OHIM mediation workshop

Assessing the suitability of your IP dispute for mediation

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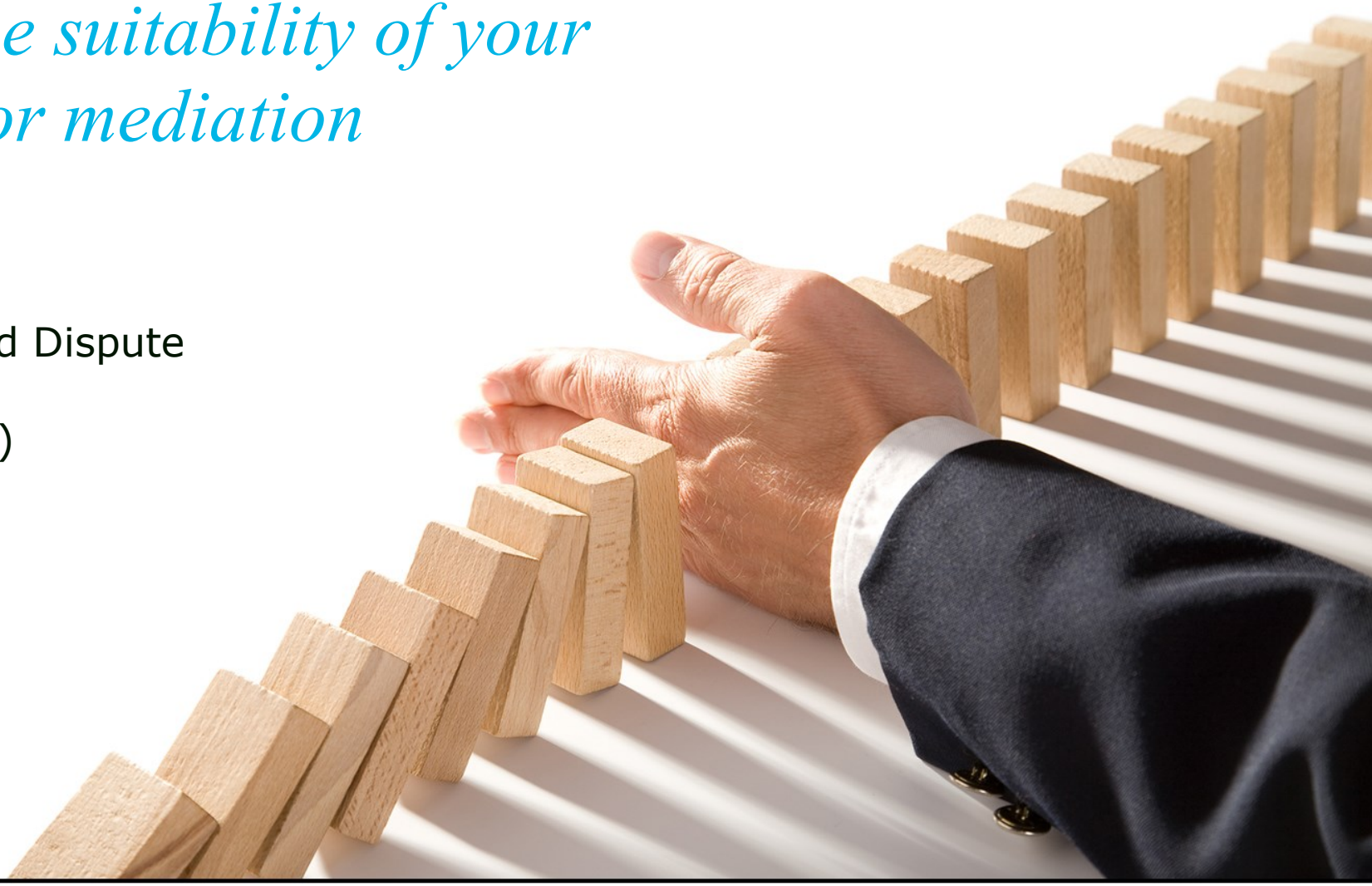

