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Mediation options for international IP disputes

Mediation in an IP context: WIPO or ICC?

Ioanna Thoma

One of the main issues arising in the context of arbitration is whether in fact IP disputes can be resolved by arbitration. With very few exceptions, most IP disputes are arbitrable. There is not, therefore, any doubt that the same disputes can also be also resolved by mediation.

Mediation is a highly confidential and relatively unstructured and informal procedure in which the participation in the process as well as the acceptance of any outcome depends on the parties' agreement. The main feature of mediation, as opposed to arbitration and court action, is its lack of any means of compulsion.[1] Sets of rules play a fundamentally limited role in mediation compared to binding arbitration. Mediation as a negotiation process emphasises the 'interests' and 'needs' of the parties[2] as opposed to their 'rights' and 'obligations'. In mediation more possibilities are available for conflict resolution, particularly with regard to the structuring and framing of the parties' future business relationship.[3]

However, there are a few IP disputes that are unlikely to be successfully settled by mediation. Given that mediation requires the cooperation of both sides, it is not hard to imagine that such cooperation will not be easily attained in disputes involving deliberate, bad-faith counterfeiting or piracy.[4] As a general rule, however, IP disputes are now being mediated on a regular basis and the trend is growing, encouraged mostly by clients irritated by the costs and delays associated with other dispute resolution methods and frustrated by its inflexible remedies.[5]

It is, hence, worth comparing the operation of mediation rules established by two leading institutions: the ICC and the WIPO.

Mediation background in the ICC and WIPO

Alongside the traditional, well-respected arbitration services, the current ICC ADR Rules (2001) offer a framework for the amicable settlement of commercial disputes with the assistance of a neutral. Under the ICC ADR Rules, parties may choose different methods of dispute resolution such as mediation, mini-trial or neutral evaluation of a point of law or fact.

Art 5(2) of the ICC ADR Rules regards mediation as the default resolution mechanism of the ICC. Decisions made in the process of ADR are not binding upon the parties, unless the parties have otherwise agreed.

The WIPO Arbitration and Mediation Centre established in 1994 has so far received 55 requests for mediation in disputes that related exclusively to IP conflicts.[6] The success of the WIPO Centre in the field of alternative resolution of IP disputes is attributed to two factors:

- the active involvement of many ADR and IP practitioners and scholars in the creation of the Rules; and
- the fact that the WIPO Centre is the only international provider of specialised IP ADR services.[7]

As in the case of the ICC ADR Rules, mediation under the WIPO Mediation Rules is a non-binding procedure. It is therefore interesting to juxtapose and compare the basic provisions of the two sets of rules in order to identify their similarities and differences in the treatment of mediation.

Types of disputes: domestic and/or international disputes

Both sets of rules apply to international as well as domestic disputes. According to art 1 of the ICC ADR Rules both domestic and international disputes can be submitted for settlement to the Dispute Resolution Services of the ICC. WIPO Mediation Rules, on the other hand, do not make any reference to the international character of the dispute. In principle, purely domestic disputes can also be submitted for dispute resolution under the WIPO Rules.

Conduct of the procedure of mediation

In principle mediation is a flexible procedure and the rules set by the institutions are not binding. However, the ICC ADR Rules provide that an agreement of the parties modifying them needs to be approved by the ICC. On the other hand, art 9 of the WIPO Mediation Rules allows the mediator to determine the manner in which the mediation will be conducted without any further interference of the institution.

Request for mediation: submission and content

Mediation proceedings start with a request for mediation submitted by a party to the ICC and WIPO respectively. There are two main differences at the stage of the submission:

- where there is no prior agreement to refer the mediation to the ICC ADR Rules, the ICC informs the other party;
- an assessment of the value of the dispute does not need to be included in a WIPO request.

In all other instances the party initiating mediation proceedings sends a copy to the other party (art 3 WIPO Mediation Rules and art 2 ICC ADR Rules as long as there is an agreement to refer the mediation to these Rules).

Further, the content of the request varies in ICC mediations, depending on whether or not there is an agreement of the parties to refer the mediation to the ICC ADR Rules. In instances where the parties have not already agreed to refer the mediation to the ICC ADR Rules the request includes the names and contacts of the parties and their representatives, a description of the dispute including an assessment of its value and the registration fee for the ADR proceedings. Where the parties have agreed on a clear reference to the

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ICC ADR Rules the request should additionally include the designation of a neutral or the qualifications required for the appointment of a neutral as well as a copy of any written agreement under which the request is made. On the other hand, the WIPO Mediation Rules provide that the Request shall only include the names and contacts of the parties, a copy of the mediation agreement and a brief statement of the nature of the dispute.

Commencement of the mediation proceedings

In both institutions the receipt of the request for mediation by the respective centre triggers the commencement of mediation proceedings. Articles 4 and 5 of the WIPO Mediation Rules, for instance, clearly stipulate that on the day of receipt of the request the Centre informs the parties of the receipt of the request and the commencement of the mediation.

