

## Resolution of ICT Disputes through Mediation and Arbitration

considering this issue may have regard to issues including the level of prominence a statement is given and the extent of the subsequent publication. There remains a discretionary power to disapply the limitation period.

- ▷ In an attempt to tackle ‘libel tourism’, Section 9 provides that the court should not deal with defamation actions brought against people who do not live in the UK or a European Union state unless it is satisfied that, of all the places in which the statement complained of has been published, England and Wales is clearly the most appropriate place in which to bring the action. We will need to wait and see what effect in practice this new test has on the number of UK libel actions brought against foreign claimants.
- ▷ In addition, Section 10 introduces a new defence for secondary publishers, providing that a court does not have jurisdiction to hear and determine an action for defamation brought against a person who was not the author, editor or publisher of the statement complained of unless it is satisfied that it is not reasonably practicable for an action to be brought against the author, editor or publisher. What is reasonably practicable is likely to lead to much debate.
- ▷ In response to the recent Nicola Brookes case, the UK government has also recently announced<sup>35</sup> an amendment to the Defamation Bill which will require websites to identify people who have posted defamatory messages online and allow victims of internet trolls a right to know who is behind malicious messages without the need for costly legal bat-

les. The new law would apparently offer a defence to a defamation claim to any online provider who identifies the author of defamatory material when requested to do so. It is far from clear, however, how this proposed legislation will work. In theory, the power to compel disclosure will be balanced by measures to prevent false claims, but operators of websites and other social media platforms will be concerned not to be placed in the position of having to make subjective judgments as to what meets the take-down or disclosure criteria. There are also concerns that the legislation will find it hard to distinguish between abusers and genuine whistleblowers. Further doubt currently surrounds how the law will apply to non-UK operated websites.

### VI. Conclusion

The Defamation Bill has been touted by the UK Government as being a radical overhaul of the UK defamation laws to better reflect how communications are made in this internet and social media age. However, with much still left to be clarified, until the Defamation Bill and any related regulations regarding notice and take-down become law it will not be possible to properly assess the impact the new rules will have on how website operators deal with third party defamatory material. In any case, as with all new laws, there will also be a certain level of uncertainty and litigation in the short term while the new laws are interpreted. In the meantime, overseas website operators will need to continue to have clear policies and procedures in place to limit the risk of being dragged into costly UK litigation.

<sup>35</sup> <http://www.bbc.co.uk/news/technology-18404621>.

*Ignacio de Castro/Leandro Toscano*

## Resolution of ICT Disputes through Mediation and Arbitration

### Cost- and Time-Efficient Alternatives to Court Litigation

*Parties to ICT transactions must anticipate the right means to resolve potential disputes out of court in a time- and cost-effective manner to avoid lengthy and costly court proceedings. The experience of the WIPO Arbitration and Mediation Center demonstrates that mediation and arbitration leave ample space for the parties to settle their disputes and to achieve results tailored to the special circumstances of their relationship. This article presents first a comparison of cost and length of litigation of ICT disputes (I.) before exploring in detail the key features of the WIPO mediation and arbitration (II.).*

#### I. Cost and Length of Litigation of ICT Disputes

Cross-border Information and Communication Technology (ICT) transactions are growing in number and

complexity. The international dimension of ICT projects often involves complex questions related to Intellectual Property (IP) rights, such as patents, trademarks, copyrights – including software – or know-how. ICT disputes can be multi-faceted and may disrupt technology development, investment and consumer interests. When parties to ICT transactions become involved in disputes, they must find the right mechanisms to settle their differences in a time- and cost-effective manner.

ICT disputes can be brought before national courts, however litigation is not always well equipped to deal with the particularities of this type of disputes because the conflicts are often complex and require specialized expertise. As an alternative, parties may choose out-of-court dispute resolution methods. Alternative dispute resolution (ADR) mechanisms, including mediation, arbitration and expert determination, offer parties and their lawyers high-quality, efficient and cost-effective ways to resolve their ICT disputes out of court, especially contractual disputes involving parties from different jurisdictions.

▷ Ignacio de Castro, Deputy Director, WIPO Arbitration and Mediation Center, Geneva, Switzerland and Leandro Toscano, Representative of the WIPO Arbitration and Mediation Center in Singapore. Further information about the authors at p. 168.

