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**BETWEEN LEGALITY AND LEGITIMACY IN PATENT AGENT
REGULATION: THE FUTURE OF THE PATENT PROFESSION**

By

WISSAM AOUN

A Thesis
Submitted to the Faculty of Graduate Studies
through the Faculty of Law
in Partial Fulfillment of the Requirements for
the Degree of Master of Laws at the University of Windsor

Windsor, Ontario, Canada

2018

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**BETWEEN LEGALITY AND LEGITIMACY IN PATENT AGENT
REGULATION: THE FUTURE OF THE PATENT PROFESSION**

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ABSTRACT

This thesis explores the general question of what role can courts play in counteracting the potential capture by professional self-regulating bodies, with a specific focus on competency-based, entry-to-practice standards. This thesis will make the argument that the current competency-based, entry-to-practice standards for Canadian patent agents suffer from several issues which call into question the legitimacy of this occupational licensing intervention. Using the Canadian patent agent profession as a case study, the thesis will consider whether Canadian administrative law can provide a viable mechanism for challenging the illegitimacy of the Canadian patent agent regulatory framework. Accordingly, this thesis project asks the following question- in light of important considerations of both legitimacy and legality in Canadian patent agent governance, can Canadian courts act as an effective counterbalance to potential competency-based, entry-to-practice based capture in Canadian patent agent regulation? The answer to this question extends beyond the context of administrative law. The concept of patent agent 'competency' in many ways acts as a foundation for a dominant patent discourse, and challenging patent agent competency may be an important mechanism for challenging this overarching discourse.

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PART 1: PATENT AGENCY – THE PAST, THE PRESENT AND THE FUTURE

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

The state of occupational regulation, and particularly, professional self-regulation, has undergone profound transformations in commonwealth jurisdictions including the U.K. and Australia. However, for many reasons, this same political movement has yet to take hold with the same force in North America. According to Alice Wooley, Canada remains one of the ‘last bastions of unfettered self-regulation in the common wealth world’, with the self-regulatory mechanism maintaining its predominance in fields such as law, medicine and pharmacy.¹

This is not to say that a North American counter movement has not started to take shape. In the U.S. context, an abundance of recent scholarship pertaining to the legality of occupational licensing regulations signals a growing interest in challenging the unfettered discretion of self-regulatory licensing bodies. Several recent high-profile cases, including United States Supreme Court decisions, have invigorated a debate regarding the legality of allegedly protectionist professional licensing regulations.

These cases and commentaries highlight a growing dissatisfaction with the perceived illegitimacy of professional licensing and self-regulation, which are increasingly viewed as being convenient covers for professional protectionism. Yet they also demonstrate that the North American self-regulatory counter movement, unlike the political movements of Australia and the U.K., has to date been largely legal, rather than political, in nature.

The emphasis on legal avenues for redress against protectionist self-regulatory licensing regimes is a recognition of the challenging situation surrounding regulatory agencies generally. Often people speak of different forms of ‘regulatory capture’, wherein a regulatory body serves the interests of the regulated rather than the public’s interest. In the context of self-regulation, regulatory capture may be a consequence of

¹ Alice Woolley, *Understanding Lawyers’ Ethics in Canada 4* (Markham: LexisNexis, 2011) at 4-9.

‘public choice theory’. According to public choice theory, regulatory agencies and enactments which predominantly serve the interests of the regulated as opposed to the public are relatively easy to establish and remarkably resistant to political reform. This is because benefits flowing to the regulated group, which typically consist of a small community of highly organized individuals, are intensified within a tight-knit group that can effectively lobby to secure their political interests at the expense of the public interest. Thus, according to public choice theory, self-regulatory bodies are particularly resistant to political reform given the disparity in interests and political organization.

While one could say that this recent litigation trend has sparked an interesting discussion regarding the legality surrounding occupation licensing regulation, this is far from saying that these cases have been very successful in invalidating allegedly illegitimate licensing regulations. From an administrative law perspective, courts have historically afforded tremendous legal deference to the discretion of self-regulatory bodies because “despite public choice insights, courts have historically assumed that such laws can be ‘rectified by the democratic processes’.”² Many U.S. cases have attempted to reanimate outdated constitutional principles as a counter-balance to protectionist tendencies of self-regulatory bodies. John Blevins succinctly summarizes the issues by stating:

Why select such contentious and seemingly discredited [constitutional] doctrines? One reason is simply that there are no other better options. Modern law lacks viable doctrinal tools to invalidate irrational protectionist licensing. A second is that occupational licensing litigation has become about more than the individual cases themselves. Instead, they are part of a larger attempt to revive dormant economic liberty doctrines. In this respect, occupational licensing battles are a new form of public interest litigation, not unlike same-sex marriage or desegregation litigation.³ (emphasis added)

² John Blevins, “License to Uber: Using Administrative Law to Fix Occupational Licensing” (2017) 64 UCLA L Rev 844 at 878.

³ *Ibid* at 871. See also Joseph Sanderson, “Don’t Bury the Competition: The Growth of Occupational Licensing and a Toolbox for Reform” (2014) 31 Yale J on Reg 455 at 456-457: “So far, the law has not found a satisfactory way to deal with state-level protectionist economic regulation... is there *anything* that can be done to counter the special interest laws that restrict entry to occupations?”

This thesis is a modest attempt at contributing to the discussion surrounding the appropriate balance between courts and professional self-regulation. Using the example of Canadian patent agent regulation, this thesis explores the general question of what role can courts play in counteracting the potential capture by professional self-regulating bodies, with a specific focus on competency-based, entry-to-practice standards. This thesis will make the argument that the current competency-based, entry-to-practice standards for Canadian patent agents suffer from several issues which call into question the legitimacy of this occupational licensing intervention. Using the Canadian patent agent profession as a case study, the thesis will consider whether Canadian administrative law can provide a viable mechanism for challenging the illegitimacy of the Canadian patent agent regulatory framework. Accordingly, this thesis project asks the following question: in light of important considerations of both legitimacy and legality in Canadian patent agent governance, can Canadian courts act as an effective counterbalance to potential competency-based, entry-to-practice based capture in Canadian patent agent regulation?

This thesis begins by discussing general theories of professional regulation with an emphasis on regulation of professional legal services. As self-regulation, at least from a North American perspective, remains the preferred professional regulatory framework, the review undertakes a historical analysis of Canadian self-regulation. This historical analysis examines several unique factors leading to Canada's steadfast commitment to a broad form of professional self-regulation, highlighting some of the concerns regarding the regulation of professional 'competency' and how the mechanisms of competency-based regulation have become disconnected from their historical origins and purposes and have become servants of professional interests.

This historical analysis provides several key insights. There has been a historic shift in professional self-regulation, which developed over the course of the mid-twentieth century, from a balancing of public and professional interests, including flexibility with respect to strict 'competency' based entry qualifications, to a commitment to the principle that the best interests of the profession somehow automatically align with and further the public's interests. Stemming from this principle, Canadian self-regulated

professions have focused considerable efforts on entry qualifications, placing tremendous emphasis on competency based standards as the predominant ‘public interest’ priority, often at the expense of other important public interest considerations. However, this phenomenon begs the question whether protectionist forces may have taken hold in various professional fields under the guise of professional competence. With respect to Canadian self-regulating professions, new political movements skeptical of the public interest motives of professions may be returning Canada to a position where reliance on professional judgements of expertise may no longer occupy a central role in professional self-regulation.

The thesis will then discuss public choice theory as well as several contemporary theories of regulatory capture, with a focus on regulatory capture in self-regulated professions. The discussion of regulatory capture covers various analytic frameworks for identifying indicia of capture. This includes a discussion of Daniel Carpenter’s analytic framework, which distinguishes between ‘regulatory’ and ‘agency’ capture (which relate to legislative action and agency action respectively) and his emphasis on ‘capture mechanisms’. Other contemporary ‘non-materialist’ theories of capture include Cass Sunstein’s theory of ‘epistemic capture’ and James Kwak’s theory of ‘cultural capture’. To translate these economic theories into applicable legal frameworks, and specifically, administrative law doctrine, this thesis proposes a clear distinction between public choice theory, which operates at the political level, and regulatory capture, which operates within the administration of a regulatory framework. The law of judicial review emphasizes the significance of political will as evidenced by legislative intent, and in the context of self-regulation, circumstances which might typically be viewed as ‘capture’ are frequently authorized by statute. As such, this thesis clearly distinguishes between public choice consequences, for which judicial review remediation is limited, and regulatory capture, which is properly within the domain of judicial review.

The thesis then proceeds to examine the history of the patent agent profession. This historical examination will demonstrate that the patent agent profession is in many ways unique from other professions. The origin of the profession at the time of the Industrial Revolution is in many ways tied to the historical development of a socio-

economic discourse of technology, a discourse for which patent law is central. Patent agents have been, since the time of the Industrial Revolution, central players in authoring this discourse along with their professional role within it. Thus, the patent agent profession is in many ways unique amongst professions, in that they have, and in many ways continue to be, authors of their own professional discourse.

An analysis of patent agent competency will demonstrate that patent agent competency is in many ways disconnected from any demonstrable evidence of public harm caused by *incompetence*. Furthermore, patent agent competency serves as a lynchpin for the predominant patent practice narrative; the boundary between who is and is not competent defines the boundary of this narrative. The patent system is founded on a public interest theory- a ‘patent social contract’- which states that the patent system promotes innovation and dissemination of knowledge by rewarding inventors with proprietary rights over their inventions in exchange for public disclosure of invention information. Yet evidence demonstrates that the current predominant practice narrative may undermine many aspects of the patent social contract, by limiting independent inventors’ access to the patent system as well as failing to accommodate for public interest in access to inventive knowledge. As this international patent narrative is largely supported by a hyper-proximity between patent offices and patent agents, through what Peter Drahos calls ‘invisible harmonization’, challenging the predominant patent practice narrative may require challenging the concept of ‘competency’ that reinforces this narrative. As discussed herein, an analysis of the history of patent agent regulation tells us as much about the development of the patent system itself as it does about the patent agent profession, as the two are in many ways inexorably intertwined.⁴

The historical analysis continues by reviewing the history of the Canadian patent agent profession. This analysis demonstrates that the Canadian patent agent profession exhibits many of the same phenomenon common to the development of self-regulated professions in Canada generally, including the possibility that professional ‘competency’

⁴ Anna Guagnini, “Patent Agents in Britain at the Turn of the Twentieth Century: Themes and Perspectives” in Ian Inkster (ed.), *History of Technology, Volume 31, 2012* (London: Bloomsbury Publishing PLC, 2012) at 146: “the analysis of the internal dynamics of this small but diverse group [patent agents] can tell us much not only about the profession itself and how the characteristics of the practitioners evolved but also about the changes that took place within the network of the other players involved in the patent business.”

has become disconnected from its historical origins and has become a capture mechanism for the profession. Historically, regulation of the Canadian patent agent profession emerged from factors that, at least at first appearance, were at best tangentially related to the issue of professional competence. However, similar to other Canadian professions, the Canadian patent agent governance framework has over time become almost entirely focused on ‘competency’, with practically the entire governance framework centering around a stringent licensing examination process. The Canadian patent agent regulatory framework is remarkably out-of-step from comparable jurisdictions, with the qualification examination pass rate being the lowest in the world. The insularity of the profession, the lack of accountability and the dismal exam pass rates all potentially form part of what may be a valid capture narrative, centering around ‘competency’ based entry qualifications as an effective capture mechanism.

The thesis will proceed to discuss Canadian administrative law, with analysis of recent case law and the challenges associated with relying on judicial review as an effective filter against professional self-regulatory protectionism. The analysis will consider both substantive and procedural review. Regarding substantive review, recent jurisprudence demonstrates courts have interpreted enabling legislation as granting self-regulated bodies broad discretion in setting competency-based regulations. The combination of ‘competency’ and ‘public interest’ mandates common to most self-regulatory legislation entitles self-regulating professions to tremendous deference in setting competency-based standards, even in circumstances where any evidence of ‘public harm’ rationale for such decisions is limited.

Furthermore, courts have applied a strict evidentiary standard with respect to substantive review of the decisions of self-regulating professions, limiting the evidentiary record to the material that was before the decision maker in making its ‘decision’. This limits applicants’ ability to construct a ‘capture narrative’, by limiting the scope of evidentiary review when challenging regulatory bodies’ ‘policy’ decisions. As this question of evidentiary standards is still very much an open issue, Supreme Court guidance, and hopefully reform, with respect to expanding the evidentiary record would be beneficial.

Procedural fairness, as opposed to substantive review, may provide viable options for challenging competency-based, entry-to-practice standards. Recent jurisprudence applying the Supreme Court's *Baker* factors have suggested that contextually, in circumstances involving entitlement to practice a profession, individuals should be afforded a substantially high level of procedural fairness. In this regard, courts have demonstrated a willingness to scrutinize all aspects of professional licensing administration, including examination development, setting, marking and the provision of reasons. Furthermore, as matters of procedural fairness are reviewed on a standard of correctness, courts have demonstrated a willingness to expand the evidentiary record beyond what would be permitted in substantive review, thereby affording opportunities to construct an evidentiary 'capture narrative'.

Most importantly, this thesis will argue that institutional bias, as an element of procedural fairness, may be the most significant legal mechanism for challenging regulatory capture in the context of self-regulating professions. As set out above, when translating political/economic theories of public choice theory and regulatory capture into 'legal doctrine', the concern surrounding regulatory capture is in many respects a concern with biased decision making. Accordingly, combatting regulatory capture is essentially an attempt to combat biased decision-making within the regulatory framework. Specific to patent agent regulation, as discussed above, if the objective in challenging the current patent agent regulatory framework and its over-emphasis on 'competency' is to challenge the current dominant patent practice narrative, then this essentially translates into challenging the over-proximity between the patent office and patent agents in regulatory decision-making along with the biases that flow therefrom.

The unique challenge in self-regulatory professions, as opposed to other regulatory frameworks, is that many biases are statutorily authorized. This is the same in the context of the Canadian patent agent profession. This thesis proposes the adoption of Laverne Jacobs' grounded impartiality approach to institutional bias analysis, which advocates for courts conducting a comprehensive analysis into the detailed working of a regulatory body in order to locate potential biases that may not be explicitly mandated by statute. Currently, Canadian jurisprudence remains unclear with respect to the nature and

extent of institutional bias analysis. As this discussion will demonstrate, the depth of institutional bias analysis that a court would hypothetically be willing to undertake when reviewing the current Canadian patent agent regulatory framework will largely determine whether the current regulatory framework is invalid due to institutional bias.

1.2 CANADIAN PATENT AGENCY AND PATENT AGENT GOVERNANCE

To set the stage for the significance of the discussion set out herein, this Chapter 1.2 provides background on the nature of Canadian patent agency and the regulation thereof. To acquire patent protection for an invention in Canada, one must file a patent application in the Patent Office of the Canadian Intellectual Property Office (CIPO). This application is then examined to ensure that the patent application meets the requisite formalities and that the invention claimed therein meets the requirements for patentability. If a patent application meets all legal requirements, a patent is granted for the claimed invention, and the owner may, subject to some limitations, exclude all others within Canada from practicing the invention.

Individuals may prepare and prosecute their own patent application before CIPO, but given the technical nature of patent office practice, the assistance of an experienced professional is often recommended. Only registered Canadian patent agents may represent others before the Canadian Patent Office, and in many instances, individuals wishing to conduct business before the Canadian Patent Office, such as institutions and corporations, must appoint a registered Canadian patent agent to act on their behalf.⁵ Canadian patent agents are granted the exclusive right to “represent applicants in the presentation and prosecution of applications for patents or in other business before the [Canadian] Patent Office.”⁶

Many jurisdictions regulate the practice of patent agency, but, regulatory frameworks vary. To become registered as a Canadian patent agent, an individual must complete two years of practical experience followed by successfully passing the

⁵ *Patent Rules*, SOR/96-423, R. 20(1) [*Rules*].

⁶ *Patent Act*, R.S.C., 1985, c. P-4, s. 15 [*Patent Act*].

Canadian Patent Agent Examination.⁷ The current patent agent licensing regime is authorized by the *Patent Act* and *Patent Rules*. Section 15 of the *Patent Act* states that:

A register of patent agents shall be kept in the Patent Office on which shall be entered the names of all persons and firms entitled to represent applicants in the presentation and prosecution of applications for patents or in other business before the Patent Office. (emphasis added)

Section 12(1)(j) of the *Patent Act* grants the Governor in Council authority to make rules and regulations:

respecting the entry on, the maintenance of and the removal from the register of patent agents of the names of persons and firms, including the qualifications that must be met and the conditions that must be fulfilled by a person or firm before the name of the person or firm is entered thereon and to maintain the name of the person or firm on the register.

Rule 13(1) establishes an Examining Board for the purpose of preparing, administering and marking the qualifying examination for patent agents. Rule 13(2) states that:

The members of the Examining Board shall be appointed by the Commissioner, and the chairperson and at least three other members shall be employees of the Patent Office and at least five members shall be patent agents nominated by the Intellectual Property Institute of Canada. (emphasis added)

The Intellectual Property Institute of Canada (IPIC) is a voluntary organization that represents the interests of patent agents and other intellectual property professionals in Canada.⁸ The IPIC has a long history in Canada's intellectual property landscape, promoting intellectual property protection and the expertise of its members, as well as lobbying to protect its members' interests. Since the earliest days of modern patent systems, similar voluntary organizations have been active in various jurisdictions around the world, and in that respect, IPIC is not unlike its counterparts from other countries. However, as elaborated below, several circumstances unique to Canada make IPIC's

⁷ *Rules*, R. 12.

⁸See generally, The Intellectual Property Institute of Canada, (Ottawa: The Intellectual Property Institute of Canada, 2018) <<http://www.ipic.ca>> accessed on July 2, 2018 [IPIC Website]

involvement in the patent agent licensing process an outlier amongst comparable jurisdictions.

As there are no education requirements, no required competencies for the two-year practical experience period and no ethics guidelines, for practical purposes, the entire Canadian patent agent regulatory framework revolves around the Patent Agent Examination process. The current Canadian patent agent examination is a set of four papers, offered over four consecutive days, once per year. The four papers are: Paper A covering patent drafting; Paper B covering patent validity analysis; Paper C covering patent office practice; and Paper D covering patent infringement analysis. A total of 100 marks are available for each paper and to pass the examination, a candidate must obtain a total of at least 240 marks (60%) and not less than 50 marks (50%) on each individual paper. A candidate who scores at least 60 marks (60%) on a given paper will retain those marks towards future attempts to pass the examination.⁹

CIPO has only maintained archived examinations and exam statistics since 2005. While anecdotal evidence seems to indicate that the Canadian patent agent examination pass rate has always been substantially low, the available statistics and context from the last two decades paint a harrowing picture. For example, as seen in Table 1, the overall pass rate in 2004 was approximately 32%, with a first time pass rate of 7%. These numbers are no doubt daunting. However, since 2009, pass rates have decreased drastically towards their current abysmal numbers. Overall pass rates have fallen to less than 7% in 2012, with first time pass rates hovering around 1% since 2005. In 2016, only 3 out of the 119 candidates sitting for the Paper D examination scored over the 60/100 pass-mark on Paper D with the highest mark being one individual who scored just over the pass score of 60.¹⁰ In every year since 2005, with only very few exceptions, the average marks for each Paper of the Exam has been a failing grade.¹¹ It takes the average

⁹ Canada, Canadian Intellectual Property Office, *Candidate Guide To Writing — The Canadian Patent Agent Examination* (Ottawa: Ministry of Innovation, Science and Economic Development, 2018) <<https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr00113.html>> accessed on July 2, 2018.

¹⁰ Canada, Canadian Intellectual Property Office, *Patent Agent Qualifying Examination — 2017 Report* (Ottawa: Ministry of Innovation, Science and Economic Development, 2017) <https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr04382.html> at Table 1 (accessed on July 2, 2018) [CIPO].

¹¹ *Ibid* at Figure 1 and Table 2. The only exceptions are 2010 Paper C (average mark- 61%), 2015 Paper C (average mark- 61%) and 2016 Paper C (average mark- 64%).

candidate between five to eight years to pass these examinations.¹² It now appears that the pass rate for the Canadian patent agent licensing exam is by far the lowest amongst comparable jurisdictions.¹³

TABLE 1: CIPO 2017 Report – Patent Agent Qualifying Examination

| Average marks for each paper since 2005 | | | | | | | | | | | | | |
|-----------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| Paper A | 52% | 52% | 55% | 53% | 50% | 44% | 40% | 38% | 36% | 45% | 41% | 42% | 37% |
| Paper B | 52% | 49% | 43% | 51% | 45% | 41% | 44% | 42% | 44% | 45% | 49% | 54% | 48% |
| Paper C | 55% | 55% | 54% | 49% | 50% | 61% | 55% | 48% | 55% | 57% | 61% | 64% | 51% |
| Paper D | 47% | 38% | 38% | 51% | 50% | 47% | 47% | 49% | 38% | 45% | 43% | 39% | 45% |

| Overall pass rates and first-try pass rates since 2005 | | | | | | | | | | | | | |
|--------------------------------------------------------|-----|-----|-----|-----|-----|-----|-----|----|-----|-----|-----|-----|-----|
| | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| Overall | 16% | 12% | 28% | 17% | 15% | 13% | 10% | 7% | 15% | 25% | 19% | 12% | 20% |
| First time | 3% | 2% | 5% | 4% | 4% | 2% | 1% | 1% | 1% | 2% | 1% | 3% | 2% |

¹² *Ibid* at Figure 3 and Table 4.

¹³ United States of America, United States Patent and Trademark Office, *Registration exam results and statistics* (Alexandria, United States Patent and Trademark Office, 2017) < <https://www.uspto.gov/learning-and-resources/patent-and-trademark-practitioners/registration-exam-results-and-statistics> > accessed on July 2, 2018. In 2017 (which appears to be the most recent data available) the overall percentage pass rate was 43.9%. Some have commented that U.S. pass rates are unfortunately low; see Zachary Kinnaird, *2015 U.S. Patent Practitioner Trends* (2015) Patently-O < <http://patentlyo.com/patent/2015/02/current-patent-practitioner.html> > accessed on July 2, 2018. For European statistics, see Europe, European Patent Office, *Statistics on the results of the European qualifying examination 2018, pre-examination and main examination* (Munich: European Patent Office, 2018) < [http://documents.epo.org/projects/babylon/eponot.nsf/0/0B8D505A36857ACEC12582BE00435344/\\$File/StatisticsEQ_E2018.pdf](http://documents.epo.org/projects/babylon/eponot.nsf/0/0B8D505A36857ACEC12582BE00435344/$File/StatisticsEQ_E2018.pdf) > accessed on July 2, 2018. The 2018 overall pass rates per paper were 52% for Paper A, 73% for Paper B, 47% for Paper C and 33% for Paper D. However, in Japan, where the patent agent profession (referred to as ‘benrishi’) has been notoriously accused of protectionism, the pass exam pass rate has also historically been very low- see Lee Rouso, “Japan’s New Patent Attorney Law Breaches Barrier between the Legal and Quasi-Legal Professions: Integrity of Japanese Patent Practice at Risk” (2001) 10 Pac Rim L & Pol’y J 781 [*Japan*] at 789 stating that the pass rate for the benrishi exam was “4.9% in 1999”. This does not state whether this was a first time pass rate and more recent statistics are difficult to acquire [USPTO].

Candidates who fail the exam in any given year are entitled to file an appeal request. The grounds for appeal are limited to either an administrative error, such as missing pages lost during physical handling of the examination, or that the marks awarded do not align with the marks set out in the marking guide. Appeals questioning the accuracy of the provided responses set out in the marking guide are not permitted. In response to the appeal, the appealing candidate receives a one-page response which simply states that the mark was changed or that the appeal was denied, without any further elaboration. Statistically, a very small percentage (less than 10%) of appeals are successful in achieving a mark change, and fewer still result in a change from a failing to a passing mark.¹⁴

These requirements are quite possibly the most stringent in the world, and out of step with comparable jurisdictions such as the U.S., the European Patent Office (EPO), Australia (while it still utilized a qualifying exam) and the U.K.¹⁵ The Canadian patent agent profession valorizes the low pass rates for the Canadian Patent Agent Examination, apparently based on the assumption that the lower the pass rate, the higher the quality of services provided to the Canadian public.¹⁶ The current system has existed for many years, and accordingly, it has become engrained within the accepted culture of Canadian patent agent practice. Not only is the profession boastful of the low pass rate for the

¹⁴ CIPO, *supra* note 10; CIPO's data indicates that in 2017, "The Examining Board considered requests for review from 12 candidates for Paper A, 2 candidates for Paper B, 3 candidates for Paper C and 11 candidates for Paper D. None of these reviews resulted in an overall pass. One partial pass for Paper C resulted from these reviews."

¹⁵ Wissam Aoun, "Canadian Patent Agent Regulation Reform (Part 1)- (In)Validity Issues Surrounding the Canadian Patent Agent Exam" (2017) 99:2 J Pat & Trademark Off Soc'y 1 at 35. Pass scores for patent agent qualifying examinations in the majority of comparable jurisdictions around the world are set at a hard 50/100, with no carry-over limits and opportunities for individuals scoring over 50/100 on certain exams to shift marks to other lower scoring exams (known as a compensable pass). With respect to the EQE, the pass score is 50/100, although the marking criteria allows for 'compensable pass' in some circumstances where candidates score between 40-50/100 on one or more of the EQEs.

¹⁶ Wissam Aoun, "Canadian Patent Agent Regulation Reform (Part 2)- Governance, Self-Regulation and Canada's Patent Professional Identity Crisis" (2017) 99:3 J Pat & Trademark Off Soc'y 388 at fn 156 [Aoun]. See also, Intellectual Property Institute of Canada, Consultation: A Governance Framework for IP Agents Part 2: Governance Model; Submission to Innovation, Science and Economic Development Canada By the Intellectual Property Institute of Canada, available online: < <https://www.ipic.ca/english/submissions/view/183/governance-framework-for-intellectual-property-agents.html> > at 6 [IPIC]. See also, Adam Kingsley, "Importance of IP agents to innovation ecosystem", (The Hill Times, June 12, 2017) at 17. "Presently, the Canadian Intellectual Property Office, with assistance from the profession's association, the Intellectual Property Institute of Canada (IPIC), administers one of Canada's most rigorous qualification exams, in order to ensure a profession that continuously exceeds expectations."

examination, many from within the profession are openly hostile towards those who speak out in favour of reform.¹⁷

The foregoing information and statistics would likely create one or more impressions upon an objective reviewer with no previous experience in patent practice or knowledge of the patent agency regulatory framework. Given the extremely low pass rates, one would likely assume that patent agency is an extremely challenging field of practice, involving tremendous skill and serious repercussions for malpractice, and as such, few individuals are able to successfully master the necessary competencies. One might also consider whether certain validation issues have crept into the licensing process, thereby contributing to the poor pass rates. Or, some may simply believe that this is a matter of gatekeeping, and that incumbent practitioners are using this licensing process to limit supply of practitioners and maintain a healthy market for their services.

As the following will demonstrate, all the above-referenced factors are at least partially involved. However, none of these issues, either in isolation or combination, paints a complete picture. The circumstances at play in Canadian patent agent regulation touch on far more profound issues, cutting to the heart of the patent system itself and the role it plays in our society.

¹⁷ *Ibid* at 419, fn 151.

CHAPTER 2

THEORIES OF REGULATION

2.1 THEORIES OF PROFESSIONAL REGULATION

Any discussion of Canadian patent agent licensing must begin with a background discussion on licensing generally. Why do we restrict individual liberty to practice certain occupations? What is the purpose, or purposes, of licensing? What is the purpose of licensing examinations?

Michael Kane provides one of the most succinct and accurate descriptions of the rationale for professional licensing. According to Kane, professional licensing serves:

to protect the public by ensuring that candidates who are admitted to practice in a profession have met certain basic qualifications... Licensure is not intended to provide a guarantee of excellent performance, nor does it claim to predict how well candidates will perform if admitted to practice. Rather, it certifies that new practitioners have met the basic requirements that are designed to provide the public with some assurance that they are qualified to practice.¹⁸

Several important points can be derived from Kane's definition of the purpose of professional licensing. Primarily, licensing is not and should not attempt to serve as a guarantor of successful practice, rather, the emphasis is minimal competence within a field of practice. Licensing fundamentally impinges on individual liberty and as such, should be approached with some apprehension. Furthermore, restricting entry-to-practice within a given field invariably imposes costs on the public, including increased fees due to supply-restriction and potential reduction in access to services. Accordingly, the purpose of licensing should be as minimal regulatory intrusion as necessary to protect the public from the risk of loss associated with incompetent practice.

From a market regulation perspective, licensing serves to reduce market failures associated with asymmetry of information. In various fields of service, consumers lack the knowledge to assess practitioner quality in the marketplace, and as such, could easily fall victim to incompetent practitioners offer their service for gain. Thus, licensing

¹⁸ Michael T. Kane, "Reflections on Bar Examining", (2009) The Bar Examiner November at 6, available online: <http://www.ncbex.org/assets/media_files/Bar-Examiner/articles/2009/780409_Kane.pdf>.

ensures that all practitioners possess a minimum threshold of competence to practice within a given field, in order to reduce problems associated with asymmetry of information between providers and consumers.

It is important to reiterate that the focus of licensing must be minimal, entry-level competence- the level of competence sufficient to prevent harm to the public. Licensing is not employment testing, where an employer may individually decide what skills and competencies are required for successful performance of a job, and, subject to certain legal restrictions, go about testing as the employer sees fit. It is highly-debatable whether licensing examinations could develop an objective definition for ‘successful practice’ within a given field and then develop fair, standardized criteria for measuring it.¹⁹

The challenge with any debate surrounding the necessity of licensing intervention is that it is extremely challenging to measure costs and benefits associated with licensing. As such, these debates often remain abstract, without any data to support one side or the other on a specific licensing debate.²⁰ However, given the social costs of licensing and the impact on individual liberty, economists and psychometricians generally take an apprehensive approach to mitigate against the potentially harmful social consequences of licensing regulation. Many experts believe that occupational licensing schemes should be disfavored when the presence of market failures is unclear, given that licensing almost always produces social costs but only occasionally produces social benefits.²¹

Licensing can come in many different forms, and while licensing in the public interest may not be controversial, the question of form of licensing may be subject to debate.²² For example, licensing may require completion of an accredited educational component, licensing examinations, continuing education or any combination thereof. Furthermore, the subject matter of exclusion is also variable. Licensing may legislatively

¹⁹ American Educational Research Association, American Psychological Association, National Council on Measurement in Education, *Standards for Educational and Psychological Testing*, [AERA] (Washington: American Educational Research Association, 2014) at 178.

²⁰ William Hubbard, “Razing the Patent Bar” (2017) 59 Ariz L Rev 383 at 396.

²¹ *Ibid* at 397.

²² Nuno Garoupa, “Regulation of Professions”, in David Levi-Faur (ed.), *Handbook on the Politics of Regulation* (Northampton: Edgar Elgar Publishing, Inc., 2011) at 454-5.

define a scope of practice and grant a regulatory body authority to police against unauthorized practice by unlicensed individuals. In contrast, certification models allow anyone, licensed or otherwise, to practice within a given field, but restrict use of a specific professional title to those who have met specific qualifications.

Based on the foregoing, licensing can be strongly justified in circumstances where the risk of loss due to incompetence is catastrophic, such as loss of life. Fields such as medicine involving significant risk to individual health and/or safety are stringently regulated. Furthermore, strict licensing requirements are justifiable in activities involving significant potential external damages to the public, such as public health crises or public harm caused by poorly engineered structures. However, matters involving personal property or matters of contract, involving asymmetries of information without significant externalities, may be best addressed through certification schemes. This provides quality cues to consumers in the market, while still respecting individual liberty, consumer choice and minimizing unnecessary social costs associated with reduced supply of service providers.

Where possible, any different mix of licensing options can be balanced in order to best achieve the desired outcome and reduce unnecessary social costs. For example, the accounting, has moved to a mixed certification/licensing model, wherein services having no substantial externalities, such as bookkeeping and personal tax accounting, have been completely deregulated, and activities involving significant externalities, such as auditing of publicly traded companies, are reserved for individuals with certain designations.²³ Furthermore, the accounting profession utilizes a mixed certification model, with competing designations (such as CA, CPA and CGA) to further maximize consumer choice while minimizing information asymmetries.

Examination and testing are key elements of many licensing frameworks. According to psychometricians, experts in the field of testing sciences, the key to exam setting in the licensing context is validation. For a licensing examination to be valid, the

²³ United States of America, Federal Trade Commission, *The Costs and Benefits of Occupational Regulation* (report prepared by Carolyn Cox, Susan Foster) (Washington, Federal Trade Commission, 1990) < https://www.ftc.gov/system/files/documents/reports/costs-benefits-occupational-regulation/cox_foster_-_occupational_licensing.pdf> at 43-6 (accessed on July 2, 2018).

examination setter(s) must first set the content domain, namely, the knowledge and skills indicative of entry-level competence within a given field. Psychometric approaches to content validation have changed considerably over the years,²⁴ but at least several identifiable best practices exist. To avoid perceptions of arbitrariness, the entire process should be sound, well-documented, and based on unbiased evidence.²⁵ While subject matter expertise is certainly important, care should be taken to ensure that standard setting processes are not biased due to over-representation of professional opinions. Content validation may be jeopardized if the content of a licensing examination places too much emphasis on irrelevant content, including peculiar testing formats and inappropriate distribution of mark weighting across tested content.²⁶

Validation of an examination is a question of interpretation. A valid examination is one that supports the interpretation that one who scores over the pass score is minimally competent and one who fails lacks minimal competence. To support validation, demonstrable evidence linking the inferences and assumptions underlying this interpretive argument is required, including evidence refuting any counter-arguments potentially undermining the accuracy of the proposed interpretation.²⁷

The interpretive argument supporting licensing examination validation depends both on content and construct validation. With respect to construct validity, “Issues such as poorly constructed questions (allowing guessing or permitting ambiguity), testwiseness, test duration, unreasonable or indefensible pass score and other irregularities not directly tied to entry-level practice introduce serious validity issues into the examination process, making it more likely that examinees who have mastered the content domain might fail the examination due to these factors which are irrelevant to questions of competence.”²⁸

²⁴ Benjamin Michael Superfine, “At the Intersection of Law And Psychometrics: Explaining the Validity Clause of No Child Left Behind” (2004) 33 J L & Educ 475 at 476-7.

²⁵ Michael Kane, “Validating the Performance Standards Associated With Passing Scores”, (1994) 64:3 Review of Educational Research at 437.

²⁶ *Supra* note 15 at 7.

²⁷ *Supra* note 25 at 432.

²⁸ *Supra* note 15 at 7.

2.2 CANADIAN HISTORY OF SELF-REGULATION AND THE PITFALLS OF 'PUBLIC INTEREST'

The professions have always held a unique place in civil society. Some view professions as forming one of four essential pillars to social order- the other three being community, state and the market.²⁹ Much like public regulatory mechanisms, self-regulation is based on the premise that the regulated professional activity suffers from some form of market failure, and in the case of professions, externalities and/or information asymmetries.³⁰ Furthermore, typical private law mechanisms (such as the freedom to contract, tort, etc.) are inadequate to correct the market failure.³¹

However, the justification for self-regulation over typical public regulation is that "self-regulation is a better (cheaper) method of solving the problem than conventional public regulation."³² The foregoing are the two leading, and occasionally, competing, theories of self-regulation- the 'bottom-up', 'self-regulation bargain' theory, where professionals are granted privileges in return for acting in the public interest (which is entirely served by quality assurance) and the 'top-down' theory that professions are a way for government to extend governance to certain social areas (i.e. health, justice, finance) without using state resources (because self-regulation is self-funded).³³

Since at least the mid-Twentieth century, Canada has adopted a strict adherence to the top-down theory of self-regulation. As stated in the *Royal Commission Inquiry into Civil Rights*:

The granting of self-government is a delegation of legislative and judicial functions and can only be justified as a safeguard to the public interest. The power is not conferred to give or reinforce a professional or occupational status. The relevant question is not, "do the practitioners of this occupation desire the power of self-government?", but "is self-government necessary for the protection of the public?" No

²⁹ Tracy L. Adams, "Professional Self-Regulation and the Public Interest in Canada" (2016) 6(3) Professions and Professionalism, available online: < <https://doi.org/10.7577/pp.1587> > at 3.

³⁰ Anthony Ogus, "Rethinking Self-Regulation" (1995) 15:1 Oxford Journal of Legal Studies 97 at 97.

³¹ *Ibid.*

³² *Ibid.*

³³ Tracy L. Adams, "Self-regulating Professions: Past, Present, Future" (2017) 4:1 Journal of Professions and Organization 70 at 72.

right of self-government should be claimed merely because the term "profession" has been attached to the occupation. The power of self-government should not be extended beyond the present limitations, unless it is clearly established that the public interest demands it.³⁴ (emphasis added)

The discussion of professional licensing and self-regulation raises several important, and possibly conflicting, concepts which underlie professional self-regulation, namely, professional expertise, professional self-interest and the ‘public interest’. From the initial days of self-regulation in Canada, the earliest statutory enactments defined public interest statements primarily in terms of practitioner qualifications.³⁵ Yet this alone tells us little about “how, when and why the [Canadian] government legislated professionals”, as well as “state-profession relations and professional expertise historically.”³⁶

Examining the earliest Canadian ‘professional regulation’ legislation in Ontario, including a plethora of Private Bills for entry into various professions, Tracy Adams states that “it is not entirely clear that, in regulating professions, the Ontario legislature sought to regulate expertise.”³⁷ (emphasis added) Adams states:

For instance, occupations such as dentistry and medicine were regulated long before their expertise was widely accepted. As noted, the 1869 medical legislation regulated not only regular practitioners, but homeopathic and eclectic medical doctors as well. Hence, the Ontario legislature regulated medicine, even without any clear consensus over what precisely constituted medical expertise... The provincial government’s willingness to legislate for petitioners... who could not meet professional education standards, further casts doubt on Ontario politicians’ faith in professional expertise – at least, as it was defined by professionals themselves.³⁸ (emphasis added)

Adams arrives at this conclusion through a detailed examination of Private Bills during the 1868-1914 era. During this period, it was not uncommon for individuals to

³⁴ Ontario, Royal Commission Inquiry into Civil Rights, *Report Number One*, vol 3 (Toronto: Queen’s Printer for Ontario, 1968) at 1162.

³⁵ *Supra* note 29 at 5.

³⁶ Tracy L. Adams, “Legislating Professionals: Private Member Bills for Entry to Practice Professions in Ontario, 1868-1914” (2005) 18:3 *Journal of Historical Sociology* 172 at 174.

³⁷ *Ibid* at 177.

³⁸ *Ibid.*

petition legislature for exemption from certain professional licensing requirements and entry into a profession. Legislative debates regarding such Private Bills demonstrates that members of the legislative assembly were apprehensive about the authority of self-regulated professional bodies to govern entry to professions- “the feeling of the country was against a close corporation like the Law Society having such powers as they had enjoyed, instead of leaving the power in the House.”³⁹ While there certainly was debate and disagreement regarding the role of professional bodies in governing entry, members of the legislative assembly felt that they had a right to legislate professionals directly, “having a responsibility to get involved” despite the authority granted to professional bodies.⁴⁰

This is not to say that members of the legislature were not concerned with maintaining levels of competence; in fact, when granting individual requests for entry to a profession by way of Private Bill, the number one factor considered by the legislature was professional competence.⁴¹ However, the legislature was willing to exercise flexibility in recognition of competence, waiving formal professional requirements (such as apprenticeship period, formal education or professional licensing examinations) for individuals who could demonstrate that they were competent.⁴²

Another factor of key importance in deciding whether to grant an exemption was on the grounds of public interest. The legislature was often prepared to waive entry requirements in circumstances where practitioners intended to provide service to underserved areas.⁴³ The Ontario legislature, much like legislatures of other provinces, viewed its role, and the role of regulating professional practice, as a political balancing act. With respect to competence, legislatures viewed competence-based entry requirements largely as an attempt to protect the public from ‘quacks’.⁴⁴ But legislatures

³⁹ *Ibid* at 188.

⁴⁰ *Ibid*. Furthermore, Adams states at 193 that “In passing individual professional legislation during this era, the legislature ultimately showed little interest in undermining professional authority. Nevertheless, its actions did implicitly challenge professional organizations’ claims to be the sole judge of competence.”

⁴¹ *Ibid* at 190.

⁴² *Ibid* at 189.

⁴³ *Ibid* at 190-1.

⁴⁴ *Supra* note 29 at 6.

were also aware that this threshold could quickly transform into an unnecessary barrier that would curtail public access to service, the individual citizen's freedom to practice and consumer choice.⁴⁵

In carrying out its political balancing act, the Ontario legislature, when considering Private Bills for waiving professional entrance requirements, was largely influenced by opposition and/or support for such Bills. Where there was no opposition, such Bills would often pass smoothly through the legislature.⁴⁶ Professional opposition, on the part of professional licensing bodies, was often effective at curtailing such Private Bills.⁴⁷ In some circumstances, the legislature considered both professional opposition by professional bodies as well as community support from members of under-served communities, and in such circumstances, the legislature was willing to pass legislation despite professional opposition.⁴⁸

The Ontario legislature's perception of professional bodies' authority over professional competence was ambivalent at best.⁴⁹ There was undoubtedly concern for maintaining professional competence, but such concerns were easily tempered by public interest concerns such as access to services and respect for personal autonomy. Furthermore, the legislature bended quite easily in favour of, or against, Private Bills requesting waivers of entry-requirements based on public support or professional opposition respectively.

However, beginning in the early 20th century, division regarding the benefits and intentions of self-regulation began to manifest itself. According to Adams, "in the opening decades of the twentieth century, MPPs became more accepting of professional autonomy and professional bodies' rights to regulate professional practice and expertise."⁵⁰ Although it is not entirely clear how or why this shift began to take place,

⁴⁵ *Ibid.*

⁴⁶ *Supra* note 36 at 190-1.

⁴⁷ *Ibid.*

⁴⁸ *Ibid.*

⁴⁹ *Ibid* at 193-4.

⁵⁰ *Ibid.*

several factors could have been relevant. Primarily, the legislature did begin to recognize that a principled approach, rather than an ad hoc approach, to professional competence was required, a position vociferously advocated by professional bodies.⁵¹ Furthermore, the legislature was at best ambivalent regarding professional licensing, and as such, could be persuaded in one direction or the other. Accordingly, with time and increased pressure from professional bodies, “politicians increasingly came to accept professional leaders’ claims that formal education and established requirements were essential to professional competence, expertise, and safe professional practice.”⁵²

Throughout the early-to-mid 20th century, Canadian regulators were regularly convinced that “gains for professionals and their clientele were sufficient for the legislature to regulate the field.”⁵³ In some instances, despite vocal opposition, self-regulatory legislation passed referencing only entry qualifications with no mention of public interest.⁵⁴ In this era, it seems that protection of the professional market was sufficient to justify regulation:

By and large, from the 1860s through the 1950s, most legislation establishing self-regulating professions was viewed as being in the public interest, because it raised the quality of services provided. Here, the public interest was defined primarily in terms of practitioner qualifications, so the public’s interest and professionals’ interests were seen to go hand-in-hand.⁵⁵

For much of the above-referenced period, enabling legislation for self-regulated professions defined ‘public interest’ primarily in terms of practitioner qualifications.⁵⁶

⁵¹ *Ibid* at 189.

⁵² *Ibid*. Adams states at 177-178: “When passing private bills granting Ontario claimants the right to circumvent professional bodies’ requirements for practice, members of provincial parliament appear to have considered themselves valid judges of competence and expertise – despite professional bodies’ assertion that only they could adequately judge ability. The decline in such legislation in the early twentieth century appears to reflect greater acceptance of professional authority and expertise.”

⁵³ *Supra* note 29 at 7.

⁵⁴ *Ibid* at 6. Adams cites the example of 1920’s legislation for the regulation of engineers. Mining companies, as well as the British Columbia Premier, were vocal in their opposition to such legislation, stating that it could prevent the “non-professional man... from gaining a living. According to Adams, “In the end, the bill passed, with a preamble stating simply that the engineers had requested that “qualifications be established” and the legislature found it “expedient to grant that prayer”.

⁵⁵ *Ibid* at 7.

⁵⁶ *Ibid* at 5.

Yet once again, beginning in the 1960's, the Canadian discourse shifted, with legislators and policy advisors becoming apprehensive about professionals' ability to put the public's interest above their own, as well as the definition of public interest expanding past the all-encompassing obsession with practitioner competence to include considerations such as efficiency, competition and costs.⁵⁷ Public distrust of self-regulation led to views that professionals could only be trusted to serve the public interest "as long as there were "effective mechanisms" in place for accountability and supervision".⁵⁸

Based on a thorough review of commission reports, policy papers, legislative debates and legislation, Adams states that between the 1960's and 1990's, the definition of public interest shifted significantly.⁵⁹ According to Adams:

In this new usage of the term public interest, there is a blending of old and new meanings. The term appears to retain its meaning respecting public safety. Consumer choice and access are still mentioned as concerns especially in health professional regulation. However, these goals are balanced with a concern for efficiency, flexibility, and business growth. Service quality is not entirely forgotten, but it is not central to discussions and debates either. Practitioner qualifications are portrayed as barriers, more than as standards that protect the public.⁶⁰

Adams draws several conclusions regarding the role of self-regulation in Canadian society. Professions were, at least originally, viewed as part of the state apparatus, enjoying some level of autonomy yet still being linked to the legislature.⁶¹

⁵⁷ *Ibid* at 7. For example, in 1970, the Ontario Committee on the Healing Arts conducts a study of the province's health professions. In characterizing a 'sound and socially acceptable health system' as including "quality services (protecting the public against the incompetent), accessibility, co-ordination of services, flexibility, economy, complementarity of services, and "a maximum degree of freedom of choice consistent with public safety"', the Committee highlighted that while the public's interest in health care was served by self-regulation's ensuring of practitioner competence, "it was not economical or efficient, and there were problems with accessibility, co-ordination, flexibility, and complementarity."

⁵⁸ *Ibid* at 8. Also, at 9, more policy reports and commissions were providing harsh criticisms of the overlapping role of professional associations, which promoted professional interests, and professional regulators bodies, which promoted the public's interest, demanding a clearer separation between the two.

⁵⁹ *Ibid* at 9. Also, at 10: "Overall, we can see that from the 1960s to the 1990s, policy advisers and provincial leaders supported professional self-regulation, but they argued that professions needed greater oversight to ensure that they acted in the public interest. Although not every commission formally defined the public interest, there was continued the emphasis on service quality and consumer choice, and new emphasis on fairness, efficiency, accountability, and cost."

⁶⁰ *Ibid* at 10.

⁶¹ *Supra* note 36 at 193-4.

This is evident in the fact that legislatures were willing to grant professional bodies authority to establish entry-to-practice qualifications, while maintaining the right to intervene when the legislature felt that doing so best served the public interest. However, beginning in the early 20th century, professional bodies acquired greater autonomy and separation from the state, including greater authority over regulation of practice and professional expertise.⁶²

Adams further states that “while reliance on professional expertise may have been a factor early in the twentieth century, it was not likely the central factor in the nineteenth century, and similarly may be less central to professional regulation today.”⁶³ Adams concludes by suggesting that in Canada, the predominant theory that self-regulated professions’ inability to serve the public has historically led to regulatory change may not be entirely precise. Rather, Adams suggests that the converse may be more accurate—“that regulatory change is actually linked to changing conceptualizations of the public interest. When professions’ interests and the public interest were viewed as compatible, granting professions self-regulation and considerable autonomy made sense.”⁶⁴

With respect to professional competency and entry-to-practice requirements, a disjuncture has been created by changing perceptions of what ‘public interest’ entails. According to Adams, professional associations have paraded around claims to expertise and moral authority, along with passing references to ‘public interest’ tucked into legislative preambles, in attempts to win over the public and the state in the goal of justifying self-regulation. But this is not necessarily the same as fulfilling social obligations.⁶⁵ This leads to a situation where professionals do not necessarily respond to client needs or self-govern based on accurate reflections of what public interest demands,

⁶² *Ibid.*

⁶³ *Ibid.*

⁶⁴ *Supra* note 29 at 11- “An emphasis on open markets and competition does not appear to be compatible with professional self-regulation. Thus, this analysis suggests, it is not so much professions’ inability to serve the public interest, but the changing definition of the public interest away from service quality and towards open competition and cost reduction, that contributes to the decline of self-regulating professions.”

⁶⁵ *Ibid* at 2.

rather, they define and use their professional knowledge guided by a transcendent value system as to when and how that knowledge should be employed.⁶⁶

Yet despite the foregoing, Canada remains “the last bastion of unfettered self-regulation” in the world.⁶⁷ Rising professional fees, professional scandals and misconduct have provoked large scale restructuring of professional self-regulation in the U.K.⁶⁸ Soon after the U.K. self-regulation reformation began, Australia followed suit.⁶⁹ Professions in the U.K. and Australia are now best described as being co-regulated, rather than self-regulated, and professional licensing bodies are now dominated by ‘non-professional’ members, largely made up of consumers.⁷⁰ Although similar cracks in the self-regulatory political structure have emerged in the North American context, North America has not only managed to weather the self-regulatory storm, in fact, it appears that the number of self-regulating professions in the U.S. and Canada has been increasing.⁷¹

There are number of reasons why the same movements that led to self-regulatory reform in the U.K. and Australia have not taken hold in North America. One key difference is that professional self-regulation is typically governed at a regional level (i.e. State/Province) in North America as opposed to predominantly Federal self-regulation in the U.K and Australia.⁷² The difficulty in policing large numbers of practitioners, spread out over an entire country, and attempting to do so with very limited resources, proved to be unmanageable for many federally self-regulated professions in the U.K and Australia.

The U.K.’s system of individual, rather than firm level, regulation, created significant governance challenges in addressing the rise of transnational law firms.⁷³ In addition to the jurisdictional challenges associated with regulating practice conduct, these

⁶⁶ *Ibid* at 3.

⁶⁷ Wooley, *supra* note 1.

⁶⁸ Adams, *supra* note 29 at 1.

⁶⁹ Aoun, *supra* note 16 at 396.

⁷⁰ Adams, *supra* note 33 at 80.

⁷¹ *Ibid* at 83.

⁷² *Ibid* at 82.

⁷³ *Ibid* at 78.

transnational law firms exhibit signs of ‘client capture’, a phenomenon where transnational law firms predominantly service large, multi-national corporations rather than smaller, local clients. Professionals working under the yoke of client capture are “pressured to put the needs of their clients and/or the interests of those individuals in a client organization with whom they work closely, ahead of the public interest or professional ethics”.⁷⁴ According to Adams, “even when professionals attempt to resist these pressures, and exercise discretionary judgement, their ability to do so without encountering resistance and potentially damaging their careers may be limited.”⁷⁵

Another distinguishing factor between the UK and Canada is the perception of institutional bias in UK regulatory bodies. As Adams states:

Traditionally in the UK, some professions’ regulatory bodies were also their advocacy bodies. In contrast, advocacy and regulatory duties were typically separated in the USA. In Canada, regulatory traditions have varied across province, but a separation of advocacy and regulatory bodies was historically present, and has been the trend over time. Self-regulatory professional bodies in the USA and Canada still face charges that they subordinate the public interest to professional interests, but they may be better able to resist these criticisms. In some UK professions, such as law, professional bodies carried on both advocacy and regulatory duties; when challenged, they could not convincingly deny their self-interest since that was long a core part of their organizational mission.⁷⁶

Professional unity has also been a key contributor to the ability of Canadian professions to maintain their self-regulatory monopoly. In contrast, in the U.K., the professional landscape has historically been characterized by a multiplicity of overlapping, and competing, professional bodies (for example, barristers and solicitors). As professional unity is an important political element in maintaining self-regulatory privileges, the lack of such unity in the U.K. political landscape has contributed to self-regulatory decline.⁷⁷

⁷⁴ *Ibid.*

⁷⁵ *Ibid.*

⁷⁶ *Ibid* at 82-3.

⁷⁷ *Ibid* at 83.

This is not to say that these same factors have not started to appear in Canada. Self-regulatory bodies continue to be dominated by professionals, and when there is ‘public representation’ on such boards, it is typically far less than a majority. Both U.S. and Canadian self-regulatory bodies have struggled with lack of resources, which has caused an inability to effectively regulate practitioner conduct.⁷⁸ Recent studies demonstrate that client capture is also a problem for the Canadian legal profession.⁷⁹ Furthermore, Canada has had to tackle the issue of institutional bias due to self-regulation and representational advocacy, a problem now affecting the patent agent profession.⁸⁰

2.3 PUBLIC CHOICE THEORY, REGULATORY CAPTURE AND SELF-REGULATION

Regulatory capture is quite possibly one of the most used concepts in social, economic, political and legal scholarship, despite being one of the most imprecisely defined. A plethora of different activities are often associated with the term ‘regulatory capture’, including: special interest groups using their influence to shape regulation; diluting of regulation through amendments; repeal of existing regulation to suit special interest groups; manipulation of regulators; and weakened enforcement of existing regulatory standards.⁸¹ To put it simply, regulatory capture refers to a situation where a regulatory body is, over time, influenced to prefer the interests of the regulated over its broader public interest mandate, and exercises decision making which benefits the interests of the regulated as opposed to the public’s interest.

There are several reasons to believe that self-regulation is largely the result of professionals’ self-interest as opposed to serving the public’s interest, and as such, a form of regulatory capture. It is almost always professionals themselves, rather than the

⁷⁸ *Ibid* at 76. (Adams provides the example of medical self-regulation in the U.S.: “Studies of the US medical profession in the 1970s similarly criticized regulatory bodies for not responding to consumer concerns (Grad and Marti, 1979). State medical boards tended to be small and ‘honorific’—senior, professionally active members were nominated to fulfil these roles for which they were not paid. Although these boards appeared fairly successful in regulating entry to practice, they were too small and underfunded to regulate the professional conduct of tens of thousands of practitioners and respond effectively and efficiently to consumer complaints (Grad and Marti, 1979). During this era several reforms were introduced, including recertification for professionals, periodic reviews of regulatory boards’ effectiveness, and the addition of non- professionals to those boards (Rubin 1980). The result was greater state and public oversight of professional activity.”)

⁷⁹ *Ibid* at 80.

⁸⁰ *Supra* note 29 at 17.

⁸¹ Mark Lokanan, “Regulatory Capture of Regulators: The Case of the Investment Dealers Association of Canada” (2017) *IJ Public Administration* 1 at 1.

public, who lobby for self-regulation.⁸² If the licensing intervention is intended to protect the public, would we not expect the public to be lobbying for licensing standards? Furthermore, if professional licensing supposedly corresponds with a minimal level of professional competence within a given field, then why does so much disparity exist across jurisdictions with respect to the same profession?⁸³

Furthermore, tight-knit, highly-focused special interest groups are often most successful at capturing regulators.⁸⁴ This is especially true in consumer protection industries, where consumer organization is challenging, and consumer costs are small relative to industry gains and spread out across large market segments.⁸⁵ As discussed under Chapter 2.1, professional licensing is in essence consumer protection legislation, as professional licensing is often justified on the basis of asymmetry of information between practitioners and consumers.⁸⁶

Taking a step back from self-regulation and capture, it is important to first consider what regulatory capture means. Although seemingly straightforward, the above-referenced formulation of regulatory capture is wrought with uncertainty and ambiguity. Primarily, should every shift away from public interest and towards industry or professional interests be considered ‘capture’? What about alternative mechanisms which may cause regulators to shift over time, most notably, bureaucratic drift?⁸⁷ Posner, citing Bernstein, supports the idea that many regulatory agencies undergo a typical ‘lifecycle’ culminating with agency maturity, which in many instances results in agency policy becoming largely aligned with the interests of the regulated:

⁸² Paul J. Larkin, “Public Choice Theory and Occupational Licensing” (2016) 39 Harv J L & Pub Pol’y 209 at 226.

⁸³ *Ibid* at 219-220.

⁸⁴ Garoupa, *supra* note 22 at 456. “The most successful groups in obtaining wealth transfers are likely to be small, usually single issue oriented and extremely well organized. On the other side, those who bear the cost of paying rents are large fractions of the population, difficult to organize and with information problems. When these conditions are met, wealth transfers are expected to take place from the public as a whole to the very-well organized interest groups.”

⁸⁵ Rachel E. Barkow, “Insulating Agencies: Avoiding Capture Through Institutional Design” (2010) 89 Tex L Rev 15 at 65.

⁸⁶ Blevins, *supra* note 2 at 853.

⁸⁷ Daniel Carpenter, “Detecting and Measuring Capture” in Daniel Carpenter & David A. Moss eds, *Preventing Regulatory Capture: Special Interest Influence and How to Limit It*, revised ed, (Cambridge: Cambridge University Book Press, 2013) at 62-3.

perhaps the most marked development in a mature commission is the growth of a passivity that borders on apathy. There is a desire to avoid conflicts and to enjoy good relations with the regulated groups.... the period of maturity culminates in the commission's surrender to the regulated... The commission finally becomes a captive of the regulated groups.⁸⁸

It is debatable whether such circumstances of 'bureaucratic apathy' can correctly imply 'capture'. Rather, according to Posner, "the deflection of an agency from its original goals may accompany the natural tendency of an institution to bureaucratization, but it is not entailed by it."⁸⁹

Furthermore, how does one define 'public' versus 'industry' interests? One of the most immediate questions facing one seeks to allege that regulatory decision-making has been captured is how does one know, or presume to know, what public welfare actually is?⁹⁰ This uncertainty is a critical issue for any such 'regulatory capture' analysis.

