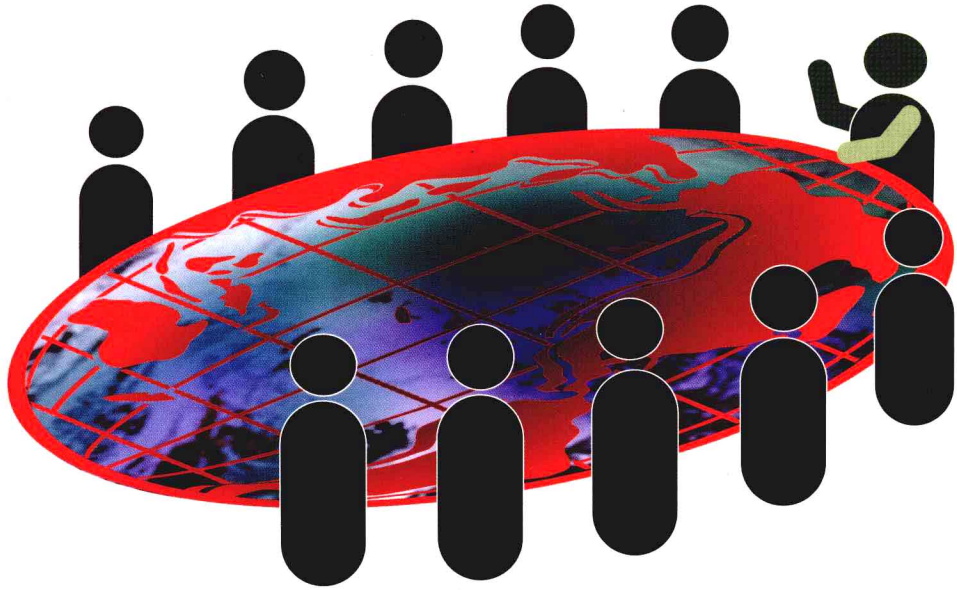
David W. Plant

We Must Talk Because We Can

Mediating International Intellectual Property Disputes



International Chamber of Commerce
The world business organization

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Table of Contents

Foreword

At first glance, it is somewhat ironic to see one of the most internationally renowned mediators ask the Chairman of the International Court of Arbitration of the International Chamber of Commerce (ICC) in Paris to preface his book, which is dedicated to "Mediating Difficult International IP Disputes". Indeed, mediation is sometimes still considered to be in opposition to arbitration. Both arbitrators and mediators often address the same actors (business people), intervene in the same context (the legal dispute), and are entrusted with an identical mission (the resolution of disputes).

But these two methods are far from being rivals, they are, on the contrary, complementary; this is why it is important to promote one and the other – and one along with the other, so as to create a prolific synergy. Like other institutions, the International Court of Arbitration of the ICC understands the benefits that can be reaped from this synergy and has developed, since its beginning (1923), rules and services facilitating these so-called alternative methods of dispute resolution. Recently, the Court and ICC (Dispute Resolution Services) decided to establish an annual International Commercial Mediation Competition, open to students and law schools around the world. This Competition takes place, thanks in no small part to the assistance of many mediators who are prominent in the international mediation community. David Plant is one of them.

It was during one of these competition sessions that I had the chance to hear and see David Plant at work for the first time. What a revelation and what fortune! First, it was a revelation to appreciate the mediator's art: his strength vested in his unique *moral* authority, his interest which extends as much to the participants as to the characteristics of their dispute, his special attention to helping the parties but never imposing his views. Next, my fortune was to observe the mediator's workmanship: the finesse and the discretion, the attentiveness to all that is said, as equally to all that is not.

This revelation, this fortune, I found them once again in the pages of this book. It is not merely a good read, to which the reader is invited, but it is rather an induction for the reader; one does not read, one *listens*. The author's approach is progressive, garnished with advice and suggestions, nourished with rich experience. Intellectual property specialists will assuredly benefit from the author's report on this particular area of law, but his presentation is also of wider significance because it addresses, at the very least, all those who are interested in mediation and all those who are concerned by mediation. Moreover, the author's perspective will be advantageous to the reader, by illustrating the methodology and rendering it more easily accessible.

It is said that a mediator's unique talent lies in the art of convincing. Then indeed, David Plant is a great artist!

Pierre Tercier
Chairman of the International Court of Arbitration of the ICC (Paris)
Professor at the University of Fribourg (Switzerland)

Acknowledgements

Fortunately, this acknowledgment is written much later than the ICC would like. This is the day after Christmas 2007. Yesterday, I received as a gift from my daughter, Susan, a book I initially thought was intended for my almost-three year old granddaughter, Mina. Wrong. It is indeed for me – and us. It is "Click, Clack, Moo ... Cows That Type," by Doreen Cronin. It turns out to be required reading for all mediators and parties to mediations.

