

# ■ WIPO Mediation and Arbitration of Energy Disputes Involving IP

**Conference on Green Technologies - IP, Technology Transfer and Dispute Resolution in the Energy Sector**

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# Agenda

- Who: WIPO and the WIPO Center
- What: Intellectual Property (IP) Disputes
- How: Alternative Dispute Resolution (ADR)
- Why: ADR in IP
- How: WIPO Mediation, Arbitration, Expert Determination
  - Clauses and Submission Agreements
  - Principles and Procedures
  - Case Services and Examples
- More Information

# World Intellectual Property Organization (WIPO)

- Geneva-based international organization of 186 Member States
- Self-generated budget (USD 350 million annually)
- Administers 26 treaties
  - e.g. Patent Cooperation Treaty (PCT) for multi-jurisdictional patent applications

# WIPO GREEN

WIPO GREEN is an interactive marketplace that connects green technology providers and those seeking innovative solutions to combat environmental challenges.

## The Two Principal Components:

1. The **WIPO GREEN DATABASE**, freely accessible, offers a broad listing of
  - Needs for products, processes, know how transfer, collaboration and finance
  - Products, services and intellectual property assets
2. The **WIPO GREEN NETWORK** connects green technology providers and seekers, catalyzes mutually beneficial commercial transactions and offers other resources and services.

[www.wipo.int/green](http://www.wipo.int/green)

# WIPO Arbitration and Mediation Center

- Facilitates the resolution of commercial disputes between private parties involving IP, through Alternative Dispute Resolution (ADR) procedures
  
- ADR of IP disputes benefits from a specialized ADR provider
  - WIPO neutrals with experience in IP and technology
  - Competitive WIPO fee structure
  
- International neutrality
  
- Based in Geneva and Singapore

# Common Types of IP Disputes

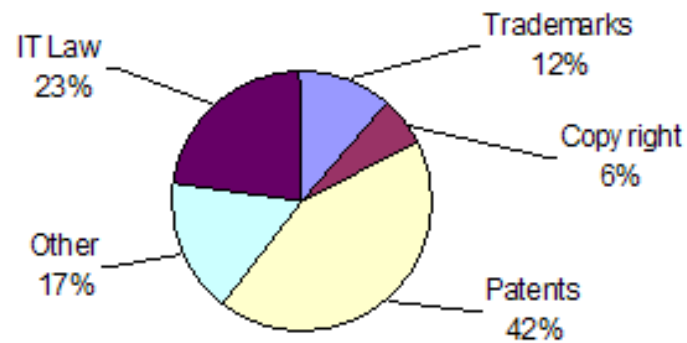
## ■ Contractual

patent licenses, joint ventures, research and development agreements, IP settlement agreements, patent pools, trademark coexistence agreements, distribution agreements, copyright collecting societies, software and other information technology (IT), employment contracts

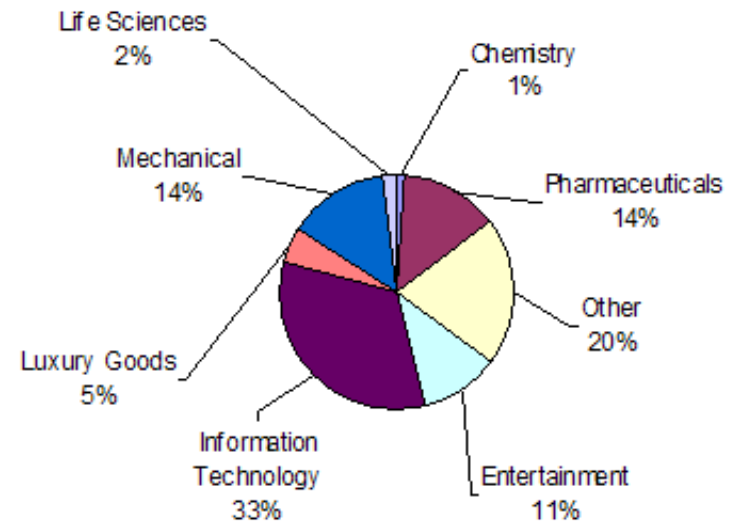
## ■ IP Infringement

## ■ Domestic and international disputes

# WIPO Cases



Subject Matter



Business Areas

# WIPO Cases Related to Energy and Technology Transfer

## Parties

- Companies
- Research organizations
- Universities
- Start/ups Spin-offs
- E.g. active in solar, transportation, offshore exploration, energy research, providers of technology auctions

