MEDIATION AND ARBITRATION IN PATENT DISPUTES

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This presentation is given while the “Patent Mediation and Arbitration Rules” are still being drafted pursuant to the Agreement on a Unified Patent Court (2013/C 175/01)
MEDIATION (conciliation)

ADR (alternative dispute resolution) – one method is mediation. Mediation is a structured process, however named or referred to, where two or more parties in a dispute attempt by themselves, on a voluntary basis, to reach an agreement and settle the dispute with the assistance of a mediator.

Mediator – any third person who is asked to conduct a mediation in an effective, impartial and competent way (regardless of the denomination or profession of that person (Article 3 of Dir 2008/52/EC on certain aspects of mediation in civil and commercial matters)

BASIC PRINCIPLES

• Mediation simplifies and improves access to justice
• It is voluntary
• Confidentiality
• Impartiality of the mediator
• Autonomy of the parties – who owns the conflict?
• Enforceability of agreements
• Does not apply to rights and obligations on which the parties are not free to decide under the relevant law (patents)
MEDIATOR

- IMPARTIAL
- EFFECTIVE
- COMPETENT (ensuring the quality of mediation)
- Mediator as a profession? Yes or no
- Who can be mediator?
- Training of mediators (how many hours, contents)
- Should be an expert on IP disputes

SOURCES OF LAW AND SUBSTANTIVE LAW

- Dir 2008/52/ec of the European parliament and of the Council on certain aspects of mediation in civil and commercial matters
- All sources of law from Article 24 of Agreement on Unified Patent Court
- EU law (mediation in other DIR)
- UNCITRAL model law (conciliation)
- National law on mediation (if it is agreed on)
- Mediation contract in each case
MEDIATION IN PATENT CASES

• Article 35 of the Agreement established a patent mediation and arbitration centre, with its seat in Ljubljana and Lisbon

• The Centre shall establish Mediation and arbitration Rules

• The centre shall draw up a list of mediators and arbitrators

• The settlement reached though the use of the Centre shall be enforceable in any Contracting Member State (Article 82 of the Agreement)

Court annexed or court connected mediation?

• Slovenia adopted the DIR 2008/52/EC in 2008

• Alternative litigation settlement act (ZARSS)

• Offer in Article 5 two ways of ADR

• All courts choose the Court annexed mediation

• Pilot project 12 years ago – it works

• Since 2009 ADR at appeal level – it works

• Other models: NL, I, CRO, UK, Nordic model...

• Very flexibly in USA
PATENT CASES IN MEDIATION

- Which patent disputes are capable of being mediated? All, except where parties are not permitted to settle
- A patent may not be revoked or limited in mediation or arbitration proceedings (Article 35)
- All other disputes can be mediated or arbitrated
- Very often claims for damages, the amount of the royalties
- In USA also patent validity issues may be arbitrated

The proceedings

- When is it possible to start mediation?
- Before the action, during the court proceeding, after the court’s decision, at appeal level?
- We shall see, what will the mediations rules bring
- The agreement on Unified Patent Court has no article for mediation - arbitration
- It does not say about „opening the mediation window in arbitration”
- Try to be opened for what parties need
WHO DECIDES TO GO TO MEDIATION (Recommendations from CPR) I.

- IN HOUSE COUNSEL (corporate lawyer or business people?)
- OUTSIDE LAWYER (does he have his own interests?)
- JUDGES (do they have their own interests?)
- The parties to the dispute must be educated about the mediation
- Do parties know about the advantages over litigation?
- Reduced legal expenses, faster dispute resolution, control over the process, avoiding disclosure of the confidential company information, technical information, parties learn about business solutions

Informations for parties II. part

- Do parties know about the mediator’s function?
- What kind of mediator do they want (more evaluative, facilitative or transformative)?
- Mediator’s role is to facilitate the parties negotiations and if parties so wish, mediator can propose the settlement solution
- The goal is not to determinate which party is wrong (property, measures of damages..) but to find business solution for the parties’ dispute without determining which party is a winner or a looser
- The outcome: new license agreement
- Parties do not disclose facts or method of the calculation of a reasonable royalty or lost profits
What must the director of the company know before mediation?

- Early case evaluation (legal)
- Identify the key business concerns
- The risks and costs that the disputes poses for the company
- Decision tree: the economic impact of litigation (costs)
- Who has the power in the dispute? The party which can make the other party do what the first party wants!
- To nominate the mediator, who understands patent law and patent litigation (even to engage neutral expert to advise on specific technical issues..)
- To go to mediation as early as possible

Phases of mediation

- Pre-Mediation Conference – ask to be confident
- Mediation contract: who shall attend, represent, time and place of mediation, fees, experts, evidence, papers..)
- Mediator must tell parties not to disclose what they wish to keep confidential
- Opening speech of mediator
- Opening statements of parties
- Emotions
- Exploration
- Private caucuses
Phases of mediation II

• Negotiations
• Objectification
• Preparation of the settlement
• Reality test
• Settlement or goodbye
• Arbitration before ending the mediation?

ARBITRATION

• Advantages of Arbitration
• Preserving time – no appeal
• The ability to control the procedure
• Costs
• Confidential (also the result is confidential)
• Arbitrators are experts in patent law
• The decision is enforceable in all EU countries
• Continuing the relationship and the business
ARBITRATIBLE DISPUTES

- All - however the patent may not be revoked or limited
- Patent infringements issues
- All disputes from license agreements
- Any claim arising out of agreement
- Prepare good arbitration clause in your contracts
- Clearly establish the substantive and procedural law for the future dispute
- Limit the duration of arbitration

Hvala za pozornost!
Thank you for your attention!
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