



Drafting Alternative Dispute Resolution Clauses

Workshop on "Negotiating International R&D and Technology Transfer Contracts - - Intellectual Property Rights, Valuation and Dispute Resolution"

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World Intellectual Property Organization

■ **WIPO's Mission:**

- To promote the protection of IP rights worldwide and extend the benefits of the international IP system to all Member States

■ **Member States: 184**

■ **Treaties Administered: 24**

■ **WIPO activities:**

- Norm-Setting
- Economic Development (e.g. WIPO Innovation & Technology Transfer Section)
- Services to Industry
(e.g. Patent Cooperation Treaty, Madrid Protocol for trademarks, Arbitration and Mediation Center)

WIPO Arbitration and Mediation Center

- Established 1994 (Geneva)
- 2010 Singapore Office
- Promotion of time and cost-effective resolution of intellectual property disputes through mediation, arbitration and expert determination (since 2007)
- Global protection of intellectual property
- Patent disputes in multiple jurisdictions

WIPO Center Caseload

- Leading provider for Internet domain name disputes:
 - +2,000 domain name disputes in 2009
 - +18,000 domain name disputes since 2000

- +220 mediations and arbitrations
 - Contractual: Patent licenses, distribution agreements, R&D, joint ventures, software/IT, copyright collecting societies, trademark coexistence agreements, settlement agreements
 - Cases referred by courts
 - Parties from Asia, Europe and North America

What is Alternative Dispute Resolution (ADR)?

- A range of procedures to resolve disputes « out-of-court » in a private forum with the assistance of an independent intermediary (e.g., mediator, arbitrator, expert)
- Mediation
- Arbitration
- Expert Determination
- Combined with a court procedure, i.e. when mandated by competent court (European Mediation Directive)
- Normally consensual (parties need to agree to use ADR, e.g., through ADR contract clause or submission agreement)

Mediation, Arbitration, Expert Determination

- **Mediation:** an informal 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.
- **Arbitration:** a 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.
- **Expert Determination:** a 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.

Some Areas for Use of ADR

■ Research

■ Intellectual property rights:

- Inventorship
- (Co-) Ownership, transfer
- Access rights background/ foreground (including licensing)
- Patent infringement
- Dissemination

■ Confidentiality (non-disclosure agreements)