In short, one of Farmer Brown's ducks is enlisted to mediate a controversy among Farmer Brown, his cows and his chickens. The duck is neutral. But being a savvy interpreter of human and barnyard behavior, the duck not only settles the matter but also negotiates a new diving board for the duck pond. Many messages are hidden in this little book. I acknowledge its teachings and the perceptiveness of my daughter.

Also, I acknowledge the teachings of the thousands of people I have met and worked with in the course of my ADR career. Without them, I would be living a life more typical of a recent New Hampshire resident, rather than enjoying the rewards and vexations of mediation. This book would not have been born. I cannot begin to name them, but I can thank them with deepest sincerity.

More directly, this book could not have been completed without the indescribable attention and care devoted to early manuscripts by Susan Little of New London, New Hampshire – an incomparable and encouraging reader. Alan Limbury of Sidney, Australia, deserves special mention because of his careful review and revealing criticisms of a manuscript. (I have given credit to Alan in a few places in the book – hardly a worthy expression of my gratitude to him.) Nancy Thevenin of the ICC in New York City also read and carefully and most helpfully commented on an early draft. Thirerry Garby of Paris, France kindly read a draft and encouraged me to continue. Mercedes Tarrazon of Barcelona and Phillip Howell-Richardson of London both read an early manuscript and shared their constructive views with me at a meeting in Geneva. Two students at The Pierce Law Center in Concord, New Hampshire – Melinda Siranian and Sabin Maxwell – read, commented on and corrected early drafts in many useful ways. To all of these dedicated people, I am indebted.

Closer to home at the ICC, Professor Pierre Tercier was more than kind to read a draft and to write the glowing forward to the book. As I wrote to Professor Tercier, I found his soaring words to describe a mediator I do not know. Also at the ICC, Melanie Meilhac (Manager, ADR - Expertise - Dispute Boards), Rachelle Bijou (Director of ICC Services, Publications), Stephanie Rossignol (production), Anne-Marie Harper (copy editor), and Peter Fernandes (graphic design) all worked creatively and assiduously to bring this book into the world. I am immensely grateful to each of the ICC personnel who worked so hard to get the book published.

Last but not least, I thank the Harvard Negotiation Insight Initiative and its photographer, Tom Fitzimmons, for permitting the ICC to use the photograph of me taken at an HNII workshop in 2006.

I am grateful to all of my family, and especially Jeanie, my wife. Each has permitted me to follow my whims and wanderings, while each sacrificed to see to it that I could do what I do. Jeanie has led the cheerleaders every inch of the way.

Thank you, everyone.

David W. Plant

New London, New Hampshire, USA
December 26, 2007

I. Introduction

This book is for any person – business person, consumer, lawyer or mediator – faced with an IP dispute. The book builds on my thoughts in *Resolving International Intellectual Property Disputes*, published by ICC in 1999. Here the focus is on mediation. I have added thoughts that have occurred to me since 1999, based primarily on eight more years of experience mediating, arbitrating, studying, training and teaching.

Virtually every international IP dispute is difficult. Sometimes, extraordinarily so. Mediation in international IP disputes works best when *each person* concerned is thoroughly prepared, and brings to the table all his or her interpersonal skills, cultural sensitivity, patience, open-mindedness, creativity and commitment. Each person may have to re-hone those skills, or even learn them for the first time. None of this comes easily. All of it requires care and commitment.

Care and commitment are required as to each person's emotional issues – emotional issues unique to the person or specific to a particular conflict, or those more generally felt by each of us as ordinary, everyday citizens of this world. Each person should be sensitive to his or her own emotional investment in the conflict, and in matters that may affect his or her role in the conflict and its resolution. Each should be sensitive to his or her own emotional hot buttons. This goes for parties, counsel and mediators alike.

Each person should be acutely aware of cultural nuances and differences. These are likely to tie into emotional issues. Acknowledging and respecting the other person's cultural interests and needs is a key to success.

In this book, I focus on the *process* of mediation and on the mediator, the client and counsel. I come at this from a Western, common law (specifically, US) orientation. Interest-based negotiation underlies the mediation process as I practice it. Mediation, as I see it, is interest-based negotiation facilitated by a third person – the mediator. My aim is to help you, the reader – whatever your role – to prepare for and engage in such mediation at the most productive level.

