



**Civil enforcement of intellectual property rights: public consultation
on the efficiency of proceedings and accessibility of measures**

CEIPI's comments on the Public Consultation,
with a focus on Alternative Dispute Resolution Mechanisms

Christophe Geiger, Xavier Seuba and Asako Wechs Hatanaka

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Summary

As a part of a consultation with stakeholders in order to evaluate the overall functioning of the civil enforcement mechanism for intellectual property rights, the European Commission has opened a survey on “the efficiency of proceedings and accessibility of measures” to gather specific information about the enforcement of intellectual property rights through contracts, litigation, or other means. The Centre for International Intellectual Property Studies (CEIPI) submits a certain number of observations to the European legislature from the perspective of ADR (alternative dispute resolution).

Although ADR has been recognized as an important means of dispute resolution and much effort - primarily on the national level - has been made, its use in the field of intellectual property rights remains modest. The CEIPI provides an analysis on the current state of affairs and advances proposals on how best the European Commission could make use of ADR in order to achieve effective enforcement of intellectual property rights.

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1/Scope of the survey

As a part of the consultation with stakeholders to evaluate the legal framework for the civil enforcement of intellectual property rights, the European Commission has opened a technical survey on “the efficiency of proceedings and accessibility of measures”¹ (“survey”). The objective is to gather specific information about the enforcement of intellectual property rights through contracts, litigation, or other means.²

The Centre for International Intellectual Property Studies (CEIPI), a university institute devoted to teaching and research in intellectual property law, is very interested in the subject-matter³ and proposes to submit a number of observations to the European authorities. The survey seeks to obtain information on several relevant issues in the area of enforcement, including the Alternative Dispute Resolution (ADR), a mechanism which so far had not been considered within the framework of the Directive on the enforcement of intellectual property rights (the Enforcement Directive).⁴

The CEIPI welcomes the European Commission’s survey, and particularly commends the questions posed on ADR from the perspective of the efficiency and effectiveness of civil proceedings in cases concerning infringements of intellectual property rights. The survey’s questions on ADR include the state of affairs in the pursuit of ADR, the protection and safeguarding of fundamental rights in ADR procedures and whether

The websites indicated in this paper are last accessed in May, 2013.

¹ Civil enforcement of intellectual property rights: public consultation on the efficiency of proceedings and accessibility of measures from 30.11.2012 to 30.03.2013 available at http://ec.europa.eu/internal_market/consultations/2012/intellectual-property-rights_en.htm.

² *Ibid.*

³ See the comments submitted to the European commission by the CEIPI on the Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the application of Directive 2004/48/EC of the European Parliament and the Council of 29 April 2004 on the enforcement of intellectual property rights, SEC(2010) 779 final: C. Geiger J. Raynard and C. Rodà “What Developments for the European Framework on Enforcement of Intellectual Property Rights? A Comment on the Evaluation Report of the European Commission dated 22 December 2010” Vol. 33, Issue 9, European Intellectual Property Review (E.I.P.R.) (2011) 543; “Quelles évolutions pour le cadre juridique européen de mise en œuvre des droits de propriété intellectuelle ?, Observations sur le rapport d’évaluation de la Commission européenne du 22 décembre 2010”, *Propriété industrielle (Propriété industr.)* juin 2011, n° 6, étude 12, 9.

⁴ Directive 2004/48/CE of 29 April 2004 on the enforcement of intellectual property rights: *OJ L* 157 of 30 April 2004 corrected in *OJ L* 195 of 2 June 2004, p. 16. For some proposals for improving the Enforcement Directive, see already C. Geiger J. Raynard and C. Rodà. “What Developments for the European Framework on Enforcement of Intellectual Property Rights?” *supra* note 3.

ADR mechanisms are sufficiently accessible to parties affected by an infringement. The survey was preceded by a public consultation on the Enforcement Directive, in which high costs and long duration of court proceedings were indicated by stakeholders “as principal factors impeding access to justice, in particular for SMEs and individual right holders”.⁵ It is in this context that the European Commission seeks to identify possible future work streams that could address these problems.

In light of the above, as a part of its research agenda, the CEIPI formulates the following observations on the utility of ADR in intellectual property law, together with feasible actions towards increasing the accessibility to ADR mechanisms.

2/Significance of ADR (alternative dispute resolution) mechanism

Notwithstanding the recognition of its utility as a means to increase the efficiency and effectiveness of civil proceedings, ADR has so far not been fully recognized as an enforcement tool for intellectual property rights.⁶

As discussed below, not all disputes are amenable to ADR. This, however, does not undermine the potential relevance of ADR in several areas, a fact that has not been taken into account so far in the on-going process for the revision of the Enforcement Directive. For the time being, the focus on the potential elements to be revised in the Enforcement Directive seems to concentrate on clarifying the divergent approaches and interpretations made by the Member States in some provisions.

ADR as dispute settlement mechanism presents significant advantages in comparison to court proceedings, arising from diminished costs, improved effectiveness,

⁵ See Background information in Questionnaire of the consultation available at http://ec.europa.eu/internal_market/consultations/docs/2012/intellectual-property-rights/questionnaire_en.pdf. Concerning costs, see D. Harhoff “Economic Cost-Benefit Analysis of a Unified and Integrated European Patent Litigation System” (26 February 2009) at 12 *et seq.* See also C. Greenhalgh, R. Pitkethly and M. Rogers, “Intellectual Property in Smaller UK Firms: Finding from a Survey in 2009-2010”, Vol. 2, Issue 1, The WIPO Journal (2010) 49 at 49: “The value of intellectual property assets (IP) depends critically on firms being able to enforce their rights at a reasonably low cost.”