Daniel Carpenter states that several generations of regulatory capture research have provided rather unsatisfactory definitions of what capture is and actual evidence of when capture has taken place, challenging those who allege the existence of capture to point concretely at the mechanisms by which capture might operate.⁹¹ The lack of rigor in defining a precise definition (or definitions) for capture runs the risk of generating allegations of capture by any party that disagrees with the regulatory decisions made by a legislator or agency.⁹²

Carpenter makes an important distinction between statutory capture, wherein regulations sway interest in favour of a special interest group prior to any administrator action, and 'agency capture', wherein "certain goals are expressed in legislation but where the achievement of these goals is distorted, corrupted, watered down or otherwise

⁸⁸ Marver H. Bernstein, *Regulating Business by Independent Commission* (Westport, CT: Greenwood Press, 1955) at 87-88, 90; Richard A. Posner, "The Concept of Regulatory Capture: A Short, Inglorious History" in Carpenter & Moss, *supra* note 87 at 50.

⁸⁹ *Ibid* at p. 51.

⁹⁰ Carpenter, *supra* note 87 at 60.

⁹¹ *Ibid* at 57.

⁹² *Ibid* at 64.

turned into an industries advantage.”⁹³ As discussed below, this distinction becomes significant when analyzing capture from a *legal*, rather than political or economic perspective.

Statutory capture can be considered the byproduct of public choice theory, an economic theory that attempts to define political processes and outcomes as the product of economic interests and incentives. Put simply, public choice theory assumes that all humans, are, more or less, motivated by individual self-interest and respond to individual incentives.⁹⁴ From a political perspective, public choice theory assumes that individual legislators are primarily motivated by self-interest as opposed to the public interest.⁹⁵

Morriss and Nard summarize the basic tenets of public choice theory succinctly:

The basic public choice insights concerning legislation are deceptively simple: small, homogenous organized interest groups have an advantage in the political competition to obtain benefits and avoid costs because they offer politicians a ready source of both votes and the money necessary to obtain votes. The smaller and more homogenous the interest group, the less costly it is to organize. As even the most publicly-spirited politician cannot advance the public interest without being in office, politicians are inevitably drawn to aid interest groups in pursuit of the votes and money the interest groups can provide. The result is that the political process tends to bestow benefits on concentrated interest groups while dispersing costs over the broadest possible population. The relatively small number of individuals in the interest group thus reaps large rewards while the relatively large number of individuals in the unorganized general public bears individually small, dispersed costs.⁹⁶

Public choice theory provides a powerful tool for predicting not only how self-regulatory professions come to exist as a matter of professional self-interest disguised as public interest, but also predicts that such self-regulatory laws are incredibly resistant to reform.⁹⁷ Tight-knit professional groups can organize and effectively lobby political

⁹³ *Ibid* at 59.

⁹⁴ Andrew P. Morriss & Craig Allen Nard, “Institutional Choice & Interest Groups in The Development of American Patent Law: 1790-1870” (2011) 19 Sup Ct Econ Rev 143 at 145.

⁹⁵ Larkin, *supra* note 82 at 233-34.

⁹⁶ Morriss & Nard, *supra* note 94 at 193.

⁹⁷ Blevins, *supra* note 2 at 848, at 869. “The basic reason is that the political process is extremely unlikely to reform overbroad occupational licensing without legal pressure. Licensing regimes are textbook examples of the types of laws

decision-makers, especially compared to the general public who may bear the social costs of professional licensing. Furthermore, even after acquiring self-regulatory status, the political power encapsulated within self-regulatory bodies becomes far more concentrated than dispersed individual interests, allowing self-regulated professions to effectively maintain their self-regulated monopoly. Recent studies have demonstrated that an astonishingly low percentage of self-regulated professions across the U.S. have ever been deregulated.⁹⁸

Returning to our distinction between statutory versus regulatory capture, it is important to recognize the limits that this distinction places upon judicial review of regulatory behavior. Despite the insight of public choice theory, as discussed below under Chapter 6.1(i), one of the basic principles of the law of judicial review of administrative action is judicial respect for the boundary between law and politics. It is the proper function of the judiciary to uphold the rule of law, which in many cases revolves almost entirely around a self-regulatory body's enabling legislation. Thus, at least in principle, a line is drawn between the political activities of professional interest groups in lobbying and having self-regulatory legislation enacted, a line which the judiciary cannot cross, and the regulatory conduct of self-regulatory bodies pursuant to such legislation, which is properly within the scope of judicial review.

Carpenter provides a definition of regulatory capture as “the result or process by which regulation [in law or application] is, at least partially by intent and action of the industry regulated, consistently or repeatedly directed away from a defeasible model of the public interest and toward the interests of the regulated industry.”⁹⁹ To further

that public choice theory predicts are most resistant to political reform.' While regulatory critics often invoke public choice too casually to oppose any regulation, the theory works well for occupational licensing. These laws provide concentrated tangible benefits to organized groups with resources, while the costs of these restrictions are diffused among the public as a whole.' Professional organizations also have the cohesion and the resources to lobby for favorable laws, to prevent reforms, and to provide information to policymakers.' Under these conditions, occupational licensing laws would be extremely difficult to change through the political process alone.” See also Larkin, *supra* note 82 at 225. “The Constitution makes the passage of legislation difficult, so, once enacted, laws do not fade away. Absent an expiration date, laws remain in effect until they are repealed or held unconstitutional, giving rise to what has been called “the tyranny of the status quo.” Problems may be transient, but the statutes passed to remedy them may last forever.”

⁹⁸ *Ibid* at 869-70.

⁹⁹ Carpenter & Moss, *supra* note 87 at 60-1.

elaborate, Carpenter sets out the following analytic framework for making a case for, or against, the presence of agency capture:

- There exists an identifiable “general interest” or “public interest”, or goal for which a regulation was created- the public interest is embodied in the people’s welfare;
- There exists an identifiable interest our goal of the “industry” or “producers” an interest of dominant or particular firms, or a special interest group;
- The people’s welfare and industry interests or special interest group interests conflict, in the sense that in applications of regulation or enforcement, the public interest for statutory obligations of the agency and the industry/special interest do not coincide;
- There exists some mechanism of undue or disproportionate influence (hereby referred to a ‘capture mechanism’) whereby the industry attempts to induce the regulator to choose its interests over the people’s welfare;
- Given a pattern in which the agencies statute and case evidence directs it to choose to people’s welfare over Industry interests, and given the capture mechanism, the agency nonetheless repeatedly chooses industry interests over public welfare- very important, Carpenter makes the point that at this stage in the analysis, one must consider that under the same conditions but in the absence of the capture mechanism the agency would choose public welfare repeatedly over industry interests.¹⁰⁰

Regarding ‘public interest’, one may stipulate explicitly what they believe public welfare to be based on any number of sources, including empirical evidence or well accepted theories.¹⁰¹ Furthermore, one could use evidence of public opinion based on voting patterns of democratically elected officials, but this approach may be jeopardized by special interest influence causing statutory capture.¹⁰² If certain fields are susceptible

¹⁰⁰ *Ibid.* Furthermore, Carpenter states that to the extent that and agencies Choice of industry interest over public interest is more ingrained, one can say that the agency is *more* captured.

¹⁰¹ *Ibid.*

¹⁰² *Ibid.*

to scientific analysis, such as areas involving public health or medicine, one could take a technocratic approach to determining public welfare.¹⁰³

Given that providing a precise definition of ‘public interest’ can be challenging, Carpenter suggests that the fallback option is acknowledging that one does not know what public welfare actually is, and as such, must look for capture *procedurally*.¹⁰⁴ This procedural approach requires “(a) identifying the special interests involved and (b) examining those institutions and outcomes that would seem consistent with their having been advantaged.”¹⁰⁵ This approach is the most empirically grounded- “we abandon any pretense of knowing the public interest and instead focus on ‘circumstance evidence’ consistent with a capture ‘story’.”¹⁰⁶

Carpenter adds that diagnoses of agency capture requires at least some evidence of *intent*. In the circumstances of agency capture, this requires a demonstration of at least some active engagement on the part of the regulated to influence regulatory, that is *causal* in leading to regulation that is favourable towards the regulated as opposed to the public.¹⁰⁷ Furthermore, what is most often missing from procedural analysis of capture is

¹⁰³ *Ibid*. Of course, as Carpenter points out, this approach is also susceptible to special interest influence causing bias in the creation of scientific literature.

¹⁰⁴ *Ibid*.

¹⁰⁵ *Ibid*.

¹⁰⁶ *Ibid* at 62. See also Mark C. Niles, “On the Hijacking of Agencies (And Airplanes): The Federal Aviation Administration, “Agency Capture,” and Airline Security” (2002) 10 Am U J Gender Soc Pol’y & L 381 at 393. Niles advocates for a similar approach, as regulatory capture is often no greater than the sum of the parts and is best pinpointed within a given set of facts and circumstances. According to Niles, a ‘smoking gun’ pointing directly to agency capture rarely exist, and instead: “What is needed is an indication that the agency’s industry- promoting efforts arise not from its own determination of what will promote the long-term public interest, but out of some motivation to promote these interests despite the impact it will have on the vast majority of affected parties, or the society as a whole.” Niles analyzes several published case studies of alleged regulatory capture, and at 404-5 concludes: “While none of these studies provide conclusive proof of the specific instances of capture discussed, (nor do many even claim to do so) they all provide similar and compelling evidence of regulatory activity that is completely consistent with the phenomenon. In all of these cases, we are presented with an agency that is given the authority to regulate a certain activity or set of activities and is consequently expected to have its regulatory decisions informed by its own articulation of the “public good.” We then see evidence that the agency appears to be distracted from this public focus by the specific private interests of its regulated community, with its concentration shifting, instead, to these specific needs of the dominant private interest. So, while no “smoking gun” has been provided, and some plausible alternative explanations for the regulatory choices remain, we are left with the strong (and justifiable) suspicion that safer meat, guns, power plants, and a myriad of other public goods have been systematically sacrificed to the various relevant private interests, most often the profit motives of the industry representatives that wield the hyper-influence within agencies, by an array of agencies charged with the responsibility to regulate and control those interests.”

¹⁰⁷ *Ibid* at 62-3: “My argument is that, yes, valid capture diagnoses require intent. There must, somewhere, be an attempt to lobby, and attempts to offer an implicit bribe or implicit contract and attempt to stack the deck of an institutional process, or (as in cultural capture) an attempt to influence frames, assumptions, and worldviews of regulators or professionals involved in regulation. Causal and intentional action of industry is necessary because

evidence of the capture mechanism, by which the special interest in question can achieve its desired policy outcomes.¹⁰⁸

Accordingly, Carpenter concludes that a full diagnosis of agency capture needs:

(a) to posit a defensible model of public interest, (b) to show action and intent by the regulated industry, and (c) to demonstrate that ultimate policy is shifted away from the public interest toward industry interest. If a capture analysis (whatever its conclusions) is lacking in one or more of these demonstrations, then the analyst must accordingly be circumspect about what he or she has shown. To demonstrate all three of these conditions – preferably by a combination of quantitative and qualitative evidence in which various types of evidence corroborate one another – amounts to a gold standard of proof.¹⁰⁹

Carpenter’s ‘capture story’ is important conceptually as it remains open to non-materialist forms of capture. Traditional ‘materialist’ capture theories typically search for a ‘smoking gun’ in the form of a regulator placing their own, personal material self-interest in conflict with their public duties. One example includes the ‘revolving door’ between regulator and industry, where high-ranking regulatory officials are induced to follow industry promoting conduct with the incentive of high-salaried industry jobs upon departing the public sector.

However, recent non-materialist theories of capture, such as cultural or epistemic capture, suggest that regulators may not necessarily be relegating the public’s interest to their own individual material self-interest or acting out of a maliciousness or fraud. Rather, prolonged proximity between regulator and regulated may create an environment where regulators unquestionably adopt the narrative of the regulated along with its presumptions regarding public welfare. James Kwak cites the example of the 2008 financial crises as an excellent case study of the phenomenon of cultural capture. Prior to 2008 financial collapse, four major regulators were responsible for oversight of the U.S. banking industry- the Federal Reserve, responsible for managing economic growth and

“bureaucratic drift” stands always as an alternative mechanism for administrative capture.... In short, valid diagnosis of capture should be able to show that somewhere, the regulated industry was acting anyway so I asked to bring about the observed results”.

¹⁰⁸ *Ibid* at 61.

¹⁰⁹ *Ibid* at 63.

inflation; the FDIC, responsible for safeguarding its deposit insurance fund; the OCC, responsible for safety and soundness of banks; and the OTS, responsible for oversight of thrift.¹¹⁰ Prior to passage of the Dodd-Frank Act in 2010 and the creation of the Consumer Financial Protection Bureau, none of these agencies had a primary mandate of protecting consumers. According to Kwak, this was because regulators, having spent many years of close proximity to the regulated, identified with the predominant narrative of the regulated that consumers' interests were best protected by free market competition, and as such, regulators viewed their public interest role as being 'stewards of an efficient financial system.'¹¹¹

Similarly, epistemic capture occurs when a regulator develops a specific view of an issue resulting from the fact that relevant information is provided almost entirely by a distinctive group of people. According to Cass Sunstein, there are concerns caused by such asymmetry of information, given that even the most well-intentioned of public officials may have their own perspective "shaped by the limited class of people to whom they are listening."¹¹² Such regulators "might be subject to epistemic capture in the sense that they will ultimately form a view that fits with what they learn from the particular people with whom they speak."¹¹³

The reality of epistemic capture may be particularly egregious within the self-regulatory context, wherein insular groups of like-minded individuals are prone to move towards extreme positions on issues of professional interest.¹¹⁴ In these circumstances, "group members come to rely exclusively on one another to validate new information, and everything that they believe is a product of interactions within their enclaves."¹¹⁵ Although it may seem counter-intuitive, groups of confident, intelligent individuals may

¹¹⁰ James Kwak, "Cultural Capture and the Financial Crisis" in Carpenter & Moss, *supra* note at 84.

¹¹¹ *Ibid.*

¹¹² Cass R. Sunstein, *Valuing Life: Humanizing the Regulatory State* (Chicago: University of Chicago Press, 2014) at 32-33.

¹¹³ *Ibid.*

¹¹⁴ Cass Sunstein, *Going to Extremes: How Like Minds Unite and Divide* (New York: Oxford University Press Inc., 2009) at 42-3. Sunstein argues that where groups of individuals share a common identity, a high degree of solidarity and group saliency, this will often lead to heightened levels of polarization on any given topic.

¹¹⁵ *Ibid* at 52.

be most susceptible to this phenomenon, with such groups moving to extreme positions regarding perceptions of fairness and issues that affect their sense of ‘group belongingness’.¹¹⁶ Such insular groups and the debate they foster have a natural built in rhetorical advantage in favour of those seeking higher penalties for breach of accepted group norms, and as such, may tend towards stringent protection of their group identity and insularity.¹¹⁷ Again, it is important to re-iterate that in many ways, these individuals are not engaged in a form of fraudulent or deceitful behavior, rather, many social utility justifications exist for why many individuals in these circumstances would behave in such fashion.¹¹⁸

Carpenter points out two important research strategies, relevant to his analytic framework and identification of causal inferences in agency capture, which are of key significance to this study. First, he advocates for clear demonstration of public interest versus industry interest, and “an empirical design that permits rejection of the hypothesis that both of these interests are served in a pattern of decisions.”¹¹⁹ Second, he advocates for a clear defining and understanding of the regulatory mechanisms of capture:

if the idea is to improve and not to abandon regulation, then an understanding of the mechanisms of capture is critical. It is critical for combatting capture, and it is critical for the important work of implementing mechanisms that would induce regulators to proactively pursue their agency's statutory mission.¹²⁰ [emphasis added]

With respect to Carpenter’s first point, professional licensing presents a unique challenge for the analysis. In the example of professional licensing, from a conceptual perspective, the most basic professional self-interest, namely, pure market protection, in and of itself may justify the regulatory intervention. Market protection is one of the means to the end of consumer protection, and as such, the profession’s interest in market protection and some level of economic protectionism is justified as a rational basis for

¹¹⁶ *Ibid* at 42.

¹¹⁷ *Ibid* at 35.

¹¹⁸ “When people shift in groups, it is often for perfectly sensible reasons” (*ibid* at 32-3).

¹¹⁹ Carpenter & Moss, *supra* note 87 at 67-8.

¹²⁰ *Ibid* at 68.

serving the public's interest.¹²¹ In order to expect that professionals will act in the best interests of their clients and not their own self-interest, they are afforded some level of market protection to mitigate against self-interest tendencies caused by excessive competition. As Garoupa states, "self-regulation is not necessarily a sign of rent-seeking. Professional regulatory bodies are consistent with public interest theory. Identifying rent-seeking requires a more detailed analysis of the legal substance than just the legal form."¹²²

With respect to Carpenter's second point, as discussed below, the proposed capture mechanism in issue in this analysis is competency-based, entry-to-practice standards for Canadian patent agents.

¹²¹ See *e.g.* David E. Bernstein, "The Due Process Right to Pursue a Lawful Occupation: A Brighter Future Ahead" (2016) 126 Yale LJ F. 287 at 288 for a discussion of relevant cases.

¹²² Nuno Garoupa, "Regulation of Professions in the US and Europe: A Comparative Analysis" (2004) Tex A&M U Sch L 1 at 8, online: <<https://ssrn.com/abstract=640502>>.

CHAPTER 3

FROM ‘DEMOCRATIZED’ TO ‘PROFESSIONAL’ PATENT AGENCY

3.1 THE HISTORY OF PATENT AGENT REGULATION

3.1(i) The Early ‘Patent Agents’

The practice of patent agency, in both the U.K. and the U.S., dates to the early 19th century days of the Industrial Revolution. In the pre-regulation, Industrial Revolution era of patent agent practice, the patent agent profession lacked a discrete set of professional services forming the fabric of what could be called a professional identity. While preparation of patent specifications was undoubtedly the core of their business, their role as an ‘intermediary’ was far broader than just as solicitors of patents. The patent agents of this era acted “as intermediaries between inventors, capitalists, innovators and other users of inventive output” which included a wide range of services including connecting inventors with manufacturers, brokering licensing deals and serving as general commercialization agents.¹²³ Even from a strictly legal perspective, early patent agents accumulated a broad scope of legal knowledge and in addition to providing patent solicitation services, provided a range of commercial services across the legal spectrum.¹²⁴

¹²³ Harold Irvin Dutton, *The Patent System and Inventive Activity During the Industrial Revolution 1750-1852* (Manchester, U.K.: Manchester University Press, 1984) at 93. “Patent agents were also in a position to advise inventors what to do with their inventions. Since they had close contact with a large number of manufacturers and capitalists, they often acted as brokers in the selling, licensing, assigning, and financing of patents. William Carpmael and Joseph Robertson introduced many inventors to manufacturers looking out for ways of improving efficiency, and John Farey reported to the 1835 select committee that he was frequently ‘consulted on the propriety of seeing interventions after a patent has been obtained... And the reason of that course having become very general with me of late years is that I have been chiefly employed by capitalists who have consulted me whether they should lay out their money in them. For many inventors, especially those without the requisite capital and those in the business of selling their inventive outputs, this service had an obvious advantage. It saves them the problem of finding financial support and the trouble of hocking their conventions around the various firms and protected them from exploitation by unscrupulous manufacturers....’ Users of inventions also benefited. Patent agents reduced search costs, and, since their judgment was well respected, manufacturers could be reasonably sure of investing their funds wisely. Patent agents would also advertise and promote the goods produced by inventors, contacting retailers, wholesalers and manufacturers to inform them of the latest developments.”

¹²⁴ “The popular notion of the duties and qualifications of a patent agent maybe shortly stated a thus: he is fully informed in respect to the law and practice of patents as exemplified by the judgments of the courts and the decisions of the law officers. He is conversant with the several copyright acts, and the mode of securing protection under the same. He is also familiar with the trademarks act and the practice under it, the merchandise marks act, the general acts relating to gas and water companies, and is competent to advise respecting the establishment of manufacturing and trading companies under the limited liability acts. He is necessarily familiar with all the manufacturers of this country, not to mention the various industrial exhibitions now so common in London, and the provinces and in foreign capitals. Moreover, he has traced the growth of the various branches of manufactures, from the earliest of their inception to the

One of the most important roles of the patent agents of this era was dissemination of knowledge. The role of patent agents in contributing to the dissemination of inventive knowledge at the time of the early 19th century was a vital contributing force for the democratization of invention. Patent literature was difficult to acquire, and the early patent agents obtained patent documents, compiled large libraries of patent literature and disseminated this knowledge to clients not only for patentability assessment but also education and inventive activities.¹²⁵ The early patent agents were important agents for public dissemination of patent literature; in fact, many of the earliest patent agents were also publishers and/or editors of some of the most widely read technical journals of the time, within which they regularly included relevant patent literature.¹²⁶ As discussed below, control of the means of dissemination of patent literature also provided the early patent agents a powerful means of influencing the development of substantive patent law, often times in directions favorable to their own professional interests.

The culture and atmosphere of the artisanal yards and engineering shops of the urban British provinces provides for a fascinating case study of early 19th century patent agency. Outside of the economic and political capital of London, in urban, Provincial cities such as Birmingham, the patent agency network was ‘complex’, in an environment

present time, throughout the printed specifications of English patents, all of which, now numbering 150,000 are open to his inspection in the patent office. He will advise as to the practicality of any mechanical contrivance process submitted to him, asked to the mercantile value of the same, how best an inventor may introduce his improvement to the trade, or to the general public; whether the event of finding someone inclined to take up the invention, a total or partial sale of the patent should be affected, or an exclusive unlimited license granted and on what terms...[the patent agent will be] familiar with all the foreign and colonial patent law[and]... will also be able to advise how to prevent a manufacturer who owns a patent from intimidating the customers of a rival manufacturer by holding up the rival as an infringer... his chief duties are to collect the inventors ideas, to arrange them in a specification, which will eventually prevent any rival manufacturers from doing anything in the direction of the patent. If the invention is imperfect at the time it is submitted to him, the patent agent will readily remove the difficulty... his great experience giving him facilities which no ordinary inventor could be expected to possess” (*ibid* at 91-2).

¹²⁵ *Ibid* at 90-3.

¹²⁶ *Ibid* at 85, 94. See also Morris & Nard, *supra* note 94 at n 143. “Of note is that the proprietors of Scientific American, Orson Munn and Alfred Beach, were, by 1850, the owners of the largest patent agency in the world.” See also David Pretel, “The Global Rise of Patent Expertise During the Late 19th Century,” in David Pretel, Lino Camprubi eds, *Technology and Globalisation: Networks of Experts in World History* (Cham, Switzerland: Springer, 2018) available online: <<http://www.econsoc.hist.cam.ac.uk/docs/CWPESH%20number%2031%20Jan%202018.pdf>> at 10. “During the second half of the nineteenth century, patent agents published their own specialised technical and trade journals that provided detailed information about patent procedures and descriptions of patented technology. The most relevant examples of patent journals include the weekly Scientific American, edited by the leading American patent agency Munn & Co., the Patent Journal and Inventors Magazine, edited by the London patent business of Barlow, Payne and Parker, and the monthly publication Le Génie Industrielle published by the French ‘ingénieur-conseils’ from the Armengaud family. For Latin America and the Caribbean, the agency Munn & Company published, from 1890, its first international edition, La América Científica e Industrial, a mechanical magazine written in Spanish.”

“in which scientific, artisan and business acumen mixed freely”.¹²⁷ In this atmosphere, incremental machinofacture innovation was unleashed in an environment of proximity, where technical know-how was shared and improved amongst skilled artisans.¹²⁸

In this environment, the patent system and an emerging technology discourse driven by the Industrial Revolution came head-to-head. The scientific discourse pre-Industrial Revolution was dominated by the scientific theorists (or according to some, elitists) of the royal academies and institutions. Along with their role as gatekeepers of scientific knowledge and authority came social prestige. But in the emerging discourse of the Industrial Revolution, the ‘mechanics’ of applied arts sought to elevate their own social status through the social, economic and political means available to them. According to Ian Inkster, this was the era of the ‘rise of artisanal culture’, driven “by sharing knowledge through associations and lecture and.... textbooks to share their useful knowledge” and formed “in local taverns and pubs as well as coffee houses and assembly rooms, that linked a new world of useful and reliable knowledge with artisan skills, intersecting with radical social alternatives and fast moving money makers.”¹²⁹ There seems to be little doubt that the patent system led to tremendous social and economic benefits within these urban provincial communities. Individual inventors climbed both the social and economic ladder through “the capture and ownership of technological knowledge [which] was becoming essential to small-business formation and success.”¹³⁰

While patent rights were instrumental in creating a new discourse that improved the social and economic status of the skilled artisans, Inkster states that the “associational culture that forged together patent agency and useful and reliable knowledge was to become the hallmark of Birmingham as an inventors’ emporium.”¹³¹ According to Inkster:

¹²⁷ Ian Inkster, “Highly Fraught with Good to Man: Patent Organization, Agency, and Useful and Reliable Knowledge in British Machinofacture Circa 1780-1851 and Beyond” in Ian Inkster ed, *History of Technology* (London: Bloomsbury Publishing PLC, 2012) at 132.

¹²⁸ *Ibid* at 93.

¹²⁹ Inkster, *supra* note 127 at 123-24.

¹³⁰ *Ibid* at 125.

¹³¹ *Ibid*.

There seems to be good qualitative evidence that the rise of innovation in Birmingham was strongly associated with increased facilities for knowledge circulation and testing, and for basic technological training, which went well beyond our familiar distinctions between the tacit knowledge of apprenticeship and the trades on one hand, and a higher scientific training on the other. Between such extremes lay an urban culture of information circulation that was constantly tested and reformulated by a competitive culture of innovation pursued by those intent on rising ‘above the Lathe and File’ within one of the most intensive patenting cities in the world. Prior to 1851 this was the environment of patent agency. And this was itself a component of a wide process of machinofacture.¹³² (emphasis added)

In this environment, patent agency was *informal*, embedded within and acting alongside the many *organizational*, rather than *institutional*, associations common to these urban sites of technical innovation.¹³³ Patent agency during this era was “complex”, intertwined with professional associations, clubs as well as an emerging series of lecture circuits “in which scientific, artisan and business acumen mixed freely.”¹³⁴ In this environment, “[patent] agency embraced a great deal of business lying beyond the formal institution of the patent system”¹³⁵ and evidence appears to support the conclusion that this form of ‘associative patent agency’ was linked to technological improvement, diffusion of knowledge and incremental innovation within these urban areas.¹³⁶

Even more so than Britain, the early 19th century U.S. inventive landscape was characterized by ‘democratized invention’¹³⁷- “a broad range of individuals held patents for an equally broad range of inventions.”¹³⁸ These individual inventors required affordable access to secure and reliable patent protection in order to acquire investment, manufacturing and to generally commercialize their inventions.¹³⁹ As in Britain, this

¹³² *Ibid* at 129.

¹³³ *Ibid* at 115-16.

¹³⁴ *Ibid* at 132.

¹³⁵ *Ibid* at 117.

¹³⁶ *Ibid* at 139.

¹³⁷ See B. Zorina Khan, *The Democratization of Invention: Patents and Copyrights in American Economic Development: 1790-1920*, 1st ed (New York: Cambridge University Press, 2005).

¹³⁸ Morriss & Nard, *supra* note 94 at 171.

¹³⁹ *Ibid* at 172-73.

atmosphere of democratized invention created a class of pre-regulation ‘invention agents’ that offered a wide range of services as ‘middlemen’ in the marketing of inventions.¹⁴⁰ These services included acting as intermediaries in the sale of technology, connecting inventors to investors and manufacturers, and to a large extent distributing invention information for innovation and commercialization purposes.¹⁴¹

U.S. inventors required access to inventions and sharing was essential to incremental innovation.¹⁴² Thus, “inventors and consumers were often the same people, as invention proceeded in large part through practical adaptation of earlier innovations into new and improved forms and products.”¹⁴³ Accordingly, both inventors and patent agents during this era had an important self-interest in ensuring that patent law balanced protection with access. Patent practitioners, as an interest group, were “facilitators of commercial transactions generally...[and] had an interest in making sure patents did not interfere with the broader commercial sphere.”¹⁴⁴

Although it is well-documented that the earliest patent agents in both the U.K. and the U.S. came from the engineering professions, in the case of the urban cities of the Industrial Revolution era Britain, the line between patent agency and engineering was hardly discrete. Patent agency and engineering formed a sort of ‘partnership’, wherein many of the patent agents who sold what we consider discrete patent services (such as preparation of patent specifications) also engaged in technological consulting and technical publication.¹⁴⁵ Many of the prominent patent agents of this era viewed the patent system, dissemination of technical knowledge and improvement of incremental technical innovation as all being linked. As these patent agents were also active publishers of leading technological journals, they used their publications to promote reform of aspects of the patent system which also connected with improvement of dissemination of technical knowledge, such as improving requirements relating to

¹⁴⁰ *Ibid* at 180.

¹⁴¹ *Ibid*.

¹⁴² *Ibid* at 175.

¹⁴³ *Ibid*.

¹⁴⁴ *Ibid* at 179.

¹⁴⁵ Inkster, *supra* note 127 at 120.

preparation of technical illustrations.¹⁴⁶ During this period of technical upheaval and free association of knowledge through various forms, “[patent] agency and technological journalism went hand in hand.”¹⁴⁷

Thus, the patent agents of the early Industrial Revolution era were better characterized as ‘invention agents’, individuals who conceived their role as inventors’ advocates broadly, both in legal and commercial terms. The informal, organizational aspects of patent agency, which was intimately connected with professional associations, lecture circuits and other avenues of associational dissemination of technical knowledge were a key ingredient to the boom of incremental innovation and prosperity of communities outside of major economic and political capitals such as London. While the preparation and prosecution of patent applications was no doubt central to their role, they viewed this obligation as part of a more holistic inventive endeavor. This included improving the mechanisms of dissemination of knowledge as well as education for both inventors and users of invention information.

3.1(ii) Towards a Reformed Patent System and Refined Patent Agency

As the Industrial Revolution approached the mid-19th century, the value and importance of intellectual property had increased and the ad hoc patent institutions in both the U.S. and U.K. required reform. It was at this time that the basic legal and institutional framework for our modern patent systems began to develop, including such fundamental concepts as patentable subject matter, novelty, utility, enablement and institutions of patent application examination.¹⁴⁸ Although these legal concepts and institutions have subsequently been fleshed out by courts and legislators, remarkably, for the last 150 years, these concepts remain the foundation of our current patent system.

¹⁴⁶ The “major journals of patent agency were fully engaged in reforming the institution itself” (*ibid* at 119). “A particular interest in mechanical drawings brought [William Newton] even more firmly into inventor environs, especially as a draughtsman to offices where specifications were recorded. This alerted Newton to the need for an improved system of information diffusion, especially concerning specifications, as well as they’re very efficient character under the ancient regulations... from 1820 Newton edited the *London Journal of Arts and Sciences*, and for 14 years reported all patented inventions from first-hand inspection of rolls in the enrolment office.... Newton and his journal became very important in improving the application of British mechanical drawing to patenting (*ibid* at 116-17).”

¹⁴⁷ *Ibid* at 119.

¹⁴⁸ Gregory Reilly, “Our 19th Century Patent System” (2018) 7:2 IP Theory at 12.

Also by the mid-19th century, the increasing importance and value of patent rights “called forth a class of men that occupy an intermediate position [between inventors and the patent office].”¹⁴⁹ By 1851, approximately 90% of all patents granted in Britain were handled by a patent agent.¹⁵⁰ The labyrinth that was the early 19th Century British patent office, with its Kafka-esque bureaucracy and opaque technical processes, was in many ways the earliest justification for the creation of a patent agency profession- the profession’s esoteric knowledge was navigation through the patent office maze.¹⁵¹ In Britain and the U.S., the first formal ‘patent agents’, individuals who advertised their services distinctly as preparation and prosecution of patent applications, were former patent office officials that used their knowledge and experience of patent office formalities to guide patent applicants through the process.¹⁵² For example, Moses Poole, one of the U.K.’s first and most influential early patent agents, held the official public position of Clerk of Inventions at the British Patent Office (as did his father before him). However, while still in his public role, he offered patent agency services for clients which included review of specifications and filings on behalf of foreign clients.¹⁵³ Most of the patent agents of the early to mid-19th century were either former patent office officials or practicing engineers who gained their knowledge of patent office procedures through their own patenting experience, few of whom were legally trained.¹⁵⁴

While the work of the pre-regulation ‘invention agents’ of the early 19th century undoubtedly served a valuable public service, and contributed to the growth of an entrepreneurial, innovation-based economy in the Industrial Revolution era, it hindered

¹⁴⁹ Dutton, *supra* note 123 at 86.

¹⁵⁰ *Ibid.*

¹⁵¹ Dirk Van Zyl Smit, “‘Professional’ Patent Agents and the Development of the English Patent System” (1985) 13 *Int’l J Soc L* 79 at 86.

¹⁵² Dutton, *supra* note 123 at 86-87.

¹⁵³ Smit, *supra* note 151 at 86-7. See also Pretel, “The Global Rise of Patent Expertise During the Late 19th Century,” *supra* note 126 at 149. “Studies often present patent agents as driving actors in the growth of efficient markets for technology. From this perspective, the presence of expert agents removed constraints in international patenting. However, during the late nineteenth century, agents in many countries were accused of carrying out rent-seeking activities and maintained privileged relationships with officials and commissioners. A question can thus be raised as to whether intellectual property institutions at the close of the nineteenth century were actually open to a broad segment of the population or were instead primarily accessible only to powerful social classes and corporations with a large amount of capital.”

¹⁵⁴ Dutton, *supra* note 123 at 87-8, 90.

this emerging class of patent practitioners' ability to 'professionalize'. By the 1850s, the lack of a discrete domain of professional expertise left many practitioners feeling insecure and defensive regarding their claim to an area of exclusive expertise.¹⁵⁵ Similar to other professional groups of the Industrial Revolution era, the 19th century patent agents began to organize themselves, as well society generally (as discussed in detail below) to create a regulated market for their own discrete set of professional services.¹⁵⁶

Slowly, the landscape of patent agency began to change, and with it, the patent system itself. According to Morriss and Nard, the development of U.S. patent institutions from the early to mid-19th century was very much the "story of the creation and growing dominance of the patent bar as an interest group."¹⁵⁷ The U.S. 1793 Patent Act, which operated as a registration rather than patent examination system, was largely structural, rather than substantive in nature. Accordingly, early 19th century patent law "open[ed] a new avenue for change [and] gave entrepreneurial lawyers a choice in how to shape patent law to their, and their clients', preferences."¹⁵⁸

It is in this context that the U.S. patent profession developed what Nard refers to as its single most important innovation- the patent claim.¹⁵⁹ The lack of an examination system created the substantive problem of defining and delimiting an 'invention':

The 1793 Act did not provide a means to resolve this problem as it merely required the inventor to "distinguish" his invention "from all other things before known," and did not specify how one was to do so. Lawyers engaged in the practice of patent law created the means of doing so: the patent claim as a component distinct from the specification, allowing applicants to separate the new from the old. The claim provided guidance for jurors as to the patentee's invention and

¹⁵⁵ Smit, *supra* note 151 at 83. See also Guagnini, *supra* note 4 at 146-47. "After the surge of applicants caused by the lowering of fees and passing the 1883 Act, the result was an increase in the demand for expert technical and legal assistants, but also a growing competition among the practitioners who offered it. At that point the definition (and delimitation) of the occupational group, which had already been the underlying theme which had already been the underlying theme of the debate on the professional identity of the patent agents, came to the fore. Other closely related professions, the lawyers, the engineers and the accountants, had already gone through that process... however the existence of well-established models did not make the process any easier; a main problem was the considerable diversity and the way in which patent agency was carried out."

¹⁵⁶ Smit, *Supra* note 151 at 79.

¹⁵⁷ Morriss & Nard, *supra* note 94 at 148.

¹⁵⁸ *Ibid* at 152.

¹⁵⁹ Craig Allen Nard, "Legal Forms and the Common Law of Patents" (2010) 90 BU L Rev 51 at 66.

called “attention to what the inventor considered the salient features of his invention.” An important consequence of the development of the patent claim was that the demand for expert legal counsel in preparing patent documents increased as technology grew more complex.¹⁶⁰ (emphasis added)

Entrepreneurial U.S. patent practitioners saw an opportunity to work within the open space of the 1793 Patent Act to create a legal mechanism for defining intellectual property rights, as well as what would become the central feature of patent agency, namely, working with patent claims. As Morriss and Nard state, “developing the patent claim can thus be seen as an entrepreneurial response by the nascent patent bar, providing them with a service to offer potential clients.”¹⁶¹ When the patent act was amended in 1836 and created a statutory requirement for patent claiming, it was merely formalizing what the profession had created and customarily practiced for many years prior.¹⁶² The patent claim thus arose from the practice of U.S. patent agents, and was the result of patent agents’ efforts to broadly assert the widest possible rights on behalf of their clients.

Over the course of the 19th century, the influence of U.S. patent agents continued to grow and developed into a highly-effective interest group: “the rise of patent specialists produced a relatively concentrated group with both a strong interest in patent law’s development and the means to influence it.”¹⁶³ Within the U.S. it was the legal profession, who “possessed considerable social status and market power”, that came to dominate patent agency.¹⁶⁴ The legal profession, which was coming into its own power through effective professionalization efforts, wielded considerable influence:

the creation of the patent bar produced a group of attorneys with the combination of deep knowledge and personal interest in patent law’s development that yielded an effective interest group. Unlike patentees and technology consumers, the patent bar was not widely dispersed. Even the lawyers outside Washington were brought together through journals and meetings. The patent bar’s interests lay in creating an effective system of patent rights that maximized the value of its

¹⁶⁰ Morriss & Nard, *supra* note 94 at 154-5.

¹⁶¹ *Ibid* at 231.

¹⁶² *Ibid* at 155.

¹⁶³ *Ibid* at 179.

¹⁶⁴ *Ibid*.

services in the acquisition, trading, and defense of patent rights.¹⁶⁵
(emphasis added)

The 1836 Patent Act also created another powerful interest group: the patent examining corps. By re-instituting a patent examination system alongside statutorily mandating patent claims, the patent agent profession found a corresponding group with vested interests in maintaining a specialization surrounding patent claiming. Realization of the patent agent professional ideal in many ways depended on the patent office maintaining its separation from inventors, as direct connection between the patent office and inventors would have meant elimination of the intermediary role filled by patent agents.¹⁶⁶ There were certainly powerful patent office officials who were critical of the idea of intermediaries standing between the patent office and the public it was meant to serve.¹⁶⁷ The intimate, personal links between patent agents and the early U.K. and U.S. patent offices certainly played a strategic part in ensuring a role for intermediary professional patent agents.¹⁶⁸

Furthermore, with the institutionalization of a patent examining corps, patent agents no longer had to seek reform through courts and/or legislation to benefit their own interests and the interests of their clients. Given the highly specialized nature of claim drafting and examination, patent agents and the patent office had in many ways become joined at the hip, and patent agents now found that they could lobby for change, such as revised patent examination standards and lowering patentability thresholds, directly through the patent office.¹⁶⁹ This hyper-proximity between the patent office and the

¹⁶⁵ *Ibid* at 181-2.

¹⁶⁶ *Supra* note 151 at 86.

¹⁶⁷ Aoun, *supra* note 16 at 400.

¹⁶⁸ Smit, *supra* note 151 at 86.

¹⁶⁹ Morriss & Nard, *supra* note 94 at fn 143. “The thrust of the 1836 Patent Act was to erect a rigorous examination process, and the Patent Office during the 1840s staffed its examining corps with some of the best scientific talent in the country. The examinations that ensued were rigorous, more often than not resulting in an application being rejected. Eventually, inventors and their representatives, the patent solicitors, reacted by engaging in a concerted effort to influence the Patent Office and its examiners. In particular, this interest group, led by *Scientific American*, repeatedly sought “to induce key politicians and administrators to seek out those examiners who” took too strict a view of the patentability requirements. Robert C. Post, “*Liberalizers*” versus “*Scientific Men*” in the Antebellum Patent Office, 17 TECHNOLOGY & CULTURE 24, 26 (1976). Congressional intervention was not needed for this lobbying effort to succeed. As Post writes, this “campaign to vitiate the policy of subjecting applications to what it regarded as hypercritical examination succeeded quite well without statutory sanctions.” Of note is that the proprietors of *Scientific American*, Orson Munn and Alfred Beach, were, by 1850, the owners of the largest patent agency in the world.” (emphasis added)

agent profession continued into the early 20th century, where by some accounts, as many as half of all U.S. patent practitioners began their careers as patent examiners.¹⁷⁰

3.1(iii) The Professional Patent Agent

It was in the late 19th century, following reform of both the British and U.S. patent systems and increasing momentum of professionalization movements, that patent agents in both jurisdictions sought to professionalize and regulate entry to their profession. On both sides of the Atlantic, claims of professional incompetence, largely from incumbent practitioners and occasionally from the public, were used as justification for the establishment of entry-to-practice qualifications. However, it seems that little evidence was ever presented to substantiate such claims.¹⁷¹ Many of the allegations came from lawyers/solicitors, who viewed the non-lawyer patent agent profession as competition for the growing inventor's market for services.¹⁷² Some inventors argued that "patent agents were the only class to benefit from patents", a complaint more than likely grounded in frustration from commercial failure of their inventions rather than any demonstrable evidence of negligence.¹⁷³ In both jurisdictions, there seems to be little in the way of evidence of professional incompetence at the time of regulation.¹⁷⁴

The issue plaguing the profession in the late 19th century was more an issue of professional ethics than competence. The public perception of the profession was being tarnished by behavior of questionable ethics. The proximity between the profession and the patent office created a strong perception of impropriety. Contingency fee patent practice created an impetus for patent agents to push as many patents through the patent office as quickly as possible at the risk of sacrificing patent claim scope.¹⁷⁵ Other issues such as patent agents taking out patents in their own name on behalf of foreign inventors,

¹⁷⁰ Hubbard, *supra* note 20 at 426.

¹⁷¹ Aoun, *supra* note 16 at 400. See also Dutton, *supra* note 123 at 94-5.

¹⁷² Dutton, *ibid* at 94.

¹⁷³ *Ibid* at 95.

¹⁷⁴ *Ibid* at 95. "There is little doubt that some patent agents abused their position of confidence and that some made genuine mistakes, but there is little evidence to suggest that there was any substance in the allegations."

¹⁷⁵ *Ibid*.

while serving legitimate purposes, made patent agents easy targets for allegations of incompetence and impropriety.¹⁷⁶

Professionalization began in earnest in Britain in 1882, when a group of practitioners formed the Institute of Patent Agents, a voluntary association to represent the interests of patent agents.¹⁷⁷ The Institute maintained strict entry guidelines for new Associates, requiring either five years of practice experience or the passing of a rigorous set of examinations.¹⁷⁸ The Institute of Patent Agents was relentless in lobbying for creation of a public register of patent agents along with entry qualifications, which in 1889, the British Board of Trade established.¹⁷⁹ However, the entry requirements were limited, only requiring some proof of patent agency experience, and individuals who were not entered on the register were merely precluded from using the ‘patent agent’ title rather than prohibited from offering patent services.¹⁸⁰

Shortly thereafter, the Board of Trade amended its regulations to create an examination requirement for entry to the registry. At this time, the profession was dividing between ‘elite’ patent agency firms, headquartered in London and exclusively practicing patent agency for large domestic and foreign corporate clients, and the ‘outsiders’, the pre-regulation ‘invention agents’ who mixed patent agency with engineering consultancy in areas outside of the major cities.¹⁸¹ Even though less than one third of registered patent agents were members of the Institute, they accounted for almost half of the patent filings in the U.K.¹⁸² After receiving a Royal Charter- becoming the Chartered Institute of Patent Agents (CIPA)- CIPA continued to lobby for higher barriers to entry, but faced stiff opposition from the ‘outsiders’, who viewed CIPA as a small group of practitioners attempting to impose their own ‘elitist’ professional standards

¹⁷⁶ *Ibid* at 95-96.

¹⁷⁷ Guagnini, *supra* note 4 at 147.

¹⁷⁸ *Ibid*.

¹⁷⁹ *Ibid* at 148.

¹⁸⁰ *Ibid*.

¹⁸¹ *Ibid*.

¹⁸² *Ibid* at 149.

across the entire profession.¹⁸³ The main point of contention between the two groups revolved around the way patent agency was practiced, with the ‘outsiders’ practicing largely in the provincial, urban areas where the demand for patent agency service did not justify the same type of exclusive practice as that of the ‘elite’ practitioners in London.¹⁸⁴ These outsiders did not exclusively practice the drafting and prosecution of patent applications, rather, as discussed above, these agents practiced a form of hybrid engineering/patent agency.

The debate cut to the heart of what it meant to be a patent agent. More importantly, the debate revolved around who was entitled to decide:

Obviously the interests of the public could hardly be overlooked by the parties involved; nobody objected to the necessity to prevent and to sanction misconduct. However, the decision to create a Register had other more controversial implications: what was at stake was the definition of who was entitled to practice in a publicly recognized and therefore legitimized way. The fact that, along with the Register, the Board of Trade established also examinations as a procedure for the admission of agents, to be adopted subsequently to the first round of enrolments, suggested that they were moving in that direction. And yet neither that body nor the Patent Office took it upon itself the responsibility of conducting the examinations: that task, as well as the keeping of the Register, were delegated to a private association, the Institute of Patent Agents; the same association was entrusted with the task of levying registration fees and organizing the examinations.¹⁸⁵ (emphasis added)

Come the turn of the century, CIPA firmly took hold of the profession, with a majority of registered patent agents being CIPA members and CIPA being exclusively responsible for setting entry standards.¹⁸⁶ By the early 20th century, registration as a patent agent required formal education through an accredited program or five years of apprenticeship followed by passage of a set of rigorous examinations.¹⁸⁷ While formal education was an acceptable substitute for apprenticeship, hiring by elite firms in London

¹⁸³ *Ibid.*

¹⁸⁴ *Ibid* at 151.

¹⁸⁵ *Ibid* at 148.

¹⁸⁶ *Ibid* at 152-3.

¹⁸⁷ *Ibid* at 153.

typically required that newly minted patent agents had completed an apprenticeship at an equally prestigious firm.¹⁸⁸

In the U.S. context, the story of the regulation of patent agency was very much the story of the growth of the legal profession, which in the early days of its own professionalization, sought to expand its scope of exclusivity and professional identity to include all who groups involved in any form of legal practice. With the growth of the invention market towards the end of the 19th century, this brought lawyers and non-lawyer patent agents squarely into conflict.

While the legal profession was unable to convince Congress to eliminate the non-lawyer patent agent, it was successful in securing a number of entry barriers to practice. From 1869 onward, a ‘‘good moral character and intelligence’’ requirement had to be met in order for individuals to be entered on the Register of patent agents.¹⁸⁹ For various reasons, these requirements were loosely, if at all monitored by the Patent Office.¹⁹⁰ The legal profession continued to push for a closing of the ranks of patent practitioners with an imposition of an entry examination, a suggestion which was hotly contested by the early 20th century Patent Office. According to Patent Office Commissioner Thomas Ewing, the patent agency problem was one of ethics, not of competency, stating that ‘‘it was less important that a patent prosecutor be proficient with patent laws and rules than that he be ‘in actual touch’ with, and have the trust and confidence of his clients’’.¹⁹¹ However, the growing political influence of the practicing Bar along with the ineffectiveness of the Patent Office to enforce ethical regulations, ultimately led in 1934 to a legislated competency examination requirement in order to practice before the U.S. Patent Office.¹⁹²

3.1(iv) The Internationalization of Patent Agency

¹⁸⁸ *Ibid* at 154.

¹⁸⁹ Aoun, *supra* note 16 at 400.

¹⁹⁰ *Ibid*.

¹⁹¹ *Ibid*.

¹⁹² *Ibid* at 401.

The development of the patent agent profession was born not only from the growing professionalization phenomenon, but also from the rise of corporatization. In many respects, the transition from a landscape of ‘democratized invention’ towards corporate dominance over matters of intellectual property called for the creation of a specialized practitioner with specific, specialized expertise in patent office practice.¹⁹³ As David Pretel states, “The transition to a modern corporate business model and the growing demand for trained experts in patent issues were closely related.”¹⁹⁴ The internalization of patent expertise through the development of corporate patent departments was one reflection of the transition between the late 19th and early 20th century from individual to corporate inventive activity.¹⁹⁵ At the turn of the century, in both the U.K. and the U.S., corporate patent activity replaced the individual inventor as the centerpiece of patent practice and the patent narrative.¹⁹⁶

Along with this transition from individual to corporate patentee came the internationalization of the patent system. Here, patent agents were instrumental in developing a global framework for global corporate expansion of patent rights, acting as the ‘invisible’ agency that shaped international transmission of patents.¹⁹⁷ By the end of the 19th century, patent agents had become a central and indispensable part of the global

¹⁹³ Kara W. Swanson, “The Emergence of the Professional Patent Practitioner” (2009) 50 *Tech & Culture* 519 at 535-536. According to Swanson, the U.S. patent practitioner was actually born from another legal innovation resulting from the rise of corporatization, the in-house counsel: “In addition to development of the law firm, legal practice also changed with the increasing prominence of in-house counsel—lawyers salaried by the corporations they advised. The corporate lawyer—the counselor—was a creature of the late nineteenth century and replaced the old-fashioned courtroom advocate as the new model of the legal profession. In certain businesses such as sewing-machine manufacture, telegraphy, and telephony, the legal advisor to a corporation needed a strong knowledge of patent law and came to perceive the drafting of patents as crucial to his client’s business. By the turn of the century, corporations that developed the first industrial research laboratories also created patent departments, incorporating invention and patenting into their basic business strategy.”

¹⁹⁴ Pretel, *supra* note 126 at 19.

¹⁹⁵ *Ibid* at 20.

¹⁹⁶ Inkster, *supra* note 128 at 94. See also Patricio Sáiz, “Social Networks of Innovation in The European Periphery: Independent Versus Corporate Patents in Spain Circa 1820-1939” (2012) 37:4 *Historical Social Research* 348 at 348-9. “A fairly widespread impression is that from the so-called ‘second industrial revolution’, beginning in the late nineteenth and early twentieth century, large-scale enterprises and multinationals have taken over from independent inventors and individual entrepreneurs as the main source of creativity and inventiveness. Progressively, in-house R&D laboratories replaced workshops and garrets as places of investigation, experimentation and testing. Likewise, multinationals increasingly gained control of patent ownership and management, taking over the exploitation and commercialization of new technologies and spreading international technology transfer and innovations (Fisk, 2009). The results were, and continue to be, technological and economic globalization.”

¹⁹⁷ Pretel, *supra* note 126 at 3.

patent system, and particularly, outside of the major industrialized nations, in countries such Spain, Brazil and Portugal.¹⁹⁸

With the growth of industry, led by such notable inventors as Edison, Marconi and Westinghouse, came the need to develop global systems to extend patent protection to jurisdictions around the world. It was here that the patent agent profession began to take shape, as a means for the transnational transfer of rights over inventions.¹⁹⁹ In fact, a study of the development of pivotal treaties for the international protection of patents rights, such as the foundational Paris Convention, shows that it was largely international networks of patent agents that were instrumental in the negotiation and completion of such treaties.²⁰⁰ Global networks such as the International Federation of Patent Agents (FICPI) allowed agents from both the major industrial nations, as well as the European periphery and the developing world, to meet and form connections, to the point that only members of these elite organizations relied on their mutual membership as key indicators of trust and recognition of expertise.²⁰¹ Then, as now, there may not have existed another profession with such an international level of connectivity as the patent agent profession.

Apart from simply acting as domestic agents for foreign corporate interests, patent agents outside of the major industrial nations used their control over technical trade journals as well as their political connections to push for patent reforms favourable to their clients', as well as their own, interests.²⁰² This served not only the interests of the major corporate clients of the elite agents in industrial nations, but also agents' interests. As global patent activity began to increase, the elite agents wished to see as much harmonization of patent laws as possible to reduce the risks associated with professional negligence.²⁰³

¹⁹⁸ *Ibid* at 9.

¹⁹⁹ *Ibid* at 22.

²⁰⁰ *Ibid* at 11-2.

²⁰¹ *Ibid* at 14-5.

²⁰² *Ibid* at 10-1.

²⁰³ *Ibid* at 17.

However, international patent agency at the turn of the century tells a story of two worlds- that of the major industrial countries, such as the U.S. and Britain, and those outside of the major industrial countries, including peripheral European countries such as Spain and Sweden. In these outside countries, small groups of patent agents headquartered in capital cities practically monopolized patent work, most of which came from the major industrial countries.²⁰⁴ For example, at the turn of the 20th century, approximately half-dozen Spanish patent agent firms controlled about 70 percent of total Spanish patent applications and that “the totality of ‘elite’ foreign patents were channeled through these leading agencies.”²⁰⁵ In Spain, as in many of the other countries outside of the major industrial nations, foreign patents were limited to those who could afford the high agent fees.²⁰⁶ In fact, countries such as Brazil, Mexico, Portugal and India had some of the most expensive patent agency fees in the world.²⁰⁷

As in Britain, the story in the European periphery was also one of ‘elite’ versus ‘outsider’ patent agents defining the terms of professionalization. However, in this context, the internationalization of patent agency played a central role. In Spain at the turn of the 20th century, the country’s patent agency business was becoming consolidated by a very small group of patent agents, who functioned mainly as domestic agents filing Spanish patent applications on behalf of elite foreign agents and their corporate clients.²⁰⁸ These agents were mostly headquartered in the capital city, legally trained and highly active in the movement to professionalize the practice of patent agency. However, a number of smaller engineering firms devoted part of their professional practice to assisting domestic Spanish inventors and industrialists.²⁰⁹ After professionalization of patent agency in Spain and the creation of a public register of patent agents, the larger elite firms appeared to absorb the smaller firms and consolidate their grasp over the entire

²⁰⁴ *Ibid* at 9.

²⁰⁵ David Pretel & Patricio Sáiz, “Patent Agents in the European Periphery: Spain (1826–1902)”, in Ian Inkster ed, *History of Technology*, Volume 31, 2012 (London: Bloomsbury Publishing PLC, 2012) at 107.

²⁰⁶ *Ibid*.

²⁰⁷ Pretel, *supra* note 126 at 22.

²⁰⁸ *Supra* note 205 at 107.

²⁰⁹ *Ibid*.

profession.²¹⁰ Thus, Pretel concludes that it was the internationalization of corporate patenting along with their elite agents that seems to have given rise to the professionalization of patent agency in Spain.²¹¹

It is in relation to these issues, Pretel raises several important points, that are as relevant today as they were in the late 19th century. Primarily, with the growth of corporatization and the professionalization of patent agency, patent institutions that had been open and designed for a broad segment of the public may have become “primarily accessible only to powerful social classes and corporations with a large amount of capital.”²¹² Furthermore, while global patent agent networks were instrumental in creating an efficient international framework for transmission of patent rights, they themselves remained a barrier for patenting across national boundaries given that in most jurisdictions, a domestic patent agent was (and still is) required to acquire domestic patent protection.²¹³ Thus, patent agents, especially in countries outside of the major industrial jurisdictions, may have become “actors that support an excessive concentration of power over technologies.”²¹⁴

3.2 *DEFINING PATENT AGENT COMPETENCY*

3.2(i) *The Purpose of Patent Agent Regulation*

If we fast-forward to the present day, we must ask ourselves, what exactly is the expertise forming the professional identity of a patent agent? More pertinent for the purposes of this analysis, the question is better framed as why do we regulate patent agents? What is the justification for regulation? Considering this justification, and the discussion of professional licensing set out under Chapter 2.1(i), what is the minimum entry-level competence the public demands of patent agents?

²¹⁰ *Ibid* at 110.

²¹¹ *Ibid* at 111.

²¹² Pretel, *supra* note 126 at 23.

²¹³ *Ibid*.

²¹⁴ *Ibid* at 3. See also Peter Drahos, *The Global Governance of Knowledge: Patent Offices and Their Clients* (Cambridge: Cambridge University Press, 2010) at 219-220 [Drahos]: “Developing countries like India, which want to play in the patent-based global economy, need armies of good patent attorneys just as much as they need scientists, since what counts is not invention, but patentable invention.” (emphasis added)

Viewing the regulation of patent agents from a state-centric, top-down perspective, what is the overarching state interest justifying governance of patent agents? In areas such as health, engineering or justice, there exist externalities justifying regulation in the public interest apart from asymmetry of information within the consumer-professional relationship. For example, there are concerns with maintaining public health, apart from individual health concerns, which justify regulation of health professionals. There is a public interest in ensuring that structures are designed by licensed engineers to avoid public injury due to negligence. A strong justice system, many would argue, requires an independent legal profession to ensure separation of powers and protection from illegitimate government encroachment on individual rights and freedoms. All these fields involve significant externality considerations justifying state governance in the public's interest.

It is hard to identify what significant state interest, an essential public service so intimately intertwined with public order and safety, is involved in regulation of patent agents, necessitating state intrusion.²¹⁵ There are no immediately apparent externalities involved in the patent system as one would encounter in other professions. Some might argue that without necessary regulation to ensure a competent body of domestic patent agents offering valuable service, the public will lose faith in the patent system, which will in turn effect economic growth and innovation. This is a dubious assertion at best, one with little (if any) empirical foundation. Generally, in professions involving individual property rights and interests with no significant externalities, the lack of state interest justifies a certification rather than licensing regime.²¹⁶ In bottom-up regulation, namely where regulation is justified almost entirely on market inefficiency considerations such as asymmetry of information, it is the market rather than the state that has a predominant

²¹⁵ See for example *Jamorski v. Ontario (Minister of Health)*, (1988), 64 OR (2d) 161 at para 20 regarding regulation of the medical profession- "No one has argued that the practice of medicine or medical education should be unregulated. The protection of the public demands that so essential a public service should be carefully regulated to ensure that only qualified persons are entitled to practise medicine." (emphasis added) In medical practice, poor regulation and delivery of medical services can have significant public health repercussions beyond the individual doctor-patient relationship, making the practice of medicine an essential public service in need of public regulation.

