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ACTIVITIES OF THE WORLD INTELLECTUAL PROPERTY ORGANIZATION ARBITRATION AND MEDIATION CENTER

Document prepared by the Secretariat

This document summarizes the activities undertaken by the World Intellectual Property Organization Arbitration and Mediation Center (“Center”). Section I of this document focuses on the provision of case administration services for Alternative Dispute Resolution (ADR) mechanisms such as mediation, arbitration and expert determination, which provide parties with a private forum to resolve their disputes. Sections II and III provide information on the Center’s administration of domain name disputes under different policies and related policy developments.

I. ARBITRATION AND MEDIATION OF INTELLECTUAL PROPERTY DISPUTES

A. ARBITRATION AND MEDIATION CASE ADMINISTRATION

1. Since its establishment in 1994 the Center has promoted, on a not-for-profit basis, the resolution of international commercial disputes between private parties through ADR mechanisms. For this purpose WIPO developed with the assistance of leading experts in cross-border dispute settlement and intellectual property (IP) the WIPO Mediation, Arbitration, Expedited Arbitration and Expert Determination Rules.

2. The ADR mechanisms under these WIPO Rules have differing characteristics. Mediation is an informal procedure in which a neutral intermediary, the mediator, assists the parties in reaching a settlement of the dispute. Arbitration is a more formal, binding procedure in which the dispute is submitted to one or more arbitrators who make a final decision on the dispute. In addition to regular arbitration, the Center offers arbitration under expedited rules, carried out in a shortened time and at a reduced cost. In expert determination, a technical, scientific or related business issue between the parties is submitted to one or more experts who make a determination on the matter. The determination is binding, unless the parties have agreed otherwise. The parties can use each of these procedures as stand-alone dispute resolution options or combine them to optimize case conduct and outcomes¹.
3. To date, the Center has administered over 350 cases under the WIPO Rules², with a 27 per cent increase of its caseload in the past 3 years. Of the mediation and arbitration cases administered by the Center, 57 per cent were mediations, 19 per cent expedited arbitrations and 24 per cent arbitration. Of the parties to WIPO mediation and arbitration cases, 33 per cent are involved in information and communication technology (ICT), 14 per cent in pharmaceuticals, biotechnology and life sciences, 16 per cent in mechanicals, 10 per cent in entertainment, 4 per cent in luxury goods, 1 per cent in chemicals, with 22 per cent of cases involving parties active in other business areas.
4. The majority of WIPO-administered cases is based on dispute resolution clauses for the resolution of future disputes which have been included in agreements, such as art marketing agreements, copyright issues, distribution agreements for pharmaceutical products, ICT agreements including software licenses, joint venture agreements, patent licenses, research and development agreements, settlement agreements of prior court litigation, technology transfer agreements, telecommunications related agreements, and trademark coexistence agreements. In recent years the Center has observed an increase in the number of non-contractual disputes, including patent infringement cases, being referred to WIPO mediation or arbitration by way of separate submission agreements.
5. While the WIPO Rules are appropriate for all commercial disputes, they contain provisions on confidentiality, evidence, experiments, site visits, agreed primers and models, and trade secrets that are of special interest to parties to IP disputes. Indeed, the majority of the Center's arbitration and mediation cases relates to intellectual property, with the largest percentage relating to patents (39 per cent), followed by IT Law (21 per cent), trademarks (15 per cent) and copyright (8 per cent). The remaining 17 per cent of cases relate to other matters, including general commercial conflicts referred to dispute resolution under WIPO Rules.
6. Sixty-eight per cent of WIPO cases involved parties based in different jurisdictions, including, in alphabetical order, Austria, China, Cyprus, Denmark, Finland, France, Germany, India, Ireland, Israel, Italy, Japan, Malta, the Netherlands, Panama, Romania, the Russian Federation, Singapore, South Africa, Spain, Switzerland, Turkey, the United Kingdom and the United States of America.
7. With a view to contributing to the time and cost effective conduct of WIPO procedures as well as an internationally enforceable result, the Center regularly assists parties in their drafting of contract dispute resolution clauses and submission agreements. Following the commencement of the WIPO cases, the Center provides assistance as follows³:

¹ An overview of WIPO ADR procedures is available at <http://www.wipo.int/amc/en/center/wipo-adr.html>.

² Center case statistics can be found at <http://www.wipo.int/amc/en/center/caseload.html>.

³ An overview of case support activities of the Center can be found at:

<http://www.wipo.int/amc/en/center/faq/index.html> and at

http://www.wipo.int/export/sites/www/freepublications/en/arbitration/446/wipo_pub_446.pdf.

- Upon request of the parties, the Center supports the selection and appointment of the mediator, arbitrator(s) or expert(s). The Center uses its database of more than 1,500 neutrals from more than 70 countries in order to provide the parties with a list of candidates who are competent in the subject matter and who aim to complete the proceedings in a time and cost effective manner.
- The Center provides guidance regarding the application of the relevant procedural rules to the parties and the arbitral tribunal, mediator or expert with a view to ensuring procedural efficiency and optimal communications.
- The Center fixes the fees of the neutrals, in consultation with parties and the neutrals and administers other financial aspects of the proceedings by obtaining a deposit from each party of the estimated costs and paying out of the deposit the fees of the neutrals and any other support services or facilities, such as fees for interpreters, where they are required.
- Where hearings are conducted, as in most WIPO arbitration and mediation cases, and the proceedings take place at WIPO in Geneva, the Center provides meeting rooms free of charge. Where the proceedings take place outside Geneva, it assists the parties in organizing appropriate meeting rooms and other facilities.
- In addition, the Center makes available at the parties' option the WIPO Electronic Case Facility (WIPO ECAF) which allows for secure filing, storing and retrieval of case-related submissions in an electronic docket, by parties, neutral(s) and the Center, from anywhere in the world⁴.
- Overall, the Center is available to provide other services or functions as may be required, for example, assisting the parties in organizing support services, such as translation, interpretation or secretarial services.

