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Alternative Dispute Resolution instead of Litigation - an International Perspective

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Court Litigation

- "IP litigation is dreadfully expensive" (James Pooley, ipfrontline.com)
- Median cost US patent litigation: US$ 1-4 million (AIPLA)
  - 4 Not counting 'management time' and opportunity cost
- Much intellectual property litigation is multi-jurisdictional
- IBA 2005 Survey: not enough intellectual property specialization in courts

Arbitration

- Consensual (contractually agreed), private and confidential dispute resolution mechanism under chosen arbitration rules
- Parties submit dispute to tribunal consisting of one or three arbitrators whom they may select
- Precludes court option; no appeal
- Party autonomy and neutrality as to process (including language) and substantive law
- Tribunal takes rights-based decision (award) on basis of facts and legal arguments
- Award enforceable under arbitral law on a par with final court decisions; international arbitration subject to New York Convention

Mediation

- Consensual (contractually agreed) private and confidential dispute resolution mechanism under chosen (flexible) mediation rules
- Interest-based negotiation assisted by a mediator whom the parties may select
- Parties must commence mediation but retain court (or if agreed, arbitration) option any time
- Party autonomy as to process
- Mediator has no decision authority, although parties may ask mediator to give an opinion
- Any settlement result normally enforceable as a contract

IP-Specific Dispute Resolution Factors

- Internationalization of creation/use of IP
  - Calls for cross-border solutions
- Technical and specialized nature of IP
  - Calls for specific expertise of 'neutral'
- Short product and market cycles
  - Calls for time-efficient procedures
- Confidential nature of IP
  - Calls for private procedures
- Collaborative nature of IP creation and commercialization
  - Calls for mechanisms that preserve relations

