Using Alternative Dispute Resolution in Intellectual Property Cases

MS. KREZONIS: Hi. I'm Tapitha Krezonis, the Internet Editor of the Online Journal. I'd like to introduce to you our moderator, Mark Lieberstein. Mr. Lieberstein focuses his practice on intellectual property litigation and trademark prosecution.

He's worked primarily on intellectual property litigation in the areas of patent, trademark and copyright litigation including infringement and unfair competition. Mr. Lieberstein actively participates with the International Trademark Association where he has lectured and presented programs on that practice.

Mr. Lieberstein also serves as Executive Committee Officer of the New York State Bar Association Intellectual Property Section, and he is also a graduate of Cardozo School of Law, class of 1992.

MS. HONG: I would like to introduce Mr. Jim Davis. Mr. Jim Davis is a partner at Howrey, Simon, Arnold & White. He has extensive intellectual property law practice experience. In addition to litigating intellectual property cases in the federal courts and in the International Trade Commission, he has also served as a special master, arbitrator and mediator in the US and international proceedings.

He was the neutral advisor in the first "mini-trial" in 1977 and has participated in more than 50 mini-trials and mediations in federal court involving technology, patent and trade secret cases.

Mr. Davis also served as a trial judge of the United States Court of Claims from 1966 to 1972.

PROFESSOR LOVE: Welcome everyone! This symposium brings together two areas of particular interest and activity at Cardozo—ADR and intellectual property. This event is the first time that we have brought these two subjects together, so you are part of an exciting and pioneering endeavor.

We are very pleased to welcome such a distinguished group of people, both from the ADR world and the IP world, to be with us today.

Panel members will speak from 1:30 to 3:30p.m. At 3:00p.m., we will ask panelists to respond to questions. We will start by asking Professor Abramson to give a brief overview of ADR.

As many of you know, confusion about ADR processes abounds, and he has been given the difficult task of bringing everybody onto the same page in about ten minutes. We're then going to give the floor to Professor Korzenik, who is going to do the same thing with IP. He will define IP, the intellectual property arena, and the sorts of cases that one would be likely to see there.

And, finally, as part of setting up the program, we've asked Jim Davis to give a very brief overview of the history of the intersection between ADR and IP—to give us all a sense of what's happened in the last quarter of a century to bring us to where we are today.

Then, Mark Lieberstein and I will pepper the panelists with questions for about an hour. We are going to challenge them as much as we can. And after that, we're going to turn it over to you to do the same.

When it becomes your turn to ask questions, remember that this event is both recorded for video—on the video cameras—and it's going to be transcribed. So, it's important that we capture your questions, either by giving you the mike or by repeating the questions ourselves.

So, now to Professor Abramson.

PROFESSOR ABRAMSON: Thank you. Has anyone here taken an ADR course? Sometime in your lifetime? Please raise your hands. Okay.

This should be a very familiar subject to many of you. But I have been given the task to bring everyone onto the same page by introducing some of the basic dispute resolution devices.

And what I have found over the years in thinking about this subject is that it can be really overwhelming and confusing when people talk about dispute resolution processes and start throwing at you mini-trials, summary jury trials, mediation, arbitration, early neutral evaluation, private judging. The list goes on, and sometimes it feels like an endless list. And as a result, it can feel very confusing. How do we begin to get a hold of these different ideas, and begin to organize them in a way that makes the ideas a little bit more accessible?

What I have found is that the first step is to take all of these different processes and divide them into two simple, straightforward categories. The two categories I am going to use are consensual processes and adjudicatory. [Speaker lists dispute resolution methods on board.]

I will draw a line here. And I think in the first cut, if we take a look at all these different ideas, we can group them into consensual and adjudicatory. I think that's a useful way to divide them because each process can be split between those processes where the result depends on the agreement of the parties and those that don't. In fact, you may describe this difference based on who the decision maker is.

In this case, [speaker points to the consensual processes] what is essential is that the ultimate decision makers clearly are the parties—whether we talk about negotiation as a process, talk about mediation as a process—process that we'll spend a lot of time talking about today— or we talk about the settlement conference as a process. [Speaker draws on board.] When I talk about settlement conferences, I'm talking about a settlement conference before a judge or magistrate. Or, we talk about something that's called early neutral evaluation.

In all of these processes, they have one key feature in common: the decision maker. The parties themselves are ultimately the ones who decide how to resolve a dispute.