²¹⁶ Aoun, *supra* note 16 at 395.

interest in professional regulation, with market solutions such as certification designations being the preferred mechanism rather than state imposed licensing. It would seem that the patent agent profession should operate as a certification rather than a license.²¹⁷

In the European context, entities regularly domiciled within a European Patent Convention (EPC) country are not required to appoint a registered European patent attorney to conduct business before the European Patent Office (EPO). Foreign nationals are required to appoint a European patent attorney to conduct business on their behalf before the EPO, the rationale for this requirement being to ensure that there is an agent on whom proceedings may be served within the jurisdiction.²¹⁸ It seems that one of the predominant reasons that the EPO regulates European patent attorneys is administrative efficiency. Although the EPO has not been insensitive to the effect that European patent attorney regulation may have on cost and access to profession services, by requiring that European patent attorneys master EPO practices (through qualifying as a European patent attorney), this minimizes administrative inefficiencies associated with inexperienced practitioners prosecuting EPO applications.²¹⁹ In that sense, EPO competency regulation appears to be less about market efficiency and more about administrative efficiency. Furthermore, many individual European countries independently regulate their own domestic patent agent professions. Again, the true rationales are somewhat questionable, given that in most European countries, the majority of domestic applications in these countries come through the EPO- once the application is approved by the EPO, the domestic agents in various European countries simply act to courier the application through the formalities of the domestic patent office. These European domestic agents collect relatively large fees from translations into domestic languages, with some

²¹⁷ *Ibid* at 426-9.

²¹⁸ Dennis Thompson, “The Draft Convention for a European Patent” (1973) 22 Int'l & Comp LQ 51 at 74-5.

²¹⁹ Lise Dybdahl Osterborg, “The European Patent Attorney – A New Profession” (1994) IIC 25:3 315 at 332. “Like any other patent authority is and always has been, the European Patent Office is in principle interested in the filing of patent applications which satisfy legal and technical needs. Up to now this has only happened because the vast majority has been filed via a member of a highly qualified corps of patent attorneys. This has the consequences that on an administrative level more resources can be saved, and less amendments and exchanges of letters between the Office and the patent applicant are necessary before a patent can be granted.”

questioning whether these regulatory frameworks exist solely at the behest of patent agent special interest lobbying for rent-seeking purposes.²²⁰

Outside of the world's most active domestic patenting jurisdictions, namely the U.S., Japan, China, U.K. and Germany, most domestic patent agent professions simply act as patent couriers, filing patent applications prepared abroad with their domestic patent office at the behest of foreign corporations and/or patent agents.²²¹ This often causes client capture, wherein domestic patent agents act almost entirely on behalf of large foreign corporate interests at the expense of domestic interests, particularly the interests of small-to-medium inventors.²²² Evidence suggests that foreign client capture

²²⁰ Vincenzo Di Cataldo, "From the European Patent to a Community Patent" (2002) 8 Colum J Eur L 19 at 29. Examining attempts to harmonizing individual European patent translation requirements, Di Cataldo states "The deadlock on this issue seems to stem only from the interests of the patent agents, who in Europe today derive a major part of their income from patent application translations.... Unfortunately, some governments are unable to distinguish between their national interests and the interests of a small group of their citizens, in this case a few hundred patent agents." (emphasis added) See also Theo R. Bremer, "Commentary: Patent Protection in Europe and Japan" (2000) 4 Int'l Intell Prop L & Pol'y 27-1 at 27-2. "My first comment is on the costs, especially the costs raised for translation by languages. I think the panel this morning demonstrated clearly, with three Germans and one Belgian, speaking professionally all excellent English-maybe, as my English, some "Euro-English" as we call it-that there is a *lingua franca*, one language used by professionals, and I think that is a reason to look very seriously to the main language being English with translations of abstracts as the solution. Of course, there are elements at stake: the national prestige of the countries involved, the private interests from especially the patent agent profession earning quite a substantial part of its income from the translations of the patents in their own national language. I think that I share the opinion that there is not so much the interests of the public at stake because it is impossible to really attack a patent problem without professional assistance and a practitioner must be able to read his documentation in English-not only the patent involved, but all the other literature that he has to study. So I think there, indeed, such a solution could be found" (emphasis added). Furthermore, see Walter G. Park, "Globalization, Patent Reform, and Patent Professional Services" (2001) 83 J Pat & Trademark Off Soc'y 303 at 317, 332. According to Park, in the event that international patent services were liberalized, the domestic patent agent professions that would end up losing the most revenue would likely be jurisdictions that require local professional translations, which makes up a significant percentage of local agents' revenue. The biggest losers from liberalization would be several smaller EPO member states, including Portugal, Spain and Denmark. See also Roussio, *supra* note 13 at 794. "Another basis for criticism has been that the *benrishi* are not effective advocates for their clients. Foreign applicants have found, for example, that benrishi typically provide services limited to the translation and filing of a patent application. Beyond that, however, the foreign applicants have not been able to count on *benrishi* to vigorously pursue the patent." (emphasis added)

²²¹ Drahos, *supra* note 214 at 255. "Just as in other developing countries, when I came to the role of the local profession I was told that the large attorney offices in Brazil spend most of their time bringing foreign patents to Brazil rather than helping Brazilian companies obtain patents in Brazil and abroad." Indonesian patent attorneys "function just like couriers," having little input into apps they forward to the PO from their foreign clients (*ibid* at 262).

²²² With respect to local patent attorney professions in developing countries, "One clear finding was that in developing countries genuine patent attorney expertise is very scarce. One problem that was often mentioned was the lack of local experts to draft patent claims, meaning that local inventors essentially had no way of entering the system. In those developing countries where I was able to speak to local generic companies, those companies reported problems in accessing patent attorney expertise. The pattern in India, Malaysia and the Philippines was one where there were a few local experts, but who tended to work for the subsidiaries of pharmaceutical multinationals.... This lack in developing countries of professional expertise in the critical art of claim drafting means that local companies or research institutes do not apply for patents or have much difficulty in getting their applications through their national patent office" (*ibid* at 44). "After its entry into the WTO and TRIPs some Indian policy makers drew attention to the fact that India lacked sufficient numbers of people skilled in these areas. Ten or so years down the track its hard to say to what extent the situation has changed. People within Mumbai PO were not flattered about the quality of work of the local patent profession, the exception being those legal firms that worked for foreign multinationals. It is a reasonable conjecture

has left the reputation of domestic patent attorney professions in numerous jurisdictions in disrepute.²²³ Given the precarious regulatory nature of these domestic patent agent professions, domestic patent agents often lobby against any forms of patent reform which may threaten their livelihoods.²²⁴ As domestic patent agents are largely dependent on foreign interests for their livelihood, it is not surprising that domestic patent agents in many jurisdictions lobby for harmonization of domestic patent laws with that of major patent exporting countries (such as the U.S. and China). Thus, there is also a strong likelihood that patent agents from major patenting jurisdictions support stringent regulation of domestic patent agents in patent service exporting countries (despite their rent seeking behaviour), as these domestic patent agents act as a strong domestic lobby for pro-patent legislation.²²⁵

3.2(ii) Defining Core Competencies

Based on all of the foregoing, how do we define the core competency of a patent agent? According to Peter Drahos:

The comparative advantage of patent attorneys lies not in their knowledge of patent law, but in their knowledge of many hundreds of rules and guidelines that make up patent procedure and the drafting of

that the best patent attorneys in India are likely to be the ones that work for multinationals since they pay the most. Local inventors are, for the most part, left with those that are less able to work the system in favour of their clients” (*ibid* at 219-220). “Just as in other developing countries, when I came to the role of the local profession I was told that the large attorney offices in Brazil spend most of their time bringing foreign patents to Brazil rather than helping Brazilian companies obtain patents in Brazil and abroad” (*ibid* at 255). Indonesian patent attorneys “function just like couriers” (*ibid* at 262).

²²³ A general manager of an Australian complementary medicines company expresses discontent with work of Australian patent attorney profession, referring to it as mostly ‘arse covering’ 299). “Maintaining good relations with the profession was a priority for all the developed-country patent offices that were interviewed... Even if maintaining close and cooperative relationships with the profession is a high priority for all the developed country offices I interviewed, one cannot say that all the offices were enchanted by the profession. Patent offices see a profession that in many jurisdictions is a tightly controlled monopoly squeezing rents out of business, often in exchange for comparatively little service - ‘a real bunch of ticket clippers’ as one of my interviewees put it.” (emphasis added) (*ibid* at 309).

²²⁴ Park, *supra* note 220 at 306.

²²⁵ *Ibid*. This has been a historical phenomenon. See *e.g.* Pretel & Sáiz, *supra* note 205 at 99. The mid-nineteenth century development of Spanish patent law was largely an emulation of foreign patent systems: “In the last decades of the nineteenth century, Spanish politicians, political economists, industrialists and engineers widely agreed that patent protection was a good way to promote technological imitation and encourage national exploitation of patented technologies imported from abroad. Among them, industrialist and patent practitioners ... were some of the most enthusiastic advocates of the patent institution.” (emphasis added) Spanish patent agents, whose role largely involved corresponding with foreign patent agents in major industrial centres such as Britain and acquiring Spanish patent protection on behalf of their foreign clients, clearly had a vested interest in seeking harmonization and emulation of foreign patent laws.

claims that define the invention. A key part of their work is keeping track of the many deadlines that exist for the submission of documentation that accompanies the application process, deadlines which if not kept to will result in extra fees or in some cases the loss of the applicant's rights. The tedium of precise time and document management over what may be many years in relation to a single application, which may end up being withdrawn or rejected, is the price patent attorneys pay for the lucrative practices. Like tax attorneys, they help their corporate clients navigate through these rules, delaying, speeding up, splitting or redrafting the application as needs be.

While the foregoing seems straightforward, Samuel Oddi points out the unique nature of patent agent practice which makes comparison to other professions difficult. According to Oddi, "compared to other professions (e.g., medicine, accounting, or engineering), [patent agent] practice standards may be subjective, as opposed to an objectively recognized standard that can be documented by reference to an authoritative source." The standards-versus-rules based nature of substantive patent law is such that there are few statutory and/or case law based rules regarding patent practice, and specifically, claim drafting and patent prosecution.

That is not to say that there are no standards, or to down-play the skill involved in the art of claim drafting, which has been recognized as one of the most challenging, if not the most challenging, of all legal drafting. The difficulty lies in the fact that there have been few attempts to articulate a clear standard or approach to what constitutes good claim drafting, let alone minimally-competent claim drafting. Historically, on an international basis, there have been very few university-based programs or comprehensive academic attempts to study the art of claim drafting. There is a distinct possibility that the number of accepted standards of professional conduct with respect to claim drafting may correspond to any number of different expert opinions on the matter.

Apart from an abstract discussion of the difficulties associated with drafting 'good' claims, from a practical perspective, how does one distinguish 'good' claim drafting from minimally competent claim drafting for licensing purposes? Is it possible? More importantly, what objective does testing claim drafting, from a licensing perspective, achieve? According to John R. Thomas:

The quality of patent claims varies, of course, because drafters possess differing degrees of legal competence and technical foresight. It is nonetheless an extremely difficult task to assess the capabilities of a particular claim drafter beyond a rudimentary level. The long history of our patent system suggests that patent professionals have consistently failed to draft claims of optimal scope, however, and that imposing more onerous obligations upon them is unlikely to enhance social welfare.

Thomas further opines that, contrary to conventional wisdom, claim drafting and prosecution may be most challenging for inventions that present only a narrow advancement in the art, whereas “pioneer inventions are not always accompanied by such difficulty in drafting claims.” Accepting the validity of the foregoing, and given that the majority of patents covering ‘incremental’ innovation, which are the most challenging to draft, are owned by sophisticated corporate clients that can effectively gauge practitioner quality in the market place, who then is patent attorney regulation intended to protect?

Of the jurisdictions that still test claim drafting as part of their licensing examination process, there is little, if any evidence that any jurisdiction has ever completed what would be considered a rigorous, objective validation process to assess entry-level claim drafting competence. Beginning in the early 20th century, the U.S. Patent Bar Exam included a comprehensive set of claim drafting questions, a practice that was later eliminated in favour of an entirely multiple-choice based examination. While the U.S. is the only jurisdiction that utilizes a professional third-party testing organization for examination validation and administration, it is debatable whether any validation of claim drafting exercises has even taken place and the reasons for eliminating claim drafting exercises being undue subjectivity in marking standards.

3.2(iii) Patent Agent Negligence

Assuming that entry-level patent agent competence is synonymous with practitioner malpractice, what does this teach us about practitioner licensing? Many empirical studies have demonstrated that the overwhelming number of patents have little, if any, value.²²⁶ Similarly, the likelihood of success in patent practitioner negligence

²²⁶ See for example Mark A. Lemley & Carl Shapiro, “Probabilistic Patents” (2005) 19 J Econ Persp 75 at 79- 80: “Only 1.5 percent of all patents are litigated, and only 0.1 percent are litigated to trial Of patents litigated to a final determination, . . . 46 percent are held invalid.”

cases is mitigated by the fact that the quantum of damages in patent cases are largely speculative- although patent owners always tend to subjectively increase the value of their patent rights, in reality, any patent value at all may be difficult to prove.²²⁷ It is difficult to track actual numbers of patent practitioner malpractice claims, given that insurer information is often unavailable, but by some estimates, by 2009, there had been only 24 reported patent malpractices cases within the previous two decades, and of those cases, only a “handful” have involved malpractice in claim drafting/prosecution.²²⁸ The overwhelming majority of reported cases involving allegations of patent practitioner negligence pertain to procedural rules, including failures to meet certain filing deadlines.²²⁹ In the few cases involving allegations of negligence relating to patent drafting/prosecution, plaintiffs have struggled to prove negligence apart from any issues surrounding quantum of damages.²³⁰ In the Canadian context, there is very little evidence of practitioner negligence and as in the U.S., what few reported cases exist almost entirely revolve around procedural matters such as missed deadlines.²³¹

3.2(iv) Patent Agent Regulation and Patent Quality

²²⁷ *Supra* note 227 at 3, 7.

²²⁸ *Byrne v. Wood*, 2009 US Dist Ct Motions LEXIS 61782 at 14-5.

²²⁹ See *supra* note 227 at fn 117. For a summary of all reported decisions pertaining to allegations of patent malpractice up to 2004. Based on a review of Oddi’s summary, almost all reported decisions involved malpractice allegations involving largely procedural matters, such as failure to a patent application within a statutory deadline, misadvising on the availability of foreign patent protection, failure to pay maintenance fees, failure to file office action responses before the relevant deadlines and filing incomplete applications.

²³⁰ See for *e.g. Minkin v Gibbons*, 3 F (3d) 1342 (Fed Cir 2012). In *Minkin*, the plaintiff alleged that the patent attorney was negligent in drafting and prosecuting a patent application covering a mechanical hand tool, in that the allowed claims permitted a direct competitor to easily design around their patented device. During prosecution, in order to overcome an obviousness rejection, the patent attorney added 3-to-1 handle to pivot ratio into the amended claim, which limitation was contained in the final allowed claim set. The competitor designed a device without implementing the claimed 3-to-1 ratio. The court, stated that under New Jersey law, in order to prove its case for negligence, the plaintiff would need to that a patentable alternative claim set exists (as well as that the attorney, but for their negligence, would have obtained such a valid claim set of sufficient scope that competitors could not easily avoid) (*ibid* at 1347-1348). The plaintiff’s expert proffered at least two alternative claims sets, which did not include the 3-to-1 ratio limitation. While the plaintiff’s expert alleged that these claim sets would have been patentable, the expert conceded that he could not provide a definitive opinion that the claim sets were non-obvious, and as such, any definitive statement that the USPTO would have granted the claims would have been speculative. As the plaintiff failed to demonstrate the likelihood of patentability of their proposed alternative claim sets, the Court of Appeal upheld summary judgement in favour of the defendant patent attorney.

²³¹ Canada, Ministry of Innovation, Science and Economic Development Canada, *Access to Information Request No. A-2017-01275* (Gatineau: Ministry of Innovation, Science and Economic Development Canada, 2017). According to the material provided pursuant to this Access to Information request, CIPO has received few, if any, documented report of patent agent negligence. Most Canadian reported decisions revolve around procedural matters, such as failure to respond to patent office communications. See *e.g. University of Alberta v. Canada (Attorney General)* 2018 FCA 36 aff’d 2017 FC 402.

Based on all the foregoing, it is only natural to question the justification and effects of the regulation of patent agents. The work of Port, Hjelle and Littman (“Port et. al.”) challenges the alleged ‘truism’ that “high, reified standards...for individuals to become patent attorneys is somehow connected to the ‘quality’ of American patents.”²³² According to the authors, countries have “for good or bad reasons (or for no reason we can discern at all), established a uniquely reified class of individuals who can become patent attorneys” under the apparent assumption that doing so maintains a level of quality in patent practice.²³³ Tracing U.S. history of patent practice, Port et. al. state that the establishment of technical requirement was “meant to serve as a proxy for possession of the technical knowledge necessary for a practitioner to ‘render applicants for patents valuable service,’ therefore insuring the quality of patents applications.”²³⁴ However, as discussed above, historical evidence of practitioner incompetence is sparse.

Nicholas Matich summarizes the origin of United States Patent and Trademark Office (USPTO) patent practice regulation, stating that “the primary purpose of the USPTO's regulations, ratified by Congress, was to prevent fraud, not to regulate professional competence. The USPTO specifically cited fraud as the justification for the rules, and the rules imposed no new requirements on attorneys because they were presumed to be competent and adequately regulated.”²³⁵ Furthermore, according to Port et. al.:

This reified standard, created by one person to avoid fraud on the public, has rendered today a very valuable monopoly for those admitted to the patent bar. Today, it is said that this monopoly is required to ensure American patent quality instead of avoiding fraud on the public. That is, one rhetoric has been replaced with another.²³⁶ (emphasis added)

²³² Kenneth L. Port, Lucas M. Hjelle & Molly Littman, “In Pursuit of Patent Quality (and Reflections on Reification)” 20 Marq Intell Prop L Rev 79 at 81.

²³³ *Ibid.*

²³⁴ *Ibid* at 86-87.

²³⁵ Nicholas Matich, “Patent Office Practice after the America Invents Act” (2013) 23 Fed Cir BJ 225 at 234-5.

²³⁶ *Supra* note 241 at 87.

Accordingly, “although the high price of entry is a positive for subsisting patent attorneys as they understandably protect market share”²³⁷, Port et. al. question the merit of the assertion that this new, dominant rhetoric is necessary to ensure patent quality. Adopting the Organisation for Economic Co-operation and Development (OECD) definition and data regarding ‘patent quality’, they examine the patent quality of various jurisdictions around the world with disparate levels of patent agent standards of practice. The authors conclude:

If reification of admission standards impacts patent quality, there should be disparate levels of quality between the disparate countries. In fact, we see no significant difference in patent quality between the countries of the United States, the United Kingdom, Japan, France, Canada and Germany, even though these countries have very disparate standards regarding admission to the patent bar.... all of these countries have essentially the same rate of patent quality as determined by the OECD.²³⁸

Substituting ‘patent enforcement’ statistics as a measure of patent quality, as opposed to OECD definition and data, the authors find that “reified patent bar admission standards, at best, have a dubious, if any, correlation to quality if quality is defined as the win rate of the respective patentees.”²³⁹ Although the definitions used for ‘patent quality’, as any definition of ‘quality’ generally, can be debated, the authors’ analysis seems to correspond with studies from other jurisdictions which appear to demonstrate that deregulation of respective domestic patent agent professions has not lead to an influx of incompetent practitioners into the market.²⁴⁰ The authors frankly conclude that “there

²³⁷ *Ibid* at 83.

²³⁸ *Ibid* at 113. Also, “this is a very hard argument for subsisting patent attorneys to accept because it is against their economic self-interest. Naturally, subsisting patent attorneys want to maintain the levels of reification to minimize competition. ... it is against subsisting patent attorneys’ self-interest to share the monopoly”.

²³⁹ *Ibid* at 114-15. Moreover, the authors provide a statistical breakdown- “Many people believe that the quality of a patent can be demonstrated by whether patentees prevail in enforcing those patents... Even using this standard of quality, the reification levels of patent bar admission do not clearly correspond to an expected increase in patentees prevailing. The United Kingdom, for example, as a far more reified patent bar admission process than Japan, but the United Kingdom’s win rate of patentees is lower than Japan’s win rate. Further, France has a comparable level of reification of patent attorneys to Germany, but France’s win rate is significantly lower than Germany’s win rate.”

²⁴⁰ Aoun, *supra* note 16 at 427-8.

appears to be no evidence to support a causal connection between quality of admissions to the patent bar and patent quality.”²⁴¹

3.3 CANADIAN PATENT AGENT REGULATION – A CASE STUDY IN CAPTURE?

3.3(i) From Pre-Confederation to Regulation (1867 - 1948)

The history of Canadian patent agent regulation is in many ways similar to the history of many other self-regulating professions in Canada as well as the historical development of patent agent regulation in other jurisdictions. However, several features, unique to Canada, have led Canada down a path towards its own distinctive style of Canadian patent agent regulation.²⁴²

Similar to the U.K., the earliest patent agents were accomplished engineers, largely coming from the civil and mechanical engineering disciplines, who were businesspeople, engineers and patent agents.²⁴³ Canada has historically had a small domestic invention base compared to many of its major trading partners, and prior to Canada’s adherence to the Paris Convention²⁴⁴, Canadian patent agents depended largely on work from foreign patent agents in order to maintain their practices.²⁴⁵ Then, as now, the overwhelming majority of Canadian patent filings, perhaps as high as 90%²⁴⁶, are prepared in other jurisdictions and Canadian agents act as ‘patent post office’ for foreign patent associates responsible for actual patent application preparation.²⁴⁷ Quite often, this required and still requires nothing more than filing the identical foreign application in Canada without any need for an in depth knowledge of the invention or strategy in

²⁴¹ *Supra* note 241 at 115, 118. Furthermore, “although the desire to improve patent quality is one of the more compelling motivations to artificially inflate the qualification requirements for patent practitioners, there appears to be no empirical support for the notion that reified admission standards necessarily lead to higher quality patents.”

²⁴² In Aoun, *supra* note 16 at 401-05, under the section entitled “Regulation of Patent Office Practice – Canadian History”, I have comprehensively covered the history of Canadian patent agent regulation. This Section 3.3(i) is largely summarized and paraphrased from this previously published section of the referenced piece.

²⁴³ Robert E. Mitchell, Gareth E. Maybee, *History of the Patent and Trade-mark Profession in Canada* (Ottawa: Intellectual Property Institute of Canada, 2006) at 1-2.

²⁴⁴ For a summary of the Paris Convention, see “Summary of the Paris Convention for the Protection of Industrial Property (1883)”, World Intellectual Property Organization (WIPO), available online: <http://www.wipo.int/treaties/en/ip/paris/summary_paris.html>

²⁴⁵ *Supra* note 252 at 23.

²⁴⁶ *Ibid.* at 25.

²⁴⁷ *Ibid.*

preparing the application.²⁴⁸ This reality has created a profitable arrangement for the majority of Canadian patent agents:

The result of all of this, so far as Canadian practitioners were concerned, was that many of them were merely acting as a post office for patent applications prepared and prosecuted by someone else. To a certain extent that is still the case today, because roughly 90% of patent applications filed in Canada originate somewhere else, but under present rules most of them are handled by Canadian agents who have some control over and often considerable input in the filing and prosecution of the applications, not to mention a modest profit.²⁴⁹ (emphasis added)

The early Canadian patent agent firms maintained U.S. based offices, in addition to their Canadian offices, in order to service the U.S. based market of patent attorneys seeking Canadian patent protection on behalf of their clients.²⁵⁰ Then, much like now, Canadian patent agents depended largely on maintaining relationships with foreign patent attorneys, and U.S. patent attorneys in particular, as referrals from these attorneys made up an overwhelming percentage of many Canadian patent agents' practices.²⁵¹ However, this created an environment of severe competition between Canadian practitioners for foreign work from the U.S. market, and several early Canadian patent agents aggressively marketed to U.S. based customers, to both U.S. based patent agents as well as to inventors directly, in order to acquire Canadian filings.²⁵² This threatened to upend the delicate balance that most Canadian patent agents had struck with their U.S. counterparts, potentially causing U.S. patent agents to begin filing directly into Canada on behalf of their clients, thereby eliminating the need for a Canadian patent agent.

²⁴⁸ "Having no knowledge of the invention they could only copy the American patent and hope that it would satisfy the requirements of the Canadian Patent Office which it usually did" (*ibid* at 24).

²⁴⁹ *Ibid*.

²⁵⁰ *Ibid* at 8-9, 13-4, 17.

²⁵¹ Canadian Intellectual Property Office, "IP Canada Report 2017", online: (2017) IP Can Rep at Figure 1, Figure 6, Figure 7, Figure 8 < https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr04333.html>. It appears that generally speaking, foreign applicants file approximately 4 times as many Canadian patent applications as do domestic Canadian applicants.

²⁵² Mitchell & Maybee, *supra* note 252 at 23-4. "... firms such as Harold C. Shipman & Co. and Ramsay started sending circulars to inventors in the United States whose names had been obtained from the U.S. Official Gazette.... The most prolific and imaginative of these soliciting agents was Harold C. Shipman.... Shipman concocted a number of imaginative advertising circulars, letters and cards which were distributed to various United States patent attorneys in particular... Some circulars included a coupon for the U.S. patentee to fill out and mail to his new found patent agent in Canada."

The ‘advertising war’ of the late 1800’s, caused by increasing competition between the relatively small pool of Canadian patent agents, led to many Canadian patent practitioners engaging in advertising of questionable ethics.²⁵³ The advertising war took on new dimensions after Canada’s adherence to the Paris Convention in the 1920s. As foreign countries now had a convenient mechanism to acquire Canadian patent protection, the number of foreign-based Canadian patent applications nearly doubled.²⁵⁴ Many Canadian patent agents began closing their U.S. offices in order to avoid competition with the U.S. based agents who were responsible for such a large majority of their work. The aggressive marketing conduct had the potential to destroy these valuable relationships:

The profession itself was in disarray...the direct solicitation of business from American patentees by some Canadian patent agents was adversely affecting the standing of the profession and the business of practitioners who acted as Canadian agents for American attorneys and were therefore not about to solicit business from a patentee who might well be a client of one of their American associates. Moreover, since foreign attorneys could practice in Canada, many of them did so. Some so-called international agents, such as B. Singer dealt directly with the Patent Office and even after an address for service in Canada was required, they would merely notify a Canadian agent who permitted his address to be used for a nominal fee.²⁵⁵

Protection of this foreign filing market was one of the driving forces behind formation of the Canadian Institute of Patent Solicitors (the “Institute”), the predecessor to what is today the Intellectual Property Institute of Canada (IPIC)²⁵⁶, and the first steps towards regulation of the Canadian patent agent profession.²⁵⁷ One of the first acts of the Institute was to establish a set of mandatory advertising restrictions and the imposition of

²⁵³ *Ibid.* For example, some practitioners took made underhanded jabs at their competitors- Harold Shipman ran a series of advertisements stating that “A good name is better than riches”, an underhanded swipe at competitors George and Harold Riches (co-founders of what is today Riches & McKenzie). Others boasted proximity to the Patent Office as a commercial advantage, and some practitioners advertised an allegedly, and ambiguous, ‘unbeaten’ record in court cases.

²⁵⁴ *Ibid* at 25.

²⁵⁵ *Ibid.*

²⁵⁶ IPIC Website, *supra* note 8.

²⁵⁷ Mitchell & Maybee, *supra* note 252 at 21, 25. “To a large extent it was these problems that prompted Alex. E. MacRae...and Russel S. Smart... to invite all Canadian practitioners to a meeting to organize an association whose main purpose would be to improve the law and practice relating to patents of invention and promote and maintain high standards in the profession.”

a tariff of fees on its members, controversial acts which led to the refusal of several prominent practitioners to join the Institute and several high-profile founding members resigning.²⁵⁸

Similar to the U.S. situation, as the Canadian patent agent profession began to grow, it soon ran into the boundary disputes with the Law Societies of the provinces. Much to the dismay of the Provincial Law Societies, the early patent agents had interchangeably used titles such as ‘patent attorney’, ‘patent solicitor’ and ‘patent agent’.²⁵⁹ With the fear of an escalating dispute between the lawyers and ‘patent agents’, then acting president of the Institute, Harold Fox, brokered an agreement between the Provincial Law Societies, the Institute and the Patent Office, wherein the *Rules* would be amended to allow for the use of the term “patent agent” by non-lawyers and at the same time the Law Society conceded the right of the Patent Office to require all individuals to pass an examination in order to practice before the Patent Office.²⁶⁰ Thus, in 1948, the Canadian patent agent examination was born, and thereafter all individuals, lawyers and non-lawyers alike, were required to first pass this examination to both represent individuals before the Canadian Patent Office and to use the ‘patent agent’ title.

3.3(ii) From Regulation to the Present (1948-2018)

There is very little documented history of the Canadian patent agent profession from the time of regulation to the present. From what little information is available, it seems that the Canadian profession exhibits the same sort of historical over-proximity between the profession and the patent office as in other jurisdictions. In fact, the hyper-influence of the current Canadian profession over the patent office has at times been so

²⁵⁸ *Ibid* at 21, 36. In 1955, Gordon Gowling (founder of what is now international law firm, Gowlings WLG), who was then president of the Canadian Bar Association, resigned from the Institute primarily due the imposition of a minimum fee schedule. At 17, Howard C. Shipman was expelled from the Institute in 1933 for failure to abide by the Institute’s advertising limits, and despite this fact, successfully continued his practice until his death.

²⁵⁹ Gareth E. Maybee, “The Patent Profession in Toronto” (1981) 15 LSUC Gaz 257 at 267.

²⁶⁰ *Ibid*.

extreme that at one point it appeared as if CIPO sought the approval of the profession for suitable locations of a new patent office prior to moving.²⁶¹

Similarly, as discussed below, there exists very little documented history pertaining to the licensing of patent agents. It appears that Canada has maintained a licensing examination from 1948 to the present, although unlike in other jurisdictions, no one has maintained a historical archive.²⁶² While the available evidence does indicate that the nature of the exam, in terms of scope, duration and content, has changed over the years, unfortunately, the nature of these changes has largely been lost to time.

There is little documented history of the Canadian patent agent profession, and regulation thereof, between 1948, when the examination requirement was established, and the early 2000s. Regarding regulation, there is practically no evidence of how the patent agent examination was set over the course of this time, if it had ever been validated, how it was administered or any other pertinent information.²⁶³ This is more than a matter of mere historical curiosity; it speaks to a series of validation issues currently plaguing the examination process and the regulatory framework.

As we have seen, the historical origin of Canadian patent agent regulation demonstrates a concern for advertising regulation and preventing a hostile market place rather than a careful analysis of public protection and practitioner incompetence. The advertising wars of the late 1800s and early 1900s created fierce competition over the lucrative U.S. foreign patent market. While both market control and ethical business practices are both important professional considerations, these are separate considerations from professional competency. Despite the allegedly fierce competition between the early

²⁶¹ See e.g. R. V. Jackson, “Patent Institute of Canada” (1957) 39 J Pat Off Soc’y 845. For an interesting discussion of the lively debate at the 1957 Patent Institute of Canada annual meeting regarding appropriate locations for the “much needed” new Canadian Patent Office.

²⁶² See e.g. *Patent Office Studies*, online: <<http://www.law.uh.edu/patentofficestudies/>> accessed on July 8, 2018. This online archive is maintained by several U.S. legal scholars to maintain historical records pertaining to U.S. patent office practice, including a historical record of patent bar exams.

²⁶³ Canada, Ministry of Innovation, Science and Economic Development Canada, *Access to Information Request No. A-2016-00068* (Gatineau: Ministry of Innovation, Science and Economic Development Canada, 2016) [Ministry of Innovation]. The documentation provided in response to a request for all information regarding historical validation and development efforts for the Canadian Patent Agent Examination included some statistical information regarding exam administrations from 1999-2009 and a short memorandum regarding some IPIC initiatives during the late 1960s and early 1970s. No other information was provided.

patent agents, there seems to be little, if any, evidence of incompetent practitioners causing harm to an unsuspecting Canadian public.²⁶⁴

From the available information, it appears that the last (and possibly only) time between 1948 to the mid-2000s that the Canadian patent agent examination development and administration process was reviewed was in the mid-1970s. At the request of then CIPO Commissioner Andre Gareipy, IPIC conducted a review of the examination process. This review was conducted entirely by IPIC, with practically no information available regarding the nature of this review other than a list of recommendations presented to CIPO.²⁶⁵ This mid-1970's review resulted in IPIC recommending, and CIPO implementing, increasing the 'carry-over' pass mark from 50/100 to 60/100, a minimum 240/400 score on all 4 exams to receive a 'universal pass' and enacting a carry-over limit for the number of years a candidate can carry over a pass grade on one or more patent agent exams. Approximately 8 years after adopting these reforms, the carry-over limit for patent agent exams was rescinded.²⁶⁶ However, again during the 1990's, IPIC successfully convinced CIPO to institute a carry-over limit, requiring that candidates must pass at least 3 out of the 4 exams with a cumulative average of at least 60% in order to carry over these passing marks for only two years. This carry-over limit was rescinded several years later.

The only documented comprehensive review of the examination process in the last two decades took place in the mid-2000s. The IPIC Exam Revision Committee, a committee entirely organized and operated by IPIC, upon its own initiative undertook to review examination administration and development with an intention to reform the exam process. Although the IPIC Exam Revision Committee is an independent IPIC committee, in no way affiliated with the Patent Agent Examination Board or CIPO, the Board and CIPO have no knowledge or information of the workings of the IPIC Exam

²⁶⁴ Aoun, *supra* note 16 at 404. regarding Harold Shipman, who was expelled from the Institute for violating advertising restrictions, "Shipman's crime does not appear to be one of incompetence as a practitioner, as little evidence exists to show that Shipman lacked the relevant expertise to practice before the Canadian patent office. Rather, Shipman ran a 'large commercial type of business', one that sought to employ a large number of practitioners on both sides of the U.S./Canada border and capture as much market share as possible in both the Canadian and U.S. markets."

²⁶⁵ Ministry of Innovation, *supra* note 272 at 38-9.

²⁶⁶ *Ibid.*

Revision Committee or any details regarding the nature of the mid-2000s ‘exam revision’.²⁶⁷ This review followed what was a dramatic increase in the numbers of candidates writing the patent agent exams, which began in the early 2000s and reached historical record numbers in 2004.²⁶⁸ In 2008, the IPIC Exam Revision Committee completed its ‘reform’ of Papers A, B and D and beginning in 2009, the newly reformed examinations were put into effect.²⁶⁹ Since then, pass rates have continuously dropped, with the most drastic decline demonstrated in the first time pass rate. Furthermore, with exam pass rates drastically decreasing, the number of candidates writing the Patent Agent Exam have dropped close to their pre-2000 numbers.²⁷⁰ Given the perceived futility in attempting to pass the examination, the number of candidates aspiring to write the exam has dropped considerably over the last several years.²⁷¹

3.3(iii) Patent Agent Examination - Validation Issues

IPIC has taken responsibility for all aspects of development and marking of Papers A, B and D of the patent agent examination, with no oversight of the Board.²⁷² Each year, exam questions and responses for Papers A, B and D are developed by a small number of individuals (between 3 to 4) selected by IPIC who among themselves are responsible for all aspects of development, validation and marking of each paper. The

²⁶⁷ *Ibid.*

²⁶⁸ *Ibid* at 4; CIPO indicates that the record number of candidates writing the exam in 2000 would likely be eclipsed by the 2001 examination, wherein 172 individuals had signed up to write the exam. According to CIPO, at 7, in 2004, 257 candidates, the largest number in history, wrote the exams.

²⁶⁹ *Ibid* at 11-12.

²⁷⁰ Canadian Intellectual Property Office, “Become a Registered Patent Agent- Reports on Previous Exams”, online: (2016) Gatineau: Can Intell Prop Off) <https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr02066.html>. According to CIPO’s statistics, in 2012, a total of 231 candidates wrote the exams. In 2014, that number had dropped to 196 candidates, 2015 to 149 and according to most recent numbers at the time of writing, for the 2017 exam, 147 candidates.

²⁷¹ Yuri Chumek, “Canadian Patent Agent Exam Results – 2012”, (28 May 2013), iPatents (blog), online: <<http://ipatents.tumblr.com/page/2>>. “[In 2012], 71% of all candidates did not pass any of the papers that were attempted... It’s no wonder that so many candidates get discouraged from writing the exams held annually in April, even after spending a year in the field to be eligible to sit for the exams (soon to be two years). In fact, the number of candidates this year was 10% less than last year.”

²⁷² Canada, Ministry of Innovation, Science and Economic Development Canada, *Access to Information Request No. A-2016-00065* (Gatineau: Ministry of Innovation, Science and Economic Development Canada, 2016). This Access to Information request pertained to all Industry Canada – IPIC contracts for services relating to development and administration of the Canadian patent agent exam, for years 2004 to 2016. The contracts indicate the IPIC has been responsible for development of Papers A, B and D of the patent agent exam for the relevant years. Furthermore, Access to Information requests pertaining to members of the Patent Agent Examination Board for years 2014, 2015 and 2016 shows that only CIPO employees have been appointed to the groups responsible for development of Paper C in these relevant years.

work of these individuals is entirely confidential, even to and the Chairperson of the Patent Agent Examination Board. There are no external validation efforts- these 3 to 4 individuals, alone, are responsible for all aspects of preparing and validating the exam entirely amongst themselves. This validation process is out of line not only from other Canadian professional bodies, but also other patent agent licensing examinations from other jurisdictions.²⁷³ Little, if any, evidence exists to demonstrate how and why the Canadian pass score has been set at its current level and there is no available documented evidence justifying the historical assertions, by the profession, for the need to increase the pass level for the examination.²⁷⁴

CIPO has remained responsible for development and administration of Paper C, although, as discussed below, IPIC also exercises influence over development of this Paper as well. Paper C, covering practice before the Patent Office, can be considered the core component of patent agent practice- as set out under Chapter 3.2(ii) above, this is the only activity covered by the Canadian patent agent exam that *only* registered patent agents may engage in.²⁷⁵ Pass rates for Paper C have historically been much higher than Papers A, B and D and have been trending upward over the last decade.²⁷⁶ Meanwhile, Papers A, B and D under responsibility of IPIC have continued to drastically trend downwards with respect to pass rates.²⁷⁷ This fact is even more concerning considering that these papers, and especially Paper D, cover knowledge and skills that are peripheral to the core competency of patent agent practice.

The lack of serious validation efforts have undoubtedly contributed to the very poor pass rates.²⁷⁸ For example, the subjective nature of Paper A, which uses a hypothetical invention scenario for a constructed response problem, has over the last

²⁷³ *Supra* note 15 at 36.

²⁷⁴ *Ibid.* “The passing scores that seem more arbitrary are those that are not based on an accepted policy.”

²⁷⁵ *Supra* note 20 at 415. “Much of the work of patent agents and attorneys in the USPTO centers on patent prosecution, including drafting patent applications, responding to patent examiners’ rejections and critiques, and amending applications.”

²⁷⁶ Canada, Canadian Intellectual Property Office, *Patent Agent Qualifying Examination — 2015 Report*, online: 2018 https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr04001.html>. See Figure 1 and Table 2.

²⁷⁷ *Ibid.*

²⁷⁸ *Supra* note 15 at 38.

decade suffered from serious issues involving subjective solution guides and substantial lack of consistency from year-to-year.²⁷⁹ In the recent 2016 Paper A examination, the solution guide implemented a new marking score sheet, which scoring included an entirely unprecedented ‘-10 mark’ reduction for candidates’ inclusion of an erroneous element in their solution.²⁸⁰ For the previous ten years prior to the 2016 examination, the Paper A examination, along with corresponding solution guide, had used practically the same format in each year. Furthermore, for at least the last 3 years, the Paper D examination has suffered from severe validation issues involving inclusion of incorrect questions/answers.²⁸¹

Adding to the issues surrounding lack of exam validation and content/construct problems is the fact that there are practically no real preparatory programs for individuals wishing to write the exam. CIPO makes available previous years’ exams, but regular format changes severely limit the usefulness of such material. Other than a handful of IPIC tutorials, patent agent education is almost entirely non-existent. The existing IPIC programs provide no comprehensive curriculum, as would be expected of a typical Canadian professional licensing program.²⁸² There is substantial disconnect between the available IPIC programs and the actual content and format of the patent agent examination.²⁸³ The lack of curricular validity between the available IPIC programs and

²⁷⁹ For a comprehensive discussion, see *ibid* at 14-24 and fn 154.

²⁸⁰ Appendix ‘H’.

²⁸¹ Wissam Aoun, “2+2=5: The Canadian Patent Agent Examination Board and the Doctrine of Essential Elements” (2017) 99:4 J J Pat & Trademark Off Soc’y 625. In order to ensure objectivity and accuracy of the arguments set forth in this piece, comments and review were provided by Norman Siebrasse, David Vaver and Ikechi Mgbeoji, Canada’s three leading patent law scholars. See also *Japan*, *supra* note 13 at 799-800, documenting the serious psychometric issues plaguing Japan’s *benrishi* examination: “The *benrishi* test itself is also problematic.’ For example, a candidate could choose to be tested only in the subjects of Constitutional Law, Surveying Methods, and Science of Fisheries.’ Expertise in these fields, though conceivably useful, is rarely implicated in actual patent work. The fact that only about four percent of the applicants make it through the various stages of the test does not in itself lead to the conclusion that the test is an effective vehicle for selecting *benrishi*. If the criticism of the quality of Japanese patents is valid, the inference would be that the test is difficult, but difficult in the wrong way.”

²⁸² CIPO provides a very basic candidate guide, located online: <https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr00113.html>. This guide does not provide a comprehensive curriculum, rather, it is a list of topics. IPIC guides provides candidate guides, located online: <http://www.ipic.ca/english/the-profession/careers-in-ip/guides-to-writing-the-patent-agent-examination.html>. The Guides for Papers B, C and D at 3, each provide a very basic ‘legal’ and ‘analytical’ competencies description, and list of items which are explicitly stated as “NOT comprehensive”. As discussed at *Supra* note 63 and 78, the Paper A competencies are more elaborate, but still fall short from being a robust and clear list of expected competencies, as would be expected in a professional curriculum.

²⁸³ *Supra* note 15 at 36-8.

the actual exam is concerning given the substantial role IPIC plays in setting exam content and format on an annual basis.

Patent agent candidates have also reported perceptions of poor exam validation in the Canadian patent agent qualifying process. Following the 2014 patent agent examination, CIPO conducted an analysis of the patent agent licensing process, which included feedback from patent agent examinees, and produced the “2014 Patent Agent Qualifying Examination Evaluation High-Level Analysis.”²⁸⁴ A respectively large percentage of respondents (74%) chose to provide detailed qualitative feedback.²⁸⁵ The analysis summary states that candidate responses typically projected a sense of frustration on a number of reoccurring themes, including poor exam setting, lack of viable training programs and perceived conflict of interest.²⁸⁶ Following the 2016 patent agent examination, CIPO conducted a follow-up analysis to the 2014 analysis and produced the “2016 Patent Agent Qualifying Examination Evaluation High-Level Analysis.”²⁸⁷ Similar to the 2014 analysis, numerous candidates again highlighted many of same validation issues surrounding the examination, which indicates that validation concerns are an ongoing problem.²⁸⁸

3.3(iv) Professional Judgement or Institutional Bias?

The validation issues surrounding the examination, viewed alongside the historical over-proximity between the profession (and specifically, IPIC) and CIPO, creates potential for apprehension of bias. For over 20 years, CIPO has outsourced administration and development of the patent agent exam to the IPIC, the voluntary professional association responsible for advocating for the interests of Canadian intellectual property professionals including patent agents. Although Rule 13(2) of the

²⁸⁴ The 2014 High Level Analysis was not published- rather, it was acquired through Access to Information Request. Canada, Ministry of Innovation, Science and Economic Development Canada, *Access to Information Request No. A-2017-01078* (Gatineau: Ministry of Innovation, Science and Economic Development Canada, 2016).

²⁸⁵ *Ibid* at 12-3.

²⁸⁶ See Appendix ‘A’.

²⁸⁷ Similar to the 2014 Analysis, the 2016 Analysis was not published and was acquired through Access to Information request. Canada, Ministry of Innovation, Science and Economic Development Canada, *Access to Information Request No. A-2017-01270* (Gatineau: Ministry of Innovation, Science and Economic Development Canada, 2016).

²⁸⁸ See Appendix ‘B’.

Patent Rules stipulates that the chairperson of the Patent Agent Examination Board *shall appoint* at least five IPIC members to the Board, it is important to distinguish the precise nature of IPIC's involvement vis-à-vis development and administration of the Exam. Primarily, the outsourcing of examination development is to the IPIC organization *directly*. IPIC is not a regulator, rather, it is the voluntary association responsible for lobbying and advocating for the interests of the profession.²⁸⁹ This outsourcing comes with a relatively large sum of public money, in recent years as much as \$62,000.00/year, which CIPPO pays directly to IPIC for 'development and administration of the patent agent examination' and for which IPIC is in no way accountable to CIPPO for how such funds are used.²⁹⁰

In addition, CIPPO has, for the last several years, publicized that it works with a psychometric expert with respect to Patent Agent Examination development and administration processes. However, it is in fact the IPIC organization, rather than CIPPO, that *directly* retains this psychometric expert. Despite CIPPO's many mixed messages regarding the work of this psychometric expert, the reality is that the work of this expert is entirely with, and pursuant to, IPIC's instructions, and no one from CIPPO, including any CIPPO appointed members of the Patent Agent Examination Board (as well as the Chairperson of the Patent Agent Examination Board), have participated in any session with this expert or have any knowledge of the nature of his retainer with IPIC.²⁹¹

Any and all available documentation regarding the history of the Canadian patent agent licensing process, including any mention of exam development, only references the work of IPIC committees and yet does not include any details regarding the role or work of these committees.²⁹² For example, available documentation states that "IPIC appoints a liaison officer (the "IPIC liaison") and IPIC employees (e.g. the Director of Professional Development) that work closely with the Examining Board, as well as the

²⁸⁹ See IPIC Website, *supra* note 8.

²⁹⁰ *Supra* note 281.

²⁹¹ See Appendix 'C'.

²⁹² Canada, Ministry of Innovation, Science and Economic Development Canada, *Access to Information Request Nos. A-2015-00626, A-2016-00068, A-2016-00793* (Gatineau: Ministry of Innovation, Science and Economic Development Canada, 2015-2016).

IPIC Standards Committee that works with the Examining Board to monitor and improve the examinations.”²⁹³ Furthermore, the instruction document outlining the official duties and responsibilities of Members of the Patent Agent Examination Board states that all members of the Examination Board are *required* to “adhere to the guidance provided by the ‘Templates for exam setting and marking’ prepared by IPIC for each of the papers” (emphasis added).²⁹⁴

All of the above-referenced ‘Confidential Templates for Exam Setting and Marking’, other than for the Paper C exam (which Paper CIPO Board Members develop) are confidential and inaccessible.²⁹⁵ Furthermore, practically the entirety of the accessible Paper C template is redacted. Interestingly, the headings in the ‘Confidential Template for Exam Setting and Marking’ for the Paper C exams, without anything else, tell an intriguing story. For example, the heading for Section 3.0 is labelled ‘Mark Distribution’, Section 4.0 is labelled ‘Scoring’ and includes a heading ‘Sample Conversion Table’. These headings appear to include charts/graphs, all of which have been redacted. Although the redaction makes definite conclusions difficult, this does raise the appearance of the possibility that marks are being scored and converted to reach an ideal mark distribution pattern. Such an approach could, in theory, be used to limit or increase passage rates depending on an ideal mark distribution pattern.²⁹⁶

Patent agent candidates have also reported a perception of conflict in the Canadian patent agent qualifying process. In CIPO’s 2014 High Level Analysis report, examinees expressed their frustration regarding their perception of conflict of interest created by the involvement of the profession, through IPIC, in the development and administration of the Patent Agent Examination.²⁹⁷ Similarly, in the 2016 High Level

²⁹³ A-2015-00626, *ibid* at 3.

²⁹⁴ *Ibid* at 4.

²⁹⁵ A-2016-00793, *supra* note 301. The provided ‘Confidential Template for Exam Setting and Marking’, for the 2014 Patent Agent Paper C exam, which is the only Paper of the Exam for which CIPO retains responsibility for development. No information or documentation was provided for Patent Agent Papers A, B and D exams, including but not limited to the ‘Template for Exam Setting and Marking’ for Papers A, B and D, which papers remain under the responsibility of IPIC for development. Based on the lack of information provided in response to this request, and CIPO’s obligation to provide any documents in its possession, it is clear that CIPO does not possess the Templates for Exam Setting and Marking’ for Papers A, B and D and does not have access to these documents.

²⁹⁶ See Appendix ‘D’.

²⁹⁷ See Appendix ‘E’.

Analysis, several candidates again highlighted the significant perception of bias created by IPIC's role in the exam process.²⁹⁸

3.3(v) Epistemic Capture in Canadian Patent Agent Licensing

In light of the low Patent Agent Examination passing statistics and the influence of the profession in setting entry-to-practice standards, it is easy to simply conclude that the current licensing examination process has been commandeered by incumbent Canadian patent agents who seek to limit new entrants to the profession to protect their own material self-interests. While there may be some element of protectionism involved, this conclusion, alone, does not paint a complete picture. The reality is far more complex.

As discussed under Chapter 1.2, many within the Canadian profession genuinely believe that the current regulatory framework is not only adequate, but should be celebrated as a necessary and commendable program for protecting the public interest and promoting innovation. Those outside organizations that have reviewed the current licensing framework, such as the Canadian Bar Association²⁹⁹ and the Federation of Law Societies of Canada³⁰⁰, have commented that the current framework creates a serious potential for apprehension of bias. Furthermore, jurisdictions such as Australia and the U.K., that have previously conducted external reviews of their patent agent governance frameworks, frameworks which at the time of review were very similar to the current Canadian framework, highlighted concerns regarding perceptions of bias and the effect of

²⁹⁸ See Appendix 'F'.

²⁹⁹ Canadian Bar Association, letter from Mala Joshi, Chair of CBA Intellectual Property Section to Mr. Denis Martel regarding the Consultation on a Governance Framework for IP Agents, August 5, 2016, available online: <<https://www.cba.org/CMSPages/GetFile.aspx?guid=4392e1bc-58a0-4c7e-8e57-f98d9d24b280>>: "The CBA Section notes that entities that regulate their members in the public interest should be distinguished from those that advocate for the interests of their members. In the legal community, this distinction characterizes the role of law societies and bar associations. The same distinction holds for medicine, architecture and many other regulated professions. The CBA Section believes that modernization of the IP agent profession should be guided by the same principles."

³⁰⁰ Canada, Federation of Law Societies Canada, *A Governance Framework for Intellectual Property Agents*, Submissions to Innovation, Science and Economic Development Canada and the Canadian Intellectual Property Office, dated August 31, 2016. The Federation of Law Societies of Canada has pointed out similar concerns to those of the Canadian Bar Association. For example, the Federation has pointed out that a key element of the good governance is maintaining a clear distinction between the function of a regulatory body, that must serve and protect the public's interest, and voluntary associations of members of a profession, which speak for and represent the interest of their members. The Federation cites the separation of Law Societies and the Canadian Bar Association as an example. With respect to the relationship between IPIC and self-governance, the Federation states that separation is "fundamental to ensuring that the public interest prevails over the interests of IP agents in case of conflict".

the regulation on inhibiting access to services and inflated professional fees.³⁰¹ One commentator has referred to current patent agent regulatory framework as a “behind the scenes arrangement between government and the profession.”³⁰²

Yet to the individuals within this system, everything seems normal. CIPO officials regularly attend IPIC events, sometimes to the exclusion of practically all other public presentations.³⁰³ Despite all of the critical comments received as part of the 2014 and 2016 High-Level Analyses, CIPO sought IPIC’s direction and guidance on how best to proceed.³⁰⁴ Despite external comments regarding perceptions of bias, IPIC boasts of its independent governance of the profession.³⁰⁵ This sort of hyper-proximity between patent agents and patent offices has existed since the foundation of modern patent

³⁰¹ “Review of the Regulation Regime for Patent Attorneys”, A Report to the Hon. Peter J. McGauran MP Minister for Science and Technology, June 1996 (Australia). In Australia, in the late 1990s, a committee of experts conducted a thorough review of regulation and qualifying examination in the Australian patent attorney profession (the “Australian Review”). At the time of the Australian Review, the Australian profession was regulated in an almost identical fashion to the current Canadian regulatory scheme, including the administration and development of the patent agent qualifying examination (See Aoun, *supra* note 16 at 412). Specifically, Australia’s professional association of patent attorneys, the Institute of Patent Attorneys of Australia (IPAA), played an almost identical role in the Australian patent agent qualifying exam process vis-à-vis Australia’s exam board, the Patent Attorneys Professional Standards Board (PAPSB), that IPIC currently plays in the development and administration of the Canadian exam vis-à-vis the Board. Even though the IPAA’s role was not nearly as involved as IPIC’s current role in Canada, the Australian committee still found that the IPAA’s role created problems with the patent agent exam and with the public image of the patent agent examination process, creating an image of self-interest, perceptions that the patent agent exam may be used to limit numbers of new entrants to the profession and a lack of educational expertise in patent agent exam training and development. The Australian committee found that the PAPSB should be concerned with its operations and public image, and recommended that a new examination body be created to “change the public perception of the overlap in activities between PAPSB and the IPAA”.

³⁰² G. Bruce Doern, *The Regulation of Patent and Trade-mark Agent Qualifications: Institutional Issues and Options* (Ottawa: Canadian Intellectual Property Office 1995) at 118. Doern states that “there is certainly no volunteered view that [IPIC] should take over the examination process itself, an issue that would inevitably have to be coupled with other aspects of a full self-regulating profession” (*ibid* at 48).

³⁰³ Canada, Ministry of Innovation, Science and Economic Development Canada, *Access to Information Request No. A-2017-00847* (Gatineau: Ministry of Innovation, Science and Economic Development Canada, 2017). The information disclosed in this document indicates that as of early 2017, CIPO’s current CEO, Johanne Bélisle, had only participated in what appears to be three public events, the 2016 IP Statistics for Decision Makers Conference, the 2016 WIPO General Assembly and the IPIC Annual Meeting.

³⁰⁴ See Appendix ‘G’.

³⁰⁵ IPIC, *supra* note 16 at 7, 8, 27, 41, 190, and 196. IPIC’s public comments openly acknowledge this overlapping role between IPIC and CIPO in regulation of the profession. In its recent government submission in support of its goal of full self-governance of the profession, IPIC asserted, as a highlight of the profession’s ability to regulate itself, that IPIC itself hires an expert in measurement and evaluation of competency to “assist with the preparation of the exams” and that “in its participation in the examination process [IPIC] currently calls upon the services of [an] expert for its current work on the exams.” Furthermore, IPIC states that it “has been working with an expert on contract to IPIC for a number of years to develop the templates for the current exams, train the examiners, and continuously improve the exams. IPIC also has exam standard committees that have worked on improving the exams. IPIC also states that “with the help of measurement and evaluation experts, such as the one currently under contract with IPIC, the [proposed self-regulatory body] can always monitor the effectiveness and efficiency of the whole admission process.”³⁰⁵ Furthermore, all its “expertise would be transferred to the [proposed self-regulatory body] to implement [IPIC’s] recommendations.”

systems. In a jurisdiction like Canada, where intellectual property in general has never been a major public priority, the current regulatory framework has managed to exist without any tension or serious consideration for almost 100 years. Individuals on both sides, the profession and CIPO, have enjoyed a frictionless relationship and have likely developed deeply entrenched, self-interested reasons to maintain the status quo if for no other reason other than convenience.

The unique nature of patent office operations contributes to this phenomenon. Patent offices are exceptional amongst government agencies. As most patent offices derive their budget from filings- and in some jurisdictions to surplus levels³⁰⁶ - it is natural for such patent offices, under a customer service mentality, to view the person filing the application as their customer and to whom their duty is owed. The resulting changes in organizational behavior have created a system where the needs and desires of the ‘customer’ begin to overshadow other duties and obligations.³⁰⁷ In a jurisdiction such as Canada, the overwhelming majority of applications are filed from abroad, and a Canadian patent agent *must* be appointed to file and prosecute such applications. In most circumstances, CIPO is *only* speaking to patent agents, as these are the only individuals legally entitled to correspond with CIPO with respect to any patent office business. This creates a one-way channel between patent agents and CIPO, and CIPO’s rational view of its mission becomes bounded by this insularity. The historical over-proximity between the Canadian patent agent profession and CIPO has caused CIPO to view the patent agent profession, rather than the Canadian public or inventors, as their primary customer.³⁰⁸

³⁰⁶ “The EU Agency That Has Too Much Money”, euobserver, March 21, 2016 online: <<https://euobserver.com/institutional/132723>> accessed on July 8, 2018; commenting on the EU IPO’s substantial budget surplus, and the concerns regarding use of such surplus to fund general EU activities.

³⁰⁷ Drahos, *supra* 214 at 36.

