

Chapter 12

WIPO Arbitration and Mediation Center

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1. INTRODUCTION

The WIPO Arbitration and Mediation Center (the Center) has administered several cases where specific performance was sought as a remedy. These cases form part of the Center's total caseload, which thus far encompasses over 240 mediations and arbitrations. The subject matter of those proceedings includes patent infringements, patent licenses, Information Technology related agreements and telecommunication agreements, distribution agreements for pharmaceutical products, research and development agreements, trademark co-existence agreements, consultancy agreements, art marketing agreements and joint venture agreements.

Many of the contracts including WIPO arbitration or expedited arbitration clauses foresee a preliminary WIPO mediation phase. Given the nexus between mediation and arbitration, the examples set out below include reference to mediation cases where specific performance remedies were sought.

Although monetary relief is often sought in WIPO cases, in light of the long-term contractual relationship that has developed between parties, in many of these cases the request for monetary relief is preceded by a request for a declaration of non-performance of contractual obligations or of infringement of rights. In our experience, it might be fair to presume as the true purpose of a number of such claims the clarification of the parties' rights and obligations under the contract and its possible re-negotiation (*e.g.*, amended or new licensing terms permitting a continued business relationship between the parties). To that extent, even such ostensibly monetary claims might in certain cases properly be categorized as seeking non-monetary relief. However, apart from this general point, the examples set out below consist of cases where one of the specified categories of specific performance has been expressly requested. In particular, the relief granted has included:

- perform remedial or other work;

- enter into a contract;
- make an entry in a registry;
- render accounts;
- preserve confidentiality of evidence (referred-to in one example as a remedy requested in relation to the arbitration itself);
- provide guarantee; and
- produce documents.

As illustrated by the case examples, WIPO neutrals have issued orders and awards requiring parties to perform certain non-monetary obligations.

We are not currently aware of issues relating to the enforcement of such orders or awards.

2. CASE SUMMARIES

2.1 Trademark arbitration

A North American software developer registered a trademark for communication software in the United States and Canada. A manufacturer of computer hardware based in Asia registered an almost identical mark for computer hardware in a number of Asian countries. Both parties had been engaged in legal proceedings in various jurisdictions concerning the registration and use of their marks. Each party had effectively prevented the other from registering or using its mark in the jurisdictions in which it holds prior rights. In order to facilitate the use and registration of their respective marks worldwide, the parties entered into a coexistence agreement that contained a WIPO arbitration clause. When the North American company tried to register its trademark in a particular Asian country, the application was refused because of a risk of confusion with the prior mark held by the other party. The North American company requested that the other party undertake any efforts to enable it to register its mark in that Asian country and, when the other party refused, initiated arbitration proceedings.

In an interim award, the sole arbitrator gave effect to the consensual solution suggested by the parties, which provided for the granting by the hardware manufacturer of a license on appropriate terms to the North American company, including an obligation for the Asian company to provide periodic reports to the other party.

Remedies: Perform remedial or other work; render accounts; make entry in a registry.

2.2 Expedited arbitration of a patent dispute

An Asian inventor held several U.S. and European patents over components used in consumer goods. The inventor entered into an exclusive license agreement over the patents with a U.S. manufacturer. The license agreement provided for the use of WIPO expedited arbitration to resolve disputes regarding possible infringements of the patents.

A dispute arose between the parties regarding the payment of royalties under their license agreement. As a result, the inventor filed a request for arbitration and statement of claim with the Center requesting a declaration that his patents had been infringed. During the evidentiary phase of the arbitration, the U.S. manufacturer alleged that there was a risk that the inventor could be negotiating a licence with one of the competitors of the US manufacturer. The arbitrator issued a protective order to prevent the inventor's access to certain documents disclosing the U.S. manufacturer's business secrets. In the final award, the arbitrator addressed issues of infringement of the asserted patents and whether those patents had been anticipated.

Remedy: Preserve confidentiality of evidence filed in arbitration proceedings.

2.3 Arbitration of a biotech/pharma dispute

A French biotech company that held several patents for the extraction and purification of a compound with medical uses entered into a license and development agreement with a large pharmaceutical company. The pharmaceutical company had considerable expertise in the medical application of the substance related to the patents held by the biotech company. The parties included in their contract a clause stating that all disputes arising out of their agreement would be resolved by a sole arbitrator under the WIPO Arbitration Rules.