Then, we switch to the other side of the line and we take a look at adjudicatory processes. We can look at arbitration, which we'll spend some time talking about today, private judging, and of course, the old familiar fallback —- going to court.

And the common feature of all of these processes on the right side of the line is that the decision maker is no longer one of the parties. The decision maker is now a third party judge of some sort, whether it's called an arbitrator or a private judge or a judicial judge, it's a third party.

The key distinguishing characteristic between the process on this [consensual] side and the process on this [adjudicatory] side is that when we get to this side [adjudicatory], the parties have decided to have the dispute resolved by someone else. They've given control of the problem over to someone else. They have said to a third party, whether we call that party an arbitrator or a judge, "I can't solve it on my own. I need you to solve it for me." And I think this division of processes is a very good first step in thinking about the processes.

But there are other ways that we can characterize processes by using other distinguishing features. And one of them is: What is the role of the third party in each of these cases?

There is a third party involved in this case [points to mediation], this case [points to settlement conference], this case [points to private judging], this case [points to early neutral evaluation], this case [points to

arbitration], and this case [points to court]. Obviously, we can talk about negotiation. That's without third party participation. So, we'll put it aside for now.

In all these other processes, there is a third party involved. One of the ways we can begin to understand the differences among these different options is to consider the role of that third party. So I'm going to draw another line here, and we'll call this the role of the third party. On this end, the role of the third party is more of a facilitator. And at the other end, the third party is someone who's more directive—in the way that the third party operates. And as we move from left to right, we see greater degrees of directiveness by the third party. If you take a look at mediation, something we'll spend a lot of time talking about today, you'll see the mediator acting as a facilitator—a facilitative model.

There are two models of mediation, but we will not go into that. Those people who take the mediation course will spend a lot of time on this, I'm sure. Professor Love, along with Professor Kovach of the University of Texas, has written a lot on this subject regarding facilitation versus evaluation. If you have any interest in the subject, I recommend their article that was recently published in the Harvard Negotiation Law Review to give you some valuable insights on these differences.

For our purposes, we can put the facilitative model on the left-hand side. If the third party is acting as an assistant, then the person is going to help the parties solve their own dispute—as a facilitator in a facilitative model. The third party is not going to offer answers to the problem. He or she is not going to offer them solutions, but will assist the parties in continuing their negotiation process that started over here [points to negotiation]. And the negotiation will continue in the mediation process with the assistance of a third party who will support the mediation process, which is still party-driven and the disputes are party-resolved.

When we move to a more evaluative model, we see a mediator acting in a more directive fashion. And he's suggesting some ideas—evaluating the strengths and weaknesses of the case. In other words, the mediation is becoming more directive and active in the resolution of the problem.

As we move along here, we see that the third party becomes more and more active. A settlement conference, which is before a judge, can traditionally be quite directive. Why do we like settlement conferences? Because we get a chance to spend time with the judge who might decide the case, with a judge who is an expert in decision-making, with a judge who may hint to us, as participants in that process, as to what might happen if we go to court. We are hoping for some direction from that third party.

When you get to early neutral evaluation, what is the nature of the process? We're going to a third party, usually an attorney who is very experienced in the field, and seeking advice. You're a patent lawyer, for example. You've been practicing law for 30 years. You know patent law. In your opinion, who do you think has the stronger or weaker case? We're asking for that advice. Very directive. The person is offering an answer.

The answer is not binding. That's why it's on this side. Non-binding. The parties can hear that advice and one of them can say, "Interesting. I enjoyed meeting you, but I don't care." The parties can reject it. That's why it's on this side.

When you get to this side, of course, it changes [points to adjudicatory side]. When you go to arbitration—and for those who are not familiar with the arbitration process—arbitrators make decisions; that's what they've been asked to do. That's why they've been hired—to make decisions. The arbitrator will hear the case, and in a relatively informal setting, based on the full record—the record is different than the record that you see in court—the arbitrator will issue a decision that will typically be binding. Then, the parties have an answer regarding how to resolve their dispute. The arbitrator has told them what to do. When you go into court, of course, you see the judge giving an answer in a more familiar setting.

Another way you can look at these processes is in terms of remedies that are available. That is, what kind of outcome you may get out of these processes. And here, I'm going to talk about creative—whatever that

means because sometimes we over use the word—and legal remedies. There are differences.

We can begin with the mediator who can help design solutions that will not necessarily be available in court. They can be creative ideas. They can be almost anything, as long as they are not illegal.