⁶ See L. Bently and B. Sherman “Intellectual Property Law” (3rd ed., Oxford University Press, 2009) at 1097-1098: “While alternative dispute resolution is used in many areas of law, it has not been widely used to resolve disputes concerning intellectual property. It seems, however, that this may change“.

autonomy of the parties, confidentiality, and neutrality.⁷ Autonomy is particularly valued, since it implies the possibility to choose the applicable law, place of the proceedings, language, and neutral adjudicators such as arbitrator, expert, mediator or conciliator. Naturally, as settlement made out of ADR is based on the consensus between both of the parties in conflict, it cannot be a panacea. Having said that, some types of intellectual property infringements may be more efficiently settled by way of arbitration, mediation, conciliation, and expert determination. Therefore, there is enough room for making use of these dispute resolution mechanisms within the enforcement framework.

The proliferation of litigation, the length of procedures, and the high costs of judicial proceedings have become common.⁸ Cross-border disputes exacerbate the complexity of the situation: conflicts of laws, conflicts of jurisdictions, and linguistic barriers must be added to this list. ADR can contribute to mitigating some of these problems.⁹

In light of the above, three major shortcomings in the current intellectual property rights enforcement system might be remedied by ADR: the fragmented enforcement system, high cost of litigation - particularly in patent disputes, and lack of sufficient enforcement for SMEs.¹⁰ By way of example, the “Jackson Report” points out the potential area in which ADR mechanisms can be developed. Disputes where

⁷ On the advantage of ADR from intellectual property rights perspective, *see* for example, N.N. Yeend and C.E. Rincon “ADR and Intellectual Property: A Prudent Option” Vol. 36, No.4, IDEA: The Journal of Law and Technology (1996) 601; S.H. Blackman and R.M. McNeill “Alternative Dispute Resolution in Commercial Intellectual Property Disputes” Vol. 47, The American University Law Review (1998) 1709; D.W. Plant “Resolving International Intellectual Property Disputes” (International Chamber of Commerce, 1999); K. Burchell “In Good Faith - The Growing Importance of Mediation in Intellectual Property” No.166, Trademark World (2004) 24; J. Lang “A Practical Guide to Mediation in Intellectual Property, Technology and Related Disputes” (Sweet & Maxwell, 2006); M. Groß “Mediation im gewerblichen Rechtsschutz und Urheberrecht” (Beck, 2009); P. Jabaly “IP litigation or ADR: costing out the decision” Vol. 5, No. 10, Journal of Intellectual Property & Practice (2010) 730. More generally on ADR *see* J. de Werra (ed.), “Resolution of Intellectual Property Disputes” (Schultess/ Bruylant, 2010); J.-M. Bruguière (ed.), “Les modes alternatifs de règlement des litiges de propriété intellectuelle” (Daloz, 2012).

⁸ *Cf.* Access to Justice – Final Report, Lord Woolf, July 1996 (available at <http://www.dca.gov.uk/civil/final/contents.htm>), Rapport n° 3696 du 13 février 2007 par J. Floch sur la médiation en Europe, Rapport de Guinchard “L’ambition raisonnée d’une justice apaisée” du juillet 2008 and Rapport de Magendie “Célérité et qualité de la justice – La médiation : une autre voie” du octobre 2008. *See also* M. Cappelletti (ed.) “Access to justice and the welfare state” (Sijthoff, Bruylant, Klett-Cotta and Le Monnier, 1981).

⁹ Green Paper on alternative dispute resolution in civil and commercial law, COM(2002) 196 final, paras. 5 and 6.

¹⁰ D. Harhoff, *supra* note 5.

relatively straightforward copyright issues are concerned, an effective resolution at a reasonable cost and time schedule could be an efficient option.¹¹

3/ Legal framework and current practice of ADR in the context of intellectual property rights

Both European and national legal orders have enacted ADR mechanisms sporadically. When taken together, the image of the different experiences is heterogeneous. Both the regulations and foundational principles differ from directives to regulations or from country to country, and that is so regardless of the general positive appraisal of ADR.¹²

A. Different types of ADR

ADR or “settlement” can be divided into two types, namely, adjudicatory methods such as arbitration and expert determination, and non-adjudicatory methods such as mediation and conciliation. Each type of ADR has particular characteristics. Through the exploration of the particularities of each procedure as well as via the combination of several procedures, ADR may lead the dispute to a final settlement without recourse to court.

The distinction between arbitration and other forms of dispute resolution mechanisms can be further made as follows: firstly, arbitration is quasi-judicial in the way that the arbitral tribunal brings an award which is binding on the parties; secondly, the arbitral award is internationally enforceable through the New York Convention of 1958.¹³ To the contrary, an assessment or agreement emanating from mediation or conciliation is

¹¹ Lord Justice Jackson “Review of civil litigation costs: final report” (December 2009) at paras. 4.1-4.4. That would be of interest for independent business entities in the field of copyright including record companies, publishers, composers or performers, whose copyrights may be enforced at the low value. The case may involve a journalist whose articles have been reprinted without consent or a photographer whose pictures have been downloaded from the Internet and reproduced without consent. In both cases, the reproduction of works without permission might only have an impact of a small amount of damage, but still constitute an infringement and call for a remedy.

¹² For the detailed analysis on the state of affairs on the legal framework and practice of ADR in intellectual property law, *see* A. Wechs Hatanaka “Optimizing mediation, conciliation and expert determination into intellectual property law” (PhD thesis under the direction of Christophe Geiger, CEIPI, University of Strasbourg, forthcoming).

¹³ Art. V, New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, United Nations 1958.

a mere opinion or contractual agreement and its effect remains *inter partes*. Its effect therefore depends very much on the good faith of the parties.¹⁴

To be precise, mediation and conciliation shall be distinguished depending on the third party's role.¹⁵ In expert determination, also referred to as "advisory opinion", "opinion" or "early neutral evaluation",¹⁶ an expert in the field of the dispute renders his/her assessment or evaluation without any binding effect. It can also be used as a pre-mediation or conciliation process for the purpose of identifying the scope of dispute or the amount of damage concerned, or as evidence for court proceedings.

The diversity of ADR mechanisms provides disputant parties with more autonomy and greater possibility to adjust the settlement of the dispute to the more convenient procedure. From the legislative point of view, however, each mechanism has to be considered separately and in accordance with its characteristics.