8. In order to optimize the synergies between WIPO services for the benefit of their users, the fees of the Center charged for its case administration have been reduced for users of the Patent Cooperation Treaty (PCT), the Madrid System for the International Registration of Marks, the Hague System for the International Registration of Designs and the users of WIPO Green⁵.

9. Twenty-four per cent of WIPO mediations and arbitrations are based on agreements specifically submitting an existing dispute to WIPO mediation or (expedited) arbitration. An example of such disputes was a patent infringement dispute submitted to WIPO arbitration following litigation in several jurisdictions. The companies' dispute concerned the alleged infringement of a patent for consumer goods. The three-member arbitral tribunal was asked to decide whether the manufacture and sale of certain products infringed the patent. The submission agreement, and compliance with the procedural timetable in the subsequent arbitration process, reflected the parties' mutual interest to resolve the dispute in a time- and cost-efficient manner. The parties accepted the Center's recommendation of specific WIPO arbitrators with substantial expertise in arbitration and in patent law. After an exchange of written submissions, the arbitral tribunal held a one-day hearing for further statements and for the examination of expert witnesses. In accordance with the time schedule agreed by the parties, a final award was rendered within five months of the commencement of the arbitration, thus concluding the dispute which had initially been submitted to court litigation.

⁴ Detailed information on ECAF is available at <http://www.wipo.int/amc/en/ecaf/index.html>.

⁵ The Schedules of Reduced Fees and Costs in WIPO Mediation, WIPO Arbitration / Expedited Arbitration and WIPO Expert Determination are available at <http://www.wipo.int/amc/en/mediation/fees/amended.html>, <http://www.wipo.int/amc/en/arbitration/fees/amended.html> and <http://www.wipo.int/amc/en/expert-determination/fees/amended.html>, respectively.

B. ADR SERVICES FOR SPECIFIC SECTORS

10. While the standard WIPO Mediation, Arbitration, Expedited Arbitration and Expert Determination Rules are generally appropriate for all IP and commercial disputes, specific areas of IP transactions may benefit from targeted adaptations to the standard WIPO ADR framework⁶. In order to reflect particular dispute resolution needs in specific sectors, the Center collaborates with IP owners and users, their representative organizations and associations, as well as with other interested entities and external experts.

11. The adaptation of ADR services may comprise different elements which depend on user requests, dispute resolution needs and external collaboration options. This includes the drafting or reviewing of ADR rules and dispute resolution contract clauses, and the establishment of model contracts, institutional codes of conduct, and unilateral dispute resolution position statements (pledges). Further elements comprise the establishment of specialized panels of suitably qualified mediators, arbitrators and experts from relevant jurisdictions, schedules of fees and costs appropriate for the specific context and tailored training programs for specific user groups⁷.

12. Key areas covered to date include, in alphabetical order, art and cultural heritage, film and media, ICT (including patent standards), Intellectual Property Offices (IPOs) and research and development (R&D) / technology transfer.

(i) Art and Cultural Heritage

13. The International Council of Museums (“ICOM”) and WIPO have jointly developed a special mediation process⁸ for art and cultural heritage disputes. The ICOM-WIPO mediation rules provide a tailored dispute resolution option for parties involved in these kinds of disputes. The Center has received a number of requests regarding the submission of such disputes to the ICOM-WIPO mediation rules.

(ii) Film and Media

14. Following the global growth of new centers of film and television production, the Center has developed the WIPO mediation and expedited arbitration rules for film and media⁹, as well as special model contract clauses and submission agreements, so as to provide a time- and cost-efficient ADR framework. For disputes submitted to the WIPO mediation and expedited arbitration rules for film and media, the standard WIPO Schedule of Fees and Costs has similarly been adapted¹⁰.

15. Further, the Center and the Format Recognition and Protection Association (“FRAPA”) collaborate in the provision of ADR options in the area of TV program format disputes.

⁶ An overview of WIPO Alternative Dispute Resolution (ADR) Services for Specific Sectors is available at <http://www.wipo.int/amc/en/center/specific-sectors/>.

⁷ All workshops and other events organized by the Center are listed at <http://www.wipo.int/amc/en/events/index.html>.

⁸ Information about the ICOM-WIPO Art and Cultural Heritage Mediation is available at <http://www.wipo.int/amc/en/center/specific-sectors/art/icom/>.

⁹ An overview of the WIPO Mediation and Expedited Arbitration Rules for Film and Media is available at <http://www.wipo.int/amc/en/film/>, and the Rules can be accessed at <http://www.wipo.int/amc/en/film/rules/>.

¹⁰ See <http://www.wipo.int/amc/en/film/fees/index.html>.

(iii) Information and Communication Technology

16. Thirty-three per cent of the mediation and arbitration cases administered by the Center under WIPO Rules are related to the area of ICT. The Center has established a partnership with the Singapore Infocomm Technology Federation (“SiTF”). This partnership includes a reduction on the Center’s fees for SiTF members. A WIPO mediation clause has been included in SiTF’s “MatchIT” program standard terms, a service provided by SiTF to its members to match business IT needs to the relevant solution providers.