As we move along this line [points to legal process], we see the third party promoting resolutions that come closer and closer to what might happen in court. So, for example, if we move towards early neutral evaluation, we are asking the third party expert in patent law to give us advice regarding what might happen if we cross the line, and take this issue into court—to predict the outcome.

Over here when we're in mediation, we are not asking that. We are asking the mediator to assist the parties in designing tailor-made solutions that make the best sense for these parties. The solution might be the same as going to court, or in many cases—at least with very good and experienced mediators—the solutions may fall outside of what might be available in court.

This presentation should have given you an overview of the various processes. How am I doing on time? Keep going? Okay.

Let me talk about one other feature. And that is the role of clients. This is a big issue. The role of clients can be a basis for distinguishing these processes.

The reason it's a significant feature is because there's an interesting little deal that exists between attorneys and clients that has been challenged in mediation. The deal is very familiar to attorneys and clients.

Here's the deal: the client gets into a legal problem. The client is upset with the legal problem. The client goes to the attorney and says, "I've got a legal problem. Will you take care of this?" And the attorney says, "Of course. That's what I do." And the client's delighted with this deal. The client goes back to his or her life and does what the client typically does, whatever that may be. But the one thing he or she is not doing is legal work.

The lawyer gets to do the legal work. The lawyer loves the deal because the lawyer gets to do what the lawyer can do best, legal work. With the client turning the problem over to the lawyer, the lawyer doesn't have to deal with the client every day. The lawyer doesn't have the client challenging what the lawyer is doing every day. The lawyer is the expert, and the client wants the lawyer *because* the lawyer is the expert.

The deal makes everyone happy. The client can go on, at least with part of his or her life, until the legal matter disappears. And the attorney gets to do what the attorney has been trained to do. And that's the deal.

That's the deal reflected in these other processes where we can see clients playing very limited roles such as in arbitration, where clients serve as witnesses or observers. In early neutral evaluation, you see the client sitting and observing and maybe explaining some of the facts, but basically performing an extremely limited role.

Well, what's wrong with this deal? The client and not just the lawyer—has expertise to contribute, especially in mediation. The client is the one who knows more about the problem than anyone else because it's the client's problem, whatever that might be. The client has other expertise: the client also knows what the best solution might be for the client because the client has to live with whatever the solution turns out to be. The client is in the best position to try to think about and to create the best solution.

So the client has very important things to contribute. What is nice about mediation—and it's a process that we'll talk much more about today—is that the client has a very active role in that process. The client is invited into the process as a partner with the lawyer: the result of which is the lawyer contributing his or her expertise, and the client contributing his or her expertise.

When we take a look at this, we see how the client plays a great role here [points to mediation], less of a role here in the settlement conference, and little role here [points to early neutral evaluation]. When you get to here [points to the adjudicatory processes], the client plays a very limited role, primarily as an observer and as a witness.

So hopefully—I just got the time out. Hopefully, this gives us some basic vocabulary to use as we go through the day today and try to figure out how these processes work best in the area of intellectual property. Today, we will consider how to adapt these processes to the special needs of IP cases. Thank you.

PROFESSOR LOVE: Thank you.

MR. LIEBERSTEIN: Thank you, Hal. That was an excellent overview. Now that you hopefully understand all the basics, I'd like to put this symposium in perspective as ADR relates to Intellectual Property. Before Professor David Korzenik goes on and talks more in detail, I just wanted to give you some statistics that are actually retrieved from an article written by Rosemary Townley who is a member of the National Academy of Arbitration and also an adjunct professor at St. John's University. She is also Chair of the New York State Bar Association Labor and Employment Law Section. She writes that the American Arbitration Association reports an increase in the case law in this area, meaning the area of ADR being used in intellectual property. She states that approximately 350 cases involving copyright, patent, and trademark issues were either mediated or arbitrated under the auspices of the AAA in 1997, while in 1996, approximately 223 cases were filed.

Now aside from the increase of the AAA—I don't know if you have been reading the papers—corporations are now in the business of conducting arbitration and mediation, companies like J.A.M.S/Endispute and the National Arbitration Forum. These corporations are in the business now of handling arbitration and mediation. And the increase in the AAA alone, in that one year, to me is astounding.

