

A Wisconsin Attorney's Guide to ADR for Intellectual Property

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Overview

- Brief Description of ADR
- ADR in Wisconsin
- ADR in Federal Court
- Why should I use ADR?
- ADR Clauses
- Mediation Tips
- Arbitration Tips
- Questions

What is ADR?

- Any type of process that parties use to resolve a dispute outside of litigation.
- Main Types
 - Negotiation
 - Mediation
 - Early Neutral Evaluation
 - Arbitration

Mediation

- A non-binding process using a neutral that assists the parties reach a mutually agreeable resolution of a dispute
 - Mediator manages the process but does not make a decision
 - Requires some level of good faith by both parties
 - Can be quick and low cost
 - Can maintain a needed relationship

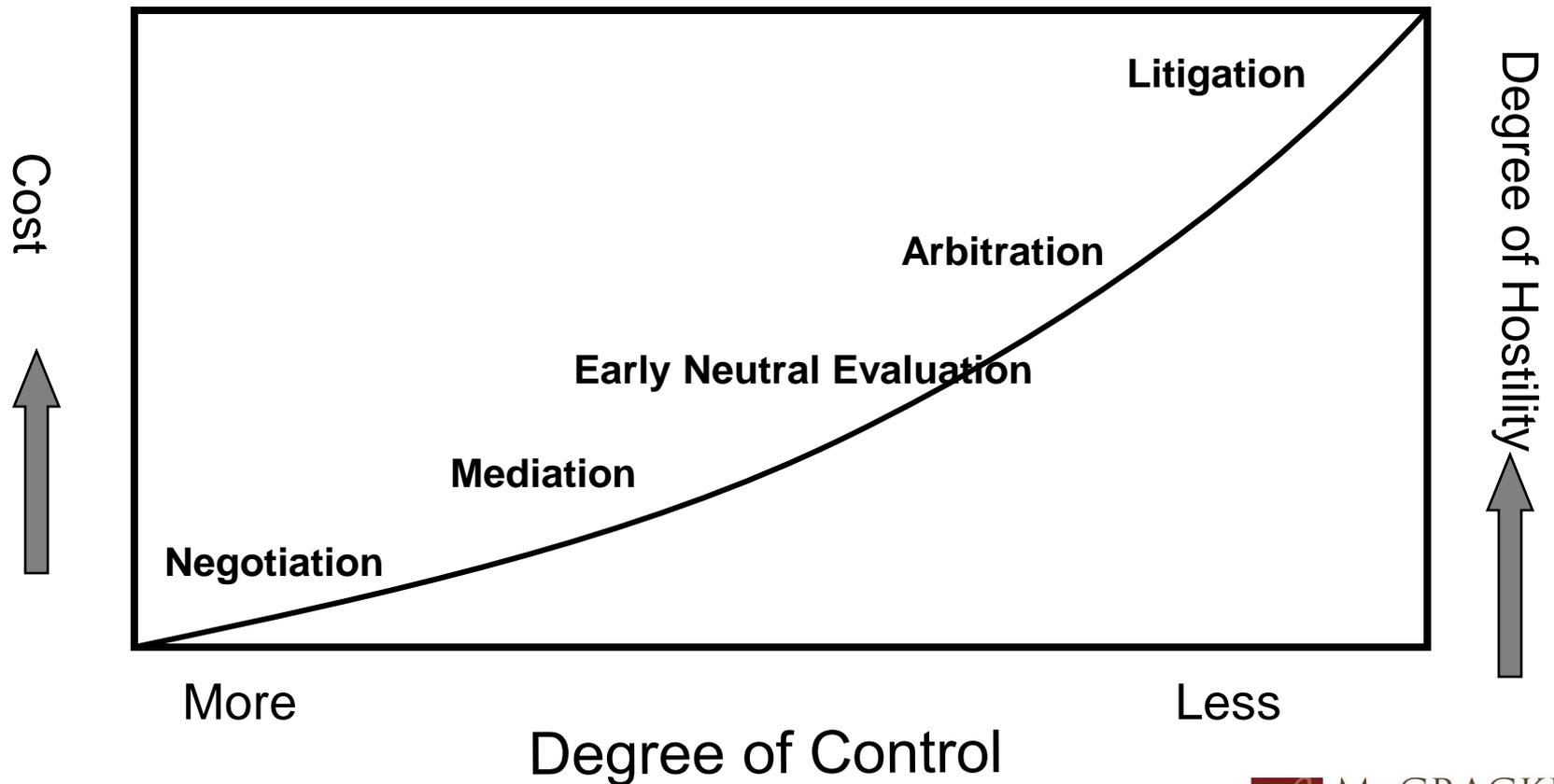
Early Neutral Evaluation

- A non-binding advisory opinion provided by a neutral expert
 - Result is not binding on the parties without agreement
 - Can lock one party into the determination by the neutral
 - Can provide impetus to resolve a deadlock
 - Relatively low cost

Arbitration

- A binding process where the parties submit a dispute to a neutral for decision.
 - Without control can be almost as costly as litigation
 - More informal and uses a decision maker that has some level of experience in the field
 - Award is enforceable by a court
 - Difficult to overturn except for a limited number of reasons

Types of ADR



ADR in Wisconsin

- Arbitration
 - Wisconsin Arbitration Act
 - Issues and case law
- Mediation
 - Covered by general ADR law
 - Highly favored by courts in many counties