However, the ICC rules distinguish between cases where there is a prior agreement to submit the dispute to these rules and cases where such agreement does not exist. In the former case, the request should include a proposal for the designation of a neutral or the parties will jointly appoint a neutral and notify this to the ICC. In the latter instance, the mediation can start upon the ICC informing the other parties in writing of the request for ADR and giving 15 days deadline to these parties to agree or decline their participation in the ADR. If they agree to participate, they should designate or agree on a neutral.

Administration fees

Payment of administration fees is a formal but indispensable requirement for the management of a mediation by the institutions. If payment is not performed, the request is considered withdrawn. The main difference between the two sets of rules is that the WIPO Mediation Centre sends two reminders for the payment of the administration fees before deeming that the request has been withdrawn (art 21 WIPO Mediation Rules and compare to arts 4(1) seq in connection with 6(1)(f) ICC ADR Rules).

The maximum amount of administration fees is currently 10,000 USD. The registration fee is 500 USD less in WIPO (1000 USD) compared to the ICC (1,500 USD). Further, the mediator's fees are fixed in more precise hourly terms in WIPO mediations as opposed to the ICC which merely refers to a reasonable hourly rate in view of the complexity of the dispute and all other relevant circumstances.

Appointment and selection of neutral

Appointment of the neutral is by agreement of the parties in both institutions (arts 6 and 7 WIPO and art 3 ICC ADR rules). However, the ICC can appoint the neutral and notify this appointment without any prior consultation with the parties.

Further, both sets of rules provide that the neutral shall be independent. The WIPO Rules require that the neutral should also be impartial.

Finally, the ICC Rules allow the raising of an objection to the notification of the appointment of a neutral (15 days upon receipt of the notification of such an appointment). Such objection is not possible according to the WIPO Mediation Rules.

Confidentiality

Confidentiality appears to be one of the major attributes of mediation in the field of IP disputes. Arbitration proceedings are usually confidential in the sense that arbitrators and parties are expected to keep all information disclosed in the course of arbitration confidential. Mediation disputes can be confidential in another way. In patent infringement disputes, for instance, parties will reveal their respective information to the mediator who will try to encourage them to reach a solution without necessarily disclosing to the other parties the information he or she has received. Should this attempt fail, the parties will only then share their respective information so that both of them will eventually derive some gain.

The WIPO Mediation Rules provide that mediators are bound to keep confidential all information given to

them by the parties and reveal it only if a party expressly authorises them to do so. This includes any information given at meetings with the mediator (art 11 WIPO Mediation Rules), written information and materials that parties regard as confidential (art 12c WIPO Mediation Rules). The issue of disclosure here refers to the other party to the mediation proceedings. It makes sense, though, to interpret the prohibition of disclosure as addressing third parties as well.

Article 7(1) of the ICC ADR Rules, on the other hand, provides that not only the procedure (and most likely the exchange of information during the procedure, see art 7(2) of the ICC ADR Rules) but also the outcome of the mediation proceedings is kept confidential. The ICC ADR Rules recognise further, the possibility of disclosing such information, namely if it is required by the applicable law or has been agreed by the parties.

More specifically, art 17 of the WIPO Mediation Rules lists the aspects of the mediation that cannot be adduced as evidence in judicial or arbitral proceedings. This rule corresponds to art 7(2)(b)–(e) of the ICC ADR Rules and both provisions read almost identically. The mediation-related information that needs to be kept confidential includes: views and suggestions made by the parties regarding a possible settlement of the dispute, admissions made by the parties during the mediation proceedings, proposals made by the mediator(s) and responses of the parties to the settlement proposed by the mediator(s). The only difference appears in art 7(2)(e) of the ICC ADR Rules in comparison with art 17(iv) of the WIPO Mediation Rules where the fact that a party was not willing to accept a proposal of the arbitrator is mentioned. The respective ICC rule refers to the instance where a party merely accepts a proposal for settlement.

Finally, art 16 of the WIPO Mediation Rules corresponds to article 7(2)(a) of the ICC ADR Rules where all documents and materials exchanged or used during the mediation are confidential. The WIPO Mediation Rules go a step further and provide that materials should be returned to the party producing them and that all notes taken by the mediator should be destroyed at the end of the mediation.

Termination of mediation

In both sets of rules (art 18 of the WIPO Mediation Rules and art 6 of the ICC ADR Rules) the making of a settlement agreement terminates a mediation. Similarly, mediations are also terminated pursuant to the notification by the neutral that the ADR/mediation procedure will not resolve the dispute and/or the notification by one of the parties after the first meeting that they do not wish to continue the proceedings.

Art 6 of the ICC ADR Rules includes additional grounds for the termination of a mediation, namely: the expiration of any time limit set for the ADR proceedings, the notification of the failure to pay the administration fees and any other amounts due (similar provision is included in art 21 WIPO Rules where failure to pay amounts to withdrawal of the request for mediation) and finally, the failure of the parties to designate or agree on the appointment of a neutral. Such a failure is not provided for, nor is it foreseen, in the WIPO Rules.