The next statistic I want to throw out at you, to look for is to look at it from a corporate perspective. A 1998 study of General and Deputy Counsel of Chief Litigators of Fortune 1000 corporations conducted by Cornell University and Price Waterhouse Coopers, shows that ADR techniques, especially arbitration and mediation, are in widespread use.

Most firms recorded a preference for mediation as a means for dispute resolution. And the study also recorded that of those disputes that dealt with intellectual property issues, 28.6% were referred to mediation and 21% to arbitration. And that shows a real increase in the use of arbitration and mediation, even by some of the largest corporations in the world. And with that perspective, I'd like to turn it over to David.

PROFESSOR KORZENIK: I have the honor of giving you some of the basics on the intellectual property side of the ledger, so that we can match these points up with the categories raised by Professor Hal Abramson. Now, what is intellectual property? What's funny about the phrase "intellectual property" is that it sounds like an honorific. Most intellectual property never struck me as being very intellectual although it is certainly property. IP generally comes in five bundles. Copyright law, the law of trademark, and the law of patents are the three classical parts. Then you might also include trade secrets as another category of intellectual property and also the right of publicity. There are some others that you might bring in, which are neighboring rights; but those five categories probably mark the zone.

And what I want to do is just quickly give you an overview of these different areas of the law and describe what they protect and what they don't protect, so that we can think about how dispute resolution within these areas might be initiated; and what about IP disputes are amenable to alternative dispute resolution procedures and what about them are not readily susceptible to these types of alternative dispute resolution procedures.

Now, copyright protects authors, patent protects inventors, trademark protects owners or producers of goods and providers of goods and services. Rights of publicity protect the individual's names—they're really more

analogous in certain ways to trademark—the use of people's names or likenesses in commercial settings, and trade secrets protect the owners and proprietors of information and processes. I'll describe that more fully.

Now what does copyright really do? Copyright protects the works of authors, that is, creative works with a certain minimum amount of originality. It does not protect ideas; it protects only their expression and only their expression as it is embodied and fixed in a particular medium. So that the words that I speak today, unless they are recorded as they apparently are, would have no copyrightability or protection under the copyright regime. Copyrightability turns on those features and again it protects the expression of ideas, not the ideas themselves.

For example, to illustrate that, you may remember the Jurassic Park case where an author by the name of Williamson claimed that Crichton and Spielberg had taken his idea about a dinosaur park. His idea was embodied in a book that he had written for children and he challenged "Jurassic Park" as an infringement of his work. He lost in the Second Circuit—and before Judge McKenna below—precisely because both courts perceived what he was trying to protect was an idea and not really the expression of that idea.

Another case, also an interesting one—I forget the film—an artist had designed a very high-tech looking electric chair. Images of the chair had been recreated in a film, I believe by Universal. The very concrete, very specific expression of that idea was very clearly copied in the film and the artist succeeded in obtaining an injunction. So you see the difference between the kind of concreteness that is required for a copyright claim and the kind of ideas that will not be protected under that regime.

Trademarks. The best phrase to use to understand what trademarks do and what trademarks don't do is a phrase which was first used by Second Circuit Judge Pierre Leval: "source identifiers." The trademark system isn't protecting "works;" it isn't protecting creations so much as it is protecting the names that are used to identify the people who have created certain products or have provided certain services. At least in America, the most notable is Coca-Cola. I think everyone uses that as a benchmark when they try to assess the value and significance of a mark. That is the second category.

Patents are of course interesting because they really are a creature of government grant. Patents and copyrights are of constitutional significance as they are spoken of in the constitution. Copyright is intended to inspire and induce people to create by giving them a certain limited monopoly over those works for a certain limited time. Patents are also intended to support and induce creation, but have a slightly different focus. What happens with patents is that people invent things, apply to get protections from the U.S. government, the U.S. Patent and Trademark Office, and they are given, literally, a twenty-year monopoly over that idea, process or method or combination of materials that is not dependent on whether somebody else copied it deliberately. If you have a patent, if you have registered and protected a particular process, even if I never knew that you had previously created it, even if I never knew you had registered it, if I develop a product that is based on that same invention, same process, same method, that same technique or machine, you could stop me from using that particular method. That is as daunting and serious a claim that can be made under the patent system. A copyright claim, as you recall, requires that I show not just that you substantially copied my work, but that you had access to it. Thus, if you could show that you had independently created the work yourself without any kind of knowledge of my own work, then you would be home free.

