

fees. In a variation on the same example, a potential conflict exists if the inventor, although permitted to discharge the practitioner, may view the situation as compelling him or her to remain with the practitioner selected by the promoter inasmuch as the promoter holds the inventor's funds. The circumstances and differing interests of an inventor-client and a promoter-client may create at least potential conflicts requiring consent under § 11.107(a). *Accord*, Formal Opinion 1997-148, Standing Committee on Professional Responsibility and Conduct (California).

Further, to the extent the practitioner's relationship with one client affects the practitioner's loyalty and independent judgment on behalf of the other client, an actual conflict of interest exists. This can occur when the practitioner receives conflicting instructions from the clients, or is called upon to advance inconsistent objectives of two clients. For example, if an inventor-client insists that the practitioner pursue a utility patent application, and the promoter client will pay for only a design patent application, the practitioner is receiving conflicting instructions and is being called upon to advance inconsistent objectives. Such circumstances require a practitioner to obtain further consent under § 11.107(b). *Accord*, Formal Opinion 1997-148, Standing Committee on Professional Responsibility and Conduct (California).

If joint representation of inventor and an invention promoter involves potential conflicts, it is necessary to obtain consent of both clients after full disclosure. This obtains if the clients have different objectives that are implicated by a decision made by the practitioner. For example, differing interests are implicated if an inventor-client expects the several thousand dollars paid to the promoter to be used to obtain the broadest patent protection available, and the invention promoter would be satisfied with any patent protection, including narrowest patent protection. A practitioner, receiving numerous referrals from the promoter and being paid a relatively low fee for each application, knowingly provides only narrow, even "picture" claims. The practitioner's action accommodates processing of the referrals, and facilitates continued receipt of referrals, whereas broader patent protection was available. The practitioner's action may be satisfactory for the promoter-client, whereas the inventor-client expects broad patent protection. There is at least a potential conflict of interest.

Also, where an inventor-client delivers to an invention promoter-client

all funds advanced for legal fees to pay the practitioner, full disclosure of all risks and consent from both clients would be required by § 11.107(b). For example, the inventor must be fully informed of the consequences if the invention promoter goes out of business or declares bankruptcy, and does not pay the practitioner. The inventor may be unable to obtain from the promoter a refund of the unearned funds advanced for legal services, whereas the practitioner, if he or she had received the funds and declined to provide legal services, would be required to refund the unearned advanced funds. Moreover, there may be circumstances where it is impossible to make the disclosure necessary to obtain consent. For example, when the practitioner represents different clients in related matters and one of the clients refuses to consent to the disclosure necessary to permit the other client to make an informed decision, the practitioner cannot properly ask the latter to consent.

*Practitioner's interests.* The practitioner's own interests should not be permitted to have an adverse effect on representation of a client. For example, a practitioner's need for income should not lead the practitioner to undertake matters that cannot be handled competently and at a reasonable fee. *See* proposed §§ 11.101 and 11.105. If the probity of a practitioner's own conduct in a transaction is in serious question, it may be difficult or impossible for the practitioner to give a client detached advice. A practitioner may not allow related business interests to affect representation, for example, by referring clients to an enterprise in which the practitioner has an undisclosed interest.

There can be circumstances where an invention promoter refers inventors to a practitioner, and the practitioner has an attorney-client or agent-client relationship with the inventor-client, and a business or financial relationship exists between the practitioner and an invention promoter. When the promoter compensates the practitioner, they may have a business and financial relationship like a third-party payor relationship between an attorney and insurer. The practitioner and invention promoter also may have a business and financial relationship because the practitioner obtains employment (e.g., referrals) through the promoter. For example, this can occur where the practitioner provides legal services at reduced fees, paid by the promoter, in expectation of receiving numerous referrals from the promoter. The volume of referrals and rapid production of

patent applications may make up for the reduction in the fees. The inventor-client may expect the practitioner to provide extensive attentiveness to his or her needs, and zealous efforts to obtain the broadest patent protection at the least cost. If the practitioner regards the invention promoter as his or her client, the full disclosure requirements of § 11.107(b) are triggered. Even in the absence of any attorney-client or agent-client relationship between the practitioner and promoter, the existence of the business or financial relationship between them requires disclosure obligations by the practitioner under § 11.108(f). *Accord*, Formal Opinion 1997-148, Standing Committee on Professional Responsibility and Conduct (California). The business dealings between a lawyer and an invention promoter have been recognized as giving rise to conflicts between the lawyer's duty to furnish independent legal counsel to another client, and the business interests of the lawyer acting in the capacity of representing the invention promoter. *See* Informal Opinion 1482, American Bar Association (1982).

In another example, if a practitioner depends on receiving referrals from an organization the practitioner regards as the client, and not the individuals purchasing legal services (trusts, patent applications) offered by the organization and referred to the practitioner, representation of the individual implicates at least potential conflicts of interest in violation of § 11.107(b). *See In re R.W. Hodgson*, 721 Off. Gaz. 414 (Aug. 20, 1957) (rejecting patent agent's argument that invention promoter holding 10% interest in each application of numerous applications, as opposed to the patent applicant, was his client, and pointing out that Rule 32 (37 CFR 1.32) does not confer on an assignee of partial interest in an application the right to conduct the prosecution of an application); *People v. Volk*, 805 P.2d 1116, 1117 (Colo. 1991) (holding attorney suffered from conflict of interest for "consider[ing] the corporation to be her client, not the individual purchasers of the trusts"). Consent, after full disclosure, must be obtained to provide representation.

The foregoing situations are to be distinguished from those commonly experienced when an inventor, employed by a corporation to invent, is represented by a practitioner who is employed by the corporation. For example, the inventor has signed an employment contract that contains a provision whereby the inventor agrees to assign to the corporation all inventions conceived during