

Expectations of ADR from Users' Perspectives

- Focus on introducing past cases -

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Characteristics of ADR from Users' Perspectives (1)

	Strong points	Weak points
Object	<ul style="list-style-type: none"> • Resolution of disputes that are not suitable for litigation proceedings <p style="margin-left: 40px;">Example: Royalties of a future license</p> • Resolution of only a portion of a dispute <p style="margin-left: 40px;">Example: A dispute over an interpretation of a patent claim</p> • Resolution of disputes within a larger framework covering the business 	
Arbitrator Mediator	<ul style="list-style-type: none"> • Can select an expert as an arbitrator or mediator by mutual agreement of parties 	<ul style="list-style-type: none"> • An arbitration or mediation agreement is necessary. • Cannot find or identify an appropriate expert

Characteristics of ADR from Users' Perspectives (2)

	Strong points	Weak points
Procedures	<ul style="list-style-type: none">• Disputes in two or more countries can be resolved with one ADR.• Confidentiality• Quick in general• Inexpensive in general• Compared with judgments, ADR awards can be easily approved and executed in other countries (New York Treaty).• In the case of mediation, parties can return at any time to the situation of dispute that existed before the mediation.	<ul style="list-style-type: none">• No disclosure of precedents →Prediction is difficult.• Parties may face unforeseen circumstances because an arbitrator (mediator) has wide discretionary powers.

Strong Points of ADR under IP Disputes

Characteristics of IP disputes	Corresponding strong points of ADR
<ul style="list-style-type: none"> • Business disputes • Some disputes may not be suitable for litigation proceedings. <p style="margin-left: 40px;">Example: Royalties of a future license</p>	<ul style="list-style-type: none"> • Flexible resolution without relying only on the law is possible.
<ul style="list-style-type: none"> • Confidential information is involved in many cases. 	<ul style="list-style-type: none"> • It is easier to disclose confidential information than in the case of litigation, due to confidentiality of ADR proceedings.
<ul style="list-style-type: none"> • Deeper expertise in technologies is necessary. • Each party thinks its technical position has merits. 	<ul style="list-style-type: none"> • Decision by experts • Flexible resolution is possible rather than an all-or-nothing resolution.
<ul style="list-style-type: none"> • IP has a short useful life. →Early dispute resolution is necessary. <p style="margin-left: 40px;">Example: A trademark of a product with a short life cycle</p>	<ul style="list-style-type: none"> • Quick in general
<ul style="list-style-type: none"> • Cases in which disputes involve two or more countries 	<ul style="list-style-type: none"> • All disputes can be resolved within one procedure.

Use of ADR

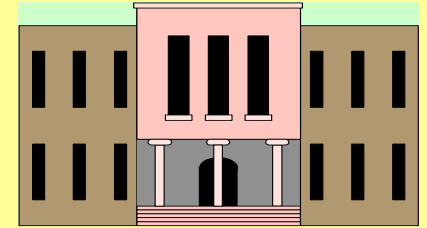
- ADR agreed before the occurrence of disputes (ADR conducted in accordance with ADR provisions already agreed and specified in a license agreement)
- ADR after the occurrence of disputes (non-existence of ADR provisions in a license agreement)
Examples)
 - Mediation by a court order
 - Advisory opinion by the Japanese Patent Office on the scope of patents
(Initiated by an ex parte motion / Tool for ADR)

Fujitsu's Experiences in ADR

Case 1. (Mediation)

A patent infringement litigation concerning electronic devices

Court: U.S. District Court,
Eastern District of Virginia



◆ Timing: Before discovery

◆ Process to the mediation: Both parties agreed on a magistrate judge's mediation in accordance with a suggestion of the court.

Settlement reached

◆ Before the mediation, both parties had understood their mutual positions to some extent.

◆ Substantial reduction of litigation costs.

Fujitsu's Experiences in ADR

Case 2. (Mediation)

A patent infringement litigation concerning magnetic disk drives

Court: U.S. District Court,
Northern District of California



◆ Timing: Before discovery

◆ Process to the mediation: The Court Rules obligate both parties to consider ADR. As a result of the consideration, both parties agreed on mediation by a lawyer who was selected by them.

Settlement reached

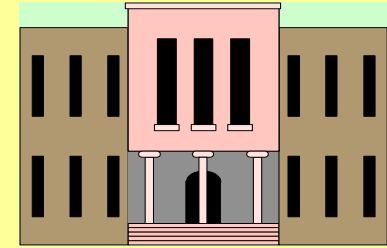
- ◆ Both parties selected a mediator who had been successful in reaching settlement in another litigation involving the same plaintiff, and this worked out.
- ◆ Substantial reduction of litigation costs.