Trade secrets. Trade secrets generally refer to information and processes, formulas and so on that companies or individuals own and use to their economic advantage. Generally, they are known as those types of information and processes, and formulas that are of value because they are known by no one else. Owners of trade secrets must show that they have taken steps to protect those ideas. While copyright will not protect all trade secrets, trade secrets are a much broader set of ideas, information and formulas, which include even non-patentable and non-copyrightable formulas and ideas that are kept in confidence. So in a certain sense, trade secret law is a creature of the law of confidence and the law of corporate opportunity. The people who are most often held liable for violation of trade secrets are actual employees or other kinds of fiduciaries, who for a time had access to this information, to these formulas, to these trade secrets under circumstances of confidence. Breaches of trade secrets are then in a certain sense, breaches of confidence.

So you can imagine the kind of intensity with which these types of claims are interposed because they are often made at the very outset by very frightened employers who imagine that departing employees will do all kinds of harm to their businesses. Now that may or may not turn out to be so, but the very beginning of these kinds of conflicts start out with great verve, anxiety and aggressiveness. And that may make such disputes less susceptible to ADR—at least at their onset. Now that's also very true of the other IP areas.

Many of these types of cases begin with injunctions. And often the parties first clash in the context of some kind of preliminary hearing that happens very quickly. And it sometimes even unfolds at remarkable speed since the issues on the injunctions will often be quite similar or pretty much the same as the issues in the trial itself. Some judges will even say: "Well look, we're doing a hearing, we've got all the witnesses in here. Let's get to trial." The case may begin on a Wednesday. And you may find yourself in a full-blown trial on Monday. All very exciting. But the speed with which these cases advance is a factor that can work against ADR.

Right of publicity. Again as I said, it's really adjunct or very analogous to the trademark idea. It's the protection of the person's name or likeness or signature—voice perhaps, depending on the state you are in—when it is used in advertising or for purposes of trade. It is very analogous to the use of a name to identify goods or services in interstate commerce. Now there are many times when a person's name or trademark are not used for commercial purposes. For example, a newspaper, publication, or artist that's using someone's name or mark in an article, a parody, or in an artistic work is a normal commercial use. The person whose name or mark is being used might contend that such use was "commercial" or "for purposes of trade." An interesting case in which this type of dispute arose is in the parodies setting. Spy Magazine did a takeoff once on Cliff's Notes. And they did a Cliff's Note's book on Tama Janowitz' book, "Slaves of New York" and several others. It was actually very funny. They didn't think it was funny at Cliff's Notes. The book was titled, "Spy Notes" but it displayed the same kind of yellow and black demarcations used on Cliff's Notes. The Cliff's Notes people didn't think it was very funny and obtained an injunction. Fortunately the Second Circuit reversed, finding it to be a parody. First Amendment interests outweighed any possibility of confusion.

Often in these kinds of cases when there are trademark claims, copyright claims or even trade secret claims, there are also First Amendment issues on the other side; and that adds to the complexity of the dispute resolution. And sometimes that can make them less amenable to the kinds of alternative dispute resolution procedures that we are dealing with today.

MS. LOVE: Thank you. We're going to hear now from Jim Davis about his historical perspective. Just one note on history: ADR is relatively new. The modern ADR field in this country, as we know it, is approximately 25 years old.

Here are some of the pioneers of the ADR – IP field. Jim Davis will tell us about the history and then we'll turn to the future.

MR. DAVIS: Thank you. It's a pleasure to be here with all of you today. Let me flesh out a little bit of what Al and Mark and David have said to give you a very brief overview of some of the things I've been involved in over the years, and the things that I call the "real world of ADR."

In order to do that, let me tell you a little bit about where I'm coming from, so you can put my remarks in context of the other speakers' remarks.

I left the bench in 1972 and went back into private law practice, which is what I did before. And since that time, I have been primarily litigating patent cases.

I've spent five to ten percent of my time doing ADR work during the course of these 25 or so years, either as a neutral or to some extent as an advocate. The mix of work that I have seen includes arbitrations, mini-trials, special mastering, mediation and fact-finding—and in addition, hybrids of these things. We can talk about that a little bit later.

There are lots of hybridized processes which include elements of all of these processes. What's happened in the world of patent ADR for over the past 25 years, I would break down between what I call the pre-1982 years and the post-1982 years, 1982 being the seminal year when the U.S Court of Appeals for the Federal Circuit was established and started generating patent law, and in particular, changing the landscape of the law considerably.