17. Furthermore the Center explores, in collaboration with Standard Setting Organizations (SSOs), including the European Telecommunication Standards Institute (ETSI) and the Digital Video Broadcasting Project (DVB), WIPO arbitration options in the context of patents in information and communication technology standards. The Center makes available tailored WIPO model submission agreements that parties may use to refer a dispute concerning the adjudication of fair, reasonable and non-discriminatory (FRAND) terms to WIPO Arbitration or WIPO Expedited Arbitration¹¹.

(iv) Intellectual Property Offices (IPOs)

18. In a recent development, the Center offers services to IPOs in their establishment of optional dispute resolution frameworks. Such collaboration, which also includes training programs and case administration, aims to provide cost-effective and flexible options for parties to resolve their disputes before IPOs in relation to pending applications or granted rights.

19. Following the establishment of a joint dispute resolution procedure to facilitate the mediation of trademark oppositions at the Intellectual Property Office of Singapore (IPOS), the Center administered the first such mediation cases¹². This experience is being evaluated for possible use also in patent and design proceedings before IPOS.

20. The Center is also collaborating in the development of mediation and arbitration options for trademark and patent proceedings before the Brazilian National Institute of Industrial Property (INPI-BR). INPI-BR has designated the Center as the administrator of such mediation and arbitration cases where one or both parties are domiciled outside Brazil¹³.

(v) Research and Development (R&D) / Technology Transfer

21. Another area of Center activities is the provision of advice and case administration services to help parties resolve disputes arising in R&D and in technology transfer. Parties involved in research contracts and R&D collaborations often use model agreements as a basis for drafting and negotiating their contracts. One such example involves multi-party collaborations funded under the European Union’s Seventh Framework Programme EC (FP7), where entities use the “DESCA” model consortium agreement, which since 2011 recommends WIPO mediation and expedited arbitration¹⁴. The DESCA model agreement covers many

¹¹ These submission agreements can be accessed at <http://www.wipo.int/amc/en/center/specific-sectors/ict/frand/>.

¹² Information about WIPO Mediation for proceedings instituted in the Intellectual Property Office of Singapore (IPOS) is available at <http://www.wipo.int/amc/en/center/specific-sectors/ipos/mediation/>.

¹³ Information about WIPO Mediation for proceedings instituted in the Brazilian National Institute of Industrial Property (INPI-BR) is available at <http://www.wipo.int/amc/en/center/specific-sectors/inpibr/>.

¹⁴ DESCA, which stands for “Development of a Simplified Consortium Agreement”, is a model consortium agreement initially developed for research projects funded by the European Commission under the Seventh Framework Programme (FP7) under the auspices of the DESCA Core Group. The DESCA model agreement is estimated to be used by some 75 per cent of companies, research organizations, universities and individuals involved in cross-border research projects funded by FP7. This program covers all research-related EU initiatives including in the areas of health, food, agriculture, fisheries, biotechnology, information and communication technology,

industries internationally and is also open for participation of non-European entities in research consortia. Users of the DESCAs model agreement are changing their internal dispute resolution policies in order to ensure consistent use of WIPO dispute resolution clauses. DESCAs users benefit from a reduction on the Center's dispute resolution services.

22. Further, the Intellectual Property Agreement Guide (IPAG), developed by Austrian universities and companies and published in October 2013, comprises a set of model agreements such as an assignment, a confidentiality agreement, an R&D cooperation agreement, an R&D cooperation master agreement, a material transfer agreement, as well as a patent license and an IP sale and purchase agreement. As dispute resolution options these agreements recommend WIPO Expedited Arbitration and WIPO Mediation followed by WIPO Expedited Arbitration¹⁵.

23. In light of this interest the Center regularly organizes tailored ADR training programs in collaboration with relevant entities and associations including the Association of University Technology Managers (AUTM), DESCAs, the European Industrial Research Management Association (EIRMA), the European Liaison Office of the German Research Organisations (KOWI), and the Licensing Executives Society (LES).

C. INTERNATIONAL SURVEY ON DISPUTE RESOLUTION IN TECHNOLOGY TRANSACTIONS

24. Having undertaken an International Survey on Dispute Resolution in Technology Transactions, the Center in 2013 made available a Report (Annex I) presenting the practices and motivation of almost 400 Survey respondents from over 60 countries. The Report also assesses the current use and comparative merits of ADR methods for resolving technology-related disputes¹⁶. The Survey results provide a statistical basis to identify trends in the resolution of technology-related disputes and reveal best practices to guide IP stakeholders in their dispute resolution strategies. The Report concludes with a number of observations relevant to such strategies.

25. Overall, the Survey confirms that parties to technology-related agreements are particularly concerned about the cost and time implications of dispute resolution procedures, especially in an international context. While court litigation remains the usual path, the Survey responses indicate that ADR offers attractive options in terms of cost and time, as well as enforceability, quality of outcome, and confidentiality. While the number of disputes submitted to WIPO ADR increases, efficiency gains through further use of ADR can still be realized. In particular, the Survey confirmed that there is considerable scope for greater use of mediation in non-contractual disputes.

[Footnote continued from previous page]

nano-technologies, materials and new production technologies, energy, environment, transport (including aeronautics), socio-economic sciences, space and security. See <http://www.desca-fp7.eu/>.

