



Alternative Dispute Resolution Mechanisms in Technology Transfer Transactions

Workshop on International R&D and Technology Transfer Contracts
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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:

Patent Litigation

Country	Characteristic of Legal System	Average Length	Average Cost
France	- Civil Law - Unified Litigation - No specialized courts	First Instance: 18-24 months Appeal: 18-24 months	€80,000-150,000 (1 st Inst.)
Germany	- Civil Law - Bifurcated Litigation - Specialized court for invalidity	First Instance: 12 months Appeal: 15-18 months	€50,000 (1 st Inst.) €70,000 (App.)
Italy	- Civil Law - Unified Litigation - Specialized courts	First Instance: few months – 24 months Appeal: 18-24 months	€50,000-150,000 (1 st Inst.) €30,000-70,000 (App.)
Spain	- Civil Law - Unified Litigation - Commercial Courts	First Instance: 12 months Appeal: 12-18 months	€100,000 (1 st Inst.) €50,000 (2 nd Inst.)
UK	- Common Law - Unified Litigation - Specialized courts - Mediation promoted	First Instance: 12 months Court of Appeal: 12 months Supreme Court: 24 months	€750,000-1,500,000 (1 st Inst.) €150,000-1,500,000 (App.) €150,000-1,500,000 (Supreme Court)
China	- Civil Law - Bifurcated Litigation - Specialized courts	First Instance: 6 months Appeal: 3 months	USD150,000 (1 st Inst.) USD50,000 (App.)
Japan	- Civil Law - Bifurcated Litigation - Specialized courts	First Instance: 14 months Appeal: 9 months	USD300,000 (1 st Inst.) USD100,000 (App.)
USA	- Common Law - Unified Litigation - Specialized court of appeals (CAFC) - Jury trial available - Mediation promoted	First Instance: up to 24 months Appeal: 12 + months	Up to USD4,000,000 (1 st Inst.) USD150,000-250,000 (App.)

Source: This chart is based on figures provided in Patent Litigation - Jurisdictional Comparisons, Thierry Calame, Massimo Sterpi (ed.), The European Lawyer Ltd, London 2006.

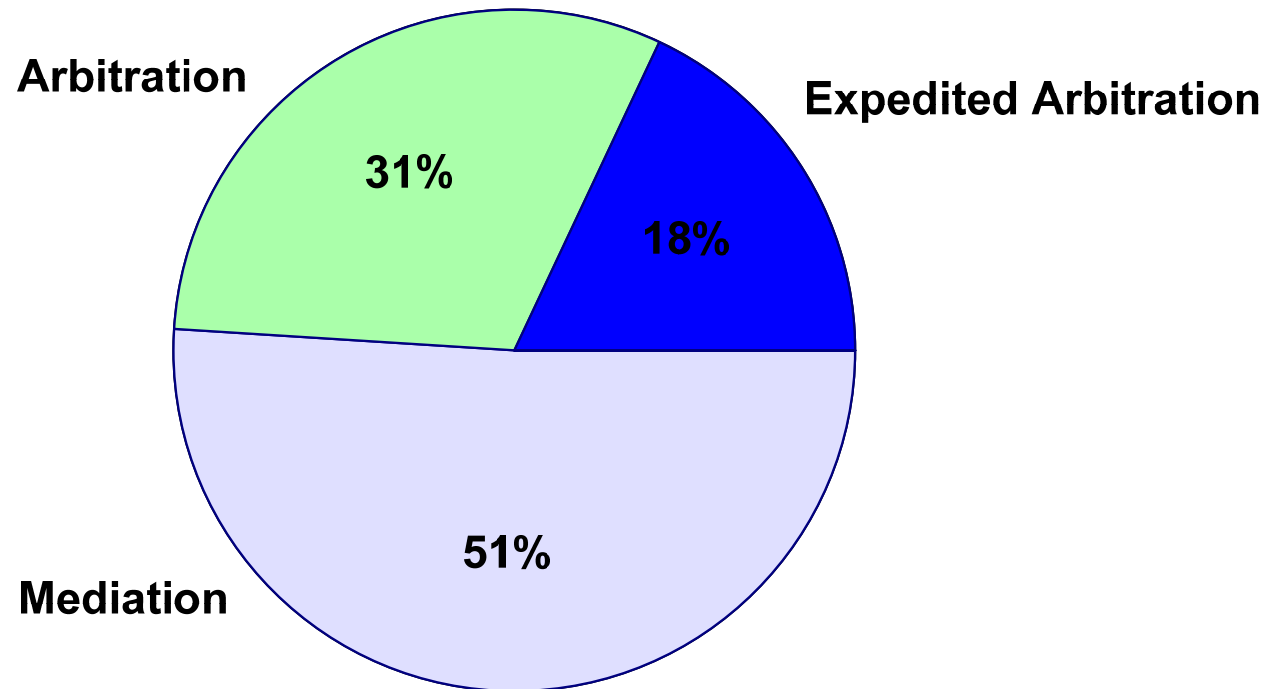
What is Alternative Dispute Resolution (ADR)?