Returning to ADR, let me step back and say something which is really implicit in what we're all talking about here. Why do people want to do ADR? The people that I am going to be talking about are primarily businesses and corporations, which are small all the way up to very large. Why do they want to do it?

First of all, they want to do it because they hope it will be faster in resolving the dispute. They hope it will save them money in addition to being faster. And to some extent, they use ADR because they believe there may be an opportunity to resolve disputes in a way which can bring in answers to problems that are beyond what the court system can do.

Often, these disputes involve people like suppliers and customers, or similar situations where the companies really don't want to be fighting with each other. And they can bring into ADR other considerations in resolving their disputes.

What business people, as you will learn or if you've been around it you will learn, or you already know, hate more than anything else, number one, is uncertainty.

That is, they want to be certain about what their rights and responsibilities are. They pay money all the time to do things in their business and they want to be as certain as possible about litigation and its costs consequences. They have budgeting processes to go through, and they want to get things resolved quickly and as certain as possible.

ADR has opened doors that hopefully can meet these goals. Now, let's go back to the specific time frame.

When I got involved in ADR back in the 1970's, the most popular techniques at the time were mini-trials, arbitration, neutral fact finding, and to some extent special mastering.

Of course, arbitration was not new. We've had substantial commercial arbitration since the Federal Arbitration Act was passed in the 1920's. But arbitration has gone up and down in favor over time, depending on how it's been used, and how it's been publicized. And there have been both pros and cons about it.

But in the early '70s and '80s, it was not nearly as much in vogue as some of the new techniques, such as the mini-trial, which we're going to talk a little bit more about in some detail.

Mediation wasn't used nearly as much in the early days as it is today. I'll get back to that in a minute, and so, the mini-trial, arbitration, neutral fact finding, and special mastering were most used in the patent business prior to 1982 when patent law was unsettled in the federal courts. People were generally looking for techniques that were trial-like.

Now, over time, what's happened is that as the patent law has gotten more stabilized, the parties are looking more and more to techniques such as mediation. Mediation is faster. Mediation is cheaper. And mediation permits parties to have considerably more flexibility in how they resolve their disputes than some of the more traditional court-oriented techniques.

Also, mediation, I believe, has grown with globalization. As the world has gotten smaller, in many respects, in the trade world, you see off-shore companies who want to try mediation rather than some of the more traditional techniques.

So, that's another reason why I believe mediation has grown over time. Again, the relative cost and speed of mediation have made it popular, and I think as we go through this seminar, all of us will develop and tell stories about it, whether or not in their experience there has been a shift in the techniques of ADR—and what may happen in the future.

MR. LIEBERSTEIN: Thank you, Jim. As Lela pointed out before, we're going to sort of try and divide it up between arbitration, mediation and other alternatives. And I think the first and second overlap amongst those three areas.

I'd like to throw out a question to the panelists, we've heard really briefly about the advantages of arbitration. Can you throw us a little bit more detail about those advantages? And I think, maybe what all of us would like to hear is what the disadvantages of conducting arbitration are. Jim, do you want to start us off?

MR. DAVIS: Sure. I was asked if I had a good story about arbitration and a bad story about arbitration. And I have a very good one, which I like to tell that sets, I think, the kind of standard that arbitrators can do, if all of the stars in the heavens come together in the right way. You'll see what I mean.

This was a real case I was involved in. I was actually a special master, for district court supreme court judge. But the techniques and the format that we used were very similar to arbitration, so I use it as an arbitration story.

I was the sole fact finder and decider in this matter. My decision, by agreement of the parties, was going to be binding on the parties, much like binding arbitration. So this process I'm going to describe was very much like arbitration.

What happened was, we had a long trial on several patents. At the end of the trial, there was one patent left over which the parties had agreed to consider separately.

Discovery finished and the patent was a fairly simple mechanical device. I read it. I understood it. I understood the patent's file history. There were damages issues and there were validity issues. There was no infringement issue, because the infringer agreed that he infringed if the patent was valid. So, the lawyers and I met, and they said they'd like to resolve this as quickly as they could. I said, "all right, let me make a proposal to you."

I said, "Let's try the case in one week. Five trial days." They said, "No, I don't think we can do it in five trial days. I said, "I think you can." So since I was "boss" we had five trial days. The way it was set up was that each side got two and a half days to present their case and they had fact witnesses, they had damages experts and they had technical experts. And they could do whatever they wanted in the two and a half days. I didn't care how they presented the case. I was going to sit there and listen to them, with a reporter making daily copies.