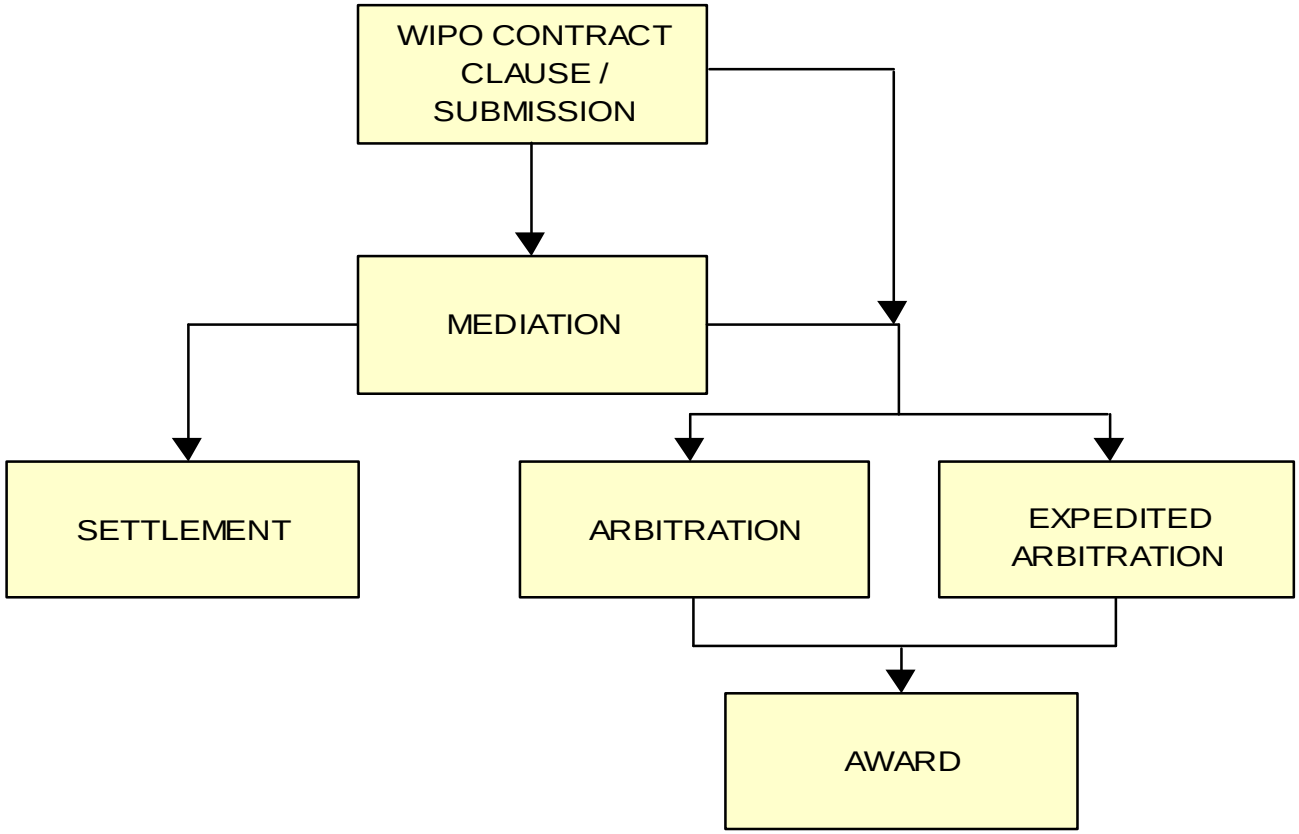
Weighing the Dispute Resolution Options

- Anatomy of case experience: did the outcome require the chosen process?
  - Did parties really need a third-party neutral?
  - If so, did it really need to be a decision-maker?
  - If so, did it really need to be a judge [arbitrator]?

WIPO Center

- Resource center
  - IP ADR guidance, workshops, conferences, publications
- Administering authority
  - Contract clauses and rules for IP disputes
    - WIPO Arbitration and Expedited Arbitration
    - WIPO Mediation
    - WIPO Expert Determination (in preparation)
  - WIPO list of arbitrators, mediators, experts
    - Specialized in different areas of IP
    - From 70 countries in all regions
  - Administration of cases
- Design and operation of procedures for special categories of IP disputes (UDRP)

WIPO Procedures



WIPO Arbitration and Mediation Rules

- Suitable for all commercial disputes
- Accommodating ‘international cases’
- Party autonomy and flexibility
- Including IP-oriented provisions
  - Confidentiality
    - Existence of case
    - Disclosures during case
    - Outcome of case
  - Court interim measures (Arbitration Rules)
  - Evidence (Arbitration Rules)
    - Expertise
    - Experiments

WIPO Arbitration

Request for Arbitration
↓
Answer to Request for Arbitration (30 days)
↓
Answer to Request for Arbitration (30 days)
↓
Appointment of Arbitrator(s)
↓
Statement of Claim (30 days)
↓
Statement of Defense (30 days)
↓
Statement of Defense (30 days)
↓
Further Written Statements and Witness Statements
↓
Hearings
↓
Closure of Proceedings (9 months)
↓
Final Award (3 months)

WIPO Expedited Arbitration

Request for Arbitration and Statement of Claim
↓
Answer to Request for Arbitration and Statement of Defense (20 days)
↓
Appointment of Arbitrator
↓
Hearings (maximum 3 days)
↓
Closure of Proceedings (3 months)
↓
Final Award (1 month)

- One exchange of pleadings
- Shorter time limits
- Sole arbitrator
- Shorter hearings
- Fixed arbitrator's fees

WIPO Cases Filed: Scope

- Domestic and international
- Prior clause and posterior submission
- Contractual and (occasionally) non-contractual
- Arbitration and mediation (in each 'direction')

- *Value* betw. Euro 20,000 and US$ 600 million

WIPO Cases Filed: Subject Matter

- Patent licenses
- R&D agreements (biotech/pharma)
- Patent infringement
- Copyright / collecting societies
- Software / information technology
- Trademark co-existence agreements
- Trademark / domain name issues
- General including IP (construction, finance, employment)

WIPO Arbitration Case Example (part 1)

- Asian inventor granted exclusive license over a European patent and five US patents to US manufacturer
- Clause provided that disputes whether royalties had to be paid in respect of products manufactured by US party be resolved through WIPO Expedited Arbitration
- US party rejected claim that its products embodies technologies covered by the licensed patents and refused to pay royalties

WIPO Arbitration Case Example (part 2)