- 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 court proceedings, i.e. encouraged by courts (European Mediation Directive)
- Consensual (parties need to agree to use ADR, e.g. contract clause or submission agreement)

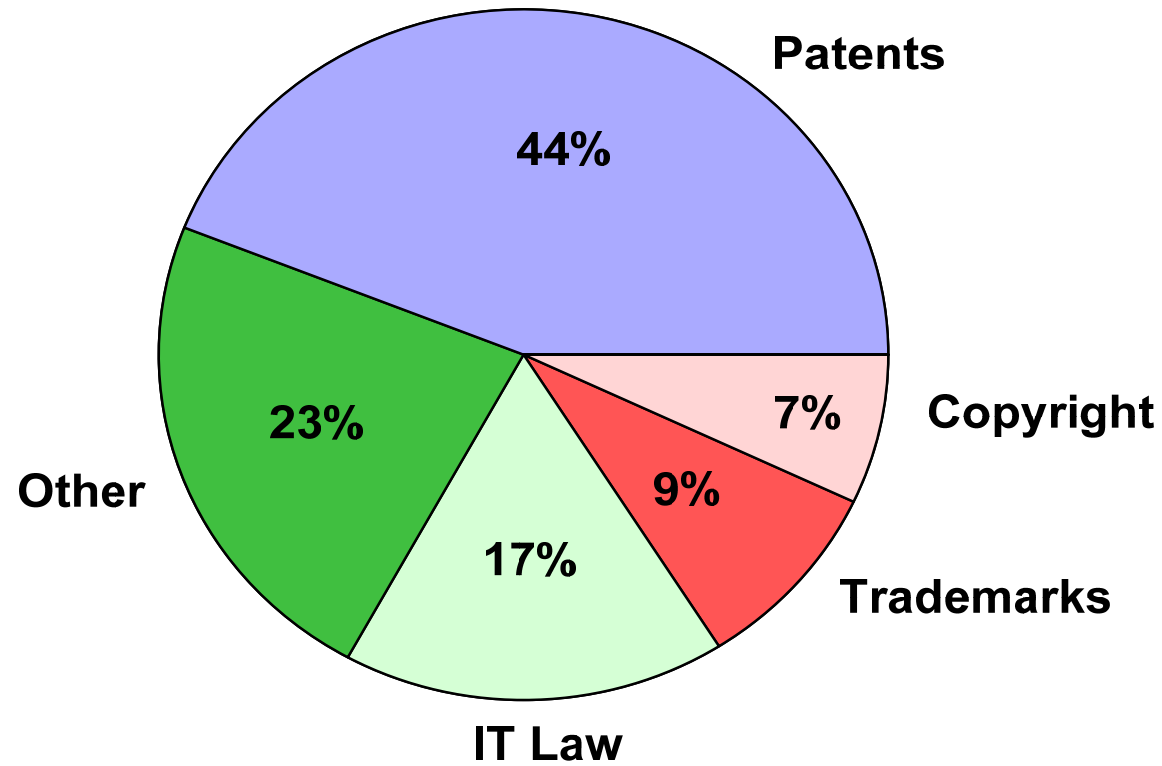
Mediation, Arbitration, Expert Determination

- **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.