¹⁵ IPAG covers a number of model agreements which can be used for R&D and commercial transactions internationally and in Austria. Austrian universities and companies jointly designed this set of model agreements to facilitate efficient technology transfer. IPAG is a project of "Universities Austria" and is supported by the National Contact Point for Intellectual Property (ncp.ip) at the Federal Ministry of Science and Research (BMWF), the Federal Ministry of Economy, Family and Youth (BMWFJ), and the Federal Ministry for Transport, Innovation and Technology. IPAG model agreements can be accessed at www.ipag.at (click at box entitled "Expertinnen-/Expertenzugang") and at <http://www.wipo.int/amc/en/center/specific-sectors/rd/ipag/>.

¹⁶ See Survey Report and Executive Summary at <http://www.wipo.int/amc/en/center/survey/results.html>.

II. DOMAIN NAME DISPUTE RESOLUTION

A. UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY

26. The Domain Name System raises a number of challenges for the protection of IP, which, due to the global nature of the Internet, call for an international approach. WIPO has addressed these challenges since 1998 by developing specific solutions, most notably in the First¹⁷ and Second¹⁸ WIPO Internet Domain Name Processes. In particular, the Center provides trademark owners with efficient international mechanisms to deal with the bad-faith registration and use of domain names corresponding to their trademark rights.

27. The Center administers dispute resolution procedures principally under the Uniform Domain Name Dispute Resolution Policy (UDRP). The UDRP was adopted by the Internet Corporation for Assigned Names and Numbers (ICANN) on the basis of recommendations made by WIPO in the First WIPO Internet Domain Name Process. The UDRP is limited to clear cases of bad-faith, abusive registration and use of domain names and has proven highly popular among trademark owners. It does not prevent either party from submitting a dispute to a competent court of justice, but very few cases that have been decided under the UDRP have been brought before a national court of justice¹⁹.

28. Since December 1999, the Center has administered more than 27,500 UDRP and UDRP-based cases. Demand for this WIPO service continued in 2013 with trademark holders filing over 2,500 complaints. The Center makes available online real-time statistics to assist WIPO case parties and neutrals, trademark attorneys, domain name policy makers, the media and academics²⁰.

29. A diverse mixture of individuals and enterprises, foundations, and institutions uses WIPO domain name dispute resolution. The top five sectors for complainant business activity are Retail, Banking and Finance, Biotechnology and Pharmaceuticals, Fashion, and Internet and Information Technology. Filings related to fashion and luxury brands reflect in part cases filed by brand owners alleging counterfeiting *via* the web pages offered under the disputed domain name. Reflecting the truly global scope of this dispute mechanism, WIPO UDRP proceedings have so far involved parties from 175 countries. In function of the language of the applicable registration agreement of the domain name at issue, WIPO UDRP proceedings have so far been conducted in 20 different languages²¹.

30. All WIPO panel decisions are posted on the Center's website. The Center offers an online overview of broad decision trends on important case issues through the WIPO Overview of WIPO Panel Views on Selected UDRP Questions (WIPO Overview 2.0) which distills thousands of UDRP cases handled by the Center. This globally relied-upon instrument was created in recognition of the need that has been expressed to identify, as much as possible, consensus among UDRP decisions so as to help maintain the consistency of WIPO UDRP jurisprudence²².

¹⁷ The Management of Internet Names and Addresses: Intellectual Property Issues – Final Report of the First WIPO Internet Domain Name Process, WIPO publication No. 439, also available at <http://www.wipo.int/amc/en/processes/process1/report>.

¹⁸ The Recognition of Rights and the Use of Names in the Internet Domain Name System – Report of the Second WIPO Internet Domain Name Process, WIPO Publication No. 843, also available at <http://www.wipo.int/amc/en/processes/process2/report>.

¹⁹ See Selected UDRP-related Court Cases at <http://www.wipo.int/amc/en/domains/challenged>.

²⁰ Available statistics cover many categories, such as “areas of complainant activity”, “named respondents”, “domain name script”, and “25 most cited decisions in complaint”. See <http://www.wipo.int/amc/en/domains/statistics>.

²¹ In alphabetical order, Chinese, Czech, Danish, Dutch, English, French, German, Hebrew, Italian, Japanese, Korean, Norwegian, Polish, Portuguese, Romanian, Russian, Slovak, Spanish, Swedish, Turkish.

²² The Overview is available at <http://www.wipo.int/amc/en/domains/search/overview>.

To facilitate access to these decisions according to subject matter, the Center also offers a frequently used online searchable Legal Index of WIPO UDRP Decisions²³.

31. As the leading provider of case administration services under the UDRP, the Center monitors developments in the domain name system (DNS) with a view to continually adjusting its resources and practices. The Center regularly organizes Domain Name Dispute Resolution Workshops on updates to precedents and practices for interested parties²⁴ and meetings of its Domain Name Panelists.

B. COUNTRY CODE TOP-LEVEL DOMAINS (CCTLD)

32. While the mandatory application of the UDRP is limited to domain names registered in generic top-level domains (gTLDs), such as .com, .net, and .org, the Center also assists ccTLD registries in their establishment of registration conditions and dispute resolution procedures that conform with best practices in IP protection. These procedures are mostly modeled after the UDRP, but may take account of the particular circumstances and needs of individual ccTLDs. The Center currently provides domain name dispute resolution services to 70 ccTLD registries, most recently including the domain spaces .FM (Micronesia (Federated States of)), .ML (Mali) and .PW (Palau)²⁵.

