Potential Advantages of Mediation and Arbitration for Resolving IP and Technology Disputes

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WIPO Arbitration and Mediation Center

- Offices in Geneva and Singapore
- Alternative Dispute Resolution of IP Disputes benefits from a specialized ADR provider
  - 1,500 WIPO mediators, arbitrators and experts from 70 countries
  - Experienced in IP and technology – able to deliver informed results efficiently
  - Non-profit, low fees
  - Status as international agency
Mediation

- An informal consensual procedure in which the mediator assists the parties in reaching a settlement of their dispute.

- The mediator cannot impose a decision.

- A settlement agreement has the force of a contract.

- Mediation leaves open all other dispute resolution options.

- If there is no settlement, parties may seek or be compelled to resolve dispute using other methods (arbitration, litigation, continued negotiation).
Arbitration

- A procedure in which the parties submit their dispute to one or more chosen arbitrators for a **binding and final decision** (award)

- Based on the parties’ respective rights and obligations and **enforceable** as an award **under arbitral law**

- Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958) (the "New York Convention")
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Administering Authority

- Mediation, Arbitration, Expedited Arbitration, Expert Determination, Domain Name Dispute Resolution Procedures
- Assistance in appointment of mediator or arbitrator(s)
- Active case management, communication and finance management
- Logistical and technical assistance
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Resource Center

- WIPO Mediation, Arbitration, Expedited Arbitration Rules
- Model contract clauses
- Neutrals database (+1500 neutrals)
- Procedural guidance
- Training and conferences
Areas of WIPO Cases

- IP/IT disputes and commercial disputes
- **Contractual**: patent licenses, R&D and technology transfer agreements, software/IT, patent pools, distribution agreements, joint ventures, copyright collecting societies, trademark coexistence agreements, settlement agreements
- **Non-contractual** (infringement of IP rights)
- Domestic and international disputes
- Amount in dispute from USD 50,000 to 1 billion USD
- Internet domain name disputes: over 30,000 cases since 1999
Dispute Areas in WIPO Mediation and Arbitration Cases

- **Patents**
  - Cross-licensing
  - Infringements
  - Licenses
  - Ownership
  - Patent Pools
  - Royalty Payment
  - R&D / Tech Transfer

- **Copyright**
  - Art
  - Broadcasting
  - Entertainment
  - Film and Media
  - Infringements
  - TV Formats

- **Trademarks**
  - Coexistence
  - Infringements
  - Licenses
  - Oppositions
  - Revocations

- **Commercial**
  - Construction
  - Distribution
  - Energy
  - Franchising
  - Insurance
  - Marketing
  - Sports
  - Transport

- **ICT**
  - Mobile Apps
  - Outsourcing
  - Systems Integration
  - Software Development
  - Software Licensing
  - Telecommunications
Routes to ADR

- ADR contract clauses
- Submission Agreements, e.g. in non-contractual disputes
- Sometimes following prior court litigation between the parties

WIPO model clauses:
WIPO ADR Options

WIPO Contract Clause/Submission Agreement

(Negotiation)

Mediation

Expert Determination

Determination

Settlement

Award

Expedited Arbitration

Arbitration

Party Agreement

First Step

Procedure

Outcome
"Any dispute, controversy or claim arising under, out of or relating to this contract and any subsequent amendments of this contract, including, without limitation, its formation, validity, binding effect, interpretation, performance, breach or termination, as well as non-contractual claims, shall be submitted to mediation in accordance with the WIPO Mediation Rules. The place of mediation shall be [specify place]. The language to be used in the mediation shall be [specify language]."

If, and to the extent that, any such dispute, controversy or claim has not been settled pursuant to the mediation within [60][90] days of the commencement of the mediation, it shall, upon the filing of a Request for Arbitration by either party, be referred to and finally determined by arbitration in accordance with the WIPO Expedited Arbitration Rules. Alternatively, if, before the expiration of the said period of [60][90] days, either party fails to participate or to continue to participate in the mediation, the dispute, controversy or claim shall, upon the filing of a Request for Arbitration by the other party, be referred to and finally determined by arbitration in accordance with the WIPO Expedited Arbitration Rules. The place of arbitration shall be [specify place]. The language to be used in the arbitral proceedings shall be [specify language]. The dispute, controversy or claim referred to arbitration shall be decided in accordance with [specify jurisdiction] law."
Top Ten Priorities in Choice of IP Dispute Resolution Contract Clause (WIPO Survey)