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While we are not aware of reliable statistical information regarding ICT related disputes, the WIPO Center has recently conducted an International Survey on Dispute Resolution in Technology Transactions. According to the preliminary results of this Survey, 21 % of the 390 respondents who answered the Survey are involved in ICT transactions. 91 % of such respondents conclude agreements with parties from other jurisdictions and 80 % indicated that the agreements they conclude concern technology patented in at least two countries. While 36 % of dispute resolution clauses included in technology agreements refer disputes to court litigation, 30 % refer disputes to arbitration, 12 % to mediation and 3 % to expert determination.

Moreover, the cost of litigation can be very high. For example, according to press reports, in the *BSkyB v. EDS*<sup>1</sup> case the parties' legal costs were evaluated at GBP 70 million. We have set out below indicative tables listing average cost and length of litigation of patents, trademarks and copyright disputes before national courts in several jurisdictions (see graphs 1–3).

### II. WIPO Mediation and Arbitration

The WIPO Arbitration and Mediation Center has offices in Geneva, Switzerland and in Singapore and is part of the World Intellectual Property Organization (WIPO), a

<sup>1</sup> The judgment is available at: <http://www.bailii.org/ew/cases/EWHC/TCC/2010/86.pdf>.

specialized agency of the United Nations with 185 member states dedicated to developing a balanced and accessible international intellectual property system. The WIPO Center was established in 1994 as a neutral, international and non-profit dispute resolution provider specialized in IP, technology and entertainment that offers ADR options to enable private parties to efficiently settle their domestic or cross-border disputes.

The WIPO Center offers clauses, rules and neutrals for the following ADR options:

- ▷ *Mediation*: a non-binding procedure in which a neutral intermediary, the mediator, assists the parties in reaching a settlement of the dispute.
- ▷ *Arbitration*: a neutral procedure in which the dispute is submitted to one or more arbitrators who make a final and binding decision on the dispute.
- ▷ *Expedited Arbitration*: an arbitration procedure that is carried out in a short time and at a reduced cost.
- ▷ *Expert Determination*: a procedure in which a dispute or a difference between the parties is submitted to one or more experts who make a determination on the matter referred to by the parties. The determination is binding, unless the parties have agreed otherwise.

These procedures can be combined as indicated in the following diagram (see graph 4).

Country	Characteristic of Legal System	Average Length	Average Costs
France	- Civil Law - Unified Litigation - No specialized courts	First Instance: 12-24 months Appeal: 18-24 months	€ 80,000-150,000 (1 <sup>st</sup> Inst.)
Germany	- Civil Law - Bifurcated Litigation - Specialized courts	First Instance: 12 months Appeal: 15-18 months	€ 50,000 (1 <sup>st</sup> Inst.) € 70,000 (App.)
Italy	- Civil Law - Unified Litigation - Specialized courts	First Instance: Few months – 24 months Appeal: 18-24 months	€ 50,000-150,000 (1 <sup>st</sup> Inst.) € 30,000-70,000 (App.)
Spain	- Civil Law - Unified Litigation - Commercial courts	First Instance: 12 months Appeal: 12-24 months	€ 100,000 (1 <sup>st</sup> Inst.) € 50,000 (App.)
UK	- Common Law - Unified Litigation - Specialized courts - Mediation promoted	First Instance: 12 months Court of Appeal: 12 months Supreme Court: 24 months	€ 550,000-1,500,000 (1 <sup>st</sup> Inst.) € 150,000-1,500,000 (App.) € 150,000-1,500,000 (Supreme Court)
China	- Civil Law - Bifurcated Litigation - Specialized courts	First Instance: 6 months Appeal: 3 months	USD 150,000 (1 <sup>st</sup> Inst.) USD 50,000 (App.)
Japan	- Civil Law - Bifurcated Litigation - Specialized courts	First Instance: 14 months Appeal: 9 months	USD 300,000 (1 <sup>st</sup> Inst.) USD 100,000 (App.)
USA	- Common Law - Unified Litigation - Specialized court of appeals (CAFC) - Jury trial available - Mediation promoted	First Instance: up to 24 months Appeal: 12+ months	USD 650,000-5,000,000* (1 <sup>st</sup> Inst.) USD 150,000-250,000 (App.)

\* Report of the Economic Survey, Prepared Under the Direction of Law Practice Management Committee, AIPLA, Arlington 2011.