■ Project-management

- Compliance with work plan
- Payment modalities

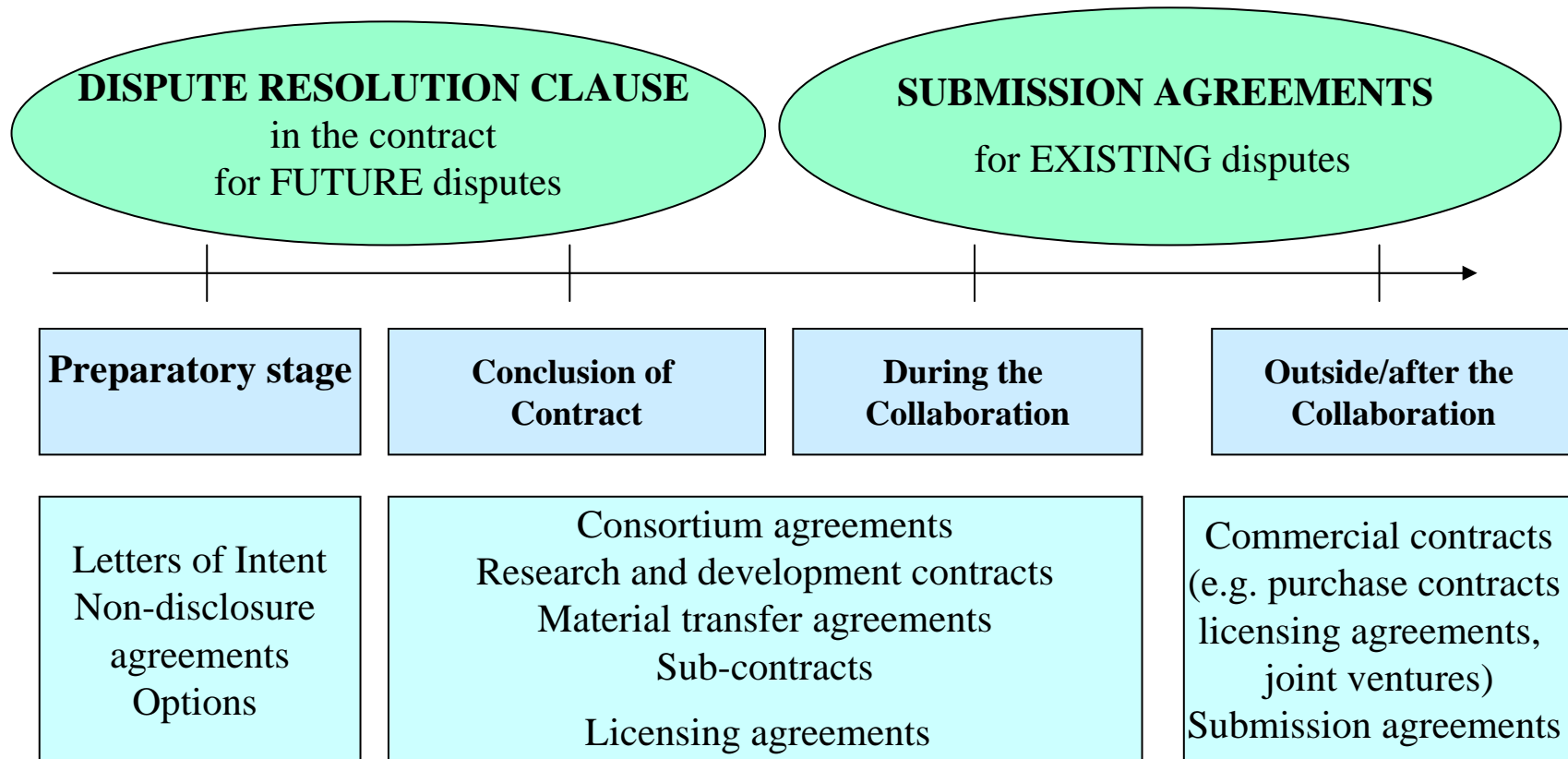
■ Exploitation

■ Control and use of research results (including licensing)

■ Technology valuation (foreground IP – determining conditions for use)

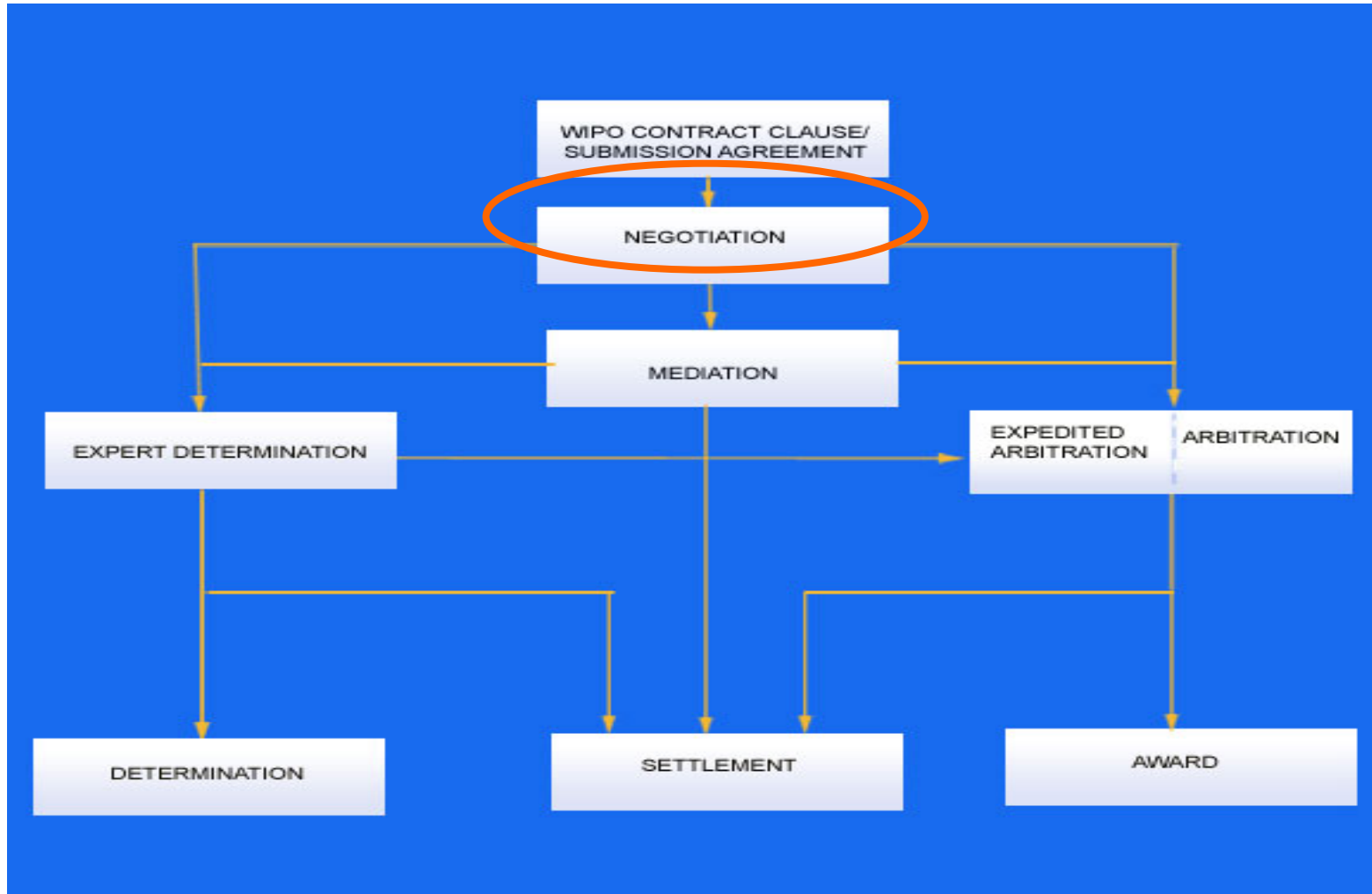
■ Manufacturing, marketing, distribution obligations