B. European intellectual property laws

EU law has developed two different avenues to implement ADR in the area of intellectual property. The Copyright Directive¹⁷ and the E-Commerce Directive¹⁸

¹⁴ Agreements that are not enforced shall constitute breach of contract. It should be noted, however, that by virtue of the Mediation Directive, a mediation agreement shall become enforceable and its recognition and enforcement within the EU shall be guaranteed (Art. 6 (1), (2) and (4), Mediation Directive (Directive 2008/52/EC of the European Parliament and of the Council of 21 May 2008 on certain aspects of mediation in civil and commercial matters, *OJ L* 136 of 24 May 2008, p. 3)).

¹⁵ Mediation shall be understood as a procedure in which the mediator acts as a mere facilitator without interfering in (or with) the result of the dispute, whereas conciliation should be understood as a procedure where the conciliator offers the party a proposal or solution, and thus has more active role in making the conciliation agreement. *See* H. Torggler (ed.) "Praxishandbuch Schiedsgerichtsbarkeit" (Nomos, 2007) at 15 and 19.

¹⁶ "Advisory opinion" is a mechanism offered by the Japanese Patent Office for disputes involving patent, utility model, design and trade mark. "Expert determination" is one of the WIPO Arbitration and Mediation Center's services. "Opinion" can be sought at the Intellectual Property Office in the UK over patent validity and infringement. "Early Neutral Evaluation (ENE)" is an original form of those evaluative non-adjudicatory dispute resolution mechanisms born in the Northern District of California, which aimed at lowering the cost of litigations. Therefore, ENE was integrated into court proceedings. Its function is therefore explicitly limited to evaluation based on evidence and law, hence the third party must have subject-matter expertise. *See* R. Thompson and M. Sacksteder "Judicial Strategies for Resolving Intellectual Property Cases Without Trial - Early Neutral Evaluation" Vol. 1, No. 4, *The Journal of World Intellectual Property* (1998) 643.

¹⁷ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, *OJ L* 167 of 22 June 2001, p. 10).

¹⁸ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, *OJ L* 178 of 17 June 2000, p.1.

provide with an express provision on the out-of-court settlement mechanisms. On the contrary, the Border Measures Regulation¹⁹ is silent in this regard, which has led to a fragmented practice of amicable settlement among the Member States.

1) Express provision on settlement and positive implementation

i. Copyright Directive

The Copyright Directive recognizes the importance of alternative methods for dispute settlement. Recital 46 points out the utility of mediation in the digital age.²⁰ Furthermore, article 6(4) attempts to find a balance between the legal protection of technical measures against circumvention and the effectiveness of copyright exceptions and limitations,²¹ for the implementation of which two distinctive approaches through ADR have been taken by the Member States.²² First is the application of self-regulated out-of-court settlement mechanisms such as arbitration, mediation and conciliation. This is the case of Estonia, Greece, Latvia, Portugal and Slovenia. The second is administrative and government assisted out-of-court settlement by Italy, France, Lithuania, and the UK.

The inherent positive effect of including a specific settlement provision in the European secondary legislation is that Member States have at least the obligation to

¹⁹ Council Regulation (EC) No 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, *OJ L* 196 of 2 August 2003, p.7.

²⁰ See also Green Paper on alternative dispute resolution in civil and commercial law, *supra* note 9, at 6, which states that “[C]onsiderable efforts have been made in the Community to regulate their [forms of private justice] development, particularly in the information society context, in order to improve the trust that consumers and small and medium-sized businesses place in electronic commerce.”

²¹ On this difficult issue see C. Geiger “The Answer to the Machine should not be the Machine, Safeguarding the Private Copy Exception in the Digital Environment” Vol. 30, Issue 4, *E.I.P.R.* (2008), 121.

²² Art. 6(4), Copyright Directive stipulates that “Notwithstanding the legal protection provided for in paragraph 1, in the absence of voluntary measures taken by rightholders, including agreements between rightholders and other parties concerned, Member States shall take *appropriate measures* to ensure that rightholders make available to the beneficiary of an exception or limitation provided for in national law in accordance with Article 5(2)(a), (2)(c), (2)(d), (2)(e), (3)(a), (3)(b) or (3)(e) the means of benefiting from that exception or limitation, to the extent necessary to benefit from that exception or limitation and where that beneficiary has legal access to the protected work or subject-matter concerned” (emphasis added). See the comparative approach in implementing this provision in B. Lindner “Alternative dispute resolution – a remedy for smoothing tensions between technological measures and exceptions?” in: P. Torremans (ed.) “Copyright Law: A Handbook of Contemporary Research” (Edward Elgar, 2007) at 426-448.

consider its implementation, thereby widening the possibility of resolving disputes outside of court.

ii. E-Commerce Directive

The E-Commerce Directive also includes specific provisions on ADR.²³ In fact, it has been underlined that settlement often takes place at the application for interlocutory injunction against intellectual property rights infringement to avoid the prolonged court proceedings, in particular when it is made against intermediaries.²⁴

2) *Self-regulation and fragmented practice of amicable settlement at border*

Contrary to the above, amicable settlement between the right holder and importer/exporter of goods is not permitted in an express manner in the Border Measures Regulation, as the communication between the parties for the purpose of elaborating any amicable settlement may result in severe sanctions for the right holder, including civil liability and suspension of application for custom action.²⁵ That said, the Member States that expressly prohibit amicable settlement are few.²⁶ Furthermore, whether or not the conclusion of a license agreement as a result of settlement constitutes a legitimate act is debatable. One view is that it is for the customs authorities to decide whether they can object to the terms of license agreement pursuant to the national laws. Another view is that it embraces the debate over *ordre*

²³ Recital 51 and Art. 17, E-Commerce Directive.

²⁴ See Report from the Commission on the Enforcement Directive, *supra* note 3 at 13-15.

