



# **Prevention and Resolution of Disputes: WIPO Alternative Dispute Resolution Procedures and Case Studies in R&D and Technology Transfer Disputes**

Seminar on Collaboration and negotiation of Cross Border  
R&D and Technology Transfer Agreements  
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# World Intellectual Property Organization

- WIPO's Mission: To promote the protection of IP rights worldwide and extend the benefits of the international IP system to all Member States
- Member States: 184
- Treaties Administered: 24
- WIPO activities:
  - Norm-Setting
  - Economic Development (e.g. WIPO Innovation & Technology Transfer Section)
  - Services: e.g. Patent Cooperation Treaty, Madrid Protocol for trademarks, Arbitration and Mediation Center

# WIPO Arbitration and Mediation Center

- Established 1994 (Geneva)
- 2010 Singapore Office
- Promotion of time and cost-effective resolution of intellectual property disputes through mediation, arbitration and expert determination (since 2007)
- Global protection of intellectual property
- Patent disputes in multiple jurisdictions

# WIPO Center Caseload

- Leading provider for Internet domain name disputes:
  - +2,000 domain name disputes in 2009
  - +18,000 domain name disputes since 2000
  
- +220 mediations and arbitrations
  - Contractual: Patent licenses, distribution agreements, R&D, joint ventures, software/IT, copyright collecting societies, trademark coexistence agreements, settlement agreements
  - Cases referred by courts
  - Parties from Asia, Europe and North America

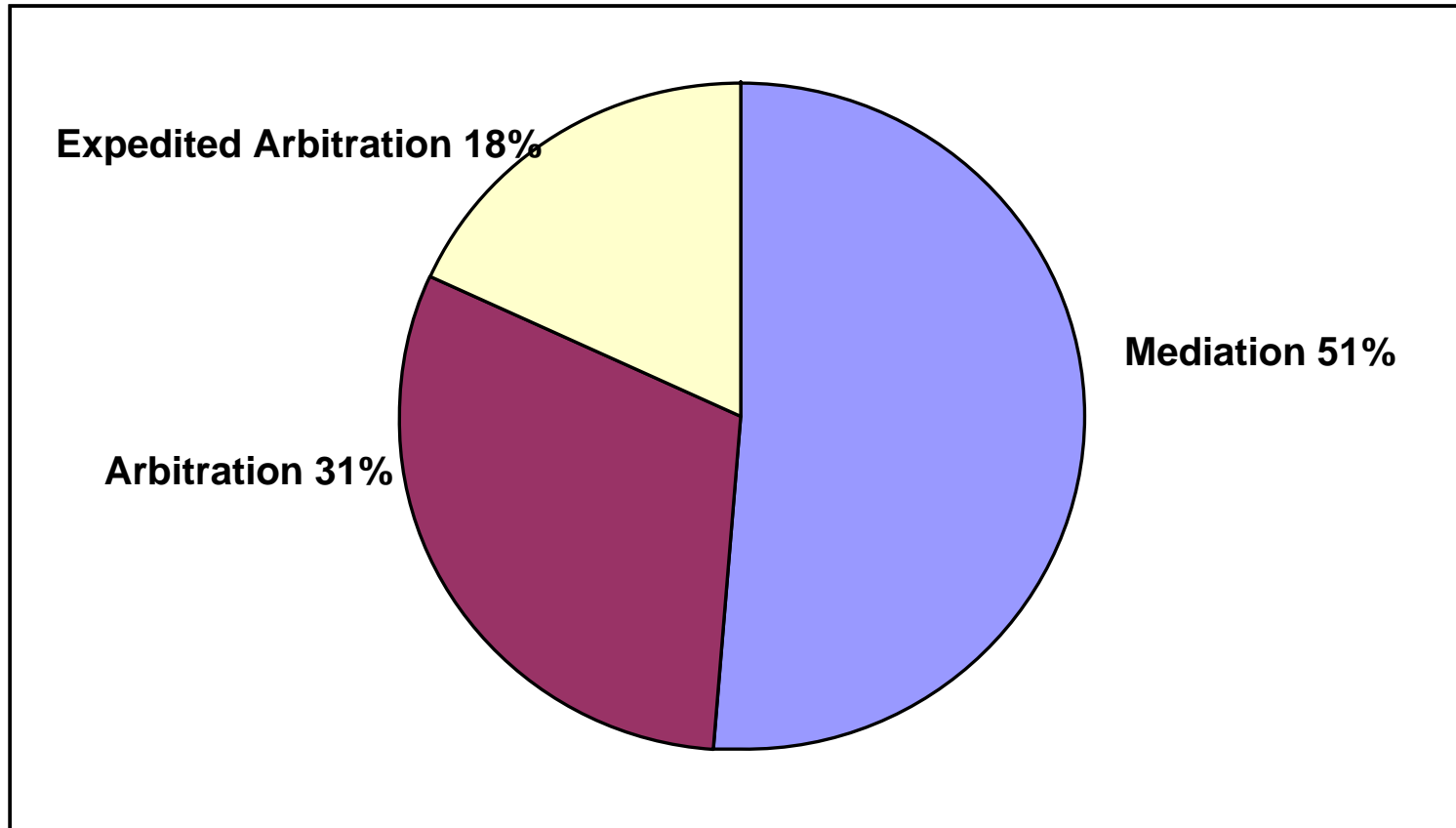
# What is Alternative Dispute Resolution (ADR)?