## Domestic/International Disputes

- Europe, North America, Asia

## Subject Matter

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

## Remedies

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



# Patent Litigation in Courts

Country	Characteristic of Legal System	Average Length	Average Costs
<b>France</b>	<ul style="list-style-type: none"> <li>- Civil Law</li> <li>- Unified Litigation</li> <li>- No specialized courts</li> </ul>	First Instance: 12-24months Appeal: 18-24 months	€ 80,000-150,000 (1 <sup>st</sup> Inst.)
<b>Germany</b>	<ul style="list-style-type: none"> <li>- Civil Law</li> <li>- Bifurcated Litigation</li> <li>- Specialized courts</li> </ul>	First Instance: 12 months Appeal: 15-18 months	€ 50,000 (1 <sup>st</sup> Inst.) € 70,000 (App.)
<b>Italy</b>	<ul style="list-style-type: none"> <li>- Civil Law</li> <li>- Unified Litigation</li> <li>- Specialized courts</li> </ul>	First Instance: Few months – 24 months Appeal: 18-24 months	€ 50,000-150,000 (1 <sup>st</sup> Inst.) € 30,000-70,000 (App.)
<b>Spain</b>	<ul style="list-style-type: none"> <li>- Civil Law</li> <li>- Unified Litigation</li> <li>- Commercial courts</li> </ul>	First Instance: 12 months Appeal: 12-24 months	€ 100,000 (1 <sup>st</sup> Inst.) € 50,000 (App.)
<b>UK</b>	<ul style="list-style-type: none"> <li>- Common Law</li> <li>- Unified Litigation</li> <li>- Specialized courts</li> <li>- Mediation promoted</li> </ul>	First Instance: 12 months Court of Appeal: 12 months Supreme Court: 24 months	€ 550,000-1,500,000 (1 <sup>st</sup> Inst.) € 150,000-1,500,000 (App.) € 150,000-1,500,000 (Supreme Court)
<b>China</b>	<ul style="list-style-type: none"> <li>- Civil Law</li> <li>- Bifurcated Litigation</li> <li>- Specialized courts</li> </ul>	First Instance: 6 months Appeal: 3 months	USD 150,000 (1 <sup>st</sup> Inst.) USD 50,000 (App.)
<b>Japan</b>	<ul style="list-style-type: none"> <li>- Civil Law</li> <li>- Bifurcated Litigation</li> <li>- Specialized courts</li> </ul>	First Instance: 14 months Appeal: 9 months	USD 300,000 (1 <sup>st</sup> Inst.) USD 100,000 (App.)
<b>USA</b>	<ul style="list-style-type: none"> <li>- Common Law</li> <li>- Unified Litigation</li> <li>- Specialized court of appeals (CAFC)</li> <li>- Jury trial available</li> <li>- Mediation promoted</li> </ul>	First Instance: up to 24 months Appeal: 12+ months	USD 650,000-5,000,000* (1 <sup>st</sup> Inst.) USD 150,000-250,000 (App.)

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

\* Report of the Economic Survey, Prepared Under the Direction of Law Practice Management Committee, AIPLA, Arlington 2011.

# Mediation, Arbitration, Expert Determination

- **Mediation:** an informal consensual 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. Mediation leaves open all other dispute resolution options.
- **Arbitration:** a consensual 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. Arbitration constitutes a private alternative to court litigation.
- **Expert Determination:** a consensual 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.