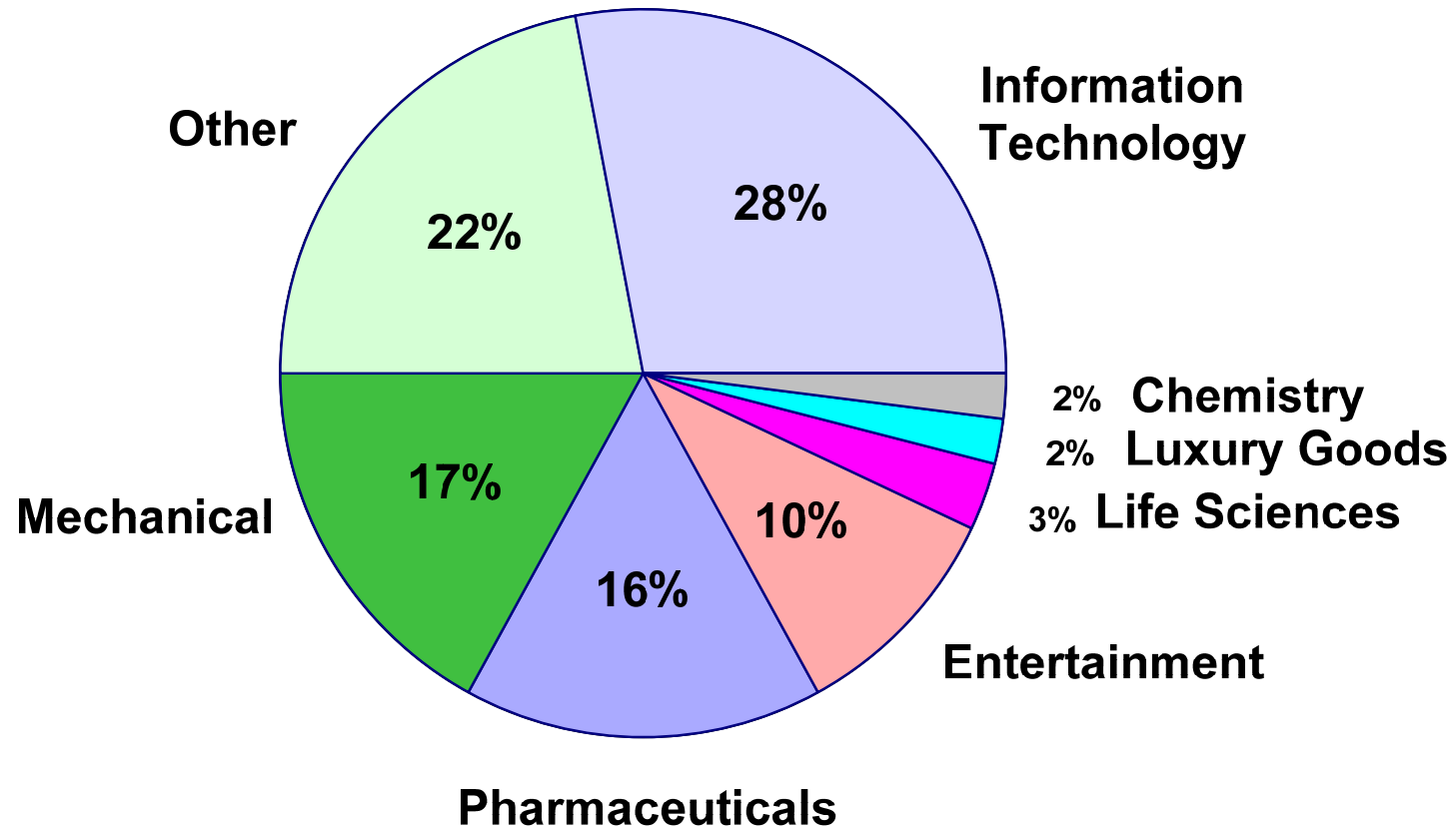
WIPO Caseload: Types of Procedure



WIPO Caseload : Subject Matter



WIPO Caseload : Business Areas



Use of ADR in Technology Transfer

■ Research

■ Intellectual property rights:

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

■ Confidentiality (Non-Disclosure Agreements)

■ Project-management

- Compliance with work plan
- Payment modalities

■ Exploitation

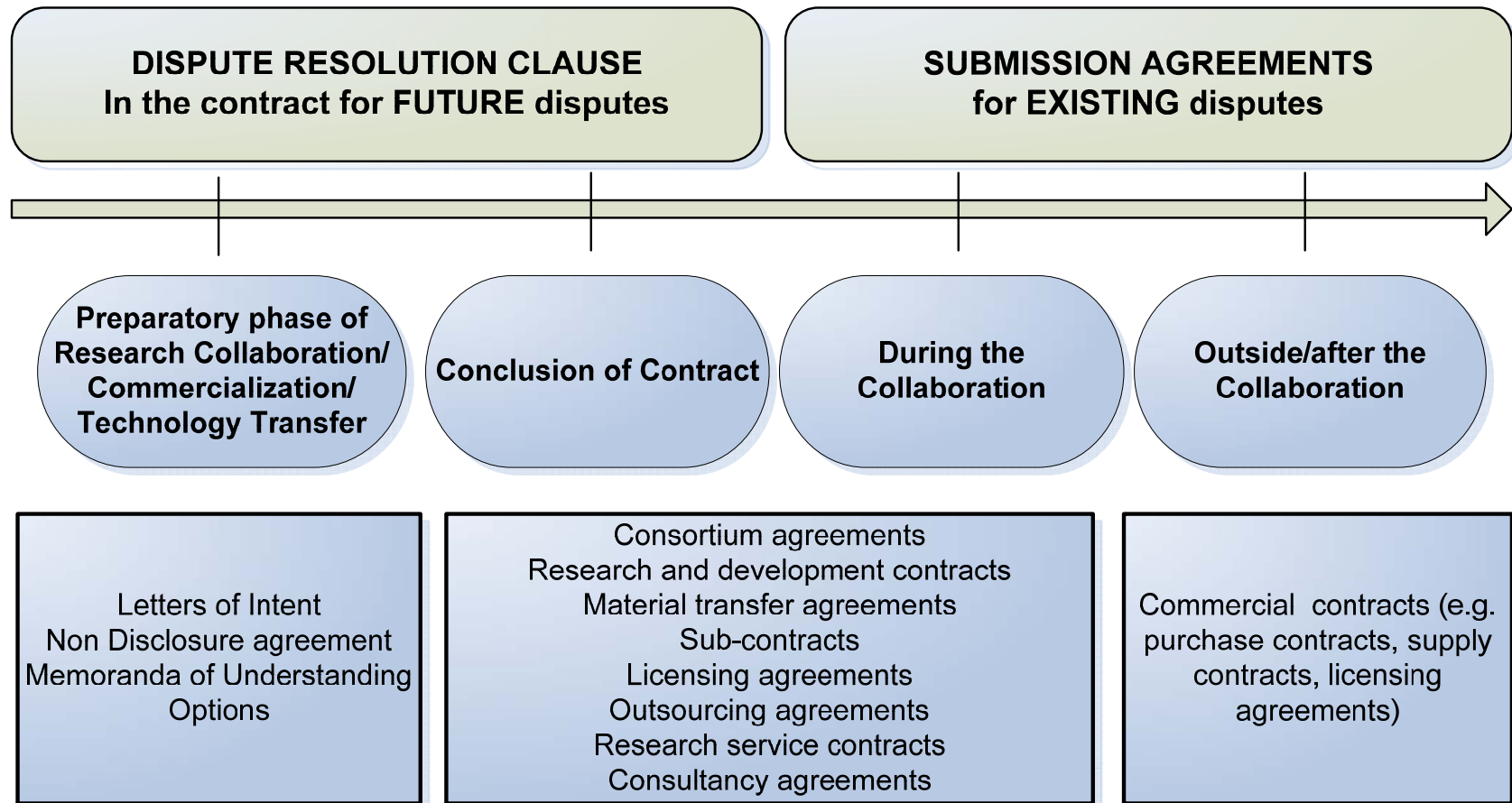
■ Control and use of research results (including licensing)