ADR in R&D and Technology Transfer Agreements

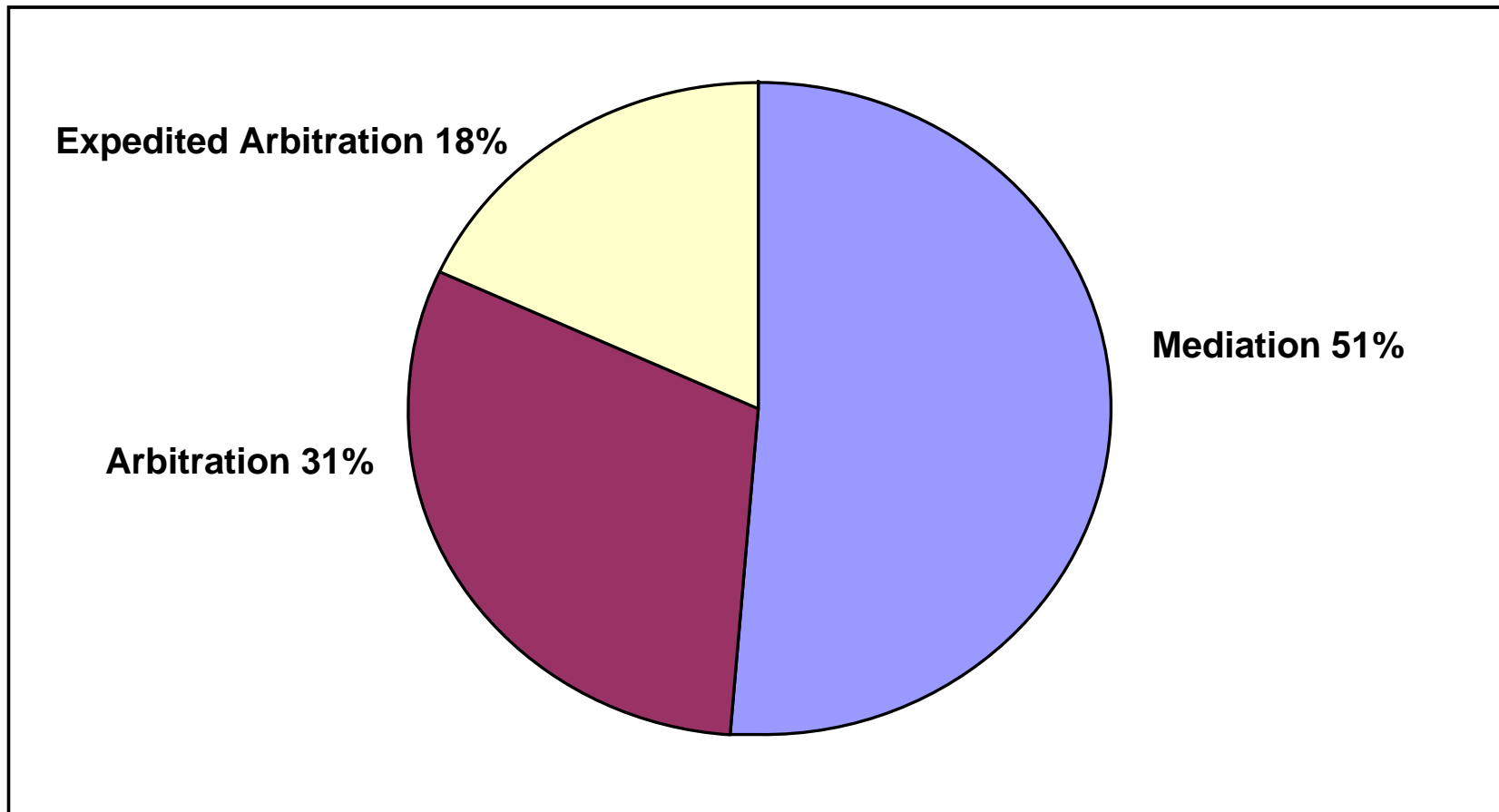


- Consistency
- Agreements involving multiple parties