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1. Background

Solicitor/Partner in Eversheds Dublin. A litigator and a mediator – the starting point for me is every dispute is capable of resolution – it is a question of desire and timing. My background is as a seasoned commercial litigator and mediator. I have the benefit of acting frequently as mediator and as advocate. I also frequently conduct workshops and training for mediators. The guiding lesson for me is that the same principals for successful mediation apply to all situations. Flexibility and adaptability are key to determining the suitability of mediation for your dispute – you must be sure that your side can work within the confines of the limited tools available – the team must have improvisers who will work outside the box – straight line thinking must be left at the door! Good time management, some empathy and ability to understand the opposing sides position is essential to success – the goal is to win the war not every battle! Remember, each dispute will involve its own unique issues and different personalities. This is not a negative, instead this can be viewed as a positive and mediation should never be seen as a sign of weakness. It is key to assess if the parties and the dispute is ready for resolution at the time of electing to mediate.

2. Potential Headaches and Difficulties to Overcome:

Frequently parties who are in dispute are anxious and have lost objectivity on the issues in dispute. This is a natural deterrent to reaching an agreement. Quite often legal issues over-ride the greater commercial context.

The good news is you are not on your own - every dispute has these basic pre-requisites. Your job is to add objectivity and practicality. Being overly legalistic where there is a potential for a long and expensive legal dispute or indeed, OHIM appeal process is in itself a real catalyst to consider mediation.

3. Ground Rules:

As client or adviser where a dispute emerges, the key to a successful should not be to define the outcome in straight lines. Disputes are rarely resolved with a *"Black or White"* answer; there are nearly always shades *"of grey"* which get lost in the detail and the heat of battle. Commerce involves negotiation and give and take. By the time the dispute makes its way to the lawyers, the parties have tired of the *"petty arguments and are looking to the detail of the agreement".* Of course some disputes must end up in litigation/arbitration – without this many lawyers would be out of a job!

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So why is mediation suitable and when should it be considered?

Commentators argue that mediation should be considered from the outset of every dispute. This is true and even under OHIM rules which currently only allow mediation during the appeal process, there is scope for ad hoc earlier mediation. It is not a case of mediate now or forget mediation – the process and the advisors who champion it allows for fluidity.

If you ask parties what they want from a dispute, after the valedictory speech, most disputants will say they want a quick solution, which is inexpensive and which results in them getting what they bargained and paid. Life is not always that simple. As a commercial litigator, I have seen many successful litigants who are just as disappointed at the conclusion of a lengthy trial, where they have secured orders to enforce the bargain, but due to the erosion of time and the cost and publicity in getting to that point the gains do not outweigh the pitfalls.

Mediation offers an alternative – a "*win win*" if you like. I particularly like the analogy of two parties who are arguing over an Orange. They both recognise that cutting the Orange in half is a disaster and have lost all objectivity and believe that the only solution is to secure the full Orange. The reality of the situation is quite different: one party needs the juice and the other needs the rind/skin.

With mediation and a preparedness to think outside the box, the commercial imperatives can be achieved. Both can be winners and both can make a profit – better still, they can preserve their continuing relationship and work together to enhance their respective well-being and profit.

The original written contract is not unlike the Orange scenario, as it does not usually contemplate a dual use for both parties; clearly there may be commercial objectives to be ironed out, as one party may have to pay a commission to the other. But, the essential point is that a commercial outcome which could not be achieved in litigation or arbitration can be achieved.

In my experience when selecting mediation the parties are making a choice to find an innovative solution to a commercial dispute. They want to retain structure but add a dynamic of flexibility which never exists in a court or arbitral process. The process remains party driven (not lawyer or adviser driver), it is completely voluntary and can be terminated at any time by the parties and most significantly in a commercial context it is completely confidential to the outside world and without prejudice to any existing legal proceedings. In plain language none of the parties can use anything said against the other party after the mediation.