Several years after signing the agreement, the biotech company terminated the contract, alleging that the pharmaceutical company had deliberately delayed its further development of the biotech compound. The biotech company filed a request for arbitration claiming substantial damages. Having received the parties' written submissions, the arbitrator held a hearing for the examination of witnesses. This not only served the presentation of evidence but also allowed the parties to re-establish a dialogue. In the course of the hearing, the arbitrator opined that the biotech company had not been entitled to terminate the

contract and suggested that it would be in the interest of the parties to continue to cooperate towards the development of the biotech compound. On the last day of the hearing, the parties accepted the arbitrator's suggestion that they should hold a private meeting. As a result of that meeting, the parties agreed to settle their dispute and continued to cooperate towards the development and commercialization of the biotech compound, resulting in the end in a revised license and development agreement.

Remedy: Enter into a contract.

2.4 Arbitration of an IT/telecom dispute

An Asian company and a European software developer negotiated to form a joint venture company and entered into a license agreement to provide a mobile payment service in a number of Asian countries. Prior to the joint venture's formation, a dispute arose between them concerning performance of the license agreement. The Asian company submitted a request for arbitration under the WIPO Arbitration Rules on the basis of the license agreement, and also obtained an interim order freezing the European developer's bank account from a court based in the European developer's domicile (Article 46(d) of the WIPO Arbitration Rules).

In the WIPO arbitration, the European developer requested that the arbitrator issue an interim award ordering the Asian company to discharge the freezing order, to refrain from initiating any further action in court without prior consent of the arbitrator and to provide a bank guarantee in order to secure payment of the European developer's counterclaim. The arbitrator, while declining to undertake action in direct relation to the court case, ordered the Asian company to provide a bank guarantee in favour of the European developer. The Asian company provided the bank guarantee as ordered.

Remedy: Provide guarantee.

2.5 Arbitration of a pharma dispute

A European pharmaceutical company holding patents in the U.S., Europe and Asia, entered into an exclusive license agreement with a U.S. pharmaceutical company. The license contained an obligation for the U.S. company to obtain regulatory approval with the U.S. Food and Drug Administration for the pharmaceutical product.

The European company terminated the license agreement alleging that the U.S. company had breached its contractual obligation to disclose developments related to its follow-up efforts with regard to the invention.

The European company filed a request for WIPO arbitration in which it sought an award declaring that the U.S. company was in breach of the license agreement and that the European company had been entitled to terminate the same. The European company further requested that the U.S. company deliver its information related to the development of the pharmaceutical product and an assessment of damages.

Remedy: Produce documents.

2.6 Arbitration concerning an indemnity agreement

A producer of artistic performances entered into an agreement with an insurance company to finance non-WIPO arbitration proceedings against an Asian entity in Singapore arising out of a separate contract. The finance agreement included a WIPO expedited arbitration clause.

The producer brought non-WIPO arbitration proceedings against the Asian entity in Singapore. Pursuant to the indemnity agreement, the insurance company financed the costs of the producer to conduct the Singapore arbitration. Following the settlement of the Singapore arbitration, the insurance company filed WIPO expedited arbitration proceedings requesting the arbitral tribunal to order the producer to provide information on the outcome of the Singapore arbitration and all correspondence exchanged in that arbitration.

Remedy: Produce documents.

2.7 Expedited arbitration concerning a trademark

A European company had registered a trademark in different countries for luxury goods. An Asian manufacturer started to sell fashion products under a similar registered trademark. The Asian company filed court as well as administrative proceedings in a number of European countries alleging non-use of the European company's trademark. After the court case went to appeal, the parties settled and concluded a trademark coexistence agreement containing a WIPO expedited arbitration clause. After the European company had used its trademark in a trade fair, the Asian company initiated WIPO

expedited arbitration proceedings claiming infringement of the terms of the coexistence agreement.

Following consultations between the parties and the Center, a European trademark specialist was appointed as sole arbitrator. The sole arbitrator conducted a one-day hearing and issued an award six months after the commencement of the proceedings. Finding a partial violation of the parties' coexistence agreement, the arbitrator ordered the European company to refrain from such infringing behaviour.

Remedy: Abstain from a specified conduct.