# Why ADR for IP Disputes?

- Internationalization of creation/use of IP
  - *Calls for cross-border solutions*
  
- Technical and specialized nature of IP
  - *Calls for specific expertise of the neutral*
  
- Short product and market cycles
  - *Calls for time-efficient procedures*

# Why ADR for IP Disputes?

- Confidential nature of IP
  - *Calls for private procedures*
  
- Collaborative nature of IP creation and commercialization
  - *Calls for mechanisms that preserve relations*

# Limitations of IP ADR

- Contractual basis
  - Difficult to agree once dispute has arisen and in cases of bad-faith infringement
  
- Outcome binding between the parties (*inter partes*)
  - No public precedent or direct office action
  - But: *inter partes* effect proves mostly sufficient

# Choice of Dispute Resolution Mechanism in the Energy Sector - Considerations

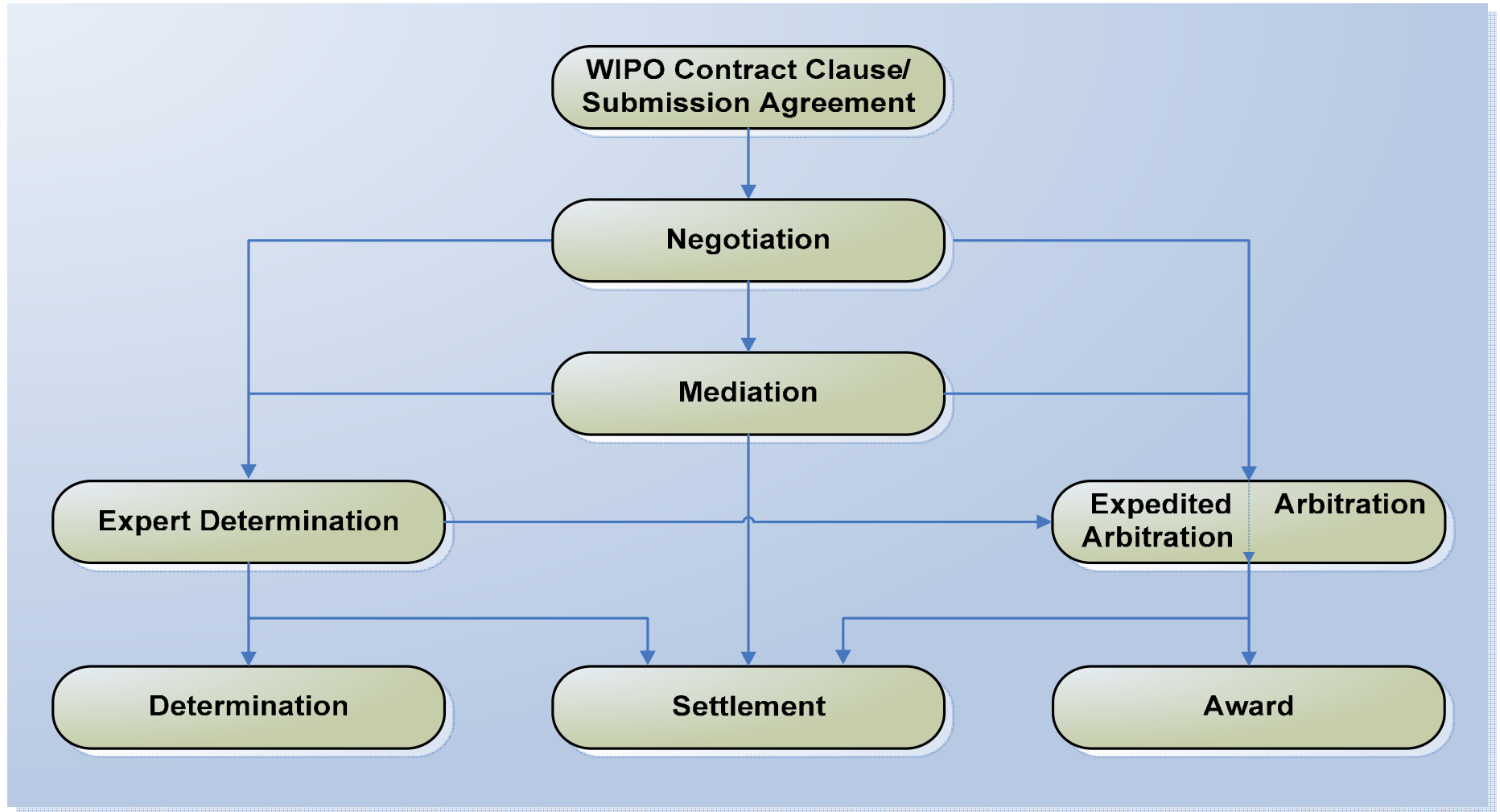
- Mediation - increased use due to cost considerations
- Arbitration - top four perceived benefits:
- Neutrality, flexibility, confidentiality, expertise of decision-maker