C. POLICY DEVELOPMENTS: NEW GENERIC TOP-LEVEL DOMAINS²⁶

33. A number of policy developments in relation to ICANN present both opportunities and challenges for owners and users of IP rights. The most significant of these is ICANN's planned introduction of up to 1,400 new gTLDs. Such new gTLDs may be of an "open" nature (similar to .com), or may take on more specific or restrictive characteristics, for example taking the form of .[brand], .[city], .[community], .[culture], .[industry], or .[language]. A second development concerns the introduction of internationalized domain names (IDNs) at the top level. Also, ICANN's envisaged expansion of the DNS raises rights protection questions in connection with the Second WIPO Internet Domain Name Process.

34. ICANN implementation of its New gTLD Program was formally approved in a Board vote at ICANN's Meeting in Singapore on June 20, 2011²⁷. Information has been published in ICANN's much-revised "Applicant Guidebook"²⁸. Delegation of the first new gTLDs is taking place as of late 2013 (further application rounds are expected in due course).

35. While the Center remains committed to working with stakeholders to attempt to safeguard the observance of general principles of IP protection in any new gTLDs ultimately approved by ICANN, a number of the right protection mechanisms (RPMs) which have emerged from a series of ICANN committees and processes for new gTLDs are seen to have been diluted in

²³ The WIPO Legal Index has become an essential professional resource, allowing panelists, parties, academics or any interested person to familiarize themselves with WIPO case precedent. The Index is updated periodically to include new search categories that primarily reflect developments in the DNS itself and is available at <http://www.wipo.int/cgi-bin/domains/search/legalindex>.

²⁴ See footnote 2, *supra*.

²⁵ The full list of ccTLDs which have retained the Center as domain name dispute resolution provider is available at <http://www.wipo.int/amc/en/domains/ccTld>.

²⁶ See WO/GA/43/17.

²⁷ See <http://www.icann.org/en/minutes/resolutions-20jun11-en.htm>. For further background including references, see document WO/GA/39/10, in particular paragraph 14.

²⁸ ICANN's Applicant Guidebook is available at <http://newgtlds.icann.org/en/applicants/agb>.

their intended effectiveness, both in operational and in substantive terms²⁹. Set out below is a broad description of the RPMs adopted by ICANN, in relation to the top level and the second level respectively.

(i) Top Level Rights Protection Mechanisms

- Pre- (TLD) Delegation Dispute Resolution Procedure

36. This mechanism allowed trademark owners to lodge Legal Rights Objections (LRO) to new gTLD applications at the top level where certain substantive criteria are met (other objection grounds recognized by ICANN are: “String Confusion Objections”, “Community Objections”, and “Limited Public Interest Objections”³⁰). The Center has assisted ICANN in the establishment of the substantive criteria for the LRO procedures which are rooted in the “WIPO Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet”³¹ (Joint Recommendation) adopted by the WIPO General Assembly in September 2001.

37. The Center was appointed by ICANN as the exclusive provider of LRO dispute resolution services³². The window for filing LRO objections closed in March 2013, with the Center receiving 69 LRO Objections found to be procedurally compliant³³. The first LRO determinations were notified to the parties and published by the Center in July 2013, and the Center processing of LRO matters was essentially completed by early September 2013. All WIPO expert panel determinations are available on the Center’s website³⁴.

38. The Center has provided an analysis of the LRO process in its End Report on Legal Rights Objection Procedure 2013³⁵, in order to create a historical and statistical overview of the project and to help inform future domain name dispute resolution practices and determinations. The Report presents an overview of the new gTLD policy development process and the applicable Procedure and Provider Rules, and describes the Center’s administration of the LRO objections. The Report concludes with a summary of substantive findings that appear to be broadly representative of rendered expert determinations.

- Post- (TLD) Delegation Dispute Resolution Procedure (PDDRP)

39. From early 2008, the Center has raised with ICANN the potential usefulness of a permanent administrative option that would allow for the filing of a complaint with respect to an approved new gTLD registry operator whose manner of operation or use of its registry is alleged to cause or materially contribute to trademark abuse. In early 2009, the Center communicated to ICANN a concrete substantive proposal for such a trademark-based post-delegation dispute resolution procedure³⁶. The proposal’s intent was to offer standardized assistance to ICANN’s own compliance oversight responsibilities, by providing an administrative alternative to court

²⁹ For further background including references, see WO/GA/39/10, in particular paragraphs 23-30. It is noted here that ICANN summarily rejected a proposal for a “Globally Protected Marks List”.

³⁰ The Applicant Guidebook further foresees a number of other procedures which governments may avail themselves of following ICANN announcement of new gTLD applications. Notably, section 1.1.2.4 provides for “GAC Early Warning,” and section 1.1.2.7 provides for “Receipt of GAC Advice on New gTLDs” for the ICANN Board’s consideration.

³¹ See http://www.wipo.int/about-ip/en/development_iplaw/pub845-toc.htm.

³² For the procedural LRO Rules, see section 3.2 of the ICANN Applicant Guidebook.

³³ See WIPO Rules for New gTLD Dispute Resolution, and Schedule of Fees and Costs, respectively at <http://www.wipo.int/amc/en/docs/wipolrorules.pdf> and <http://www.wipo.int/amc/en/domains/lro/fees/>; see WIPO-registered LRO cases at <http://www.wipo.int/amc/en/domains/lro/cases/>.

³⁴ See <http://www.wipo.int/amc/en/domains/lro/cases/>.

³⁵ See <http://www.wipo.int/amc/en/domains/lro/>.

³⁶ See <http://www.wipo.int/amc/en/docs/icann130309.pdf>.

litigation, encouraging responsible conduct by relevant actors and including appropriate safe-harbors³⁷.