ADR in Wisconsin

- Arbitration
 - WAA is similar to FAA
 - Courts are “relatively” friendly towards arbitration
 - “Manifest disregard of law” is available to vacate an arbitration award
 - In most instances arbitrator rules on arbitrability

ADR in Wisconsin

- Mediation
 - Covered generally by 802.12 and 904.085
 - Can be ordered by the court
 - Exclusion from evidence – “Mediation Privilege”

ADR in Federal Court

- Local Rules
 - Eastern Dist
 - Civil Rules L.R. 16.4-16.7
 - 16.5 Requirement to conduct an ADR evaluation conference
 - 16.6 Confidentiality
 - Western Dist
 - Rule 3
 - Parties are to “consider” ADR within 30 days of defendants appearance
 - General prohibition of disclosure of ADR communications

ADR in Federal Court

- Arbitration
 - FAA
 - 35 USC 294
 - Arbitrability – Who decides
 - Default is court will decide what is arbitrable unless agreement is clear that arbitrator is to decide
 - Can depend on Rules specified – AAA rules specify arbitrator decides

ADR in Federal Court

- Arbitration
 - Confirmation of Awards
 - Awards only vacated under specific reasons set out in FAA §10 and/or Wis. Stat 788.10
 - 7th Cir has narrowly interpreted “manifest disregard” under FAA

ADR in Federal Court

- Mediation
 - Based on local rules parties should be prepared to either mediate or explain why mediation is not appropriate
 - Appeals to CAFC
 - Cases suggested for mediation
 - Only if both parties agree to mediate
 - Court is not informed either that mediation was refused or was unsuccessful

Why ADR in IP Cases?

- Expense
 - ADR gives parties more control of the process
 - ADR can help control costs
 - Limit discovery
 - Focus issues
 - Settle early
- Discovery
 - ADR can minimize discovery pain for client

Why ADR in IP Cases?

- Trade Secret/Confidentiality Issues
 - ADR is confidential
 - More control of who gets access to critical secrets
- Relationships
 - Your client likely has a limited number of competitors
 - Will see the same people again in the future

Why ADR in IP Cases?

- Subject matter
 - Cases often involve difficult subjects
 - Cases often involve difficult legal concepts
 - ADR can use an “expert” neutral
- Importance to Client
 - Cases often involve core technologies or businesses
 - Some cases are “bet the ranch” type of cases

Why ADR in IP Cases?

- ADR can help with cross border disputes
 - Different legal systems
 - Language issues
 - Venue issues
- Ethical duty to discuss ADR
 - Obligation to minimize fees and costs
 - Possible malpractice for not discussing ADR

ADR Clauses for IP Agreements

- Don't use a “stock” paragraph you used before
- Know the rules
 - AAA
 - CPR
 - WIPO
 - Etc.

ADR Clauses for IP Agreements

- Be specific
 - Lay out what is subject to the ADR clause
 - Identify the law to govern the ADR if different from normal “Choice of Law”
 - Can have the arbitration done under FAA using New York substantive law
 - Can have the Arbitration done under WAA using New York substantive law
 - Specify the Rules to be used, including the number of arbitrators

Tips for Advocates - Mediation

- Mediation is not adversarial
 - One goal should be to make sure the other side knows the strength of your position – let the facts work for them self
 - Don't beat down your opponent – get more flies with honey
- Have Clear Goals
 - Know your clients true bottom line
 - Know if there is a likely continuing relationship

Tips for Advocates - Mediation

- Choose a mediator with a style that matches what you and your opponent need from the mediation.
 - Do you need an expert? – Will he be expected to be evaluative
- Prepare your client
 - Make sure they understand the process
 - Make sure they have the time and authority
 - Make them an active participant

Tips for Advocates - Mediation

- Think “Interest Based”
 - Act positionally but think about what your client really “needs”
 - Think laterally – sometimes solutions come “from left field”
 - Expect (and offer) “off the wall” solutions
 - Explore “unrelated” issues that may help to settle the current case

Tips for Advocates - Mediation

- Use the Mediator
 - To deliver bad news
 - To the other side
 - To your own client
 - Be very honest with the mediator
 - Mediators will not reveal any information without specific permission
 - Mediators often can make suggestions to move the process along
 - Talk privately with the mediator without your client

Tips for Advocates - Arbitration

- No Appeal
 - FAA and WAA have limited grounds to vacate an award
 - Courts in Wisconsin do recognize “manifest disregard” as an added ground
 - Some Federal Courts are interpreting “manifest disregard” as a shorthand for 9 USC 10(4)
 - Concentrate on Winning before Arbitrator
 - View all deadlines as non-extendable

Tips for Advocates - Arbitration

- Discovery
 - Arbitrator or Rules will likely “require” an agreement between the parties to limit discovery
 - Rules require an “equal,” not “every” opportunity to present evidence
 - Likely a limited number of depositions
 - Document production may be limited to what will be used at the hearing – 2 edged sword “if you don’t produce it, you can’t use it.”

Tips for Advocates - Arbitration

- Evidence
 - Strict adherence to the “Rules of Evidence” may not be required
 - Arbitrator is more likely than not to admit “evidence” as excluding evidence provides an increased argument for vacatur.

Tips for Advocates - Arbitration

- Focus on the Hearing
 - Make sure you know the Rules, including any preliminary rulings made by the arbitrator
 - Make sure you get all facts in evidence to support your claims and/or defenses
 - Consider agreeing with the other side to have all direct evidence in writing with a right to cross examine
 - There is a jury of one (or three)
 - Help the arbitrator protect the award

Questions or Comments?

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