2.8 Patent arbitration

A European inventor holding patents in Europe, Canada, the U.S. and Australia licensed patent rights and know-how to an Asian company. The license contained a WIPO arbitration clause providing for a three-member tribunal.

The parties disagreed on who should pay the renewal fees of the patents. Eventually the Asian company terminated the license, whereupon the European inventor filed a WIPO request for arbitration claiming damages, confirmation of its right to use the patents, and a declaration that no confidentiality obligations vis-à-vis the Asian company subsisted.

Following a series of evidentiary exchanges, an award was rendered within 14 months after the arbitration commenced. Finding that the Asian company had not been entitled to terminate the contract as it did, the tribunal ordered it to pay damages and to return to the inventor the prototypes, plans and documents communicated in the context of the license agreement. The tribunal further held that the confidentiality obligations under the license remained valid, but that this would not prevent the inventor from using his patents and know-how.

Remedy: Produce documents; preserve confidentiality of specific circumstances.

2.9 Arbitration concerning marketing of artwork

A European art gallery concluded an exclusive cooperation agreement with a European artist in order to promote the artist in the international market. The agreement contained a WIPO arbitration clause providing for a three-member tribunal. When the parties' relationship began to deteriorate, the artist terminated the agreement, whereupon the art gallery initiated WIPO arbitration proceedings.

After studying the parties' pleadings, the tribunal believed that there was potential for settlement. With the agreement of the parties, the tribunal issued a preliminary case assessment encouraging the parties to resume settlement negotiations which the parties had attempted at an earlier stage. The parties managed to reach a settlement and asked the tribunal to render a Consent Award, which the tribunal issued, incorporating the parties' settlement agreement and terminating the arbitration proceedings.

The settlement provided that the cooperation was terminated and that the artist would submit a list of his works to the gallery for the latter to select a certain number of them for exhibition and sale. In return, the gallery agreed to refrain from giving the impression that it represented the artist, for example, by removing the artist's name and works from its website.

Remedy: Deliver a specific good; abstain from a specified conduct.

3. CASE SUMMARIES – MEDIATION

3.1 Mediation concerning a patent

A technology consulting company holding patents on three continents disclosed a patented invention to a major manufacturer in the context of a consulting contract. The contract neither transferred nor licensed any rights to the manufacturer. When the manufacturer started selling products that the consulting company alleged included the patented invention, the consulting company threatened to file patent infringement court proceedings in all jurisdictions in which the consulting company was holding patents. The parties started negotiating a patent license with the help of external experts but failed to agree on the royalty rate.

The parties submitted their dispute to mediation under the WIPO Rules. The mediator conducted a two-day meeting in which the parties eventually reached a settlement that not only covered the royalty issue, but also included agreement on future consulting contracts.

Remedy: Enter into a contract; render accounts.

3.2 Mediation concerning software

In June 2000, a European airline entered into an agreement with a U.S. software company concerning the development of a worldwide platform for the management of ticket sales. This was followed, in

January 2002, by a professional services agreement, which contained a more detailed description of the project as well as the support services to be delivered by the software company. The latter agreement included a WIPO mediation followed by WIPO expedited arbitration clause. In 2003, the airline paid several million U.S.D. for the application.

In August 2005, the airline terminated the agreement. In response, the software company asserted that, with the termination, the airline's rights in the application had lapsed and requested that the software be returned. The airline was of the position that it was entitled to retain the software application and initiated mediation. The result was a new license between the parties.

Remedy: Enter into a contract; deliver a specific good.

3.3 Mediation concerning a pharmaceutical patent

A European university holding pharmaceutical patent applications in different countries negotiated a license option agreement with a European pharmaceutical company. The pharmaceutical company exercised the option and the parties started to negotiate a license agreement.

After a lengthy period of negotiations, the parties were still unable to agree on the terms of the license. The pharmaceutical company started court proceedings in the exclusive jurisdiction agreed in the contract. Following discussions between their representatives, the parties agreed to stay these court proceedings and to file a Request for WIPO Mediation, in which they requested a WIPO mediator to help them reach an agreement on the terms of a license.

The one-day session with the mediator allowed the parties to identify the issues and deepen their understanding of the legal circumstances. On this basis, the parties continued direct negotiations and reached a settlement agreement.

Remedy: Enter into a contract.