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IP: Subject matter conflicts of interest in patent prosecution

In the high-stakes world of intellectual property, law firms must diligently guard against hidden conflict of interest traps

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Attorneys who have been practicing for more than a day are familiar with the process of conflicts of interest searches. A new client comes into the office or firm, the attorney or conflicts team searches a client database for the name of the person or entity. If a potential conflict surfaces, the conflict must be cleared, waived or the client sent elsewhere. As law firms merge and attorneys move from firm to firm, conflict of interest searches become important considerations. Are companies doing all they can to ensure that outside counsel is properly handling conflicts of interest?

The issue is not only ensuring that the prospective clients don't present conflicts with one another, but also ensuring that their patent applications don't present conflicts. A subject matter conflict search is equally as important as an entity/individual conflict search. This type of additional search is not related to the inventors, assignee or research team, but is directly related to the patent application disclosure. Ignoring these searches can create mountains of problems down the road ranging from allegations of inequitable conduct to patent invalidity.

One method to further improve the conflicts search process is to add competitor names and entities to the conflict form. Clients and companies are a wealth of information as to their competitors and the innovation in their field. Many clients attend trade shows where a list of exhibitors is provided to attendees. As a matter of fact, some larger companies require that their outside counsel do not represent their top competitors and will provide a list of those competitors to outside counsel.

It is important to provide as much of this information as possible during the conflicts process. If a firm represents Microsoft in its patent matters and another attorney at the firm wants to represent Apple with respect to corporate matters, this potential conflict would be flagged if Microsoft's top competitors had been entered into the firm's conflict database.

In addition, information related to key patents of interest for competitors or potential competitors can also be added to conflicts forms, such as the inventors, the primary examiner, the examiner supervisor and the attorney or law firm handling that patent. This information is valuable in a world where inventors move from company to company (or start their own companies) and continue to innovate in that field.

Larger firms or patent boutiques with several patent practitioners may decide to handle subject matter conflicts of interest by setting up a firewall between attorneys. The firewall is announced to the firm and work handled by one attorney is not disclosed or shown to the other attorney (and vice versa). A problem surfaces if one of the attorneys leaves the firm and doesn't take that client with him/her or takes an extended leave of absence, leaving the firm to fill the void with another patent attorney. A firewall may break down completely in these situations.

Another question is whether a firm representing competitors in patent or other types of matters can diligently prosecute patents for each. The firm may jump through every hoop and be above board when handling both clients, but there will always be "the appearance of impropriety" when looking back on the matters.

Patent practitioners also have issues when handling multiple clients in one field of technology. A chemist doesn't know where he/she first learned how to maximize the yield of a particular compound during synthesis—it just becomes part of his/her knowledge.

The same can be said for patent practitioners. If a patent practitioner spends a great deal of time preparing beverage processing patent applications for Client A, can he turn that knowledge off when drafting a beverage processing patent application for a new client? How does he walk the tightrope of distinguishing the subject matter of the new application over other clients' patents without disparaging the other client's innovations?

In a rapidly changing economy, in-house counsel may consider moving all work to one firm to simplify communications and billing; however, this decision should be carefully considered. Given the stakes that surround key innovations in certain fields, companies must be diligent in asking about subject matter conflicts of interest.

About the Author



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