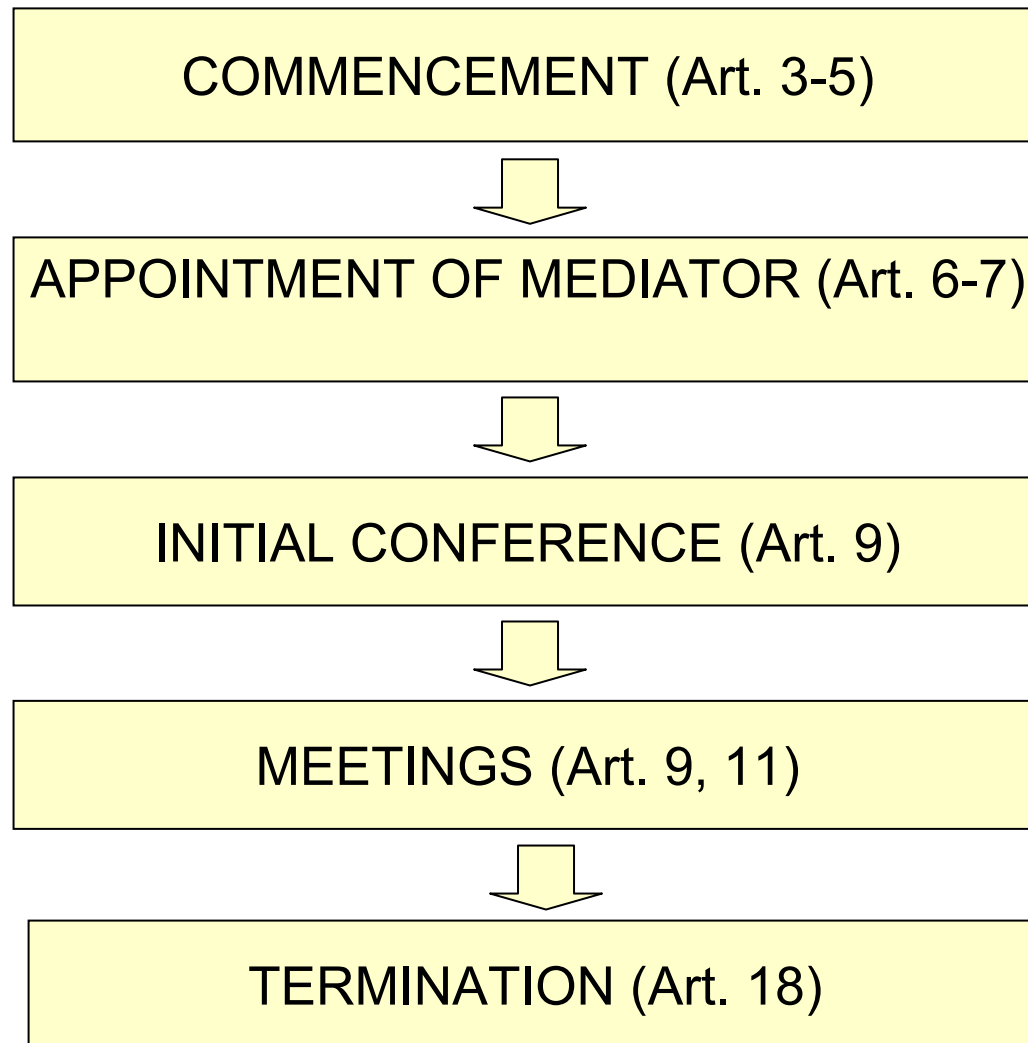
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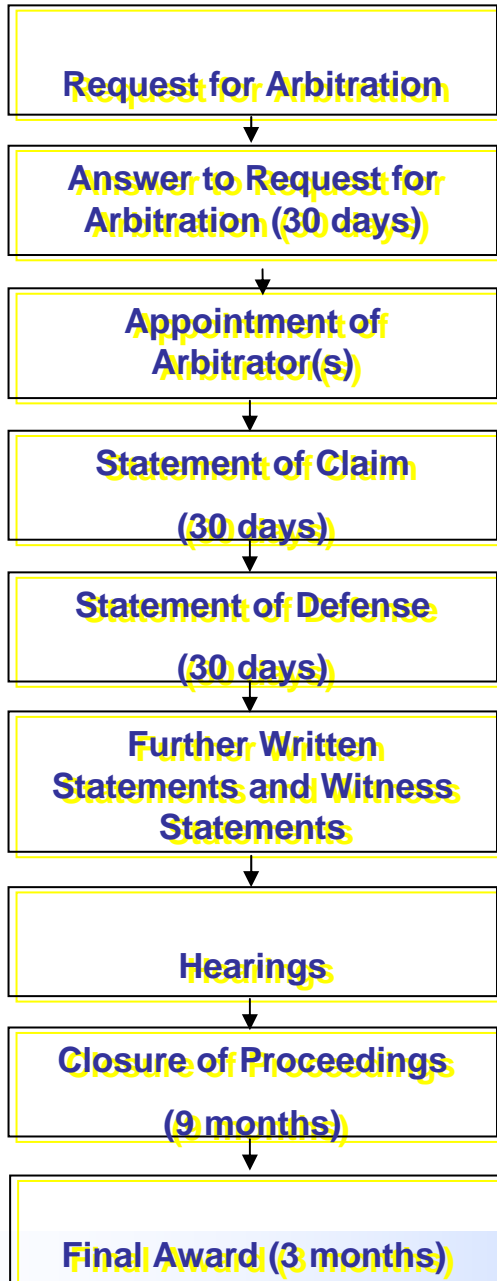
WIPO Caseload: Types of Procedure