Graph 1: Patent Litigation; Source: This chart is based on figures provided in Patent Litigation – Jurisdictional Comparisons, Thierry Calame, Massimo Sterpi (ed.), The European Lawyer Ltd, London 2006.

### Resolution of ICT Disputes through Mediation and Arbitration

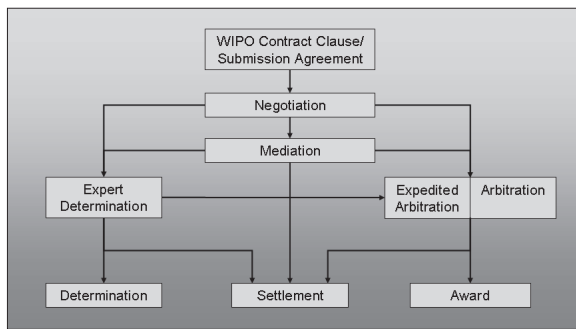
Country	Characteristic of Legal System	Average Length	Average Costs
<b>France</b>	- Civil Law - No specialized courts (but specialized chambers)	First Instance: 9-12 months Appeal: 18-24 months	€ 10,000-100,000 (1 <sup>st</sup> Inst.) € 10,000-100,000 (App.)
<b>Germany</b>	- Civil Law - Specialized courts	First Instance: 8 months Appeal: 15-18 months	€ 4,600-80,400 (1 <sup>st</sup> Inst.) € 8,000-98,700 (App.)
<b>Italy</b>	- Civil Law - Specialized courts	First Instance: Few months – 24 months Appeal: 12-18 months	€ 15,000-40,000 (1 <sup>st</sup> Inst.) € 15,000-25,000 (App.)
<b>Spain</b>	- Civil Law - Commercial courts	First Instance: 12 months Appeal: 18-24 months	–
<b>UK</b>	- Common Law - No specialized courts	First Instance: 10-12 months Court of Appeal: 12 months Supreme Court: 24 months	£ 100,000-500,000 (1 <sup>st</sup> Inst.) £ 50,000-250,000 (App.)
<b>China</b>	- Civil Law - No specialized courts (but specialized tribunals)	First Instance: 6 months Appeal: 3 months	Based on the amount of damages RMB 500-1000 where no claim for monetary amount (1 <sup>st</sup> Inst. and App.)
<b>Japan</b>	- Civil Law - Specialized courts	First Instance: 14 months Appeal: 9 months	–
<b>USA</b>	- Common Law - No specialized courts	First Instance: 2-5 years Appeal: 1-2 years	USD 365,000-1,000,000 (1 <sup>st</sup> Inst.)

**Graph 2:** Trademark Litigation; Source: This chart is based on figures provided in Trade Mark Litigation – Jurisdictional Comparisons, Thierry Calame, Massimo Sterpi (ed.), The European Lawyer Ltd, London, 2008.

Country	Characteristic of Legal System	Average Length	Average Costs
<b>France</b>	- Civil Law - No specialized courts	First Instance: 12-18 months Appeal: 12-24 months	€ 5,000-50,000 (1 <sup>st</sup> Inst.) € 5,000-50,000 (App.)
<b>Germany</b>	- Civil Law - No specialized courts (but specialized chambers within higher courts)	First Instance: 6-12 months Appeal: 6-24 months Supreme Court: 2-3 years	€ 6,100-24,700(1 <sup>st</sup> Inst.) € 7,400-30,500(App.)
<b>Italy</b>	- Civil Law - Specialized courts	First Instance: 18-24 months Appeal: 12-18 months	€ 15,000-40,000 (1 <sup>st</sup> Inst.) € 15,000-25,000 (App.)
<b>Spain</b>	- Civil Law - Commercial Courts	First Instance: 11 months Appeal: 2-12 months	€ 20,000-30,000 (1 <sup>st</sup> Inst.) € 15,000-20,000 (App.)
<b>UK</b>	- Common Law - No specialized courts	First Instance: 12-13 months Court of Appeal: 6-12 months	£ 100,000-500,000 (1 <sup>st</sup> Inst.) £ 100,000-150,000 (App.)
<b>China</b>	- Civil Law - No specialized courts (but specialized tribunals)	First Instance: 6 months (in law) Appeal: 3 months, no limits when foreigners litigate	Based on the amount of damages RMB 500-1000 where no claim for monetary amount (1 <sup>st</sup> Inst. and App.)
<b>Japan</b>	- Civil Law - Specialized courts	First Instance: 14 months Appeal: 8 months	–
<b>USA</b>	- Common Law - No specialized courts	First Instance: several months or years Appeal: several months or years	USD 500,000 or more (1 <sup>st</sup> Inst.)