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

■ Manufacturing, marketing, distribution obligations

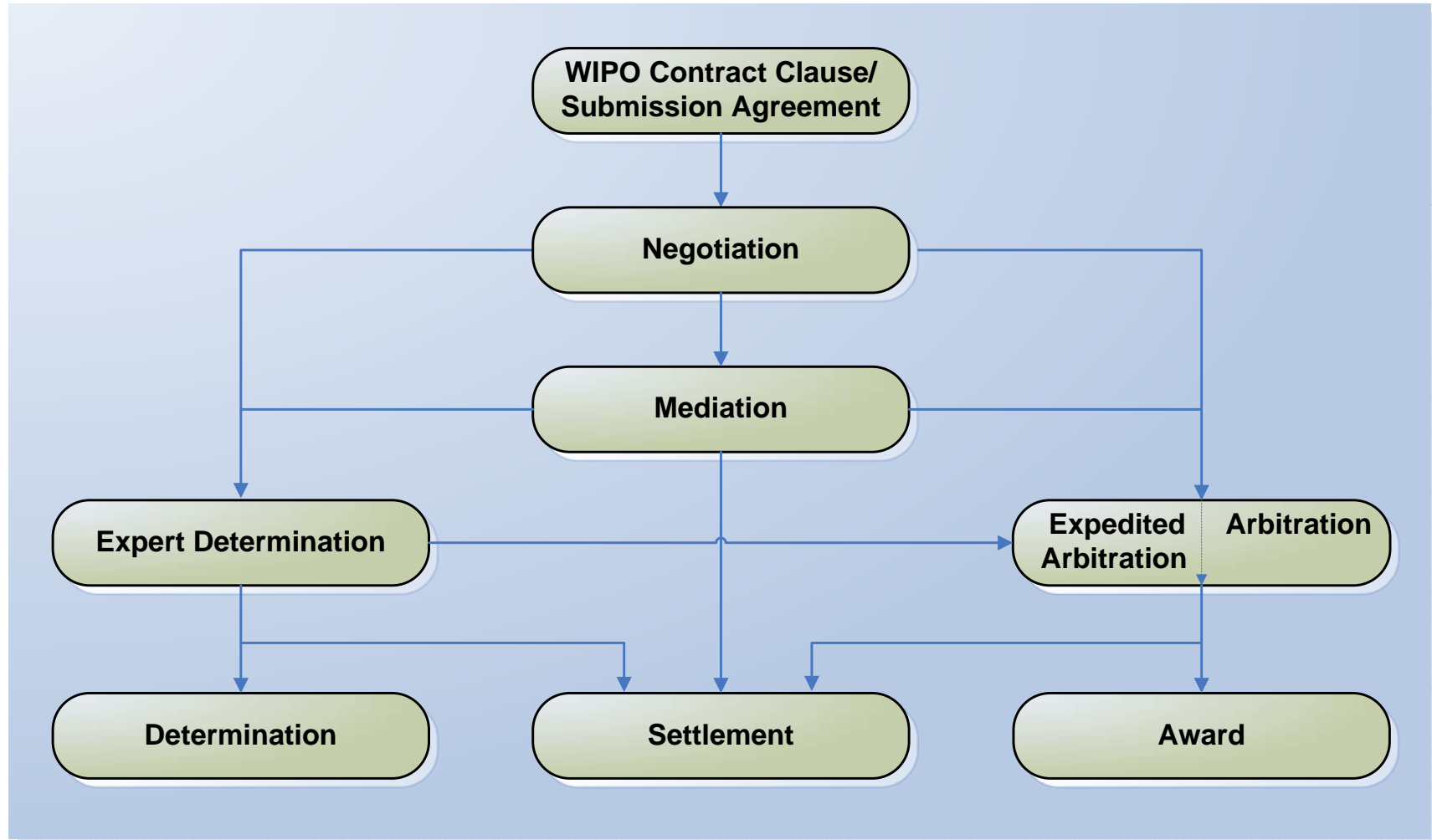
■ Payment of royalties

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 organizations
- Universities
- Start/ups Spin-offs

Domestic/International Disputes

- Europe, North America, Asia

Subject matter

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

Remedies

- Damages
- Payment of royalties
- Delivery of products
- Continuation of R&D activities
- Re-negotiation agreement

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 (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

- Reconcile diverging commercial expectations instead of limiting solution to legal consequences of contract