³⁰⁸ “Sylvain Laporte, Canadian Intellectual Property Office: Inventors, Not IP Agents”, Managing Intellectual Property, (13 July 2012), online: <<http://www.managingip.com/Article/3060569/Sylvain-Laporte-Canadian-Intellectual-Property-Office-Inventors-not-IP-agents.html>> accessed on July 18, 2018. This article is a feature on former CIPO Commissioner of Patents, Sylvain Laporte. The article tagline reads “Laporte’s priority is innovation, not patent agents”. Furthermore, the article goes on to quote Laporte as saying “I was a bit amazed by how little CIPO understood our customer- the paying customer, the innovator... We have a fantastic relationship with our IP agents to the point that the organization would confuse the customer with the IP agent.” Regarding balancing competing innovator and agent priorities, the article states “So, when faced with recommendations to reform regulation, [Laporte] asks himself two things. Is this good for the customer and innovation in Canada? Or is this an administrative improvement that would be good for CIPO or the IP agent community in terms of reduced red tape or bureaucracy?” Laporte is quoted as saying “Those two categorizations can lead to very different priorities... One is aligned with the

Much like other Canadian professions, the patent agent profession governs itself based on model that places considerable emphasis on competency, to the exception of practically all other relevant considerations. Given the esoteric nature of patent practice, and its extreme insularity, it is not surprising that the profession has drifted towards a position of extremity with respect to competence, despite a lack of rational, objective justifications.

government's priorities to move innovation, and the other is more administrative in nature. The priority for me is aligned with the government priority to improve innovation. In the past, those lines were blurred."(emphasis added)

CHAPTER 4

THE FUTURE OF PATENT AGENCY

The foregoing Chapters set out an analysis of the necessity of patent agent regulation and an intriguing historical account. This certainly makes for an interesting academic case study, but likely leads to questions as to the practical significance of this analysis. To put it simply- why should we care about the regulation of patent agents beyond satisfying academic curiosity?

The following Chapters will demonstrate that as we move forward into a new era of technological advances and changing public perception regarding the delivery of professional services, the impact of patent agent regulation can no longer be overlooked. As with all regulated professions, we must question what effect the regulation of patent agency is having on access to services. However, from a more fundamental perspective, the historical effect of patent agent regulation on influencing the patent narrative will likely come to the forefront as technological disruption and changing public expectations regarding the patent system begin to take shape. As such, the regulation of patent agency is now moving into an era where it can no longer be considered in isolation, but as being intertwined with the objectives of the patent system itself.

4.1 THE RETURN OF DEMOCRATIZED INVENTION: DEMOCRATIZED PATENT AGENCY?

4.1(i) Professionalization of Patent Agency and the Patent Discourse

Inkster poses an intriguing question: in the early days of the first Industrial Revolution, where artisanal culture and circulation of useful knowledge mixed freely with inventive activity and production, where did patent agency begin and where did it end?³⁰⁹ Should all support within this inventive environment be considered as part of patent agency, or only those who directly sold their patent application preparation and prosecution services for gain?³¹⁰ To reformulate the question, how do we differentiate knowledge from technique and ‘urban savvy’ when examining inventorship,

³⁰⁹ *Supra* note 127 at 129.

³¹⁰ *Ibid.*

entrepreneurship and patent agency in the pre-formalized patent landscape of the Industrial Revolution era? In the democratized world of invention during this era, within the industrial hubs where technical information flowed freely “amid patent agency widely defined but closely proximate”, many of these inventors “could command his own agency as well as receive it from others” when engaging in inventive and commercialization activity.³¹¹ If it is the case that during this era, “agency [lay] beyond the patentees and patent agents of formal institutions”, then how have external factors affected the development of formal patent institutions and what lessons might this teach us for the future?³¹²

Academic scholarship of various disciplines has overlooked the patent agent profession, and this inattention may create an incomplete picture of how our current patent institutions have developed. Specifically, what effect has the professionalization of patent agency had on the development of patent law institutions? According to Guagnini:

The changes and the profile of the patent agents at the turn-of-the-century and in the early twentieth, and the process by which their professional interests and agenda were negotiated and defined, deserve to be examined on the basis of a more systematic empirical research. So does the way and the extent to which their interests were brought to bear, along those of the other ‘players’, on the evolution of the ‘rules of the game’ - the patent system as an institution...³¹³ (emphasis added)

The role of patent agents, and the professionalization thereof, in influencing the development of the patent system as an institution begins at a more fundamental level. According to Smit, the conceptual core of a patent agent’s esoteric knowledge was founded on the ability to define ‘units of technology’ following the growth of technological innovation in the Industrial Revolution.³¹⁴ From the early 19th century, patent agents “contrived to profit” from the development of patent law and practice, and undertook an active role in “the preservation of a strong legal element [which] ensured

³¹¹ *Ibid* at 137.

³¹² *Ibid* at 140.

³¹³ *Supra* note 4 at 159.

³¹⁴ *Supra* note 151 at 92.

that the ‘professional’ skill of patent experts would remain important in the delineation and defense of units of new technology.”³¹⁵

Fundamentally, the Industrial Revolution was more than a technical revolution, as it ushered in philosophical debates over the control of ‘technology’. The emerging entrepreneurial middle class, empowered by new reforms directed towards the dissemination of knowledge, hostility towards ‘patronage’-domination of government bureaucracy and the creation of labor rights, was the site of a growing philosophical debate over control of technology. While many within this emerging middle class staunchly supported the idea of property rights over the product of intellectual labor, they also viewed monopolies as a vestige of patronage governance and as such were hesitant to fully embrace strong property rights for patents. Even those who supported property rights for inventions had mixed feelings regarding administration of such rights, whether by way of examination or automatic creation (similar to copyright).

The ambiguities of the middle class ideal regarding control of technology is what provided the early patent agents room to maneuver.³¹⁶ According to Smit, it was here that the early patent agents “not only marshalled and deployed ‘ideological resources’ but went further and themselves created such resources, particularly through their conceptive work in the legal sphere.”³¹⁷ Once these patent agents were able to author the conceptual discourse, from there they could move to shape patent legislation and institutions which ultimately resulted in the authoring of the discourse of their own professional identity.³¹⁸ As many of the patent agents of this era were also entrenched within the network of the most widely read technological publications of the time, they were able to publish pieces arguing for “sophisticated ideological justifications” for a patent system that ensured a central role for patent agents.³¹⁹ With the rise of corporatization and the pursuit of global corporate patenting strategies, patent agents within the European periphery also became

³¹⁵ *Ibid* at 101.

³¹⁶ *Ibid.*

³¹⁷ *Ibid.*

³¹⁸ *Ibid.* “The conclusion is that as a ‘professional’ occupational group patent agents exercised considerable independent power in shaping their occupational milieu and thus determining the legal form and structure by means of which new technology was to be controlled.”

³¹⁹ *Ibid* at 90.

vocal advocates for patent reform. In countries such as Spain, domestic patent agents used their political influence and control over technical publications to lobby for patent reform, which reforms aligned both with foreign corporate strategies as well as streamlined patent processes involving a central role for domestic patent agents.³²⁰

In the emerging discourse surrounding control of technology during Britain's Industrial Revolution era, the entrepreneurial middle class wished to see an ideological construction of the control of technology that in many ways would have involved no role for professional patent agents to play at all.³²¹ The early pre-regulation 'invention agents' were not a discrete professional group in and of themselves, rather, as discussed above, patent agency was latent and homogenous within the inventive community. In this regard, the significance of the active exercise of power by a newly 'professionalizing' patent agent group cannot be discounted- their "position of trust" as a professional group was in many ways authored by the profession itself and achieved through their own social and political action.³²² The nascent profession mastered the ability to "disagree with fractions of the middle class without having to move outside of the middle class ideal", thereby allowing the early patent agents to harness the ideological power of middle class ownership of the product of its labour while circumventing middle class hostility towards bureaucracy, professionalization and monopolies.³²³

In Britain, patent agents used their political influence and connections to build institutions that required their specialized form of legal expertise. In many respects, this same influence not only developed institutions, but also furthered a political ideology that justified those institutions. Although many during the pre-1850's era accepted the rationale for a patent system, disagreements regarding the formal institutions of this system still existed. One major ideological battleground involved the debate surrounding the role of 'scientific' versus 'legal experts' in assessing the scope of invention and patent

³²⁰ *Supra* note 205 at 110. "From the 1880s some agents – including Julio Vizcarrondo, Gerónimo Bolibar and Alberto Clarke – carried lobbying activities through their journals, privileged political connections and active membership in foreign associations such as the *London Chartered Institute of Patent Agents* and the *International Association for the Protection of Industrial Property*."

³²¹ *Supra* note 151 at 102.

³²² *Ibid.*

³²³ *Ibid.*

rights. Influential members of the scientific community believed that the assessment of inventions was a scientific question, and should be assessed by members of the scientific community, while the patent practitioners argued that patentability was essentially a legal question. The position of the scientific community, which might have effectively eliminated the professional independence of the patent agent profession, were vigorously disputed by the profession.³²⁴ The political savvy of patent agents compared to the scientific community was so dominant that even the establishment of examination by scientifically trained patent examiners was viewed as a compromise on their part.³²⁵

The political savvy of patent agents extended across different forums. For example, in 1848, a British Treasury Committee was tasked with review of the administration of the patent system and options for reform of the costly, convoluted and at times, opaque patent system. While the subsequent reforms were commendable, in that they largely eliminated the system of patronage that had until then dominated the patent system, that patent agents of the day still managed, where possible, to turn the discussion to their advantage and increase the need for their scope of expertise.³²⁶ The mid-19th century British patent agents largely dominated this reform discourse:

The domination of the findings of this Committee by patent experts was complete. Not only was the evidence of the traditional administrators rejected, but no evidence was placed before the Committee from entrepreneurs or inventors who were primarily interested in the exploitation of their inventions. Therefore, the only version of the possibilities of reform came from the patent experts. Their strategic occupational position had led them to being accepted by the Committee as the only witnesses with the necessary expertise. They were thus able to ensure that their version of how the patent system ought to be changed formed the basis of later debates in the subsequent phase of legislative reform.³²⁷ (emphasis added)

In the early 19th century U.S. patent landscape, the patent practitioners of this era fought their ideological battles within U.S. courts. Here, much like in Britain, judges

³²⁴ *Ibid* at 99.

³²⁵ *Ibid* at 100.

³²⁶ *Ibid* at 95.

³²⁷ *Supra* 151 at 94, 96, 97. Furthermore, these early patent agents were involved in practically every committee or initiative surrounding patent reform and were able to dispute aspects of any proposals which in any way threatened their professional independence.

across the U.S. geographical landscape remained torn between respect for the middle class ideal, along with the empowering effect the patent system could have on the lives and fortunes of individual inventors and small enterprises, and apprehensions towards growing corporatization and abusive monopolies.³²⁸ Slowly, over the course of the early 19th century, the patent bar not only gained judicial recognition for their practical innovations (such as the patent claim) but also a growing body of judicial precedent favouring stronger patent rights and enhanced scope of patent protection. This judicial recognition was symbolic of an ideological shift, one that the growing patent profession was eager to capture. Accordingly, the passage of the U.S. 1836 Patent Act was more than simply a statutory recognition of previous customary patent practice. It was in many ways the securing of an ideological foundation, one which enhanced efficiency of the patent system for an emerging class of corporate patentees and secured the livelihood of patent agents.³²⁹

It is here that Smit distinguishes patent agent professionalization from other professions. In other professional disciplines, the profession is defined by “a segment of social reality”, and in that respect, are an agent of such social classes to achieve certain political and economic goals.³³⁰ While to some extent this was the case during the professionalization of patent agency, for the patent agent profession, the profession itself actively shaped the domain of their participation- the patent system itself- and with it their role as professionals within that system. This shaping took place on an ideological level, by actively participating in the defining of a discourse of technology, as well as through various institutional engagements. Patent office rules and court decisions did not simply define the identity of the early patent agent profession, rather, these decisions were assimilated and redeployed by patent agents to further influence the gradual transformation of these institutions.³³¹

³²⁸ *Supra* 94 at 147, 227-8.

³²⁹ *Ibid* at 237.

³³⁰ *Supra* 151 at 102.

³³¹ *Supra* at 145-46.

The professionalization of patent agency is no doubt intertwined with the establishment of the underlying ideology that has served as the foundation of our patent system in its current form. Numerous studies have examined the various socioeconomic impacts of corporate patent activity, but few have questioned the impact of patent agency on either furthering or hindering the objectives of the patent system. Furthermore, fewer still have questioned the impact of professionalization of patent agency. As Guagnini states:

However the issue I want to highlight here is more narrowly focused: it is the impact that the introduction of the examination had on the profile of the registered agents. It is not unreasonable to assume that this procedure, not only the examination as such but also the formation by apprenticeship before and after the examination, favored a growing homologation in the characteristics of the new, post 1883 generation of patent agents. If that was the case, did such homologation extend not only to the characteristics of their profile but also more generally to their approach to the profession? And did that have an impact on the evolving pattern of patents procedures and specifications, favoring the emergence of distinctive and possibly more homogeneous standards?³³²

Guagnini cites the example of the pre-regulation ‘invention agents’, those individuals who took a more holistic role in the inventor (rather than corporate) dominated landscape of the early Industrial Revolution era. As discussed above, these individuals played a variety of roles in the patent services market, including assisting in introducing inventors to manufacturers and acting as patent brokers. At the turn of the century, when patent agent regulation was beginning to take shape in Britain, a lively debate existed amongst patent agents regarding the propriety of agents acting as patent brokers.³³³ The more ‘elite’ agents of London were strongly against any such conduct, viewing an agent’s role in the narrow sense of preparation and prosecution of patent

³³² *Ibid* at 154-5.

³³³ This debate was not limited to Britain or to the late 19th century. For a discussion of this debate in the U.S. context, see Naomi R. Lamoreaux & Kenneth L. Sokoloff, “Intermediaries in the Market for Technology, 1870-1920” (2002) NBER Working Paper No. 9017, 1 at 16 <<http://www.nber.org/papers/w9017.pdf>>. “Of course, patent lawyers could not all be trusted to be reliable intermediaries. Just as advice manuals cautioned inventors not to use intermediaries who advertised in trade publications, there were warnings to be wary of unscrupulous patent agents and attorneys. Indeed, some practitioners themselves took the extreme position that it was improper for members of their profession to function as intermediaries.” In more recent times, there has been considerable concern regarding ‘invention promoters’ who offer to assist individual inventors in marketing their technology. See Robert J. Thomas, “Invention Development Services and Inventors: Recent Inroads on Caveat Inventor” (1978) 60 J Pat Off Soc’y 355 for a discussion of deceptive practices of these entities and legislative attempts to curtail their behaviour.

applications. However, many agents felt that such practices may not be entirely improper, provided that adequate steps were taken to eliminate any conflicts of interest between agent and client. While this debate was, and in many ways still is presented as a question of ethics, Guagnini views this from the perspective of the effect of patent agent professionalization:

the different attitudes among the practitioners seems to bring back the problem outlined before, namely that also their involvement in intermediation might somehow relate to specific characteristics and professional interests of different segments of the professional community, into what they regarded as the prevalent interests of their clients.... The attitudes of patent agents whose portfolio was closely associated to particular sectors might have reflected or responded to the interests of their particular clientele.³³⁴

Where professionalization draws distinct boundary lines between occupational groups, any crossing of these lines is viewed as a competency and/or ethical breach. But in the pre-regulation era, prior to the drawing of such professional boundary lines, where broad notions of patent agency, technical innovation, dissemination of knowledge and business acumen flowed freely, it is hard to draw such clear-cut distinctions. It is possible that in this environment, the *organization* of patent agency was intertwined with the needs of individual inventors and the combination of corporatization and the professionalization movement may have *institutionalized* patent agency and created artificial barriers between individual inventors and the delivery of patent agent services.

Admittedly, these questions raise a chicken/egg dilemma- did professionalization limit individual inventors' inventive activity and access to the patent system, or was professionalization an effect of the growing corporatization of the patent system and thus a natural response to changing socioeconomic landscapes? Similarly, was the effect of patent agency on the development of patent institutions and substantive patent law a natural reflection of changes in the socioeconomic landscape, or was it the combined result of the over-influence of corporate and patent agent professional interests, and if so,

³³⁴ *Supra* at 145 at 158.

has institutionalized patent agency in some ways disconnected the patent system from its earliest foundations?³³⁵

A detailed review of the origins patent institutions and patent practice is of far greater significance than both satisfying historical curiosity and illustrating the precarious foundation of patent agent regulation. Rather, as Morriss and Nard state, “[e]xplaining the origins of nineteenth century American patent institutions is thus crucial to understanding twenty-first century American patent law, the current debates concerning patent reform initiatives in developed countries, and the appropriate patent law institutions for developing economies, which today are positioned similarly to the United States in the nineteenth century.”³³⁶

Furthermore, viewing the patent agent profession as an interest group in and of itself, along with other key interest groups (such as inventors, corporations, the patent office, the public), provides key insights into the development of future patent law institutions:

The past ... holds important lessons for the future.... Moreover, focusing on the choice of institutions by interest groups offers insights into the evolution of the institutions as well as the law that they produce. ... The question of institutional choice in the development of patent law is as important today as it was 150 years ago.³³⁷

Accordingly, the future of the patent agent profession, and the challenges that lie ahead, must be placed within proper context dictated not only by the present and future, but also the past.

4.1(ii) Regulation and Access to Services

A critical examination of any professional licensing regime typically begins with the question of the effect of regulation on access to services. With respect to patent agent regulation, the lack of rational correlation between entry-standards and patent quality

³³⁵ *Supra* 127 at 140. “It might be that as institutional reform intended to formalize and regulate the forms of agency within patent systems, so too it may have separated the patent system from its earlier information base.”

³³⁶ *Supra* 94 at 144.

³³⁷ *Ibid* at 143

may have serious negative economic effects, in that “reified standards are driving people away from the job of patenting.”³³⁸ In the U.S. context, statistical analysis demonstrates that as Patent Bar eligibility remains stringent and Patent Bar pass rates continue to drop, the aggregate size of the patent agent applicant pool will shrink drastically.³³⁹ This may lead to excessive specialization of services, with current patent agents focusing greater and greater effort on high value services such as drafting and prosecution as opposed to general IP strategic services, and with large corporate clients capturing the available market for services at the expense of small-to-medium sized inventors.³⁴⁰ The impact on small-to-medium sized inventors may be significant:

As the number of patent attorneys shrinks, the cost per patent is likely to increase to pay for the salaries of existing patent attorneys that will ultimately be in higher demand. As the cost per patent increases, it will discourage inventors from filing patents. This is precisely the opposite incentive provided by the *American Invents Act*, the United States Patent and Trademark Office itself, all law schools with any interest in intellectual property, and inventor-support groups across the country.³⁴¹

Viewed in light of these statistics, it is difficult to understand how and why so many recent initiatives to further include small-to-medium inventors into the patent system have seemingly neglected a regulatory framework with impacts that appear to undermine the objectives of those initiatives. It appears that, at least in the U.S. context, much of the regulations surrounding entry-qualifications to the patent agent profession have been “established through the unfettered discretion of the Director [of the USPTO]

³³⁸ Supra 241 at 136.

³³⁹ “We have established elsewhere that new entrants to the patent bar are in free-fall decline.⁴ By 2018, new patent bar entrants will be “one half of what they were in 2008.”⁵ One reason for the decline of the number of new patent attorneys is the reified standard for entry to the patent bar. There is a certain and looming crisis in America because the number of patent bar qualified individuals is in decline and it will decline sharply in the near future. This is not a prediction. It is a certainty” (*ibid* at 81).

³⁴⁰ Furthermore, “Although the minor and hypothetical positive consequences are beyond the scope of this article, it is important to point out that as patent attorneys become busier, they will likely have less time to devote to non-patent matters such as trademark and copyright work, litigation work, and licensing work as they have done to date. Today, an average patent attorney’s portfolio of work usually includes many non-patent aspects of intellectual property law” (*ibid* at 81-82).

³⁴¹ Wherein Port et. al. demonstrate that current entry standards may contribute to the significant underrepresentation of women and minorities within the patent bar and that there has been little effort to date to remedy this situation-“Efforts to date to include women and minorities have been a failure.¹⁵⁶ The nature of the reified business of patenting will have to become more inclusive if subsisting patent attorneys have any hope at keeping up with demand and if innovations are going to be developed, encouraged and protected and the American economy is to continue to excel. To date, the motivation to include women and minorities has been, more or less, altruistic, but has not been enough to affect the makeup of patent bar. However, by 2018, it will be an issue of economic survival” (*ibid* at 82, 121-22).

in years past and this has only been continued out of disinterest or the fallacy that the reified standards somehow contributes to the quality of [patents].”³⁴² While much of the recent patent law reform discourse revolves around improving access to the patent system for individual inventors and small-to-medium enterprises, there has been surprisingly little effort to connect with these groups and only minimal effort to connect with academia.³⁴³

In Europe, debate has long existed whether regulation of European patent agents³⁴⁴ has contributed to poor inventive output, at least compared to the U.S. (where patent practice is not as strictly regulated).³⁴⁵ There is very little written about the topic of regulation of European patent practice and less still regarding economic impacts of regulation. The EPO has acknowledged a shortage of practitioners in new European Patent Convention member states, such as Albania and Bulgaria, and has launched a Candidate Support Project to encourage and support the training of new practitioners within these states.³⁴⁶ However, the EPO provides very little information regarding this program or its outcomes.

Turning to the Canadian context, Canada continues to lag its peers in various innovation criteria, including patent application filings.³⁴⁷ Recent studies demonstrate

³⁴² *Ibid* at 91.

³⁴³ “There will be many consequences to the United States patent bar and its economy for having fewer and, perhaps, too few patent attorneys to do patent application work. All of these consequences are cumulative, and the aggregate sum of these consequences will result in a less than optimal situation for the American economy, the American patent bar, and, most importantly, American inventors. The latter is a class of individuals that the United States Patent and Trademark Office (USPTO or PTO) has worked hard to support and encourage. The PTO has encouraged Congress to adopt legislation to their advantage and is working hard to make patenting more accessible to inventors. Of the numerous stakeholders the PTO routinely consults with, there is no indication that they ever have considered consulting with law school admissions offices. Hearing from a limited number of professors from self-proclaimed elite law schools would not give an accurate picture of the state of patent bar-eligible prospective and subsisting law students.” (emphasis added)

³⁴⁴ In the European context, patent agents are referred to as European patent attorneys.

³⁴⁵ Joff Wild, “There are 40,000 patent attorneys in the US and under 10,000 in the EU. That can't be right”, (10 Januar 2010), iam-media (blog), online: <<http://www.iam-media.com/blog/detail.aspx?g=e32cb875-ccc2-45ed-836a-9297a74be4de>>.

³⁴⁶ The EPO’s ‘Candidate Support Project’ is not well publicized, see for example: <https://www.indprop.gov.sk/swift_data/source/images/novinky/2017/03/4%20CSP-2017-Application_Form-v2017.02.13.pdf> accessed July 8, 2018.

³⁴⁷ The Conference Board of Canada, “How Canada Performs: Patents Index” (April 2013) <<http://www.conferenceboard.ca/hcp/Details/Innovation/patents-index.aspx?AspxAutoDetectCookieSupport=1>>, noting

that segments of the Canadian population, specifically, individual inventors and small-to-medium enterprises, lack access to meaningful intellectual property services.³⁴⁸ Canada has a historically had a problem with mobility of patent agents across the country, a problem that some have pointed to as a contributing factor to lack of access to patent services in various market segments.³⁴⁹ While no specific study has directly linked these issues to regulation of the Canadian patent agent profession, studies from comparable jurisdictions raise a presumption that regulation may be a contributing factor. A study of the Australian profession, which at the time of the study was regulated in almost identical fashion to the current Canadian regulatory framework, found a correlation between regulation, limiting access to services and excessive professional fees.³⁵⁰ Furthermore, U.S. studies long ago demonstrated that U.S. licensing standards, which are far less stringent than current Canadian standards, contributed to an environment where competent practitioners are spread out across the U.S., providing inventors across the country with meaningful access to services.³⁵¹

4.1(iii) Regulation and an Emerging Patent Discourse

Along with technological advances and changing societal attitudes regarding professional services, the public's expectation regarding delivery of patent services has drastically changed in recent years. Although the patent system has existed, largely unchanged, for almost two centuries, it was not until only recently that intellectual

that "Canada ranks 14th out of 16 peer countries on this report card, with a corresponding grade of "D." Canada's patenting index is 0.42, suggesting that its importance in patenting within the OECD is less than it should be given the relative size of its economy."

³⁴⁸ Myra Tawfik, "Addressing a Gap in Canada's Global Innovation Strategy", online: (2016) Centre for International Governance Innovation <<https://www.cigionline.org/publications/addressing-gap-canadas-global-innovation-strategy>>. See also Myra Tawfik & James Hinton, "To Support Canadian start-ups, Over Pro Bono Legal Clinics", *Globe & Mail* (June 17, 2015) online: <<https://www.theglobeandmail.com/report-on-business/rob-commentary/to-support-canadian-startups-offer-pro-bono-legal-clinics/article24984676/>>.

³⁴⁹ Ontario, Parliament, by Erica Fraser, Standing Committee on Industry, Science and Technology, Sessional Papers No 036, (2012). According to Fraser (then Manager, Technology Commercialization, Engineering/Sciences, Industry Liaison and Innovation, Dalhousie University), "a second challenge faced by our office, as well as the SMEs with whom we work closely, is the limited availability of registered patent agents outside major centres such as Ottawa, Toronto, Montreal, and Vancouver. Further, the legal fees associated with obtaining legal services through lawyers and patent agents from these centres are higher than legal fees in smaller centres. I would submit that if more patent agents are distributed across the country, accessibility would be improved."

³⁵⁰ *Supra* note 310 at 39-40.

³⁵¹ *Sperry v. Florida*, 373 US 379 (1963).

property became a Canadian policy priority. As such, the Canadian experience and expectations regarding patent service delivery is still very nascent.

In the early 1990s, a shift in perception of the patent office's passive 'examination and patent publication' role to an active 'customer service model' began to emerge.³⁵² According to Bruce Doern, this new climate emerged due to intellectual property issues having "moved from the sidelines to the front lines of what used to be a narrow part of industrial policy and framework law."³⁵³ But as Doern highlights, as intellectual property "moves into the limelight, it does not move into a realm with totally clear ideas."³⁵⁴

As Doern pointed out in the late-90s, the natural outgrowth of the different roles of the profession, the patent office and the public's expectation could lead to important misunderstandings in the future if these new, emerging realities were left unaddressed. In the Canadian context, in the late-90s, confusion began emerge between the patent agent profession and the patent office as to objectives of the patent system and each group's role in furthering those objectives:

[T]here are some differences between CIPO and [the profession] as to just what the key features of the regime are in the late 1990s. CIPO is giving far greater priority to those clients who are users of intellectual property or who are potential or unreached inventors than in the past. The [profession], in my view, sees the regulatory regime much more exclusively in terms of the protection of the creators of intellectual property.³⁵⁵

Fast-forward twenty years, and the public's expectation regarding the objectives of the patent system and delivery of patent services has drastically changed. Again, Doern effectively foreshadows the nature of these forthcoming changes:

consider the issue of CIPO's desire to offer services to the two clients it often feels it has ignored by, in the past, thinking of itself only or primarily as a regulator. The desire to serve inventors who are "out

³⁵² Clarisa Long, "PTO and the Market for Influence in Patent Law" (2009) 157 U Pa L Rev 1965 at 1973.

³⁵³ *Supra* 311 at 118.

³⁵⁴ *Ibid* at 118.

³⁵⁵ *Ibid* at 118.

there” is one such client. They are persons who are not aware of what they need to do protect inventions. The other client is the more diffuse and more numerous users of patent information and hence those most interested in the circulation of such information rather than only in the protection of inventions per se. Can or should CIPO carry out such roles vis-à-vis these clients?³⁵⁶ (emphasis added)

Today, as predicted, the respective roles and lines between educators, agents and the patent office have begun to blur. CIPO, driven by a customer service mentality, has launched a series of comprehensive intellectual property educational programs along with positioning numerous intellectual property advisors across the country with the intention of assisting Canadian entrepreneurs in capturing value through intellectual property.³⁵⁷

This begs the question- is this within CIPO’s public interest mandate? What is CIPO’s public interest mandate? Should CIPO be engaging in a campaign to encourage individuals to protect intellectual property? Does this pose a conflict of interest? Some are beginning to question how much a patent office, tasked with being the protector of the public interest while also being largely self-funded through user fees, should be actively appealing to ‘customers’?³⁵⁸ Similar ‘mid-level’ intellectual property jurisdictions (i.e. developed countries outside of the U.S./Japan/EPO major patent filers) have taken this customer service mentality even farther, setting up patent office owned corporations to assist individuals with commercialization of technology.³⁵⁹ These are all no doubt difficult questions to answer, but regardless, these issues are indicative of the realities of an emerging patent discourse in which the nature of patent agency is a central consideration.

More important is the question of who, within this melting pot of interest groups and confused objectives, is responsible for advocating for the public’s interest. Peter

³⁵⁶ *Ibid* at 99.

³⁵⁷ *Supra* note 10.

³⁵⁸ Long, *supra* note 361 at 1973, 1992. “The PTO’s attempts to woo the inventive community present the obvious danger of the PTO being captured by the very group that it is supposed to regulate. The PTO’s legal and budgetary gains, coupled with its desire to stay in the inventive community’s good graces, make it an attractive target for capture. From the perspective of patent applicants, even a small amount of influence over the process by which patents are granted could be quite valuable.”

³⁵⁹ “TURKPATENT established a public company for commercialization of the IP rights”, online: (2018) Mete Mercan Patent: Turkish Patent & Trademark Attorneys <<http://www.metemercan.com/en/news.html>>.

Drahos has pointed out that Universities, with their public interest mandate and goal of dissemination of knowledge, are one of the top options to take on the task of refocusing patent practice towards a broader public social contract mandate.³⁶⁰ Many developing countries are now examining new modalities of patent service offerings, largely housed within institutional settings, and specifically, on university campuses. Several developing countries have, with the assistance of the World Intellectual Property Organization (WIPO), established innovative and progressive programs for the delivery of intellectual property services and education. WIPO has assisted in the establishment and development of Technology and Innovation Support Centres (TISCs) on university campuses and research institutes throughout the developing world, which TISCs provide many important and diverse intellectual property related services to both the research community and public at large.³⁶¹ This has led to suggestions for creating novel, international, university-based technology transfer networks between developed and developing countries.³⁶² However, entitlement to practice issues have already come up in some developing countries, threatening to possibly derail promising and innovative movements.³⁶³

Furthermore, University based intellectual property clinical programs have become a growing phenomenon across North America. USPTO certified patent clinics are now emerging on campuses across the U.S and are starting to form part of a large entrepreneurial eco-system that includes a menu of legal services. Clinical programs are

³⁶⁰ Drahos, *supra* note 214 at 291-2.

³⁶¹ “Technology and Innovation Support Centers”, online: (2018) World Intellectual Property Organization, <<http://www.wipo.int/tisc/en/>>. Including patent information reports, advanced intellectual property education and general intellectual property services. Furthermore, TISCs assist universities with technology/knowledge transfer activities through the provision of patent services and support, and several commentators have highlighted the key role that TISCs may play in supporting knowledge diffusion. See Patent Landscape Reports”, online: (2018) World Intellectual Property Organization, <<http://www.wipo.int/publications/en/series/index.jsp?id=137>>.

³⁶² Nefissa Chakroun, “Using technology transfer offices to foster technological development: A proposal based on a combination of articles 66.2 and 67 of the TRIPS agreement” (2017) 20:4 J World IP 103 at 107. “Coordination between WTO and WIPO in terms of transfer of technology programmes should be further enhanced. WIPO’s development agenda includes a variety of recommendations related to technology transfer. These are in line with the aims and objectives of the TRIPS Agreement.”

³⁶³ Morocco, for example, has recently entered into a validation agreement with the EPO, thereby implementing a number of legislative requirement to bring Moroccan IP law in alignment with EPO standards- see “Validation agreement with Morocco enters into force”, European Patent Office news release (1 March 2015), online: <<https://www.epo.org/news-issues/news/2015/20150302.html>> accessed on July 8, 2018. Despite Morocco being a new-comer to the world of IP and innovation, Morocco has already imposed registrations requirements for practitioners to become registered Moroccan patent attorneys and offer patent services to the public.

now experimenting with university technology transfer office (TTO) collaborations to create novel forms of university-based innovation ecosystems.³⁶⁴

There exist very few institutional educational programs relating to Canadian patent practice, a point that Doern long-ago critically highlighted.³⁶⁵ In Europe, where the profession is regulated in very similar fashion to the Canadian profession, the EPO long ago recognized that “everybody has been able to agree that better training possibilities are necessary” in order to better service a European market of small-to-medium enterprises and counteract the fact that “the education of patent agents in all countries fundamentally still has the character of the traditional master apprenticeship known since the guilds of the Middle Ages.”³⁶⁶ A nascent Canadian intellectual property clinical movement is beginning to take shape. This clinical movement would provide education and training for future practitioners within a non-profit driven setting, along with providing patent assistance to individuals who would not otherwise be able to access such services. Thus, university based clinical programs seem like a natural conclusion—there is a need for intellectual property service delivery for traditionally under-served market segments along with a need for greater institutional educational programs for professional training. Intellectual property clinical programs are perfectly situated to satisfy both needs.

However, Canadian patent agent regulation already seems to be developing into a barrier against such innovative programs. In the profession’s recent bid for greater self-regulatory powers, the proposal clearly stated that there is no intention to incorporate a university/institutional education component as part of the licensing agenda and at least one commentator seems reluctant to embrace a university component despite the fact that many comparable jurisdictions have already done so.³⁶⁷ Part of the Canadian patent

³⁶⁴ Cynthia L. Dahl, “Technology Transfer Client Work for an Intellectual Property Legal Clinic” (2017) 23 B U J Sci & Tech L 1.

³⁶⁵ *Supra* note 311 at 50.

³⁶⁶ Lise Dybdahl Osterborg, “The European Patent Attorney – A New Profession” (1994) 25:3 IIC 315 at 328.

³⁶⁷ “Patent Agents are Not Stifling Canadian Inventors”, online: (2016) Consultation: A Governance Framework for IP Agents Part 2: Governance Model; Submission to Innovation, Science and Economic Development Canada by The Intellectual Property Institute of Canada at 40. See also Robert Barrigar, <<https://beta.theglobeandmail.com/report-on-business/rob-commentary/patent-agents-are-not-stifling-canadian-inventors/article34241717/?ref=http://www.theglobeandmail.com&>>

agent profession's desire for expanded self-regulatory powers is to police against unauthorized practice of patent agency, creating tension regarding a possible turf war between the profession and clinical programs in the near future.³⁶⁸ Since the Federal government recently announced support for intellectual property clinical programs as one component of its Intellectual Property Strategy, the profession has not publicly acknowledged support for clinical programs.³⁶⁹ Even CIPO has made relatively modest statements regarding intellectual property clinical programs, advocating for a form of clinical programs with far less capacity and scope from those in the U.S.³⁷⁰

A new IP profession requires a new re-orientation to refocus on the public's needs, specifically, the needs of individual inventors and small-to-medium enterprises in the broadest sense. Several leading academics are calling for the creation of a new breed of patent practitioner. Nefissa Chakroun has called for an enhanced emphasis on creation of a 'patent information specialist profession', to provide small-to-medium inventors with assistance in locating and using patent invention information for incremental innovation purposes.³⁷¹ Port et. al., espousing concerns regarding a possible serious shortage of patent practitioners in the upcoming years, which shortage will disproportionately impact small-to-medium enterprises, have suggested the creation of a new 'patent drafting' profession to service market needs.³⁷²

Each of above-referenced suggestions circle around the same unspoken issue, namely, that regulatory exclusivity surrounding patent office practice remains an impediment in the chain of patent service delivery, one that continues to stifle access to

³⁶⁸ Salvatore Guerriero, "Certification or licensure? Charting the move toward self-regulation for patent and trademark agents", (2005) available online: < http://www.peo.on.ca/index.php/ci_id/21277/la_id/1.htm>.

³⁶⁹ See for example, Intellectual Property Institute of Canada press release, "Canadian Government Releases their National IP Strategy, Including the Creation of a College of Patent and Trademark Agents", available online: <<https://www.ipic.ca/english/news/canadian-government-releases-their-national-ip-strategy-including-the-creation-of-a-college-of-patent-and-trademark-agents.htm>>. There is no reference in this press release, or any other press releases, to supporting ISED's IP clinic initiative despite referencing support for various other National IP Strategy initiatives.

³⁷⁰ Canada, Ministry of Innovation, Science and Economic Development Canada, *Intellectual Property Strategy* (2018): <<https://www.ic.gc.ca/eic/site/108.nsf/eng/home>> (Ottawa: Ministry of Innovation, Science and Economic Development 2018). ISED's official statement regarding clinical programs seem to limit such programs to 'prior art searching' and "facilitating access to the profession that can provide quality IP advice."

³⁷¹ Nefissa Chakroun, *Patents for Development: Improved Patent Information Disclosure and Access for Incremental Innovation* (Massachusetts: Edward Elgar 2016) at 196-9.

³⁷² *Supra* note 241 at 135.

services and innovation in service delivery. Technological development (as discussed below) is set to disrupt and unbundle many patent services, including searching, preliminary patentability assessment and patent drafting. Yet when all is said and done, inventors must still engage with a registered patent agent to have their application filed and prosecuted in the respective patent office. Hence the seamless web of activities is broken for this part of a much larger comprehensive set of service offerings. The most logical question becomes ‘why is this regulatory intervention required’? When the services are all unbundled, the sore thumb sticks out, calling the necessity of the regulatory intervention into question.

4.1(iv) Technological Disruption, Professional Services and Patent Agency

The reality facing the future of the patent agent profession is in many ways the same reality that all legal service providers will need to confront in the upcoming years. Technological advances in service delivery are challenging the ways in which we conceive of not only professional competence but also how professional services are delivered. These technological advances have empowered the ‘unbundling’ movement, wherein delivery of professional services are viewed not as a holistic continuum leading to one output, but rather a fragmented collection of numerous inputs/outputs possibly delivered by various services providers.³⁷³

Technological advances have slowly started to chip away at the professional knowledge/service gap between patent agents and their clients, as well as between patent agents and other service providers. As discussed above, for many years, one of the main professional activities of patent agents was dissemination of patent knowledge. Searching and dissemination of patent knowledge was one of the first casualties of technological advance. Patent office records are now freely published and accessible through a plethora of free and subscription databases. Search companies now offer comprehensive search services at affordable rates. Law firms hire full time ‘searchers’, who may or may not be patent agents.

³⁷³ Richard Susskind, *Tomorrow's Lawyers: An Introduction to Your Future* (Oxford: Oxford University Press, 2017) at 32-3.

The potentially disruptive effect of technological advance to patent agent practice was not entirely unforeseen. One of the EPO's earliest Directors, Lise Dybdahl Osterborg, long ago recognized the link between patent agents, regulation and the 'chain' of patent agent services. Specifically, Osterborg foresaw that the coming storm of technological advances and specialization of services could have a disruptive effect on patent agent professionalization:

It is certain that action has to be taken here and now. If not, we are likely to experience other professions' arrogating the patent work for themselves. Solicitors, accountants, technical consultants, computer-based payment firms and private novelty search agencies immediately come to mind. It is also possible that industry, which in the past years has increasingly merged into bigger units, will find out that employees in their patent departments, after having received some education, are by and large able to handle the task themselves without assistance from a patent attorney's office.³⁷⁴

Furthermore, Osterborg recognized the potential effect that this delicate tension between regulation and provision of services, if not properly balanced, could have on individual inventors' and small-to-medium enterprises' access to services:

It stands to reason that to some extent patent attorneys' fees may be detrimental to the patent system as a whole. This is the case if the fees charged are on a level which by social standards are too high and can remain so only owing to measure from the profession restricting competition... If in the future European patents are still largely applied for and obtained by small-to-medium enterprises, one of the links in the price-raising chain has to be broken... (emphasis added)³⁷⁵

Doern also foresaw the oncoming 'unbundling' movement and its potential disruptive effect on patent agent regulation and practice:

if one thinks literally of the potential unbundling of activities in the patent and trademark application process... then some activities potentially come to mind. One already exists in that some firms, which otherwise do not do patent and trade-mark work, do patent and trademark 'search' work. In other words, they carry out a specialized form of initial research at the front end of the application cycle. To the extent that some of the front end work in the regulatory cycle is a kind

³⁷⁴ *Supra* note 26 at 329.

³⁷⁵ *Ibid* at 332.

of ‘form filing’ activity, there is potential for some other suppliers to do perhaps routine aspects of this kind of activity. But almost immediately comes the rub! There may well be no obvious or practical discrete cut off points between routine form-filing activities and those closely connected activities that involve mixes of procedural knowledge, extremely real science and technology, and detailed knowledge of the law. Hence the notion of a seamless web of activities quickly emerges and hence...the notion of numerous unique outputs of service must be confronted. (emphasis added)³⁷⁶

The ‘rub’, as Doern has eloquently characterized it, with respect to patent agent/attorney regulation, unbundling, technological disruption and access to services is the central dilemma at the heart of an emerging challenge to patent agent regulation. This in many ways is a dilemma facing all professions generally, the fragmentation and automation of professional services caused by emerging technologies.³⁷⁷ Technology splintered searching from the patent agent identity and it has now taken on a life and identity of its own.³⁷⁸ Are other patent services far behind? Will new automated and AI-driven technologies for patent drafting create a new ‘patent drafting’ service provider?

For example, new automated patent drafting software can, in a matter of minutes, automatically prepare an entire patent application specification based off one or more draft patent claims.³⁷⁹ New AI driven software automates the specification drafting process, using a sophisticated system for claim charting, illustration labelling and connection to the detailed description.³⁸⁰ These programs also automate the process for

³⁷⁶ *Supra* note 311 at 99.

³⁷⁷ Richard Susskind, *The Future of the Professions: How Technology Will Transform the Work of Human Experts* (Oxford: Oxford University Press, 2016) at 157. “Readers may call us radical, but if we can foresee a day when the average laptop has more processing power than all of humanity combined, then it might be time for professionals to revisit some of their current working practices...Our main claim is that we are on the brink of a period of fundamental and irreversible change in the way that the expertise of these specialists is made available in society. Technology will be the main driver of this change.”

³⁷⁸ *Supra* note 380.

³⁷⁹ See for example Specifio, online: <<https://specif.io/index>>. See David Hricik, “Machine Aided Patent Drafting: A Second Look”, Patently-O (blog) (August 25, 2017), online: <<https://patentlyo.com/hricik/2017/08/machine-patent-drafting.html>> for a discussion on use, benefits and challenges of using automated drafting software such as Specifio.

³⁸⁰ “TurboPatent Launches AI-Powered RoboReview to Improve Patent Drafting”, online: (2018), TurboPatent <<https://turbopatent.com/turbopatent-launches-ai-powered-roboreview-to-improve-patent-drafting/>>

responding to patent office communications, by connecting with patent office databases, scanning communications, and preparing template responses.³⁸¹

New programs also automate patent office strategy and analysis. By uploading a sample of a patent application, such as draft claims and portions of a specification, available software can conduct a USPTO patent search, provide a listing of relevant prior art, map out prosecution path (such as likely Art. Unit and examiners) and provides fairly detailed feedback on novelty and obviousness.³⁸²

AI-driven software now provides comprehensive searching based on rudimentary invention disclosures.³⁸³ New cloud-based patent file management software automate the entire patent file management process.³⁸⁴ These programs connect to the patent office network and automatically downloads documents and self-update anytime patent office correspondence or deadlines are released or activated respectively. Furthermore, these providers are now exploring cost-effective pricing models, making them accessible for practitioners and/or clients who may not have large patent portfolios to manage.

Patent offices are now exploring possibilities for automating administration. Both the USPTO and the Japanese Patent Office (JPO) has already launched pilot projects testing the use of AI-driven software for automating several patent office procedures, including examination, and other domestic patent offices are not far behind.³⁸⁵ The World Intellectual Property Organization (WIPO) has developed an AI based tool for translating patents into any of the official languages of the Patent Cooperation Treaty (PCT), with

³⁸¹ *Ibid.*

³⁸² *Ibid.*

³⁸³ See for example AI Patents, online: <<http://www.aipatents.com>>.

³⁸⁴ [AppColl](http://www.appcoll.com/), online: (2018) Patent & Trademark Docketing Software <<http://www.appcoll.com/>>.

³⁸⁵ “Application of AI technologies to IP Processes - Japan Patent Office”, August 22, 2017, online: <<https://www.lexology.com/library/detail.aspx?g=ae8d79a4-540f-4eb9-84ab-d98d8385b00d>>; <<http://www.ipwatchdog.com/2017/07/27/role-artificial-intelligence-intellectual-property/id=86085/>>. North Carolina based AI Patents (online: www.aipatents.com) had secured USPTO contracts to test its AI-driven patent search software for patent examination pre-screening; see online: <<https://www.aipatents.com/TrustedByGovernment.pdf>>. See generally WIPO’s survey on use of AI by international patent offices- WIPO, UN WIPO/IP/ITAI/GE/18/1 (8 February 2018), available online: <http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ip_itai_ge_18/wipo_ip_itai_ge_18_1.pdf>.

the Korean Intellectual Property Office having adopted this technology for domestic use.³⁸⁶

All of this begs a challenging question- how long before AI driven software can interact with inventors and automate the entire patent drafting process? In a recent debate hosted by CIPA, the majority of panelists seemed to believe that such technology may be operable by as soon as 2025.³⁸⁷ New providers are already lining up to develop this technology.³⁸⁸ Along with all of this comes the inevitable debates regarding entitlement to practice. The border skirmishes have already begun between the licensed profession and new forms of mass-market intellectual property service providers.³⁸⁹ As the patent agent profession begins to feel the disruption caused by these new technologies, it is inevitable that the issue of regulation will move to the forefront.

4.1(v) Democratization of Invention, Democratization of Patent Agency and the Patent Discourse

The patent system has served many objectives- “systems of intellectual property right, mechanisms of technology transfer and blockage and information systems, and at different times and places succeeded or failed on each of these levels.”³⁹⁰ In its earliest days, broad dissemination of knowledge was a central feature of the patent system and practice, and in recent years, it can doubtful whether this is a key objective (if it is

³⁸⁶ [“WIPO Translate: Republic of Korea is First to Adopt WIPO’s ‘Artificial Intelligence’ - Powered Patent Translation Tool”, online: \(24 May 2018\), World Intellectual Property Organization <http://www.wipo.int/pressroom/en/articles/2018/article_0004.html>](http://www.wipo.int/pressroom/en/articles/2018/article_0004.html)

³⁸⁷ James Nurton, “Could a Computer do Your Job?”, online: (3 November 2018), Managing Intellectual Property, <<http://www.managingip.com/Blog/3502938/Could-a-computer-do-your-job.html>>. The question posed for the debate was whether or not, within the next 25 years, a patent will be filed and granted without human intervention, with the audience voting “roughly 80-60 in favour of the motion ‘This House believes it is inevitable that, within 25 years, a patent will be filed and granted without human intervention’”.

³⁸⁹ The high-profile battles between online legal service provider, LegalZoom, and the U.S. legal profession are well-documented. See *e.g. Medlock v Legalzoom.com, Inc.*, LEXIS 362 (SC 2013). Recently, LegalZoom has faced unauthorized practice of law issues in the intellectual property space; see “LegalZoom Allegedly Engages in the Unauthorized Practice of Trademark Law”, online: (28 March 2018) The IPLaw Blog, <<https://www.theiplawblog.com/2018/03/articles/ip-law-blog-lawyers-in-the-news/legalzoom-allegedly-engages-in-the-unauthorized-practice-of-trademark-law/>>. See also “May The LegalForce Be With You: California IP Firm Sues To Stop LegalZoom’s Unauthorized Practice Of Trademark Law”, online: (19 December 2017) McCabe Law IP Ethics, <<https://www.ipethicslaw.com/may-the-legalforce-be-with-you-california-ip-firm-sues-to-stop-legalzooms-unauthorized-practice-of-trademark-law/>>.

³⁹⁰ *Supra* note 128 at 93.

achieving this objective at all).³⁹¹ These changes are the result of fluctuating socioeconomic conditions and technological advance. But socioeconomic changes and technological advance also have a profound impact on patent agency, which in turn impacts the patent system itself.

We are now entering a new Industrial Revolution. Access to information, access to means of production (such as 3D printing), access to source material (such as file sharing) and AI are the driving forces behind this new revolution. The on-campus hackathons and maker-spaces of the current industrial revolution are similar to the artisanal yards and engineering shops of the first industrial revolution. Here, education, experimentation, ‘tinkering’ and invention all intermingle, each equally important to the creation of a new atmosphere in this new industrial revolution. Within this atmosphere, we are returning to the democratization of invention.

In the days of the first industrial revolution, patent agency and the patent narrative organized itself around the culture of democratized invention. The seeds of the patent narrative grew from the inventive spirit and liberty of the individual inventor, and patent agency served this humble master. As Inkster states, “patent agency owed little obligation to elites, whether political or cultural.”³⁹² However, the rise of corporate domination over the patent system, internationalization of the patent system, professionalization as a mechanism of organizing labour and the emergence of patent agents as a distinct interest group have all contributed to the disconnect between the patent system and the individual inventor. Patent agency, in many ways, became elitist.

The centuries old stability in our patent system may lead us to believe that the core elements upon which it currently rests are somehow mandatory and permanent. However, as demonstrated herein, much of the current system was developed during an era of “significant change, experimentation, and development in the nature of patent rights, the patent system’s institutional structure, and the basic doctrines of patent

³⁹¹ See *e.g.*, Alan Devlin, “The Misunderstood Function of Disclosure in Patent Law” (2010) 23 Harv J L & Tech 401 at 403; Mark A. Lemley, “The Myth of the Sole Inventor” (2012) 110 Mich L Rev 709 at 745.

³⁹² *Supra* note 128 at 91.

law.”³⁹³ Thus, according to Gregory Reilly, “recognizing that the roots of our patent system lie in the 19th century can provide useful insights into on-going debates about whether, and to what extent, long-standing foundational aspects of the patent system should be altered.”³⁹⁴ The technological challenges likely to result from the new industrial revolution will pose new challenges to our patent system, and the question of what foundational aspects require altering are also likely to follow.

Some have begun to question whether essential aspects of substantive patent law, such as term and scope of protection and standard of obviousness, require substantial revision in light of disruptive technologies such as 3D printing³⁹⁵ and AI driven invention.³⁹⁶ And while it is important that we remain cautious about making significant changes to the patent system that might “disrupt the settled expectations of the inventing community”³⁹⁷, if the nature of the inventive community itself is being disrupted, then change may be necessary.

In recent years, the effect of patent law administration on the development of substantive patent law has gained academic prominence.³⁹⁸ As Clarisa Long states, the USPTO’s considerable discretion “to establish regulations that ‘govern the conduct of proceedings in the office,’ that ‘facilitate and expedite the processing of patent applications,’ and that ‘govern the recognition and conduct of agents, attorneys, or other

³⁹³ Gregory Reilly, “Our 19th Century Patent System” (2018) 7:2 IP Theory 3 at 3.

³⁹⁴ *Ibid* at 18.

³⁹⁵ David Hricik, “Will Patenting Make as Much Sense in the Regime of Weakened Patent Rights and Shorter Product Life Cycles?” (2017) 20 Vand J Ent & Tech 457. (arguing that the combination of recent changes in patent law, administrative procedures and new technologies – such as 3D printing – significantly call into question the value of patent protection for a variety of products).

³⁹⁶ Ryan Abbott, “Everything is Obvious”, (2017) UCLA L Rev, Forthcoming 1 <<https://ssrn.com/abstract=3056915>> (arguing that developments in AI-driven inventing may lead to a substantial number of inventions being considered obvious absent a significant rethinking of the doctrine). For an interesting commentary on this piece. See Lisa Ouellette, “We Robot Comments on Ryan Abbot's Everything is Obvious”, (27 April 2018), Patent & IP blog, discussing recent news & scholarship on patents, IP theory & innovation (blog), online: <<https://writtedescription.blogspot.com/2018/04/we-robot-comments-on-ryan-abbots.html>>.

³⁹⁷ *Corporation Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 152 L ED (2d) 1831 (S Ct 2002)

³⁹⁸ See e.g. Berkeley Law, “22nd Annual BCLT/BTLJ Symposium”, online: (12 April 2018) <https://www.law.berkeley.edu/research/bclt/upcoming-events/2018-bcltbtlj-symposium/agenda/>. “The Administrative-Private Law Interface in IP”, online: (29 March 2018) Harvard Law School, <<http://hls.harvard.edu/event/the-administrative-private-law-interface-in-ip/>>.

persons representing applicants or other parties” and the “seemingly mundane procedural changes” flowing therefrom may “have resulted in the most profound changes in U.S. patent policy and practice since 1836.”³⁹⁹ Several recent studies have raised the possibility that biases inherent in patent office administration processes, such as patent office funding, patent examiner hiring, and routine patent examination frameworks may have significant impacts on the development of substantive law.⁴⁰⁰ Yet few to date have comprehensively examined the effect of patent agent practice, and the regulation thereof, on the development of substantive patent law.

Coincidentally, as we re-enter a period of democratized invention, many scholars are also beginning to propose changes to the patent system that mimic many aspects of early 19th century patent law and practice. Some have proposed that standards of patentability should be increased through patent application examination by individuals of exceptional technical expertise⁴⁰¹ or incorporating aspects of scientific peer review⁴⁰², elements that the scientific community lobbied for in the early 19th century. Along with a renewed interest in use of patent information have come suggestions on how to improve access to, and use of, patent disclosures.⁴⁰³ It has also been suggested that we begin engaging in forms of patent experimentation, changing various patent law variables assess their impacts on promoting, or hindering, innovation.⁴⁰⁴

Despite a return to democratized invention, the return of original utility functions of the patent system and a variety of reform suggestions which re-invigorate early 19th century patent law practices, the question of patent agency remains overlooked. This is surprising given the substantial impact of patent agency on the development of patent law over the course of the 19th century. Much of substantive patent law evolved through the

³⁹⁹ *Supra* note 361 at 1980-981, 1988.

⁴⁰⁰ See *e.g.* Melissa F. Wasserman & Michael Frakes, “Patent Office Cohorts” (2016) 65 Duke L J 1601. See also Melissa F. Wasserman & Michael Frakes, “Does Agency Funding Affect Decision making? : An Empirical Assessment of the PTO’s Granting Patterns” (2013) 66 Vand L Rev 67.

⁴⁰¹ Lisa Larrimore Ouellette, “*Pierson*, Peer Review, and Patent Law” (2016) 69 Vand L Rev 1825.

⁴⁰² See “[About Peer to Patent](https://www.peertopatent.org/)”, online: (2018) *Peer to Patent* <<https://www.peertopatent.org/>>.

⁴⁰³ Lisa Larrimore Ouellette, “Do Patents Disclose Useful Information?” 25:2 (2012) Harv JL & Tech 1. See also *Supra* note 380.

⁴⁰⁴ Lisa Larrimore Ouellette, “Patent Experimentalism” (2015) 101 Virginia Law Review 65.

“learning by doing” of the patent practitioners.⁴⁰⁵ Indeed, what patent law currently looks like was largely discovered through the interaction of stakeholders- inventors, investors, manufacturers, agents - and the intermediaries cannot be overlooked in this equation.⁴⁰⁶ As Morriss and Nard state:

Why did these principles and procedures evolve through practice rather than through legislation (between the 1793 and 1836 Acts)?... how to change patent law was something patentees, patent lawyers, and patent agents had to first figure out. Indeed, lawyers and others had to first discover that they were patent lawyers and patent agents – the discovery of a specialized role for these intermediaries was itself the result of entrepreneurial activity.⁴⁰⁷ (emphasis added)

As we enter the new industrial revolution, where we have started to see the return of democratized invention as well as the slow erosion of the discrete boundaries of professionalization in many fields, including patent agency, it seems that democratized forms of patent agency may be returning. Thus, the question of regulation of patent agency can no longer be avoided. Considering new forms of patent agency, including rethinking the form and scope of regulation, may be one of the simplest mechanisms of change, requiring very little in the way of variations to substantive law. The disruptive results may be more political than legal, potentially disrupting the political power of one very influential interest group – patent agents – and facilitating the coalescing of new interest groups surrounding independent inventors, users of inventive information and small-to-medium enterprises.

The significance of this cannot be overstated. What is at stake in the democratization of patent agency is more than providing access to services for traditionally under-served market segments. New patent practice processes and institutions, serving an emerging class of historically under-represented clientele, will likely lead to substantive developments that benefit this emerging interest group. The main substantive aspects of what patent law looks like today was co-developed through patent practice, between patent practitioners and the patent office in the early days of

⁴⁰⁵ *Supra* note 94 at 231.

⁴⁰⁶ *Supra* note 126 at 22.

⁴⁰⁷ *Supra* note 94 at 229.

patent agent practice. These practices were recognized by other institutional decision makers, such as courts and legislators, and influenced development of international patent law treaties, networks and institutions. Thus, like Escher's famous painting of one hand drawing the other, patent agency has shaped the major patent institutions and those institutions have defined patent agency, and together, they have historically co-evolved the patent system.⁴⁰⁸

4.2 THE (IL)LEGITIMACY OF PATENT AGENT REGULATION

4.2(i) *The Global Patent Discourse and Patent Agent Governance*

Examining the global patent system from within the unique perspective of patent offices around the world, Drahos witnesses first-hand the narrative created by what he calls a 'private governance network'. According to Drahos, the patent system is "patent law as administered by various actors such as patent offices, courts and the patent attorney profession."⁴⁰⁹ Viewing the patent system from the lens of these stakeholders, one sees that much of the harmonization of the global patent system takes place not through international treaties, but through a form of 'invisible harmonization', which is a "quiet technocratic cooperation" between patent offices and agents around the world.⁴¹⁰ The large corporate users of the patent system have a very strong incentive to encourage uniformity and cooperation between patent offices, in order to maximize efficiency in obtaining global patent protection.⁴¹¹

Thus, corporate users of the patent system, their patent agents and patent offices form this insider, private 'governance network', a network that harmonizes international patent practice outside of the traditional mechanisms of public accountability.⁴¹² From this perspective, international patent practice might be one of the most entrenched forms

⁴⁰⁸ Drahos, *supra* note 214 at 80.

⁴⁰⁹ *Ibid* at 6.

⁴¹⁰ *Ibid* at 5.

⁴¹¹ *Ibid* at 3-4,9.