- A range of procedures to resolve disputes « out-of-court » in a private forum with the assistance of an independent intermediary (e.g., mediator, arbitrator, expert)
- Mediation
- Arbitration
- Expert Determination
- Combined with a court procedure, i.e. when mandated by competent court (European Mediation Directive)
- Normally consensual (parties need to agree to use ADR, e.g., through ADR contract clause or submission agreement)

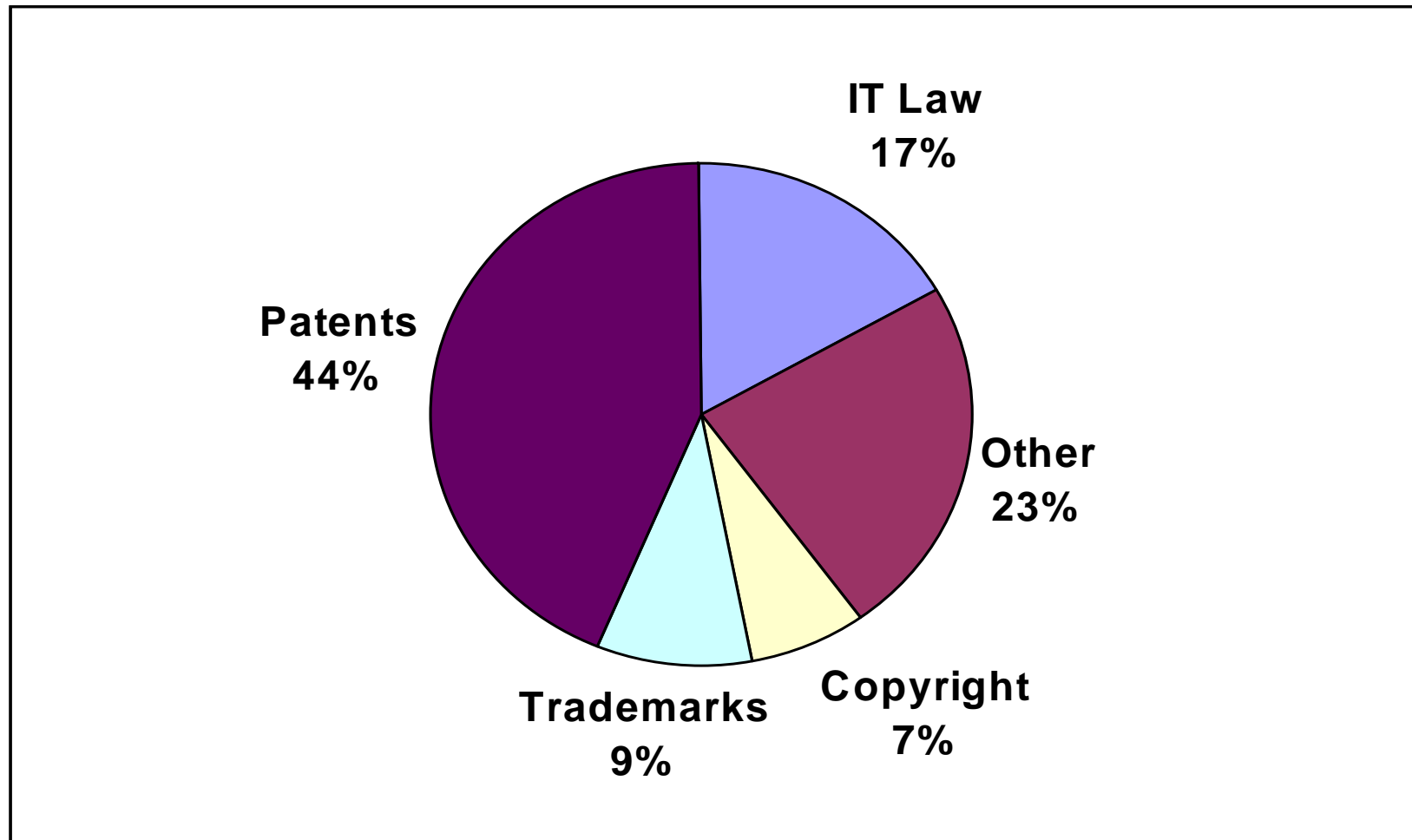
# Mediation, Arbitration, Expert Determination

- **Mediation:** an informal procedure in which a neutral intermediary, the mediator, assists the parties in reaching a settlement of their dispute, based on the parties' respective interests. The mediator cannot impose a decision. The settlement agreement has the force of a contract.
- **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.
- **Expert Determination:** a procedure in which the parties submit a specific matter (e.g. technical question) to one or more experts who make a determination on the matter, which can be binding unless the parties have agreed otherwise.