**Graph 3:** Copyright Litigation; Source: This chart is based on figures provided in Copyright Litigation – Jurisdictional Comparisons, Thierry Calame, Massimo Sterpi, Francetti Regoli (ed.), The European Lawyer Ltd, London, 2010.

## Resolution of ICT Disputes through Mediation and Arbitration



Graph 4: WIPO ADR Procedures

### 1. Advantages of Mediation and Arbitration

ADR procedures offer the following advantages for ICT disputes:

- ▷ *A single procedure.* Parties can use ADR to settle in a single forum disputes involving several jurisdictions, avoiding the expense and complexity of multi-jurisdictional litigation, and the risk of inconsistent results.
- ▷ *Party autonomy.* As opposed to court litigation, ADR allows parties to exercise greater control over the way their dispute is resolved because of its private nature. The parties themselves, with the assistance of the WIPO Center when necessary, can select the most suitable neutral for their dispute, specialized in the subject matter in dispute. Additionally, the parties may choose the place and language of the proceedings and the applicable law.
- ▷ *Expertise.* The parties can appoint arbitrators, mediators or experts with specific proficiency in the relevant legal, technical or business area. It is of greatest importance to achieve high-quality solutions in ICT disputes where judges may often not have the relevant expertise in the pertinent area.
- ▷ *Neutrality.* ADR can be neutral to the law, language and institutional culture of the parties, preventing any home court advantage that one of the parties may enjoy in court-based litigation.
- ▷ *Cost and time efficiency.* Economically viable and speedy dispute resolution is essential in ICT disputes. ADR methods allow parties to save significant costs that the parties would otherwise undergo in multi-jurisdictional court proceedings. Timing is also of particular importance for ICT projects where delays can put the whole project at risk. In this regard, ADR mechanisms provide for short timelines which the parties can further adapt. Specific fast-track methods exist to provide for even faster solutions, such as “expedited arbitration”.
- ▷ *Confidentiality.* The WIPO Rules provide that the proceedings and their results be confidential, allowing the parties to focus on the merits of the dispute without concern about its public impact. This may also be of particular relevance where commercial reputations and trade secrets are involved.
- ▷ *Preserving long-term relationships.* By using ADR mechanisms, in particular mediation, parties may preserve their business relationships as business interests can be taken into consideration and viable

long-term solutions can be adopted in a less confrontational forum.

- ▷ *Finality and enforceability of arbitral awards.* When the parties refer their disputes to arbitration, they benefit from the finality of arbitration awards. Arbitral awards are normally final and binding and not subject to appeal, unlike court decisions. In addition, the United Nations Convention for the Recognition and Enforcement of Foreign Arbitral Awards of 1958 generally provides for the recognition of arbitral awards on par with domestic court judgments without review on the merits which greatly facilitates the enforcement of awards across borders.

ADR presents a series of advantages to resolve ICT disputes; however there are circumstances in which court litigation is preferable to ADR. For example, ADR’s consensual nature makes it less appropriate if one of the two parties is extremely uncooperative, which may occur in the context of an extra-contractual infringement dispute (e.g. piracy or counterfeiting). Consequently, it is important that potential parties and their lawyers are aware of their dispute resolution options in order to be able to choose the procedure that best fits their needs.

### 2. WIPO Rules

The WIPO Mediation, (Expedited) Arbitration, and Expert Determination Rules are generally appropriate for all commercial disputes, and additionally feature provisions to address specific needs in ICT disputes, for instance on confidentiality, technical evidence and interim measures. In addition, parties can shape the process of the ADR proceedings with the help of the WIPO Rules and contract clauses.

### 3. WIPO Panel of Neutrals

To a large extent the efficiency of the proceedings depend on the quality of the selected neutral. ICT disputes demand not only optimal procedural skills on the part of the decision-maker, but also specialized knowledge of matters related to the subject of the dispute.

