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Canadian Bar Association

Resolving IP Disputes
ADR Mechanisms for Enforcement of IP Rights

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I. Overview of Dispute Resolution Processes

A. Adversarial

1. Litigation
2. Arbitration
3. Variations on the theme

a. Private judge
b. Special master

B. Non-Adversarial

1. Negotiation
2. Mediation
3. Variations on the theme

a. Neutral fact finder
b. Minitrial
c. Early neutral evaluation
d. Summary jury trial

C. Hybrids

1. Med-arb
2. Arb-med
3. Arb-med-arb
4. Non-binding arbitration

D. Semantic issues

II. Arbitration

Arbitration is a consensual, adjudicative process in which a third person (or persons) resolves a dispute within agreed upon parameters

A. Agreement

1. Pre-dispute clause
2. Post-dispute agreement
3. Writing
4. Signatories, third party beneficiaries, groups of entities
5. Pre-conditions
6. Arising out of or relating to

    a. Contractual claims
    b. Tort claims
    c. Statutory claims
    d. Other

7. Including without limitation ...
8. Amibiguity = litigation
9. Presumption favoring arbitration
10. Cf. court-ordered arbitration

A. Applicable law

1. Law governing the contract
2. Law governing the IP rights
3. Arbitral law
4. Law governing enforceability of award
5. Capacity of parties
6. Conflicts law
7. *Lex mercatoria*

A. Rules

1. Institutional
2. Ad hoc
3. Combination

A. Institution

1. Administrative
2. Facilitative
3. Default

A. Arbitrability of the dispute and enforceability of the award

1. New York Convention, Article V

   a. Article V.1. – typical grounds for challenging award
   b. Article V.2. – atypical grounds for challenging award

      i. V.2.a.– subject matter cannot be arbitrated under laws of country where enforcement sought
      ii. V.2.b. – enforcement would be contrary to the public policy of the country where enforcement sought

2. Various rights in various jurisdictions

   a. Government granted or registered rights
   b. Private rights

A. Place

1. Hospitable
2. Convenience
3. Arbitral law
4. Site of administering entity
5. Legal infrastructure
6. May change
7. Language
8. Culture

A. Language

A. Schedule

A. Privacy and confidentiality

1. The process
2. The award
3. A party's confidential information
4. Interested third parties

A. Pre-hearing information exchanges

1. Documents
2. Witness statements
3. Briefs/memorials

A. Arbitrators

1. Number
2. Qualifications
3. Appointment
4. Jurisdiction
5. Fees
6. Professional responsibility

    a. Neutrality
    b. Disclosure
    c. Ex parte communications
    d. Availability
    e. Applicable code of ethics

7. Successor
8. Immunity

A. Hearing

1. Initial, organizational conference
2. Pre-evidentiary hearing matters
3. Evidentiary hearing

    a. Documents
    b. Fact witnesses
    c. Expert opinion

        i. Party appointed
        ii. Tribunal appointed

    d. Witness Grouping

        i. Expert witnesses
        ii. Fact witnesses

M. Award

1. Final

    a. Reasons
    b. No reasons

2. Interim
3. Partial final
4. Enforceability

    a. Local arbitral law, e.g. 35 USC 294 (d) and (e)
    b. NY Convention Article V.

5. Baseball arbitration
6. Power to do justice and equity
7. Costs and fees

N. Remedies

1. Provisional relief

   a. Before arbitral tribunal constituted
   b. After arbitral tribunal constituted

2. Post-hearing

   a. Monetary

      i. Direct
      ii. Consequential
      iii. Lost profits
      iv. Currency
      v. Interest

   b. Equitable
   c. Enhanced damages and sanctions
   d. Appellate relief

O. Consolidation

1. All parties agree
2. Different issues
3. Different arbitrators
4. Different relief sought
5. Different arbitral law

P. Issue and claim preclusion

1. Res judicata
2. Collateral estoppel

Q. Arbitrator as settlement facilitator

1. Circumstances

2. My rules

   a. Express agreement among parties, counsel and arbitrator(s)
   b. Arbitrator participates only in accord with agreement
   c. Subsequent decision will be only on the merits and only on the record
   d. No grounds for disqualifying arbitrator or challenging award
   e. Settlement discussions confidential
   f. Arbitrator will not disclose or hint at arbitrator's view on the merits
   g. Arbitrator not judge credibility based on conduct in settlement discussions
   h. Arbitrator not judge merits in light of position in settlement discussions

III. Mediation

Mediation is a consensual process in which a neutral mediator facilitates communication, negotiation, and dispute resolution by the parties.

Help the other party choose in its own interest what you want.
Select alternatives that let the other party have your way.

A. Agreement

1. Pre-dispute
2. Post-dispute
3. Mediator a party

B. Preparation

1. Before agreement
2. Selection of mediator
3. Setting schedule
4. Issues
5. Shape of process
6. Attendees
7. Alternatives/options

C. The Mediator

1. Qualifications
2. Style
3. Number
4. Selecting
5. Professional responsibility
6. Fees
7. Immunity

D. Counsel's role

1. Counsel
2. Persuade other side

E. Principal's role

1. Persuade other side it is in its interests to have your way
2. Protagonists become partners

F. Institution's role

1. Initiate
2. Select mediator
3. "Rules"

G. Confidentiality

1. Each side's proprietary information
2. Each side's offers, statements and conduct
3. The agreement
4. Third parties

    A. Parents/subsidiaries
    B. Investors
    C. Insurers/indemnitors
    D. Government agencies
    E. Competitors
    F. Licensors/licensees

H. End game

1. Reality testing
2. Mediator as arbitrator
3. Written memorandum

I. Creating value

1. Control
2. Real interests and needs
3. Unlimited options
4. Relationships
5. An acceptable solution can satisfy disparate interests and needs
6. Differences in interests and needs are opportunities to create value
7. Do not overvalue your interests and your proposal
8. Do not undervalue the other side's interests and its proposal
9. Know everyone's BATNA
10. If the other side is satisfied, your side has not necessarily lost

IV. Does ADR Work With Respect To IP Disputes?

A. Arbitration

1. No, where no agreement

2. Yes, where agreement to arbitrate

3. Concerns

a. Injunctive relief needed immediately
b. Parties perceive need for extensive discovery
c. One party needs precedent setting judgment from court
d. One or both parties want all procedural safeguards
e. When mismanaged, arbitration (like litigation) takes on a life of its own
f. One or both parties misunderstand arbitration and assume a "split the baby" result
g. Losing party may want to have lost in litigation
h. Ancillary litigation may be inevitable
i. Arbitrability and enforceability may be in doubt
j. Cultural differences may lead to misunderstandings of the process
k. Inconsistent results from multiple proceedings re same issues
l. Other alternatives may be more attractive

IV. Does ADR Work With Respect To IP Disputes? (Continued)

B. Mediation

1. Sometimes, No

a. Where no agreement to engage in ADR possible
b. Where bad faith or malicious intent prevail
c. Where judicial precedent essential
d. Where one side has nothing to lose
e. Where principle overpowers practicality
f. Where emotion is not permitted to vent

2. Frequently, Yes!

a. All other cases
b. Before litigation
c. During litigation
d. After litigation
e. Even where injunctive relief sought
f. Even between head-to-head competitors
g. Even where power imbalance
h. Even where resource imbalance
i. Even where emotions run deep
j. Even where parties do not like one another