# WIPO Caseload: Types of Procedure

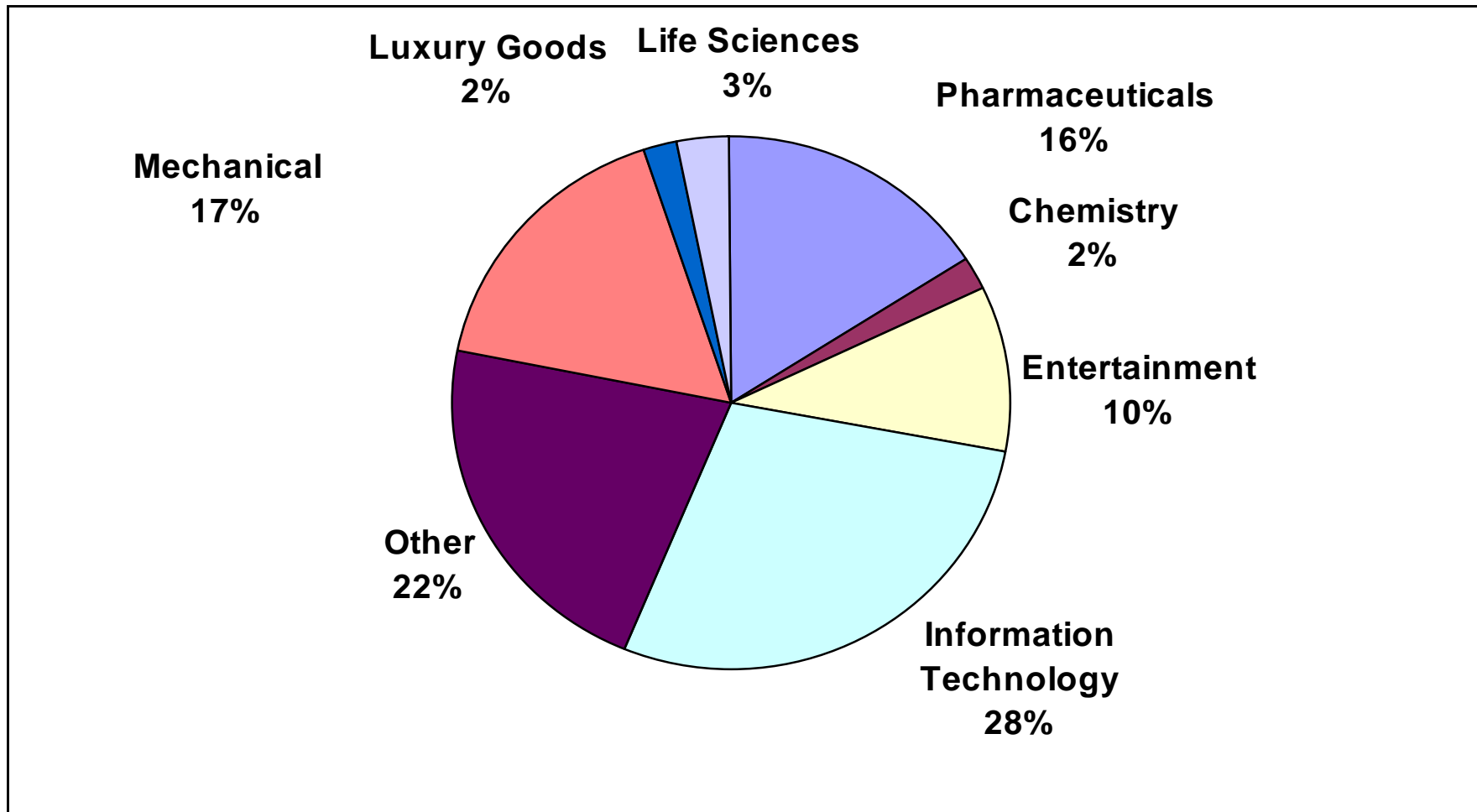


# WIPO Caseload : Subject Matter





# WIPO Caseload : Business Areas



# Activities Related to R&D and Technology Transfer Disputes

## ■ Administration of Disputes related to R&D and Technology Transfer

- Assistance in appointment of neutrals, communication, finance management, logistical and technical assistance
- Mediation, Arbitration, Expert Determination
- WIPO cases include energy, pharma, biotech, 43% relate to patents

## ■ Expertise in R&D and Technology Transfer Dispute Prevention and Resolution

- Analysis of ADR clauses in R&D agreements, licensing agreements and other contracts concluded e.g. under the Seventh Framework Program EC (FP7)
- Conferences, workshops and training related to Dispute Resolution in International R&D and Technology Transfer

## ■ Resource Center

- ADR Rules, contract clauses, database with 1500 neutrals from 70 countries
- Procedural guidance in cases and “bons offices”
- Training and conferences

# Some Areas for Use of ADR

## ■ Research

### ■ Intellectual property rights:

- Inventorship
- (Co-) Ownership, transfer
- Access rights background/ foreground (including licensing)
- Patent infringement
- Dissemination