⁴¹² *Ibid* at 288. "Patent systems in their present form represent deep concentration of power and dominance, in which networks of big businesses, patent attorneys and patent offices cooperate to produce an insider governance of the system... as we have seen patent attorneys and patent offices have over the decades colluded in the development of patent claim drafting techniques to overcome publicly mandated restrictions on patentability... through technical cooperation they bring about a process of invisible harmonization. In the name of capacity building they foster simple imitation."

of regulatory capture, resilient against many of the typical forms of political and legal accountability. Drahos' summary of the situation is worth quoting in its entirety:

There are of course public accountability mechanisms for patent offices. As we have seen in preceding chapters, they are part of public service department structures and the heads of patent offices are ultimately answerable to politicians, such as ministers who in parliamentary systems are responsible for government departments. However, the formal mechanisms of public accountability that operate here are meaningless. Patent rules do not get decided at the ballot box. Tax, law and order, and public health services are the stuff of election campaigns. Patents are not. The patent system is so densely technocratic that politicians do not take the lead on patent policy unless an industry lobby dictates a clear direction... The real accountability of patent offices lies with the private governance network of the large businesses that dominate patent applications.... Every patent office proposal for reform is carefully scrutinized by the patent attorneys that represent the large players. The business networks that surround the patent offices are amongst the most watchful and expert in the world. The displacement of public accountability mechanisms by private networked power is, in the case of patent offices, not a new phenomenon. Business networks have been co-evolving with patent offices for at least 100 years. Public accountability mechanisms are the convenient front men of legitimacy. They help hide the fact that an organization created to represent the public under a social contract has become deeply intertwined and absorbed by a private governance network.⁴¹³ (emphasis added)

How is it that this entrenched form of capture has come to exist, and why is it so difficult to challenge this system? As we have seen, for several reasons, what happens in the patent office is just as important to the development of patent law as what happens in courts.⁴¹⁴ In this regard, patent agents, as an interest group itself, have, along with patent offices, been able to 'co-evolve' the patent system in directions favourable to the profession and their most influential clients.⁴¹⁵ It is here that the patent agent profession has gained "considerable influence of global patent policy."⁴¹⁶ Patent agents have, through lobbying and other acts of persuasion, influenced patent offices to accept certain

⁴¹³ *Ibid* at 288-289.

⁴¹⁴ *Ibid* at 11.

⁴¹⁵ *Ibid* at 80.

⁴¹⁶ *Ibid* at 87.

norms, rules and behavior⁴¹⁷, which no doubt favour both the profession and the large corporate clients the profession predominantly serves.⁴¹⁸

Around the globe, many patent office officials are less than ‘enchanted’ with the patent profession, viewing them as a “tightly controlled monopoly squeezing rents out of business, often in exchange for comparatively little service”.⁴¹⁹ Despite this fact, patent offices around the world are clear that maintaining good relations with the patent agent profession is a priority for them.⁴²⁰ Furthermore, “legislators and ministers in many countries generally do not understand the extent of regulatory capture of patent offices” and tend to be reliant on patent offices and agents “for advice, advice that tends to be of a predictable kind.”⁴²¹

Patent agents in many countries operate under a form of self-regulation, regardless of whether actually granted self-regulatory authority by statute, given that the “cosy networked relationship between the professional body that represents patent agents and the patent office” has afforded the patent profession a tremendous amount of professional freedom.⁴²² With non-existent political oversight, it is unlikely that any form or progressive patent law or practice reforms will be led by the profession itself.⁴²³ This system, largely influenced and evolved by the profession, has also afforded them a very lucrative practice niche, and it is for this reason that “patent [agents] live in fear of deregulation.”⁴²⁴

Over many years, this influence of patent agents and offices has coalesced into a dominant discourse. What happens when this discourse excludes the interests of large segments of the population, such as independent inventors, small-to-medium enterprises

⁴¹⁷ *Ibid* at 290.

⁴¹⁸ *Ibid* at 80, 287. “The principle players that have most influenced the evolution of the current system of governance have been the big business owners of patents, the patent attorney profession and the lead states in terms of patenting.”

⁴¹⁹ *Ibid* at 309.

⁴²⁰ *Ibid* at 399.

⁴²¹ *Ibid* at 296.

⁴²² *Ibid* at 311.

⁴²³ *Ibid* at 312.

⁴²⁴ *Ibid* at 14.

and consumers of invention information? As these atomized interests are widely dispersed compared to the tight-knit patent agent and patent office interest groups, it is difficult for these groups to influence institutional decision makers. How then does one go about disrupting this dominant discourse?

Drahos bluntly advocates that as one of the first mechanisms of accountability, patent offices need to be less connected to the patent agent profession.⁴²⁵ Specifically, what is required are mechanisms that push the patent agent profession “out of its comfort zone of self-regulation.”⁴²⁶ Forming separation between the patent office and the patent agent profession will create space for new outsider groups, groups with technical expertise in patent practice but independent from the profession and patent offices, to enter into and begin to influence the patent system.⁴²⁷ Creating separation between the profession and the patent office will generate new and different information flows to institutional decision makers, including patent offices, legislators and courts, and help challenge the current dominant patent discourse.⁴²⁸

4.2(ii) Canadian Patent Agent Governance – What Challenges Lie Ahead?

The Canadian patent agent regulatory framework exhibits many of the same indicia that contributed to the decline of self-regulation generally in both U.K. and Australia. For example, the Canadian patent agent profession is one of the few Canadian federally self-regulated professions. The Canadian profession has historically exhibited an over-proximity between the regulated and regulator, namely, patent agents and CIPO respectively. Furthermore, this over-proximity has included a hyper-influence of the patent agents’ professional association, IPIC, in matters of regulation, with the overlap between IPIC and CIPO being practically inseparable.

Furthermore, the current Canadian patent agent regulatory regime bears tremendous similarity to other Canadian professions with respect to over-emphasis on competency as the central ‘public interest’ concern to the exclusion of various other

⁴²⁵ *Ibid* at 294.

⁴²⁶ *Ibid* at 214 at 311.

⁴²⁷ *Ibid* at 311.

⁴²⁸ *Ibid* at 296.

public interest considerations. Similar to other Canadian self-regulated professions, regulation of Canadian patent agents began as a matter of professional ethics. Competence was not a prevailing concern, and in fact, in many jurisdictions, there is little documented historical evidence of practitioner incompetence justifying regulation of the profession. Following regulation, ethics took a back seat to competency to the point that ethics, in Canadian patent agent regulation, is almost a non-existent concern. Competency, however, has become the only focus, to the point that the entire regulatory framework has become structured around an ambiguous concept of competency that has been poorly validated and lacks substantial empirical connection to defined public interests.

With respect to the current Canadian patent agent regulatory framework, to briefly summarize some of the specific facts set out under Chapter 3.3:

- an annual payment of public funds to the IPIC *organization*, as opposed to the *individual* IPIC appointed *members* of the Patent Agent Examination Board, for ‘exam administration and development’, funds which are used non-transparently and with no accountability to the public;
- the IPIC *organization* has been solely responsible for all aspects of standard setting and examination development, with practically no accountability or transparency regarding this work;
- the IPIC *organization* hires its own psychometric expert, who ‘coaches’ only IPIC Patent Agent Examination Board members and IPIC committees on standards and exam setting; no one from CIPO, including the Chairperson of the Patent Agent Examination Board, have ever participated in, or have any knowledge of the details of these ‘coaching’ sessions;
- the IPIC *organization* has been an active lobbyist for the interests of the Canadian patent agent profession, and for several decades has actively lobbied for raising the standards for entry to the Canadian patent agent profession;
- the IPIC *organization* offers what is practically the only examination training and preparation program available in Canada, which program is referenced by CIPO as being the key resource for examination preparation;

- frequent unannounced changes in exam format and marking create a perception of arbitrariness, which enhances the perception of bias as an attempt to adjust marking distribution;
- communications between members of the Patent Agent Examination Board and the IPIC *organization*, including the Chairperson of the Examination Board, with regard to detailed analysis and recommendations pertaining to exam development and administration;
- patent agent examinee candidates, other professional organizations and other government reports have all commented on the perception of bias created by the over-proximity between IPIC and CIPO in the governance of the patent agent profession; and
- the current Canadian patent agent examination appears to have by far the lowest pass rate of any comparable jurisdiction in the world.

Competency-based entry-to-practice standards appear to be having a detrimental effect on public access to service. Client capture dominates the Canadian patent agent profession, with the overwhelming percentage of patent agent work consumed by large corporations and foreign clients. In many respects, client capture was the motivating factor for establishing and maintaining a regulatory framework for Canadian patent agents. Recent studies show that many Canadian market segments made up of individual inventors and small-to-medium enterprises lack access to meaningful intellectual property services, and studies from comparable jurisdictions have pointed to patent agent regulation as a key contributing factor to this problem. U.S. and Australian studies have demonstrated patent agents generally command higher rates than regular attorneys, and although there is no similar Canadian study, it is reasonable to expect comparable statistics in Canada given that the Canadian profession is far more stringently regulated than these jurisdictions.⁴²⁹

⁴²⁹ *Supra* note 310 at 39-40. *Supra* note 20 at 408. “Patent-attorney billing rates are generally higher than those of agents and many non-Patent-Bar-member lawyers. Some inventors and potential infringers may not be able to afford these more expensive services and therefore may not pursue certain matters in the USPTO.” Although Canadian patent agent regulation does not distinguish between agents and attorneys, given that the profession is far more stringently regulated than in the U.S., this study at least raises the possibility that the same situation may hold true in Canada.

The current licensing examination process demonstrates serious validation issues. There has been little historical effort to validate standards, examination content or constructs. Each year, the examination is developed and administered by a small group of individuals with practically no objective validation. The profession's influence over the examination process has created a perception of bias in the regulatory framework. CIPO has had practically no involvement in the development, either historically or on an annual basis, of the exam format, competencies and marking guidelines. IPIC is not accountable to CIPO regarding use of publicly-funded fees earmarked for licensing administration, and CIPO has no information regarding how those funds are used. Similar perceptions of bias in patent agent regulatory frameworks have been documented in comparable jurisdictions.

While much of the foregoing discussion surrounding competency and self-regulation draws considerable similarities between the Canadian patent agent profession and other Canadian professions, there are several key factors that are unique to patent agent practice. Internationally, the patent agent profession, since its inception at the time of the early 19th century, has always been a small, esoteric profession uniquely suited to secure its own political interests. Specifically, patent agents, being a tight-knit, specialized and highly-focused interest group compared to the atomized interests of independent inventors and the general public has allowed patent agents to self-define their own professional domain through political influence and a unique proximity to patent offices. The proximity between patent agents and patent offices, a relationship which in many ways is historically unique, has allowed the two groups to co-evolve and co-develop many aspects of the patent system itself, defining a narrative which serves the interests of patent agents and their corporate clients. Advanced industrialized economies that are net exporters of patent services, a group to which Canada belongs, are particularly sensitive to this phenomenon. Patent agent governance may be the epitome of epistemic capture.

Accordingly, patent agent regulation in many respects is less about public interest as it is about maintaining a dominant narrative. Competency, as the lynchpin of this narrative, is as flexible as the patent system itself. Since the beginning of Western patent systems, patent agents as a unique profession have taken an active role in defining the

social patent narrative, and with it, their own social role. Thus, competency in many ways is synonymous with administrative efficiency- competency maintains a set structure for the patent system between the patent office, patent agents and the major corporate filers, each as an interest group in and of themselves. Efficiency in and of itself is not objectionable, and in many ways, is a desirable objective. But what happens when this dominant narrative, sealed closed at the point of ‘competency’, fails to accommodate for the needs and interests of large groups of individuals, such as individual inventors and small-to-medium enterprises? What happens if this narrative fails to consider broader public interests in access to and dissemination of knowledge? How will patent agency respond to future technological developments, such AI-driven solutions and other technological developments, which threaten to disrupt the nature of patent agency? With competency being the cornerstone of this narrative, challenging the narrative may require the uneasy task of challenging the concept of patent agent competency.

PART 2: ADMINISTRATIVE LAW, CAPTURE AND PATENT AGENT REGULATION

CHAPTER 5

ADMINISTRATIVE LAW - SUBSTANTIVE REVIEW AND PROCEDURAL FAIRNESS

Part 1 of this thesis has set the stage for the significance of patent agent competency and regulation, not only in the narrow sense of effect on access to patent services, but also its impact in supporting and maintaining a social patent narrative. As Part 1 concluded, if one wishes to challenge this dominant narrative, one of the leading options is to challenge the regulatory framework surrounding patent agency and specifically, patent agent competency.

Part 2 of this thesis will explore the available legal mechanisms under Canadian law for challenging self-regulatory, entry-to-practice competency standards. This analysis will explore the available administrative law mechanisms for challenging self-regulatory, entry-to-practice standards, with the following Chapter focusing on administrative law challenges to the reasonableness of such standards.

5.1 SUBSTANTIVE REVIEW AND THE REASONABLENESS OF COMPETENCY BASED ENTRY-TO-PRACTICE STANDARDS

5.1(i) Introduction – Reasonableness Dissected

To date, there has been a paucity of cases challenging the substantive legality of professional competency-based entry standards, and even fewer pertaining directly to licensing examinations. Many of the cases cited herein do not relate directly to competency-based *entry* standards, rather, they deal with self-regulatory bodies and rule-making pertaining to practice standards for individuals who are *already* members of the profession. Both sets of cases pertain to self-governing bodies' authority to define who may and may not practice the licensed profession and how they may practice. Thus, much like competency-based entry standards, cases relate to self-regulatory bodies' ability to create a boundary between an 'inside' and an 'outside' of the profession. While there are certainly legal distinctions between entry qualifications for those who are

‘outside trying to get in’ the profession and governance situations involving those who already within the profession, for reasons discussed below, many of these cases are persuasive for this current analysis.

Coincidentally, one of few cases relating to licensing examinations comes from within the area of patent agent licensing- the 2011 *Engfield v. Canada* (Attorney General) decision.⁴³⁰ This decision is significant in that it highlights issues prevalent in numerous cases involving substantive review of competency-based entry standards. What is the level of deference self-regulatory boards are entitled to when setting competency-based standards? How does one properly characterize a substantive versus a procedural issue? How are the issues defined and how does one prove their case? What evidence is required, how is it acquired and how should it be presented?

The self-represented applicant in *Engfield* had failed three of the four papers of the Canadian patent agent examination. He requested a grade appeal, which led to no change in his marks. He appealed to the federal court (rather than an application for judicial review) loosely alleging that that setting of the exam and the marking of his examination were unreasonable.⁴³¹ The applicant requested that the court effectively substitute the marks he believed he was entitled to for the marks he had received, which ultimately would have allowed him to pass the examination.

The court acknowledged the daunting pass rate statistics and challenging nature of the examination.⁴³² However, the court stated that “[t]he functions of setting and marking the annual fall squarely within the Board’s specialized expertise and it is fully entitled, as it has done, to set exacting standards for entry to this profession.”⁴³³ In this regard, the court stated that the Patent Agent Examination Board is entitled to a high degree of deference in setting and marking the patent agent examination.⁴³⁴

⁴³⁰ 2011 FC 1386, 2011 CF 1386, 2011 CarswellNat 5066 [*Engfield*].

⁴³¹ *Ibid* at para 8. The court specifically highlights that the applicant misunderstood the difference between appellate review before the Board and judicial review before the court.

⁴³² *Ibid* at para 7.

⁴³³ *Ibid* at para 8, para 11: “The Board has appropriately adopted very exacting standards for gaining admission to a very exclusive and learned profession.”

⁴³⁴ *Ibid* at para 11.

The court also highlighted the challenges in clearly discerning the applicant's grounds for review. The applicant appeared to be arguing either that the exam was too challenging or that he believed he was entitled to greater marks on his exam than he was awarded, and accordingly, the examination was unreasonable. The court characterized this as a "substantive, albeit misguided, attack on the test results before the Court."⁴³⁵ The applicant presented no clear evidence of unreasonableness, with the court stating that the "fact that he is able to advance a more favourable interpretation of his answers than that adopted by the examiners is no basis for concluding that the appeal results were unreasonable."⁴³⁶

The court stated that whatever legal obligations might be owed to the applicant, they were at best minimal and were largely procedural in nature. The Board was required to act in good faith and only in instances where the record demonstrated that the Board manifestly failed to assess a candidate's answers would a court intervene on review.⁴³⁷ Regarding procedure, the court stated that "the Board has no duty to provide reasons beyond the provision of the marking guides, the examination questions, the answers and the record of the conclusions reached by the reviewers."⁴³⁸ As the record showed that the applicant received all of the foregoing, and that the reviewers did in fact mark his exam in accordance with the marking guides, the court dismissed his review.⁴³⁹

The way that courts have approached these issues and how courts have viewed their role on judicial review has changed considerably in the pre and post *Dunsmuir* eras. In the pre-*Dunsmuir* years (pre-2008), as well as the years following shortly after *Dunsmuir*, courts conflated substantive and procedural issues, inadequately articulated the issues on review and most importantly, were quick to set aside decisions of the self-regulatory bodies on substantive grounds. However, in recent years, this trend has

⁴³⁵ *Ibid* at para 14.

⁴³⁶ *Ibid* at para 11.

⁴³⁷ *Ibid* at para 11.

⁴³⁸ *Ibid* at para 14.

⁴³⁹ The applicant in *Engfield* appeared to misunderstand the scope of judicial review and put together a confused case, citing little precedent and struggling to frame the issues at play in his case. This may have contributed to the brevity of the applicant's dismissal.

slowed and particularly, the level of deference afforded to self-regulatory bodies has increased significantly.

A good example of the way courts approached review in the pre-*Dunsmuir* era is the 1993 *Brett v. Board of Directors of Physiotherapy (Ontario)* decision.⁴⁴⁰ In *Brett*, a licensed physiotherapist was charged by the profession's regulatory board with three cases of misconduct under regulations passed pursuant to the *Drugless Practitioners Act, 1925*.⁴⁴¹ The regulations in question permitted the board to set standards governing professional 'misconduct', which misconduct included "failure to maintain the standards of practice of the profession" and "permitting, counselling or assisting any person to engage in the practice of physiotherapy whom the physiotherapist knows or ought to know is not registered as a physiotherapist".⁴⁴² Pursuant to such authority, the board set "Standards of Practice" guidelines which prohibited registered physiotherapists from 1) treating more than 5.5 patients per hour, 2) having more than one auxiliary staff member employed per physiotherapist and 3) permitting auxiliary staff and students from administering treatment, in its entirety, without a physiotherapist having had contact with the patient.

The applicant was charged and found guilty of violating all three of the above-referenced standards and on request for judicial review, challenged verdict as being unreasonable. Although not pertaining directly to entry-level competency-based qualifications, the standards did concern acceptable "modalities of physiotherapy treatment" separating and distinguishing acceptable involvement of individuals deemed competent (i.e. registered practitioners) and incompetent (i.e. staff and students) in the delivery of professional services.⁴⁴³ As such, *Brett* related to the respective roles and authority of self-governing bodies and courts in assessing the boundary between competent and incompetent practice.

⁴⁴⁰ (1993), 13 Admin. L.R. (2d) 217, 64 O.A.C. 152, (sub nom. *Brett v. Ontario (Board of Directors of Physiotherapy)*) 104 D.L.R. (4th) 421 (C.A.).

⁴⁴¹ S.O. 1925, c. 49 [DPA]. Note that this legislation was subsequently replaced with the *Regulated Health Professions Act, 1991*, S.O. 1991, c. 18 which applies to over twenty different health professions in Ontario.

⁴⁴² O. Reg. 636/86, s. 1.

⁴⁴³ *Brett*, *supra* note 449 at para 3.

The issue in *Brett* was framed as a review of the Board decision that the applicant was guilty of professional misconduct. The issue was not framed as review of the reasonableness of the Board's interpretation of its "standards of practice" regulatory authority nor as the reasonableness of the impugned "Standards of Practice" guidelines passed pursuant to that authority.⁴⁴⁴ Furthermore, *Brett* involved several other issues, including bias surrounding the role of counsel to the Board in carrying out investigation of the applicant and errors committed during the investigation. At times, the court's reasoning seems to blend these issues into a single analysis.

Regarding the applicant's alleged misconduct due to breach of the impugned guidelines, the court stated that "all [of the impugned guidelines] rest on the assumption that all patient treatment or virtually all patient treatment should be given only by a physiotherapist. If that assumption is not well founded, then findings of misconduct based thereon must fail."⁴⁴⁵ Accordingly, the court conducted a thorough review of the process used to establish the guidelines. The court was highly critical of the fact that the guidelines were established based almost entirely on a single survey distributed to registered practitioners across the province, a survey which the board itself recognized as having shortcomings.⁴⁴⁶ The Board itself acknowledged that it was an 'assumption' that patient loads over the 5.5/hour might place the public at risk⁴⁴⁷ and that in the absence of an evaluative component linking caseloads to outcome measures and ensuring validity and reliability "the establishment of caseload guidelines will remain a somewhat arbitrary

⁴⁴⁴ *Ibid* at para 34. However, the court seemed to question whether the Board had authority to pass the impugned guidelines: "Under s .6 of the *Drugless Practitioners Act*, the board, with the approval of the Lieutenant-Governor in Council, can by regulation make it professional misconduct for a physiotherapist to direct auxiliaries to apply physiotherapy treatments to patients, or to treat more than 5.5 patients per hour on the average, or to hire more than one auxiliary for every two physiotherapists. But that in the long run is a political decision and approval for such regulations is not likely to be given by the Lieutenant-Governor in Council unless such regulations are required in the public interest." The court's interpretation may not have been entirely accurate, given that the Regulation allowing the Board to govern 'standards of practice' had already been approved by the Lieutenant-Governor in Council. Regardless, this may be at best described as *obiter* as it does not appear that the court resolved this question or that its resolution (or lack thereof) was determinative of the outcome.

⁴⁴⁵ *Ibid* at para 16. Also, at para 18: "Indeed, if those guidelines and ratios are not related to the efficacy of treatment, they would appear to have little relevance to the proper practice of physiotherapy."

⁴⁴⁶ *Ibid* at para 21.

⁴⁴⁷ *Ibid* at para 22.

procedure.”⁴⁴⁸ Guidelines pertaining to use of auxiliary staff were developed in a similar manner.⁴⁴⁹

The court did not dispute that increased patient loads could affect competent delivery of services and that there were certain kinds of treatment that should only be delivered by a registered physiotherapist.⁴⁵⁰ However, the court received evidence from several doctors- doctors also being legally entitled to provide physiotherapy services- stating that the impugned guidelines relating to use of auxiliaries was contrary to the way physiotherapy was customarily being practiced in Ontario.⁴⁵¹ The court stated that a professional cannot be charged with professional misconduct where “there exists a responsible and competent body of professional opinion that supports that conduct or judgment.”⁴⁵² The court concluded that:

In the light of that evidence, and even assuming that the great majority of physiotherapists are of the opinion that only physiotherapists should give treatment to patients, I am of the view that the board was not entitled to find that because Brett's clinic employs more than one auxiliary for every two physiotherapists and treats more than 5.5 patients per hour per physiotherapist, that Brett is for those reasons guilty of failing to maintain the standards of practice of her profession.⁴⁵³

In a relatively brief judgement, the Court of Appeal upheld the Divisional Court ruling, stating that:

...the standards of practice purportedly contravened by the respondent were promulgated as a result of the survey referred to in the reasons of the Divisional Court. We agree with its comments with respect to those standards. Although the standards applied purportedly had as their objective the protection of members of the public having resort to treatment by physiotherapists, the method by which the standards were

⁴⁴⁸ *Ibid* at para 21.

⁴⁴⁹ *Ibid* at para 23.

⁴⁵⁰ *Ibid* at paras 26-7.

⁴⁵¹ *Ibid* at paras 28-31. “It appears from the evidence, therefore, that it is common practice throughout Ontario that auxiliaries are allowed to apply most if not all modalities of treatment to patients. It is also clear that medical doctors specializing in orthopaedics and rehabilitation medicine feel that properly trained and supervised auxiliaries are competent to give such treatment.”

⁴⁵² *Ibid* at para 35.

⁴⁵³ *Ibid* at para 31.

established was so flawed that the resulting standards cannot be said to come close to meeting that objective. Consequently, any decision respecting standards of practice based only on failure to meet those standards, as in this case, we consider to be patently unreasonable.⁴⁵⁴

There are many curious aspects to the *Brett* decision. Primarily, with the issue being exclusively framed as reasonableness of the misconduct verdict, it is interesting that the court instead emphasized the reasonableness of the guidelines as the basis for its reasoning. Furthermore, it is not only difficult to understand the relevance of the evidence provided by the several doctors pertaining to the unreasonableness of the guidelines, but also how such evidence was permitted on the record. Ultimately, it is difficult to ascertain a clear set of legal principles from the court's reasoning that would provide direction for self-regulatory bodies, practitioners and future courts.⁴⁵⁵

Things have changed since the time *Brett* was decided. As discussed below, the scope of how and when courts will set aside competency-based standards based on what it considers to be improper validation processes, and the evidence upon which it can base such decisions, has diminished considerably. Furthermore, the scope of discretion afforded to self-regulatory bodies in interpreting and implementing their statutory mandate has increased considerably. Lastly, although there are still many unanswered questions, in the post-*Dunsmuir* era, and especially in recent years, courts of all levels, including the Supreme Court, have provided considerable clarity regarding scope of self-regulatory discretion with respect to setting competency-based standards.

5.1(ii) *Expertise, Legislative Intent and Professional Self-Regulation*

Courts have stated that self-regulatory discretion is grounded not only legislative intent, but also out of recognition of the need for deference to administrative expertise. For example, in *Patterson v. Dental Assn. & College (Alberta)*, three foreign trained dentists initiated the process of becoming licensed dentists in the province of Alberta,

⁴⁵⁴ *Ibid* at para 7.

⁴⁵⁵ The reasoning in *Brett* pertaining to evaluation of competing sets of professional opinions pertaining to acceptable standards of practice appears to have only once been followed. In *Provincial Dental Board of Nova Scotia v. Dr. Clive Creager*, 2005 NSCA 9 (CanLII) at para 36. The Nova Scotia Court of Appeal cites *Brett* for the proposition that: “there is authority that a course of treatment supported by a responsible and competent body of professional opinion does not become professional misconduct merely because there is a differing body of professional opinion. A discipline proceeding is not a laboratory for prioritizing competing but responsible methods of treatment.”

which process involved writing a set of equivalency examinations administered by the Alberta's licensing Tribunal. Upon failing the exams on repeated occasions, the three doctors brought applications for judicial review.

Although decided on procedural considerations unique to the facts of the case and based on the pre-*Dunsmuir* patent unreasonableness standard of review, the court's comments regarding its role in substantive review of professional licensing standards, and the legal justifications supporting its position, are nonetheless reflective of general propositions adopted by numerous courts:

...[T]he real decisions of the [licensing Tribunal] were decisions on the technical qualifications necessary for the practice of dentistry in Alberta.... On that issue, the tribunals appealed from have relative expertise — the courts do not. Given the nature of the issue before the tribunals, the required relative expertise is technical and professional; the courts do not have expertise in matters such as endodontics, removable prosthodontics, fixed prosthodontics, pedodontics, operative dentistry, periodontics, orthodontics. The relative expertise of the Council includes the balancing of the public interest in minimal professional qualifications with the interests of the applicants. The court's expertise is less in balancing public health interests against other claims than in resolving disputes between two parties. Moreover, the mandate given to those tribunals by the Legislature of Alberta was to protect the health of persons residing in Alberta requiring dental care. Professional qualifications are obviously an important component of the public interest in this matter... After weighing all those factors, the court concludes that it owes great deference to these decisions of the [licensing Tribunal]. Indeed, in matters relating essentially to health standards, those tribunals have the right to make “near exclusive determinations”; they are entitled to make decisions, even decisions that are incorrect in law, so long as the decisions are not clearly irrational.⁴⁵⁶ (emphasis added)

The court in *Patterson* stated that the purpose of the licensing legislation was to “protect the health of Albertans who require dental care by ensuring that dentists licensed to practice in this province are at least minimally qualified to do so” and that self-regulation of the profession “allows, and requires, the profession to establish and monitor standards for admission to the practice of dentistry” and “the task of balancing the safety of the public and the interests of individuals who wish to practice dentistry in this

⁴⁵⁶ *Patterson v. Dental Assn. & College (Alberta)*, 2004 ABQB 742, 2004 CarswellAlta 1339 at para 20.

province.”⁴⁵⁷ The court acknowledged both the technical expertise of the Tribunal, with respect to dental competency, as well as its “broad representation of public policy perspectives”, stating that “while the court must be alert to public policy objectives, it does not have the means of obtaining input on public policy objectives.”⁴⁵⁸

5.1(iii) *The Difficulty in Challenging ‘Difficulty’*

The difficulty that most applicants face in attempting to challenge licensing standards is largely evidentiary in nature. Even where courts are seemingly sympathetic to what appears to be unduly onerous standards, without an evidentiary basis or benchmark of what is reasonable or unreasonable, how can applicants legally challenge such standards?

For example, in *Safai-Naini v. Quebec (Attorney General)*⁴⁵⁹, a group of foreign trained physicians sought judicial review after failing Quebec’s licensing examination process, alleging that the process was conducted in bad faith, was unreasonable, arbitrary or discriminatory. The evidence demonstrated that between 1995 to 2001, the pass rate for foreign trained doctors had dropped from 25 percent to 19.3 percent, compared to an average pass rate of 94 to 95 percent for Quebec medical graduates.⁴⁶⁰

While both foreign and domestic trained doctors wrote the same examination, the applicants presented several differences in the examination process which they alleged led to unequal treatment. Foreign trained students had to first pass a qualifying examination that domestic students did not have to pass.⁴⁶¹ Unlike domestic trained students, foreign trained doctors were prohibited from taking a supplemental examination upon failure, instead having to wait until the following year to retake the examination.⁴⁶²

⁴⁵⁷ *Ibid* at para 62.

⁴⁵⁸ *Ibid* at para 61.

⁴⁵⁹ 2002 CarswellQue 1560, JE 2002-1406, REJB 2002-33103.

⁴⁶⁰ *Ibid* at para 14.

⁴⁶¹ *Ibid* at para 33.

⁴⁶² *Ibid* at para 33.

Furthermore, they were not entitled to access a preparation course offered to domestic students as part of the education, and no preparatory assistance was provided.⁴⁶³

The court accepted that differences in requirements between foreign and domestic students was necessary to guarantee the quality of education received in the diversity of schools around the world with curricula and systems which cannot be adequately monitored in Canada.⁴⁶⁴ While the court also acknowledged that the applicants' complaints pertaining to the significantly disparate pass rates between domestic and foreign students "at face value seem plausible", the court stated that it had "no real and verifiable way of knowing why so many foreign trained graduates do not succeed."⁴⁶⁵ With a lack of evidence providing details as to how and why foreign trained students were failing in such greater numbers, the court stated that "it would be wrong for the Court to decline to accord the required curial deference to the College with respect to the manner it has decided to examine these candidates, especially because the written exam is the same as the one written by Quebec medical school graduates."⁴⁶⁶ Thus, in the absence of verifiable record demonstrating the cause of the disparate failure rates, the court dismissed the application.⁴⁶⁷

Similarly, *Togher v. Law Society (Alberta)* centered around Section 37 of Alberta's *Legal Profession Act*⁴⁶⁸ which granted broad authorization to the Benchers to make rules dealing with evaluation of academic qualifications and bar admission.⁴⁶⁹ The applicant, midway through her foreign legal education, was informed that the Law Society of Alberta had changed the foreign accreditation process, switching to the FCA's

⁴⁶³ *Ibid.*

⁴⁶⁴ *Ibid* at paras 36-40.

⁴⁶⁵ *Ibid* at para 42.

⁴⁶⁶ *Ibid* at para 43.

⁴⁶⁷ *Ibid* at para 46.

⁴⁶⁸ R.S.A. 2000, c.L-8

⁴⁶⁹ *Ibid* at s 37(1). The section grants Benchers authority to make rules regarding: evaluation of the academic qualifications of applicants for enrolment as members of the Society or for admission to the Society as students-at-law; bar admission courses and bar admission examinations; special examinations to be taken by an applicant for enrolment as a member of the Society or for admission to the Society as a student-at-law; the period and conditions of articles to be served before an applicant's enrolment as a member; other examinations to be taken or requirements to be fulfilled by applicants for enrolment as members of the Society or for admission to the Society as students-at-law.

NCA examination. It was undisputed that the FCA requirements, which included a series of nine equivalency examinations, were far more onerous than the previous requirements.⁴⁷⁰

The applicant raised a number grounds for review, including a “beguiling” assertion that the Law Society acted outside of its mandate by retaining the NCA to determine foreign legal education equivalency and imposing a higher standard upon students with foreign law degrees than for domestic law students.⁴⁷¹ While the court readily dismissed this argument, Hart J. stated:

I am sympathetic to the proposition that the number of examinations and required subjects is onerous, and in fact appears arguably excessive. However, I do not believe that it would be appropriate to interfere in the decision of the Law Society to defer to the NCA in determining the educational program required to achieve equivalence, even on a standard of correctness.⁴⁷² (emphasis added)

5.1(iv) *Legislative Interpretation and the Range of Acceptable Solutions*

In circumstances involving questions of scope of a self-regulatory body’s governance authority, courts have afforded self-governing bodies considerable discretion in interpreting their enabling statute. For example, in *Basciano v. Assn. of Landscape Architects (Ontario)*, the Association of Landscape Architects [the “Association”] had passed a By-law expanding the definition of the certification title “Landscape Architect” to include a broad range of activities along with a reduction in certification examination standards.⁴⁷³ The applicant challenged the legality of the By-law, arguing that broadening the scope of the activities captured by the ‘landscape architect’ title was

⁴⁷⁰ *Togher v. Law Society* 2005 ABQB 937 at para 9, CarswellAlta 1892 Hart J [Togher].

⁴⁷¹ *Ibid* at paras 31-3.

⁴⁷² *Ibid* at para 33.

⁴⁷³ *Basciano v. Assn. of Landscape Architects* 2008 OJ at para 24, 3751 CarswellOnt 5660 [Basciano]. “The Association adopts an expansive interpretation of the term “landscape architecture”: it views the activities reasonably comprehended by “landscape architecture” to include activities such as urban design, site planning, regional landscape planning, ecological planning and design, heritage conservation, and landscape reclamation and restoration.”

either ultra vires the Association's discretion to act in the 'public interest' or that the By-law was passed for the improper purpose of simply increasing membership.⁴⁷⁴

Interestingly, the *Ontario Association of Landscape Architects Act, 1984*⁴⁷⁵ does not define 'landscape architecture', which the court found to be an "elastic term" granting the Association "liberty to self-define".⁴⁷⁶ In upholding the validity of the By-law, the court stated that the Association's mandate to enact by-laws as well as its 'public interest' mandate granted it broad discretion to set its own professional standards:

Here, the Association has the mandate of regulating the practice of the profession of landscape architecture. With that mandate goes a dual obligation to its constituency of practitioners on one hand and to members of the public on the other. In the discharge of that mandate, the association is empowered by statute to determine the standards that are appropriate and necessary by way of educational and other qualifications for membership. No body is in better position to assess those needs than the Association and it is clearly better placed to make those determinations than the court. The court should therefore defer to the Association's greater expertise.⁴⁷⁷

Despite the foregoing, courts have, in recent years, invalidated competency-based entry standards as unreasonable. In these instances, the matter typically involves particular legislative context and statutory language, and as such, the matter can be characterized as the reasonableness of a self-regulatory body's interpretation of its statutory authority. An excellent example is *Laffin v. Assn. of Professional Geoscientists (Ontario)*.⁴⁷⁸ In issue in *Laffin* was the *Professional Geoscientists Act, 2000*⁴⁷⁹, which

⁴⁷⁴ *Ibid* at 16-17. However, the court at para 43 states that "The heart of the applicant's challenge goes to the wisdom of lowering the bar for qualification for full membership."

⁴⁷⁵ S.O. 1984, c. Pr12.

⁴⁷⁶ *Basciano, supra* note 482 at paras 31-32. "It is a profession that applies artistic and scientific principles to the research, planning, design and management of both natural and built environments. Practitioners use creative and technical skills together with scientific, cultural and legislative knowledge in the planned arrangement of natural and constructed elements on the land. The principles of stewardship, conservation and preservation of natural features are paramount in the practice of landscape architecture. Landscape architects are qualified to render advice on matters related to the planning, design and management of landscapes for human use and enjoyment. Further, landscape architects are trained to have the multidisciplinary education and experience to recognize, analyze, and synthesize the complex issues surrounding land use changes which often result in the design of landscapes that accommodate human activity, while protecting and enhancing the natural processes upon which we depend."

⁴⁷⁷ *Ibid* at paras 44-5.

⁴⁷⁸ *Laffin v. Assn. of Professional Geoscientists* 2011 ONSC 6927, CarswellOnt 15450 [*Laffin*].

⁴⁷⁹ S.O. 2000, c. 13.

governs the practice of professional geoscience but not define ‘geoscience’.⁴⁸⁰

Individuals seeking licensing as a professional geoscientist must meet certain ‘prescribed requirements’, and the Council of the Association of Professional Geoscientists is authorized, subject to the approval of the Minister of Northern Development, Mines and Forestry, to make Regulations “respecting eligibility for membership, standards relating to the practice of the profession, including educational requirements for members, and the discipline of members and certificate holders, including what constitutes professional misconduct”.⁴⁸¹

The applicant in *Laffin* sought licensing as a geoscientist. At the time of her application, s. 8(1)1(i) of the relevant eligibility Regulation stated that applicants must hold:

a four-year bachelor of science degree or its equivalent, awarded by a Canadian university, in an area of geoscience and have at the time of applying at least four years of qualifying work experience, as determined by the Registration Committee, in an area of geoscience that was obtained within the previous 10 years.⁴⁸²

The applicant had completed a four year Bachelor of Science degree with a double major in Geology and Geography and completed the requisite work experience.⁴⁸³ Upon application for licensing, the applicant was informed that upon review of her educational transcript, it was determined that she needed to complete further educational requirements in order to qualify.⁴⁸⁴ A special appeal committee upheld the decision, referencing an Association education guideline, developed pursuant to s. 8(1)1(i) of the eligibility Regulation, which set out detailed sample curriculum course content for

⁴⁸⁰ *Ibid.* Sec. 2(1) defines the practice of professional geoscience as “An individual practises professional geoscience when he or she performs an activity that requires the knowledge, understanding and application of the principles of geoscience and that concerns the safeguarding of the welfare of the public or the safeguarding of life, health or property including the natural environment.”

⁴⁸¹ *Laffin*, *supra* note 487 at paras 5-6.

⁴⁸² Sec. 8(1), O. Reg. 59/01

⁴⁸³ *Laffin*, *supra* note 487 at para 8.

⁴⁸⁴ *Ibid* at para 9. “She was informed that the Registration Committee had decided to defer consideration of her application until she met further educational requirements: two foundation mathematics and science courses, including physics, and two geoscience electives. She was to meet those requirements by June 30, 2012.”

licensing consideration.⁴⁸⁵ As the applicant's course of study was deficient in several respects compared to the guideline, the committee found that additional educational courses would be required for licensing.

On application for judicial review⁴⁸⁶, the superior court, characterizing the issue as reasonableness of the Association's interpretation of s. 8(1)1(i), found the Association's interpretation unreasonable. Applying *Dunsmuir*, the court found that although not explicitly stated, the Association had accepted that s. 8(1)1(i) had granted it authority to review the course content of Canadian university programs to determine whether such curriculum was satisfactory to the Association.⁴⁸⁷ Upon analysis of s. 8(1)1(i) within the context of the entire statutory scheme, the court found it "telling that other parts of the regulation clearly give the authority to the Registration Committee to assess the quality of work experience or to assess the equivalency of a degree... It does not use that language with respect to the evaluation of the requisite Canadian degree."⁴⁸⁸ The court stated that:

The absence of a reference to a discretion to evaluate the content of a Canadian degree is significant. There is no question that the Registration Committee has the authority to determine whether the degree is in an area of geoscience. But once there has been an assessment of the applicant's major field of study, the Committee does not appear to have the authority to specify the particular components of the degree. That appears to have been left to the Canadian universities. For the Registration Committee to go further and evaluate the content of the degree gives the Association a role similar to the power of accreditation...⁴⁸⁹ (emphasis added)

The court distinguished the *Basciano* decision, stating that in *Basciano*, the legislation in question explicitly granted the Association of Landscape Architects authority to prescribe a curriculum and courses of study for students.⁴⁹⁰ Furthermore, the

⁴⁸⁵ *Ibid* at paras 10-4.

⁴⁸⁶ *Ibid* at paras 15-17. Note that the court characterizes the decision as an appeal rather than judicial review, despite applying a judicial review analysis.

⁴⁸⁷ *Ibid* at para 20.

⁴⁸⁸ *Ibid* at para 29.

⁴⁸⁹ *Ibid* at paras 31-32.

⁴⁹⁰ *Ibid* at para 33.

court highlighted the significance of the Regulation-making process, stating that education Regulation required Ministerial approval and was originally passed after rounds of revisions and a public consultation process.⁴⁹¹ If the Association wished to change its educational requirements, it would again have to go through regulatory approval process, “a process that includes an opportunity for notice, as well as public scrutiny and comment from interested stakeholders, including members and prospective members” and approval by the Minister.⁴⁹²

The court’s conclusion, ultimately upheld by the Court of Appeal⁴⁹³, was that:

The Registration Committee and Special Committee never addressed the scope of the Association’s power under the registration regulation. In my view, the decision of the Special Committee, which is the decision under appeal, meets neither part of the reasonableness test in *Dunsmuir*: the decision lacks justification, and it does not fall within the range of possible, acceptable outcomes which are defensible, given the legislative framework. When the wording of s. 8(1)1(i) of the regulation is examined in the context of the regulation as a whole, the *Act* and other similar legislation, the decision to impose additional educational requirements on the appellant was unreasonable. Ms. Laffin has a four year Bachelor of Science degree in an area of geoscience — geography and geology — from a Canadian university. From the material, it appears there is no question that she has met the experience criterion.⁴⁹⁴ (emphasis added)

5.1(v) *Public Interest and Rule-Making Authority*

Decisions such as *Laffin*, involving specific statutory context limiting broad discretion to govern competency-based entry standards, are few and far between. Furthermore, recent Supreme Court and appellate court jurisprudence has set a wide scope of discretion for self-regulatory, competency-based rule making authority. The recent *Green v. Law Society of Manitoba* decision may epitomize this line of jurisprudence. Although not decided in the context of entry-based competency standards,

⁴⁹¹ *Ibid* at para 36.

⁴⁹² *Ibid* at para 37.

⁴⁹³ 2012 ONCA 846, 225 A.C.W.S. (3d) 245, 2012 CarswellOnt 15169.

⁴⁹⁴ *Ibid* at para 38.

Green directly involved competency-based rulemaking in the form of continuing professional development (CPD) requirements for lawyers, and as such, is undoubtedly persuasive.

In *Green*, the Law Society of Manitoba had passed rules regarding mandatory CPD requirements for licensed lawyers. Under the rules, lawyers failing to comply with mandatory CPD requirements would receive several warnings notifying them to comply within a certain timeline. After a certain number of warnings were received, the lawyer in default of their CPD obligations would automatically have their license suspended. The Court begins its analysis by summarizing the issues:

Mr. Green has challenged the impugned rules because he has no interest in complying with them. Since these rules came into force in 2012, Mr. Green has not reported completing any CPD hours. He argues that the impugned rules are unfair because they impose a suspension without a right to a hearing or a right of appeal. Yet Mr. Green has not applied for judicial review of the Law Society's decision to suspend him. He has not complained that the Law Society treated him unfairly. Mr. Green is challenging these rules on these procedural grounds, not for fear of injustice. He is simply not interested in attending a mandated number of CPD activities. Despite these motivations for Mr. Green's challenge to the impugned rules, this Court must now determine whether those rules fall outside the Law Society's statutory mandate.⁴⁹⁵

With respect to rule-setting authority, the Court stated that the standard applicable to the review of law society rules is reasonableness. Citing its decision in *Catalyst Paper*, a case involving the reasonableness of a taxation by-law passed by a municipal council, wherein the Court stated:

It is thus clear that courts reviewing bylaws for reasonableness must approach the task against the backdrop of the wide variety of factors that elected municipal councillors may legitimately consider in enacting bylaws. The applicable test is this: only if the bylaw is one no reasonable body informed by these factors could have taken will the bylaw be set aside. The fact that wide deference is owed to municipal councils does not mean that they have carte blanche....Reasonableness limits municipal councils in the sense that the substance of their bylaws must conform to the rationale of the statutory regime set up by the legislature. The range of reasonable outcomes is thus circumscribed by

⁴⁹⁵ *Green v. Law Society of Manitoba* 2017 SCC 20, [2017] 1 SCR 360 at paras 18-19 [*Green*].

the purview of the legislative scheme that empowers a municipality to pass a bylaw.⁴⁹⁶ [emphasis added]

According to the Court, “a law society rule will be set aside only if the rule ‘is one no reasonable body informed by [the relevant] factors could have [enacted]’ ... this means ‘that the substance of [law society rules] must conform to the rationale of the statutory regime set up by the legislature’”.⁴⁹⁷ The Court stated that:

Similar considerations (as *Catalyst Paper*) are relevant in the context of rules made by a law society. The legislature specifically gave the Law Society a broad discretion to regulate the legal profession on the basis of a number of policy considerations related to the public interest. The Act empowers the benchers of the Law Society to make rules of general application to the profession, and in doing so, the benchers act in a legislative capacity. Further, reasonableness is the appropriate standard because many of the benchers of the Law Society are elected by and accountable to members of the legal profession. While it is true that the public does not directly vote for the benchers, the rules the benchers make apply only to members of the profession. Thus, McLachlin C.J.’s comments in *Catalyst Paper* in the context of municipal bylaws are apt here as well: “. . . reasonableness means courts must respect the responsibility of elected representatives to serve the people who elected them and to whom they are ultimately accountable”⁴⁹⁸ (emphasis added)

With respect to the rationale of the statutory regime, the Court cited *Edmonton City* as supporting the proposition that “the Law Society has expertise in regulating the legal profession ‘at an institutional level’”⁴⁹⁹ and highlighted its previous history of recognizing that self-governing professional bodies have “particular expertise when it comes to deciding on the policies and procedures that govern the practice of their professions”.⁵⁰⁰ In upholding the reasonableness of the mandatory CPD rule, the Court concluded that “the Law Society must therefore be afforded considerable latitude in

⁴⁹⁶ *Catalyst Paper Corp. v. North Cowichan (District)*, 2012 SCC 2, [2012] 1 SCR 5 at paras 24-5 [*Catalyst Paper*].

⁴⁹⁷ *Green*, *supra* note 504 at para 20.

⁴⁹⁸ *Ibid* at paras 22-23. Although the Court did not explicitly cite any cases to support its line of analogy between the self-regulating legal profession in *Green* and a municipally elected council in *Catalyst Paper*, this is in line with both the Court’s own jurisprudence as well as lower court jurisprudence. See *Pearlman v. Law Society* 1991 2 SCR 869, SCJ No 66, CarswellMan 201 [*Pearlman*] at paras 40-3. See also *Basciano*, *supra* note 482 at para 44. “The power vested in the Association’s council to enact by-laws pursuant to s. 7 of the *Act* is analogous to the power vested in a municipal council to enact by-laws under the provincial municipal acts.”

⁴⁹⁹ *Green*, *supra* note 504 at 25.

⁵⁰⁰ *Ibid*.

making rules based on its interpretation of the “public interest” in the context of its enabling statute”.⁵⁰¹

The companion cases of *Sobeys West Inc. v. College of Pharmacists of British Columbia*⁵⁰² and *Alberta College of Pharmacists v Sobeys West Inc.*⁵⁰³ provide a recent look at the reasonableness of bylaws passed by self-regulatory bodies, and specifically, in the context of balancing ‘public interest’ considerations with economic considerations such as cost of services, access to services and competition. Both *Sobeys West* and *Alberta College*, similar to *Green*, followed and applied *Catalyst Paper*’s test pertaining to reasonableness of self-regulatory by-laws, and *Alberta College*, decided shortly after *Green*, provides an early glimpse into *Green*’s impact.

In *Sobeys West*, the College of Pharmacists of British Columbia passed By-laws prohibiting pharmacists from adopting ‘customer incentive programs’ to induce the purchase of pharmacy services, drugs or devices from particular pharmacies or pharmacists.⁵⁰⁴ The College is governed by a Council authorized to pass By-laws for the achievement of several professional objectives, pursuant to its duty to serve and protect the public, such as establishing competency-standards for entry to practice as well as professional ethics standards.⁵⁰⁵ Such By-laws must be filed by the Minister of Health “who may disallow the bylaw or a portion thereof, or declare that the bylaw or a portion thereof will come into force on a specified date.”⁵⁰⁶

The impugned By-law, passed unanimously by a 12-person Council consisting of four public members appointed by the Minister of Health and eight members elected by the College, prohibited members from providing ‘incentives’ to patients for the purpose

⁵⁰¹ *Ibid* at para 24. The Court states: “I agree with the courts below that the Law Society has the authority to do so. The Law Society is required by statute to protect members of the public who seek to obtain legal services by establishing and enforcing educational standards for practicing lawyers. CPD programs serve this public interest and enhance confidence in the legal profession by requiring lawyers to participate, on an ongoing basis, in activities that enhance their skills, integrity and professionalism. CPD programs have in fact become an essential aspect of professional education in Canada. Most law societies across the country have implemented compulsory CPD programs.”

⁵⁰² 2016 BCCA 41, leave to appeal dismissed, [2016] SCCA No. 116 [*Sobeys West*].

⁵⁰³ 2017 ABCA 306 [*Alberta College*].

⁵⁰⁴ *Sobeys West*, *supra* note 511 at para 1.

⁵⁰⁵ *Ibid* at 6-7.

⁵⁰⁶ *Ibid* at para 7.

of inducing them to deliver prescriptions or obtain pharmacy services from the particular member.⁵⁰⁷ The By-law defined incentives as “money, gifts, discounts, rebates, refunds, customer loyalty schemes, coupons, goods or rewards.”⁵⁰⁸ The College asserted that incentive programs could affect fiduciary obligations in the pharmacist-patient relationship as well as leading to a number of ‘potential harms’ including causing patients to defer filing prescriptions until incentive ‘bonus days’, causing patients to repeatedly transfer prescriptions thereby interrupting continuity of care and incentivizing customers to procure more drugs than necessary.⁵⁰⁹

The Superior Court invalidated the By-law as an unreasonable exercise of discretion. The court rejected the petitioner’s claim that the impugned Bylaws were motivated by a desire to protect smaller pharmacies from competition, finding no evidence to support any such assertion.⁵¹⁰ While acknowledging that evidence of ‘actual harm’ was not required, in the case at hand, the Council had passed the impugned By-law based only on conjecture of a possibility of harm.⁵¹¹ The court stated that what was in the ‘public interest’ had to be justified by facts established before the Board.⁵¹²

⁵⁰⁷ *Ibid* at para 11.

⁵⁰⁸ *Ibid* at para 11.

⁵⁰⁹ *Ibid* at para 21.

⁵¹⁰ *Sobeys West Inc. v. College of Pharmacists of British Columbia*, 2014 BCSC 1414 (CanLII) at para 21.

⁵¹¹ *Ibid* at paras 27-9, 33.

⁵¹² *Ibid* at para 29. On this point, it is interesting to note some of the evidence highlighted by the court in support of its conclusion: While the Deputy Registrar of the College had alleged that the Board had received reports regarding substandard practice relating to cash incentive programs, but the evidence demonstrated that there had only been two complaints filed (both of which were after the passing of the Bylaw) (paras 15-6); the Board had commissioned a comprehensive report which concluded that “at that time, there was no evidence that loyalty programs had harmed patients”, and that “if cases of specific harms to customers from such programs became evident, those cases could be dealt with through the respondent’s inquiry and discipline process” (para 17); the Board held a broad public consultation, pursuant to which it “received some 14,000 emails from members of the public. The considerable majority of these emails opposed a prohibition of the incentive programs” (para 19); a letter from the Competition Bureau to the Alberta College of Pharmacists (at the time considering similar Bylaws) stated that “it is not clear from your document that the [Alberta College of Pharmacist’s] views on the impact of inducements on consumer decisions to purchase prescription drugs is based on any empirical evidence. We would respectfully suggest that, without such evidence, it is difficult to conclude that any of the negative consequences associated with this consumer behaviour can be determined.” (para 38); and the letter indicated that such incentive programs may improve access to necessary health services for low income Canadians (para 38). See also para 39 for discussion of the affidavit Ms. Wihak, of Counsel for the petitioners. Upon reviewing the documents produced by the College, she concluded that “The only Documents contained in the nine volumes that relate to actual or potential harm caused by incentives relate to documentation of incidents with regard to the Methadone Treatment Program, and certain pharmacies located in the Vancouver Downtown Eastside, which were engaging in a range of fraudulent and harmful practices in relation to methadone treatments... There are no Documents that relate to any specific harm caused by loyalty points or loyalty programs and pharmaceutical services and prescriptions.”

Four of the twelve Council Members who had voted in favour of the impugned Bylaw proffered affidavits highlighting the risks associated with incentive practice, including ethical concerns involving pharmacist conflict of interest and over-dispensing of drugs.⁵¹³ The court stated that the affiants' evidence "defied common sense", in that "customer purchasing of drugs and devices whose prices will far exceed the value of the incentives offered", and especially for those in vulnerable, low-income populations, it would seem highly unlikely that such individuals would repeatedly fill orders to receive such a comparatively small reward.⁵¹⁴ The court highlighted the overbreadth of the impugned Bylaw in light of its objectives, pointing out several more precise actions the College could have taken to mitigate against the allegedly undesirable conduct, stating that "the broader approach adopted by the respondent is thus unnecessary to meet this concern, and contrary to the public interest in obtaining drugs and devices at the lowest cost."⁵¹⁵ The court concluded that the College's "decision to pass the Impugned Bylaws falls outside the range of possible acceptable outcomes, given the competing public interests, and the respondent's ability to pass bylaws that are narrower in scope to address their reasonable concerns."⁵¹⁶

On appeal, the British Columbia Court of Appeal overturned the Superior Court's finding that the impugned Bylaws were unreasonable. As a preliminary matter, the Court of Appeal addressed the issue of the petitioners' evidence, and the proper scope of an evidentiary record in judicial review of regulatory by-law making authority. To the extent that evidence that was not directly before the Council during the decision-making process was admitted, which evidence included material such as studies regarding incentive programs from other jurisdictions, the Competition Bureau opinion letter and opinions of pharmacists regarding their perceptions of incentive programs, the Superior Court had erred in law.⁵¹⁷ The Court of Appeal acknowledged that under certain limited

⁵¹³ *Ibid* at paras 41-4. The court, at paras 45-6, was critical of the fact that only 4 of the 12 board members proffered affidavits and the lack of corroboration between the opinions of the affiants and the evidence regarding lack of actual complaints.

⁵¹⁴ *Ibid* at para 47.

⁵¹⁵ *Ibid* at para 54.

⁵¹⁶ *Ibid* at para 59.

⁵¹⁷ *Sobeys West*, *supra* note 511 at para 53.

circumstances, a more flexible view of the evidentiary record may be justified, such as where an administrative body is attempting to ‘immunize its decisions from any scrutiny’, situations involving fraud or allegations of bad faith.⁵¹⁸ However, in the case at hand where no such circumstances existed, the Court of Appeal rejected the admissibility of such evidence.⁵¹⁹

Regarding substantive reasonableness, the Court of Appeal stated that the unifying theme of the *Act*, much like other professional regulatory statutes allowing self-governance in the ‘public’s interest’, is that “[t]here can be no doubt that ‘public interest’ in this context extends to the maintenance of high ethical standards and professionalism on the part of the profession.”⁵²⁰ While nothing in the *Act* granted the Council authority to regulate professional fees, similarly, nothing required the Council to ensure that services were provided to the public at the lowest price.⁵²¹

Incentive programs were a matter of concern to the public, and given the evidence, “anecdotal though it may have been in whole or in part”, the Council acted

⁵¹⁸ *Ibid* at para 53.

⁵¹⁹ *Ibid* at para 52: “There is ample authority for the proposition that evidence that could or should have been before the tribunal, but which was not in fact before it, is generally not admitted in judicial review proceedings. The court is reviewing, and must show some deference for, the decision already taken, rather than decide the matter anew on different evidence”. At para 49-50, the Court discussed and cited “Evidentiary Rules in a Post-Dunsmuir World: Modernizing the Scope of Admissible Evidence on Judicial Review” by Lauren Wihak and Benjamin Oliphant in (2015) 28 *Can. J. Admin. L. & P.* 323, wherein the authors advocated a broader approach to the evidentiary record on applications for judicial review of policy-based decisions. Regarding this issue, the Court stated that “any changes to the rules of admissibility going forward will have to permit what the authors refer to as “meaningful review” without effectively transforming judicial reviews into trials – i.e., without ‘judicializing’ the administration of government to a much greater degree than has already occurred. Any change would have to recognize the separate roles of courts and tribunals emphasized in *Dunsmuir*.” Furthermore, at para 69, the Court of Appeal further opined that a lack of formal proceedings, evidence and findings of fact and law, as one would typically find in a formal adjudicative matter, would not violate *Dunsmuir*’s “justifiable, transparent or intelligible” standard. Interestingly, the Court stated that these qualities relate more to reasonableness in procedural, rather than substantive terms, and that the substantive standard of reasonableness may be met by non-adjudicative even where no reasons in the formal sense are provided

⁵²⁰ *Ibid* at para 56. The Court supported this position by citing *Rocket v. Royal College of Dental Surgeons* [1990] 2 S.C.R. 232: “It is difficult to overstate the importance in our society of the proper regulation of our learned professions. Indeed, it is not disputed that the provinces have a legitimate interest in regulating professional advertising. The maintenance of professionalism and the protection of the public are at the heart of such regulations. As Dubin A.C.J.O. put it at p. 371: [unregulated professional advertising] would only encourage the least competent and most unscrupulous dentists to respond in kind to the confusion and detriment of the public and to the diminution of the professionalism of the dental profession. In that respect, I repeat what was stated by Chief Justice Hughes in *Semler v. Oregon State Board of Dental Examiners*, supra, when he stated: . . . the community is concerned in providing safeguards not only against deception, but against practices which would tend to demoralize the profession by forcing its members into an unseemly rivalry which would enlarge the opportunities of the least scrupulous. What is generally called the “ethics” of the profession is but the consensus of expert opinion as to the necessity of such standards.”

