

LEGAL ETHICS OPINION 1774

FIRM WRITING PATENTS FOR ONE CLIENT
AND ALSO WRITING PATENTS FOR
COMPETITOR OF THE FIRST CLIENT.

You have presented a hypothetical situation in which an associate attorney (“Associate”) in a law firm is assigned a case in which he is asked to write a validity opinion for Client A regarding a patent that Client A is attempting to invalidate. While reviewing this assignment, Associate discovers that the patent in question is held by B, another current client of the firm (“Client B”). Associate brings the issue to his Supervising Partner, suggesting to Supervising Partner that there is a conflict and that in order to proceed with this project, they need to obtain consent from both clients. Supervising Partner disagrees, reasoning that Client A would be adversely affected if Associate did not proceed with the analysis, since Supervising Partner had put in a substantial amount of time on the project before Associate discovered Client B’s involvement, and the patents that the firm wrote for Client B were in a different technology than that of the patent Client A is challenging.

Under the facts you have presented, you have asked the committee to opine as to what steps are necessary for the attorneys involved in this situation to take in order to be able to write the validity opinion which Client A requested, assuming the opinion involves Technology X and the firm represents Client B regarding patents in Technology Y.

The appropriate and controlling disciplinary rules relative to your inquiry are Rule 1.7, which governs conflicts of interest between existing clients, Rule 1.10, the imputed disqualification rule and Rule 5.1, which addresses the responsibilities of a partner or supervising attorney to his/her firm and those other attorneys over whom he/she has supervisory authority.

Rule 1.7 provides:

- (a) A lawyer shall not represent a client if the representation of that client will be directly adverse to another existing client, unless:
 - (1) the lawyer reasonably believes the representation will not adversely affect the relationship with the other client; and
 - (2) each client consents after consultation.

Applying this provision to the facts you presented, the Committee finds that there is a conflict which, absent consent from both clients, precludes Associate and Supervising Partner from providing further representation and proceeding to prepare the validity opinion for Client A, in light of the discovery that Client B holds the patent in question. Even though another attorney in the firm represents Client B on patents involving different technology than that involved in the patent in question, nevertheless, assisting Client A to invalidate a patent which Client B holds places the attorneys involved in a position directly adverse to an existing client. Invalidating a patent which Client B holds could be detrimental to Client B and could adversely affect the relationship between Client B and the firm. Rule 1.7 (a) directs that representation of Client A

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can only continue if the attorneys reasonably believe that the representation will not adversely affect the representation of Client B and both clients consent after consultation. Comment 3 to Rule 1.7 is instructive:

[3] As a general proposition, loyalty to a client prohibits undertaking representation directly adverse to that client without that client's consent. Paragraph (a) expresses that general rule. Thus, a lawyer ordinarily may not act as advocate against a person the lawyer represents in some other matter, even if it is wholly unrelated.

It is the Committee's opinion, therefore, that consent must be obtained from both clients after full disclosure in order to continue representation and work for Client A.

Under Rule 1.10, none of the attorneys in a firm "shall knowingly represent a client when any one of them practicing alone would be prohibited from doing so" by Rule 1.7. Disqualification under Rule 1.10 may be waived as provided by Rule 1.7. Thus one must consider the fact situation presented from the point of view of the attorney handling Client B's patents. Could he, if alone, represent Client A and prepare a validity statement challenging another patent of Client B? If not, then neither Associate nor Supervising Partner can do so without the consent required by Rule 1.7. It is the opinion of the Committee, based on the facts herein, that the attorney representing Client B would not be able to represent Client A in these matters and therefore everyone else in the firm is disqualified unless consent is obtained from both clients.

Finally, the Committee is concerned about the application of Rule 5.1(c) to this set of facts. Rule 5.1(c) states:

- (c) A lawyer shall be responsible for another lawyer's violation of the Rules of Professional Conduct if:
 - (1) the lawyer orders or, with knowledge of the specific conduct, ratifies the conduct involved; or
 - (2) the lawyer is a partner in the law firm in which the other lawyer practices, or has direct supervisory authority over the other lawyer, and knows of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action.

This Rule makes partners and supervisory attorneys in a firm equally responsible for ethical violations which attorneys under their supervision commit.¹ Based on the facts presented,

¹The committee notes that the Virginia State Bar consciously refrained from adopting Rule 5.2 of the ABA Model Rules as that provision contains language relieving an associate of ethical responsibility in certain instances where a supervising attorney has directed the conduct in question.

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Supervising Partner would find himself in violation of Rule 5.1(c)(1). Associate presented the conflict issue to Supervising Partner who, according to the facts, did not disagree that there was a conflict, but rather determined that the clients simply would not be contacted to obtain consent because Client A would be detrimentally affected by the attorneys terminating representation at this point since Supervising Partner had already expended a substantial amount of time on the project and the matter has been with the firm for some time prior to it being assigned to Associate. As for Client B, Supervising Attorney takes the position that because the firm represents Client B with regard to patents in a technology other than that involved in the patent Client A is challenging, there is no need to inform Client B of the representation of Client A and/or obtain Client B's consent to that representation. Supervising Partner has therefore ordered and ratified the inappropriate conduct in contravention of Rule 5.1(c)(1). The conflict exists without question and the only way that representation of either client can continue is to disclose the representation and conflict to both clients and obtain their consent. Supervising Partner, based on the facts presented, breached his responsibility of ethical supervision, as outlined by Rule 5.1, in his response to Associate's concerns regarding this conflict of interest .

This opinion is advisory only, based only on the facts you presented and not binding on any court or tribunal.

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