### ■ Confidentiality (non-disclosure agreements)

### ■ Project-management

- Compliance with work plan
- Payment modalities

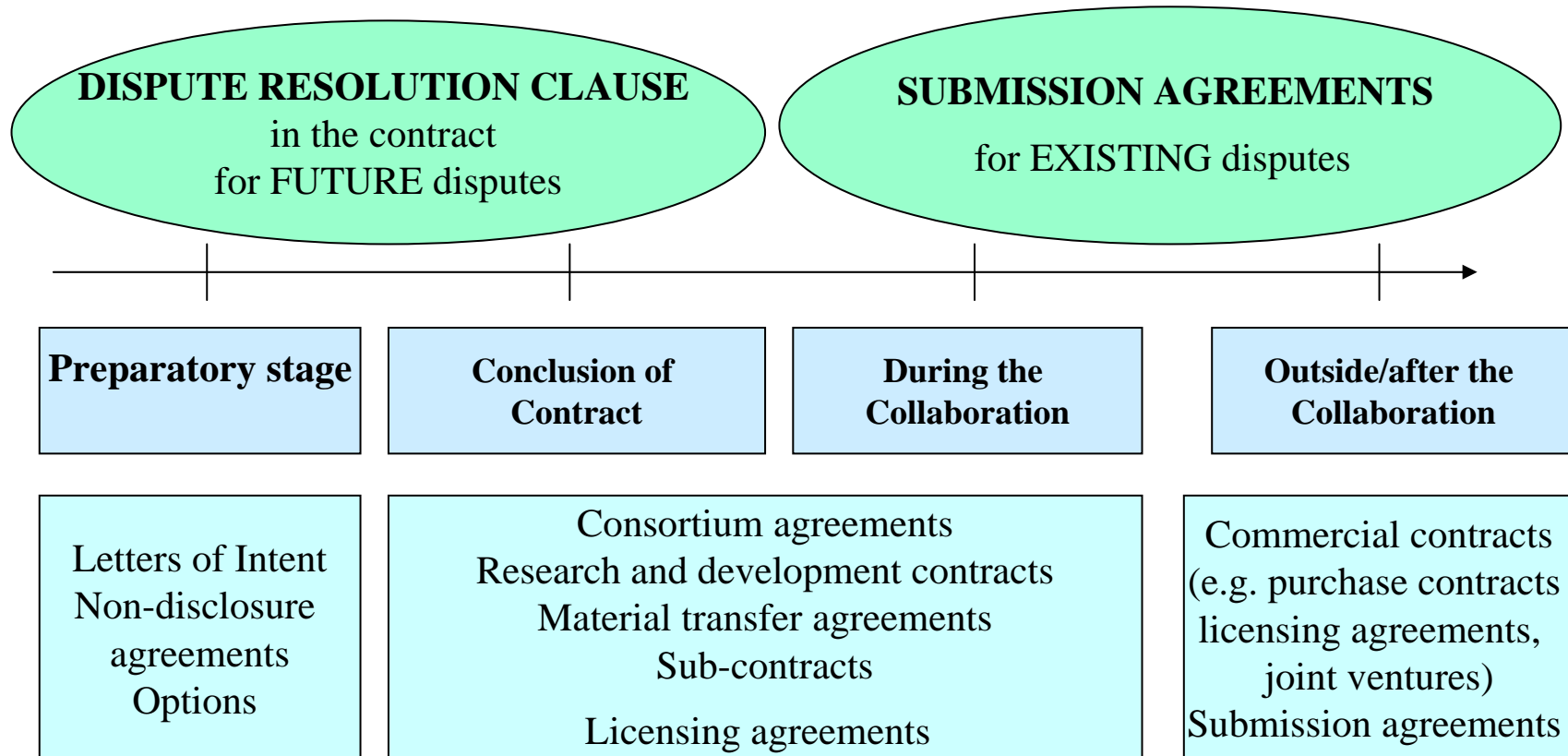
## ■ Exploitation

### ■ Control and use of research results (including licensing)

### ■ Technology valuation (foreground IP – determining conditions for use)

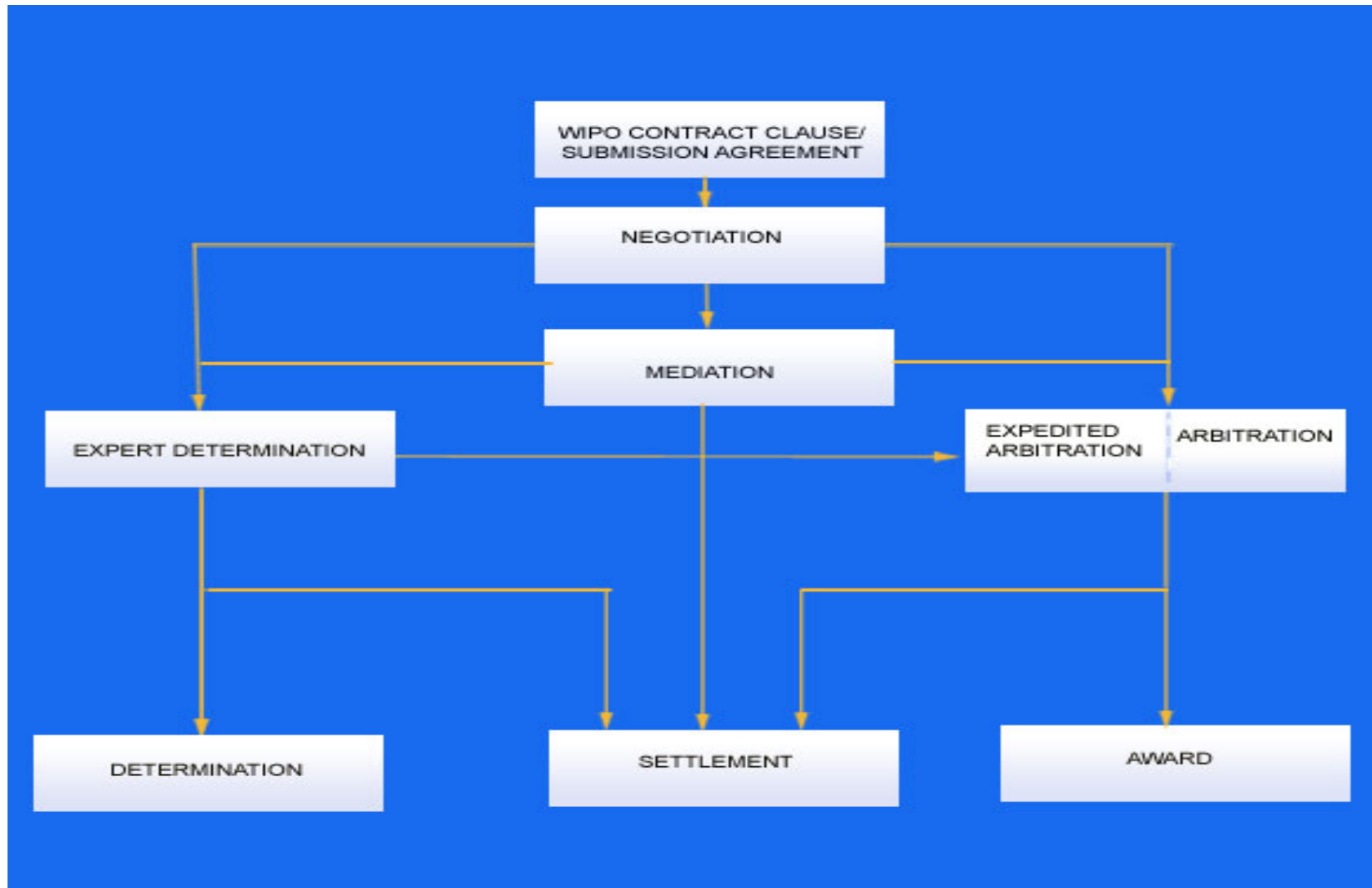
### ■ Manufacturing, marketing, distribution obligations

# ADR in R&D and Technology Transfer Agreements



- Consistency
- Agreements involving multiple parties

# Options



# WIPO Mediation and Arbitration Cases related to R&D and Technology Transfer

## Parties involved:

- Large companies
- SMEs
- Research institutes (contract and collaborative research)
- Universities
- Spin-offs

## Domestic and International Disputes

- Europe, North America, Asia

## Subject matter e.g.:

- R&D collaboration agreements
- Patent license agreements
- License option agreement
- Patent infringement
- Illegal use of Design

## Parties requested e.g.:

- Payment of damages
- Support in negotiating license agreement
- Payment of royalties
- Delivery of products
- Continuation of R&D activities

# Why ADR in Technology Transfer and R&D Collaborations?

## ■ International

- Cross-border dimension technology transfer, R&D projects, different national laws

## ■ Neutral Expertise

- Complex questions related to IP and technical issues
- Experienced neutral intermediary (e.g. technical expert)

## ■ Efficiency

- Large investments in time and money for development and marketing (e.g. of pharmaceuticals), high competitive pressure, short market cycles
- Need for time- and cost-effective procedures

## ■ Confidentiality

- New technology developments, patentability (existence, content, outcome of ADR procedure is confidential)