Source: Corporate choices in International Arbitration – Industry perspectives, School of International Arbitration, Queen Mary, University of London, PwC, 2013

# Legal Basis for ADR

- Domestic and international
- Prior dispute resolution contract clause or posterior submission agreement
- Arbitration or mediation, or combined (“escalation”)
- Sometimes following prior court litigation

# Options





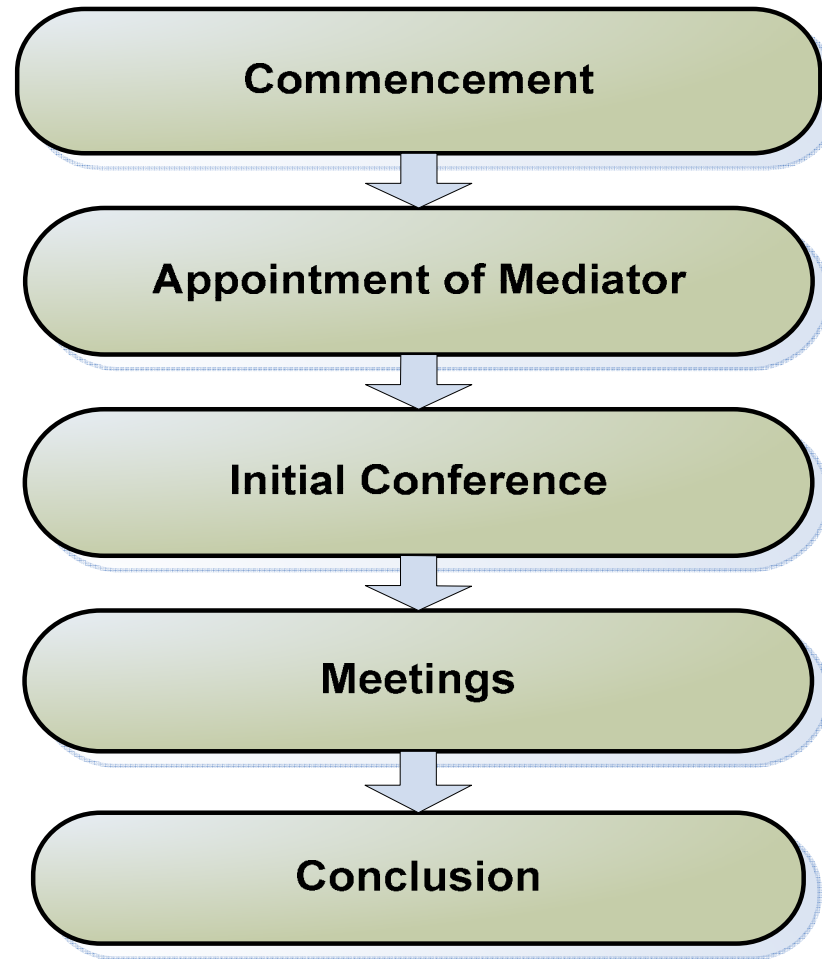
# WIPO Model Clause Example: Mediation followed by Expedited Arbitration

"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."