- Inventor initiated WIPO case
- Center appointed sole arbitrator under WIPO Expedited Arbitration Rules
- Arbitrator had to consider whether products infringed the ‘claims’ asserted for each of the patents and whether patents had been ‘anticipated’ by ‘prior art’
  - Highly complex legal and technical issues
  - Business secrets, models, site visits
  - Eight days hearing
  - Final award in 15 months

WIPO Mediation Case Example (part 1)

- Parties from Asia and Europe
- R&D company disclosed patented invention to manufacturer during consulting contract, without transfer or license of patent rights
- Manufacturer started selling products which R&D company alleged used its patent
- Negotiation of patent license failed; threat of multi-jurisdictional infringement proceedings

WIPO Mediation Case Example (part 2)

- Parties submitted to WIPO Mediation
- Parties worked with WIPO-appointed mediator
  - 4 Australian mediator
  - 4 Understanding of subject matter
  - 4 International experience
- Parties agreed license and new consulting contracts

ADR Clause Experience

- Use model clauses and modify/extend only as necessary
  - Do not divide per type of right, type of dispute, or party case status
- Combine options, include mediation
  - Like court cases, many ADR cases get settled
- If arbitration, 'make it fit' (e.g. expedited)
- 'Institutional' or 'ad hoc'?
  - Hard to agree on procedure once dispute arisen
  - Do you know suitable neutrals
  - Which administering institution
- Submission agreements can be tailored

(IP) ADR Trends (part 1)

- General
  - 4 Dispute resolution as business decision
    - 4 Consideration of ADR pledges (party/industry)
    - 4 Client expectations of external counsel
  - 4 Use of information technology
  - 4 Risk of over-regulation / lawyering

(IP) ADR Trends (part 2)

- Arbitration
  - Containing complexity, time, cost of process
- Mediation
  - Increasing role
  - Mediator training
  - Party preparation
- Courts
  - IP-specialized courts
  - Court-mandated ADR

Using IT to Facilitate ADR

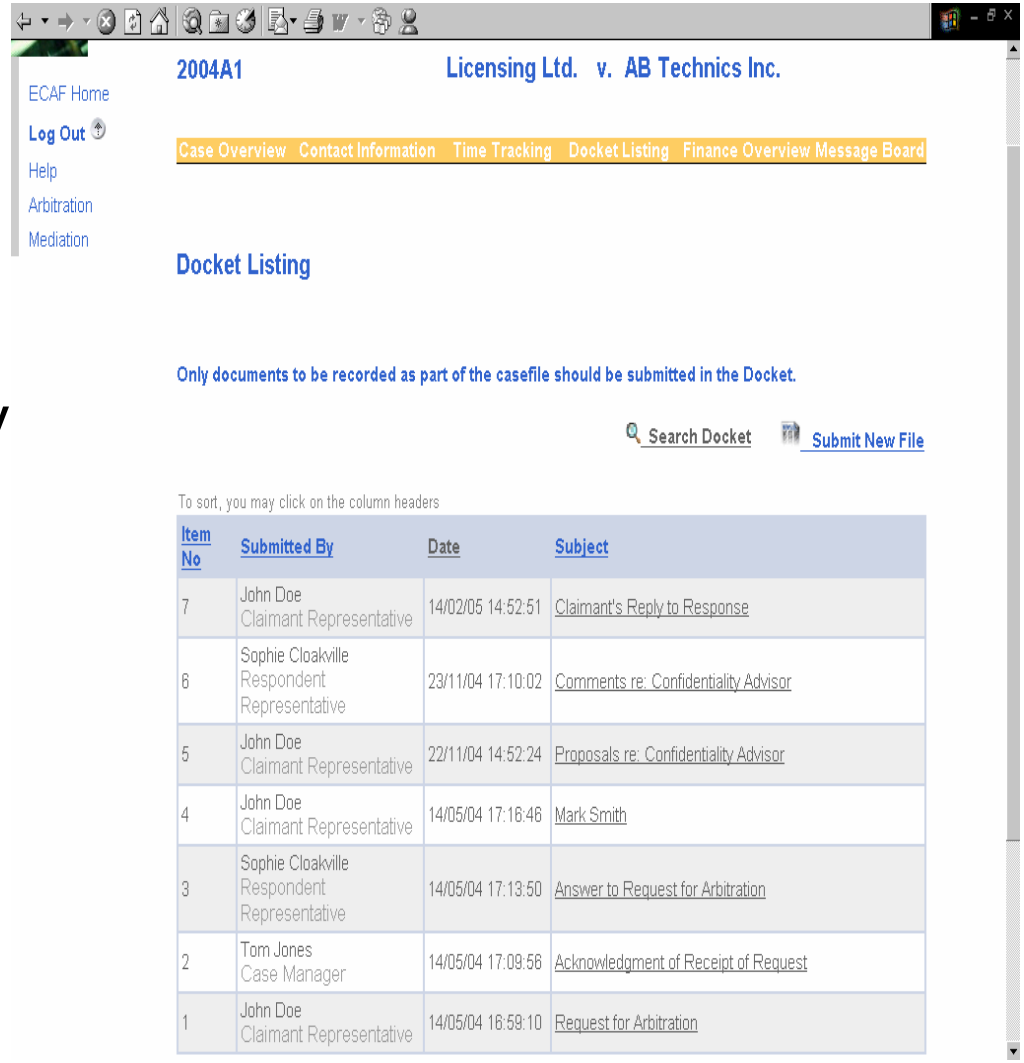
- Principal purposes
  - Facilitate case communication (process)
    - Time and cost
    - Includes recording and submitting evidence
  - Enhance result (product)
- Standard tools
  - Email, Internet, 'Video conferencing'
    - Hearings, meetings, witnesses, deliberations
- Custom-made applications
    - e.g., Virtual Magistrate, Cybersettle, WIPO ECAF