I set high standards to enhance the likelihood that everyone's participation in a mediation – client's, counsel's and the mediator's alike – will result in a mutually acceptable, jointly beneficial and enduring resolution of whatever the problems may be. Of course, if parties can resolve their problem without the intervention of a neutral facilitator, they surely should do so.

In the end game, when money is the last issue remaining, old-fashioned positional bargaining may well be undertaken. This is not all bad, if the parties to the IP dispute have agreed on all the other terms and conditions and are now trying to agree on a fair price. Objective criteria, reality tests and other techniques may be used. But in the end, if the parties' real interests and real needs are not satisfied, positional bargaining may well fail, and resolution of the IP dispute may not be reached.

The chapters may be read in any order, with one crucial caveat: Chapter VI – Preparing For IP Mediation – must be read. Chapter VI is further developed in Chapters VII, VIII and IX. As a reminder of the essence of Chapter VI, Appendix E can be copied and carried in one's pocket or briefcase. Preparation is the key. Preparation cannot be overemphasized or overdone.

I have written the book with the conviction that, if parties will talk openly and empathetically, often they will find that they can create a mutually satisfactory solution to their problem. Even against the backdrop of a troubled and dysfunctional history. Especially, in this flat, globally interconnected commercial world.

In short, with the hope and need for resolution, parties *must* talk, because they *can* talk.

II. The Nature of IP Disputes

Litigation. A machine which you go into as a pig and come out of as a sausage.[1]

Justice is a machine that, when someone has once given it the starting push, rolls on of itself.[2]

As a litigant, I should dread a lawsuit beyond almost anything short of sickness and death.[3]

The Dell Theory of Conflict Prevention: ... No two countries [companies] that are both part of a major global supply chain, like Dell's, will ever fight a war against each other as long as they are both part of the same global supply chain.[4]

The importance of intellectual property (IP) in international commercial affairs does not require elaboration. IP is of fundamental importance to all kinds of businesses and ventures. IP disputes reach across many borders – to people from widely different backgrounds and with fundamentally different views of the world, and often in unfamiliar venues. Thus, fair and durable resolutions demand courage, careful attention and practicable processes.

Courage is required to be the first person to move, the first to invite dialogue, the first to disclose real interests and real needs, the first to acknowledge another's real interests and needs, the first to explore options, and the first to propose an even-handed solution that benefits all parties.

Careful attention must be paid to countless questions, in light of differences in legal environments, institutional practices, cultural norms and individual idiosyncracies. These differences cut across all kinds of IP, e.g.:

> In the case of an *"invention"* – Who is the creator or inventor? Did more than one person contribute? To what extent? Was the contribution material? What indeed is the invention? Whose resources were utilized in making the invention? Who owns the invention? Does a contract answer questions or invite questions? Does the invention have value in the market place? Today? Tomorrow? How best to realize that value? What is the effect of prior art?

1 Ambrose Bierce, *The Devil's Dictionary* (1911).

2 Attributed to John Galsworthy in *The Lawyer's Quotation Book* (1992).

3 Attributed to Learned Hand in Henry and Lieberman, *The Manager's Guide To Resolving Legal Disputes* (1985).

4 Thomas L. Friedman, *The World Is Flat* (2005).

In the case of a *trademark* or *service mark* – What mark can be used? How? On what products or services? By whom? Under what controls as to quality and compliance with trademark laws? Must another's mark be considered? Does the value of the mark warrant costly enforcement procedures? Can they be effective?

Is a *domain name* legitimately registered or part of a cyber-squatter's illegal scheme?

Similar questions may occur with respect to *copyrights* and *trade secrets*.

Questions may arise as to *whether or not to protect IP*. And why? If yes, what property? How? In what jurisdictions? At what cost? With what reward? Is the IP a government issued or registered right? Is the IP right implied in law or created by contract? Will IP be challenged? By whom?

Whether or not to enforce an IP right. Against whom? Why? Where? Concurrently in different jurisdictions? What are the consequences of a win, a loss or a settlement? What are the consequences of different outcomes in different jurisdiction and with different parties? Cost? What is the outcome of a rigorous risk analysis? What is the likelihood of counter claims or counter suits? Prospects of granting rights in return for compensation? Other consideration?

Whether or not to avoid IP. How? Why? Challengeable? Cost?

Whether or not to negotiate for rights under IP? Challenge IP? How? Why? Where? Cost? Risk? Reward?

Whether or not to exploit IP. Why? Exploit what? How? Where? By whom? Expected results? Cost v. rewards?

Whether or not to acknowledge IP. Why? To whom? How? Terms and conditions? Cost?