Once these basic ground rules are agreed, the parties can select a mediator who will manage but not adjudicate on the process of dispute resolution. The only power divested in the mediator is over the management of the process, the parties do not give up any rights or make any lasting concessions until a written agreement is concluded and signed by each of them.

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4. Historical Issues:

In the late 1990s The International Institute for Conflict Prevention and Resolution (Formerly CPR Institute for Dispute Resolution) developed an ADR Suitability Screen to assist parties in determining whether a dispute was suitable for resolution through mediation. The Screen was developed and adapted into an ADR Suitability Guide in 2001 and remains a helpful reference point for any party caught up in a dispute and unsure as to how to proceed.

The ideas enunciated in the guide are refreshingly simple and are espoused in my own practical experience of when to select mediation.

The key issues for consideration in the Guide were broken into 3 factors set out below:

FACTOR 1:

A) Establish the parties goals for managing the dispute, in doing so they should look to:

- The importance of maintaining an on-going relationship during and post the dispute;
- Maintaining control over the outcome of the dispute; and
- Maintaining control over the process itself;

B) Examine the legal goals:

- What is the likelihood of a quick process disposing of the dispute;
- Is a legal relief (injunction, court order etc required);
- Can the dispute be resolved without discovery; and
- Is a neutral evaluation on the level of damages required;

C) What are the pragmatic goals:

- How much will it cost to fight the case at trial/arbitration;
- Is it important to have the dispute resolved quickly;
- Is privacy a factor; and
- Is the court/arbitral process likely to result in a financial bonanza.

FACTOR 2:

A) What is the parties capacity for problem solving:

- Are fundamental principals at stake;
- Is public vindication required;
- Is there certainty from a court or arbitral process;
- Do the principals see benefits in mediation;

B) What is quality of the parties relationship:

- Is there an emotional climate to settlement;
- Is one party substantially superior in terms of financial clout;
- Do the opposing counsel have compatible personae to induce settlement;

C) Practical realities:

- Are there possibilities for worthwhile negotiated trade-offs between the parties;
- Does the dispute involved critical areas of managerial responsibility; and
- Is the jurisdiction receptive for which mediation is being considered.

FACTOR 3:

A) Would mediation benefit the parties by:

- Clarifying issues;
- Channelling negative emotions;
- Offering an opportunity to *"tell the story"* and *"to be heard";*
- Would an apology assist;
- Offering a reality check with the involvement of a neutral 3rd party facilitator;
- Providing a confidential setting;
- Offering an opportunity for trade-offs and creative solution making;
- Educating the decision makers;
- Allowing an intermediary to facilitate the making of neutral offers and counteroffers; and
- Reframing of proposals by a neutral 3rd party.

B) Avoid Anarchy: Unlike a Court or arbitral process mediation may be perceived (wrongly in my opinion) as very loose and unstructured. Whilst the process is fluid, a strong mediator will keep structure and ensure a smooth sailing through choppy seas. It is vital that the parties understand in selecting mediation that they are agreeing to a process which will ebb and flow, in which they will make real and personal contributions and in which extraneous issues (which would not be under consideration in a court case) can be voiced and discussed. However, the real skill in mediation is to ensure that the mediator controls the process sufficiently to prevent anarchy creeping into the process – this can only be done where the mediator remains strong and in control of the process.

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5. My guidelines for avoiding anarchy are simple:

A) As far as possible try to keep the process informal – remove barriers as soon as possible, use first names and ask people to introduce themselves – shake hands;

B) The Mediator will decide on the appropriateness in each dispute of using joint and/or private caucus meetings; and where private meetings are utilised s/he will decide who to talk to first and who should attend the meeting etc. – this will usually be outlined at the outset of the mediation day and will change as the dynamic of the day moves. The parties must be prepared to work within this fluid process;

C) The parties must accept, irrespective of inflamed personal feelings that they will give a full hearing as directed by the mediator. There is no point in coming to a mediation and then hoping to shout one party down – strong mediators will not allow constant interruption, overt aggression or rudeness and will demand that participants demonstrate courtesy and respect for each other;

D) Be prepared that the mediator will direct the ebb and flow of the process and discussions – this will sometimes involve the termination of discussions or moving to new topics or speakers before parties think this is appropriate. At the end of the day a strong mediator will know when a topic is exhausted and unlikely to yield movement from entrenched positions; and

E) Emotional Intelligence (or EQ) – is key to the success of a mediation. This is something that the mediator must demonstrate and which s/he must try to find in each party. Good use of EQ will educate on when it is timely to push and to wait, or to be overtly direct and aggressive in the process.