⁵²¹ *Ibid* at para 57.

bona fide to address those concerns and “preserve the professional standards of pharmacists across the province”.⁵²² According to the Court of Appeal:

Although the evidence supporting the need for the bylaws was thin, the Council was not, in the absence of a *Charter* challenge, required to select the least intrusive path, nor to wait until there was empirical evidence demonstrating the harm of customer incentive programs. The question was whether, given the expertise of Council members and their concerns, the bylaws represented a reasonable response. This was a question of policy that would benefit from the particular expertise of pharmacists as opposed to a court of law.⁵²³

The Court of Appeal echoed the Superior Court’s acknowledgement that the Council is not a publicly elected body⁵²⁴, but still analogized the case to *Catalyst Paper*, stating that:

Although the Council is of course not elected directly by the public as municipal councilors are, it is elected by the members of the College and includes experienced pharmacists from disparate locations and types of practices, as well as four government appointees. Its meetings are open to the public and various procedural safeguards are in place. As mentioned earlier, bylaws passed by the Council do not become effective until they have been considered by the Minister of Health and are thus subject to a degree of oversight by a government official.⁵²⁵

Furthermore, following *Catalyst Paper*, the Court of Appeal stated that self-governing bodies, much like municipal councils, are not obligated to meet a test of “demonstrable rationality in terms of process and outcome.”⁵²⁶ Applying the foregoing to the facts of the case, the Council was not obliged to adduce evidence of actual harm, and “must be free to take preventative measures before actual harm occurs.”⁵²⁷ On that point, the Court of Appeal was not persuaded that the Council “was required as a matter

⁵²² *Ibid* at para 70.

⁵²³ *Ibid* at para 68.

⁵²⁴ *Ibid* at para 11.

⁵²⁵ *Ibid* at para 61.

⁵²⁶ *Ibid* at para 60.

⁵²⁷ *Ibid* at para 63.

of law to prove that its concerns were ‘justified by the facts established’ before it.”⁵²⁸ Thus, in the Court of Appeal’s view, it was inappropriate to view the reasonableness standard as requiring empirical evidence of harm in circumstances involving weighing of competing public interests and striking the Bylaws down as falling outside of the range of reasonable outcomes because they could have been narrower.⁵²⁹

The companion case of *Alberta College* played out in very similar fashion as *Sobeys West*, taking a somewhat different route with respect to legal analysis only to end up at the same conclusion. The issue was framed predominantly as one of jurisdiction—the applicants argued that in passing the impugned incentive prohibition Bylaws, the Alberta College was acting outside of its legal authority to govern in the ‘public interest’ pursuant to section 3(1)(a) of the *Alberta Health Professions Act*.⁵³⁰

Specifically, the issue was framed as whether “the College has gone beyond its power, and acted ultra vires to regulate the conduct of pharmacies and pharmacists so as to protect the public interest in receiving safe and competent care, and that it has stepped into the area of regulating pricing of pharmaceutical products and services.”⁵³¹ With respect to this issue, it is important to highlight Section 3(2) of the *Health Professions Act* which provided a limit on the application of Section 3(1) ‘public interest’ authority:

A college may not set professional fees, provide guidelines for professional fees or negotiate professional fees on behalf of some or all of its regulated members unless the Minister grants the college an approval under section 27.

Applying the *Dunsmuir* analysis for standard of review, the court stated that the College did not have greater institutional competence than the court in delineating the scope of its public interest mandate in the given circumstances.⁵³² The court reasoned

⁵²⁸ *Ibid* at para 65.

⁵²⁹ *Ibid* at paras 66-67.

⁵³⁰ RSA 2000 c. H-7. The section in question reads “3(1) A college: (a) must carry out its activities and govern its regulated members in a manner that protects and serves the public interest”

⁵³¹ 2016 ABQB 138 at para 37. Furthermore, at paras 51-53, the court pointed out that the same or similar ‘public interest’ language was contained in several other professional regulatory legislation, including the *Agrology Profession Act*, c. A-13.5, the *Regulated Forestry Professions Act*, c. R-13, *Architects Act*, RSA 2000, c. A-44, s the *Engineering and Geoscience Professions Act*, c. E-11 and the *Chartered Professional Accountants Act*, c C-10.2.

⁵³² *Ibid* at para 45.

that the interpretation of the ‘public interest’ mandate was of central importance to the legal system generally, given that the *Health Professions Act* governed 27 other professions outside of pharmacists and therefore consistency in interpretation across professions was important.⁵³³ As such, the court found that the presumption of reasonableness standard was rebutted in favour of the correctness standard.

In the court’s opinion, the limitation that regulatory conduct “must be done ‘in a manner that protects and serves the public interest’ was a clear indication of legislature’s intention that the subject professions did not have unfettered regulatory discretion.⁵³⁴ Turning to Hansard to review legislative history of the *Health Professions Act*, the court recognized that competency of the professions was of significant importance to the legislature⁵³⁵, as was public accountability, transparency and “providing for greater flexibility when it comes to improved choice and access for consumers”.⁵³⁶

Significantly, the court stated that with respect to the public interest, “the legislature clearly saw and drew a distinction between the Colleges’ regulatory functions, in terms of professional self-regulation of practice by its members, and their economic functions.”⁵³⁷ It was legislature’s intention that the licensing and operating of pharmacies, including scheduling of drugs, was to be governed under the companion *Pharmacy and Drug Act* while conduct and competency of pharmacists would be governed under the *Health Professions Act*, hence the inclusion of Section 3(2) of the *Health Professions Act*.⁵³⁸

The court concluded that the impugned inducement provisions had “a clear and direct economic function”⁵³⁹, which amounted to “controlling the way commercial entities (pharmacies) operate and compete amongst themselves in terms of prices offered

⁵³³ *Ibid* at para 47.

⁵³⁴ *Ibid* at para 14.

⁵³⁵ *Ibid* at para 21.

⁵³⁶ *Ibid* at para 20.

⁵³⁷ *Ibid* at para 22.

⁵³⁸ *Ibid* at paras 24, 26. Also, at para 27, “A review of Alberta Hansard as noted above clearly indicates that the objective and purpose of the *HPA* was to ensure that all health professionals be competent and accountable to the public.”

⁵³⁹ *Ibid* at para 29.

to consumers and costs incurred by the affected patient consumers.”⁵⁴⁰ The legislative intent was clear that with respect to the public interest, the *practice* of professions (in this case, pharmacists) would be distinctly and separately governed apart from the economic aspects of the profession, namely, pharmacies. The court concluded that the impugned inducement provisions “do nothing to protect from incompetent or unethical pharmacists”⁵⁴¹, the selective approach in which inducements were prohibited lacked transparency⁵⁴² and the provisions had nothing to do with competency.⁵⁴³ Accordingly, the court concluded that the impugned provisions were *ultra vires* the Board’s statutory authority.

In a relatively brief judgement, the Alberta Court of Appeal reversed the lower court decision. With respect to standard of review, the Court of Appeal stated that the trial judge did not have the benefit of the Supreme Court’s *Green* decision which had clearly set a reasonableness standard for review of such rules and bylaws.⁵⁴⁴ Furthermore, the Court of Appeal, agreeing with the British Columbia Court of Appeal in *Sobeys West Inc*, rejected admissibility of affidavit material containing evidence that was not before the Board when making its decision.⁵⁴⁵

Reviewing the matter anew, regarding the issue of *vires*, the Court of Appeal stated:

We see no difference in principle between the Policy enacted by the College in this case, and the rule implemented by the Law Society of Manitoba in *Green*, and the policy under consideration in *Sobeys West Inc v College of Pharmacists of British Columbia*. In both of the latter

⁵⁴⁰ *Ibid* at para 28.

⁵⁴¹ *Ibid* at para 33.

⁵⁴² *Ibid* at para 34.

⁵⁴³ *Ibid* at para 37.

⁵⁴⁴ *Alberta College*, *supra* note 512 at para 60. Furthermore, at paras 62-3, the Court of Appeal also cited *Sobeys West*, stating that “In light of both the Supreme Court of Canada decision in *Green* and the British Columbia Court of Appeal decision in *Sobeys West Inc v College of Pharmacists of British Columbia*, we hold that the correct standard of review to have been employed by the reviewing judge was reasonableness.”

⁵⁴⁵ *Ibid* at para 70.

decisions, the rule and policy were consistent with the statutory purposes of their enabling legislation.⁵⁴⁶

The Court of Appeal took a critical view of the application judge's use of Hansard, stating that "[f]rankly, we are of the view that in this case little, if any, weight ought to have been given to the excerpts from Hansard."⁵⁴⁷ Finally, the Court, citing *Katz*, stated that impugned regulations must be "irrelevant", "extraneous" or "completely unrelated" to the statutory purpose to be found to be ultra vires on the basis of inconsistency with statutory purpose, and "it would take an egregious case to warrant such action".⁵⁴⁸ Given that the impugned regulations conformed to the rationale of the statutory regime, the Court concluded that "it cannot be said to be "irrelevant", "extraneous" or "completely unrelated" to the statutory purpose."⁵⁴⁹

The Court of Appeal's judgement was at its briefest with respect to reasonableness of the impugned provisions. The Court relied on *Green*, stating the test as only bylaws that no reasonable body informed of the relevant factors could have taken would be considered unreasonable.⁵⁵⁰ The Court found that the application judge had erred by not assessing the impugned regulations in light of the test set out in *Green*. Finally, the Court of Appeal cited *Sobeys West Inc.*, and its comments regarding the reasonableness of the by-laws in question not being dependent on actual demonstrated harm or being the least intrusive option, as being determinative of the matter.⁵⁵¹

5.2 ANALYSIS OF SUBSTANTIVE REVIEW AND REASONABLENESS

5.2(i) Public Choice, Regulatory Capture and Deference

An analysis of substantive judicial review of competency-based entry-to-practice standards, and the corresponding concerns regarding competency-based 'capture', should

⁵⁴⁶ *Ibid* at para 76.

⁵⁴⁷ *Ibid* at para 74- "Although we are deciding this matter afresh, it is appropriate to remember "the frailties of Hansard are many" and that the courts "must remain mindful of the limited reliability and weight of Hansard evidence": *Rizzo & Rizzo Shoes Ltd*, 1998 CanLII 837 (SCC), [1998] 1 SCR 27 at para 35."

⁵⁴⁸ *Ibid* at para 75.

⁵⁴⁹ *Ibid* at para 78.

⁵⁵⁰ *Ibid* at para 82.

⁵⁵¹ *Ibid* at para 84.

begin by revisiting the concerns surrounding regulatory capture and public choice theory discussed under Chapter 2.3. Specifically, what is the concern, or rather the connection, between substantive review, capture and competency-based entry-to-practice standards? The concern regarding capture has been framed as tension between the legal standard of ‘reasonableness’ and giving deference to the expertise of specialized boards.

Although the deference/expertise dichotomy is theoretically sensible, from a practical perspective, what happens if the expertise of regulatory decision-makers has somehow been affected by the influence of special interests? If the tenets of capture hold true, and special interests can easily influence regulators, at least compared to the public interest, how does this effect our view of the proper role of courts with respect to deference for regulatory expertise? In light of this phenomenon, several commentators have expressed the need for a restructuring of legal doctrine to account for possible regulatory capture.⁵⁵²

But this brings us full circle to the discussion set out under Chapter 2.3, and the significance of carefully elaborating what precisely is meant by ‘regulatory capture’ and concerns regarding competency-based capture. As discussed under Chapter 2.3, the professional self-regulatory framework is challenging for many of the precisely defined concepts of ‘regulatory capture’. The perpetuation of the traditional Canadian self-regulatory model, and concerns regarding the ability of self-regulatory bodies to balance professional and public interests within their broad, legislated authority are best categorized as a by-product of the operation of public choice theory rather than regulatory capture.

Accepting the foregoing, public choice theory is best characterized as a *political* rather than *legal* explanation. If the concern is framed as one of biased decision-making and its effect on expertise, most self-regulatory legislation explicitly provides for such

⁵⁵² For example, see *supra* note 106 at 396. According to Niles, if the reasonableness standard of review “is founded on the assumption that agency action is entitled to some measure of “deference” because it is informed by the kind of specific expertise that agencies are presumed to not only enjoy, but to incorporate in their factual determinations, legal interpretations, or policy pronouncements. If one accepts the notion that some, if not many, agencies are the victims of the hyper-influence of the very private entities that they are obliged to regulate, then the assumption that any expertise the agencies might have is actually being relied upon in their decision- making process is dubious, at best, and the relationship between the courts and the agencies would require a dramatic restructuring.”

biased decision-making. Typical self-regulatory legislation creates regulatory boards that are dominated, if not completely than at least in majority, by members of the profession itself. Furthermore, self-regulatory legislation typically grants such boards the authority to set entry-to-practice standards pursuant to legislated public interest and competency governance mandates. In this scenario, if professional special interests have ‘captured’ the governance framework, this capture has taken place at the *political* level, by influencing legislators to pass legislation favourable to the special interests of the profession. This would be an example of public choice, rather than regulatory capture, as defined under Chapter 2.3. The question becomes what role can courts play in combatting public choice versus regulatory capture concerns? Where does the line between the two begin and end?

Canadian courts of all levels have elaborated that the role of a court in exercising its substantive judicial review function involves carefully navigating the boundary line between law and politics. Deference not only respects *expertise*, but also *legislative intent*. A long line of Canadian jurisprudence has identified a well-established legislative intent granting self-regulatory bodies broad discretion in setting practice standards within their professional field pursuant to their public interest mandate. Thus, the role of a court reviewing substantive matters is severely limited by legislative text and intent, and recourse pertaining to concerns that self-regulatory bodies cannot effectively accomplish their objective of balancing professional and public interests most often lies at the polls rather than the courts. The political movements in the U.K. and Australia to reform self-regulatory governance models resulted in legislative amendments creating broad self-regulatory bodies incorporating non-professional majority membership and external standard-setting organizations.⁵⁵³ As long as the Canadian self-regulatory framework, as is customary in most self-regulatory legislation, remains an accepted form of professional governance, the role that courts can play in challenging over-influence of professional influence may be limited.

Judicial review and its deference for legislative intent is always a function of statutory context. Every case will inevitably be decided based on specific legislative

⁵⁵³ Aoun, *supra* note 16 at fn 172.

context, and each situation presents unique statutory provisions. This makes drawing generalizations across professions and cases challenging, as every statutory context presents unique factors either broadening or constraining the range of acceptable decision-making authority. However, it appears that several conclusions can be derived from the case law analysis set out above.

5.2(ii) *Public Interest, Competency and Self-Regulatory Authority*

Based on the broad statutory grant of authority typical of most self-governing legislation, arguments that standards set by self-regulatory bodies are unreasonable solely because of the alleged adverse economic impacts they create will not likely carry much weight. For example, with respect to *Sobeys West*, some have remarked that elements of regulatory capture may have influenced the self-regulatory decision makers to favour adopting prohibitions on incentive programs despite the abundance of evidence suggesting that the economic costs far outweigh the benefits.⁵⁵⁴ While some may be critical of a tightly-knit group of professionals placing emphasis on notions of ‘professionalism’ ahead of consumer concerns for pricing and competition, and may disagree with prohibitions such as those at issue in *Sobeys West*, any recourse would likely need to be political rather than legal. The British Columbia Court of Appeal examined the record, which demonstrated consideration on the part of the Board of all relevant factors, prior to coming to its decision. Within the context of the self-regulatory legislation in question, and the broad discretion granted to the Board, it is hard to argue that the Board abused its discretion. As demonstrated in many of the cases discussed herein, courts have not been shy in expressing that certain self-regulatory conduct may appear excessive, while still respecting that on substantive review, it is inappropriate for courts to substitute their own opinion of what may be better alternatives in the face of clear legislative intent that such decisions should be made by a self-governing body.

⁵⁵⁴ See Paul Daly, “Capturing Regulatory Capture by Expanding the Record: *Sobeys West Inc. v. College of Pharmacists of British Columbia*, 2016 BCCA 41” *Administrative Law Matters* (blog) (29 February 2016), online: <<http://www.administrativelawmatters.com/blog/2016/02/29/capturing-regulatory-capture-by-expanding-the-record-sobeys-west-inc-v-college-of-pharmacists-of-british-columbia-2016-bcca-41/>>. Despite the provocative title, “Capturing Regulatory Capture”, Daly himself acknowledges the challenge in defining ‘regulatory capture’: “Moreover, there are considerations of good administration that might justify expanding the record in a case like this one. Where it is plausible to suggest that a regulatory body has been ‘captured’ by an influential interest group (though I appreciate that this may not always be easy to demonstrate)...”.

The mandates to govern ‘professional competence’ in the ‘public interest’, which is common to most self-governance statutes, provides self-regulating professions very broad authority to set professional standards. Nowhere is the breadth of this discretion as evident as it is in setting of competency-based entry-to-practice standards. As the jurisprudence demonstrates, under most circumstances courts will be loath to set aside competency-based entry-to-practice qualifications on substantive grounds. Arguments loosely structured around allegations that entry qualifications are ‘too stringent’ will receive little, if any consideration.

Evidence of deleterious effects of entry-to-practice regulation, including effects on public access to, and cost of professional services, will not in and of itself lead to a conclusion that such standards are unreasonable. Regardless, evidence of deleterious economic effects of regulation will no doubt be challenging to enter on the record. Given that courts restrict the scope of affidavit evidence to material that was before the decision-making body when enacting such standards, any additional material a challenging party wishes to enter as evidence will in most circumstances be inadmissible. In setting standards, if the self-regulatory body has considered the consequences of regulation and some evidence exists to support their choice of competency-based regulatory intervention, courts will likely uphold such decisions as being reasonable.

Furthermore, a lack of rational connection between competency standards and public harm caused by practitioner incompetence- in psychometric terms often referred to as content validation- or failure to select regulatory options that minimally impair individuals’ liberty to practice a profession will not likely support a conclusion that the competency-based standards are unreasonable. Courts have even gone so far as to state that assessing the reasonableness of a self-regulatory body’s subordinate legislation “does not extend to a weighing of its practical efficacy”.⁵⁵⁵

Following *Green, Sobeys West* and *Alberta College*, self-regulatory bodies defining the boundary between who may, and who may not practice a regulated profession, and how they may or may not practice, need not do so based on evidence of

⁵⁵⁵ *Basciano, supra* note 482 at para 34.

actual public harm between regulated and non-regulated behaviour. As Canadian jurisprudence has not yet recognized a Constitutional right to practice a profession, self-governing bodies are not required to meet the typical *Charter* obligations of rational connection and minimal impairment when setting entry-to-practice standards.⁵⁵⁶

The broad discretion to set entry-to-practice boundaries pursuant to a public interest mandate would permit most self-regulatory bodies to do so based upon some evidence of *potential* harm. Although *Green*, *Sobeys West* and *Alberta College* pertain to governance of the conduct of professionals already *within* a profession, there is a strong argument to be made that the same reasoning in these cases would apply to entry-to-practice standards effecting those *outside* of the profession seeking entry. If evidence of potential harm to the public exists, thereby justifying the competency-based entry-to-practice standards, and some evidence of reasoned decision-making is provided by the self-regulatory body in setting entry standards, such standards will most likely be upheld on judicial review.⁵⁵⁷

Of course, *Sobeys West* and *Alberta College*, decided in British Columbia and Alberta respectively, would be persuasive but not binding within other provinces, so *Green*'s effect within the rest of Canada remains to be seen. Furthermore, an argument could be made that *Green* and its progeny are not analogous self-regulatory bylaws governing entry-to-practice. The Court in *Green* drew a strong parallel to *Catalyst Paper*, specifically analogizing the self-regulatory bylaws in question to municipal bylaws. In both instances, those who are governed vote for those who directly govern them, and those who govern are directly accountable to those who are governed. This analogy does not ring entirely the same for entry-to-practice standards; those who are

⁵⁵⁶ The court in *Togher* refused to accept that protection of liberty under Section 7 of the *Charter* extended to the 'right to practice a profession. At paras 37-9, the court, citing *Godbout c. Longueuil (Ville)*, [1997] 3 S.C.R. 844 at para 66, stated that the burden imposed upon the applicant by the licensing framework in question did not constitute matters that are "fundamentally or inherently personal such that, by their very nature, they implicate basic choices going to the core of what it means to enjoy individual dignity and independence" thereby justifying application of Section 7 of the *Charter*.

⁵⁵⁷ Recent Supreme Court jurisprudence has moved towards a considerably active approach to the supplementing of a decision-making record as a by-product of the presumption of deference. See for example *Newfoundland and Labrador Nurses' Union v. Newfoundland and Labrador (Treasury Board)*, 2011 SCC 62 at para 12. See also *Edmonton (City) v. Edmonton East (Capilano) Shopping Centres Ltd.*, 2016 SCC 47 and *Williams Lake Indian Band v. Canada (Aboriginal Affairs and Northern Development)*, 2018 SCC 4 wherein the Court permits supplementing of the record with respect to agency exercise of statutory interpretation.

subject to such regulations, namely prospective practitioners, do not vote directly for those who govern and those who govern are not directly accountable to them. However, other elements of statutory context and legislative intent likely justify broad discretion to govern entry-standards. Most self-regulatory legislation provides self-regulatory bodies authority to police against non-licensed practitioners (i.e. those who have not met requisite competency-standards), which combined with public interest and competence mandates would justify broad discretion in setting entry standards.⁵⁵⁸

5.2(iii) *Legislative Intent as a Limit on the Range of Acceptable Solutions*

The foregoing being said, it is important to re-iterate the significance of statutory intent. Sweeping generalizations regarding self-regulatory discretion are difficult in light of differing legislative contexts. Judicial review is a search for legislative intent and the limit of discretion is always a factor of statutory context. *Laffin* demonstrates that courts, in the post-*Dunsmuir* era of the presumption of reasonableness, will invalidate competency-based entry-to-practice standards as an unreasonable exercise of discretion where justified by statutory context. *Laffin* is an excellent illustration of a court respecting deference, while still exercising its judicial review function by carefully analyzing statutory context to understand the limits of self-regulatory authority. In this sense, the court in *Laffin* did not exercise ‘disguised correctness’ review, coming to its own ‘correct’ conclusion and then judging whether the decision in issue aligned with that of the court.⁵⁵⁹ Rather, the court engaged in a sophisticated statutory analysis, considering the effect of s. 8(1)1(i) of the *Professional Geoscientists Act, 2000* in limiting the Council’s authority in setting education requirements. Thus, the court concluded that the educational guidelines in issue were unreasonable given that that the Council failed to consider s. 8(1)1(i) in its reasoning and that s. 8(1)1(i) limited the range of acceptable solutions.⁵⁶⁰

⁵⁵⁸ See for example *Law Society Act*, R.S.O. 1990, c. L.8, sec. 26.1, 26.2, 26.3.

⁵⁵⁹ See generally Paul Daly, “The Analytical Structure of Reasonableness Review” in Paul Daly, *A Theory of Deference in Administrative Law* (Cambridge: Cambridge University Press, 2012).

⁵⁶⁰ The Federal Court of Appeal has also accepted this approach to reasonableness review, wherein the range of acceptable outcomes may be constrained by statutory context; see for example *B010 v. Canada (Citizenship and Immigration)*, 2013 FCA 87 at para 7 and *Canada (Attorney General) v. Almon Equipment Limited*, 2010 FCA 193 at para 38.

As legislative intent, political will and statutory context all play a pivotal role in judicial review, one point of significance drawn from the jurisprudence is the level of political oversight required within any given self-governing regime. The court in *Laffin* distinguished the *Basciano* decision based on political oversight- the Association in *Basciano* did not require Ministerial approval for setting educational standards whereas the Association in *Laffin* did. The court in *Laffin* was critical of the fact that the Association had apparently foregone the required political approval process when setting its educational guidelines. Furthermore, the Court of Appeal in *Sobeys West* placed considerable emphasis on the fact that the impugned bylaws passed through the required approval process by the Minister of Health, who had authority to either approve, amend or disapprove such by-laws.⁵⁶¹

One cannot help but wonder whether the outcome in *Alberta College* may have been different had the issue been framed as the reasonableness of the impugned incentive prohibition by-laws in light of the statutory context rather than *vires*. As the Court of Appeal highlighted, the issue of reasonableness of the incentive provisions was not argued or thoroughly considered in the lower court, and as such the Court of Appeal briefly dealt with the issue by simply citing *Sobeys West* and stating that it agreed with its outcome.⁵⁶² It appears that the issue should have been framed and argued as the reasonableness of the incentive prohibition by-laws in light the statutory effect of section 3(2) of the *Health Professions Act*. This is not to say that the conclusion would have been different, as the Court of Appeal clearly stated that the application judge did not explicitly consider and find that breach of section 3(2) had occurred.⁵⁶³ However, as in *Laffin*, the more appropriate approach may have been to consider the meaning of section 3(2), and then, how section 3(2) may limit the range of acceptable solutions within the context. If in passing the impugned provisions, the council had failed to adequately

⁵⁶¹ *Sobeys West*, *supra* note 511 at para 61: “As mentioned earlier, bylaws passed by the Council do not become effective until they have been considered by the Minister of Health and are thus subject to a degree of oversight by a government official.”

⁵⁶² *Alberta College*, *supra* note 512 at paras 80-5. At para 84, the Court of Appeal states that “the reviewing judge in this case did not ask if the Policy was one no reasonable body informed by these factors could have taken.” The Court of Appeal then cites a paragraph from *Sobeys West*, following with a simple conclusion at para 85 that “for the same reasons, we hold that the Policy is reasonable.”

⁵⁶³ *Ibid* at para 82.

consider the effect of section 3(2) or acted outside of the range of discretion circumscribed by it, the by-laws may have been found unreasonable.

5.2(iv) *Unanswered Questions*

Within the discussion of legislative intent, statutory context and substantive review, several outstanding questions remains. *Green*, citing *Edmonton East*, places emphasis on the concept of ‘institutional expertise’ as a justifying broad deference to self-regulatory bodies’ by-law authority. What exactly does ‘institutional expertise’ mean?⁵⁶⁴ Here again, context is very important- is the standard of ‘institutional expertise’ the same in situations where a self-regulatory body is governing members of the profession versus members of the public wishing to enter the profession?

As set out above, in cases involving university decision-making, courts have regularly stated that university educational decisions are entitled to a high-level of deference where such decisions fall within a university’s *expertise*. Subject matter expertise weighs heavily in favour of deference to subject matter experts as opposed to courts, and this would apply equally to self-regulated professions as it would university faculty. But is psychometrics and licensing framework design within the ‘institutional expertise’ of self-regulatory bodies (or universities for that matter)?

The foregoing also ties into the *Dunsmuir* question of transparency and intelligibility within the decision-making process. What does transparent and intelligible decision-making require in the context of professional licensing? Are validation studies required, and if so, what extent of validation is necessary to support reasonable entry-to-practice standards? In a situation like *Brett*, it is hard to argue that the validation efforts used to support the competency-based practice restriction guidelines were anything but flimsy at best. But this leaves open the question of what level of validation is actually necessary.⁵⁶⁵ *Brett* presented a unique situation where validation studies were actually presented and used as reasoning and rationale to support the impugned provisions. If

⁵⁶⁴ For a critique of ‘institutional expertise’, see the dissenting opinion of Côté and Brown JJ. (McLachlin C.J. and Moldaver J. concurring in dissent) in *Edmonton (City) v. Edmonton East (Capilano) Shopping Centres Ltd.*, 2016 SCC 47, [2016] 2 SCR 293 at paras 82-5.

⁵⁶⁵ For an excellent discussion of the challenges associated with align psychometric standards of validity with legal analysis, see generally *supra* note 24.

reasoning so faulty as to borderline on irrationality is provided as support of self-regulatory decision making, courts can find the resulting decision unreasonable.⁵⁶⁶ But how much reasoning *must* be presented? Can self-regulatory bodies insulate themselves by presenting little validation evidence, in the hope that the presumption of deference will allow them to avoid scrutiny?

While Canadian courts have correctly hesitated to engage in detailed reasonableness review of substantive educational content, given that relative subject-matter expertise clearly favours deference, in the U.S. context, courts engaging in substantive judicial review have demonstrated a willingness to dig deeper into content validity than have Canadian courts. For example, U.S. courts have been willing to review actual licensing examination questions to ensure that exam setting is reasonable. It is important to note that U.S. courts have recognized that this exercise is not intended to substitute the courts judgement on the merit of formulation and grading of such examinations for that of the statutory licensing body, nor is it an exercise to ensure perfection from ambiguities.⁵⁶⁷ However, courts have found that content that is sufficiently ambiguous, such as examination questions containing insufficient information to be answered correctly, constitute an unreasonable exercise of discretion.⁵⁶⁸

⁵⁶⁶ *Delta Air Lines Inc. v. Lukács*, 2018 SCC 2. In *Delta*, the Court drew an important distinction between *supplementing* the reasoning of an administrative body and *supplanting* faulty reasoning on judicial review, the latter being unacceptable: “while a reviewing court may supplement the reasons given in support of an administrative decision, it cannot ignore or replace the reasons actually provided. Additional reasons must supplement and not supplant the analysis of the administrative body.”

⁵⁶⁷ *Kenny v. Snow*, 28 C.I.T. 852 at 856–58 (2004), *aff’d*, 401 F.3d 1359 (Fed. Cir. 2005). See also *Depersia v. United States*, 33 C.I.T. 1103, 1105–06 (2009): “In reviewing the Secretary’s decision to deny Plaintiff’s application for a license, the Court ‘must necessarily conduct some inquiry into plaintiff’s arguments and defendant’s responses’ concerning the question at issue. *Dilorio v. United States*, 14 CIT 746, 747 (1990). Although the Court reviews the exam question being challenged, the ‘[p]arties should not conclude from the court’s detailed examination of the test answers that the court is some kind of final reviewer of the [exam].’ *Id.* at 752.” Furthermore, at 1111-12: “While Customs could perhaps have used more precise language in its drafting of question 9, susceptibility of different meanings does not in and of itself render a term ambiguous. The overall meaning is unmistakable: the question seeks to identify the course of action most appropriate for the hypothetical importer with regard to the current transactions described therein.”

⁵⁶⁸ See for example *O’Quinn v. United States*, 24 CIT 324, 100 F.Supp.2d 1136 (2000) [*O’Quinn*]. *O’Quinn* involved a customs broker licensing examination wherein one question utilized the ambiguous term ‘FOB’. The court found that the term was sufficiently ambiguous and capable of at least two very different meanings such that the question could not reasonably be expected to be answered correctly: “Therefore, the Court agrees with Plaintiff’s argument that the question does not contain sufficient information to choose an answer...._Therefore, “[b]ecause of faulty drafting, [P]laintiff’s answer must be considered correct or the question must be voided.” *Carrier v. United States*, 20 CIT 227, 232 (1996).”

5.3 PROCEDURAL FAIRNESS AND COMPETENCY-BASED ENTRY-TO-PRACTICE STANDARDS

5.3(i) Educational Institutions – Deference and Procedural Fairness

When discussing the interplay between substantive review, procedural fairness and competency-based entry to practice standards, a logical starting point is cases involving academic institutions such as universities. At least at first glance, this seems to make sense- after all, substantive education is one of the foundational pillars of universities. Furthermore, there is no shortage of case law involving disputes between universities and students with respect to administration of education. From a judicial review perspective, it has been stated that:

It is a consistent and well-recognized principle in Canadian [a]dministrative law that judicial review boards do not interfere in the academic activities and internal functioning of educational institutions, relating to examinations and the application of evaluation standards, unless in exceptional circumstances, for example, where the educational institution has acted in bad faith or acted unreasonably, arbitrarily or discriminated against.⁵⁶⁹

Some courts have even gone so far as to state that substantive academic decisions made by universities are entitled to such level of deference that applying a *Dunsmuir* analysis regarding discretion is an “unnecessary and wasteful distraction”.⁵⁷⁰

However, courts have been sensitive to the important distinction between universities carrying out activities that are entirely within their sphere of domestic competence and their broader ‘public interest’ mandate. This distinction carries important consequences with respect to judicial review. This defining principle is summarized in the often-cited *Houston v. University of Saskatchewan*:

... standards for a University degree and the assessment of a student's work are so clearly vested in the university that the courts have no power to intervene merely because it is thought that the standards are too high, or that the student's work was inaccurately assessed. However, the prerogative writs of certiorari and mandamus are available to a student who has been denied natural justice in respect of his

⁵⁶⁹ *Barreau du Québec v. Boyer*, [1994] R.J.Q. 29 (C.A.) at para 19.

⁵⁷⁰ *Hamze v. McGill University*, 2016 QCCS 630, 264 A.C.W.S. (3d) 659, 2016 CarswellQue 1172, at para 147.

examinations. The university has been entrusted with the higher education of a large number of the citizens of the province. This is a public responsibility that should be subject to some measure of judicial control.⁵⁷¹ (emphasis added)

Furthermore, unlike substantive review, matters of procedural fairness are not entitled to *Dunsmuir*'s presumption of deference. Rather, as stated in *Chambers v. Dalhousie University*:

When breach of natural justice is alleged the applicable standard of review is one of correctness. It is a question of law. When applying the correctness standard in respect to jurisdictional and some other questions of law, a reviewing court will not show deference to the decision maker's reasoning process; it will rather undertake its own analysis of the question and decide whether it agrees with the determination of the decision maker; if not, the court will substitute its own view and provide the correct answer.⁵⁷² (emphasis added)

As discussed below, courts frequently cite university jurisprudence, and propositions such as those referenced above, in professional licensing cases. As such, it is clear that while substantive review of matters of an academic nature will be extremely limited in scope, courts have an important role to play in safeguarding procedural fairness.

5.3(ii) Procedural Fairness and Examination Administration

Beginning with examination standards, as with the discussion set out under Chapter 5.1 regarding substantive review, procedural fairness has historically provided little recourse for individuals taking issue with general examination standard setting processes and value judgements regarding the stringency of such examinations.

There exists a paucity of Canadian case law surrounding procedural fairness and competency-based entry-to-practice standards. Looking at examination administration generally, case law from the public sector employment testing context provides some guidance as to fairness obligations in general exam setting and marking. Regarding

⁵⁷¹ (1994), 117 Sask. R. 291 (Sask. Q.B.) at pp. 297-298.

⁵⁷² *Chambers v. Dalhousie University*, 2013 NSSC 430, 2013 CarswellNS 1026 [*Chambers*] at para 16.

general examination administration, courts have stated that in public sector employment advancement examinations, the duty of administrators is to ensure that candidates are assessed against the same standards. Complainants alleging arbitrary treatment in an examination process are entitled to assurances that their assessment has been considered in light of the assessment of other candidates in order to guarantee consistency in application of assessment standards.⁵⁷³

For example, in *Ahmad v. Canada Revenue Agency*, the applicants alleged that the examination process and format used for CRA employment advancement decisions were ‘flawed’, alleging impropriety in the tools used to assess competencies as well as allegations that the examination trainers were not adequately qualified to apply training standards consistently.⁵⁷⁴ The federal court accepted that having two markers marking against set criteria, calibrating their scores and then permitting a review of these marks was sufficient to ensure consistency.⁵⁷⁵ That is not to say that courts have been entirely deferential to choice of examination setting and marking processes and unwilling to undertake a critical look at the methods of exam setters. The federal court has taken a critical view of incomplete or unclear exam instructions and the prejudice this caused to candidates, along with a willingness to invalidate such examinations based on unfairness.⁵⁷⁶

⁵⁷³ *P.I.P.S.C. v. Canada (Customs & Revenue Agency)*, 2004 FC 507, 2004 CF 507, 2004 CarswellNat 1010 at paras 161-3. Also, at paras 77-8, the court refused to take up judicial review on an application directed towards design of a program for Canada Customs and Revenue Agency staffing decisions. In *P.I.P.S.C.*, the court framed the application as a non-adjudicative, “somewhat abstract debate without the benefit of a live dispute on a particular set of facts”. The court indicated that declaratory relief in such circumstances, wherein a specific decision that is part of the testing and promotion procedure is not being challenged, would be inappropriate given the hypothetical and speculative nature of the allegations.

⁵⁷⁴ *Ahmad v. Canada Revenue Agency*, 2011 FC 954, 2011 CF 954, 2011 CarswellNat 2963 at para 46.

⁵⁷⁵ *Ahmad v. Canada Revenue Agency*, 2011 FC 954, 2011 CF 954, 2011 CarswellNat 2963 at para 47.

⁵⁷⁶ See for example *Ligondé v. Canada (Attorney General)*, 2015 FC 1342, 2015 CarswellNat 7137 [*Ligondé*]. In *Ligondé*, applicants for promotion to policy analyst positions were required to write an examination as part of a competitive process. Exam instructions informed candidates that they were not communicate with one another but were silent regarding use of internet resources or copy/pasting solutions therefrom. Several candidates copied and pasted solutions from the internet, indicating that a number of candidates understood that there was no prohibition on using internet resources. Several candidates were eliminated from competition on the basis that this conduct was fraudulent. At paras 50-53, the Federal Court was critical of the candidates’ elimination on the basis of what was genuine confusion regarding instructions, considering the fact that one the senior exam setters acknowledged the imprecision of the instructions as well the fact that exam instructions were subsequently rewritten afterwards to resolve this ambiguity.

While cases involving public sector employment advancement testing are persuasive and may provide insight into fairness in examination administration, contextually, employment testing and professional licensing are very different. Public sector employment testing is typically used for career advancement, and employment tests implemented for government transparency and accountability by ensuring advancement is based on a competitive process. However, professional licensing serves a public interest mandate in ensuring that individuals entitled to practice meet a minimum-standard of competence. It is not a matter of career advancement, rather, it is a matter of individual liberty.

In competency-based professional licensing contexts outside of the university education setting, it appears that courts have, over time, placed increasing emphasis on the importance of procedural fairness in licensing administration given the significant individual liberty implications at stake. This is evidenced by the willingness of courts to dig deep into the details of licensing examination processes, to ensure that licensing candidates are treated fairly throughout the process.

In the interesting pre-*Baker Boyer c. Barreau du Québec*⁵⁷⁷ decision, the licensee had completed four out of five of the necessary licensing examinations required by the Quebec Bar, all with relatively high marks, but failed the largely essay-based legal ‘techniques’ examination by falling just short of the 60% passing threshold. The licensee challenged the legality of the examination on the basis that his examination was returned to him without marking or corrections, rather, he was only given a ‘bubble sheet’ with score markings next to sample responses. “Correction by bubbles”, as the licensee argued, provided him with insufficient indication as to his shortcomings in order to understand and modify his understanding for the future.⁵⁷⁸ Furthermore, the licensee argued that “it is impossible to identify any objective standard allowing a more or less uniform correction of the ‘techniques’ section, so that the assessment and application of each of the elements of the correction grid are left to the discretion of the correctors and the two different correctors could not arrive at the same results, let alone for the same

⁵⁷⁷ [1993] R.J.Q. 2830, 1993 CarswellQue 1787.

⁵⁷⁸ *Ibid* at para 11.

reasons.”⁵⁷⁹ This, applicant asserted, created standards and marking guidelines that were arbitrary.

The Quebec Superior Court found that the marking guidelines for the ‘techniques’ examination “open[ed] wide the door to the arbitrariness of the correctors.”⁵⁸⁰ According to the court:

No precise standards of correction, nothing to moderate the first marking committee and the second marking committee and above all, no way for the student to know his failings other than by consulting the correction bubbles. This inaccuracy in standards, the absence of marks of correction and the possibility of being corrected, revised and recorrected by the first rather than the second committee, make these standards and their application a perfect example of arbitrariness to which a student only to bend if he wants to enter the compulsory stage. It cannot even in such circumstances, make any grounds for revision and re correction. It must merely allege general reasons to the effect that it believes it has responded accurately and concisely while using appropriate legal language.⁵⁸¹

With respect to balancing of interests and the significance of the licensing process both to the licensee and to the public, the court stated:

The arbitrary character of the norms and their application cause the student serious injustice. On the eve of entering a profession he has chosen, a young man with a strong legal background is forced to resume an examination before starting his internship. He loses his job and his income but, above all, he loses confidence in an institution which, for the public, represents the first step towards access to justice. This virtue allowing to attribute to each his fair share of goods and services, honor and noble end that must translate into the adoption and especially the application of fair standards for all candidates for the internship required by the Law Society. Regardless of the angle under which the matter is being considered, the Bar's duty of fairness must be reflected in the accuracy of its

⁵⁷⁹ *Ibid* at para 8.

⁵⁸⁰ *Ibid* at para 16.

⁵⁸¹ *Ibid* at para 16.

standards, the objectivity of its examiners and the clear indication of the student's shortcomings. That is not the case here.⁵⁸²

Lastly, the court opined on the danger of over-encroaching onto the historically broad discretion afforded to educational institutions, stating that:

[T]he court does not underestimate the risk inherent in any judicial intervention in the fields of educational institutions. It must then act with caution and measure each time the impact of its decision on academic freedom. However, this reservation should not prevent it from examining each case on its merits and, in the present case, convinced of the serious injustice committed against Mr. Boyer, the court has no hesitation in fulfilling its duty and justice by attributing to it its fair share of property and honor.⁵⁸³ (emphasis added)

On appeal, the Quebec Court of Appeal set aside the judgement of the superior court.⁵⁸⁴ The Court of Appeal reviewed the entire examination process, which examination process included several weeks of teaching by trained instructors in accordance with detailed guides outlining readings, objectives and sample solution texts.⁵⁸⁵ Students were trained by their instructors using template solutions and their practice exercises were corrected in class according to solution grids similar to those used on the actual examination.⁵⁸⁶

The Quebec Court of Appeal also highlighted the effort the Barreau put into exam validation. Exam questions were developed by instructors, which were reviewed by both a sample population of practicing lawyers as well as an evaluation subcommittee prior to being submitted for approval by the Barreau's Professional Bar Council.⁵⁸⁷ Furthermore, following completion of the examination, a team of reviewers sampled fifty answer papers in order to analyze, compare and where necessary, adjust the model correction grid to accommodate for variations.⁵⁸⁸ While the court appreciated the candidate's

⁵⁸² *Ibid* at para 17.

⁵⁸³ *Ibid* at para 23.

⁵⁸⁴ *Barreau (Québec) c. Boyer*, 1993 CarswellQue 388, [1993] Q.J. No. 2222.

⁵⁸⁵ *Ibid* at para 9.

⁵⁸⁶ *Ibid* at para 10.

⁵⁸⁷ *Ibid* at para 11.

⁵⁸⁸ *Ibid* at para 12.

frustration in not having received the standard answer key, the fact that he had received his exam and correction grid, along with the fact that the validation procedures were effective at ensuring that all candidates' papers were corrected in the same fashion according to the same rules, led the court to rule that the exam was not arbitrary and unfair.⁵⁸⁹

Although the Quebec Court of Appeal overturned the lower court decision, many aspects of both courts' decisions merit recognition. Primarily, the effort that both courts put into reviewing the entire examination process in detail demonstrates the importance placed on ensuring that licensees are treated fairly. Although decided pre-*Baker*, both courts acknowledged the significance of the context, and the importance of the decision to the individual. This line of reasoning, and recognition of the importance of setting the standard high in professional licensing contexts, has continued, and arguably expanded, post-*Baker*.

In the post-*Baker Khan c. Barreau (Québec)*⁵⁹⁰ decision, a candidate of Quebec's lawyer licensing program had received less than the required overall 60% mark on a series of three licensing examinations, administered by École du Barreau (the "School") on behalf of the Barreau, on account of a particularly poor mark on one of her examinations. Upon request for revision (an administrative review), the mark on the lowest exam was increased slightly, but the candidate still did not achieve the requisite 60% total. The candidate was informed that although she was entitled to review her examination paper and correction grid, the mark was final and without appeal.⁵⁹¹ At the review meeting, the candidate was not allowed to take a copy of her exam booklet and correction grid, and was not allowed to take notes regarding the marking of her exam.⁵⁹²

⁵⁸⁹ *Ibid* at para 16-7- "The proofreaders must apply the criteria adopted by the Bar School and known by the students. The correction is additionally framed by a standard corrector, a detailed grid and precise correction instructions. The form of the review and the use of several scrutiny teams inevitably involve a degree of subjectivity in the evaluation, but the standards of correction do not become arbitrary by the mere fact that there may be occasional interpretations according to the persons who are called upon to apply them. The means provided by the Law School and the process of revision and recorection reduce to a large extent the part of subjectivity that may be involved in the correction of the examination of writing."

⁵⁹⁰ 2011 QCCA 792, 2011 CarswellQue 15551.

⁵⁹¹ *Ibid* at para 16.

⁵⁹² *Ibid* at para 19.

The Quebec Court of Appeal found that:

[t]he evidence indicates that the student evaluation process and examination correction method satisfy rigorous standards and respect the recognized evaluation rules, with respect to both developing the examination as well as passing and correcting same. In this context, there can be no question as to the validity or legality of the École du Barreau's evaluation and examination correction process.⁵⁹³

Despite this fact, the Court of Appeal characterized the issue not as reasonableness of the Barreau's standards, rather, as whether the mechanism chosen to implement its licensing process satisfied the requirements of procedural fairness—"even a well-thought-out and correctly implemented system may give rise to errors and require occasional adjustments".⁵⁹⁴ The Court of Appeal highlighted the significance of transparency, given that the School and the Barreau carry out a public interest function, a transparency which extends to licensing candidates and the examination process.⁵⁹⁵ Accordingly, the Court of Appeal stated that "the [Barreau] would have been transparent and would have completely satisfied its duty of procedural fairness if it had allowed the respondent to take handwritten notes during the consultation"⁵⁹⁶, thereby ruling that the Barreau had breached its procedural fairness obligations.⁵⁹⁷

The Court of Appeal considered the Barreau's administrative efficiency rationale. Exam material was withheld from candidates on review to permit the re-use of exam questions in subsequent years, which, according to the Barreau, would lead to a significant reduction of expenses associated with exam content development. However, the Court of Appeal stated that the "economy sought would benefit the Barreau, not the students."⁵⁹⁸

⁵⁹³ *Ibid* at para 37.

⁵⁹⁴ *Ibid* at para 58.

⁵⁹⁵ *Ibid* at para 39.

⁵⁹⁶ *Ibid* at para 43.

⁵⁹⁷ *Ibid* at para 61- "It is neither fair nor equitable to require students who question the correction of an exam spread out over two days to memorize problematic questions and answers. Students must be able to verify and formulate, where necessary, precise arguments, otherwise they are asked to simply rely on the institution's established procedure. For some, the difference between success and failure comes down to only a couple of points. Students must at least be able to take notes when consulting the examination documents, as proposed by my colleague."

⁵⁹⁸ *Ibid* at para 63.

Applying the *Baker* factors, the Court of Appeal highlighted both the importance and consequences of the process to candidates as well as candidates' expectations in being treated fairly, impartially and with transparency.⁵⁹⁹ While recognizing that the School and Barreau's "choice of procedure must be considered and respected, when related to its expertise"⁶⁰⁰ (emphasis added), the court stated:

There are heavy consequences for the student who fails the examinations giving access to the practice of law. Aside from the economic cost of reapplying for admission to the [Barreau], the candidate, if readmitted, must register for preparatory courses prior to recommencing the professional training... Practically speaking, the candidate who fails the four month professional training in December of one year, which began the previous September, may not reregister until the following September. The candidate must take preparatory courses for four months as a condition for admission to the professional training session starting in January and ending in April. Ultimately, this means an additional delay of almost one and a half years before entering the profession, in some cases having to find another professional training articling period, without taking into account the psychological distress and impact of a major failure at the beginning of one's career.⁶⁰¹

A similar set of facts were presented in the *Goldwater c. École du barreau du Québec*⁶⁰² decision. In *Goldwater*, much like *Khan c. Barreau (Québec)*, the applicant requested review of a failing grade on a midterm, rather than final, licensing examination. At the meeting, the candidate was prohibited from taking any notes regarding his examination and scoring grid. Distinguishing *Boyer*, the court found the case at hand akin to the fact pattern in *Khan c. Barreau (Québec)*, stating that the ruling in *Khan c. Barreau (Québec)* should apply equally to the midterm evaluation.⁶⁰³ As such, the court ruled that the applicant had been denied procedural fairness.⁶⁰⁴

⁵⁹⁹ *Ibid* at para 57.

⁶⁰⁰ *Ibid*.

⁶⁰¹ *Ibid* at paras 55-6.

⁶⁰² 2011 CarswellQue 6727, 2011 QCCS 3176.

⁶⁰³ *Ibid* at para 19.

⁶⁰⁴ Although the court in *Khan c. Barreau (Québec)* relied heavily on *Baker* in its reasons, it is not entirely clear that that court distinguished its previous *Boyer* ruling on account of *Baker*. At para 59, the candidate in *Boyer* "had a copy of the exam and the correction grid, which enabled him to 'know precisely where he had committed errors'", and "only the model answers were not provided, which prevented him from 'comparing the ideal answers required by the Barreau

5.3(iii) *The Right to Pursue a Chosen Profession*

Standards of procedural fairness should be heightened in circumstances where an individual's right to continue towards their chosen profession or employment may be at stake.⁶⁰⁵ In the often-cited Ontario Court of Appeal *Khan v. University of Ottawa*⁶⁰⁶ decision, a law student having failed one of her law school exams alleged that she had been marked on only three of the four of her exam booklets. The law student appealed her grade to a faculty examinations committee followed by a University Senate Committee. Without being provided the opportunity to appear to provide testimony before either committee, her application for review was dismissed on the basis that she had failed to prove any error in the grading of her examination.

Acknowledging that the student should have been granted the right to provide testimony in the circumstances, the Ontario Court of Appeal stated:

In my view, a university student threatened with the loss of an academic year by a failing grade is also entitled to a high standard of justice. The effect of a failed year may be very serious for a university student. It will certainly delay if not end the career for which the student was studying. It may render valueless any previous academic success. In some cases it may foreclose further university education entirely.⁶⁰⁷

While *Khan* seems to set a very high procedural fairness standard, the cases that have followed *Khan* have taken differing views of its applicability. Some courts have limited the stringency of its application to circumstances where the right to a hearing is in issue. In *Green v. The University of Winnipeg*⁶⁰⁸, a student enrolled in the university's education program appealed a poor grade he had received on a final course assignment to a departmental committee followed by a senate committee. The senate committee

with his own.” In the circumstances of *Boyer*, this was found to satisfy the requirements of procedural fairness. However, in *Khan c. Barreau (Québec)*, the candidate was not permitted to take copies of any of these items, and was not entitled to take notes during the meeting. Accordingly, it appears that *Boyer* and *Khan c. Barreau (Québec)* were distinguishable on a factual basis, regardless of the effect of the *Baker*.

⁶⁰⁵ *Al-Bakal v. de Vries*, 2003 MBQB 198, 2003 CarswellMan 346 at para 47.

⁶⁰⁶ (1997), 34 OR (3d) 535 (Ont. C.A.).

⁶⁰⁷ *Ibid* at 541.

⁶⁰⁸ 2017 MBQB 67, 278 A.C.W.S. (3d) 76, 2017 CarswellMan 167.

acknowledged that the departmental review may have been incomplete, and in order to undertake an appropriate review, requested a copy of the student's assignment. The student refused to provide a copy of his assignment unless he also be given the opportunity to address the senate committee in person. When the student refused to provide a copy, his appeal was dismissed without a hearing. The student's allegation of breach of procedural fairness was dismissed, with the court distinguishing the application of *Khan* on the basis that the student's credibility was not a critical issue as it had been in *Khan*.⁶⁰⁹

In *Daneshvar v. Canada (National Dental Examining Board)*⁶¹⁰, the applicant, an English qualified dentist, sought to complete a series of three qualification examinations to acquire a Canadian license to practice. The applicant failed one of the examinations, and as all exams had to be successfully completed to pass, the applicant was given a failure. The applicant requested an appeal in accordance with the Board's appeal process, which process involves a review of a candidate's written submissions to determine whether there was a mistake of fact of such significance that it could have altered the decision or that the examiners failed to conduct the examination in accordance with the procedures established.⁶¹¹ Although oral submissions were possible in the event that the Appeal Committee found a prima facie case of error, in *Daneshvar*, the Appeals Committee dismissed the applicant's appeal, providing a brief letter simply stating that "The Committee determined that there was no mistake of fact of such significance that it could have altered any decision made and that examiners conducted the examination in accordance with the procedures established by the Board."⁶¹²

The applicant sought judicial review on the basis that "she had made a series of very specific complaints" and the letter she received from the Board did not sufficiently disclose the basis of the denial, thereby denying her procedural fairness.⁶¹³ The court in *Daneshvar* was clear that it "could not review the dental quality and competency

⁶⁰⁹ 2017 MBQB 67, 278 A.C.W.S. (3d) 76, 2017 CarswellMan 167 at para 29.

⁶¹⁰ 2002 CarswellOnt 2067, [2002] O.J. No. 2487.

⁶¹¹ *Ibid* at para 3.

⁶¹² *Ibid* at para 4.

⁶¹³ *Ibid* at para 6.

decisions” and was limited to reviewing the appeal process, and specifically, whether the applicant was denied procedural fairness due to a lack of sufficient reasons following her appeal.⁶¹⁴ However, in applying *Baker*’s ‘importance of the decision to the individual’ factor, acknowledged the significance of written decisions in promoting meaningful decision making.⁶¹⁵ While the respondent Board attempted to distinguish *Baker*’s requirement for written reasons to ‘serious’ cases involving personal detention and physical liberty, the court emphasized the importance of the decision at hand to the applicant’s ability to practice her chosen profession:

The applicant is qualified to practice dentistry in England and her entitlement to pursue her profession in this country, to which she has immigrated, is at stake in these examinations. She has already passed the first three stages at considerable investment of time and effort. The respondent down-played the significance of the applicant’s failure at this level because she could try the clinical examination one more time. In our view that is not the point. If she was unfairly failed, it is a serious wrong to require her to risk all on one final attempt. The added stress of knowing it was her last chance would no doubt add to the difficulty of the test. The ability to pursue the profession for which we have been trained goes to the heart of who we are as persons, as well as having huge economic consequences. In our view the consequences to the applicant are of the magnitude contemplated in the *Baker* decision. We conclude that, in simple justice, the Appeal Committee owed the applicant some explanation for its decision.⁶¹⁶

The court concluded that what the Board had provided the applicant was not reasons, rather, simply “conclusions that follow from whatever the reasons may be.”⁶¹⁷ Furthermore, the court took a critical view of administrative expediency as a justification for its relatively brief reasons on appeal, stating that “[t]he governance of the entry of persons with foreign qualifications into a profession is important work for the profession, the applicants and the public and cannot be conducted unfairly for reasons of economy or expediency.”⁶¹⁸ (emphasis added) While recognizing that reasons as extensive as those given by courts would not have been necessary, given the importance of the decision to

⁶¹⁴ *Ibid.*

⁶¹⁵ *Ibid* at para. 11.

⁶¹⁶ *Ibid* at para. 16.

⁶¹⁷ *Ibid* at para 5.

⁶¹⁸ *Ibid* at para 18.

the applicant, at least a brief answer to the complaints raised by the applicant would have been necessary in the circumstances.⁶¹⁹

However, contrast *Daneshvar* with the facts, reasoning and outcome in *Akhtar v. Canadian Board for Certification of Prosthetists and Orthotists*.⁶²⁰ Similar to *Daneshvar*, the applicant in *Akhtar* was licensed and experienced orthotist in Pakistan, and sought to acquire certification in Canada. Certification of orthotists in Canada is governed by a private, non-profit corporation which administers the ‘certified orthotist’ credential.⁶²¹ After completing the required residency program, the applicant failed one of the three required examinations on three separate occasions, thereby being deemed to be permanently ineligible to sit the examination again.⁶²² The failed ‘practical examination’ involved two examiners independently assessing the practical performance of the candidate against objective marking criteria.⁶²³ The applicant appealed his third failure to an examination appeal committee, which, upon review, notified the applicant with a brief letter that his appeal had been denied.⁶²⁴ The applicant then exercised his right to a further appeal to the president of the respondent, and similarly, the applicant was again denied his appeal.⁶²⁵

The applicant applied for judicial review, alleging that he was denied procedural fairness in that “he did not have a meaningful opportunity to fully and fairly present his case to the respondent”.⁶²⁶ However, unlike in *Daneshvar* where the applicant challenged the adequacy of the written reasons provided on appeal, the applicant in *Akhtar* stated that he should have been entitled to an in-person hearing to present his evidence as it was his assertion that a central issue in the marking of his practical

⁶¹⁹ *Ibid.*

⁶²⁰ 2015 CarswellMan 212, 2015 MBQB 46 [*Akhtar*].

⁶²¹ *Ibid* at para. 5-6.

⁶²² *Ibid* at paras 18-19.

⁶²³ *Ibid* at para 11.

⁶²⁴ *Ibid* at para 25.

⁶²⁵ *Ibid* at para 27.

