



MediGate GmbH
Hamburg-Eppendorf

Ein Unternehmen des UKE

WIPO Life Sciences Conference



Presentation - IP Mediation in Life Sciences – Costs, Duration and Enforceability „Session 2 – Focus Mediation“

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I. MediGate

- UKE and MediGate
- Third Party Funds
- EU Research Funding
- Patents & Licensing



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II. Life Sciences (LS) Disputes In General

1) In R&D-Projects

- Partner does not perform as stated in the work package
- Partner (Scientist) doesn't consider IP-rules of the
- Partner doesn't consider Publication Rules of the CA



II. LS Disputes In General

2) IP/Contractual Matters

- **Joint inventions**

- Who is the inventor: Dispute about the share in the invention
- Who pays: Share of costs and revenues / revenue distribution
- Who is the leader: Who assumes the management of the patent exploitation and patent process

- **License Agreements**

- Dispute with the Licensee about the accounting of royalty rates
- The payment of royalty rates



III. How are these disputes resolved?

1.) Current situation

- **Considered options for dispute resolution**
 - Direct conversation, mostly one-on-one interviews
 - Information about arbitration, mediation, moderation
 - Currently, there are no detailed criteria for the choice of procedure
 - Need: fast and binding settlement at low cost
- **Guiding principles for MediGate**
 - Transparency
 - Confidentiality
 - Cooperativeness



Case example / Area of LS R&D (I)

Facts:

Invention and Patent Situation

- R&D activities for the development of a technology (software for training device in the medical sector)
- 2005 Agreement (no dispute resolution clause):
- Parties: UKE + UKE-employees
- UKE set up and financed a project
- Employees agreed to do research and to set up a start-up company to market the device (until start-up company operational - external company to distribute device)
- Basic technology was developed but not patentable (due to prior publications)
- No inventor bonus for the basic technology since it was not patentable
- Incentive payment by UKE to employees to set up the start-up company



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Case example / Area of LS R&D (II)

Facts:

Project Progress and Dispute

- Market maturity
- External company terminated commercialization
- Employees did not set up the start-up company
- UKE took over commercialization
- Employees request remuneration - UKE objects
- UKE pays inventor bonus for developments according to the applicable law



Case example / Area of LS R&D (III)

Attempts of Finding a Solution

- ADR (arbitration, mediation) suggested by UKE: not accepted
- Employees threaten to go to court
- The most suitable instrument for the case would be:
 - Mediation, or
 - A binding expert determination on some issues
- A mediation at an early stage would have saved us a lot of costs, time and hassle



III. How are these disputes resolved?

2.) Future (I)

- Considerations to increasingly use **ADR** / Mediation in R&D-Projects in LS
- **Reasons / Advantages**
- High interest in preserving relationships
- Particularly long projects - dependence on financial resources of industry partners
- High interest of the industry partner in scientists – expert knowledge; not easily replaceable
- Collaborative projects are particularly complex - many partners, interests



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- Legal aspects can be discussed in arbitration
- Legal AND non-legal aspects can be discussed in mediation

Key:

- Clear and binding ADR-clauses in R&D-Agreements:
- Easy to agree on ADR before a R&D-Project starts
- Difficult to persuade the other party of ADR once the dispute is in place



III. How are these disputes resolved?

2.) Future (II)

- **Introducing a Conflict Management System - CMS**
- **Definition / Purpose**
 - CMS aims at handling in a high professional and systematic way with conflicts in a company or institution.
- **Reasons for introducing**
 - Saving resources
 - Expression of the corporate culture
- **Implementation / Components**
 - 1) Conflict contact points
 - The contact point makes the initial analyses about the case and
 - forward it to the right conflict processor



Implementation / Components of a CMS (ctd.)

2) Systematic choice of procedure

- When do we choose coaching, supervision, mediation, arbitration
- define escalation levels in contract dispute resolution clauses

3) Conflict processor

4) Procedural standards

- Institutional rules of chosen procedure (e.g. DIS, ICC, WIPO (e.g. in R&D-Agreements)) or Internal company code of procedure (for “conflicts in the workplace”)

5) Documentation/ controlling/ quality assurance

6) Internal and external communication; company’s mission statement and corporate culture

7) Steering unit

8) Standardization



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Thank you

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