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

# WIPO Mediation



# Active WIPO Case Management

- Initiation of procedure, case communication (option WIPO ECAF)
- Neutral appointment process
  - Over 1,500 specialized neutrals
  - 100 nationalities
  - Mediators, arbitrators, technical experts
  - All areas of IP
  - New neutrals added in function of specific case needs
- Fees, financial management
- Availability of procedural guidance
- Hearing/meeting logistical assistance

# WIPO Mediation Example 1 (I)

- US company/Swiss company
- Patent infringement dispute related to US patents owned by US company in transportation sector
- Settlement agreement 2007
- Dispute resolution clause: WIPO Mediation followed by WIPO Arbitration
- Request for mediation in 2009
- WIPO proposed a shortlist of candidates
- Parties chose from such list a patent practitioner, fluent in English, with knowledge of US patent law and experience in patent infringement mediation

## WIPO Mediation Example 1 (II)

- Two-day session in Geneva at WIPO
- Mediator explained ground rules of the session (e.g. confidentiality, caucus) and his role
- Early agreement on framework for royalty payments
- Final Settlement:
  - ‘Term sheet’: down payment, annual instalments, net sales-based royalty
  - Re-drafted original licensing agreement, final agreement by September 2009
- End of two-year dispute within 5 months, parties avoided (US) arbitration, option of further collaboration

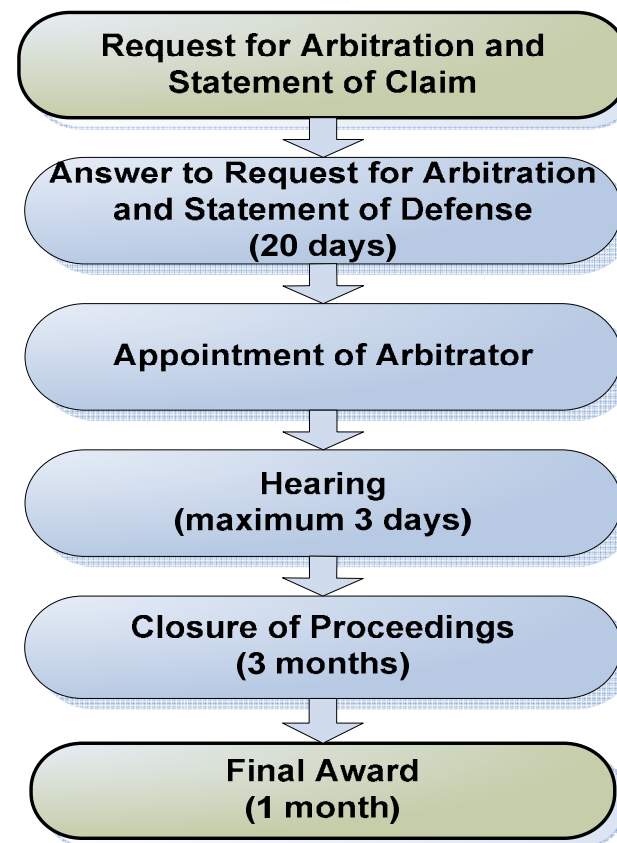
## WIPO Mediation Example 2

- University based in the United Kingdom and technology spin-out company from the university
- License agreement on patented technology relevant for detecting offshore oil and gas
- Dispute resolution clause: WIPO Mediation followed by WIPO Arbitration
- Dispute about fulfillment of contractual obligations
- Submission to WIPO Mediation
- Settlement

## 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
  - 149 Member States
  - International arbitral awards to be recognized and enforced like final national court judgments (limited grounds to reject enforcement)



# WIPO Arbitration Rules

- Arbitration agreement (Arts. 1-9)
- Number of arbitrators (Art. 14)
- Parties choice in appointment of arbitrator(s) (Arts. 16-17)
- Impartiality and independence (Art. 22)
- Challenge of arbitrators (Arts. 24-29)
- Confidentiality (Arts. 52, 73-76)
- Interim measures (Art. 46)
- Types of evidence common in IP disputes
- Award (Art. 62)