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6. The Event Itself:

As matters stand OHIM mediations are limited to appeals and can be held here in Alicante for free or in Brussels for a minor cost of €750.

Looking at mediation on a broader scale and where other commercial issues outside an OHIM appeal are under consideration wider consideration must be given to the selection of mediation as the forum for dispute resolution. This is particularly so where the greater dispute might relate to more than the initial 2 parties and where different legal jurisdictions, laws, cultures and different languages are involved. In these circumstances wider consideration must (in my opinion) be given to all of the following criteria:

- Venue – is it suitable for the dispute to be mediated in Alicante or Brussels, given the geographical location of the disputants and indeed a possible preference for a different location or for a wider pool of mediators who will look to wider commercial issues. Indeed, this moves quickly to the possibility in complex multi-party disputes of engaging co-mediators, possibly involving an OHIM mediator and an outside mediator with greater experience of larger multi party disputes;

- The above will inevitably involve giving consideration to the location of the parties in dispute, and considering who each party is likely to need to have physically present (and their corresponding locations). I am conscious that for significant multinational businesses there is a possibility that participants may have to travel for competing time zones and in some instances great distances.

- Language barriers need to be considered by selecting multi-lingual mediators and possibly offering to have translators attend;

- Selection of mediation as a forum for your dispute resolution will afford other areas of flexibility which are not available in litigation and arbitration, as the parties will not only get an opportunity to make formal written submissions on what their case is about, but they will also in many cases get an opportunity to speak to (or in some larger and more complex mediations) to meet with the mediator in advance of the process;

- Another key to success and reason to select mediation over other forms of dispute resolution is that the parties can often agree with a mediator that initial written submissions and/or preliminary conversations would involve discussions on and what the parties consider to be the real barriers to settlement, and if they have any collateral solutions which are *"outside the box"* – simple suggestions can often offer the solutions and are not advanced in formal process of litigation and arbitration. Also they can be examined early on the day of the mediation and in a confidential and non-controversial manner through the mediator using private caucus sessions. This can also be used to determine if there are obvious catalysts and solutions for the parties to reach agreement on certain issues very early in the mediation process - even if it is on small issues it can be a massive catalyst to creating or restoring trust and confidence between principals;

- Mediation will offer a rare opportunity for disputing principals to meet face to face – this opportunity is often sacrificed early in the litigation and arbitration process as the process becomes a purely legal and non-commercial process. The use of principal joint caucus meetings chaired by a mediator can be very powerful;

- Commercial mediations are inter-active and fast moving in that the parties can be fully integrated in the process throughout the mediation day with the use of whiteboards, flipcharts etc to chart progress and/or concessions;

- Gaining Closure – Mediation can be a success if small concessions are equally important to the overall outcome of the dispute. Mediation may result in parties agreeing to compromise on certain issues to facilitate commercial imperatives, but still continue larger issues in the overall dispute, which may require a judicial determination or precedent. Simple and small concessions can often result in commercial entities being able to restore commercial activity with one another while specific legal issues remain for determination, but where the outcome will not have a detrimental knock-on effect on the trust and confidence of the parties. Identifying key influencers and clear obstacles to settlement will help to achieve these concessions; and

- Even if a settlement is not achieved on the day of the mediation, ancillary objectives might be achieved by securing a face to face meeting. The mediation will give each party an opportunity at a minimum to size up the other and to hear and assess the relative merits of the claims and counter-claims. Settlement may not be ultimately possible on the day of the mediation but it may create a path for future settlement or indeed, for re-assessing the case strategy currently being deployed in larger litigation/arbitration.