⁶²⁶ *Ibid* at para 28.

examination “was the credibility of his recollection of events versus that of the examiners.”⁶²⁷

In its analysis, the court, applying *Baker* and citing *Daneshvar*, recognized that the very significant economic impact failure of the examination would have on the applicant warranted an increase in the requisite degree of procedural safeguards.⁶²⁸ Yet the court was also sensitive to the balance between ensuring procedural fairness and possibly encroaching on the expertise of the board, stating that:

the decisions were discretionary administrative decisions of the examination appeal committee and the respondent board made within their core competence and expertise, which, in my view, attracts considerable deference. The decisions should only be set aside if the appeal process was unreasonable and if the duty of procedural fairness was breached.⁶²⁹

In reviewing the procedure chosen by the board, the court highlighted the fact that the examination was conducted by two independent examiners who confer to compare results, followed by independent review by a chief examiner who provides a breakdown of marks and examiner comments.⁶³⁰ The examination appeal committee was composed of certified orthotists from across Canada and appointed based on regional representation, and the appeal committee provided a written response within 30 days of an appeal.⁶³¹ Furthermore, candidates were still entitled to a second appeal, which appeal reviewed all information with respect to the examination prior to making its decision.⁶³²

Accordingly, while the court acknowledged that procedural fairness required that the respondent be provided with details of his performance and reasons for his failure, the duty of fairness did not require that the applicant be afforded an oral hearing.⁶³³ Regarding the appropriateness of the provided written decisions, the court stated that

⁶²⁷ *Ibid.*

⁶²⁸ *Ibid* at para 50-1.

⁶²⁹ *Ibid* at para 75-76.

⁶³⁰ *Ibid* at para 48.

⁶³¹ *Ibid.*

⁶³² *Ibid.*

⁶³³ *Ibid* at para 55-6.

“comprehensive reasons for the decision would have been the preferred course for the examination appeal committee and the respondent board to foster better decision-making and to satisfy the applicant that the arguments he made were considered and properly taken into account in the decision-making process”⁶³⁴. However, the court ruled that “although it may have been preferable to provide more comprehensive reasons for its decision, the respondent board was not required to give written reasons for its decision more than what was provided in the circumstances.”⁶³⁵

5.4 ANALYSIS OF PROCEDURAL FAIRNESS

5.4(i) The Elevated Standard of Procedural Fairness and Pursuit of a Chosen Profession

The survey of Canadian jurisprudence set out under Chapter 5.1 demonstrates that over time, substantive review of competency-based standards set by self-regulating professions has moved from courts readily intervening in substantive decisions towards showing substantial deference to the discretion of self-regulatory bodies. Similarly, the opposite effect has taken place in the realm of procedural fairness- courts have moved from being tentative with respect to intervening in matters of procedural fairness to expressing the significance of fairness in the context of professional licensing and engaging in comprehensive review of procedural matters.

Both cases of unsuccessful judicial review, such as *Boyer c. Barreau du Quebec*, and successful judicial review, such as *Khan c. Barreau (Quebec)* and *Goldwater*, demonstrate that when it comes to matters of procedural fairness and construct validity, courts have not hesitated to comprehensively scrutinize all aspects of licensing

⁶³⁴ *Ibid* at para 75-76.

⁶³⁵ 2015 CarswellMan 212, 2015 MBQB 46 at para 82. The court’s reasoning did at times seem to be a confusing amalgamation of *Baker* and *Dunsmuir*. For example, the court assessed whether “the respondent’s appeal process was not reasonable and that the respondent breached its duty of fairness by failing to consider the applicant’s written submissions” (para 57) based on a standard of reasonableness (para 80). Furthermore, it is difficult to reconcile the court’s distinguishing of *Danshevar*. In discussing the appropriateness of the provided written reasons, the court distinguished *Daneshvar* to find that “the appeal process was reasonable and the duty of procedural fairness was not breached” (para 77) on the basis of the decisions in *Surette v. Eastern Regional Integrated Health Authority* 2011 NLTD(G) 31, [2010] N.J. No. 433 (N.L. T.D.) and *Baxter v. Memorial University of Newfoundland* (1998), 166 Nfld. & P.E.I.R. 183 (Nfld. T.D.). *Surette* involved rejection of a candidate’s application into a nursing program. *Baxter*, involving a student’s application for review of failure on a medical school examination where the evidence clearly demonstrated that the school went to considerable lengths to accommodate and assist the student, was cited with very little discussion or analysis.

examination administration. Examination construct validity, as opposed to substantive content validity, can and should be reviewable as a matter of procedural fairness to candidates. Courts have shown a willingness to review all matters of construct validation including exam setting, instructions to candidates and marking procedures. It is important to re-iterate here that a court would not be reviewing the substance of such educational standards, such as educational requirements, curriculum and the number and nature of examinations that must be completed. Rather, once substantive standards *are set*, procedural fairness obligations set in. For example, while the setting of a curriculum for a licensing examination is a substantive matter, once a curriculum is set, courts should ensure that notice of such curriculum is adequately conveyed to examinees, that examinees are provided access to preparatory material covering such curriculum and adequate time to prepare for the examination following notice of curriculum, and that the licensing examination does not test matters that are extraneous to the curriculum.

With respect to licensing examination, *Danshevar* sets a high threshold with respect to the duty to provide reasons. While an oral hearing is not always required, there must be clear evidence that an examinee's feedback has been received, individually considered and responded to in order to meet the requisite fairness obligations. As with other matters of procedural fairness, while concerns for efficiency are an important and pertinent consideration for administrators, efficiency alone cannot justify abdication of the duty to provide reasons.

While the foregoing willingness to review examination construct issues is certainly commendable, clear standards have yet to emerge. Matters involving ambiguous examination instructions, for example, present a straightforward fact pattern on which courts can receive evidence and formulate a clear decision. However, with respect to examination setting, how much objective validation is required? What process must be followed for setting examination questions, solutions and marking grids? How are examination test-writers selected, and how many test writers are required? Are exam timing and pass score matters of content (i.e. substantive) or construct (i.e. procedural) validity? Even in the U.S., where a larger set of professional licensing case law exists, questions surrounding validation standards have long remained unsettled. While U.S.

courts have invalidated examinations set ‘by a small number of people in a dark, smoke-filled room’,⁶³⁶ a clear standard of psychometric acceptability has yet to emerge.⁶³⁷

If courts are willing to accept any evidence of validation as being sufficient for procedural fairness purposes, this may give way to the triumph of form over substance. In the U.S. context, courts and commentators have long-struggled to find that right touch when it comes to review of licensing examination validation.⁶³⁸

5.4(ii) Professional Licensing and Educational Institutions – An Appropriate Analogy?

A consistent theme within the jurisprudence is that courts in professional licensing cases often draw analogies to the university context pertaining to the balance between substantive and procedural review. At first glance, this comparison seems appropriate- both contexts involve subject matter specific expertise, educational testing and entry-to-practice qualifications. Thus, the often-expressed apprehension to intervene in matters of substantive education while setting a high standard for procedural fairness seem equally applicable to both university and professional licensing circumstances.

Upon deeper analysis, important contextual differences between *internal* university education, involving matters of developing and delivering university courses, and matters of professional licensing examination emerge. Although university educational programs are often a part of a professional licensing program, university education and professional licensing examination play separate, but equally important roles in both professional self-regulation and society generally.⁶³⁹ Universities and university professors are afforded certain safeguards to ensure adequate separation from the politicization involved in professional licensing, including but not limited to tenure

⁶³⁶ See *Groves et al. v. Alabama State Board of Ed. et al.*, 776 F. Supp. 1518 (M.D. Ala. 1991) for an example of a court striking down a teacher licensing on account of poor validation practices.

⁶³⁷ See e.g. William A. Mehrens, W. James Popham, “How to Evaluate the Legal Defensibility of High-Stakes Tests” (1992) 5(3) *Applied Measurement in Education* 265.

⁶³⁸ See *supra* note 24. See also Paul T. O’Neil, “High Stakes Testing Law and Litigation” (2003) *BYU Educ & LJ* 623.

⁶³⁹ *Supra* note 22 at 460.

for university professors. University grading policies are afforded certain flexibilities, such as grading curves, which promote passing as opposed to failing students. Universities actively pursue recruitment of students for tuition purposes, and failing students from any program is often seen as a last resort- there are strong moral and financial incentives to assist students in succeeding. From a ‘political’ perspective, student representatives are involved in various university governing and oversight bodies, which is seldom the case for professional self-governing bodies. To put it simply, universities have every incentive to recruit and keep students *in* a program, while in the context of professional licensing examination, there is a strong implicit bias to keep people *out*.

Contextually, courts reviewing matters involving procedural fairness issues in professional licensing circumstances should exercise a level of apprehension in drawing analogies to internal, university education scenarios. Accordingly, if courts reviewing university decisions involving student education and pursuit of professional careers have set a high procedural fairness standard, from a contextual perspective, the standard in matters involving professional licensing examinations should be set even higher. Post-*Baker* cases such as *Danshevar* and *Khan c. Barreau (Quebec)* have correctly contextualized the nature of professional licensing regulation in terms of interests and significance to licensing candidates, the profession and the public. These cases have set a substantially high procedural fairness standard, and although decided in the context of the duty to provide reasons, the reasoning and standard should apply with equal effect to all aspects of the professional licensing processes.

5.4(iii) Procedural Fairness – A Tool For Political Reform?

While the foregoing procedural fairness approaches offer candidates for entry to a profession, including the patent agent profession, mechanisms to challenge the *implementation* of rules pertaining to competency-based entry-standards, they do not provide much in the way of recourse to challenge the setting of standards for entry to practice. These challenges might be viewed as an *individual* matter, a case of one or more individuals challenging certain aspects of a licensing process that has left them unfairly treated. In many circumstances, issues such as poor examination instructions or faulty

marking processes would likely be viewed as an unfortunate administrative oversight rather than a challenge to the foundational notions of competency and public interest within the respective self-regulatory framework.

That is not to say that the value of such challenges should be dismissed outright. Judicial threats of any form can lead to political change.⁶⁴⁰ As public choice theory dictates, some political actors may recognize that certain regulatory mechanisms may run counter to the public interest, but may face strong political lobbying from well-organized professional interest groups. In these circumstances, even the slightest legal threat may provide the necessary impetus for political reform.⁶⁴¹

Legal threats of any kind further promote the values of judicial review, namely, accountability and adherence to legislative intent. Forcing accountability through any means of judicial review would force administrative bodies to remain true to statutory intent and would create incentives to reduce conflicts within the governance framework.⁶⁴² By challenging self-regulatory bodies through any judicial review mechanism, this furthers the purpose of political accountability by ensuring that any governance conduct must either adhere to the provisions of the enabling statute or go through appropriate political mechanisms in order to achieve the sought after objectives. Even challenges to seemingly routine procedural matters, such as exam setting and marking procedures, may force self-regulatory bodies to implement objective validation mechanisms, and any level of objective third party validation minimizes potential biases. Furthermore, procedural challenges leading to objective validation creates an objective record, and as such, minimizes the possibility of self-regulatory bodies seeking to immunize scrutiny by avoiding the creation of decision-making record. Over time, legal challenges, both successful and unsuccessful, can create a transparent judicial record of

⁶⁴⁰ *Supra* note 2 at 849. At 874: “Given the public choice dynamics, the credible threat of legal action is essential to reforming occupational licensing laws. Without it, elected officials have little concrete incentive to reduce or reform irrational licensing laws given the concentrated benefits and diffuse costs. Indeed, in some jurisdictions, legal challenges blazed the trail for political reform that liberalized licensing regulations....In this respect, the mere threat of litigation can be sufficient to spark reform.”

⁶⁴¹ *Ibid* at 875.

⁶⁴² *Ibid* at 895.

self-governance activity and may shift political norms.⁶⁴³ From this perspective, the value of any legal challenge as a tool for political reform should not be discounted.⁶⁴⁴

⁶⁴³ *Ibid* at 899.

⁶⁴⁴ *Ibid* at 898. Blevins cites several examples of legal challenges to occupational licensing restrictions which led to legislative response thereafter.

CHAPTER 6

ADMINISTRATIVE LAW – INSTITUTIONAL BIAS

6.1 INSTITUTIONAL BIAS AND REGULATORY CAPTURE

6.1(i) Public Choice, Regulatory Capture and the Limits of Judicial Review – Grounding Institutional Bias

As with the analysis of substantive review under Chapter 5.2, it is important to begin the discussion of institutional bias by first returning to the discussion surrounding competency-based entry-to-practice standards and capture. As discussed under Chapter 5.2, if we distinguish public choice concerns from regulatory capture concerns, with regulatory capture in the context of self-regulated professions manifesting itself within the *administration* of the self-regulatory framework, then what legal mechanisms are available to safeguard against the detrimental effects of such phenomenon? What, precisely, is the concern surrounding regulatory capture? From an operational perspective, the concern is best characterized as concern regarding biased decision making. Self-regulatory bodies, either consciously or unconsciously, may make decisions favouring professional interests over the public interest.

Substantive review, grounded in the principles of legislative intent, deference and expertise, will in many circumstances struggle to provide an effective filter against biased decision making within the self-regulatory context, and specifically, as set out in the previous Chapters, in circumstances surrounding competency-based, entry-to-practice standards. As Laverne Jacobs states, the “*Dunsmuirian* approach without more is not enough to produce meaningful judicial review of the procedural fairness issues relating to independence and accountability”, issues best characterized as matters of bias.⁶⁴⁵ Recent jurisprudence has demonstrated increasing willingness to exercise heightened scrutiny of procedural fairness issues surrounding examination administration, issues which to date have been largely framed as concerns surrounding adequate notice and provision of reasons. However, as set out in detail under Chapters 5.3 and 5.4, even judges

⁶⁴⁵ Laverne Jacobs, “Transparency and Institutional Bias in Canadian Administrative Law: Why the *Dunsmuirian* approach is not enough”, Double Aspect (blog) (1 March 2018), online: <https://doubleaspect.blog/2018/03/01/transparency-and-institutional-bias-in-canadian-administrative-law/>.

sympathetic to the plight of prospective professional licensees up against what appear to be excessively onerous licensing standards have upheld the fairness of examination procedures against such challenges. Most importantly, central to this thesis is the question of what role can administrative law play in challenging competency-based regulatory capture, and as set out under Chapter 5.4(iii), while challenging licensing examinations based on questions of adequacy of notice and provisions of reasons might possibly lead to heightened political scrutiny of licensing standards, such political scrutiny would be a by-product of administrative challenge rather than a direct administrative challenge aimed at disrupting capture.

Returning to matters of substance, as discussed under Chapter 5.2, many of the cases cited therein can be distinguished on the basis of the fact that they deal with internal matters, such as governance of professionals already within a profession, as opposed to external matters, such as licensing of individuals wishing to enter a profession. According to Jacobs, the *Dunsmuirian* reasonableness approach, and its respect for deference, is grounded in *internal* expertise.⁶⁴⁶ Correctness, on the other hand, focuses largely on *external* relationships.⁶⁴⁷ As such, in situations involving self-regulatory conduct and action *vis-à-vis* external parties, such as entry-to-practice standards and licensing, procedural fairness is the key to filtering out many of the deleterious biases inherent to the self-regulatory governance model resulting from regulatory capture.

According to Jacobs, the question of reasonable apprehension of bias in the administrative context often revolves around the question of “whether an administrative actor’s structure or relationships appear sufficiently free from inappropriate interference.”⁶⁴⁸ While this is a seemingly straightforward question, as we shall see under Chapter 6.2, jurisprudence has, to date, provided little guidance regarding a structured methodology for undertaking such an analysis. This is particularly challenging

⁶⁴⁶ *Ibid*: “*Dunsmuir*’s reasonableness is best suited for litigious matters involving parties before the administrative actor. The concept of being respectful of agency procedural choices aligns most logically with choices made *internally* by the agency alone, based on its expertise and within the context of a specialized process designed to widely improve efficiency across the range of its cases. In such cases, there may be an expertise in process developed by the tribunal that should be taken into account on judicial review.”

⁶⁴⁷ *Ibid*.

⁶⁴⁸ Laverne Jacobs, “From Rawls to Habermas: Towards A Theory of Grounded Impartiality in Canadian Administrative Law” (2014) 51 Osgoode Hall L Rev 543 at 575.

in an administrative setting, as opposed to judicial decision-making, wherein courts have recognized that review of administrative decision-making demands a flexible approach to bias in appreciation for the particularities of any specific administrative context.

The challenge with self-regulatory bodies is that unlike many other administrative bodies, matters which would normally be considered ‘biased’ often appear to be by self-regulatory legislation, thereby blurring the line between acceptable and unacceptable bias. In the self-regulatory context, careful attention must be paid to the dichotomy between biases authorized by statute and biases which manifest themselves within the exercise of regulatory discretion. According to Jacobs:

...consider the administrative law doctrine that a reasonable apprehension of bias is deemed not to arise as long as the conflicting functions of an administrative body are prescribed by constitutionally valid enabling legislation. Under the rule of law, democratically created legislation may authorize a single administrative body to perform functions such as prosecution and adjudication even though the performance of both functions by the same entity would otherwise contradict the principles of natural justice. The difficulty with the doctrine is that it has been interpreted in some instances to permit conflicting functions to survive without scrutiny even in cases where the legislation has not expressly sanctioned the specific type of conflict at issue. In other words, it fails to deal with the discretionary pockets that may exist within the legislation where the conflicting actions are not entirely covered by the legislation’s sanction.⁶⁴⁹ (emphasis added)

To address inherent biases developing within a specific administrative system, Jacobs suggests grounding procedural fairness analysis within the appropriate context and ‘on the ground’ understandings between regulator and regulated. The idealized, objective hypothetical “reasonable and right-minded” person from whose perspective allegations of bias have been traditionally assessed may lead to superficial analyses of bias focused entirely on objective criteria such a statutory language. One of the key insights of a grounded impartiality approach is that a reading of statutory text, alone, is often insufficient to ground a legitimate determination of what can be considered ‘reasonable’ independence within any specific administrative context.⁶⁵⁰ A grounded impartiality

⁶⁴⁹ *Ibid* at 587.

⁶⁵⁰ *Ibid* at 581.

analysis requires of courts the willingness to dig deeply into the operational workings of a regulatory framework. From a contextual perspective, a deep dive into the workings of a regulatory framework may uncover that jointly held beliefs between regulator and regulated, while genuinely held, may also present evidence of unconsidered agency capture.⁶⁵¹

As discussed under Chapter 2.3, environments of tightly-knit, like-minded individuals can quickly develop into epistemic capture and regulatory drift. Thus, as Jacobs states, an understanding of institutional culture, while “not, in and of itself, excus[ing] situations that would otherwise clearly lead to a reasonable apprehension of bias... may offer avenues for additional exploration of the administrative body’s understanding of procedural fairness.”⁶⁵² Such an approach “ground[s] the analysis of reasonable apprehension of bias by focusing the inquiry on concrete areas where barriers to independence may exist.”⁶⁵³ As such, if one accepts that the hyper-proximity between the Patent Office and the profession has created a barrier against meaningful dialogue and change within the institution, a grounded impartiality approach may be the key to re-establishing regulatory independence.

Jacobs proposes five contextual factors for grounding an analysis for disqualifying bias: the provenance of the administrative actor; the shared understandings and institutional culture (including institutional practices) within which the administrative body is embedded; local understandings jointly held by the administrative actor and regulated community; any connections between the administrative body and those appearing before it that have been jurisprudentially flagged as potential impartiality concerns; and the administrative discourse, and the extent to which this discourse either promotes or hinders meaningful dialogue between all relevant parties.⁶⁵⁴

⁶⁵¹ *Ibid* at 567.

⁶⁵² *Ibid* at 566.

⁶⁵³ *Ibid* at 580.

⁶⁵⁴ *Ibid* at 566-8.

The provenance of the administrative actor examines the history, policy origins and legislative framework of the specific administrative agency.⁶⁵⁵ The shared understandings and institutional culture requires consideration of “institutional norms, which are often implicit rather than express, develop[ed] through the repeated discretionary actions of an administrative agency or other administrative body and form part of its ethos.”⁶⁵⁶ This consideration of institutional norms serves two significant objectives. Analyzing institutional norms requires assessment of the operative functioning of an administrative body, which in turn enables a deeper consideration of biases that may or may not be legitimated by express legislative wording.⁶⁵⁷ Furthermore, an understanding of institutional norms may lead to a more thorough examination of barriers to fairness inherent within the administrative workings of an agency.⁶⁵⁸

Local understandings build upon institutional norms, by considering the norms and understandings between the institutional actor and the regulated community it is tasked with overseeing.⁶⁵⁹ An analysis of local understandings may discover that certain practices that a hypothetical, ‘objective’ observer may consider illegitimate may in fact be ‘reasonable’ within the specific administrative context. However, Jacobs is careful to point out that a grounded impartiality analysis cuts both ways, and that “in considering local understandings, a reviewing court should pay equal attention to the potentially problematic issue of agency capture disguised as local understandings.”⁶⁶⁰

While the third factor considers connections between administrative body and those appearing before it relates to traditional jurisprudential understandings impartiality, this analysis should carefully consider the nature of the relationships based for a grounded consideration of legitimacy. Lastly, discourse considers the reality of exchange between the parties, and whether this exchange allows for meaningful dialogue between

⁶⁵⁵ *Ibid* at 566.

⁶⁵⁶ *Ibid*.

⁶⁵⁷ *Ibid*.

⁶⁵⁸ *Ibid*.

⁶⁵⁹ *Ibid* at 567.

⁶⁶⁰ *Ibid*.

the parties. Here, the central question is whether the institutional norms and narratives within the specific context act as a conduit or barrier to meaningful dialogue between regulator and regulated.⁶⁶¹ The dominant discourse within a given administrative context may lead to attitudinal biases, which, when implemented, may lead to incapability for open exchange and testing of facts within the specific regulatory framework.⁶⁶²

As mentioned above, these contextual factors cut both ways with respect to the traditional notion of an objective, acontextual perception of what is a ‘reasonable’ apprehension of bias within a specific context. In some instances, a grounded impartiality analysis will find that what a hypothetically objective, acontextual observer might view as being biased decision-making may be legitimate within the specific administrative context, while in some instances, what those whose rationality has been tightly circumscribed by the boundaries of a specific contextual discourse may view as legitimate may actually signal unintentional forms of bias. Essentially, a grounded impartiality analysis seeks to define what a ‘reasonable’ apprehension of bias means within a given administrative context by offering guideposts for analytic consideration as opposed to an idealized, acontextual objective standard disengaged from the everyday realities of a specific administrative environment.⁶⁶³

6.1(ii) Patent Agent Regulation, Institutional Bias and Capture

Returning specifically to Canadian patent agent regulation, Part 1 argues that epistemic and cultural capture have become deeply rooted into the Canadian patent practice landscape through years of custom and tradition. The reality is that the institutional actors and practitioners have all become accustomed to the current system and the current narrative has become engrained within the current patent practice landscape. The situation is not necessarily a matter of institutional actors placing their individual material interests in conflict with the public interest. It may not even be a matter of incumbent patent agents attempting to protect their market position. Rather, the individuals involved have become so accustomed to the current framework that they are

⁶⁶¹ *Ibid* at 568.

⁶⁶² *Ibid*.

⁶⁶³ *Ibid* at 581.

oblivious to the inherent biases within it. To put it simply, the institutional actors *within* this system may hold a genuine belief in its legitimacy.

In challenging the current Canadian patent agent regulatory framework, what is at stake is far more profound than incumbent patent agents potentially losing market share to new practitioners. Rather, challenging the predominant patent practice narrative poses an existential threat to the current patent practice narrative. If the goal is to challenge the current narrative in the hopes of reforming the system, it is essential to challenge the institutional biases inherent within the current regulatory framework. Patent agent ‘competency’ acts as a lynchpin to the current dominant practice narrative. As this dominant narrative may be deeply connected to limiting access-to-services for the most vulnerable market segments, homogenizing professional identity and ethics, creating a tightly-knit interest group predominantly serving foreign clientele (and interests) and inhibiting the growth of new and innovative service modalities, challenging this narrative may require challenging ‘competency’, which in turn requires challenging the biases inherent within the current system.

Challenging the current Canadian patent agent regulatory framework based on institutional bias presents the most promising option for disrupting the current Canadian patent practice narrative. Disrupting the current patent practice narrative requires outside groups interjecting themselves between the long-standing patent office/patent agent connection. To create the space for such a group to disrupt the current narrative, a crack must form within the hyper-connectivity between the patent office and the patent agent profession to allow new information, ideas and interests to manifest themselves. If the objective is to use a judicial, rather than political, mechanism to achieve this objective, then institutional bias may be the best possible tool for disentangling the patent office and patent agent profession from one another.

6.2 INSTITUTIONAL BIAS JURISPRUDENCE

6.2(i) *The Fundamentals of Institutional Bias*

The following sets out the history of Canadian jurisprudence regarding institutional bias. The roots of institutional bias were planted in the oft-cited *Committee*

for *Justice & Liberty v. Canada (National Energy Board)* decision.⁶⁶⁴ Although not pertaining directly to institutional bias, *Committee for Justice & Liberty* set out the test for reasonable apprehension of bias generally:

...[T]he apprehension of bias must be a reasonable one held by reasonable and right minded persons, applying themselves to the question and obtaining thereon the required information... that test is what would an informed person, viewing the matter realistically and practically — and having thought the matter through — conclude. Would he think that it is more likely than not that [the decision maker], whether consciously or unconsciously, would not decide fairly?⁶⁶⁵ [Emphasis added]

The Supreme Court long ago recognized that the obligation of impartiality is not restricted to individual decision-makers, but also applies at an *institutional* level. In *Lippe c. Charest*, the Court emphasized that the appearance of impartiality is important for public confidence in the justice system, and it is important for the public to have confidence not only in the impartiality of individual decision makers but in the system itself.⁶⁶⁶ According to the Court, “whether or not any particular judge harboured pre-conceived ideas or biases” is not in and of itself determinative, and “if the system is structured in such a way as to create a reasonable apprehension of bias on an institutional level, the requirement of impartiality is not met.”⁶⁶⁷

Thus, the Court in *Lippe* stated that the test set out in *Committee for Justice* applied equally on an institutional as well as an individual level.⁶⁶⁸ However, the Court in *Lippe* set out a two-step test for cases involving allegations of bias at an institutional level, has been subsequently followed and applied in *Canadian Pacific Ltd. v. Matsqui Indian Band*:

Step One: Having regard for a number of factors including, but not limited to, the potential for conflict between the interests of tribunal members and those of the parties who appear before them, will there be

⁶⁶⁴ (1976), [1978] 1 S.C.R. 369 (S.C.C.)

⁶⁶⁵ *Ibid.* at 394

⁶⁶⁶ [1991] 2 S.C.R. 114 at p 438.

⁶⁶⁷ *Ibid.*

⁶⁶⁸ *Ibid.*

a reasonable apprehension of bias in the mind of a fully informed person in a substantial number of cases?

Step Two: If the answer to that question is no, allegations of an apprehension of bias cannot be brought on an institutional level, but must be dealt with on a case-by-case basis.⁶⁶⁹

In *C.U.P.E. v. Ontario (Minister of Labour)*⁶⁷⁰, a majority of the Court stated that the test for institutional impartiality “is whether a well-informed person, viewing the matter realistically and practically and having thought the matter through, could form a reasonable apprehension of bias in a substantial number of cases.”⁶⁷¹ Although the majority cited both *Lippe* and *Matsqui* for this proposition, it did not cite the two-step test. However, the test set out in *C.U.P.E.* closely resembles the first step of the *Lippe* test as well as the test set out in *Committee for Justice & Liberty*. In *Bell Canada v. Canadian Telephone Employees Association*, the Court reiterated the test as “would a well-informed person, viewing the matter realistically and practically, have a reasonable apprehension of bias in a substantial number of cases?”, and if this question is answered in the negative, bias may only be alleged on an individual, case-by-case basis.⁶⁷² Accordingly, *C.U.P.E.*, *Lippe* and *Bell* appear to provide a consistent doctrinal test with respect to institutional bias.

Regarding the standard for proving institutional bias, in *Committee for Justice & Liberty*, the Court endorsed a flexible application of the “reasonable apprehension of bias” test to account various administrative contexts. The Court stated that:

The question of bias in a member of a court of justice cannot be examined in the same light as that in a member of an administrative tribunal entrusted by statute with an administrative discretion exercised in the light of its experience and of that of its technical advisers. The basic principle is of course the same, namely that natural justice be rendered... In the case at bar, the test must take into consideration the broad functions entrusted by law to the Board.⁶⁷³

⁶⁶⁹ [1995] 1 S.C.R. 3 at para. 67.

⁶⁷⁰ [2003] 1 S.C.R. 539 (S.C.C.).

⁶⁷¹ *Ibid* at para 195.

⁶⁷² 2003 SCC 36 (CanLII) at para 25. See also *Sutherland v. British Columbia (Superintendent of Motor Vehicles)*, 2018 BCCA 65 (CanLII) at para 51, where in the British Columbia Court of Appeal follows this proposition.

⁶⁷³ *Supra* note 659 at 395.

In *Bell Canada*, the Court stated that “[t]he requirements of procedural fairness — which include requirements of independence and impartiality — vary for different tribunals” and that “the procedural requirements that apply to a particular tribunal will “depend upon the nature and the function of the particular tribunal.”⁶⁷⁴ In *Ocean Port Hotel Ltd. v. British Columbia (General Manager, Liquor Control and Licensing Branch)*, the Court stated that the degree of independence and impartiality required of an administrative agency in any given circumstance is a matter of discerning Parliamentary intent.⁶⁷⁵ Furthermore, according to *Bell*:

All aspects of the tribunal’s structure, as laid out in its enabling statute, must be examined, and an attempt must be made to determine precisely what combination of functions the legislature intended that tribunal to serve, and what procedural protections are appropriate for a body that has these particular functions.⁶⁷⁶

Accordingly, Supreme Court jurisprudence appears to set a line of clear doctrine regarding the appropriate approach to institutional bias analysis. However, as discussed below, despite this apparent clarity, a paucity of case law and inconsistent application of this jurisprudence have created a sphere of uncertainty regarding the precise scope of the doctrine’s applicability.

6.2(ii) Institutional Bias and Professional Licensing

When considering administrative challenges to the legality of entry-to-practice standards, institutional bias is possibly the most intriguing. This is due to the small but increasing number of cases involving this issue, as well as courts’ comments and perceptions regarding the nature and applicability of bias arguments. Courts have increasingly drawn connections between bias, transparency and institutional design, discarding conceptions of institutional bias as being only some form of nefarious behaviour on the part of administrators in favour of a more pragmatic approach to the issue.

⁶⁷⁴ *Supra* note 667 at para 21.

⁶⁷⁵ 2001 SCC 52 (CanLII) at para 24.

⁶⁷⁶ *Ibid* at para 22.

For example, in the above-referenced *Goldwater* decision, the midterm evaluation process established by the Barreau was not mandated by the licensing ‘Rules and Procedures’, rather, it was operated as an informal process.⁶⁷⁷ Contrary to the assertions of the Barreau, the court found that rather than calling for a lower standard of procedural fairness, the informal nature of the process demanded a heightened level of scrutiny- “The danger of the informal review system called "rectification" is that it has no legal existence and thus gives the appearance of a random and obscure system.”⁶⁷⁸ On this point, the court concluded that:

Procedural fairness requires that an organization such as the Law Society act with the utmost transparency in order to avoid the possible fear of institutional bias based on the absence of clear and precise rules. To say that the rectification of an assignment is possible is, of course, to deny its finiteness. Everything that is hidden gives rise to apprehensions.⁶⁷⁹ (emphasis added)

In *Togher*, the applicant alleged that the NCA process created a reasonable apprehension of institutional bias, given that “a significant portion of the NCA's operating funds came from examination fees and a significant amount of the Executive Director's compensation was derived from those fees.”⁶⁸⁰ The applicant argued that the Executive Director had an economic interest in having students writing more exams, thereby creating an apprehension of bias in the process for determining Canadian equivalency for foreign trained students.

The court stated that “of all the matters raised by Ms. Togher before the Benchers and on this judicial review, the most troubling, in my view, is the issue of reasonable apprehension of bias.”⁶⁸¹ The court was critical of the Benchers’ characterization of the applicant’s argument as being ‘extreme’ and ‘way out of line’, clarifying that an

⁶⁷⁷ *Supra* note 611 at para 21.

⁶⁷⁸ *Ibid* at para 40.

⁶⁷⁹ *Ibid* at para 42.

⁶⁸⁰ *Supra* note 479 at para 48.

⁶⁸¹ *Ibid* at para 53.

allegation of institutional bias does not suggest ‘highly improper conduct’ or even require evidence of actual improper conduct.⁶⁸² Rather, the court stated:

On its face, I agree with Ms. Togher that the financial structure of the NCA raises questions. It is somewhat surprising that the Federation of Law Societies could not devise a structure for the NCA that more adequately separates the results of its decisions from its source of financing.⁶⁸³

While somewhat sympathetic to the applicant, the court ultimately rejected the institutional bias arguments. Although the NCA’s finances were drawn from examination fees, the Executive Director’s compensation was directly linked to the number of assessments performed rather than then number of examinations ordered.⁶⁸⁴ Furthermore, as the NCA was structured to operate on a break-even basis, no direct benefit accrued to the NCA or the Executive Director as a result of the number of exams that needed to be written.⁶⁸⁵ Thus, the court ruled that the examination process “does not create an apprehension in a reasonably well-informed person that the NCA would not decide fairly.”⁶⁸⁶

6.2(iii) The Possibility of a ‘Piercing’ Review – Does Current Canadian Jurisprudence Allow for Grounding an Impartiality Analysis?

Cases such as *Bell* and *Ocean Port Hotel* call for the type of piercing review that a grounded impartiality analysis demands, which requires a reviewing court to consider all relevant contextual and statutory factors in determining legislative intent, statutory authorization and standard of fairness. However, few cases have actually applied such level of review and accordingly, there remains uncertainty as to how such an institutional bias analysis should be applied.

One case which seems to apply such a piercing level of review is the Federal Court of Appeal decision in *Kozak v. Canada*. In *Kozak*, a group of Roma refugee status

⁶⁸² *Ibid* at paras 49, 51.

⁶⁸³ *Ibid* at para 54.

⁶⁸⁴ *Ibid*.

⁶⁸⁵ *Ibid*.

⁶⁸⁶ *Ibid*.

claimants had their claims denied by the Convention Refugee Determination Division (as it then was) of the Immigration and Refugee Board. The Board had found that the appellants had failed to prove that they had a well-founded fear of persecution in Hungary and that state authorities would not, or could not, provide them adequate protection.⁶⁸⁷

The claimants applied to the Federal Court for judicial review to set aside the decisions, alleging a lack of procedural fairness in the decision-making process. The claimants alleged a reasonable apprehension of bias and of a lack of independence in the Board's use of "lead cases"- the Board had developed its lead case by identifying a Roma refugee claim with which to create a full evidentiary record for other panels could use for making informed findings of fact.⁶⁸⁸ The lead case would provide guidance to future panels and would "promote consistent, informed, efficient, and expeditious decision-making."⁶⁸⁹

The claimants based their allegations of bias not on a single instance of bias, rather a factual matrix raising the specter of institutional bias. This factual matrix included a series of emails between senior management at the Board and Citizenship and Immigration Canada ("CIC") discussing the increasing number of successful Roma applications.⁶⁹⁰ Furthermore, included in the email exchanges and involved in the planning process for lead case development was Board Member Vladimir Bubrin, , who was also a member of the two-person panel which heard the claimants' refugee claims.⁶⁹¹ Just prior to publication of the two lead cases, both of which denied the refugee claimants, several leading Hungarian publications carried stories regarding the new Board decisions, describing them as 'precedent-setting' and that they meant that Hungarian Roma refugee claims would not be accepted in Canada.⁶⁹²

⁶⁸⁷ *Kozak v. Canada (Minister of Citizenship and Immigration)*, 2006 FCA 124 at para 3.

⁶⁸⁸ *Ibid* at para 7.

⁶⁸⁹ *Ibid* at para 8.

⁶⁹⁰ *Ibid* at paras 15-7.

⁶⁹¹ *Ibid* at para 14.

⁶⁹² *Ibid* at paras 34-7.

Applying the test in *Committee for Justice and Liberty v. Canada (National Energy Board)*, the federal court concluded that the adoption of the ‘lead case’ by the Board to promote consistent decision-making did not raise a reasonable apprehension of bias, given that the independence of future panels was not compromised.⁶⁹³ On appeal, the Federal Court of Appeal overturned the federal court’s ruling regarding bias. Given that *Charter* rights were at stake, the Court of Appeal stated that the reasonable apprehension of bias standard should be “particularly demanding”.⁶⁹⁴ The Court of Appeal set out a broad definition of bias, relating both to impartiality and independence. Based respectively on impartiality and independence, the legal notion of bias relates both to “circumstances that give rise to a belief by a reasonable and informed observer that the decision-maker has been influenced by some extraneous or *improper* consideration”, as well as “the *improper* surrender of freedom as to how disputes should be decided.”⁶⁹⁵

Accordingly, based on the foregoing, the Court of Appeal stated that:

Contrary to the Judge’s conclusion, the appellants may establish a reasonable apprehension of bias without proving the motivation of the Board in orchestrating the lead cases. In my respectful view, it is sufficient that a reasonable person could conclude from a review of the evidence as a whole that the Board’s motive was such as to make it more likely than not that the hearing panel was not impartial.⁶⁹⁶ (emphasis added)

Furthermore, the Court of Appeal stated that the standard of impartiality in any given circumstance depends on context and is to be measured by reference to the *Baker* factors, thereby implicitly acknowledging the flexible standard approach set out in *Committee for Justice*.⁶⁹⁷ In the circumstances at play in *Kozak*, including the fact that it was an adjudicative procedure affecting the *Charter* rights of claimants, the standard fell on the high end of the procedural fairness spectrum.⁶⁹⁸ While the ‘reasonable person’ of

⁶⁹³ *Ibid* at para 51.

⁶⁹⁴ *Ibid* at para 46. Also, at para 54, the Court stated that the duty of fairness owed by the Board to claimants “falls at the high end of the continuum of procedural fairness”.

⁶⁹⁵ *Ibid* at para 57.

⁶⁹⁶ *Ibid* at para 47.

⁶⁹⁷ *Ibid* at para 53.

⁶⁹⁸ *Ibid*.

the bias analysis should not be “unduly suspicious”, this hypothetical person’s apprehension should be reflective of the standard of fairness owed in any given context.⁶⁹⁹

The Court of Appeal was sympathetic to the Board’s administrative challenges—continuously increasing workload, public and political attention, decreasing resources, maintaining consistent decision-making and the need for innovative methods to tackle these issues.⁷⁰⁰ However, the Court stated that “procedures designed to increase quality and consistency cannot be adopted at the expense of the duty of each panel to afford to the claimant before it a high degree of impartiality and independence”.⁷⁰¹

Applying the law to the facts, the Court stated that it could not “point to a single fact which, on its own, is sufficient to establish bias.”⁷⁰² However, “despite the absence of a ‘smoking gun’”, the Court concluded “on the basis of the entire factual matrix of this case that a reasonable person who had considered every aspect of the matter and had thought it through carefully, would think that the hearing panel was biased and was not acting independently when it rejected the appellants’ claims for refugee status.”⁷⁰³

Regarding the factual matrix, the Court stated that a “cloud of suspicion” was created by a series of connected circumstances.⁷⁰⁴ These circumstances included the fact that Burbin participated in the hearing in addition to taking a lead role in planning and organizing the lead cases and that the no external groups, such as the immigration Bar, were involved in the planning process or even received any public explanation until after the judicial review was initiated.⁷⁰⁵ Furthermore, the series of email exchanges between

⁶⁹⁹ *Ibid* at para 54.

⁷⁰⁰ *Ibid* at paras 55-6.

⁷⁰¹ *Ibid* at para 56.

⁷⁰² *Ibid* at para 58: “There is, for example, no evidence of a statement by a senior Board official or member that the purpose of the lead cases was to reduce the number of positive decisions in Hungarian Roma cases and to deter potential claimants, although there are references early in the planning stage to the high rate of positive decisions previously rendered, to CIC’s concerns about this, and to public opinion.”

⁷⁰³ *Ibid* at para 60.

⁷⁰⁴ *Ibid* at para 59.

⁷⁰⁵ *Ibid*. At para 63: “When considered in the context described above, the Board’s selection of both the lawyer and the cases to serve as the “lead cases”, without any wider consultation with the immigration and refugee Bar, would also trouble the reasonable observer. The Board’s selection of the lawyer and of the lead cases may be seen as part of Board

senior management detailing the increasing number of Roma applicants, the high number of positive Roma application and little evidence of inconsistency between cases, combined with “the Board’s selection of both the lawyer and the specific cases to serve as the ‘lead cases’, would also trouble the reasonable observer.”⁷⁰⁶

Reviewing the totality of the evidence, the Court concluded that:

...a person could reasonably conclude that the lead case strategy was not only designed to bring consistency to future decisions and to increase their accuracy, but also to reduce the number of positive decisions that otherwise might be rendered in favour of the 15,000 Hungarian Roma claimants expected to arrive in 1998, and to reduce the number of potential claimants.⁷⁰⁷ (emphasis added)

The *Kozak* decision provides a number important take-away points. Primarily, the Federal Court of Appeal states that for a finding of bias, it is sufficient that a reasonable person *could* conclude, based on the evidence *as a whole* that it was *more likely than not* that bias was present. Significantly, the court rejects the necessity of proving any motivation for biased decision-making, a proposition which, as we shall in our discussion of capture below, coincides with recent non-materialist theories of capture. Furthermore, the Court of Appeal accepted and considered a broad evidentiary record, rejecting that a ‘smoking gun’ is necessary for a finding of bias and that a ‘cloud of suspicion’ raised by the record as a whole can support a finding of bias.

6.2(iv) Applying a Grounded Impartiality Analysis to the Canadian Patent Agent Regulatory Framework

Based on the details set out herein, and specifically, the summary set out under Chapter 4.2(ii) which summarizes the history and potential biases within current patent

management’s response to the concerns of CIC about the Board’s previous positive decisions and its future handling of a large number of Hungarian Roma claims.”

⁷⁰⁶ *Ibid* at paras 62-3.

⁷⁰⁷ *Ibid* at para 61. Also, at para 65: “To summarize, given the high standard of impartiality to which the Board is held in its adjudicative capacity, a reasonable person might well have concluded on the basis of the above that the panel hearing the appellants’ claims was not impartial. This is because one of its two panel members may have been predisposed towards denying the appellants’ claims since he had played a leading role in an exercise that may seem to have been partly motivated by a desire by CIC and the Board to produce an authoritative, if non-binding legal and factual “precedent”, particularly on the adequacy of state protection, which would be used to reduce the percentage of positive decisions in claims for refugee status by Hungarian Roma. The panel may reasonably be seen to have been insufficiently independent from Board management and thus tainted by the Board’s motivation for the leading case strategy.” (emphasis added)

agent regulation, the following is an application of Jacobs' grounded impartiality contextual factors to the current Canadian patent agent regulatory framework.

Provenance of the Administrative Actor

The history of Canadian patent agent regulation as set out in detail under Chapter 3.3 demonstrates that Canadian patent agent regulation, much like historical, international patent agent regulation, developed largely from concerns of ethical practice rather than a specific, documented history of practitioner incompetence. However, much like patent agent regulation in comparable jurisdictions, and similar to the general trend in Canadian self-regulating professions, the Canadian regulatory framework has drifted towards emphasis on competency as the predominant, if not the only, regulatory objective.

As with most administrative law matters, analyses relating to bias begin with the context set by the legislative framework. Canadian patent agent regulation provides an excellent example of the tension between statutory language, operational context and potential bias. Referring to and re-iterating the statutory guidelines, Rule 13(1), which establishes an Examining Board for preparing, administering and marking the qualifying examination for patent agents, states that:

The members of the Examining Board shall be appointed by the Commissioner, and the chairperson and at least three other members shall be employees of the Patent Office and at least five members shall be patent agents nominated by the Intellectual Property Institute of Canada. (emphasis added)

The statute not only authorizes the participation of IPIC members, it mandates that at least five members of the Patent Agent Examination Board are nominated by IPIC. A cursory analysis of statutory language alone may lead to a conclusion that the statute thereby authorizes the level of interaction and connection between CIPO and the IPIC organization as detailed in Chapters 3.3 and 4.2(ii). However, a grounded analysis would ask, what, within the context of this statute and operational workings of this body, does this statute *actually* authorize and legitimize?

Referring to Rule 13(1), what is the role of CIPO, the Commissioner and the chairperson vis-à-vis the Examining Board, and in this licensing process generally? Does

the statute authorize outsourcing practically the entirety of the examination setting, training and development process to IPIC, along with unaccountable payments of public funds? A similar issue was at play in *Bell*, namely, the scope of legitimacy in the Chair's discretion, pursuant to the enabling statute, to extend the terms Human Rights Commission Tribunal Members' Appointments during an ongoing inquiry.⁷⁰⁸ As Jacobs highlights, the statutory framework in *Bell* was ambiguous as to the precise standard of required impartiality, and as such, reliance on statutory language alone, without a detailed consideration of operational context, could not provide a complete picture.⁷⁰⁹ As such, Jacobs suggests that a grounded impartiality analysis would have been far more appropriate in the circumstances at play in *Bell*.⁷¹⁰

Turning to Canadian patent agent regulation, as a matter of legislative context, one would expect that the profession's full discretion and oversight over practically the entirety of the licensing process would require explicit statutory language to give effect to such authority. Although the above-referenced *Laffin* decision was decided in the context of a substantive review of the reasonableness of the Council of the Association of Professional Geoscientists' exercise of discretion, the Court of Appeal's discussion of the scope of statutory self-regulatory authority is nonetheless pertinent to the case at hand. In *Laffin*, the court recognized that self-regulation may include any number of statutory grants of exclusive authority to a self-regulating, professional body, such as discretion over entry-to-practice, accreditation and policing against unauthorized practice of the

⁷⁰⁸ *Supra* note 657 at 584.

⁷⁰⁹ *Ibid* at 583.

⁷¹⁰ *Ibid* at 584-5, according to Jacobs: "Applying a grounded theoretical approach, the Court in *Bell* might first have reflected on the policy goals behind the creation of the Human Rights Tribunal and asked whether the attainment of these goals would legitimate the discretion vested with the Chair to extend appointments. In its analysis, the Court could have considered evidence regarding the history of the Tribunal, including its place, alongside the Human Rights Commission, in the statutory network aimed at resolving human rights claims as expeditiously as possible. Continuing with this grounded inquiry, the Court might then have assessed whether the extension power posed a perceived or real barrier to fair and independent adjudication on fact and law. To do so, the Court could have explored a series of questions about the shared understandings that exist within the human rights tribunal. These questions would necessarily be tethered to the arguments put forward by the party alleging a reasonable apprehension of bias due to insufficient independence, and could vary from case to case. But, as an example, if the concern were that the Chair might withhold the extension of a member's expiring appointment because of disagreement with the decision the member planned to render in the pending case, evidence showing statistical patterns regarding renewal might be useful. Any available information (for instance, mission statements, annual reports, academic or other studies done on the tribunal or its members) might also be helpful in identifying the norms and values underlying the tribunal's culture and whether the Chair's discretion is auspicious against this backdrop. The internal practices of the Tribunal that stem from this institutional culture could also be accessed in this way... Local understandings could have a role to play as well, if only to document what legitimate expectations (if any) a litigant might have in this instance."

regulated field. Thus in *Laffin*, the court concluded that the Council's actions amounted to an exercise of educational accreditation, a power which, had the Ontario Legislature seen fit to grant to the Council, would have done so explicitly within its enabling statute.

With respect to the Canadian patent agent licensing framework, Rule 13(2) states that the Board, appointed by the Commissioner with the chairperson being an employee of the Patent Office, shall be responsible for administering the qualifying examination. Rule 12(b) indicates that candidates wishing to sit for the Patent Agent qualifying examination must notify the Commissioner in writing of their intention to do so and furnish evidence to the Commissioner establishing that they meet the necessary professional experience requirements. Furthermore, Rule 14(2) and Rule 14(3) state that the Commissioner shall designate the place of the examination and shall publish the requisite public notifications. Rule 15 indicates that Commissioner shall, on written request, enter onto the register of patent agents the name of any individual who has met all requirements for qualifying as a Canadian registered patent agent. Finally, Section 16 of the *Patent Act* grants the Commissioner oversight authority over patent agent misconduct.

While Rule 13(2) envisions the appointment of several members of the profession, as nominated by IPIC, to the Patent Agent Examination Board, general licensing best practices would expect that members of the profession would be involved in setting a licensing examination to provide subject matter expertise. However, the above-referenced statutory provisions, in combination with Rule 13(2), indicate a statutory intent that it is the Commissioner who is responsible for exercising and maintaining oversight of the qualification process. Within the context of both the statutory scheme and professional licensing best practices generally, this language should be taken to mean that the Commissioner, the chairperson and the Patent Office must exercise responsibility for oversight of the patent agent qualification process. Accordingly, Rule 13(2) should not be understood as permitting the Commissioner and the chairperson to abdicate all oversight responsibility to the IPIC organization.

As in *Laffin*, one would expect to see clear statutory authority allowing for the level of professional self-regulation in setting exam templates, use of public funds and psychometric validation, all without any input or knowledge from the chairperson, Commissioner or anyone else at the Patent Office, as set out under Chapters 3.3 and 4.2(ii). Such statutory authority would no doubt include additional aspects of full self-regulatory authority aimed at ensuring appropriate transparency, accountability and democratic processes.⁷¹¹ Furthermore, as discussed under Chapter 5.2(iii), political accountability, as set out within any given statutory framework, is an important consideration upon judicial review. The *Patent Act* grants the Governor in Council authority to make Rules and Regulations, and as in *Laffin*, one could argue that the current level of professional self-regulatory governance over the licensing process is an attempt to capture greater professional power without going through the necessary political approval process.⁷¹²

Accordingly, from a statutory perspective, the legislative language and context creates a strong perception that operatively, it is expected that CIPO and/or the Chairperson of the Board should be exercising a far greater role in managing the examination process and that the influence of the profession, largely through the IPIC organization, may be inappropriate. Considering the matter from a grounded perspective, the question becomes whether norms and practices developed through the historical administration and operation of this regulatory framework may indicate operational biases that may, or may not be, legitimated within this context.

Switching gears from the legislative context to the actual history and operation of this regulatory framework, we see that the sparsely documented history demonstrates that since as far back as the 1970s, CIPO has relied almost entirely on IPIC for direction on licensing standards. This reliance has consistently increased over time, from

⁷¹¹ *Supra* note 311.

⁷¹² Section 12(1)(j) of the *Patent Act* states that “The Governor in Council may make rules or regulations: respecting the entry on, the maintenance of and the removal from the register of patent agents of the names of persons and firms, including the qualifications that must be met and the conditions that must be fulfilled by a person or firm before the name of the person or firm is entered thereon and to maintain the name of the person or firm on the register.” *Rule 13(2)*, which sets out the details of the Patent Agent Examining Board, was passed pursuant to the authority set out under Section 12(1)(j) of the *Act*.

consultations during the 1970s, to twenty years of outsourcing of the entire examination preparation and administration to the IPIC organization. CIPO and/or the Chairperson of the Patent Agent Examination Board have exercised practically no oversight over any aspect of patent agent licensing, and in the most recent 2016 High-Level Analysis, the Chairperson of the Board (along with others at CIPO) exclusively sought IPIC's feedback and comments regarding agent candidate feedback pertaining to reform.

What does this history and customary practice tell us about the norms of this professional regulatory framework? Specifically, does this proximity between the Patent Agent Examination Board and the profession evidence a belief on the part of all relevant parties that the current practices and norms are legitimate biases inherent within this particular context? While it may be tempting to jump to the conclusion that so many years of customary practice is evidence of legitimacy in the current framework's operation, the paucity of documented evidence cannot be disregarded. Given the lack of empirical evidence, including qualitative evidence on the part of key participants within this framework, one could just as soon posit that capture, bureaucratic drift and/or a combination of both could be equally responsible for shifting the customary practices of the regulatory framework from a position of legitimacy to one of illegitimacy.

What is important to note is that recent reviews of the current regulatory framework have expressed concerns over the proximity between CIPO and IPIC, and the influence of such a voluntary professional association within a professional licensing process. The CBA and the Federation of Law Societies have both expressed concerns about the propriety of such a voluntary professional association's influence within a regulatory system meant to serve the public, rather than private, interests. Furthermore, the only documented qualitative feedback from patent agent candidates to date, the 2014 and 2016 High-Level Analyses, show an overwhelming sense of frustration on the part of candidates, including a significant perception of bias.

Based on the foregoing, what the years of customary practice between the Patent Agent Examination Board and the profession may demonstrate are not so much a set of legitimate norms and practices within the particularized context of this regulatory framework, rather, it may be an unintended drift towards greater proximity between the

Patent Agent Examination Board and the profession caused by many years of lack of public oversight and accountability. As discussed in detail herein, intellectual property has not, until recently, been a Canadian economic priority, and as such, regulation of patent agency has received little public attention. With little public attention or oversight, a regulatory system can easily drift from its original objective and lose sight of its purpose. As CIPO has always relied on the profession for feedback on many relevant intellectual property matters, over time, it would only seem natural for CIPO to come to rely on the profession for matters of agency regulation as well. Outsourcing agency licensing to the IPIC organization may have been driven entirely by administrative efficiency concerns- CIPO may have seen this as a more efficient way of acquiring subject matter expertise without consideration for the possible bias it may introduce or exacerbate. Similarly, candidates may have long ago perceived biases in the regulatory framework but have only recently been provided the opportunity to provide their feedback. Furthermore, a historical power imbalance between the profession and candidates may have dissuaded candidates from openly airing any grievances they may have had, for fear of damaging future career prospects.

Rather than demonstrating a set of contextually legitimate institutional norms and customs, the history and customs of the Canadian patent agent regulatory framework appear to demonstrate that what appears to be an explicit statutory intent is indeed a more defensible theory of legitimacy and that the current customs evidence a drift, whether intention or unintentional, towards illegitimate forms of institutional bias. While additional empirical evidence is required to provide support for one position or the other, the available evidence lends itself to a more persuasive interpretation that the current customs may be unrecognized forms of capture rather than contextually legitimate norms.

Shared Understandings and Institutional Culture

Decades of hyper-proximity between the Canadian patent agent profession and CIPO have created the current institutional culture, where CIPO views the agent profession as its customer and relies almost entirely on the agent profession for conceptualization of public interest in patent matters. Patent agent licensing is a glaring example of this cultural capture. Historically, there has been little evidence of any effort

to validate competencies or engage in any form of robust exam setting process in line with psychometric best practices. There is little, if any, documented consideration of evidence of professional incompetence (or lack thereof) and the necessity for professional licensing. Instead, CIPO has relied entirely on incumbent agents' feedback on appropriate standards of regulation, the basis for such feedback frequently lacking in transparency.

Can the current patent agent licensing process be legitimated based on the statutory framework which enables this regulatory intervention as well as institutional culture and norms? As set out above, it is difficult to argue that the legislative framework legitimizes what appear to be inherent biases within the current regulatory framework. Furthermore, rather than serving to legitimize, the current institutional culture and norms demonstrate that the current framework has lost sight of its purpose and grounding. To paraphrase the above-referenced *Khan c. Barreau (Québec)* decision, any professional licensing framework can easily drift, either intentionally or unintentionally, from its original implementation and objectives and require judicial readjustment to give effect to the required reorientation. The current Canadian patent agent regulatory framework may be such a circumstance.

Local Understandings

What are the jointly held beliefs, between regulator and regulated, regarding fairness and impartiality within the patent agent licensing framework? Here, it is important to heed Jacobs' warning that agency capture may disguise itself as local understandings. Given the above discussion regarding institutional norms, and that the current institutional culture has developed over many decades and has existed with little public attention, one might conclude that this is evidence of a localized acceptance of the legitimacy and fairness of the current system.

It is important to point out that in the circumstances of the current Canadian patent agent licensing framework, the regulated are not current Canadian patent agents. In fact, the current statutory framework grants CIPO only minimal regulatory oversight over registered patent agents, which oversight is limited to de-registration in cases of

gross misconduct.⁷¹³ Rather, the regulated community is the public, and specifically, those members of the public aspiring to qualify as registered patent agents.

Accepting the institutional culture that has developed between CIPO and the agent profession as being indicative of local understandings between the regulator and regulated would be to accept capture disguised as local understandings. The entire regulatory framework has evolved through a one-way discussion between CIPO and the profession, with practically no outside, objective input, let alone from would-be agents. An accurate representation of local understandings would require interaction and feedback from aspiring patent agents. CIPO's 2014 and 2016 High-Level Analyses are the only documented attempts to connect with candidates, and the results of these analyses demonstrate a general sense of frustration on the part of aspiring patent agents.⁷¹⁴ Thus, the only available, documented local understandings demonstrate a serious disconnect in perceptions of legitimacy between the regulator and regulated. The challenge, of course, is that this interpretation is based on what little documented evidence currently exists. The unfortunate reality is that within the patent agent licensing context, little effort and attention has been given to qualitative feedback from all relevant parties (apart from only the profession), and as such, it is difficult to paint a complete and accurate picture of the state of the institutional culture.

Connections Between Administrative Agency and Litigants

As the Canadian Patent Agent Examination Board is not a quasi-judicial board, this factor is not as relevant within this context as in agencies that carry out an adjudicative function. However, as discussed under the 'Discourse' heading, the lack of connection between the Board and prospective patent agents is a significant contributor to the lack of meaningful interaction between the regulator and regulated.

Discourse

⁷¹³ *Patent Act*, Sec. 16, which states that "for gross misconduct or any other cause that he may deem sufficient, the Commissioner may refuse to recognize any person as a patent agent or attorney either generally or in any particular case." According to Canada, Ministry of Innovation, Science and Economic Development Canada, *Access to Information Request No. A-2017-01275* (Gatineau: Ministry of Innovation, Science and Economic Development Canada, 2017), there is no documented evidence that the Commissioner has ever exercised this authority.

⁷¹⁴ See Appendix 'A', Appendix 'B', Appendix 'E', Appendix 'F'.

Of all the contextual factors, consideration of discourse, and the available channels for meaningful dialogue between parties, may be the most relevant within the context of Canadian patent agent regulation. As set out above, in the context of Canadian patent agent regulation, the regulated are the public, or specifically, those members of the public aspiring to become registered Canadian patent agents. The regulatory intervention, in the form of licensing examination, applies to those outside of the profession, who wish to enter the profession, rather than the profession *itself*.