²⁵ Art. 12, the Border Measures Regulation. In light of Art.6(1) of the former Regulation (Council Regulation (EC) No 3295/94 of 22 December 1994 laying down measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods, *OJ L 341* of 30 December 1994, p.8), settlement was confirmed not allowed in the *Adidas* case, in which it was held that the information relevant to the identity of the consignee of goods suspected of being counterfeit disclosed by customs may only be used to ask the competent national authority to take a substantive decision with regard the suspected goods (CJEU Case C-223/98 at para. 31).

²⁶ France objects to allowing settlement in customs seizure. Belgium equally seems to be against settlement, at least when its scope goes beyond destruction of goods. To the contrary, limited use is admitted in the Czech Republic, where settlement as a means to compromise the court actions is allowed whilst the diversion of the goods owner's information to conclude settlement would be interpreted as liability. A similar approach is taken in the Netherlands. Furthermore, general use of amicable settlement is allowed in Austria, Hungary (where 50% of detained cases are settled in practice) and Malta where settlement is popular in particular for small goods. Along the same vein, settlement is allowed in Portugal except for copyright infringement, which is subject to criminal proceedings. Furthermore, the following Member States allow settlement either in practice or by law; Denmark, Finland, Germany, Greece, Latvia, Lithuania, Luxemburg, Poland, Slovakia, Slovenia, Sweden and the UK. See O. Vrins and M. Schneider (eds.) "Enforcement of Intellectual Property Rights through Border Measures" (2nd ed., Oxford University Press, 2012) at 277 *et seq.*

public, as the terms of the license agreement allowing the entry of infringed goods into the European territory would be contrary to the fundamental purpose of the Border Measures Regulation.²⁷

In the absence of express provision related to amicable settlement and as a result of self-regulation by the Member States, the fragmented practice is notable. This may damage the interests of consumers and right holders, particularly in the context of cross-border transactions.

C. National laws

On the national level, the opportunities for ADR are made available only sporadically by law and its use remains modest, whether self-regulated or administrative through the intervention of the public authority.²⁸

1) *Legal admissibility of recourse to ADR on intellectual property disputes*

In some cases, the use of ADR in disputes involving intellectual property rights may be restrained. One example is arbitration, which is subject to an objective limitation under *ordre public*, by which the exclusive jurisdiction of the state court should remain reserved. Likewise, if the object of dispute is not freely disposable on the side of disputants, as in the example of child custody, arbitration cannot be undertaken.²⁹

²⁷ Greece, Latvia and Slovenia are some of the Member States where concluding license agreements is allowed within the amicable settlement act and where customs cannot object to its terms. To the contrary, the conclusion of settlement is subject to the customs discretion in the UK. See O. Vrins and M. Schneider (eds.), *supra* note 26.

²⁸ At present, the number of mediators is deemed higher than the case of mediations (see Rapport Magendie, *supra* note 8).

²⁹ The manners in which the statutory provisions deal with the arbitrability as such can be categorized into three. The most liberal approach is made in Switzerland, where all kinds of disputes including intellectual property rights are arbitrable (Art. 177(1), Switzerland's Federal Code on Private International Law of December 18, 1987). The legislative amendment in 2011 in France made it expressly possible for all kinds of intellectual property subject-matters to be arbitrable, namely, literary and artistic property, designs and models, trade marks, geographical indications, inventions and semiconductor products and plant varieties (Art. 196, loi de simplification et d'amélioration de la qualité du droit (n° 2011-525 du 17 mai 2011), JO 2011-525 du 18 mai 2011). Germany to the contrary restricts the arbitrability of intellectual property disputes on the grounds of the public policy (Sec. 1030, ZPO). An express prohibition as such seldom occurs, though not never (Art. 18(1), South Africa patent act (No. 57 of 1978).

Although the arbitrability is not necessarily applicable to mediation, it should be noted that the Mediation Directive stipulates that rights and obligations which are not at the parties' disposal under the relevant applicable law, shall not be mediated.³⁰

Moreover, as ADR presupposes an agreement for settlement, ADR is not appropriate where one of the parties is unwilling to settle or when criminal offences are involved.

2) *Improved administrative ADR mechanism models*

i. CNIS (*Commission Nationale des Inventions de Salariés*)

The French conciliation scheme relating to the employee's inventions disputes led by the CNIS (*Commission Nationale des Inventions de Salariés*) is a successful model of administrative ADR.³¹ The introduction of a conciliation mechanism was expected to bring a rapid dispute resolution method to replace expensive and long procedures regarded as prejudicial to employees in order to create a balance between individual and public interests.³² Since its start in 1980, the CNIS has handled over 400 cases, which indicates the effectiveness of the conciliation scheme.³³

ii. *Médiateur du cinéma*

Another example is the "*médiateur du cinéma*", which is an independent administrative authority. The film industry in France is a regulated sector and *médiateur du cinéma* is commissioned to conciliate any dispute relating to the access to cinematographic work, conditions of exploitation in theatre as well as unfair competition hindering wider distribution of films. Any contestation related to the

³⁰ Art. 1(2), Mediation Directive.

³¹ Loi n° 78-742 du 13 juillet 1978 (modifiant et complétant la loi 681 du 2 janvier 1968 tendant à valoriser l'activité inventive et à modifier le régime des brevets d'invention).

³² Comment of the legislator Marcihacy in "Journée d'étude relative à la loi du 13 juillet 1978 sur les brevets d'invention : organisée par l'Université Paris 2 (Paris, 12 octobre 1978)" (*Economica*, 1979) at 18-19.

³³ INPI Report on the CNIS as of December 2009 available at http://www.cncpi.fr/fckupload/File/2010_10_30_INPI_Commission%20Nationale%20Inventions%20Salaries_CNIS.pdf. See also G. Bonet "La protection des inventions de salariés et son application par la commission paritaire de conciliation" in R. Roblot (ed.) "Aspects actuels du droit commercial français : Etudes dédiées à René Roblot" (Librairie générale de droit et de jurisprudence, 1984) 115 at 127-128 and J-P. Martin "Droit des inventions de salariés" (3^{ème} éd., Litec, 2005) at 166 *et seq.*

private use of film can also be brought to conciliation.³⁴ Despite the fact that it has dealt with an annual average of 90 cases since 1982, it has had little impact however in resolving disputes with intellectual property aspects.³⁵

D. Institutional dispute resolution centres

Parallel to the national rules, current development on elaborating institutional ADR services, whether public or private, shall be mentioned as another workable model.