Whether or not to ignore IP. Yours? Theirs? Why? Risk? Cost?

Whether or not to grant IP rights. What rights? To whom? Why? Terms and conditions? Consequences of a breach of the agreement?

Delineating questions is easier that divining answers. Where the analysis entails the rights, power or position of another party (or parties), potential conflict must be anticipated and addressed. Where resolution is desired, or is otherwise considered, will the negotiation process itself lead to a satisfactory resolution? If unassisted negotiation does not resolve an issue, a facilitated process may work. This is mediation.

III. IP Disputes Suitable For Mediation

> *The best companies are the best collaborators. . . . The next layers of value creation – whether in technology, marketing, biomedicine, or manufacturing – are becoming so complex that no single firm or department is going to be able to master them alone.*[5]
>
> *I am absolutely surprised that you have left this incredibly important and significant decision to the court . . . I have always thought that this decision, in the end, was a business decision.*[6]

A. What is Mediation?

In this book, mediation is interest-based communication and negotiation facilitated by a neutral. It occurs by agreement of the parties. It rests on an understanding by each side of its own and the other side's real interests and real needs. Based on these understandings, the parties explore options and craft their own solution to their problem.

The mediation process is the parties' process. The parties control the definition of the problems, the exploration of options, the creation of solutions and the terms of an agreement. They are not constrained (but they may be influenced) by pleadings, procedural rules of law, evidence, arguments put forward by counsel, or directions of a court. For IP mediation to work best, senior business representatives with "full authority" to negotiate, explore options, settle and bind a party should be present.[7] Participation of interested but unnamed persons is often essential.

The mediation process is normally fluid and often amorphous. It does not lend itself to rigid structure. Variations on the theme are available. Often, creating and invoking variations is key to a successful resolution. As Professors Frank Sander and Steve Goldberg instructed years ago – we must fit the forum to the fuss.[8]

5 Thomas L. Friedman, *The World Is Flat* (2005).

6 US District Court Judge James R. Spencer in *NTP v. RIM*, as quoted in the New York Times February 25, 2006, regarding potentially USD Millions in damages and a potential injunction against the manufacturer and marketer of "Blackberry" devices.

7 In Chapter IX B 1., we discuss mediating IP disputes when business representatives are present without literally "full authority" to settle and bind a party. This is not an uncommon occurrence. It need not be fatal.

8 Frank E.A. Sander and Stephen B. Goldberg, "Fitting the Forum to the Fuss: A User's Friendly Guide to Selecting ADR Procedure", *Negotiation Journal* (1994).

The mediator is normally a "neutral" facilitator. The mediator may also evaluate and direct – with the parties' approval and agreement. The IP mediator works hard to keep the parties talking and exploring options, permits emotion to play a role, assures that cultural needs are acknowledged and respected, is committed, creative, patient and persistent, and guides the parties' process with the aim of assisting the parties to reach resolution in the deepest sense.

B. What IP Disputes are Suitable for Mediation?

Virtually all IP disputes are suitable for mediation – assuming parties to the IP dispute are willing to negotiate in good faith with the shared goal of finding a resolution.

Exceptions include those situations where immediate injunctive relief is required (e.g., in counterfeiting, cyber-squatting, gray goods or severe market erosion situations), where a party perceives a need for a precedent, where a party is using the dispute for tactical or strategic purposes in the market place, or where a party is unwilling to negotiate at all, let alone in good faith. These situations are not rare. But neither are they so frequent as to render mediation only occasionally appropriate.

Mediation is frequently appropriate. Many patent, trademark, copyright, trade secret, licensing, joint venture, and research and development disputes have been successfully resolved through mediation. Many issues have been narrowed in scope. Many relationships have been repaired, or created – often, before an enormous expenditure of energy, time and resources. Even one-off disputes have been resolved through mediation.

The willingness of all parties – especially principals – to negotiate in good faith is crucial to the success of a mediation of an IP dispute. This usually disqualifies counterfeiting, cybersquatting and similar situations as candidates for mediation. Counterfeiters are not likely to negotiate in good faith. In less extreme cases, one party may simply be unwilling to negotiate at all. A party may be unwilling from the outset, and sometimes, even after a negotiation or mediation has been underway and progress appears – to at least the mediator – to be occurring.

Animosity, anger and distrust engendered by keen competition, conflicting personalities or scorched-earth litigation do not necessarily preclude mediation. On the contrary, the opportunity afforded by mediation to vent and to address emotions may be the primary factor in ultimately empowering parties to join together in finding a solution to their problems. The presence of palpable emotion may be the very reason parties should mediate.