World Intellectual Property Organization

- **PCT**
  - 233,000 international applications in 2016 (+7.3% over 2015)
    - Germany in 4th place (18,315)
    - September 2017: 152 members
- **Madrid System**
  - 52,550 applications in 2016 (+7.2% over 2015)
    - Germany in 2nd place (7,551)
    - September 2017: 99 members
- **Hague System**
  - 5,562 applications in 2016 (+35.3% over 2015)
    - Germany in 1st place (3,917)
    - September 2017: 66 members

- Growth in Global Databases: Patentscope, Global Brands Database, Global Designs Database, WIPO Lex
- **Global Innovation Index 2016**
  - Germany in 10th place
WIPO Arbitration and Mediation Center

- Facilitates the resolution of commercial disputes between private parties involving IP and technology, through procedures other than court litigation (alternative dispute resolution: ADR)
- Offices in Geneva and Singapore
- Users around the world
- ADR of IP disputes benefits from a specialized ADR provider
  - WIPO mediators, arbitrators and experts experienced in IP and technology - able to deliver informed results efficiently
- Competitive WIPO fees
- International neutrality
- Services include mediation, (expedited) arbitration, expert determination, and domain name dispute resolution

WIPO ADR
Mediation, Arbitration, Expert Determination

- **Mediation**: informal consensual process 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 force of contract. Mediation leaves open available court or agreed arbitration options.

- **Arbitration**: 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' rights and obligations and enforceable internationally. Arbitration normally forecloses court options.

- **Expert Determination**: 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 Consider WIPO ADR?

- Cost of IP court litigation
  - Calls for expedient solutions
- Internationalization of creation/use of IP
  - Calls for cross-border solutions; consolidate in one procedure
  - Awards enforceable under the New York Convention
- Technical and specialized nature of IP
  - Calls for specific expertise of the neutral
- Short product and market cycles in IP
  - Calls for time-efficient procedures
- Confidential nature of IP
  - Calls for private procedures
- Collaborative nature of IP creation and commercialization
  - Calls for mechanisms that preserve relations

WIPO Center Case Role

- Administering cases
  - Under WIPO Rules, or under special procedures
  - Active management: containing time and costs
    - WIPO ECAF (optional online case management)
- Facilitating selection and appointment of mediators, arbitrators, experts
  - WIPO list of 1,500+ neutrals
    - From numerous countries in all regions
    - Specialized in different areas of IP and IT
**Routes to WIPO ADR**

- **ADR contract clause** electing WIPO Rules
  - WIPO Mediation, and/or
  - WIPO Arbitration / Expedited Arbitration, and/or
  - WIPO Expert Determination
  - **Model clauses:** [www.wipo.int/amc/en/clauses/index.html](http://www.wipo.int/amc/en/clauses/index.html)
    - Parties can shape the process through the clause (e.g., location, language, law)
- **ADR submission agreement** electing WIPO Rules, e.g., in existing non-contractual disputes
- Referral by a court or by parties in court litigation
- Unilateral request for WIPO Mediation by one party (Art. 4 WIPO Mediation Rules)

**WIPO ADR Options**

- **WIPO Contract Clause/ Submission Agreement**
  - (Negotiation)
  - Mediation
  - Expert Determination
  - Expedited Arbitration
  - Arbitration
    - Determination
    - Settlement
    - Award

- **Procedure**
  - Party Agreement
  - First Step
  - Procedure
  - Outcome
A Few General ADR Clause Pointers

- Combine options
  - Include mediation
- Like court cases, many ADR cases get settled
- Consider suitability of expert determination before arbitration
- If arbitration, ‘make it fit’ (e.g. expedited)
- ‘Institutional’ or ‘ad hoc’?
  - Hard to agree on procedure once dispute arisen
  - Do you know suitable neutrals
  - Which administering institution (do not split up)
- Use model clauses as basis and modify/extend only as necessary
  - Do not divide per type of right, remedy, dispute, or party case status
**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.*

www.wipo.int/amc/en/clauses

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**Example Tailored WIPO Expedited Arbitration Clause**

- “Any dispute or controversy arising out of this agreement shall be submitted to and resolved by arbitration under the WIPO Expedited Arbitration Rules. (...) The arbitrator will be selected from a panel of persons having experience of information technology. Discovery shall not be permitted. A hearing on the merits of all claims for which arbitration is sought by either party shall be commenced not later than 60 days from the date of the Request for Arbitration is filed. The arbitrator must render a decision within 10 days after the conclusion of such hearing.”