1) Intellectual property authority as dispute resolution provider

Intellectual property authorities have begun to play an important role in enhancing ADR. Some services have demonstrated quantitative success, by which the universality of ADR can be inferred, as well as the potential advantage for the wider application at the European level.

i. UK IPO (Intellectual Property Office of the United Kingdom)

The UK IPO offers two types of dispute resolution mechanisms: opinions on the validity and infringement of patents³⁶ and mediation of intellectual property-related disputes.

Opinion is obtainable in approximately three months from the date request is made.³⁷ Since 2005, the UK IPO has received approximately 200 requests.³⁸ In the early days,

³⁴ Art. L. 231-1, Code du cinéma et de l'image animée stipulates that a cinematographic work can be exploited under the form of video for sale or rent for the private use after a lapse of four months from the date of its release in the movie theater..

³⁵ By April 2013, no case involving the intellectual property rights had been reported (*see* annual reports since 2001 available at <http://www.lemediateurducinema.fr/>).

³⁶ Secs. 74A and 74B in the Patents Act 1977 introduced by sec. 13 of the Patents Act 2004, effective as of 22 July 2004. The determination of the scope of patent validity is limited to the question of patentability and inventive step, thus, both substantive and procedural questions are excluded, such as whether patent lacks industrial applicability or falls within the statutory unpatentable scope, or whether patent claim is sufficiently described or the amendment has been permissibly made (P.G. Cole (ed.) "CIPA Guide to the Patents Act" (7th ed., Sweet & Maxwell, 2011) at 831 *et seq.*). The scope of infringement embrace both primary infringement and secondary infringement.

³⁷ Request can be made by a patent right owner or anyone else, even after the expiration or surrender of patent, but revoked patents cannot be subject of opinions. As its overriding objective is to be robust and timely, adversarial opportunity is guaranteed, albeit its effect is limited. Opinions shall not be binding for any purposes. UK IPO retains discretion to refuse to give opinions where the request appears to be frivolous, vexatious, or where the question therein appears to have been sufficiently considered in other relevant proceedings.

the non-binding nature of opinions has been seen as useless because of practical impacts it may cause and the legal uncertainties it may raise.³⁹ Because of these unclear circumstances, complicated cases that require expert evidence or a series of hearings are not appropriate for opinions, in particular if time and cost are limited. Nevertheless, opinion serves to clarify the unclear situations and may be useful for the purpose of preventing disputes and perceived as a low-cost alternative to court litigation in order to identify freedom to operate the technology in business or as a dry run for court proceedings.⁴⁰

In addition to opinions, mediation is available at the UK IPO since April 2006.⁴¹ By initiating mediation, a proceeding shall be stayed at the UK IPO until its completion. To date, twelve mediations have been conducted.⁴² UK IPO plays only a facilitating role in mediation.

³⁸ The statistics are as of June, 2012. See <http://www.ipo.gov.uk/pro-types/pro-patent/pro-p-dispute/pro-p-opinion-advert.htm>.

³⁹ A. Poore "Patent Office opinions: can you afford not to have one?" Vol. 2, Issue 1. Journal of Intellectual Property Law & Practice (2007) 23. Furthermore, the legal uncertainties arise when opinions are used as evidence at a court in later stage. That leads to the following questions: Will a judge take into account the opinion? Does an opinion, in particular if it was not in favour of applicant, produce any legal effect? Whether or not opinion is in favour of claimant at court, it may help keep the judge's attention focused or affect the judge's conclusion where good faith and equity come into question, in particular in granting an injunctive measure on the balance of convenience (J. Phillips "Pouring oil on troubled waters or inflaming the passions? Comptrollers' opinions and the quest for happiness" Vol. 27, Issue 6, E.I.P.R. (2005) 226 at 228-231).

⁴⁰ UK IPO "Review of the Opinions service" (March 2010) at 9 available at <http://www.ipo.gov.uk/opinion-surveyresponse.pdf>. Among other positive feedback from the users, some of potential areas for improvement have been pointed out, namely, the extension of the scope of application to additional matters in patent examination on one hand and to other areas of intellectual property rights including trade mark, registered design and copyright on the other (*ibid.*, at 11-17). See also UK IPO "Consultation on the Patent Opinions Service" at paras. 8.18-8.22 available at <http://www.ipo.gov.uk/consult-2012-opinion.pdf>.

⁴¹ List of mediation providers include those with intellectual property expertise in the UK and abroad, as well as law firms and individual mediators (available at <http://www.ipo.gov.uk/mediationproviders.pdf>). The guidance made available as to the types of disputes suitable and not suitable for mediation is useful. Those which are categorized as suitable for mediation include disputes about the licensing of intellectual property rights, trade mark opposition and invalidation proceedings on relative grounds, disputes over patent entitlement (whether co-inventor was employee or consultant), disputes over patent/trade mark ownership (whether employee developed invention in their own or during the employed time), and disputes over the terms and conditions of copyright. To the contrary, those which are indicated not suitable for mediation are as follows: trade mark disputes concerning the distinctiveness of the mark; trade mark opposition and invalidation proceedings on absolute grounds or *ex parte* disputes.