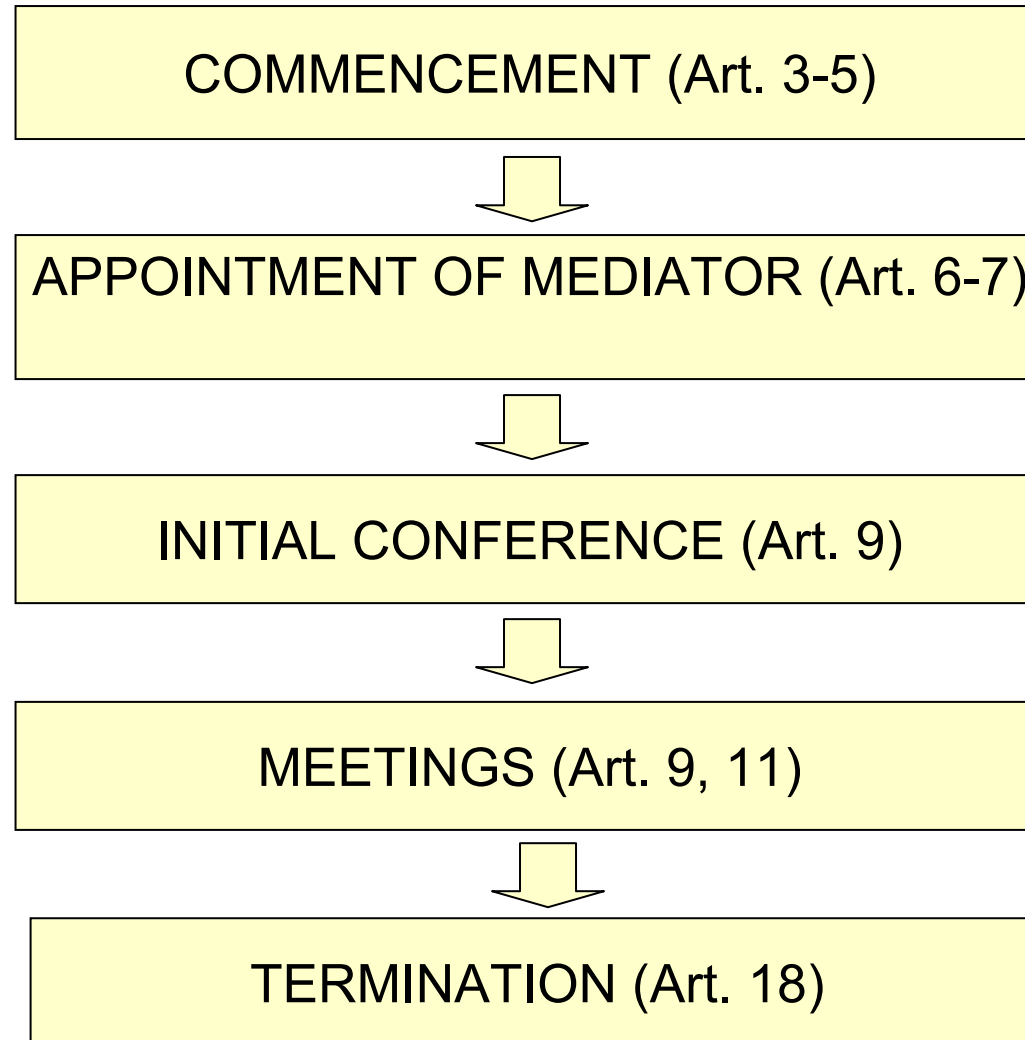
## ■ Preserving Party Relationships

- Long-time collaborations

## ■ Business Solution

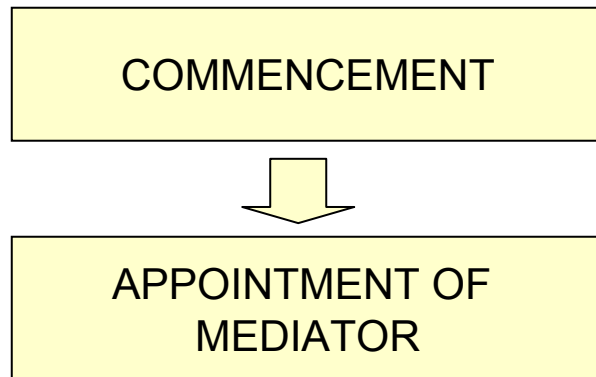
- ADR promotes realizing diverging commercial expectations in industry, research institutes and universities whereas court proceedings are limited to legal solutions

# Mediation Process



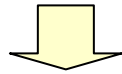


# Commencement and Appointment of the Mediator



- Request for mediation
  - Commencement (Arts. 3-5)
  - Administration fee (Art. 21)  
(Art. 6-7)
  
- Appointment of mediator
  - Parties, or Center after consultation with parties (Art. 6)
  - Impartiality and independence (Art. 7)

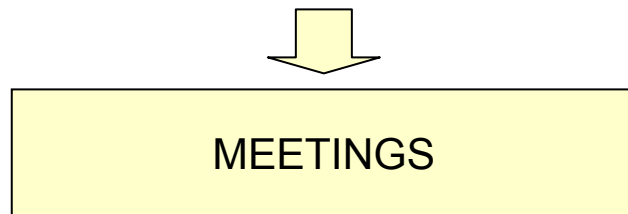
# Preparatory (Telephone) Conference



PREPARATORY CONFERENCE

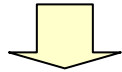
- Agreement on:
  - Timetable of Mediation
  - Documents to be submitted
  - Participants in Mediation Meeting
  - Party Representation (representatives with decision making power)

# Mediation Sessions



- Evaluating alternatives to settlement (Risk and cost of litigation)
- Identifying issues
- Exploring the parties' interests
- Settlement options
- Meetings with both parties and Caucus (Art. 11)
- Form: evaluative, facilitative

# Conclusion of the Mediation - Art. 18



CONCLUSION

- Termination
  - Settlement agreement
  - Withdrawal by one or both parties
  - Decision of the mediator