Yet as set out in considerable detail in Chapters 3.3 and 4.2(ii), the entire history of Canadian patent agent regulation is the story of a one-channel conversation between the Patent Office and the profession. In many ways, this story is the narrative of historical patent agency generally, but in the case of Canada, socioeconomic factors unique to Canada have heightened the nature of this Patent Office/profession closed-circuit discourse.

The epitome of this discourse of hyper-proximity between the Patent Office and the profession is illustrated by the barriers it creates to meaningful dialogue between regulator and regulated. For example, the examination appeal process involves no written feedback to candidates other than a brief statement on whether the appeal has been successful or unsuccessful, thereby limiting meaningful interaction between candidates and the Patent Agent Examination Board. The 2014 and 2016 High-Level Analysis studies, which requested feedback from candidates, resulted in an overwhelming response from candidates regarding perceptions of poor exam preparation material, poor exam setting processes, procedural fairness issues and apprehensions of bias. Despite this fact, CIPO sought only the guidance of IPIC on how to address these issues and did not publish the results of these studies. The chairperson of the Patent Agent Examination Board removed all references to such problematic issues, recommendations for Examination improvement based on candidate feedback and plans to publish the results of the analyses based solely on the recommendations of IPIC.⁷¹⁵

⁷¹⁵ See Appendix 'G'.

The current Canadian patent agent discourse is a case-study in a culture of exclusion. Candidates are provided no meaningful opportunity to participate, in any fashion, in the regulatory dialogue. Even when asked to participate, such as in the High-Level Analyses or in the examination appeal process, the response they receive is akin to a deafening silence. In the context of the numerous challenging issues surrounding the current patent agent regulatory framework, the lack of meaningful dialogue between the regulator and regulated is a deeply concerning factor that cannot, and should not, be overlooked.

6.2(v) Application and Uncertainty

The previous Chapter 6.2(iv) sets out what a grounded impartiality analysis of the current Canadian patent agent regulatory framework might look like. The question remains- would such an analysis be possible under current Canadian administrative law jurisprudence? Would current Canadian administrative law doctrine and evidentiary rules permit a court to undertake such an analysis? Even if not explicitly, can current Canadian administrative law allow for an implicit application of at least some part of the analysis set out under Chapter 6.2(iv)?

One of the most important factors surrounding an analysis of bias is that it is a matter of reasonable *perception*, and as research regarding epistemic capture, cultural capture and bureaucratic drift teaches us, even the most well-intentioned of administrators, without any motivation of personal gain or deceptive intentions, can easily lose perception of bias when operating entirely within a closed culture endemic to a specific regulatory context. Institutional bias analysis may provide the key to combatting regulatory capture within the self-regulatory context, provided that courts are willing to engage in the sort of piercing analysis that is necessary to uncover operationalized implicit biases.⁷¹⁶

From an evidentiary perspective, institutional bias is advantageous to substantive review in that the standard of review is correctness and the scope of evidentiary record is not subject to the same limitations as substantive review. Thus, building an evidentiary

⁷¹⁶ *Supra* note 657 at 587.

record for institutional bias can be used to demonstrate a valid ‘capture narrative’. However, there are numerous challenges to applying a grounded impartiality analysis.

It is difficult to understand how analyzing whether a statute expressly authorizes conduct that may potentially give rise to an apprehension of bias can be done without engaging in some form of statutory analysis. *Bell* seems to explicitly require this level of statutory analysis. However, here again the cases seem to point in various directions. In a partially dissenting opinion in *C.U.P.E.*, Bastarache J. rejects that statutory interpretation is appropriate in an institutional bias analysis if the issue is framed as a question of statutory discretion granted to a specific individual, which would be a matter of substantive review.⁷¹⁷ The issue in *C.U.P.E.* revolved around the Minister’s exercise of discretion in forming ad hoc tribunals, an authority *expressly* granted pursuant to statute. The *Kozak* decision, without citing *C.U.P.E.*, distinguishes the issue of statutory discretion from bias, and having decided the matter based on bias, the Federal Court of Appeal did not address the issue of statutory discretion.⁷¹⁸ It would appear that *C.U.P.E.* should be limited to circumstances properly characterized as a reasonableness exercise of discretion, and neither *Kozak* or *C.U.P.E.* should be read as blanket prohibition against a probing statutory analysis in light of the Court’s direction in *Bell*.

This issue of discretion and standard of review has also arisen in the context of the discretionary choice of procedures set by an administrative body. Although procedural fairness matters are reviewed on a standard of correctness, a line of jurisprudence has established a principle that reviewing courts should respect the choice of procedures established by an administrative body.⁷¹⁹ The court in *Engfield* did not seem to place much effort into reviewing the Patent Agent Examination Board’s choice of procedures other than to say that the Board is required to honour them.⁷²⁰ In *Maritime Broadcasting System Limited v. Canadian Media Guild*, the Federal Court of Appeal reviewed procedural matters of the Canada Industrial Relations Board on a standard of

⁷¹⁷ *Supra* note 665 at paras 44-5.

⁷¹⁸ *Supra* note 682 at para 48.

⁷¹⁹ *Maritime Broadcasting System Limited v. Canadian Media Guild*, 2014 FCA 59 at para 55.

⁷²⁰ *Supra* note 439 at para 14.

reasonableness.⁷²¹ However, it is important to note that *Maritime Broadcasting System Limited* was contextually specific, involving a review of the Board's reconsideration hearing decision in which procedural matters were raised, rather than a direct review of a procedural matter.⁷²² The Federal Court of Appeal in *Maritime Broadcasting System Limited v. Canadian Media Guild* was clear that the standard in the case at hand was context specific⁷²³, and to date, there does not appear to be a case involving institutional bias wherein a deferential, reasonableness standard has applied. As such, it would appear that a deferential standard of review should not apply to issues of institutional bias, as a matter of jurisprudence or principle.⁷²⁴

With respect to evidence, both *C.U.P.E.* and *Kozak* allow for a broad and comprehensive evidentiary record. The Federal Court of Appeal in *Kozak* took a holistic view of the issue, framing it broadly as a question of whether “the circumstances surrounding the origin, planning and execution of the lead cases gave rise to a reasonable apprehension of bias”.⁷²⁵ (emphasis added) Furthermore, Bastarache J. states in *C.U.P.E.* that “attacks on the independence or impartiality of a board are most convincingly made with evidence of how that board operates in practice”, which should allow for introduction of a broad scope of evidence regarding administrative agency practice.⁷²⁶ The Court of Appeal in *Kozak* permitted and considered an expansive evidentiary record, which included preparatory material, email communications and other documentary evidence acquired through access to information requests.

⁷²¹ *Supra* note 708 at para 48.

⁷²² *Ibid* at para 64: “Maritime Broadcasting does not point to any particular misunderstanding of the Board as to the relevant legal concepts. Rather, it invites us to stand in the shoes of the Board and apply the principles in this case. As I have said, this is inapt.”

⁷²³ *Ibid*: “The Board’s task in this case was to apply those standards in a discretionary way to the factually complex matrix before it, a task informed by its appreciation of the dynamics of the case before it and its knowledge of how its procedures should and must work, all in discharge of its responsibility to administer labour relations matters fairly, justly and in an orderly and timely way. It did so under the umbrella of legislation empowering the Board to consider its own procedures based on its appreciation of the particular circumstances of cases and to vary or depart from those procedures when it considers it appropriate.”

⁷²⁴ For an excellent discussion, see *supra* note 654: “Edging towards reasonableness review in situations of institutional bias could prove harmful to the development of good public administration. Transparency as a value needs to be ascertained within the administrative state, including through judicial review. Collectively, we should work towards this goal. Without more, a deferential approach could be detrimental to ensuring administrative justice.”

⁷²⁵ *Supra* note 682 at para 51.

⁷²⁶ *Supra* note 665 at para 44- this was addressed in dissent, but Bastarache J. states this proposition in agreement with the majority.

There are, however, several key features distinguishing *Kozak* from the circumstances surrounding Canadian patent agent regulation. The Court of Appeal placed considerable emphasis on the fact that the *Charter* issues at stake created a very demanding standard on the respondent IRB. Furthermore, *Kozak* was decided in a quasi-judicial, IRB hearing context. Both factors have historically been viewed as demanding very high levels of procedural justice. Lastly, while *Kozak* briefly considered questions of whether the biased conduct was authorized by statute, the issue of *operationalized* bias versus *expressed* statutory bias was not considered.

It is also hard to reconcile the test set out in *Kozak* with both the *C.U.PE.* and *Matsqui* decisions. Neither *C.U.PE.* nor *Matsqui* were cited in *Kozak*. Furthermore, it is difficult to reconcile *C.U.PE.* and *Matsqui*; does the test set out in *C.U.PE.* require first finding a ‘reasonable apprehension of bias’, according to the test set out in *Matsqui*? Apart from any confusion regarding conflict with previous jurisprudence, the effect of the *Kozak* decision itself remains uncertain. While *Kozak* has been cited in numerous decisions, few cases have applied the same level of piercing analysis with respect to institutional bias analysis. In *Local 1518 v. BC Labour Relations Board & Wal-Mart Canada*⁷²⁷, J. Brine, citing *Kozak*, stated that “the facts of the case before me must be considered globally rather than parsed individually” with respect to allegations of apprehension of bias.⁷²⁸ However, the case pertained to allegation of bias with respect to a single quasi-judicial adjudicator and it is not evident that any other aspect of *Kozak* was applied.

Applying the foregoing to the circumstances surrounding Canadian patent agent regulation, what would, or *could*, an institutional bias argument look like? Applying a *Kozak*-type analysis, the question is *could* a reasonable person conclude from the evidence *as a whole* that it was *more likely than not* that the Patent Agent Examination Board has not been impartial in the development, administration and execution of the patent agent examination?

⁷²⁷ 2007 BCSC 546 (CanLII) aff’d 2008 BCCA 231

⁷²⁸ *Ibid* at para 101.

One could argue that the high standard of fairness, and corresponding depth of review in *Kozak* was influenced by the Charter implications involved, and as such, an equally high standard would not be warranted in the circumstances of patent agent regulation. In response to these distinguishing points, there are reasons to believe that a *Kozak*-level of comprehensive analysis can and should apply. As Canadian patent agent regulatory matters fall under federal jurisdiction, the *Kozak* decision, handed down by the Federal Court of Appeal, is highly relevant, binding precedent. Also, although patent agent regulation does not implicate *Charter* issues in that there is no recognized *Charter* right to practice a profession, as discussed under Chapter 5.3(iii), from a contextual perspective, courts have held that the right to practice a profession justifiably warrants a high degree of procedural fairness and have been sensitive to matters touching on potential bias within the licensing process. As such, it is reasonable to expect that the same level of scrutiny demonstrated in *Kozak* would also apply in matters involving professional licensing.

The summary of relevant facts set out under Section 4.2(ii) must be viewed alongside the relevant statutory language and context. It is important to again emphasize the context, which helps to inform a grounded approach to impartiality. Here, there is no single ‘smoking gun’. There is no clear indication that any individual has placed themselves in a position of personal bias, in the narrow sense, wherein an individual has allowed a personal conflict to improperly influence their individual consideration. There is no evidence of ill-will or improper intent.

Yet many years of customary practice have created a culture between CIPO and the profession wherein all relevant parties, despite acting based on what appears to be good intentions, have had their perceptions of bias clouded by an inherent institutional culture. Decades of proximity between CIPO and the profession has created a comfortable atmosphere whereby information is communicated back-and-forth and extreme insularity has bounded their respective rational views of the matter. The profession’s effective self-governance, along with this level of comfort with CIPO and lack of oversight, have allowed competency-based standards to drift towards a position where objective validation is seriously in question. There is no evidence of intentional

impropriety, and to the contrary, those involved believe that the current system is normal and justified.

Despite the lack of any overt impropriety, the facts cannot be ignored. Public money is transferred to a private, professional association with no oversight or accountability regarding use of funds. Regardless of how one may interpret the statutory responsibility of the Chairperson of the Patent Agent Examination Board regarding oversight of Examination Board activities, the available evidence demonstrates that the Chairperson has abdicated practically all responsibility for oversight to IPIC. The statute states that the Board is appointed by the Commissioner of Patents and the Chairperson must be a CIPO employee, implying a statutory intent that CIPO must exert some level of oversight and management over professional governance. As stated in *Kozak*, bias is not only a matter of improper influence, but also the improper surrender of freedom on how certain matters should be decided. In light of the foregoing, it appears that CIPO has improperly surrendered its oversight responsibility.

There is a strong argument that the administration of the patent agent examination demonstrates a reasonable apprehension of institutional bias. While the statute envisions participation of IPIC members on the Examination Board, it would be difficult to argue that the statute also authorizes the current level of engagement between the IPIC *organization* and CIPO. The lack of transparency and accountability, specifically in relation to particularly sensitive examination issues, combined with poor examination validation and dismal examination pass rates creates a strong perception of the possibility of bias. Although *Kozak* does not require actual proof of apprehension of bias, the evidence of actual apprehension of bias on the part of examinees and other organizations would undoubtedly be viewed as persuasive.

CHAPTER 7

FINAL CONCLUSIONS – (IL)LEGITIMACY, LEGALITY AND CANADIAN PATENT AGENT REGULATION

The question this thesis set out to answer was whether current Canadian administrative law principles provide an adequate mechanism to challenge professional capture in the form of competency-based, entry-to-practice licensing standards. The case-study of Canadian patent agent licensing was used to demonstrate if and how administrative law could possibly provide a filter against competency-based, entry-to-practice capture. In the context of Canadian patent agent regulation, the capture and competency touch on a much deeper issue- as competency seals a barrier around a dominant patent discourse, challenging this discourse in the hopes of reforming patent practice generally may require challenging competency.

From the perspective of substantive review, Canadian administrative law may not be an effective mechanism for challenging competency-based, entry-to-practice capture. Most statutory grants of authority to regulate ‘competency’ in the ‘public interest’ grant self-regulatory bodies tremendous discretion in setting licensing standards. The relative subject matter expertise between courts and professional self-regulatory bodies weighs heavily in favour of courts deferring to self-regulatory bodies’ discretion in substantive matters of standard setting and examination. Furthermore, recent decisions such as *Green*, *Sobeys West*, and *Alberta College* have both set a standard from tremendous deference to self-regulatory bodies in passing by-laws while also limiting the evidentiary record in challenges to discretionary by-law decision to matters that were before the decision-maker when passing the by-law. Combined, this severely restricts the applicants’ ability to construct an evidentiary capture narrative.

Although substantive review has been moving towards greater deference for self-regulatory discretion and limiting the scope of the evidentiary record, procedural fairness has moved towards offering far greater protection through exercising heightened levels of review. A body of recent jurisprudence demonstrates judicial recognition that individuals’ right to practice their chosen profession is entitled to a very high level of procedural fairness. Thus, with respect to professional examination matters, courts have

demonstrated a willingness to review, in tremendous detail, all aspects of exam setting, administration and provision of reasons to ensure that the requisite level of fairness is being met. Furthermore, although there does not yet appear to be a decision within the professional licensing context wherein a court has invalidated a professional licensing decision on account of bias, courts have expressed concerns that transparency and impartiality are essential within a professional licensing framework.

However, while procedural fairness issues surrounding adequacy of notice and provision of reasons can be successfully used to challenge invalid professional licensing examinations, this brings us back full circle to the question of capture. The central question of this thesis was what role administrative law can play in challenging capture. While any legal challenges may raise political awareness of potential capture, thereby provoking positive change, this would be an indirect effect on capture rather than a direct administrative law challenge to capture.

As set out under Chapter 6.1, theories of regulatory capture are best translated into administrative law through the doctrine of institutional bias. Challenges based on institutional bias cut directly to issues of capture. Primarily, institutional bias, reviewed on a standard of correctness, is less deferential than substantive review and the evidentiary record far less constrained. Thus, in theory, institutional bias can provide a judicial mechanism for safeguarding against capture and the evidentiary rules could allow for the creation of a capture narrative.

However, as discussed under Chapter 6.2, the current state of Canadian institutional bias jurisprudence is far from settled, with a lack of clear consistency in Supreme Court jurisprudence. From a conceptual perspective, one of the challenges currently manifest in Canadian jurisprudence is the effect of statutory language in assessing what forms of bias are authorized. This has tremendous relevance to the question this thesis ... biases manifest themselves at an operational level, and one of the main unsettled questions in the Canadian doctrine of institutional bias is how far courts may go in analyzing operational context, as opposed to strictly statutory language, in assessing whether institutional bias exists.

This thesis discusses Jacobs' contextual factors for grounding an analysis of institutional bias. To briefly summarize, Jacobs' suggests several contextual factors, including: the provenance of the administrative actor; the shared understandings and institutional culture (including institutional practices) within which the administrative body is embedded; local understandings jointly held by the administrative actor and regulated community; any connections between the administrative body and those appearing before it that have been jurisprudentially flagged as potential impartiality concerns; and the administrative discourse. Grounding an analysis of institutional bias using Jacobs' suggested factors places the question of what is a 'reasonable' apprehension of bias within the specific context of a regulatory framework, analyzing the operation of a regulatory agency as opposed to simply looking to statutory language. According to Jacobs, a grounded analysis may determine that certain regulatory customs or norms, which viewed acontextually and objectively, may seem biased but are accepted as legitimate within a given regulatory framework. Similarly, a grounded analysis may uncover operative biases, which, viewed strictly from the perspective of statutory language, may remain hidden.

Applying Jacobs' factors under Chapter 6.2(iv), this piece argues that a strong argument can be made that the current Canadian patent agent regulatory framework demonstrates institutional bias. Although the lack of empirical evidence is certainly challenging, the existing evidence lends itself to a strong interpretation that the historical over-proximity between CIPO and the patent agent profession, rather than evidencing customs and norms that are legitimate within this specific regulatory framework, demonstrate signs of impartiality within the regulatory process. The Patent Agent Examination Board has abdicated practically all responsibility for the licensing process to the IPIC organization, and private, voluntary association that represents the interests of agents. The few examples of qualitative feedback from both patent agent candidates and outside organizations express a sense of deep dissatisfaction with the current licensing process, including perceptions of bias within the regulatory framework.

Despite the foregoing, Chapter 6.2(v) asks whether Jacobs' factors, whether in whole or in part, either explicitly or implicitly, can be applied under the current state of

Canadian administrative law. Here again, the uncertainty manifests itself. Cases such as the Federal Court of Appeal decision in *Kozak* seem to allow for a probing analysis into the operative aspects of a regulatory agency. *Kozak* explicitly states that in some instances, bias does not involve a search for a ‘smoking gun’, rather, the evidence must be considered holistically. Furthermore, *Kozak* allowed for an expansive evidentiary record, including evidence acquired through access to information requests. However, few courts have followed and applied *Kozak*’s analysis, and the fact that it was decided in an adjudicatory context involving Charter issues leaves open the question of whether such a probing analysis would be implemented in a judicial review of a professional licensing decision. A strong argument could be made that the judicial trend in recent years to view professional licensing as attracting very high levels of procedural fairness bolsters the argument that a *Kozak*-type analysis would be warranted in judicial review of professional licensing decisions.

The legal analysis set out under Chapter 6.2 brings us back to the underlying theme throughout this thesis, regarding the deeper fundamental issues at play in patent agent governance and what this tells us about our patent system generally. Specifically, this brings us back to the question of public interest, and beyond the narrow question of patent agent regulation, who is responsible for protecting the public interest with respect to governance of the patent system generally? Is CIPO the defender of the public interest? If so, how does it view its role as protector and promoter of the public interest?

Patent offices were established to play a public interest role in the patent system. Historically, patent offices have viewed this responsibility narrowly- patent examiners examine patent applications in accordance with substantive law and publish patent applications to disseminate invention information. As the technological landscape has begun to change, disrupting our long-held notions of what innovation means, how knowledge is disseminated and how professional services are delivered, patent offices are left in a position of trying to figure out how they must evolve along with society.

As seen herein, CIPO now engages in new forms of service delivery, services which less than a decade ago would have been completely foreign to patent offices. In the U.S. context, the USPTO now undertakes a significant patent hearing process which

has divided the perception of not only the proper role of the patent office within the patent system, but also the very nature of patent rights within our society.⁷²⁹

What this demonstrates is that CIPO, much like patent offices around the world, is now struggling with an identity crisis brought on by changing social, economic and technological trends. As with the discussion of self-governance and public interest under the Chapter 2.2, our notions of public interest and the patent system are likely changing along with these trends, and as well as struggle to define what the public interest is, or should be, in relation to the patent system, CIPO struggles to define itself vis-à-vis what it believes is the public interest.

Similarly, the future of the patent agent profession is threatened by technological disruption, a challenge facing all professions going forward. In the case of patent agency, the technological advances and the unbundling of professional patent agent services threatens to bring to the forefront the shaky foundation upon which patent agent regulation rests. Patent agent regulation demonstrates a deeply entrenched form of epistemic and cultural capture between CIPO and the Canadian patent agent profession. To put it simply, CIPO has adopted the profession's conception of public interest and competency as its own.

While it is easy to view this discussion as a simple analysis of a poorly administered licensing examination, this would be missing the forest for the trees. As discussed herein, patent agency competency in many ways represents the lynchpin of a patent discourse, of the foundation of an ideology upon which much of the patent system rests and ironically, an ideology which we have come to believe is set stone. Patent offices and patent agents historically have mutually reinforced one another, and the historical hyper-proximity between the two has substantially contributed to the perception of permanence in our patent institutions. But the reality is that this discourse was authored by interest groups with a deep interest in influencing its development.

⁷²⁹ At the time of writing this thesis, the United States Supreme Court issued its decision in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC* (584 U.S. ____ (2018)). The issue in *Oil States* was the narrow question of legality of certain patent office hearings pertaining to patent validity. However, in its decision, the United States Supreme Court ruled that the granting of a patent is a public right, and specifically, a public franchise. While the implications of this ruling are yet to develop, this has opened a debate as to whether patents can even be considered 'property' rights and whether the entire patent system should be properly viewed entirely as an administrative framework.

Challenging the notion of competency in many ways challenges the foundation of this discourse.

The regulation of Canadian patent agents teaches us far more about our patent system than would appear at first glance. It demonstrates that our patent discourse has in many ways been authored by those exclusively entitled to participate in the dialogue. The fact that those within this this discourse have not appreciated this reality is not a matter of intentional impropriety, rather, it demonstrates how deeply entrenched this discourse has become. As social, economic and technological factors are beginning to disrupt this discourse, it is inevitable that both CIPO and the profession must eventually confront this reality.

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APPENDICES

APPENDIX 'A' – 2014 CIPO PATENT AGENT EXAMINATION HIGH-LEVEL ANALYSIS (EXAM VALIDATION COMMENTS)

The following is a collection of comments from 2014 Canadian Patent Agent Examinees regarding the exam. The sample comments set out below are several example responses taken from the set of provided feedback:

The Exam should be shortened, or time to write lengthened. There is no value to adding time-pressure into the Exam. Time pressure merely results in answers that are less well thought out. Answers year-to-year are inconsistent (e.g. what is expected in the Background section of Paper A varies from strict descriptions of the prior art, to discussions of the failings of those prior art over the present invention). The material to memorize should be provided, like it is in the Bar exam. There are a plethora of cases, and it is impossible to determine which of these cases is considered relevant to the Examining board, or what meaning the Examining board derives from these cases.

Historically, the short answer questions tend to focus too heavily on 'trick' questions and even where the question is straightforward, the model answers tend to assign marks for responding to issues that were not raised in the original question (and ignoring other issues that would be at least as relevant). Many of the long answer questions are designed to elicit a single 'correct' answer but inevitably leave areas open for multiple interpretations. This causes problems when the exam is marked against a rigid and detailed marking guide. Excessive length has also been a problem, particularly where the question book exceeds 50 pages (often due to prior art documents containing extraneous information). This leaves little time for answering the questions within the 4 hour time slot, particularly since 'skimming' the art is not a viable strategy in view of how these exams are now structured. The weighting of marks on the exam also adds to the difficulty, as the mark distribution in both the long and short answer sections often doesn't reflect the level of effort required to answer the question.

You require processes to ensure exam consistency between years. The exams seems to change entirely when a new examination board is

selected. Perhaps only 1 person should change on the board every year rather than the entire board. I practiced using the last 4 years of exams but this year, the exam seemed totally different.

Preparation material for writing the exams is lacking. The only preparation material that I have found useful is the 2010 to 2013 marking guides. The IPIC Tutorials and Clinics are disappointingly not in tune with the actual exams, most Patent Agents that prepare those sessions have not studied the latest marking guides and rely on their personal experiences back when they were preparing for the exams.

There were multiple errors on the admission letter received from CIPO. We are close to last in G8 and G20 for innovation and we seriously lack patent professionals in Canada. Why having pass rate of 7% or 10%? Why Canada is so different than the rest of the world? Suggestions: The Exam Papers should be shorter and predictable. I do not suggest that the Examination should be easy. Anyone should be able to sit for the exam more than once a year. There should be mock up Exam Papers provided every year as provided in Europe. All we have are past Exam Papers for which the format has changed over the years.

Provide ability to type exam on computer. Answers provided for previous exams are not consistent. Took IPIC training course (2010), but advice on how to write exam did not align with marking scheme. Accordingly more coordination between IPIC instructors and grading committee would be beneficial. Grading of paper A seems too subjective - only seem to get marks if claims exactly match the model claim despite providing an equally broad/Effective claim. Maybe provide more flexibility with awarding marks for paper A. Bottom line - exams (paper B & D in particular) now feels like a test of writing speed and time management, rather than professional skill.

The exam format and mark allocation appears to change year to year making it difficult to determine what sort of answer will be awarded the optimum number of marks. This year's Paper D is a good example

wherein the format and mark allocation was quite different from the previous couple of years. Candidates are left to determine at the time of writing the exam what amount of time and analysis is required to obtain the marks allocated for a particular question/analysis. An attempt to clarify the type of answer expected was made on Paper D - but the directions were still somewhat vague. This makes the exam results arbitrary. Perhaps the best evidence of this is in the IPIC training courses which frequently advocate candidates to adopt a particular approach which may have worked a couple of years ago, but which would now result in suboptimal performance.

This is my third year taking the exams. I passed paper C my first year. During my second year, even though I was 7 marks (out of 240) short of passing all papers combined, I did not receive enough marks on any one paper to keep any of my scores. I appealed, and the result was that my marks were LOWERED. I understood that this was a risk of appealing, but, in my case, I truly did not understand the motivation. The lowering of my mark had absolutely no effect on my standing (I still had to take all three exams again BEFORE the appeal). Also, without receiving any kind of feedback from the appeals process, I was not able to learn from my mistakes. I wasn't even informed which question resulted in the reduced mark (how is this helpful?). Instead, the result of my appeal was that it effectively discouraged me for continuing in this field. Without any transparency in the appeals process (and without more transparency in the exam marking process), I'm beginning to wonder if there is any way for me to improve my chances of passing (other than just hoping for "better luck" next year). I have taken almost all of the courses offered, and have consistently received positive feedback from the instructors. So, I'm really not sure what else I can do.

While I understand that general knowledge of varying fields is an asset to IP practitioners, the subject-matter at issue in Papers B and C of this year was very different from the subject-matter of previous years, and especially in the case of Paper C, somewhat esoteric.... if the subject-matter for the exams is decided sufficiently ahead of time, people sitting for the exams be informed prior to the exam of the subject-matter to which the exam will relate, allowing them to do some preparatory

reading, so that the subject-matter be at least somewhat more familiar when the time comes to sit for the examination.

The marks allocated per question are not consistent from year to year. Also, the marking guides are inconsistent in terms of acceptable answers from year to year.

To whom it may concern, Thank you for offering this opportunity to submit feedback. As an electrical engineer and patent attorney, these are by far the most unfairly difficult examinations I have ever written in my life. I appreciate the effort that you have taken to try and improve the marking guides; however, they are still very unhelpful. Not only are mistakes routinely made in the marking guides (in terms of page numbers, incorrect figure references, etc) but more egregious ones such as a complete failure to explain the reasoning behind the answer are discouraging, to say the least. Even the examinations contain blatant errors (this year, there was a clear mistake in the date format on Paper B). Nowhere in the world are such draconian examinations administered, and rightfully so. A brief review of CIPO's 2012 Report serves as a very sad indicator of the utter difficulty of passing, and one will clearly notice that in instances of 4% pass rates where the highest mark is 66.5/100 (Paper D), there is obviously a clear problem with both the administration and content of the exams. Also, when the average mark in ALL exams is below a pass rate (as was the case in 2012 and surely again in 2013 if not every single year), it is a strong indicator that something is wrong. Bearing this in mind, CIPO needs to find a way to assist candidates to understand the answers in the answer guide. The goal of the examinations should be to test candidates on their knowledge and application of the relevant law and principles.

APPENDIX 'B' - 2016 CIPO PATENT AGENT EXAMINATION HIGH-LEVEL ANALYSIS (EXAM VALIDATION COMMENTS)

The following is a collection of comments from 2016 Canadian Patent Agent Examinees regarding the exam. The sample comments set out below are several example responses taken from the set of provided feedback:

“Paper D was a bloodbath. The pass rate is horrendous during the years that this "marking style" of Paper D has been instituted.”

“More consistent marking from year to year. Sample marking guide answers from one year are not helpful for following years.”

“don't even know where to start; but for somebody involved so many times in litigation and licensing discussions, this exam is a joke and lacks fairness. actually the only thing you seem to evaluate is the understanding of the invention and use of keywords in the analysis, I do not believe the reasoning is considered at all. for anybody involved in litigation, he would understand that different lines of arguments can be taken and rightly so as long as we can sustain the validity/invalidity/infringement from that point of view. now for the exam board to limit the analysis to few points or keywords shows a lack of understanding of real life patent trials or licensing.”

“The answers given to the previous years' examination are arbitrary, no clear standards, especially in Part B and Part D. There is no way to know how to write a right answer. One particular case is the claim construction, how does the meaning 'purposive' apply? no criterion can be found.”

“Paper D was very different than previous years. The difficulty of the exams is acceptable. However, changing the format and style of the exams in a drastic way feels unfair.”

“I can't believe my experience so far with the exams. I don't what you are trying to test as it is not clear. It is almost like you are purposely trying to have people fail.”

“Paper D should be less lengthy and complicated... The guide keeps changing constantly. For claim construction, the guide required the candidate to identify the following: mapping, purpose, inventor's intent from claim language and specification, material effect.”

“Marking guides for one year give little to no guidance as to what is expected in subsequent years, which makes the correct answers seem like moving targets.”

“Paper D was very unfair this year and has been unfair for the last 2 years as well. Significant changes need to be made to Paper D so that candidates that have studied and have experience can actually pass Paper D. Claim construction on Paper D is significantly different than on Paper B, yet there should only be one construction according to Free World Trust (SCC). The "essential feature" analysis in the claim construction question in Paper D should be removed from the exam.”

“The training material and courses provided do not really provide a clear guidance how to tackle the exam... The quality of the exam's guides of last years is very different and sometimes not at all helpful.”

“No clear guide as to what material should be studied, or how response should be structured. Marking guides from recent years indicate a model answer structure that fluctuates significantly in form and scope.”

APPENDIX ‘C’ – CIPO/IPIC COMMENTS REGARDING PATENT AGENT EXAMINATION PSYCHOMETRIC VALIDATION

Each year CIPO releases annual statistics and data regarding the Patent Agent Qualifying Examination, including candidate numbers and pass rates. Until 2014, CIPO’s annual report stated that “the Examining Board participates in a coaching session provided by a consultant versed in best practices for the setting of professional accreditation exams”(emphasis added). A request to CIPO for information and details surrounding the work of this consultant and the nature of these sessions prompted a response that further details would be provided in the upcoming 2015 annual report. When released, the 2015 Annual Report had been changed from previous years’ reports to state the following:

Prior to preparing the examination, the Examining Board meets with the IPIC Patent Agent Examination Standards Committee to discuss best practices for the setting of professional accreditation exams. The IPIC Patent Agent Examination Standards Committee reviews the development and administration of the qualifying examination for patent agents in order to assist the Examining Board in maintaining recognized standards for certification, including the security, practicality, fairness, scoring, reporting, technical analysis and documentation of the exam. The Committee is assisted by an expert in measurement and evaluation of competence, Dr. Gary Cole, who coaches members of the Examining Board in setting and marking examination papers that meet recognized standards in measurement of competencies. (emphasis added)

This revised statement creates considerable confusion as to whether it is the Examining Board, the statutorily mandated body responsible for development and administration of the patent agent exam, or the IPIC Patent Agent Examination Standards Committee, that is ‘assisted’ by Dr. Gary Cole. This statement is unclear as to the respective roles of each of the Examining Board and the IPIC Standards Committee in Exam development.

Furthermore, CIPO again changed information regarding Dr. Cole’s involvement in its 2016 Annual Report, which reads:

Prior to the preparation of the examination, a Joint Meeting was held in November 2015 between the Examining Board and the IPIC Patent Agent Examination Standards Committee (“Committee”) to discuss the administration of the 2015 Exam and discuss best practices for the administration of the 2016 Exam. The Committee reviews the

development and administration of the Patent Agent Examination in order to assist the Examining Board in maintaining recognized standards for certification, including the security, practicality, fairness, scoring, reporting, technical analysis and documentation of the Exam. The Committee is assisted by an expert in measurement and evaluation of competence, Dr. Gary Cole. As in previous years, the Committee invited Dr. Cole to share his expertise in setting and marking examination papers at the Joint Meeting. (emphasis added)

This only exacerbates the confusion regarding the respective role of the Examining Board and the IPIC Standards Committee in development and administration of the Patent Agent Exam.

A further Access to Information request sought clarification regarding the role of Dr. Gary Cole. The response stated that “Dr. Cole is retained directly by IPIC, and as such, CIPO is not in a position to provide information regarding the matter.” (emphasis added) Furthermore, CIPO advised that such inquiries should be sent directly to IPIC. Requests for further information from IPIC resulted in being told by IPIC that the requested information is confidential and would not be disclosed.⁷³⁰ Two further Access to Information requests were filed, the first of which stating:

I am currently conducting regarding the Canadian Intellectual Property Office’s (CIPO) development and administration of the Canadian Patent Agent qualifying examination, CIPO’s website states that: Prior to preparing the examination, the Examining Board meets with the IPIC Patent Agent Examination Standards Committee to discuss best practices for the setting of professional accreditation exams. The IPIC Patent Agent Examination Standards Committee reviews the development and administration of the qualifying

⁷³⁰ In an attempt to clarify the matter and receive further information, I contacted IPIC on October 25, 2016 and spoke with Anne-Josée Delacorde. I informed her about the previous Access to Information requests (which I understood from her that she was already aware of) made to CIPO for information regarding the consultant’s role in the patent agent examination process and other IPIC material relating to development and administration of the Patent Agent Exam. During our telephone call, I requested any available information regarding the consultant’s role in the patent agent exam development and administration process, as well as any other information available regarding exam development and validation, information I was easily able to receive from patent offices in several other jurisdictions. I was told by Ms. Delacorde that the information I was requesting was confidential and that my requests must be directed to CIPO. To date, I have not been provided with any of this information.

examination for patent agents in order to assist the Examining Board in maintaining recognized standards for certification, including the security, practicality, fairness, scoring, reporting, technical analysis and documentation of the exam. The Committee is assisted by an expert in measurement and evaluation of competence, Dr. Gary Cole, who coaches members of the Examining Board in setting and marking examination papers that meet recognized standards in measurement of competencies. I would like to request all documentation, including contracts, but excluding emails, detailing Dr. Gary Cole's role in the development and administration of the Canadian Patent Agent Examination, including details regarding the coaching sessions conducted by Dr. Gary Cole.

A second Access to Information request stated:

I am currently researching the regulation and governance of patent agents in Canada, with a particular emphasis on the Canadian Patent Agent Exam. In previous Access to Information requests (requests no. A-2015-00626 and A-2016-00068), I requested information and documents pertaining to the development of the Canadian Patent Agent Exam. I have attached to this request copies of this information I had received pursuant to that request. In the attached documents, reference is made on a number of occasions to the role of the Intellectual Property Institute of Canada (IPIC) Standards Committee and the IPIC Exam Revision Committee in the development process for the patent agent examination, including (but not limited to) development of 'Templates for Exam Setting and Marking' for the exam. I would like to request all documents (excluding emails) pertaining to the IPIC Standards Committee and the IPIC Exam Revision Committee in the development process for the patent agent examination, including (but not limited to) the involvement in the reformation of the exam taking place in 2009 as well as copies of the 'Templates for Exam Setting and Marking' for the exam. As the Canadian Intellectual Property Office (CIPO) is statutorily responsible for the development of the patent agent exam, through the Patent Agent Examination Board, these documents should be considered to be under the custody and control of CIPO and therefore acquirable if CIPO does not already have possession.

This request received the following response:

We regret to inform you that we were unable to locate any records responsive to your request. Program officials with the Canadian Intellectual Property Office (CIPO) completed a thorough search and have confirmed that no relevant records were located. The work of Dr. Cole is in relation to a contract between himself and the Intellectual Property Institute of Canada (IPIC). The coaching was provided to IPIC members. No CIPO board members received coaching from Dr. Cole. (emphasis added).

This information apparently conflicts with the information CIPO has published in its Annual Reports. The provided information states that no CIPO Board members have met with Dr. Cole, while the Annual Reports set out above state that it is ‘the Examining Board’ with the IPIC Standards Committee that meets with Dr. Cole at the “Joint Meeting”. It appears that contrary to CIPO’s assertion, it is only IPIC committees and IPIC Board Members, rather than the Examination Board itself, that historically has had any ‘coaching’ with Dr. Cole, the details of which are confidential to both the public, CIPO and the Examination Board itself despite being publicly funded by CIPO.

APPENDIX 'D' – CONFIDENTIAL PATENT AGENT EXAMINATION MARKING TEMPLATES

Below are copies of the confidential templates provided to Canadian Patent Agent Examination markers, received as part of an Access to Information Request. As seen below, practically the entirety of the templates have been redacted.

CANADIAN PATENT AGENT EXAMINATION

PAPER C - PATENT OFFICE PRACTICE

CONFIDENTIAL TEMPLATE FOR EXAM SETTING AND MARKING

CONTENTS:

- 1.0 Introduction
- 2.0 Examination Content
 - 2.1 Part A – long answer component
 - 2.2 Part B – short answer component
- 3.0 Mark Distribution
- 4.0 Scoring
- 5.0 Checklists for exam setter

Appendix A - Suggested issues for testing of candidates

Appendix B - Guidance document for setting of long answer questions

Appendix C - Guidance document for setting of short answer questions

2.0 Examination Content

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3.0 Mark Distribution

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4.0 Scoring – PART A

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Sample Conversion Table

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APPENDIX A

SUGGESTED ANALYTICAL ISSUES

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APPENDIX 'E' - 2014 CIPO PATENT AGENT EXAMINATION HIGH-LEVEL ANALYSIS (PERCEPTION OF BIAS COMMENTS)

The following is a collection of comments from 2014 Canadian Patent Agent Examinees regarding the exam, which comments highlight examinees perception of bias in the examination development and administration process. The sample comments set out below are several example responses taken from the set of provided feedback:

As I'm sure you know, in 2012, exactly one candidate out of 231 writing the exam passed on his or her first attempt. Ten years ago, nearly 10% of candidates passed on their first attempt. Over the same period, the overall pass rate dropped from 32% to 7%. These numbers are in keeping with overall trends in the administration of this examination. The number of new members admitted to the patent bar in recent years is a small fraction of what it was before the format and marking practices for the exam were drastically changed in 2009. This shift took place without any notable change in the number of candidates writing the exam. There is also nothing to suggest that there has been any change in the composition of the candidate pool: most candidates have worked in the field for three or more years and have advanced technical degrees as well as law degrees. Allowing current patent agents -- who have a financial interest in restricting the number of new entrants -- to determine the rate of new admissions to the profession is a clear conflict of interest, and in most fields it would be considered an illegal restraint of trade. Any government body enabling this kind of anti-competitive behaviour would generally be regarded as fully captured by the industry it is charged with regulating. Industry Canada and CIPO should seriously consider the damage they are doing to their reputations by allowing this kind of anti-competitive "self-regulation" of patent agents to continue unchecked. The examinations should be designed and marked by patent agents or examiners who do not have a conflict of interest, and pass rates should be normalized year-by-year to prevent prejudice to candidates stemming from deficiencies in the design of the examination questions or the marking guidelines.

The appeals process is not fair and useless. Many successful patent lawyers do not pass the exams, many write many times. Many patent lawyers rely on passing the exams for their livelihood - many years of writing can push people out of patent agency. The average pass times

(4 years) is too long. The overall pass rates seem biased against candidates and suspiciously anti-competitive.

this exam is a joke. which criteria are used to mark? it always state there is no right answer but at the same time you consider specific keywords in your marking guidelines to give points. anybody that has been involved in patent and particularly litigation knows that so many things can be used to show difference that are not spotted by the other side. this exam need reform badly what is the passing rate? are all candidates that clueless about patent? 4 hours to go over 1 patent and 3-4 references for validity analysis and handwrite the analysis? what efforts are being made to read candidates writing ? so many things to talk about this exam...bottom line it is a joke and a walled-garden that somebody is doing everything to guard or limit the access.

Given what I have seen of CIPO and IPIC and the complete lack of any true desire to change this process in a positive way, I don't expect that proper changes will be made ... however, I always remain hopeful

The exams do not reflect patent agent practice in real life. Paper B of 2014 was in the format of a scientific paper submitted as a patent application. It was designed to confuse and disorient the candidates. I accept that this situation occurs in real life but in real life, I am not limited to 4 hours to provide the validity opinion. I have not met any patent agent who provides an opinion in less than a day let alone, 4 hours. I do not see how paper B of 2014 can reasonably be justified as an evaluation of a candidate's ability to solve problems and provide validity opinions. Paper D of 2014 was designed to bogged a candidate down by requiring the candidate to understand meticulous details of the invention and requiring the candidate to answer ridiculous number of questions that clearly no patent agent can possibly answer within 4 hours. I accept that the patent agent field is complex and require special skills but I failed to see how paper B and paper D of 2014 evaluate the necessary skills to be a patent agent. These papers were testing patience more than ability to solve problems. I believe that future exams should be first tested on a random number of patent agents that are NOT members of the examination board. The

candidates' marks should be adjusted according to the performance of the test group.

Correctors must work honestly toward the candidates to obtain recognition. Correctors must not be rewarded with a free lunch paid by tax payer money. I should file a complaint with the Auditor general of Canada and with I. C. Minister. You would stop this practice right now and apologize for it .

I feel that the exams are written so as to keep people out of the profession.

It would be good for IPIC to provide receipt of the exam.

Finally, something I would also like to understand is why the pass rate over the past ten years has gotten progressively worse. According to the information available online, as of 2012, it takes most candidates FOUR years to pass all of the exams. However, a few years ago, it took most candidates only TWO years. Does the administration truly believe that the quality of the candidates is decreasing? Or is this an attempt to reduce the number of patent agents in Canada? I really do enjoy working as a patent agent, and I very much hope that I am able to pass the exams so that I can continue working in this field. However, I feel that the current administration of the patent agent exams has some significant flaws that are preventing (and discouraging) high quality candidates from entering this field.

it appears, from my perspective, that the short answer questions for Paper D were unnecessarily, and perhaps unreasonably difficult as to provide support for the notion that the patent-agent exams are designed to prevent entrance to the profession by all but a few lucky contestants each year. Regardless of the true intent of these question, the appearance is easily colourable as being suspect. This reflects poorly on the profession as a whole.

Unfortunately, we are not prepared at all for these exams because they do not reflect the practice of a patent agent. Moreover, there is no book that can be used to write and SUCCEED exams. The exams are way too long and it's a shot of if they are successful and it does not reflect our patenting skills. It is a great frustration for many of us and many of us leave the profession by discouragement in view of the many failures suffered during these examinations We do not understand very well for whom these examinations are made. Very depressing ... (machine translated from French)

Dear CIPO, You have asked for feedback on this issue so I feel that I need to be honest with you. I think that there are many feelings, including by myself and nearly every person I talk to about this who have gone or are going through this process, that arise with respect to the patent exams. This includes ambivalence, frustration, and a general "protectionist" attitude by those administering / writing / marking this exam. This "protectionist" attitude has little to do with the knowledge of the individual examinees on the most part, who most are of M.Sc., Ph.D., LLB or JD level. With respect to CIPO, I feel it is a simply method to control the level of individuals in the marketplace, and for no other reason. Many candidates, including myself, feel that they have no hope of completing these exams, ever. Many become dejected and just move on, which I think is "criminal". It is such a waste of Canadian talent. I have spoken to many individuals who tried for 3 and 4 years and sometimes longer, and simply give up. Never if my life have I faced such a weighted examination against an examinee I am a Ph.D, post doctoral and J.D level educated individual. ... How come no-one can seem to pass these examinations, even the individuals who work for CIPO as patent examiners. You may retort, well people do. I say that the figure you show in your reports indicate that the pass rate is abysmal and has been in decline for the past ten years. The overall first try pass rates are 1-2 percent, the overall pass rate has fallen from 30% to less than 10% in a decade and the years taken to pass the examination has ballooned at the same time. An average of 4-5 years to pass is totally ridiculous. That is longer than my Ph.D. and J.D combined took to complete. That alone does not make sense to any right minded individual.... I want to practice in this country. I am passionate about law, and especially patent law. I have never felt passion such as

this in anything but this field in my many and varied careers. To turn my back on a career in this field after the work and sacrifice pains me. As many before and after me, there will be a time when turning my back on this will be necessary. And it will not be from lack of trying, it will be the barrier that s been deliberately placed in front of all candidates for the benefits of the current membership. I hope that this feedback will be read in a constructive light and do no mean to demean the valued service that CIPO does provide to practitioners in this field. However, I firmly believe that our uniquely skilled individuals in this field need to be nurtured, not excluded by such artificial barriers.

APPENDIX 'F' - 2016 CIPO PATENT AGENT EXAMINATION HIGH-LEVEL ANALYSIS (PERCEPTION OF BIAS COMMENTS)

The following is a collection of comments from 2014 Canadian Patent Agent Examinees regarding the exam, which comments highlight examinees perception of bias in the examination development and administration process. The sample comments set out below are several example responses taken from the set of provided feedback:

Provide IPIC with consistent information on what is expected/required for passing each exam, for use during their annual exam prep courses. ... While I'm sure the process is meant to keep the number of people passing low (something I'm sure the industry would want- supply & demand), it is not particularly fair or provide the best outcome.

Stop having IPIC draft Papers A, B and D (they have a conflict of interest and use fail rates as a barrier to entry). CIPO should draft all exam questions.

The extremely low pass rate for Paper A relative to the pass rate 10 years ago is a consequence of the subjective nature of the marking guide and the long list of divergences from the model answer that can result in points being deducted. The exam administrators are long overdue to correct the longstanding trend toward lower pass rates on all four papers. The appearance of a conflict of interest should be addressed ASAP.

APPENDIX ‘G’ - EMAIL CORRESPONDENCE BETWEEN CIPO AND IPIC
REGARDING CIPO PATENT AGENT EXAMINATION HIGH-LEVEL ANALYSIS

Despite the serious perception of bias expressed in both the 2014 and 2016 High Level Analysis reports, in both instances, CIPO sent both draft High-Level Analysis reports to IPIC for review and comment prior to completion. CIPO sent a draft of the 2014 High Level Analysis to IPIC’s Director of Professional Development, who returned a heavily revised version to CIPO, the revised version becoming the final 2014 High Level Analysis.

For the 2016 High Level Analysis, the Chair of the Patent Agent Examination Board sent a draft of the Analysis to IPIC, requesting that CIPO and IPIC create a “joint statement of summary observations and conclusions” to “summariz[e] our observations, and what we commit CIPO and IPIC Standards Committee to exploring in the next 12 months.” The Chair of the Patent Agent Examination Board requested that IPIC “attempt a draft of that [joint] statement” in addition to requesting comments on the draft Analysis. The draft 2016 Analysis that was sent to IPIC contained the following recommendations:

- Publishing the survey results and offering to assist candidates with preparation- this section stated that “in the interests of transparency, results of the 2016 survey should be made publicly available. The candidates are clearly engaged and would be interested in the findings. CIPO should demonstrate that the opinions of its clients are being heard and attempts are being made to improve services.”
- Review Paper D- This section stated that “there were a number of complaints regarding Paper D. There should be a review of the relevant comments from the survey and a comparison of the 2016 Paper D with previous years in terms of paper length, question clarity, and test results”
- Publish answers from top papers – this section stated that CIPO should “seek permission from candidates to publish examples of answers which received top marks as a means to inform candidates on what types of answers are expected of them”
- Review exam writing guides – this section had a number of revisions, edits and strikethroughs, and stated that candidates identified the ‘CIPO and IPIC’ exam writing guides as being “poorly received”, and that they “should be reviewed to provide candidates more of the information they are seeking” to “gain a better understanding of what information candidates need”

- Compile a syllabus – this section stated that “a comprehensive syllabus should be developed for each paper. It has been identified as something the candidates would like and may help with declining pass rates. A syllabus could help maintain consistency with setting exams from one-year to the next. Syllabi are common in other jurisdictions for similar tests. (emphasis added)

In the revised version sent back to CIPO from IPIC, each of the above referenced sections were struck out, which deletions were accepted by the Chair of the Patent Agent Examination Board and were not included in the Final Analysis. Furthermore, in accordance with IPIC’s recommendation, the 2016 High Level Analysis was not published, and was accessible only through Access to Information request. Despite all of the foregoing, CIPO’s major conclusion in the 2016 High Level Analysis regarding reform of the patent agent licensing process was that “further input from the IPIC Standards Committee should be sought.” (emphasis added)

APPENDIX ‘H’ - 2016 PAPER A (SHOWING -10 MARK DEDUCTION)

For example, in the 2014 Paper A, the marking guide provided a breakdown of scores for the independent apparatus claim as follows:

| CLAIM 1 | | APPARATUS – INDEPENDENT CLAIM – 30 MARKS MAXIMUM |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Sample claim, with Point of Invention (POI) underlined: A food mixer comprising: a base; a rotatable member rotationally mounted to the base and configured to secure a bowl thereon; <u>a first motor in driving engagement with the rotatable member;</u> a head supported by the base; a rotator rotationally supported by the head over the rotatable member, the rotator configured to removably retain at least one mixing tool so that the at least one mixing tool is extended towards the rotatable member; <u>a second motor in driving engagement with the rotator;</u> and a control system for actuating the first and second motors. | | |
| Claim Element | Requirement | Mark |
| Preamble | If language used indicates that what is claimed is a food mixer/device/apparatus, is not unduly limiting, and has an appropriate transition: Otherwise: | 1 0 |
| base; | If language used is not unduly limiting: Otherwise: | 3 0 |
| rotatable member; | If language used indicates rotatable member is rotationally mounted to the base and element/configuration to secure a bowl is positively recited, and is not unduly limiting: Otherwise: | 3 0 |
| head | If language used indicates head is supported by the base, and is not unduly limiting: Otherwise: | 3 0 |
| rotator | If language used indicates rotator is rotationally supported by the head, is over the rotatable member, is configured to removably retain at least one mixing tool, and is not unduly limiting: Otherwise: | 3 0 |
| motors | If language used specifically indicates that there are two separate motors, with a first of the motors being in driving engagement with the rotatable member and a second of the motors being in driving engagement with the rotator, is not unduly limiting and is not merely means at the POI: Otherwise: | 15 0 |
| control system | If language used indicates control system is for actuating motors, and is not unduly limiting: Otherwise: | 2 0 |
| Deductions (Max -30) | | Amount |
| For <u>each</u> superfluous claim element: | | -3 |
| For <u>each</u> element found in a dependent claim, or missing from claim set: | | -5 |
| For unclear language or inconsistencies: | | -5 max |
| Total Independent Apparatus Claim Mark: | | /30 |

Similarly, for the 2015 Paper A Exam, referred to in the 2015 Paper A Marking Guide, the marking breakdown was as follows:

| CLAIM 1 | | APPARATUS – INDEPENDENT CLAIM – 30 MARKS MAXIMUM |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| <p>Sample claim, with Point of Invention (POI) underlined: A protection device for an automobile windshield, the device comprising: a flexible and water-resistant cover having opposed side edges interconnected by opposed top and bottom edges, the cover being shaped to overlay the windshield to protect it from precipitation; a collapsible support structure connected to the cover, the support structure including at least first and second side support members, each of the side support members extending from the top edge to the bottom edge of the cover in proximity to a respective one of the opposed side edges; and first and second attachment elements, each of the attachment elements located adjacent a respective one of the side edges and connected to at least one of the cover and the support structure, <u>each of the first and second attachment elements including a loop member removably positionable around part of the automobile.</u></p> | | |
| Claim Element | Requirement | Mark |
| preamble | If language used indicates that what is claimed is a windshield protector/protection device (or apparatus or equivalent) for windshield AND is not unduly limiting AND has an appropriate transition: Otherwise: | 2 0 |
| cover | If language used indicates that the cover is flexible AND water-resistant AND describes a suitable shape to cover a windshield AND is not unduly limiting: Otherwise: | 4 0 |
| support structure | If language used indicates that the support structure is collapsible AND that it is connected to the cover AND that it includes at least two support members, one extending from top to bottom edge of cover in proximity of each side edge AND is not unduly limiting: Otherwise: | 4 0 |
| attachment elements (loop members) connection | If language used indicates that there is an attachment element or loop member adjacent each of the side edges AND includes attachment elements/loop members connected to the cover, the support structure or both AND is not unduly limiting: Otherwise: | 5 0 |
| loop members | If language used indicates that the loop members are removably positionable around part of the automobile AND is not merely means at the POI AND is not unduly limiting: Otherwise: | 15 0 |
| Deductions (Max -30) | | Amount |
| For each superfluous claim element: | | -5 |
| For each element found in a dependent claim, or missing from claim set: | | -5 |
| For unclear language or inconsistencies: | | -5 max |
| Total Independent Apparatus Claim Mark: | | /30 |

However, the 2016 Exam mark breakdown is as follows:

| CLAIM 1 | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| APPARATUS – INDEPENDENT CLAIM – 30 MARKS MAXIMUM | | |
| Sample claim, with Point of Invention (POI) underlined: A container comprising: a receptacle having an opening; a closure member removably mounted to the receptacle and closing the opening; and <u>a dispenser secured to the closure member and housed inside the receptacle</u> , the dispenser configured for withdrawal through the opening by removing the closure member from receptacle | | |
| Claim Element | Requirement | Mark |
| preamble | If ALL of the following conditions are met: <ul style="list-style-type: none"> language indicates that what is claimed is a container (or equivalent) language is not unduly limiting preamble has an appropriate transition: Otherwise: | 2 0 |
| receptacle | If ALL of the following conditions are met: <ul style="list-style-type: none"> claim specifies a receptacle/vessel (or equivalent) claim specifies an opening/aperture (or equivalent) in the receptacle language is not unduly limiting [e.g., bottle, thermos] Otherwise: | 3 0 |
| closure member | If ALL of the following conditions are met: <ul style="list-style-type: none"> claim specifies a closure member (or equivalent) language is not unduly limiting [e.g., lid, cap] Otherwise: | 3 0 |
| dispenser | If ALL of the following conditions are met: <ul style="list-style-type: none"> claim specifies a dispenser (or equivalent) language is not unduly limiting [e.g., artificial lemon, capsule] Otherwise: | 3 0 |
| structural relationship between dispenser, closure member, and receptacle | If ALL of the following conditions are met: <ul style="list-style-type: none"> claim specifies that dispenser is attached/secured/affixed (or equivalent) to the closure member claim specifies that the dispenser is housed/enclosed/positioned (or equivalent) inside/within the receptacle language is not unduly limiting language is not merely means at the POI Otherwise: | 15 0 |
| functional relationship between dispenser, closure member, and receptacle | If ALL of the following conditions are met: <ul style="list-style-type: none"> claim specifies that dispenser is removable from the receptacle through the opening claim specifies that the dispenser is removed by removal of the closure member from the receptacle language is not unduly limiting Otherwise: | 4 0 |
| Deductions (Max -30) | | Amount |
| If "attachment member" (or equivalent) is included in claim | | -10 |
| For each other superfluous claim element: (e.g., "liquid in receptacle", "substance in dispenser") | | -5 |
| For each element found in a dependent claim, or missing from claim set (must be entire element that is missing, e.g. 5 marks deducted if receptacle is missing, but not if receptacle is claimed but opening is missing): | | -5 |
| For unclear language or inconsistencies: | | -5 max |
| TOTAL INDEPENDENT APPARATUS CLAIM | | /30 |

Both the 2014 and 2015 Exams (as well as several years before that) followed roughly the same format in that marks were awarded for *inclusion* of certain elements, with approximately 15 marks awarded for highlighting the element considered to be at the point of novelty. Approximately 3-5 marks are deducted for superfluous claim elements, 5 marks are deducted for elements found in a dependent claim, and 5 marks are deducted for unclear language or inconsistencies.

However, reviewing the 2016 Exam mark breakdown, it is apparent that the 2016 marking breakdown deviates from the last several years' approach to marking. Rather than following the same format as previous years, the 2016 Patent Agent Paper A Examination Marking Guide also includes a '-10 marks for including the 'attachment member'' in addition to the standard '-5 mark deduction' for 'superfluous element', 'element found in dependent claim', and 'unclear language and inconsistencies'. It is impossible to know how or why the exact amount of '10 mark' point deduction was selected. This marking approach had never been included in any of previous ten years' Paper A Marking Guides that are made available to candidates, i.e. for the 2005-2015. Given that candidates only have previous years' sample exams to use as study guides, this unprecedented shift in marking causes significant prejudice to candidates. Furthermore, given the presumption created by the redacted marking templates set out under Appendix 'D', this creates the perception that the marking grid is being adjusted to create an ideal pass rate.

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