⁴² The information is based on the query made with the Mediation Service at the UK IPO on January, 2012. These have covered a range of intellectual property issues, but due to the confidential nature of mediation, further details on the nature of the disputes or the outcomes were not disclosed. However, other sources of information indicate that approximately 60% of the *inter partes* patent disputes related to the entitlement issue and most reach settlement. See P. Back "New service provided by the UK

ii. OHIM (Office for Harmonisation of Internal Market)

The OHIM is also paving the way for the dispute settlement service as a part of intellectual property office task. This is not surprising though, as their “friendly settlement” mechanism has already advanced a quantitative success.⁴³ With the introduction of mediation in November 2011 aiming at resolving post-grant disputes, the OHIM is now able to provide a complete dispute resolution mechanism. Mediation can be requested in the course of the revocation and invalidity procedure for trademark and the declaration of invalidity for design.⁴⁴ Importantly, though, the scope of mediation is restricted as to exclude any disputes dealing with rights and obligations on which the parties are not free to decide under the relevant applicable regulations, such as the absolute grounds for refusal of a Community trademark or design application.⁴⁵ Furthermore, the enforceability of mediation agreement is left to the discretion of the parties.⁴⁶

2) *Intellectual property-focused dispute resolution centres*

Other than above-cited intellectual property office ADR services, there are a number of dispute resolution centres devoted to intellectual property rights.

i. AMAPA (*Association de Médiation et d'Arbitrage des Professionnels de l'Audiovisuel*)

Intellectual Property Office (IPO): mediation for effective IP dispute resolution” in: “IP Infrastructure for Better Management of IP Asset: Focusing on IP Infrastructure and New Services Provided by IP Offices for Effective Dispute Settlement and Commercial Exploitation of IP” Global Symposium of Intellectual Property Authorities (WIPO, 17-18 September 2009).

⁴³ Art. 42(4), CTMR (Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark, *OJ L 78* of 24 March 2009, p.1). Under the current rules, the losing party in the opposition proceedings bears the costs whilst the fee will be refunded in case settlement is reached between the parties before any opposition decision by the OHIM is made. Therefore, amicable settlement is encouraged as a means to avoid incurring the additional cost. Since 1997, 44% of the total oppositions filed at the OHIM have been settled before proceeding to judgment (statistics as of October, 2009). See more S. Stürmann “Mediation und Gemeinschaftsmarken – Mehr trend oder mehr Wert? Teil 2” 05/2012, *MarkenR*, 191 at 191 *et seq.*

⁴⁴ Art. 57(4), CTMR and Art. 31(5), CDR (Council Regulation (EC) No 6/2002 of 12 December 2001 on Community Designs, *OJ L 3* of 5 January 2002, p.1). Accordingly, mediation can only be requested after an appeal is lodged at board of appeal. Only a single mediator in the settlement procedure shall be involved so that settlement can be achieved easier (recital 4, Decision No 2011-1 of the Presidium of the Boards of Appeal of 14 April 2011 on the amicable settlement of disputes (“Decision on Mediation”)).

⁴⁵ Recital (4) and Art. 1(2), Decision on Mediation.

⁴⁶ Art. 6, Decision on Mediation.

The AMAPA is specifically concerned with disputes involved in cinematographic work: such as producers, directors, and authors. Quantitatively, it has not shown much prominent success. However, there are some interesting approaches to be mentioned. Mediation and arbitration under the AMAPA were put in service in 2002, backed up by the demand from professionals in the field.⁴⁷ One prominent characteristic of the AMAPA mediation is that it is free of charge.⁴⁸ This is an important aspect for the AMAPA to exclude the commercial nature but rather maintain a dispute resolution-oriented spirit.⁴⁹ Very modestly, but constantly, the AMAPA accumulated its experiences in mediation.⁵⁰ Two lessons to be drawn from the AMAPA experiences are as follows: firstly, the wide diffusion of mediation clause is of primary importance.⁵¹ Secondly, there are cases where the party in dispute needs a flexible and practical solution, thus avoiding the potential rigidities of law.⁵² The utility of dispute resolution provided by professionals who are well-informed of the unique situation of particularity of intellectual property right is therefore demonstrated.⁵³

ii. Examples from outside of the EU

JIPAC (Japan Intellectual Property Arbitration Center)

The JIPAC was established in 1998 jointly by Japan Federation of Bar Associations and Japan Patent Attorneys Association with the aim of creating an intellectual property focused dispute resolution centre.⁵⁴ It offers variable ADR services including arbitration, mediation and expert determination.

Software Dispute Resolution Centre

⁴⁷ B. Montels “Contrats de l’audiovisuel” (Litec, 2007) at 251. *See also* AMAPA mediation and arbitration rules available at <http://www.lamapa.org/>.

⁴⁸ Art. 8, AMAPA mediation and arbitration rules.

⁴⁹ Rapport Moral 2009 AMAPA at 1. Montels also indicates the importance of “corporate” spirit to make use of the AMAPA (*see* Montels, *supra* note 47 at 253).

⁵⁰ As of June 2010, about 20 mediations took place (statistics obtained by annual reports between 2003 to 2010). *See* summary of cases : Case 1-2 are listed in Rapport Moral 2005, Case 3-6 in 2008, case 7-15 in 2009. The cases involve producers against documentary authors, fiction authors, film animation authors or cinema screenwriters.

⁵¹ Rapport moral 2004 at 1.

⁵² Montels, *supra* note 47 at 256.

⁵³ C. Bottéon “Comment régler rapidement et à moindre coût les litiges audiovisuels ?”, *Ecran total*, n° 632.

⁵⁴ *See* <http://www.ip-adr.gr.jp/eng/>.

Rules relevant to mediation at the Software Dispute Resolution Centre provide some interesting insights, as they are very detailed.⁵⁵ Effective as of April 2008, the Software Dispute Resolution Centre aims at solving disputes specifically related to software, involving a variety of questions on copyright and patent.

UDF-ADR Centre (Union des Fabricants)

The UDF-ADR Centre has been operable since October 2011 in Japan.⁵⁶ The UDF-ADR Centre accommodates mediation and offers a unique set of effective and interchangeable solutions to court proceedings for trademark infringement. Whilst the procedural requirements remain flexible, granting the disputing parties autonomy to a large extent (such as for example in the appointment of the mediator), the substantial provisions are quasi-judicial which may produce positive effects to complement shortcomings in ADR.

iii. WIPO Arbitration and Mediation Center Experiences

The WIPO Arbitration and Mediation Center (“WIPO Centre”) is the leading dispute resolution provider with a specific focus on the intellectual property rights.⁵⁷ Since its creation in 1994, the WIPO Centre has gained not only a wide range of experiences as an administrator of arbitration and mediation in intellectual property matters, but also built up multiple means for making use of ADR on one hand and increased the accessibility to ADR by taking into account specific features of disputes related to intellectual property right on the other hand.