WIPO *Electronic Case Facility*

- Web-based custom-created application
  - For WIPO arbitration and mediation cases
  - By party agreement
  - In consultation with neutral(s)
- Principal functions
  - Electronic case docket
    - Filing, storage, search, retrieval
    - Email alerts to all participants for each new docket use
    - Extra Message Board for communication outside docket
  - Case management information
    - Time tracking, case overview, finance, contact details

WIPO ECAF Docket

- Docket allows submission in most common formats (Word, PDF, JPG, etc.)
- All participants may view and search the Docket (by submitting participant, date, subject title)
- Email alerts sent to all participants when new submission made



ECAF Home
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Mediation

2004A1 Licensing Ltd. v. AB Technics Inc.

Case Overview | Contact Information | Time Tracking | Docket Listing | Finance Overview | Message Board

Docket Listing

Only documents to be recorded as part of the casefile should be submitted in the Docket.

Search Docket | Submit New File

To sort, you may click on the column headers

Item No	Submitted By	Date	Subject
7	John Doe Claimant Representative	14/02/05 14:52:51	Claimant's Reply to Response
6	Sophie Cloakville Respondent Representative	23/11/04 17:10:02	Comments re: Confidentiality Advisor
5	John Doe Claimant Representative	22/11/04 14:52:24	Proposals re: Confidentiality Advisor
4	John Doe Claimant Representative	14/05/04 17:16:46	Mark Smith
3	Sophie Cloakville Respondent Representative	14/05/04 17:13:50	Answer to Request for Arbitration
2	Tom Jones Case Manager	14/05/04 17:09:56	Acknowledgment of Receipt of Request
1	John Doe Claimant Representative	14/05/04 16:59:10	Request for Arbitration

WIPO ECAF Security

- Authentication
  - ECAF username
  - ECAF password
  - RSA SecurID password
    - Changing passcode generated by RSA SecurID (Valid only for 60 seconds)
- Encryption
  - Modern SSL (Secure Socket Layer) system
- Firewall protection

More Information

- http://www.wipo.int/amc/en/
- Arbitration and mediation caseload and case examples
  - http://www.wipo.int/amc/en/center/caseload.html
- ECAF introduction and users manual
  - http://www.wipo.int/amc/en/ecaf/index.html
- Contact the WIPO Center
  - arbiter.mail@wipo.int
- Publications
  - http://www.wipo.int/center/amc/en/publications/