Mediation followed by Arbitration

■ Try mediation before arbitration, at least until

- lapse of time period
- termination

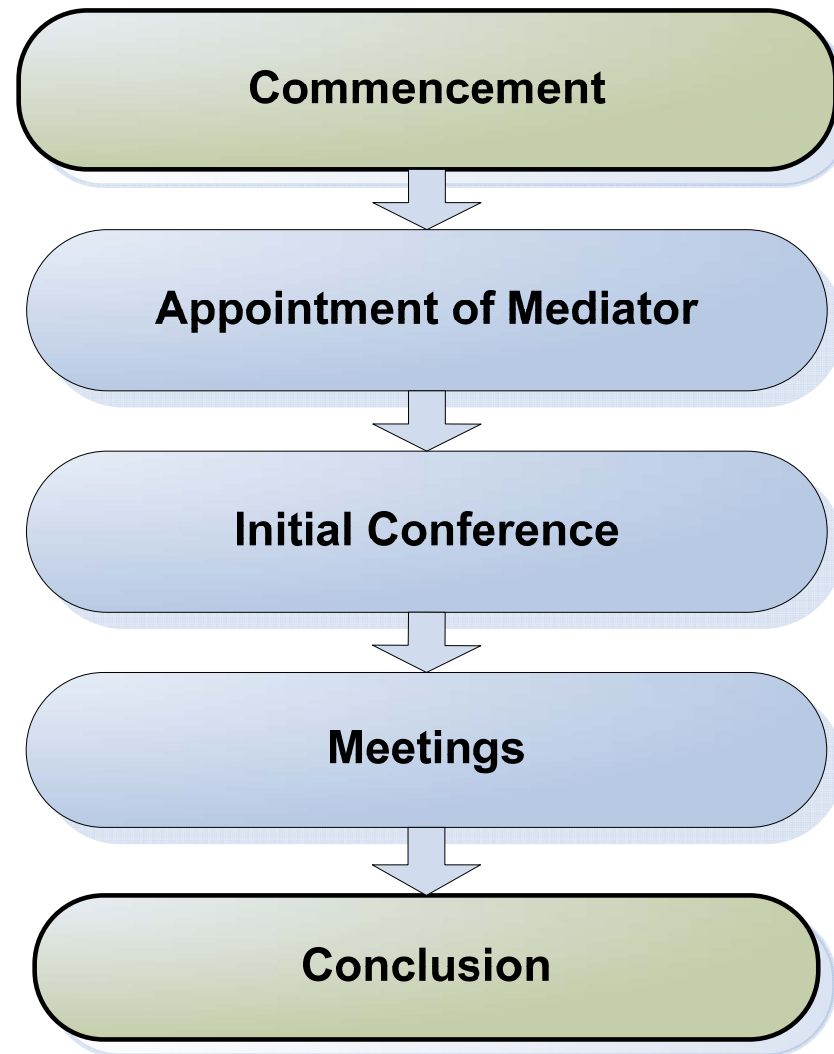
■ Combining the benefits

- arbitration well-prepared

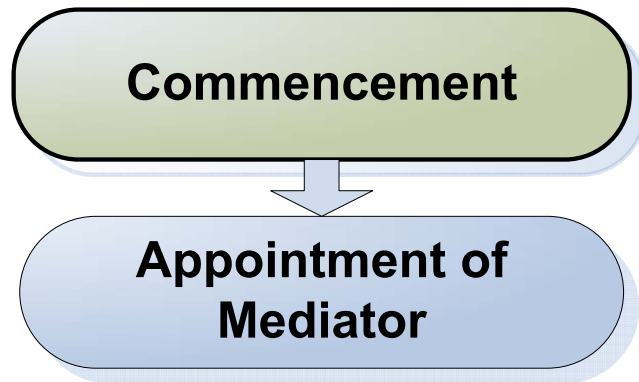
"Any dispute, controversy or claim arising under, out of or relating to this contract and any subsequent amendments of this contract, including, without limitation, its formation, validity, binding effect, interpretation, performance, breach or termination, as well as non-contractual claims, shall be submitted to mediation in accordance with the WIPO Mediation Rules. The place of mediation shall be []. The language to be used in the mediation shall be []"