Exclusion of liability

Both art 25 of the WIPO Mediation Rules and art 7(5) of the ICC ADR Rules provide for the exclusion of liability of the centres, their employees or the mediators for any act or omissions. The exclusion of liability is absolute in the case of the ICC ADR Rules. In the WIPO Mediation Rules, on the other hand, liability can be excluded as long as there has not been any deliberate conduct on behalf of the employees of the centre or the mediators.

Conclusion

The main conclusion that can be drawn from the above comparison is that both sets of rules create a flexible and suitable framework for the mediation of IP disputes. The differences that have been identified between the two systems can have a marginal influence on the decision of the parties to choose one of the two institutions. Having said that, the WIPO Arbitration and Mediation Centre has received 55 requests for mediation in disputes that related exclusively to IP disputes since 1994 while the ICC has a far less impressive record of IP mediations.[8] This clear preference should not be attributed to the operation or suitability of the rules established by the ICC. It can be rather explained by the specialised focus of WIPO in the area of resolution of IP disputes. ●

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Endnotes

1. Vincent Fischer-Zernin and Abbo Junker 'Arbitration and mediation: synthesis or antithesis?' (1988) 5 Jl Int'l Arb 25.
2. William Ury, Jeanne Brett and Stephen Goldberg *Getting Disputes Resolved: Designing Systems to Cut the Costs of Conflict* (1988), p 3; Richard Hill 'The theoretical basis of mediation and other forms of ADR: Why they work' (1998) 14 Arb Int'l 174.
3. Klaus-Peter Berger 'Integration of mediation elements into arbitration — 'hybrid' procedures and 'intuitive' mediation by international arbitrators' (2003) 19 Arb Int'l 390.
4. Guide to WIPO Mediation published by the WIPO Arbitration and Mediation Center, p 6, available at: <http://arbiter.wipo.int>.
5. For a thorough presentation of IP disputes that have been mediated under the WIPO Mediation Rules see: <www.wipo.int/amc/en/mediation/case-example.html>.
6. Source: <www.wipo.int/amc/en/center/caseload.html>.
7. Guide to WIPO Mediation published by the WIPO Arbitration and Mediation Center, p 3, available at: <http://arbiter.wipo.int>.
8. Source: <www.wipo.int/amc/en/center/caseload.html>. ICC-related information provided by Ms Melanie Meilhac.

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Table: Summary comparison of WIPO and ECC Rules

	WIPO Mediation Rules	ICC ADR Rules
Type of disputes	Domestic and international	Domestic and international
Conduct of the procedure	Modification of the rules with no further notification	Modification of the rules upon notification
Request for mediation	One party submits the request and informs the other party. No distinction between cases where there is/is not a prior agreement to submit the dispute to mediation.	Distinction between cases where there is/is not a prior agreement to submit the dispute to mediation. If there is a prior agreement, the request takes place in the same way as in WIPO. If there is no prior agreement, the ICC informs the other party.
	No reference to the amount in dispute or to the appointment of a neutral.	Reference to the amount in dispute. Also, proposal for the appointment of a neutral following a prior agreement to submit the dispute to mediation.
Commencement of mediation	Mediation starts upon receipt of the request for mediation.	Mediation starts upon receipt of the request for mediation.
	No further distinction.	Distinction between the cases where there is/is not a prior agreement to submit the dispute to mediation. If there is a prior agreement, it might already include a proposal for the designation of a neutral or the parties will jointly appoint a neutral and notify this to the ICC. If there is no prior agreement, the ICC informs the other party in writing of the Request for ADR and gives 15 days deadline to this party to agree or decline participation in the ADR. If this party agrees to participate, it should designate or agree on a neutral with the party that submitted the request.
Administration fees	Two reminders for payment are sent before mediation is deemed to be withdrawn.	
	Registration fee: 1000 USD. Maximum amount of administration fees: 10,000 USD.	Registration fee: 1500 USD. Maximum amount of administration fees: 10,000 USD.
	Fees of the mediators calculated according to hourly rates.	Fees of the mediators calculated according to reasonable hourly rate in view of the complexity of the dispute and all other relevant circumstances.
Appointment and selection of neutral	Appointment pursuant to the agreement of the parties.	Appointment pursuant to the agreement of the parties.
		The ICC can appoint a neutral and notify the appointment to the parties without any prior consultation with them.
Termination of mediation	By settlement or failure to settle.	By settlement or failure to settle.
		Due to failure to appoint or accept the appointment of a neutral.
		Due to the expiration of any specific time limit.
Confidentiality	Detailed provisions in the rules. No express reference to the confidentiality of the outcome of the dispute. No disclosure of the rejection of the appointment of a mediator by a party.	Detailed provisions in the rules. Express reference to the confidentiality of the outcome of the dispute.
	Documents and materials should be returned to the parties and notes made destroyed.	Documents and materials confidential.
	No provision for disclosure.	Provision for disclosure if required by the law.
Exclusion of liability	Exclusion for acts and omissions of the Centre, employees and mediators as long as there has not been any deliberate conduct on behalf of the employees of the centre or the mediators.	Absolute exclusion for acts and omissions of the Centre, employees and mediators.