# A WIPO Arbitration of a Technology License Dispute in the Energy Sector (1)

- Technology license between Swiss company and US company
- Second technology license between Swiss company and European R&D company
- Both license agreements:
  - related to the same technology for developing and exploiting different forms of gas
  - contained a WIPO arbitration clause
- Swiss and European R&D company jointly commenced WIPO arbitration proceedings against the US company alleging breach of both agreements relating to the provision of data, know-how and technical assistance

# A WIPO Arbitration of a Technology License Dispute in the Energy Sector (2)

- Inventor of technology also named as respondent (not signatory to the license agreements)
- Parties were able to restart direct communications through arbitration process; suspended proceedings and commenced settlement discussions
- Settlement agreement
  
- Shows flexibility of ADR proceedings and party-autonomy to design process around case-specific needs

# Patent Infringement Dispute Submitted to WIPO Arbitration (I)

- Two U.S. companies, litigation in several jurisdictions
- Submission Agreement to WIPO Arbitration:
  - Patent infringement dispute related to a European patent
  - Patent law of a particular European country applicable
  - Three-member arbitral tribunal
  - Detailed procedural and hearing schedule
  - Amendments of WIPO Rules: e.g. shortened timelines and detailed provision on experiments
  - Detailed provisions in case tribunal decided that infringement existed

# Patent Infringement Dispute Submitted to WIPO Arbitration (II)

- WIPO Center suggested three arbitrators with substantial expertise in arbitration and in the relevant national patent law
- Exchange of written submissions in compliance with procedural schedule
- One-day hearing in Geneva including witness statements
- Final award rendered within five months of the commencement of the arbitration

# Duration of Mediation and Arbitration

## ■ Mediation

- Average duration: 8 months (46% of respondents: 1-6 months)

- WIPO cases: 5 months

## ■ Arbitration

- 6-12 months typically (61% of Respondents)

## ■ Expedited arbitration

- 9 months on average

- WIPO cases: expedited arbitration 7 months

Source: WIPO Arbitration and Mediation Center, International Survey on Dispute Resolution in Technology Transactions, 2013

# Costs of Mediation and Arbitration

## ■ Mediation

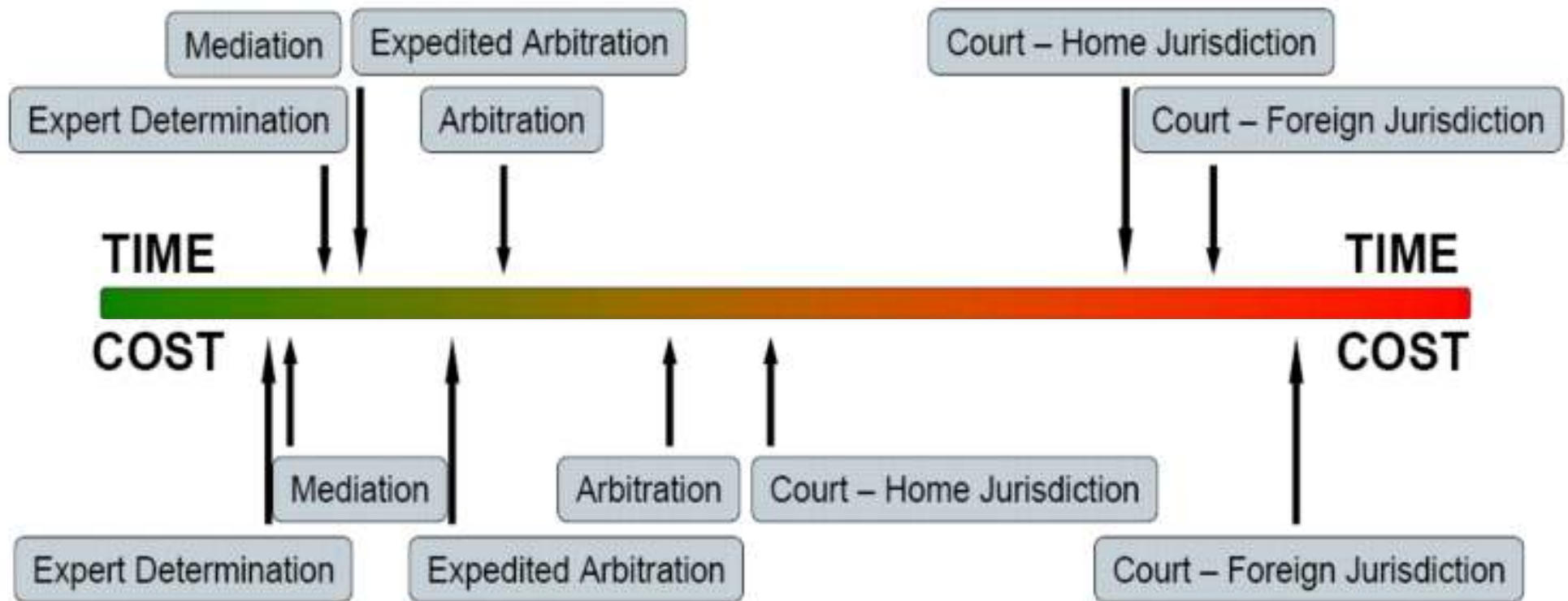
- Costs below USD 100,000 (91% of Respondents)
- WIPO cases: average USD 21,000