WIPO Center Report on International Survey of Dispute Resolution in Technology Transactions
Relative Time and Cost of Technology Dispute Resolution

WIPO Center Report on International Survey of Dispute Resolution in Technology Transactions
Use of Dispute Resolution Clauses in R&D and Related Agreements

Contractual Stages for R&D and Commercialization

- Preparatory phase
  - Letters of Intent
  - Non Disclosure agreements
  - Memoranda of Understanding
  - Options

- Conclusion of Contract
  - Consortium agreements
  - Research and development contracts
  - Material transfer agreements
  - Sub-contracts
  - Licensing agreements
  - Outsourcing agreements
  - Research service contracts
  - Consultancy agreements

- During the Collaboration

- Outside/after the Collaboration
  - Commercial contracts (e.g. purchase contracts, supply contracts, licensing agreements)
  - Submission Agreements
Use of ADR in R&D and Technology Transfer

**Research**
- Intellectual property rights:
  - Inventorship
  - (Co-) Ownership
  - Access rights background/ foreground (including licensing)
  - Patent infringement
- Confidentiality (Non-Disclosure Agreements)
- Project-management
  - Compliance with work plan
  - Payment modalities

**Exploitation (e.g. licensing, assignments)**
- Control and use of research results (including licensing)
- Technology valuation (foreground IP – determining conditions for use)
- Manufacturing, marketing, distribution obligations
- Payment of royalties
Potential Benefits of ADR

- **Efficiency**
  - Need for time- and cost-effective procedures

- **Neutral Expertise**
  - Experienced neutral (e.g., subject matter expertise)

- **Confidentiality**
  - Existence, content, outcome of ADR procedure is confidential

- **International**
  - Cross-border dimension; different national laws

- **Preserving Party Relationships**
  - Long-time collaborations

- **Business Solution**
  - Reconcile diverging commercial expectations instead of limiting solution to legal consequences of contract
Efficiency

- IP covers fast-evolving technologies
  - Opportunity/management cost: often seen as the true cost of litigation

- **Flexible** dispute resolution procedures: party control
  - Short deadlines
  - Select mediator/arbitrator
  - Language, location, law

- **Consolidate** dispute resolution: same lawyers, expert neutral(s), final result (award or settlement)
  - Especially relevant to International disputes
Neutral Expertise

- IP disputes tend to be technical/specialized
- Most courts are not specialized in IP (IBA 2005 Survey)
- In mediation and arbitration the parties control selection of neutral(s)

WIPO Center:
- 1,500 candidates from 70 countries
- Further candidates added in function of case particulars
- Broad range of ADR, IP and technical backgrounds
- Detailed professional profiles
- Used for Center recommendations and appointments
Confidentiality

- Required in IP/technology disputes except where public precedent needed
- ADR is a private procedure
- WIPO Mediation Rules: all participants to preserve confidentiality
  - Existence
  - Disclosures
  - Including subsequent proceedings
- WIPO Arbitration Rules: all participants to preserve confidentiality
  - Existence
  - Disclosures
  - Award
  - Specific protection of trade secrets
Potential Benefits of ADR

Especially in Mediation

- Preserving Party Relationships
  - Long-time collaborations

- Business Solution
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Settlement Rates in WIPO ADR Cases

- WIPO Mediation: 70%
- WIPO Arbitration: 37%
Potential Benefits of ADR

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Limitations of IP ADR

- **Contractual basis**
  - No obligation to submit to ADR procedure without contract clause
  - Difficult to agree on clause once dispute has arisen
  - Unsuitable for bad-faith infringement (e.g., counterfeiting)

- **Outcome binding only between the parties (inter partes)**
  - No public precedent (erga omnes)
  - No general declaration of (in)validity
  - No direct office action (registration, cancellation)

- But: *inter partes* effect normally sufficient
DESCA model consortium agreement for the Seventh Framework Program EC (FP7)

- Dispute Resolution clause: WIPO Mediation Followed, in the Absence of a Settlement, by WIPO Expedited Arbitration

http://www.desca-fp7.eu/
Further Information

- WIPO model clauses/submission agreements: www.wipo.int/amc/en/clauses/

- Contact information, general queries and case filing: arbiter.mail@wipo.int

- Information on procedures, neutrals and case examples: www.wipo.int/amc/en/