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 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 Arbitration Rules. The arbitral tribunal shall consist of [a sole arbitrator]. The place of arbitration shall be []. The language to be used in the arbitral proceedings shall be []. The dispute, controversy or claim referred to arbitration shall be decided in accordance with [] law."

Mediation Process



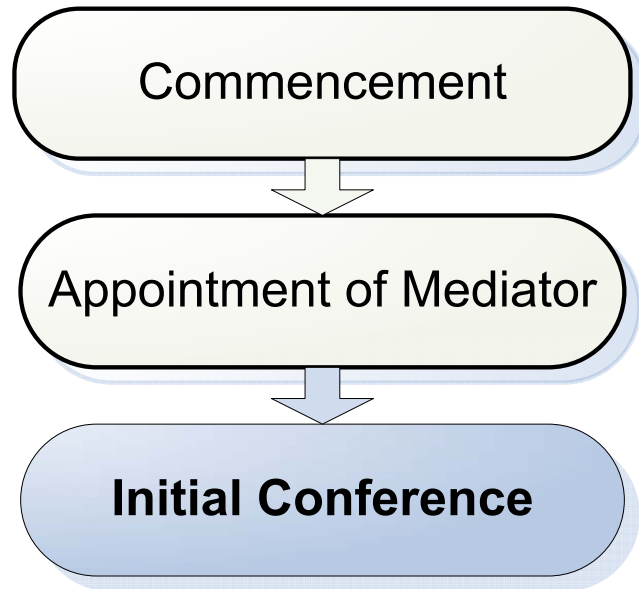
Commencement and Appointment of the Mediator



- 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)

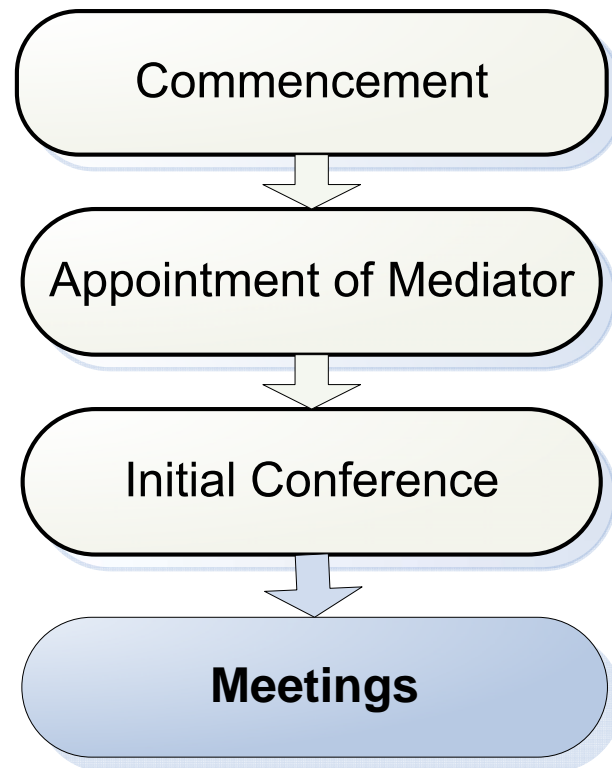
Preparatory (Telephone) Conference



Agreement on:

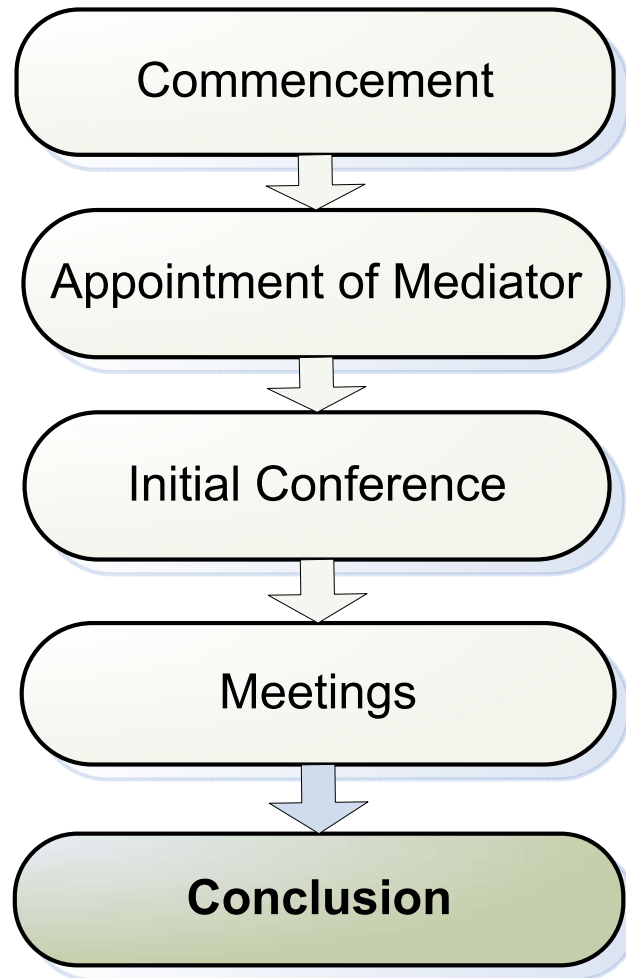
- Timetable of Mediation
- Documents to be submitted
- Participants in Mediation Meeting
- Party Representation (representatives with decision making power)

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

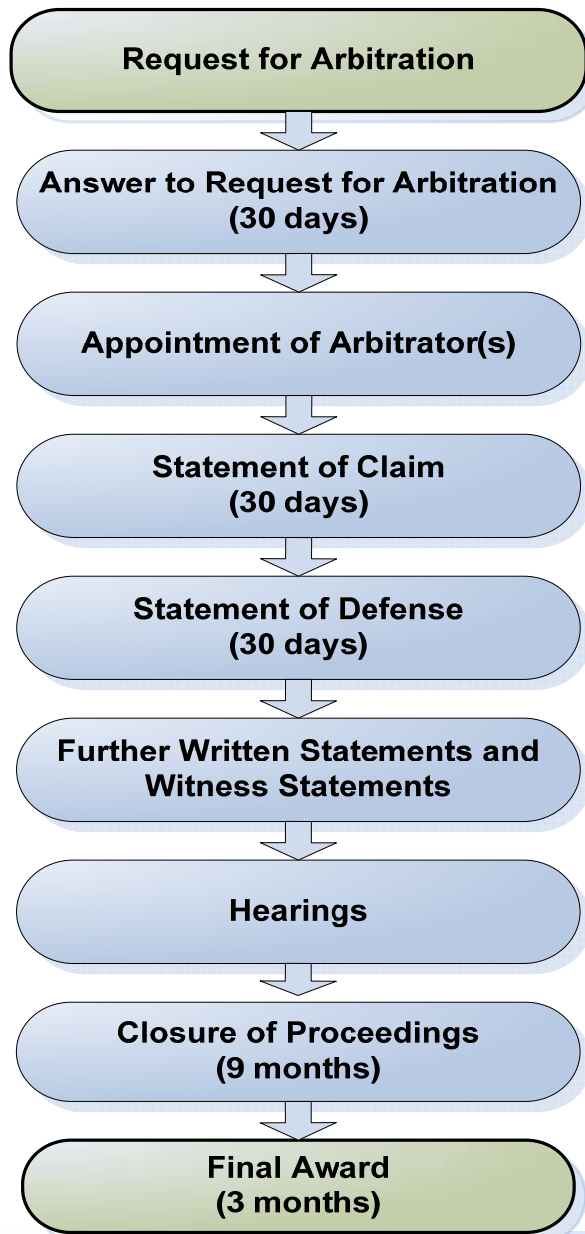


- Termination
 - Settlement agreement
 - Withdrawal by one or both parties
 - Decision of the mediator

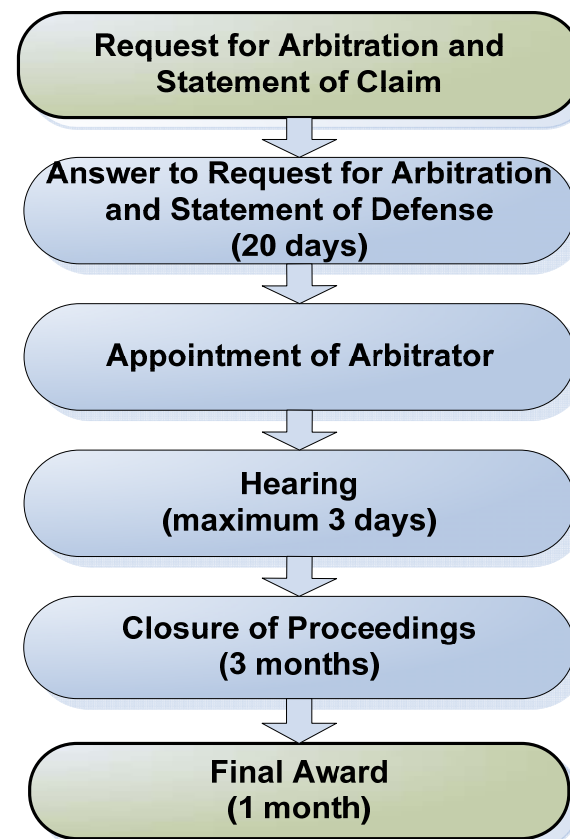
Example WIPO Mediation Patent Dispute

- Consulting contract 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>*

WIPO ARBITRATION



WIPO EXPEDITED ARBITRATION



- One Exchange of Pleadings
- Shorter Time Limits
- Sole Arbitrator
- 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
 - 145 Member States (all EU Member States)
 - International arbitral awards to be recognized and enforced like final national court judgments (limited grounds to reject enforcement)

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.