- Situs/Place of Arbitration: New York City

- Substantive Applicable Law: State of New York

- Award was rendered three months after Request for Arbitration
WIPO Mediation, Arbitration and Expert Determination Cases

- Domestic and international disputes (25/75%)
- Case venues around the world
- Amounts in dispute from USD 20,000 to USD 1 billion
- IP/IT disputes and commercial disputes
  - Contractual
  - Non-contractual (infringement of IP rights)
WIPO Cases: Typical Time and Cost

* Excluding cost of parties legal representation

** WIPO Fee Calculator available online
US company/Swiss company
Patent infringement dispute related to US patents owned by US company in automotive sector
Settlement agreement 2007
Dispute resolution clause: WIPO Mediation followed if necessary 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 five months, parties avoided (US) arbitration, option of further collaboration

WIPO Mediation Example 2 (I)

- Patent infringement dispute
  - R&D company holding patents disclosed patented invention to manufacturer during consultancy
  - No transfer or license of patent rights
  - Manufacturer started selling products which R&D company alleged included patented invention
  - Negotiation patent license failed
  - Parallel infringement proceedings in several jurisdictions?
- Parties submitted to WIPO Mediation
WIPO Mediation Example 2 (II)

- WIPO appointed an experienced mediator with expertise in the subject matter of the dispute
- Parties and mediator met during one week
- Settlement agreement reached, including grant of license for royalties, and a new consultancy agreement
- Process duration: four months
- Mediator fees: USD 24,000

WIPO Mediation Example 3 (I)

- A French and a German company entered into a collaboration agreement for the development of a human antibody for the treatment of a major disease
- US corporation acquired the French company
- Dispute over payments, German company initiated court proceedings in the US
- Judge suggested to the parties to submit their dispute to WIPO mediation
- Parties filed a joint request for mediation
The WIPO Center suggested potential mediators, meeting the criteria set forth by the parties in their joint request.

A US intellectual property lawyer with considerable mediation experience was appointed.

The mediator conducted several meetings with the parties in the US.

Result: the parties settled their dispute within six months of the commencement of mediation proceedings.

Asian inventor granted exclusive license over a European patent and five US patents to US manufacturer.

Clause provided that disputes whether royalties had to be paid in respect of products manufactured by US party be resolved through WIPO Expedited Arbitration.

US party rejected claim that its products embodies technologies covered by the licensed patents and refused to pay royalties.
WIPO Arbitration Example 1 (II)

- Inventor initiated WIPO case
- WIPO Center appointed sole arbitrator under WIPO Expedited Arbitration Rules
- Arbitrator had to consider whether products infringed the claims asserted for each of the patents and whether patents had been anticipated by prior art
  - Highly complex legal and technical issues
  - Business secrets, models, site visits
  - Eight days hearing
  - Final award in fifteen months

WIPO Arbitration Example 2

- Finance agreement in connection with artistic production
  - German party - Swiss/Panamanian party
  - WIPO Expedited Arbitration clause
  - Each represented by US lawyers
- Urgent solution required: issue of contract interpretation under German law
- WIPO appointed Germany-based US arbitrator
- Short deadlines for written submissions
- One-day hearing
- Award rendered five weeks after commencement of arbitration
Mediation Developments

- Growing acceptance
- Corporate dispute policies and pledges
- Client expectations
- IP Offices (e.g. EU, Singapore, Spain, UK, US)

- Professionalization of party preparation and mediator profession
- Legislative efforts to facilitate enforcement of mediated settlement

- Patent Mediation and Arbitration Center under Unified Patent Court (UPC) Agreement
  - For mediation and arbitration of patent disputes “falling within the scope of [the] Agreement”; patents cannot be revoked or limited
  - Status of disputes beyond expressly covered patents
  - Enforcement concerning non-covered patents (or outside UPC member states)

WIPO ADR for Specific Sectors

- Domain Names
- R&D / Tech Transfer
  - Model agreements (e.g., DESCA Model Consortium Agreement, German BMWi Model Agreements, IPAG Model Agreements, OEPM Spanish Model Agreements)
- FRAND
- Film and Media
- IP Offices
Top Ten Priorities in Choice of Dispute Resolution Clause

Relative Time and Cost of Technology Dispute Resolution
WIPO Recommendations from Survey Results

- Contracting on technology should anticipate disputes
- Dispute policy should prepare for likelihood of international aspect in parties, rights, and law
- Dispute policy should be designed to minimize time and cost, more than other considerations
- Dispute policy should include mediation
- Between arbitration and court litigation, consider (expedited) arbitration as time- and cost-effective option
- In non-contractual disputes, there appears to be scope for greater use of party negotiation and mediation

Pre-empting and Resolving Technology, Media and Telecoms Disputes

- 75% of organizations surveyed have a dispute resolution policy
  - Mediation is the most encouraged mechanism, followed by arbitration
  - The three most important elements of arbitration are: institution, seat, and confidentiality
- 92% of respondents consider arbitration well suited to TMT disputes
- 82% of respondents foresee an increase in the use of arbitration
- Respondents expect ownership of IP and licensing of technology to continue to be a likely source of disputes, including from “collaboration” and data and system security breaches
Top-five most used institutions for TMT disputes over past 5 years
1. International Court of Arbitration (ICC) 64%
2. WIPO Arbitration and Mediation Center 38%
3. London Court of International Arbitration (LCIA) 29%
4. International Center for Dispute Resolution (ICDR) 20%
5. Singapore International Arbitration Center (SIAC) 19%

Most used institutions for TMT disputes involving IP
1. ICC 59%
2. WIPO Center 55%

Where expressed, top-three preference for an institution
1. WIPO Center 11%
2. ICC 9%
3. LCIA 6%