested to handle other interference matters for corporation X against corporation Z.

You have also indicated that, in view of both the above and a possible conflict raised by handling interference matters (an inter partes procedure at the USPTO to determine priority of invention), law firm A has advised attorneys at corporation Z that it will no longer handle these two patent applications, including the response to the other action in patent applications, and is presently forwarding patent applications to corporation Z.

Finally, you indicate that the subject matter of the two reissue applications, as well as the pending litigation between corporations X and Z, is totally unrelated to the subject matter of the two patent applications. You state that the handling of the two patent applications would not reveal any secrets or confidences of corporation Z to law firm A as to the subject matter contained in the reissue application of corporation Z and/or the litigation between corporations X and Z. You also state that the contact by attorneys at law firm A with attorneys at corporation Z has been minimal and related only to the two

patent applications prepared by attorneys at law firm A for corporation X prior to the sale of division Y to corporation Z and prior to any contact with attorneys for corporation Z.

You have asked the committee to opine whether, under the facts of the inquiry, law firm A may properly represent corporation X in an interference or in litigation against corporation Z.

The appropriate and controlling Disciplinary Rule related to your inquiry is DR:5-105(D), which dictates that a lawyer who has represented a client in a matter shall not thereafter represent another person in the *same or substantially related matter* if the interest of that person is adverse in any material respect to the interest of the former client unless the former client consents after disclosure. (emphasis added)

The committee has repeatedly opined that the earlier representation of a client who is now the adverse party in a suit brought on behalf of another client is not *per se* sufficient to warrant disqualification of the lawyer on ethical grounds. *See* e.g., LE Op. 1399, LE Op. 1194, LE Op. 1139. *See also City of Cleveland v. Cleveland Elec. Illuminating*, 440 F. Supp. 193, 208 (N.D. Ohio 1977). Additional critical factors to the determination of disqualification are the relatedness of the two matters and the issue of whether the lawyer obtained secrets and confidences of the first client in the course of the representation.

Assuming the facts as you have provided them, which facts indicate that law firm A represented corporation Z on patent applications unrelated to the firm's subsequent representation of corporation X on interference and litigation matters against corporation Z in different patent applications, the Committee is of the opinion that those facts demonstrate no substantial relatedness between the previous and subsequent patent matters. Furthermore, again assuming the facts provided, there is no indication that any secrets or confidences of corporation Z relative to the interference and litigation matters in question were obtained by law firm A. Therefore, the Committee opines that there is no *per se* impropriety in law firm A's continued representation of corporation X under the circumstances as presented. The Committee' s opinion is grounded on the assumption that the two matters are clearly unrelated technically. However, the Committee cautions that should it be determined by a finder of fact that either the matters were substantially related, owing to similarities between the inventions for which patent applications were made, or that law firm A did in fact receive secrets and confidences of corporation Z after it acquired division Y, it might then be necessary for law firm A to withdraw from representation of corporation X in the interference and litigation matters *and* from further pursuit of the patent applications earlier filed for division Y/corporation Z. *See General Electric Co. v. Valeron Corp*., 428 F. Supp. 68 (E.D. Mich., S.D. 1977).