The WIPO Centre established a unique “making it fit” approach for some industries.⁵⁸ Making use of the basic dispute resolution rules and customizing these in accordance

⁵⁵ See <http://www.softic.or.jp/adr/index.htm> (in Japanese).

⁵⁶ See <http://www.udf-jp.org/> (in Japanese).

⁵⁷ WIPO Centre was created in order to deal with the legal aspects of intellectual property disputes in the absence of international dispute settlement mechanism designed for intellectual property rights. See the discussion throughout the WTO dispute settlement negotiations in MTN.GNG/NG11/W/61 (Chile submission, 22.01.1990). See also WIPO Arbitration and Mediation Center “Update on the WIPO Arbitration and Mediation Center’s Experience in the Resolution of Intellectual Property Disputes” Les Nouvelles, Journal of the Licensing Executives Society International, March 2009, 49 available at <http://www.wipo.int/export/sites/www/amc/en/docs/nouvellesmarch2009.pdf>.

⁵⁸ S. Theurich “Designing Tailored Alternative Dispute Resolution in Intellectual Property: the Experience of WIPO” in J. de Werra (ed.), *supra* note 7, 175, at 187 *et seq.* The methods of customising arbitration and mediation into the specificity of the subject matter concerned are variable, which can be under the collaboration with another organisation such as the case for ICOM

with the specific features of disputes in each intellectual property sector is an applied practice, which reinforces the accessibility to ADR. In parallel, the WIPO Centre became an appointed dispute resolution provider for many intellectual property sectors.

iv. Works in Progress: Arbitration and Mediation Centre at the European Unified Patent Court

One of the important works in progress in Europe is the integration of settlement into the European patent litigation framework. The Agreement on a Unified Patent Court (UPC) conceives the establishment of patent mediation and arbitration centres (UPC Centre),⁵⁹ which embraces two positive effects. Firstly, the effort to incorporate settlement as a part of case management shall be deemed positive as a means to encourage the parties to consider mediation and arbitration.⁶⁰ Furthermore, granting the legal effect to the settlement agreement as a final decision under UPC is appropriate to attract the users without which ADR has little effectiveness.⁶¹

However, there are some uncertainties as to the effectiveness of UPC Centre. First of all, the interdependency of the proposed UPC Centre with UPC renders unclear whether the idea is to have a court-annexed settlement mechanism (such as the German models⁶²) or an independent dispute resolution centre (such as WIPO Centre model).⁶³ This plays a decisive role because of the subjective limitation made on the

(International Council of Museums), or take the form of the tailored mediation rules specifically made for the stakeholders concerned as the example of the WIPO Rules for Film and Media.

⁵⁹ See Art. 35 on the creation of patent mediation and arbitration centre in Agreement on a Unified Patent Court (Council document 16351/12 of 11.01.2013). The implication of UPC Centre was brought up *inter alia* by SMEs (see Communication from the Commission to the European Parliament and the Council – Enhancing the patent system in Europe-, COM (2007) 165 final at 14). It is welcomed by the EU Parliament, which states that “one of its main aims must be to reduce red tape and keep litigation costs down for the parties involved” (Opinion of the Committee on Industry, research and Energy, A7-0009/2012 at 12).

⁶⁰ Art. 52(2), Agreement on a Unified Patent Court.

⁶¹ R. 470(2) of Draft Rules of Procedure (as of 24 May 2012) available at <http://www.eplaw.org/>.

⁶² Court-annexed mediation has been launched in two patent chambers in German federal courts: in Munich in the end of 2009 and in Düsseldorf in the end of February 2013. In both cases, trained judges mediate the case at an early stage of court proceedings in order to find an amicable agreement between the parties. See P. Guntz “Das Münchner verfahren: Die neuen „AGB“ der Patentstreitkammern am Landgericht München I” Union of European Practitioners in Intellectual Property (17.12.2009) and Pressemitteilung Landesgericht Nr. 10/2013 “Landgericht Düsseldorf: Stärkung des Patentbereichs durch eine weitere Patentkammer Einführung des Güterichterverfahrens” (21.03.2013) available at <http://www.lg-duesseldorf.nrw.de/behoerde/presse/index.php>.

⁶³ See also D. Monégier du Sorbier “Quelle place pour les modes alternatifs de règlements des litiges (vers la création d'un centre de médiation et arbitrage dans l'UE ?)” in Colloque du CEIPI “Quel droit

legal nature of UPC Centre. Furthermore, as the participation of non-EU states to UPC are excluded,⁶⁴ if UPC Centre were to be annexed to the court rather than operating as an independent organization, it may result in reducing the effectiveness of ADR by excluding the big patent players such as Japan, Korea and the United States. Another point to be raised is the limited objective scope of application for arbitration. The Agreement explicitly leaves out the adjudication on the validity of patent from the settlement's scope in mediation, arbitration or otherwise, as a result of which a patent cannot be declared invalid or invalidated whether fully or partially.⁶⁵ It is true that the controversy over the objective arbitrability of patent dispute is not settled in full at the European dimension, but the tendency in enlarging its scope at the national level is undeniable as described above.

E. Association agreements and dispute settlement

In 2004, the Directorate General for Trade of the European Commission adopted the *Strategy for the Enforcement of Intellectual Property Rights in Third Countries* (Strategy for the Enforcement).⁶⁶ This document mapped future actions of the European Union in the area of international enforcement and anticipated numerous activities intended to guarantee the enforcement of intellectual property rights in third countries, among others the promotion of the adoption of new legal undertakings on enforcement.