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7. Multi – party and cross jurisdictional disputes:

Multi party disputes often involve different dynamics than 2 party disputes and some of the problems which need to be considered and indeed assessed in determining the suitability of mediation for your multi-party dispute include:

- Can mediation offer a one stop solution where different legal jurisdictions and geographical locations would otherwise involve a multiplicity of cross border litigation and arbitration;

- If mediation can be agreed in multi-party situations, issues often arise as to what each party requires. Often in multi-party disputes the outcome is dependent on a small number of prominent parties resolving their issues in the first instance and this resolution will result in the resolution of the greater dispute. Consideration needs to be given to this in selecting the process and then in selecting the mediator or mediators. If considered suitable, mediators must ensure that they are meeting the needs of all participants and giving them enough *"air time"* to make their case, and to demonstrate their role and importance to the process. It is vital parties are kept fully informed during a multi-party process. The use of an assistant or co-mediator can be particularly helpful in complex multi-party disputes. Equally identifying strong advisors and people who will assist the process in pre-mediation sessions (if possible) can be a powerful means of controlling and assisting the process of creating an environment for settlement;

- Be prepared to accept that in complex multi-party disputes that the process cannot be completed in one day. Be practical and realistic in your expectations;

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Examples of Problems:

A) 4 Party Mediation (over 3 Days) – One party had travelled from New York, the other 2 parties were local in Dublin – the 1st day was mostly joint caucus sessions – One party was leading the discussions with a view to reaching settlement. The result was that on day 2 and 3 the mediator made the mistake of side-lining the other parties with the result that when a break-through occurred, at the end of day 2, the mediator had lost the trust of the other parties due to lack of feed-back and communication. Trust had been destroyed, and when mediator sought to deliver a solution, it was perceived (wrongly) as a one sided deal – this came down to perception and communication failures.

B) 3 Party Mediation (IP dispute) – Very technical and with 2 local and one international participant – the mediation was held over 2 days – On day 2 the mediator realised that he had permitted an over emphasis on the technical issues and ignored the commercial objectives. To restore trust and confidence, he revealed this at an open meeting and suggested an adjournment for the parties to digest the technical issues and a resumption of 1 month, where the only discussions would be on the commercial objectives and alternatives. The parties were surprised but impressed as the mediation also engaged individually with both sides a final joint expert report was produced in summary format and a further meeting was convened. A negotiated settlement was achieved as the parties understood the difficulties in proceeding with a judicial outcome of a complex case and that commercial objectives would not be met. This is a strong example of being flexible and fluid, thus resulting in a break through.

Examples of Creativity:

A) The perennial problem for every mediator & adjudicator is to avoid bias or the perception of bias. This can be particularly difficult if the mediator or adjudicator feels a particular affinity to one party over another. My advice, is simple, leave your bias at home. The dispute belongs to the parties and your job is to facilitate them, to guide them and ultimately, for the adjudicator, to prepare the binding report. Remain objective as it will serve you and the parties.

B) I have been involved in mediations where they have broken down in carnage but where I have had opportunities to meet the principals, after the fact, and get them to re-assess what was on the table, they have often reconsidered. The most dramatic example of this related to an Employment dispute with a large US multi-national. I was giving the Plaintiff (and his Solicitor) a lift home. Just before I reached the solicitors office he jumped out of the car, as he said he had to run a message. I found myself alone with the Plaintiff. After a few minutes silence I asked him delicately about his thoughts on the day and how he was going to manage with a young family, no job and litigation. To my horror he started to cry and then tried to open the car door while I was stopped at a traffic light, only to find he was locked in with the child locks on the door. By the time I was able to pull over he had completely broken down and we ended up talking for a few hours. He asked me to re-convene the mediation and the case settled.

C) I was involved in another case where the parties almost ended a late evening mediation in a brawl. I physically had to separate the parties and escort them off the premises. The following morning both sides were so embarrassed and grateful that they had not ended up in a brawl that they settled the dispute.

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Q & A – From the floor

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