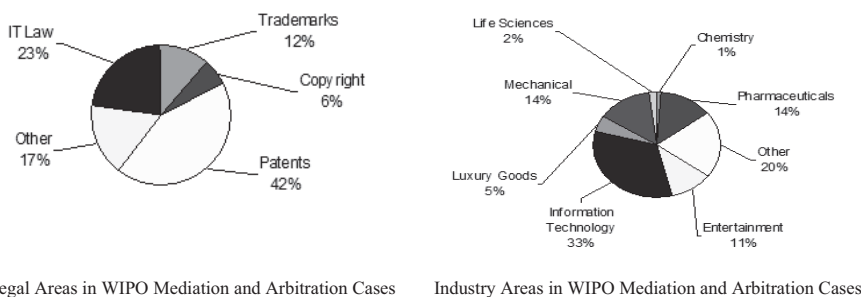
A list of over 1,500 independent WIPO arbitrators, mediators and experts from about 100 jurisdictions is available for parties who can draw upon such database to select the most suitable candidate to assist them in settling their dispute.

### 4. Caseload and Subject Matter of Disputes

As of August 2012, the WIPO Center has administered some 280 mediation and arbitration cases, filed by large companies, small and medium sized enterprises, research organizations and universities. 53 per cent of cases filed with the WIPO Center have been submitted to the WIPO mediation rules, 26 per cent to the WIPO arbitration rules and 21 per cent to the WIPO expedited arbitration rules.

Disputes often relate to ICT contracts, including outsourcing agreements, system integration agreements, patent licenses regarding ICT and telecommunications related agreements, software agreements, such as software development, disputes involving the quality/performance of the delivered software, disputes involving timely delivery, software licence disputes, source code

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Graph 5: Legal and Industry Areas in WIPO ADR Procedures

and escrow disputes and reseller disputes, among others. Cases arising out of agreements in settlement of prior court litigation have also been filed with the WIPO Center.

The wide range of potential users internationally includes software developers, ICT companies, ICT users, service providers, hardware manufacturers, out-sourcers, programmers, telecommunication providers and telecommunication regulators.

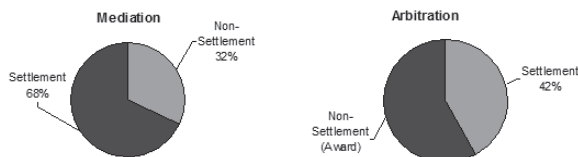
To date, 42 per cent of cases filed with the WIPO Center involve patent related issues, followed by ICT disputes (23 per cent), trademarks (12 per cent), copyright (6 per cent) and other legal areas (17 per cent). The following chart shows the distribution of WIPO cases in accordance with their legal and business areas. 88 % of such cases are international in nature (see graph 5).

5. Remedies

The majority of claims in WIPO cases relate to monetary relief, however specific remedies have been requested in some cases administered by the WIPO Center. These specific remedies include requests for specific performance, for the preservation of confidentiality of produced evidence and for the declaration of invalidity or infringement.

6. Settlement Rates

Party settlement occurs at different phases of WIPO cases: 68 % of the mediations and 42 % of the arbitrations administered by the WIPO Center end with a settlement agreement (see graph 6).



Graph 6: Settlement Rates in WIPO ADR Procedures

Under the WIPO Rules, the tribunal has the power to suggest that the parties explore settlement at such times as it deems appropriate. If the parties agree on a settlement before the award is made, the tribunal will terminate the arbitration and may record the settlement in the form of a consent award if this is jointly requested by the parties. The benefit of a consent award is its international enforceability under the New York Convention.<sup>2</sup>

7. WIPO Recommended Clauses and Submission Agreements

Referral to WIPO dispute resolution procedures is consensual and clauses determining the settlement of future disputes according to the abovementioned procedures can be included in ICT agreements. Additionally, it is also possible to consent to submit existing disputes to ADR by signing a submission agreement.

To facilitate party agreement, the WIPO Center provides recommended contract clauses and submission agreements<sup>3</sup>. When appropriate, the WIPO Center can also assist parties in adapting the model clauses to the circumstances of their contractual relationship.

a) Multi-Tiered Dispute Resolution Processes

Combining ADR procedures by having for example a first mediation phase, followed in the absence of settlement by arbitration, may present considerable advantages to parties to ICT disputes. Such combination can help avoid an increase in costs while combining the benefits of such procedures where necessary. In 33 % of the mediations, expedited arbitration and arbitration cases filed with the WIPO Center, the parties used an escalation clause providing for WIPO mediation followed by WIPO expedited arbitration or WIPO arbitration.