40. Following various ICANN committee processes and consultations with registry operators, the effectiveness of this PDDRP in the form adopted by ICANN remains uncertain, in particular given the addition of overlapping procedural layers, and issues concerning the intended substantive scope of this mechanism³⁸. Notwithstanding this uncertainty, in light of the policy interests involved, the Center on September 18, 2013 concluded a Memorandum of Understanding with ICANN to become a provider for the PDDRP as it pertains to trademarks.

(ii) Second Level Rights Protection Mechanisms

- Trademark Clearinghouse

41. ICANN's New gTLD Program includes a "Trademark Clearinghouse" as a centralized repository of authenticated trademark data which could be invoked as the basis for filing under new gTLD RPMs³⁹. The adoption of this concept involved extensive ICANN discussions *inter alia* concerning the relation to trademark office determinations. The Clearinghouse has been open for trademark submission and validation since March 2013⁴⁰, and the Center continues to monitor developments regarding this mechanism⁴¹.

- Uniform Rapid Suspension (URS) System

42. While importantly the UDRP remains available as a curative tool for new gTLD disputes involving the considered transfer of a disputed domain name to the trademark owner, ICANN has introduced what is intended to be a lighter second-level RPM for appropriate cases⁴².

³⁷ Given the perceived convergence of registry, registrar, and registrant roles within the DNS, the Center has further recommended, *inter alia* taking account of its UDRP-based experiences, and ICANN's decision to allow for cross-ownership between registries and registrars (see <http://www.icann.org/en/minutes/resolutions-05nov10-en.htm>), that ICANN consider extending the PDDRP for registries also to registrar conduct (see, *inter alia*, <http://www.wipo.int/amc/en/docs/icann260310rap.pdf>).

³⁸ The Center in June 2013 submitted a proposal to provide dispute resolution services under the ICANN Trade Mark PDDRP, in response to an ICANN request.

³⁹ The Clearinghouse allows for inclusion of registered word marks, word marks protected by statute or treaty or validated by court, and "[o]ther marks that constitute intellectual property" (the latter being undefined). With respect to RPMs utilizing Clearinghouse data, the availability of "Sunrise" services (*i.e.*, an opportunity for a trademark owner, for a fee, to preemptively register an exact match of its mark as a domain name) is presently limited to those trademarks for which current use can be demonstrated. Whether or not substantiated by demonstration of current use, trademark owners would also be eligible to participate in a time limited "Claims" service (*i.e.*, notice to a potential domain name registrant of the existence of a potentially conflicting trademark right, and notice to the relevant trademark owner(s) in the event that the registrant nevertheless proceeds with domain name registration). The availability of the Claims service is limited to a maximum duration of 90 days after a new gTLD is opened for general public registration. Among trademark owners, it is anticipated that such limitations may give rise to gaming, with attendant financial and enforcement burdens for trademark owners and increased potential for consumer confusion. The demonstration of use required for Sunrise services similarly applies to the invocation of trademarks as a basis for a complaint filed under the "Uniform Rapid Suspension" RPM described below.

⁴⁰ In June 2012, ICANN announced its selection of Trademark Clearinghouse Service Providers, see <http://www.icann.org/en/news/announcements/announcement-3-01jun12-en.htm>.

⁴¹ The Center has commented that any such Clearinghouse should not unfairly burden rights holders in the treatment of trademark registrations legitimately obtained through examination and registration systems as applied in many global jurisdictions, and that, if and where appropriate, practical measures may be envisaged to identify any allegedly inappropriate invocation of rights in specific contexts.

⁴² The Center for its part communicated to ICANN in April 2009 a discussion draft of an "Expedited (Domain Name) Suspension Mechanism" (<http://www.wipo.int/amc/en/docs/icann030409.pdf>), and has made subsequent proposals for a streamlined mechanism based on this model at the ICANN Prague and Toronto Meetings in 2012 (see <http://prague44.icann.org/node/31773> and <http://toronto45.icann.org/node/34325>). Such proposals took account of the need to strike a reasonable balance between the protection of trademark rights recognized by law, the practical interests of good-faith registration authorities to minimize operational burdens, and the legitimate expectations of *bona fide* domain name registrants. The URS adopted by ICANN has evolved from a

Questions remain as to how effective the URS will be as an efficient and enforceable complement to the court-alternative UDRP, and a range of issues remain to be addressed, including its relationship with the UDRP⁴³. ICANN invited tenders in late 2012 from prospective URS providers, to which after careful consideration of the ICANN URS model and related resources the Center was not in a position to apply⁴⁴.

[Annex I follows]

[Footnote continued from previous page]

sequence of ICANN processes and committees, and is viewed by many as having become an overburdened procedure for a limited remedy.

⁴³ An extensive inventory of these issues is provided *inter alia* in the Center's letter of December 2, 2010, available at <http://www.wipo.int/amc/en/docs/icann021210.pdf>. A number of these have been on the agenda of ICANN's June 2012 Prague Meeting.

⁴⁴ ICANN has announced the National Arbitration Forum and the Asian Domain Name Dispute Resolution Center as the first two URS providers in early 2013.

RESULTS OF THE INTERNATIONAL SURVEY ON DISPUTE RESOLUTION IN TECHNOLOGY TRANSACTIONS

EXECUTIVE SUMMARY

(Full Report available at:
<http://www.wipo.int/export/sites/www/amc/en/docs/surveyresults.pdf>)

OBJECTIVE

The World Intellectual Property Organization's (WIPO) Arbitration and Mediation Center (WIPO Center) designed the International Survey on Dispute Resolution in Technology Transactions (Survey) to assess the current use in technology-related disputes of Alternative Dispute Resolution (ADR) methods as compared to court litigation, including a qualitative evaluation of these dispute resolution options.

