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International Mediation and Arbitration of IP Disputes – Costs, Duration and Enforceability

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ADR Advantages

- Faster than Litigation
- Less Expensive than Litigation
- More Party Control
- Neutrality
- Confidentiality
- Finality and Enforceability of Awards

Characteristics

- Third Party: Mediator
- Participation & Resolution: Voluntary
- Goal: Agreement Between Parties
- Dispute Resolution: Mediator Helps Parties Settle
- No Discovery

Costs

- Mediator Time
 - Typically several hundred per hour (\$500 to \$800)
 - Typically several thousand per day (\$4,000 to \$6,400)
- Counsel Fees
 - Depends on case complexity
 - Could easily reach range of \$100,000 to \$150,000

Procedures and Duration

- Time to Mediation: 2-4 Months After Mediator Selection
- Procedures for Selecting Mediator
 - Contract May Specify
 - WIPO and Other Organizations Have Lists
 - Lawyers with Training in Mediation
 - Parties Agree on Qualifications
 - Parties Can Interview Candidates

Procedures and Duration

- Length of Mediation: 1-2 Days
- Mediation Statement: Short, Focus on Goals, Hurdles to Settlement
- Outcome: Parties Sign a Memorandum of Understanding (MOU) or Mediation Settlement Agreement (MSA)

Characteristics

- Third Party: Arbitrators
- Participation & Resolution: Binding or Non-Binding
- Goal: Determine Rights
- Dispute Resolution: Award is Decision on Merits
- Court Review: Limited

Costs

- Procedural Costs
 - Arbitrator, Administrative Costs
- Party Costs
 - Attorneys' Fees, Discovery Costs
- Complex, protracted arbitration of patent disputes can total over \$200,000 or more

Procedures and Duration

- Procedures
 - Time to Award: Parties can Specify in Contract
 - Length of Hearing: Normally 2-5 Days
 - Preliminary Hearing: Parties Provide Statement of Claims, Raise Discovery Needs
 - Hearing: Present Evidence & Cross-Examine Witnesses
 - Outcome: Arbitrators Deliver Award (AAA Requires Decision Within 30 Days of Hearing Close)

Procedures and Duration

- Duration – Can Take Up to Eighteen Months for Technical, Complex Patent Disputes
- Who will Administer the Proceeding?
 - WIPO, ICC, AAA, other organizations?

Conventions

- Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (New York Convention)
- Panama (Inter-American) Convention of 1975
- European (Geneva) Convention of 1961
- Convention of the Arab League on Enforcement of Arbitral Awards

New York Convention

- Recognize enforceability of agreements to arbitrate issues capable of arbitration
- Recognize and enforce foreign arbitral awards
 - “Each contracting state shall recognize arbitral awards as binding and enforce them in accordance with the rules of procedure of the territory where the award is relied upon...”
 - Art. III

New York Convention

- Grounds for Opposition Limited:
 - Arbitration agreement not valid under law chosen by the parties. Art. V(1)(a)
 - subject matter of the award not arbitrable under law of the country where enforcement sought. Art. V(2)(a)
 - enforcement of the award is against public policy of the country where enforcement sought. Art. V(2)(b)

Arbitration

- Federal Arbitration Act (FAA) Enforces Foreign Arbitral Awards in the U.S.
 - 9 USC §§ 201-208
- U.S. Patent Act Authorizes Voluntary Arbitration of Patent Validity or Infringement Disputes
 - 35 USC § 294

Arbitration

- Arbitral Decision Binding on Both Parties
 - But Only Binds Those Two Parties
- Example – Arbitration of Patent Dispute Under U.S. Law
 - Dispute over patent validity is arbitrable – 35 USC § 294
 - Finding of invalidity only applies to the bound parties
 - Patentee may still enforce its rights against third parties

Mediation

- No Uniform Enforcement Mechanism Exists To Govern International Mediation
- Mediation Agreements Generally Enforceable as Contracts Under Local Jurisdictional Law
- Enforcement as an Arbitral Award?

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Thank You

Questions?