Such escalation clauses contribute to increase settlement chances still keeping the risk for the parties low as either party can step out of the mediation proceedings at any stage. Furthermore, by using mediation potential subsequent arbitration proceedings would be better prepared. A clear definition of time-limits when drafting combined clauses is essential to avoid delays in the resolution of the dispute.

Parties may combine mediation with (expedited) arbitration and expert determination in different manners. The most commonly used WIPO ADR clause is “Mediation Followed, in the Absence of a Settlement, by [Expedited] Arbitration”, which provides that:

“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].

2 The 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards.  
 3 For WIPO model clauses and submission agreements, see: <http://www.wipo.int/am/en/clauses/index.html>.

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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 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, controversy or claim referred to arbitration shall be decided in accordance with the law of [specify jurisdiction].”

(\* The WIPO Expedited Arbitration Rules provide that the arbitral tribunal shall consist of a sole arbitrator.)

The WIPO model clauses and submission agreements have been drafted by experts in ADR, intellectual property and technology. It is generally advised to use model ADR clauses and submission agreements in order to avoid any uncertainty which may later lead to complications and delays during the dispute resolution process.

### b) Tailored ADR Clauses

Adapting ADR clauses presents a number of risks; however clauses and submission agreements may be carefully adapted to the specific needs of parties where necessary.

In certain occasions, for example a particular expertise is needed to achieve a quality settlement. For this reason, in some cases administered by the WIPO Center parties have specified in ADR clauses the qualifications required from the neutral. Additionally, they have indicated other provisions in order to expedite the administration of the case, including reduced timelines and the exclusion of certain types of evidence, such as discovery.

An example of this is a recent expedited arbitration administered by the WIPO Center relating to a banking software dispute. In this case, a US company providing data processing software and services and an Asian bank concluded an agreement regarding the provision of account processing services. The parties agreed that the US company was to be the exclusive service provider for certain of the bank's affiliates in North America and Europe. The agreement stated that any dispute arising out of or in connection with the agreement would be resolved under the WIPO Expedited Arbitration Rules and that the sole arbitrator would be selected from a panel of persons having experience of information technology. Reduced timelines and the exclusion of discovery were also indicated in the expedited arbitration clause:

“Any dispute or controversy arising out of this agreement shall be submitted to and resolved by arbitra-

tion 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. The place of Arbitration shall be New York City. The applicable substantive law shall be that of the State of New York.”

Four years after the conclusion of their agreement, the US company alleged that the bank had violated the agreement by using processing services offered by third parties in countries covered by the agreement. When the parties failed to settle the dispute, the US service provider commenced WIPO expedited arbitration proceedings claiming infringement of the agreement and substantial consequential damages.

The parties agreed upon a sole arbitrator who held a two-day hearing in New York City. Three months after the request for expedited arbitration, the arbitrator rendered a final award finding partial infringement of the agreement and granting damages to the US service provider.

The parties also agreed to use the WIPO Electronic Case Facility (WIPO ECAF), an online case administration system that can be used in cases filed with the WIPO Center if parties opt for it. Submissions and communications are thereby filed into an online case docket, providing an electronic case record available to the parties, the arbitrators or mediators, and the WIPO Center. In order to protect the confidentiality of the procedures and to provide safety measures, WIPO ECAF is secured by a firewall, user names, changing passwords and a secure ID card.

### 8. Fee Structure

As a non-profit organization, the WIPO Center offers a very competitive schedule of fees and costs for the administration of mediation,<sup>4</sup> (expedited) arbitration,<sup>5</sup> and expert determination<sup>6</sup> cases. The WIPO Center ensures that all fees charged in a WIPO ADR procedure are appropriate in light of the circumstances of the dispute. The WIPO Center offers, as of June 1, 2012, a 25 per cent reduction on the WIPO Center's registration and administration fees regarding proceedings commenced under the WIPO Rules, where either party or both parties is/are named as applicant/s or inventor/s in a published PCT application.<sup>7</sup>