The results of this Survey provide a statistical basis to identify trends in the resolution of technology related disputes. Best practices emerge from the Survey which may help guide intellectual property (IP) stakeholders in their dispute resolution strategies and this Report concludes with a number of observations relevant to such strategies. The Survey Respondents' needs identified also help inform the WIPO Center's ADR services.

The Survey has been developed with the support of the International Association for the Protection of Intellectual Property (AIPPI), the Association of University Technology Managers (AUTM), the *Fédération Internationale des Conseils en Propriété Industrielle* (FICPI) and the Licensing Executives Society International (LESI) in collaboration with in-house counsel and external experts in technology disputes from different jurisdictions and business areas. Their collective experience with disputes is reflected in the content, scope and structure of the questionnaire; they also assisted in its distribution.

RESPONDENTS AND RESULTS

The core findings of the Survey are as follows:

1. SURVEY RESPONDENTS

393 Respondents from 62 countries completed the Survey. 63 Respondents from 28 countries complemented their written responses with a telephone interview.

Respondents are based in Europe, North America, Asia, South America, Oceania, the Caribbean, Central America and Africa.

Respondents are law firms, companies, research organizations, universities, government bodies or are self-employed. Respondents range from entities of 1-10 employees to entities of more than 10,000 employees. Respondents are active in different business areas, including pharmaceuticals, biotechnology, IT, electronics, telecom, life sciences, chemicals, consumer goods and mechanical.

2. TECHNOLOGY-RELATED AGREEMENTS CONCLUDED IN THE PAST TWO YEARS

Of the types of agreements listed in the Survey, Respondents concluded most frequently non disclosure agreements (NDA), followed by assignments, licenses, agreements on settlement of litigation, research and development (R&D) agreements and merger and acquisition (M&A) agreements.

The subject matter of such agreements related more often to patents than to know-how or copyright.

More than 90% of Respondents concluded agreements with parties from other jurisdictions. 80% of Respondents concluded patent-related agreements with parties from other jurisdictions on technology patented in at least two countries.

The choice of applicable law made in these agreements was influenced by the location of Respondent headquarters and the primary place of operations.

3. AGREEMENTS LEADING MOST OFTEN TO DISPUTES

Respondents were asked to estimate what percentage of the technology-related agreements they concluded led to disputes. As such agreements, the questionnaire listed, in this order, NDAs, R&D agreements, licenses, settlement agreements, M&A agreements and assignments.

While, overall, disputes occurred in relation to some 2% of Respondents' technology-related agreements, more than half of Respondents stated that out of the agreements listed in the Survey less than 1% of licenses, R&D agreements, NDAs, settlement agreements, assignments and M&A agreements led to disputes. On the other hand, 7% of Respondents stated that more than 10% of their licensing agreements led to disputes.

Indeed, among technology-related agreements, licenses most frequently give rise to disputes (25% of Respondents). R&D agreements rank second (18% of Respondents), followed by NDAs (16%), settlement agreements (15%), assignments (13%), and M&A agreements (13%).

4. CHOICE OF DISPUTE RESOLUTION CLAUSES

94% of Respondents indicated that negotiating dispute resolution clauses forms part of their contract negotiations.

Court litigation was the most common stand-alone dispute resolution clause (32%), followed by (expedited) arbitration (30%) and mediation (12%). Mediation is also included where parties use multi-tier clauses (17% of all clauses) prior to court litigation, (expedited) arbitration or expert determination.

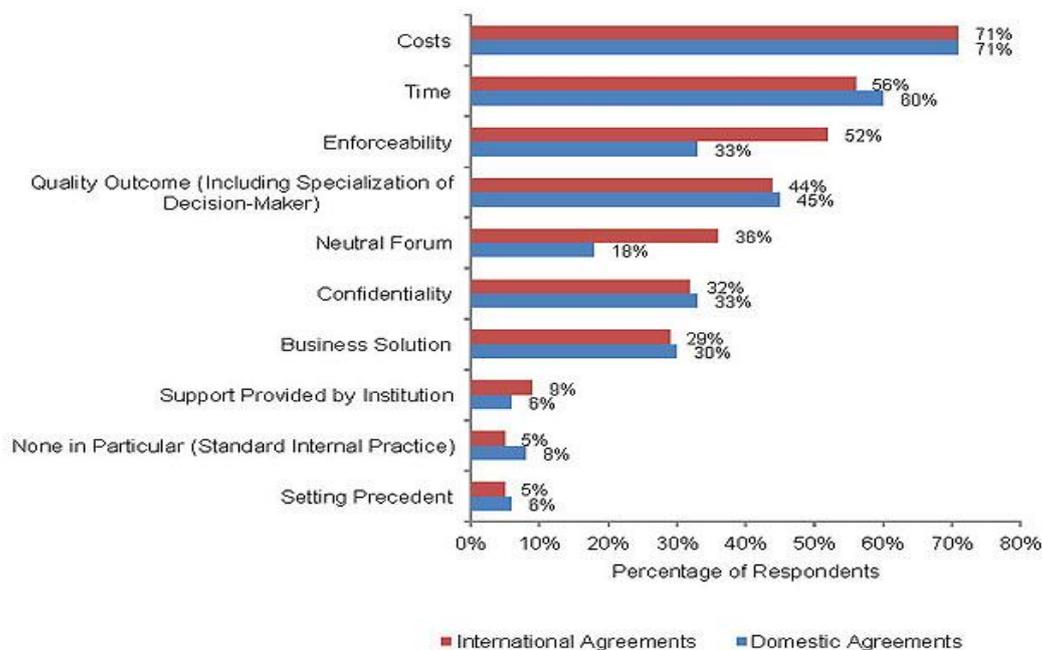
Respondents generally perceived a trend towards out-of-court dispute resolution mechanisms. The choice of arbitral institution broadly corresponds to the location of Respondent headquarters.