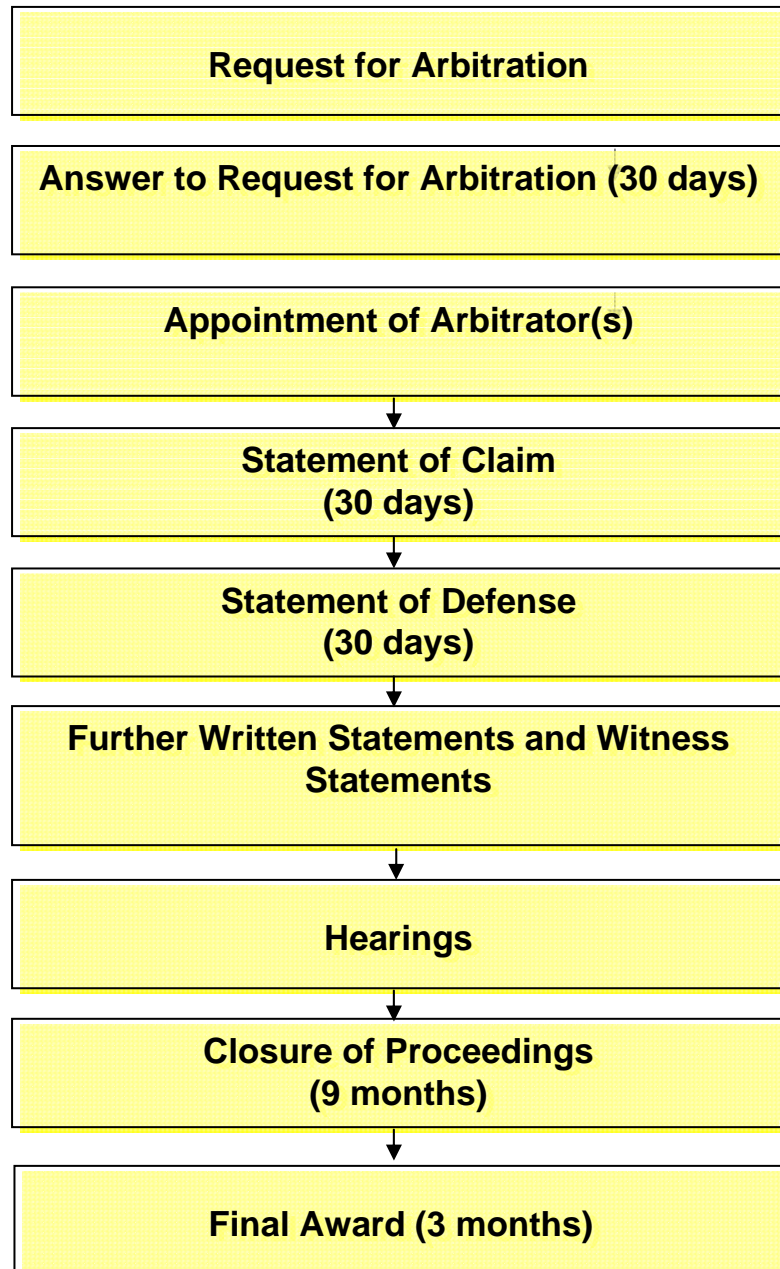
# Example WIPO Mediation Patent Dispute

- Consulting contract btw. European technology consulting company (patent owner) and Asian manufacturer
- Failure to negotiate patent license
- WIPO Mediation Request
- Appointment of mediator (patent, mediation and technology expertise)
- Two-day mediation session
- Result: license, agreement on future consulting contracts
- *<http://www.wipo.int/amc/en/mediation/scenario.html>*

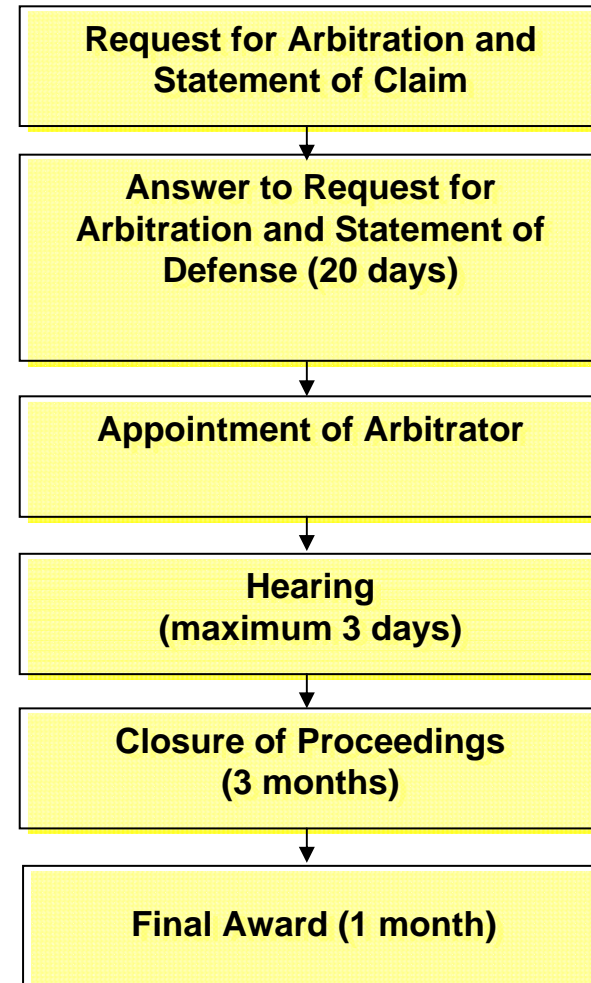
# Example WIPO Mediation Pharma Dispute

- European university holding pharma patent applications in several countries granted license option to pharma company
- Pharma company exercised option
- Parties unable to agree on terms of license (3 years)
- Submission agreement to WIPO mediation
- Parties requested the WIPO Center to appoint a mediator: lawyer, in-house experience in pharma licensing
- Parties requested mediator to help them reach an agreement on the terms of the license
- One-day meeting session: parties identified issues and improved legal understanding
- Settlement agreement

## WIPO ARBITRATION



## WIPO EXPEDITED ARBITRATION



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

# Basic Arbitration Principles

- Voluntary process agreed by the parties
- Binding procedure
- Guaranty of due process
- Cost-effectiveness and expeditious procedure
- Final, no appeal
- Enforceability of the award
  - New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958
  - 144 Member States (all EU Member States)
  - International arbitral awards to be recognized and enforced like final national court judgments (limited grounds to reject enforcement)
- Regulatory Framework



# Role of Arbitrator

- Ensure that the arbitral procedure takes place with due expedition
- Ensure that the parties are treated with equality and that each party is given a fair opportunity to present its case
- Manage the potential tensions between due process and cost/speed
- WIPO Rules, Article 33: General Powers of the Tribunal

# WIPO Arbitration Rules

- Parties choice re. appointment arbitrator(s)  
(Arts. 16-17)
- Confidentiality provisions (Arts. 73-76)
- Interim measures (Art. 46)
- Types of evidence common in IP disputes
- Option to use WIPO ECAF

# WIPO ECAF: Case File

**ECAF HOME**

Help  
Arbitration  
Mediation  
Expert Determination  
**Logout**

## WIPO Electronic Case Facility (ECAF)

**Case: WIPOA20020**

**Licensing v. AB Technics Inc.**

Case Overview
Contact Information
Case File
Message Board
Neutral Message Board

### Case File

Only documents to be recorded as part of the casefile should be submitted in the Case File.  
Only first-level submissions will trigger an email notification to users.  
Display issues from variations in browsers may be resolved by adjusting the Text Size in the browser menu.