### 9. WIPO Case Examples Related to ICT Disputes

In order to exemplify the types of ICT disputes and the ADR services offered by the WIPO Center to better resolve such disputes, we have set out below two examples of cases administered by the WIPO Center originated in ICT disputes:

4 See <http://www.wipo.int/amc/en/mediation/fees/index.html>.

5 See <http://www.wipo.int/amc/en/arbitration/fees/index.html>.

6 See <http://www.wipo.int/amc/en/expert-determination/fees/index.html>.

7 See <http://www.wipo.int/amc/en/pct/fees/>.

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**Limits of ISP Safe Harbor for Third Party Content**
**a) A WIPO Expedited Arbitration of a Software Dispute**

A software developer based in the US and a European company concluded an on-line license agreement permitting use of the European company's security software for internet distribution of the developer's software. The license agreement contained an arbitration clause providing that all disputes should be resolved under the WIPO Expedited Arbitration Rules. Several years after the conclusion of the agreement the software developer submitted a request for Expedited Arbitration to the WIPO Center. He alleged that the European company's security application had not prevented third parties from unauthorized access to his software and claimed substantial damages for breach of contract.

The parties chose one of the candidates proposed by the WIPO Center as sole arbitrator. Because of the geographical distance between them and in order to avoid cost expenditure for travel, the parties agreed to hold the hearing through a videoconference, including witness examinations. Following post-hearing submissions, the arbitrator rendered a final award.

**b) A WIPO Mediation of a Telecom Patent License Dispute**

A European telecom company licensed US, European and Asian patents relating to telecommunication technology to a US company involved in the development of wireless products. The license agreement contained a clause according to which any dispute arising out of or in connection with the agreement should be submitted to WIPO mediation, followed in the absence of settlement by WIPO arbitration.

Four years after concluding their agreement, the parties disagreed on the scope of the applications for which the licensee could use the licensed technology and, as a result, the licensor alleged that the licensee had violated its patents by using the licensed technologies beyond the scope of the license.

The European telecom company initiated a WIPO mediation. The WIPO Center suggested to the parties potential mediators with specific expertise in patents and telecommunication technology. With the mediator's assistance, the parties were able to settle their dispute within five months of the commencement of the mediation.

**III. Conclusion**

Mediation and arbitration may be used to prevent disputes, resolve them at an early stage, or settle them prior to formal litigation. Not only is the inclusion of mediation and arbitration clauses in ICT agreements beneficial to parties when a dispute arises, but these clauses can also help prevent conflicts in the first instance. If the parties cannot resolve their disagreements through direct negotiations, mediation and arbitration can be particularly advantageous to resolve ICT disputes, especially when parties from different jurisdictions are involved.

Whenever disputes occur, parties to ICT transactions must find the right means to resolve them in a time- and cost-effective manner. The WIPO Center's experience demonstrates that mediation and arbitration leave ample space for the parties, with the help of the neutral(s) selected, to settle their case and to limit the disruption to their relationship.



## Case Law

USA: Limits of ISP Safe Harbor for Third Party Content

17 U.S.C. § 512(c)

Headnotes

1. The District Court correctly held that 17 U.S.C. § 512(c)(1)(A) requires knowledge or awareness of facts or circumstances that indicate specific and identifiable instances of infringement.

2. However, the June 23, 2010 order granting summary judgment to YouTube is VACATED because a reasonable jury could conclude that YouTube had knowledge or awareness under § 512(c)(1)(A) at least with respect to a handful of specific clips; the cause is REMANDED for the District Court to determine whether YouTube had knowledge or awareness of any specific instances of infringement corresponding to the clips-in-suit.

3. The willful blindness doctrine may be applied, in appropriate circumstances, to demonstrate knowledge or awareness of specific instances of infringement under § 512(c)(1)(A); the cause is REMANDED for the District Court to consider the application of the willful blindness doctrine in the first instance.

4. The District Court erred by requiring "item-specific" knowledge of infringement in its interpretation of the "right and ability to control" infringing activity under 17 U.S.C. § 512(c)(1)(B), and the judgment is REVERSED insofar as it rests on that erroneous construction of the statute; the cause is REMANDED for further fact-finding by the District Court on the issues of control and financial benefit.

5. The District Court correctly held that three of the challenged YouTube software functions—replication, playback, and the related videos feature—occur "by