Cost and time are the principal considerations for Respondents when negotiating dispute resolution clauses, both in domestic and international agreements.

For international agreements, Respondents placed a higher value on enforceability and forum neutrality than they did for domestic transactions.

Enforceability also ranked as a motivating factor among Respondents using court litigation and arbitration clauses. Finding a business solution was an important factor for Respondents choosing mediation.

Main Considerations When Negotiating Dispute Resolution Clauses



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

5. TYPES OF TECHNOLOGY DISPUTES AND PARTY OBJECTIVES

For contractual and non-contractual disputes, patent issues arose nearly twice as often as copyright or know-how issues.

The main objectives of claimant parties in patent disputes were to obtain damages/royalties (78%), a declaration of patent infringement (74%), and/or injunctions (53%).

The main objectives of respondent parties in patent disputes were a declaration of patent invalidity (73%), a negative declaratory judgment (33%), and/or a declaration of patent infringement (33%).

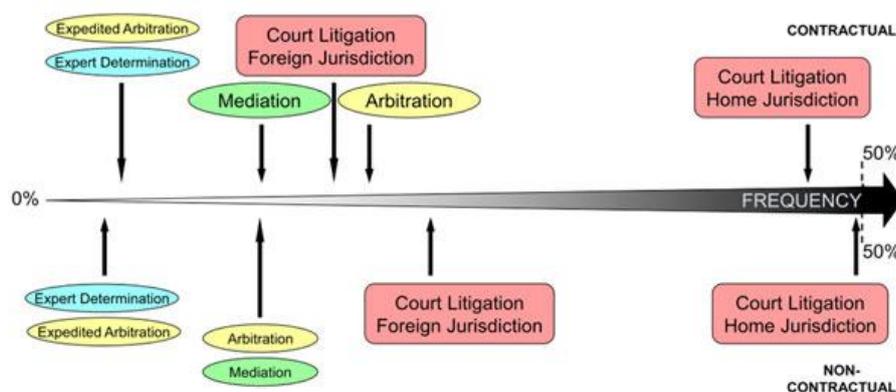
6. MECHANISMS USED TO RESOLVE DISPUTES: TYPE, TIME AND COSTS

6.1. Type

Broadly consistent with the above findings concerning the choice of dispute resolution clauses, the most common mechanism used to resolve technology disputes was court litigation in Respondents' home jurisdiction, followed by court litigation in another jurisdiction, arbitration, mediation, expedited arbitration and expert determination.

29% of Respondents indicated that they had submitted a dispute to mediation before or during court litigation involving contractual patent, copyright and/or know-how issues.

Relative Use of Court Litigation, (Expedited) Arbitration, Mediation, Expert Determination



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

6.2. Time and Costs

Respondents indicated that they spent more time and incurred significantly higher costs in court litigation than in arbitration and mediation.

Respondents estimated that court litigation in their home jurisdiction took on average approximately 3 years and court litigation in another jurisdiction took on average 3.5 years.

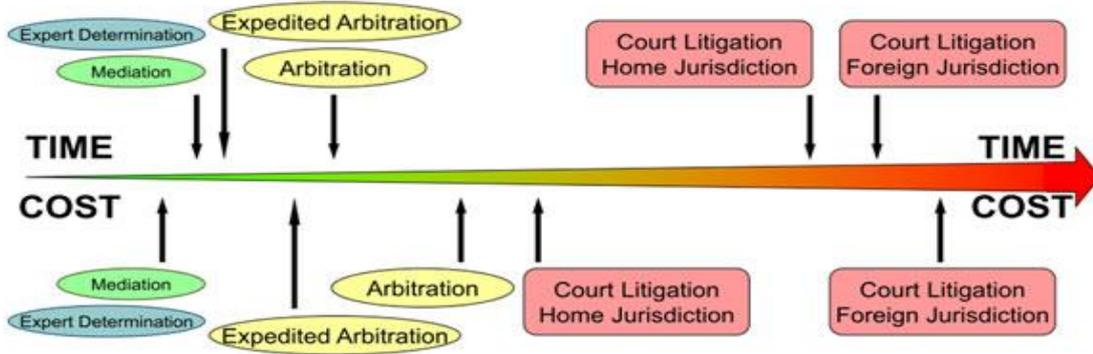
Respondents estimated that legal costs incurred in court litigation in their home jurisdiction amounted on average to USD 475,000, and legal costs of court litigation in another jurisdiction amounted to slightly over USD 850,000.

Respondents indicated that mediation took on average 8 months, and 91% of Respondents stated that costs of mediation typically did not exceed USD 100,000.

Respondents indicated that arbitration took on average slightly more than 1 year and cost on average slightly over USD 400,000.

Apart from monetary amounts, 25% of Respondents identified management time of business executives and wasted time of other participants in proceedings, lost productivity and lost business opportunities as costs incurred.

Relative Time and Costs of Resolving Disputes through Court Litigation, (Expedited) Arbitration, Mediation, Expert Determination



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

[End of Annex I and of document]