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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	Main Case File 3	1 [Add]
3.1		04/06/09 14:45:21	Annex 1	[Add]
2	WIPO AMC Case Manager	22/05/09 16:11:02	Main Case File 2	2 [Add]
2.1		22/05/09 16:11:22	Annex 1	3 [Add]
2.1.1		02/06/09 11:03:17	Annex 1	
2.1.2		21/09/09 12:05:27	Annex 2	

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

Mediation followed by Arbitration

■ Try mediation before arbitration, at least until

- lapse of time period

- termination

■ Combining the benefits

- arbitration well-prepared

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WIPO Arbitration Clause

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 [...]. 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

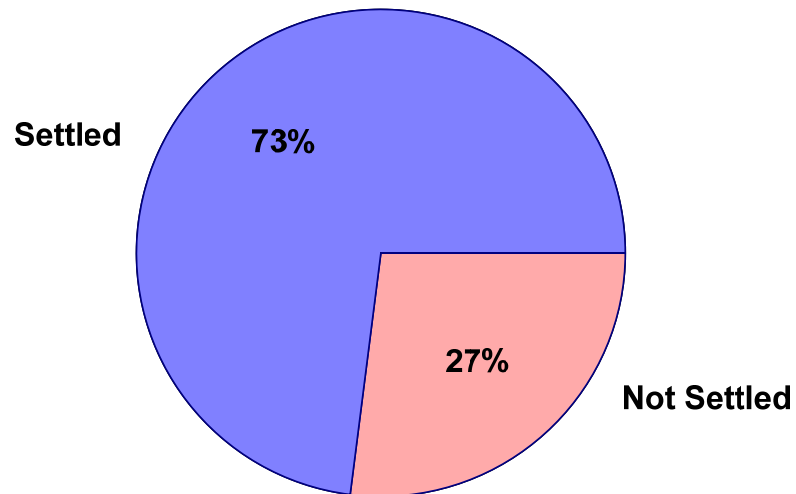
- Consolidation of related disputes requires consent – careful drafting of clauses in the related contracts to allow consolidation
- Define the related contracts
- Provide in each of the related contracts for the same arbitrator to be appointed who is to have the power and jurisdiction to hear all related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

Problematic Dispute Resolution Clauses

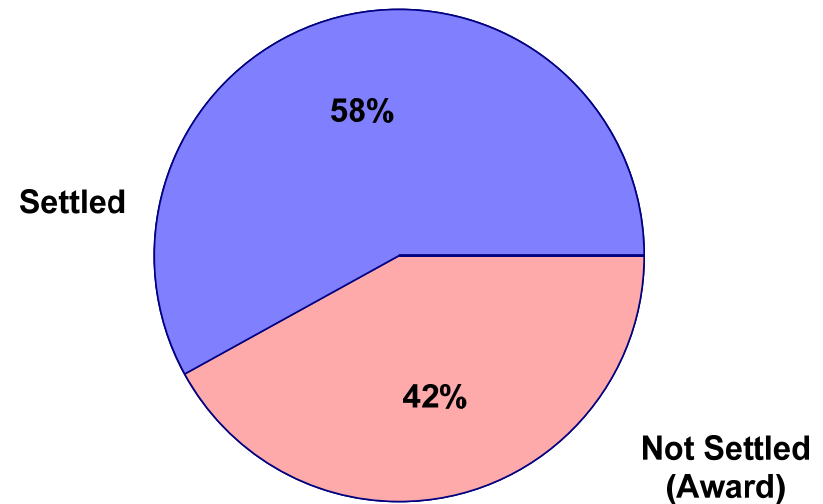
- “Arbitration in Geneva.”
- WIPO Arbitration with a sole arbitrator, place of arbitration Geneva, no applicable law.
- Patent and Know-How Licence Agreement: disputes relating to the Licensed Patents shall be referred to arbitration under the WIPO Rules and all disputes relating to contractual issues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



Emerging Trends

- WIPO International Survey on Dispute Resolution in Technology Transactions
- Project aiming at identifying trends in dispute resolution concerning technology and licensing transactions with a view to WIPO Center taking account of stakeholders' evolving needs
- <http://www.wipo.int/amc/en/center/survey/>

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>

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- Thank you