Fujitsu's Experiences in ADR

Case 3. (Mediation)

A litigation concerning a misappropriation of trade secrets

Court: U.S. District Court,
Southern District of New York



- ◆ Timing: Before discovery
- ◆ Process to the mediation: Mediation was mandatory under the Court Rules. A lawyer was selected as a mediator upon discussion by both parties.

No settlement

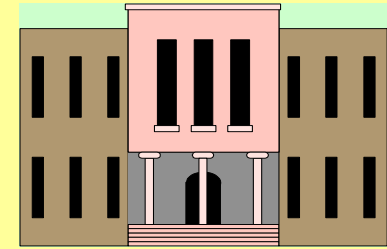
- ◆ Neither party intended to reach a settlement before or during the mediation.

Fujitsu's Experiences in ADR

Case 4. (Settlement Conference)

A patent infringement litigation concerning plasma display panel

Court: U.S. International Trade Commission (ITC)



◆ Timing: Initial stage of investigation procedures

◆ Process to the settlement conference:

Mandatory settlement conference only between the parties was held by order of an administrative law judge.

No settlement

◆ Neither party intended to reach a settlement before or during the settlement conference.

Fujitsu's Experiences in ADR

Case 5. (Domain Name Dispute Resolution)

A dispute concerning a domain name

Organization of dispute resolution: NAF
(National Arbitration Forum)



- ◆ Fujitsu protested against a registrant about partial use of a Fujitsu product name as a domain name of a pornographic site.
- ◆ Fujitsu filed the complaint with NAF because the registrant did not stop the use of the domain name (August 29, 2002).
- ◆ **Decision in favor of Fujitsu** (October 25, 2002)

Fujitsu's Experiences in ADR

Background of establishing the dispute resolution procedure in domain name disputes

Characteristics of disputes	Dispute resolution procedure
Disputes relate to two or more countries in many cases.	All disputes can be resolved at one time by one forum
Immediate dispute resolution is necessary.	Quick resolution
Damage caused by infringement and litigation costs are substantial, in comparison with inexpensive registration fee.	Inexpensive procedural cost

Characteristics of UDRP rules

- Domain registrants must agree to dispute resolution procedures at the time of registration.
- A lawsuit can be brought at any time. (But, if a decision is against a registrant but a lawsuit is not brought within 10 days after the decision, the domain name will be cancelled or removed.)
- The period from filing a complaint to decision is short. (55 days [in the case of a single panelist])

UDRP = Uniform Domain Name Dispute Resolution Policy

Fujitsu's Experiences in ADR

Evaluation of ADR rules (1)

- Obligation of parties to explore the possibility of ADR at an early stage of litigation
 - ➔ May be useful to trigger the commencement of settlement negotiations.
 - ➔ May be useless if both parties do not mutually understand each other's positions.
- Mandatory ADR at a judge's discretion or based on rules
 - ➔ Not effective under circumstances in which parties do not intend to reach a settlement at all.

Fujitsu's Experiences in ADR

Evaluation of ADR rules (2)

- A variety of options for ADR
 - Arbitration and mediation (by a judge or neutral person)
 - Early neutral evaluation (ENE)
 - Settlement conference by a magistrate judge
 - ➔ **A method suitable for the situation of each case is selectable.**
 - ➔ **There is no concern about effects on litigation if a judge and an arbitrator or mediator are different.**
 - ➔ **Results depend on the experiences and skills of an arbitrator or mediator.**

ADR in Japan (1)

◆ Current circumstances of non court-annexed ADR

- Vague anxiety about ADR
- Small number of actual results and not well-known
- Reliability is insufficient.

◆ Solution for current circumstances

- PR of ADR by bar association, government and private ADR organizations, and accumulation of actual results
- Education and training of arbitrators and mediators
- Fostering of an environment to promote the use of ADR
 - The legal effect of statutory bar is granted at the commencement of arbitration or mediation.
 - Enforceability is granted for settlements by a non court-annexed mediation.
 - The court's assignment to non court-annexed ADR organization
 - A legal basis is granted for confidential obligation of an arbitrator or mediator.

ADR in Japan (2)

◆ Problems of court-annexed ADR

- A judge in charge of a case becomes the mediator of the same case.
Considering effects on the judgment,
 - Parties do not easily compromise,
 - Parties cannot request the termination of mediation.
- Anxiety over unclear separation of information within the judge's mind

◆ Solution for problems

- The settlement conference and mediation of a case by a person other than a judge in charge of the same case
(More important than efficiency of settlement conference and mediation by a judge in charge of the same case)
- Fostering of IP-specialized mediation, and accumulation of actual results

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