## ■ Arbitration

- Average costs: USD 400,000 – USD 425,000
- Expedited arbitration
  - typically not more than USD 50,000
- WIPO cases: average costs 165,000

Source: WIPO Arbitration and Mediation Center, International Survey on Dispute Resolution in Technology Transactions, 2013

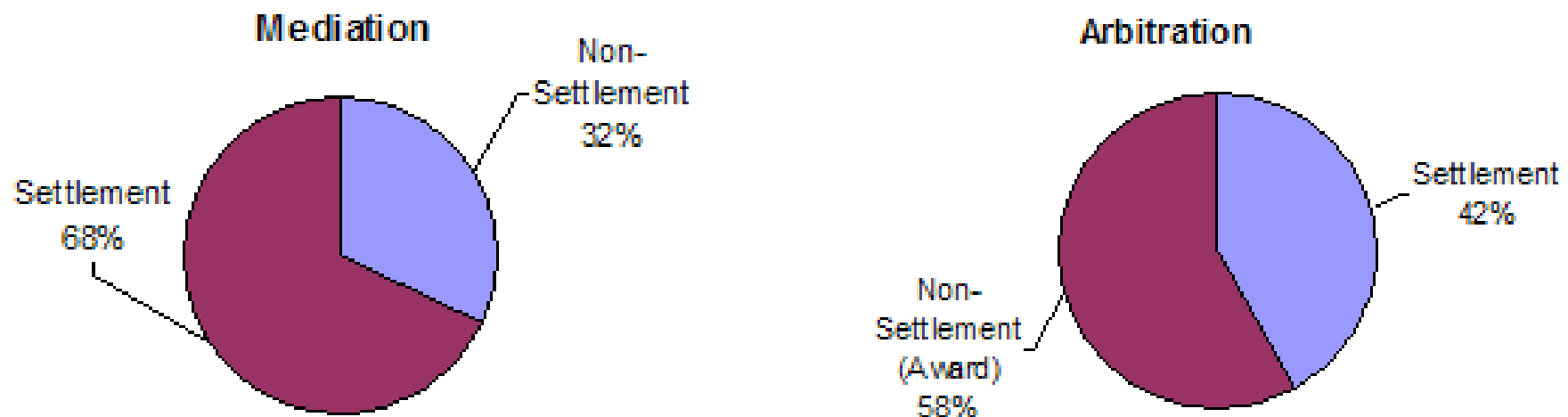
# Relative Time and Cost of Technology Dispute Resolution



Source: WIPO Arbitration and Mediation Center, International Survey on Dispute Resolution in Technology Transactions, 2013



# Settlement in WIPO-Administered Cases



# More Information

- Download Clauses:

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

- WIPO ADR Procedures and Case Filing Guidelines:

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

- Events: <http://www.wipo.int/amc/en/events>

- Further Questions:

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## Thank you!