

Report Q225

ADR

Names and Functions of Committee Members

Chair	Jacques de Werra	(Switzerland)
Co-Chair	Steve Bauer	(United States)
Secretary	Rafael Atab de Araujo	(Brazil)
Members	Kozo Yabe Hakan Borgenhäll Paolina Testa Norma S. Félix Dilek Ustun Ekdial Maria Eugenia Mateu Christian Alexander Meyer	(Japan) (Sweden) (Italy) (Argentina) (Turkey) (Spain) (Switzerland)
Responsible Reporter	Sara Ulfsdotter	(Sweden)

A. Format of Report for EXCOs and Congresses:

1. Annual Report of Special Committee Q225 ADR

2. Summary:

2.1. Current and future issues

The use of ADR for solving IP disputes is expanding globally. There are however as of today no universal best practices which apply to IP ADR proceedings and no universal legal rules that shall apply to them (particularly with respect to the potential limits that may be imposed to parties who decide to IP ADR knowing the basic flexibility and freedom that private parties generally enjoy in their use of ADR mechanisms). On this basis, one important mission of SC Q225 is to monitor the developments relating to IP ADR and to advise the Bureau of AIPPI on these issues in the perspective of potential policy actions to be taken by AIPPI.

2.2. Deadline for action

The monitoring activity of SC which has started this year must continue and must intensify with respect to specific issues which appear of particular interest to AIPPI whereby the deadline for any action will particularly depend on the identification of such specific issues (see below 2.3 and 5)

2.3. Action recommended

The SC recommends to continue the monitoring of the developments of ADR mechanisms for solving IP disputes at the national, regional and international levels and to intensify its activities with respect the certain specific issues which appear of particular interest to AIPPI (see below 5).

3. Introduction

The use of ADR for solving IP disputes is expanding globally which makes it necessary to monitor closely these developments with the perspective of potential policy actions to be envisioned by AIPPI (which may materialize in questions to be addressed to national groups). It shall be reminded that AIPPI adopted resolutions on IP arbitration in 1992 and 1994 (Q106: "Possibility of arbitration of intellectual property disputes between private parties")¹, whereby the SC has a broader scope of work given that it also covers other forms of ADR beyond arbitration.

4. Report of Committee's activities

The Terms of Reference of the SC were circulated to the Members of the SC on December 12, 2013 (by way of an electronic consultation).

The work plan of the SC ("the Work Plan") was circulated to the Members of the SC on May 8, 2014 (after an electronic consultation).

According to the Work Plan, the Members have been invited to submit individual reports to the leadership of the SC until June 27, 2014 about the developments relating to IP ADR on the basis of a geographic allocation of the work between the Members and to suggest potential policy measures and recommendations that could be taken on this basis.

On the basis of these reports, the SC notes that various institutions are offering or plan to offer IP ADR services in different parts of the world whereby these ADR mechanisms are not identical (it being also noted that certain countries have no specific institutions / special legal rules governing IP ADR). The SC also notes that, while signs demonstrate that the use of IP ADR is expanding and that the awareness about IP ADR is significantly growing among the stakeholders (particularly the IP offices and governmental bodies as well as the communities of IP practitioners and of IP owners), the nature and extent of such expansion remains difficult to identify and to quantify (also because of the basic confidentiality of ADR proceedings). In any case, the dynamic expansion of IP ADR services is reflected in certain niche markets which call for particular attention. This particularly applies to FRAND patent licensing disputes for which arbitration is viewed as an alternative to litigation².

In terms of meetings that members of the SC attended, certain Members of the SC informally met at the AIPPI Forum and ExCo in Helsinki in September 2013 under the leadership of the Co-Chair of the SC. The Chairman of the SC attended the ninth session of the WIPO Advisory Committee on Enforcement that took place at the WIPO headquarters (March 3-5, 2014) where the topic of ADR was extensively discussed (see under B below).

¹ See <https://www.aippi.org/download/committees/106/RS106English.pdf>.

² As reflected by the specific rules released by the WIPO Arbitration and Mediation Center for FRAND Disputes : <http://www.wipo.int/amc/en/center/specific-sectors/ict/frand/> and by its use in the recent high profile Samsung antitrust case before the European Commission : http://europa.eu/rapid/press-release_IP-14-490_en.htm (press release of April 29, 2014).

5. Recommendations

A. In the light of the individual reports drafted by the Members of the SC (that can be made available to the Secretariat if of interest), the SC has identified the following issues which would call for further analysis / monitoring activities (and may materialize in questions to be submitted to the national groups of AIPPI):

Who already offers and who shall offer IP ADR services in the future? Shall it only be private institutions (i.e. private entities providing ADR services) or also public institutions (and particularly national or regional IP offices or entities affiliated with national, regional or international institutions)? In the case of public institutions (particularly national or regional IP offices), how is this implemented or how should this be implemented? Should employees of the relevant institution play an active role in the provision of ADR services (e.g. as mediators)? Should the relevant institution limit itself to offer mediation or shall it also offer other types of ADR services as well? Shall courts and/or other institutions (specifically IP offices) have the power to issue preliminary opinions on certain IP issues (such as the validity or infringement of IP rights) at the request of the relevant party(-ies) and, in the affirmative, how shall this be organized (e.g. shall this be part of the provision of ADR services)?

How shall IP ADR services be offered in light of the fundamental flexibility and consensual basis of ADR mechanisms? Shall the parties be free to select the provider of IP ADR services for solving their IP disputes? Shall the parties be free to select the rules that shall apply to IP ADR? Shall the parties be free to select the substantive law that shall govern the dispute (in arbitration proceedings)? Shall the parties be free to select the legal issues that shall be submitted to IP ADR (including issues of infringement, ownership and/or validity of the IP rights in dispute)? What are the legal limits imposed to the parties as to the types of legal issues that can be subject to IP ADR? What are the effects of decisions that could be rendered in the course of IP ADR (shall the decisions have effect between the parties – *inter partes* - or shall they also have effect against third parties – *erga omnes*)? What rules and what law shall apply to the objective arbitrability of IP disputes (i.e. to the issue whether and to what extent IP disputes can be submitted to arbitration)?

In addition, special attention should be paid to certain specific developments relating to IP ADR for which close monitoring appears important: this should most particularly cover:

- the upcoming creation of the Patent Mediation and Arbitration Center under the Agreement on a Unified Patent Court (whereby this could be coordinated with the Committee on the European Unified Patent System (Q243));
- the use of arbitration for solving FRAND disputes (whereby this could be coordinated with the Special Committee on Standards and Patents (Q222)) and
- the more general role of IP ADR in the enforcement of IP rights ((whereby this could be coordinated with the AIPPI Special Committee on Enforcement (Q224)).

On this basis, the Committee's priorities for the next reporting period are:

(1) Continuing its monitoring activity and intensify it on the topics of special relevance for AIPPI, under potential coordination with other (Special) Committees of AIPPI;

(2) Increasing AIPPI's visibility with respect to IP ADR by identifying and participating in relevant public consultations, meetings or other projects of relevance relating to IP ADR;

B. General

Documents of relevance about IP ADR:

Documents prepared for the WIPO Advisory Committee on Enforcement (ninth session, March 3-5, 2014): session on “Practices and operation of alternative dispute resolution systems in IP areas”³

Jacques de Werra

August 1, 2014

³ See the website of the meeting: http://www.wipo.int/meetings/en/details.jsp?meeting_id=30137 and the agenda: http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ace_9/wipo_ace_9_1.pdf.