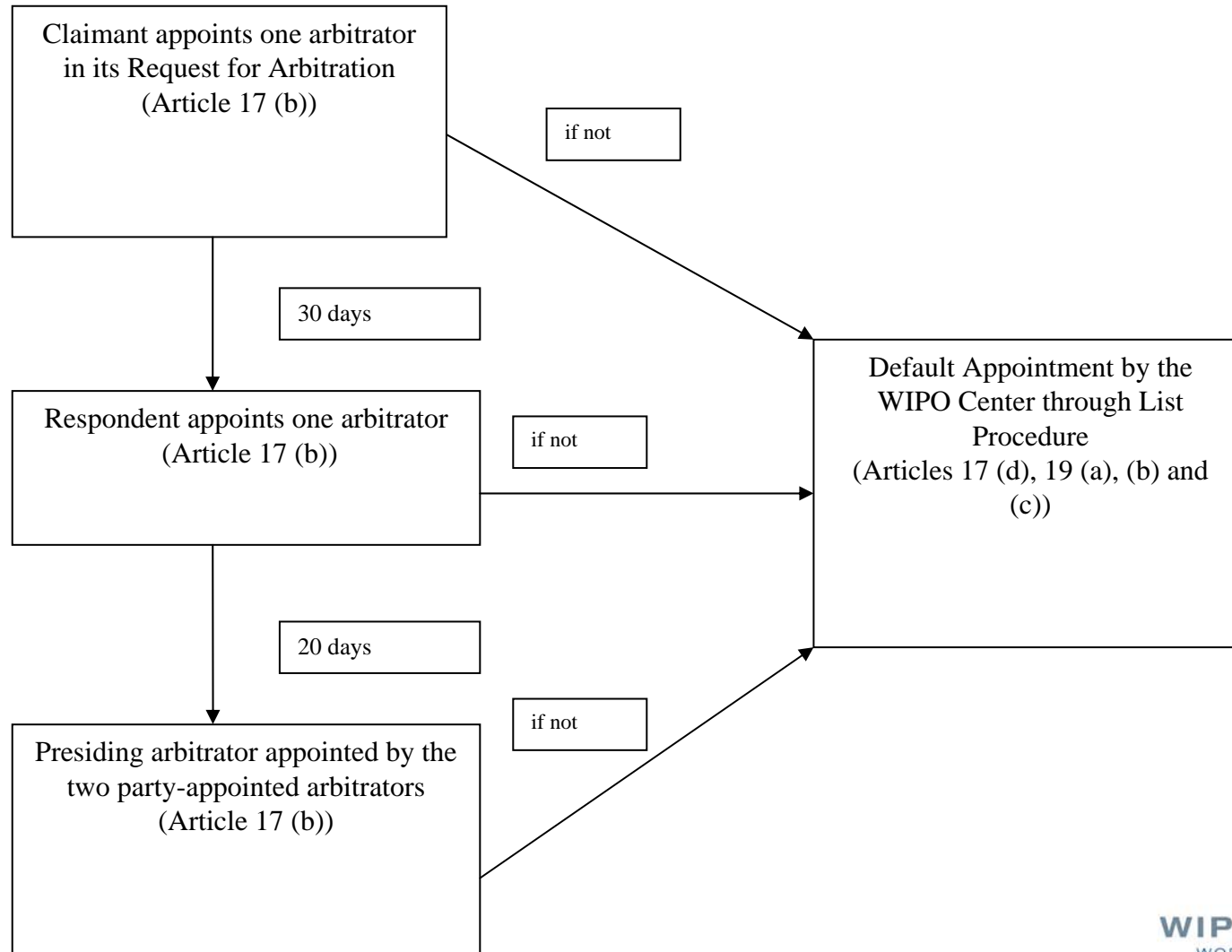
[Search Case](#)
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To sort, you may click on the column headers

ITEM NO	SUBMITTED BY	DATE	SUBJECT	ANNEX
3	WIPO AMC Case Manager	04/06/09 14:44:26	<a href="#">Main Case File 3</a>	1 <a href="#">[ Add ]</a>
3.1		04/06/09 14:45:21	<a href="#">Annex 1</a>	<a href="#">[ Add ]</a>
2	WIPO AMC Case Manager	22/05/09 16:11:02	<a href="#">Main Case File 2</a>	2 <a href="#">[ Add ]</a>
2.1		22/05/09 16:11:22	<a href="#">Annex 1</a>	3 <a href="#">[ Add ]</a>
2.1.1		02/06/09 11:03:17	<a href="#">Annex 1</a>	
2.1.2		21/09/09 12:05:27	<a href="#">Annex 2</a>	

# Appointment of Three-Member Tribunal



# Impartiality and Independence

- Arbitrators must be “impartial and independent”: Article 22(a)
- Before accepting appointment, disclosure should be made of any circumstances that might give rise to “justifiable doubt as to the arbitrator’s impartiality or independence”: Article 22(b)
- Disclosure of any such new circumstances that might arise after appointment at any stage of the arbitration is also necessary: Article 22(c)

# Example WIPO Arbitration

## R&D Biotech/Pharma Dispute (I)

- European biotech company held several patents for the extraction and purification of a compound with medical uses
- License and development agreement with a large pharmaceutical company with expertise in the medical application of the substance related to its patents
- Development agreement contained a clause referring to WIPO Arbitration Rules
- Biotech company filed request for arbitration alleging that the pharmaceutical company had deliberately delayed the development of a biotech compound

# Example WIPO Arbitration

## R&D Biotech/Pharma Dispute (II)

- Parties chose one out of the Center's list of proposed candidates with experience in biotech/ pharma
- Written submissions
- Three-day hearing in Geneva for examination of witnesses
- On the last day, following a suggestion made by the arbitrator, the parties held a private meeting and agreed to settle their dispute
- Continued to cooperate towards the development and commercialization of the biotech compound

# WIPO Mediation Clauses

## ■ **Future disputes** (initial contract)

- "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 *[Singapore]*. The language to be used in the mediation shall be *[specify language]*."