Mediation Process



WIPO ARBITRATION



WIPO EXPEDITED ARBITRATION



One exchange of pleadings
 Shorter time limits
 Sole arbitrator
 Shorter hearings
 Fixed fees

WIPO Mediation Clauses

■ **Future disputes** (initial contract)

- "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]*."

■ **Existing disputes** (submission agreement)

- "We, the undersigned parties, hereby agree to submit to mediation in accordance with the WIPO Mediation Rules the following dispute:

[brief description of the dispute]

The place of mediation shall be *[specify place]*. The language to be used in the mediation shall be *[specify language]*."

WIPO Arbitration Clauses

■ Future disputes

- 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 referred to and finally determined by arbitration in accordance with the **WIPO Arbitration Rules**.

The arbitral tribunal shall consist of **[a sole arbitrator] [three arbitrators]**. The **place of arbitration** shall be [...]. The **language** to be used in the arbitral proceedings shall be [...]. The dispute, controversy or claim shall be decided in accordance with the **law of** [...].

■ Existing disputes

- "We, the undersigned parties, hereby agree that the following dispute shall be referred to and finally determined by arbitration in accordance with the **WIPO Arbitration Rules**:
- [brief description of the dispute]
- The arbitral tribunal shall consist of **[a sole arbitrator] [three arbitrators]**. The **place of arbitration** shall be [specify place]. The **language** to be used in the arbitral proceedings shall be [specify language]. The dispute shall be decided in accordance with the **law of** [specify jurisdiction]."

Recommended Clause for Mediation followed by Expedited Arbitration

■ Try mediation before arbitration, at least until

■ lapse of time period

■ termination

■ Combining the benefits

■ arbitration well-prepared

"**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."

Problematic Dispute Resolution Clauses

- “Arbitration in Geneva.”
- WIPO Arbitration with a sole arbitrator, place of arbitration Geneva, no applicable law.
- Patent and Know-How Licence Agreement: disputes relating to the Licensed Patents shall be referred to arbitration under the WIPO Rules and all disputes relating to contractual issues shall be referred to arbitration under the AAA Rules.
- WIPO Arbitration with three arbitrators: amount in dispute USD 60,000

Additional Information

- WIPO International Survey on Dispute Resolution in Technology Transactions
- <http://www.wipo.int/amc/en/index.html>
- arbiter.mail@wipo.int
- Thank you