In congruence with the goals identified in the Strategy for the Enforcement, the EU has inserted powerful intellectual property enforcement chapters in preferential trade agreements subscribed both with developed and developing countries, and has declared that dispute settlement mechanisms contained in these treaties will be triggered in cases of non-compliance. Hence, an international policy document and numerous international treaties promoted by the EU are presently aimed at enhancing intellectual property enforcement.

des brevets pour l'Union européenne ?" (26-27.04.2012) at 8-9 available at <http://www.ceipi.edu/index.php?id=12181>. The Agreement on a Unified Patent Court seems to have the latter in mind (independent dispute resolution provider model).

⁶⁴ Council document "Creating a Unified Patent Litigation System – Orientation debate" (10630/11 of 26.05.2011) at 6-7.

⁶⁵ Arts. 35(2), Agreement on a Unified Patent Court.

⁶⁶ European Commission, Strategy for the enforcement of intellectual property rights in third countries, 10 November 2004, *OJ C* 129 of 26 June 2005, p.3.

However, neither the Strategy for the Enforcement nor the European trade agreements mention ADR. In fact, in these agreements, dispute resolution mainly relates to inter-state dispute settlement, either thorough consultations or arbitration. However, little or no mention is made to disputes between particulars, and except for the area of investment, little mention is also made to disputes between particulars and the State.

As noted, in some areas of intellectual property law the European Union has developed specific ADR systems. It thus seems easy to export the positive experience in this particular regard. In fact, free trade agreements concluded by the United States enshrine ADR systems to address the differences between trade partners in the area of intellectual property.⁶⁷ It seems also an interesting model to adopt in the context of the proposals that the European Union formulates to its trade partners. So far, dispute settlement mechanisms set forth in association agreements are of bilateral and inter-state natures. A new layer between judicial enforcement and inter-state dispute settlement would offer new mechanisms to improve the efficiency and dynamism of the intellectual property system.

4/Proposal

The importance of ADR in the context of disputes involving intellectual property rights is growing. Presently, rightholders count on a range of options arising from relevant international, regional and national initiatives on ADR.

In the national context, EU Member States have undertaken legislative as well as institutional efforts without much positive outcome. Therefore, actions at the European level in order to reinforce the use of ADR in the field of intellectual property shall be backed up by the Commission with the primary aim of increasing its accessibility to the users.

The first option would be to address ADR in the next revision of the Enforcement Directive. In this context, mandatory provision to attempt ADR could be included.⁶⁸

⁶⁷ See for instance art. 22.17 of the US-South Korea Free Trade Agreement.

⁶⁸ At present, mandatory arbitration or mediation clauses imposing the parties to attempt settlement prior to the court proceedings shall not be deemed violation of right to fair trial in accordance with European *acquis*, provided that the consequence thereof does not deprive the parties from further action at court. Cf. CJEU Joined cases C-317 /08, C-318/08, C-319/08 and C-320/08 (Alassini,

In addition, on-going discussions on consumer Online Dispute Regulation (ODR), namely making use of the Internet to simplify the procedure, and its applicability to intellectual property rights shall be taken into account.⁶⁹ Furthermore, using the “making it fit” approach may be cost-effective and easier, by way of which an existing legal instrument (such as general arbitration, mediation and conciliation rules) can be modified to adopt specific requirements of each intellectual property right. This approach might be more efficient than creating a one-stop legislation applicable to all sorts of intellectual property disputes.⁷⁰

Another option would be to further institutionalize ADR. There is no central dispute resolution Centre at the European level dealing with disputes related to any intellectual property rights. As the institutional efforts have become fragmented, the European Commission may take an initiative to sum up the collective knowledge as well as experiences of the existing intellectual property specialized dispute resolution centres and create a centralized European Institution to deal specifically with ADR.

Finally, the draft proposal of association agreement that the European Union usually shares with its prospective trade partners should be amended. New preferential trade agreements concluded by the European Union could benefit from the inclusion of a reference to ADR. In order to do this, it would suffice to include one provision either

Califano, Iacono, and Multiservice vs. Telecom Italia SpA), 18 March 2010); *Deweer v Belgium* (1980) 2 EHRR 439; *Halsey v. Milton Keynes NHS Trust* [2004] EWCA Civ 576; BVerfG (14.02.2007), 1 BvR 1351/01. The Mediation Directive also does not prohibit any compulsory mediation (Recital 14 and Art. 5(2), Mediation Directive). This is with exception though, as the Italian Constitutional Court declared the provision of compulsory mediation invalid on the grounds that it deprives the right to fair trial (Sentenza 272/2012, 24.10.2012, *Gazzetta Ufficiale*, 12.12.2012). *See also* on the feasibility of making ADR mandatory for intellectual property dispute in K. William “The case for compulsory arbitration: empirical evidence” Vol. 22, Issue 4, *E.I.P.R.* (2000) 154 and J. de Werra “Can alternative dispute resolution mechanisms become the default method for solving international intellectual property disputes?” Vol. 43 *California Western International Law Journal* (2012) 39 at 63 *et seq.*

⁶⁹ Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC, *OJ L* 165 of 18 June 2013, p.1 and Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC, *OJ L* 165 of 18 June 2013, p.63. *See also* G. Kaufmann-Kohler and T. Schultz “Online Dispute Resolution: Challenge for Contemporary Justice” (Kluwer Law International, 2004).

⁷⁰ Indeed, the proposition to design a general pre-action protocol, i.e. mandatory pre-trial attempt for settlement, for intellectual property disputes under the civil procedure rule in the UK turned out to be unsuccessful because of the wide variety of intellectual property rights. *See* the Jackson Report, *supra* note 11, at para. 5.3 and footnote 16 at 256. *See also* J. Lambert “IP litigation after Woolf revisited” Vol. 25, Issue 9, *E.I.P.R.* (2003) 406 at 413.

in the dispute settlement chapter or in the intellectual property chapter stating that “Parties will promote ADR for the adjudication of intellectual property disputes”.