## ■ **Existing disputes** (submission agreement)

- "We, the undersigned parties, hereby agree to submit to mediation in accordance with the WIPO Mediation Rules the following dispute: *[brief description of the dispute]*. The place of mediation shall be *[Singapore]*. The language to be used in the mediation shall be *[specify language]*."



# WIPO Mediation Followed by Expedited Arbitration

## ■ Try mediation before arbitration, at least until

- lapse of time period

- termination

## ■ Combining the benefits

- arbitration well-prepared

"**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."

# WIPO Arbitration Clauses

## ■ Future disputes

- 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 referred to and finally determined by arbitration in accordance with the **WIPO Arbitration Rules**. The arbitral tribunal shall consist of **[a sole arbitrator]** **[three arbitrators]**. The **place of arbitration** shall be [Singapore]. The **language** to be used in the arbitral proceedings shall be [...]. The dispute, controversy or claim shall be decided in accordance with the **law of** [...].

## Related Contracts involving the same or different parties

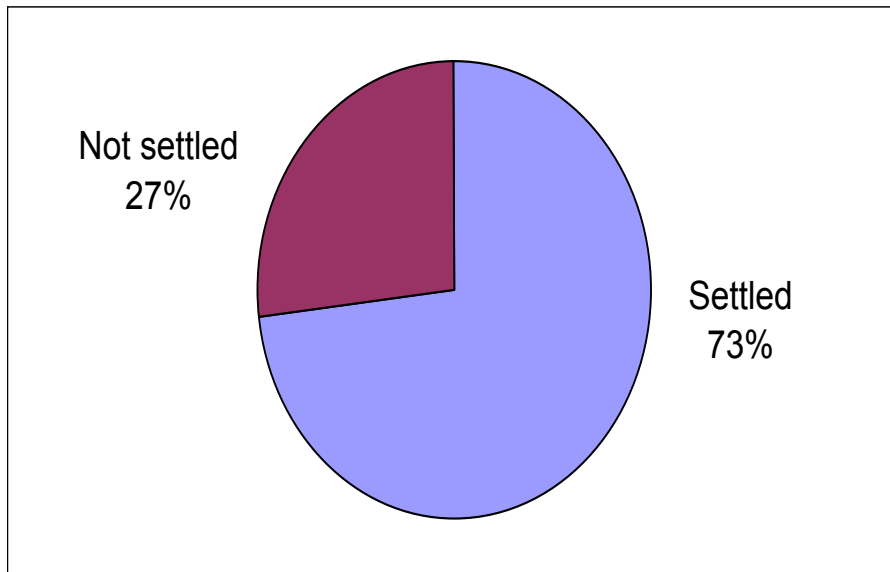
- Consolidation of related disputes requires consent – careful drafting of clauses in the related contracts to allow consolidation
- Define the related contracts
- Provide in each of the related contracts for the same arbitrator to be appointed who is to have the power and jurisdiction to hear all related disputes – e.g. the tribunal in the arbitration first filed

# Problematic Dispute Resolution Clauses

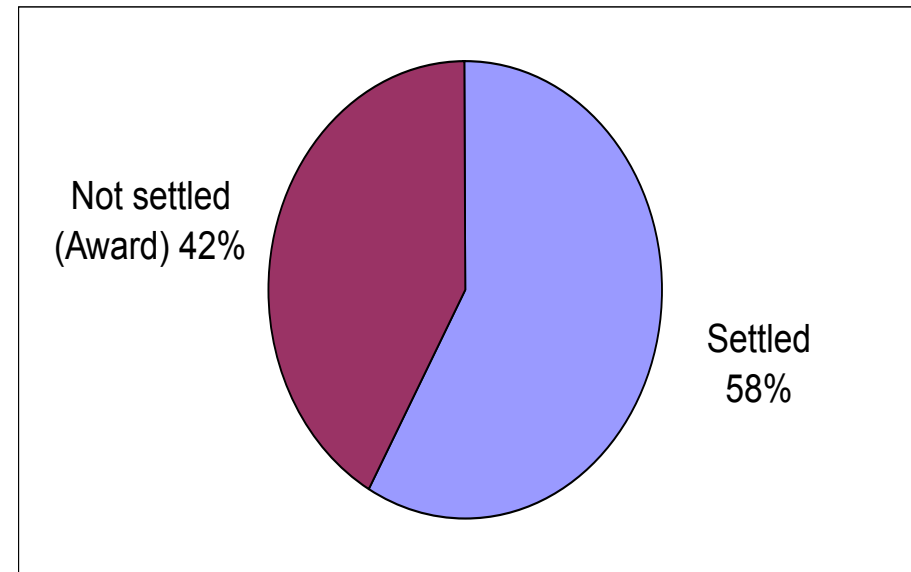
- “Arbitration in Geneva.”
- WIPO Arbitration with a sole arbitrator, place of arbitration Geneva, no applicable law.
- Patent and Know-How Licence Agreement: disputes relating to the Licensed Patents shall be referred to arbitration under the WIPO Rules and all disputes relating to contractual issues shall be referred to arbitration under the AAA Rules.
- WIPO Arbitration with three arbitrators: amount in dispute USD 60,000

# WIPO Case Results: Settlement

## Mediation



## Arbitration



## Additional Information

- WIPO International Survey on Dispute Resolution in Technology Transactions

<http://www.wipo.int/amc/en/center/survey/>

- <http://www.wipo.int/amc/en/index.html>

- [arbiter.mail@wipo.int](mailto:arbiter.mail@wipo.int)

- Thank you