One ground rule was that cross examination was charged against the side that was cross-examining. That has a way of focusing the cross examination very well. [Laughter] And also, I had an associate working with me who had, literally, a stopwatch. [Laughter] They fought about every minute that they had. And he was going to keep time.

What we did was we went to the end on Friday afternoon. On Saturday morning we went to my office with each side getting two hours for final argument.

I then huddled with the associate working with me on the case. And by Sunday night, we had a draft decision and opinion. It was not long but it stated all the reasons for the decision.

We got it to the parties at 9:00 on Monday morning. They had until 9:00 on Tuesday morning to submit no more than 20 pages commenting on the draft opinion and decision. Damages were awarded with the loser to wire money to the other side on Wednesday. [Laughter]

Bottom line is, this process ran beautifully. The lawyers put in tight cases. I worked very hard with my associate to put together a decision. They each submitted their responses to it. I made a few changes, but nothing in the bottom line.

There was about $2.9 million in damages and the money was wired as instructed. And it was done in less than ten days. That was it. Now, I suggest to you that this kind of procedure can be done all the time if you've got the right kind of clients with the desire to get finished and lawyers who will cooperate and work very hard to do it, and a neutral who will commit to the schedule. You can get these cases resolved. You can get money to change hands, if that's appropriate, and the parties go on with their lives.

And I heard later on, when this was all done, that the parties thought this was fantastic. One other point, though. You can't do this in a "break the corporation" type case. Nor in a case that's going to result in an injunction or an amount of money that's going to really hurt somebody badly. But when you're talking about a case involving a relatively small amount of money, it can be done. So, that's my story.

MR. LIEBERSTEIN: Thank you Jim. Tom, you and I were talking about something along the lines Jim was talking about. And Jim's story, while I think it worked out very well in that case, sounds quite expensive. As a litigator, during those ten days I'm sure those attorneys were working around the clock and around the clock is very expensive.

Now while I see speed as being an advantage to Jim's story and perhaps a quick resolution, convince me as a patent litigator, that I should take a patent case into arbitration.

MR. CREEL: Well, I'm not sure whether I can convince you of that but I can give you some examples as Jim did. I think I would cut this a little different than Hal did. I would call this a customized—what we're talking about here—alternative dispute resolution—customized dispute resolution. That is, the only way you get involved in this is you sign off on it. And if you don't do that, that's the only way that anybody can get you into this procedure.

The other way is to go to court. The other person can force you to go to court. They can't force you to go in any of these things. So, if you think about it, you can customize this however you like. It doesn't have to be arbitration, mediation, mini-trial. You can do whatever you like by writing a contract or by agreeing with the other party as to how you're going to do this.

The advantage of doing it through something like the American Arbitration Association is you don't have to think about it. Just sign the contract, say that you're going to do it through the American Arbitration Association. And they have rules. But you still have to sign that contract and say you're going to do it that way.

But if you think about it, if you step back and say, "Gee, I wouldn't—I don't know what the American Arbitration Association does. I'd like to customize this to myself."

And I've been involved in many of these where good lawyers will customize these in a very, very effective way. For example, I was an arbitrator on a case which had a pre-dispute resolution contract. You can either have these contracts before a dispute arises, or once one arises, then you can agree to give it to somebody on the side to try—who will try to help you.

This is one where the dispute rules were written before the dispute arose. And what it says is if we have a dispute in the future, we'll give it to the CPR Institute for Dispute Resolution And an arbitrator will be picked from its list. That will be the technology list, and Jim and I are both on that.

And I was picked as the arbitrator. And what the contract said was, this is going to be decided within four months. And we don't want a lot of discovery, Mr. Arbitrator. We were telling Mr. and Mrs. Arbitrator that before. We don't want a lot of discovery.

But you can tell us we can have some discovery. But you can't tell us that anybody is going to take any more than four depositions. Four depositions on each side, that is all there are. And you have to render your decision by the end of six months.

And it worked very well, and everybody was very happy. They weren't all happy with my decision. It's amazing how bright you are when the case is being presented—it's amazing.

And then afterwards, one side thinks you lost it all just in one day. [Laughter] But let me just give one other example. I want to give you a resolution technique that's customized—what I call a customized method of dispute resolution.

And that was in a trade secret dispute. The parties here had ongoing business relationships. One was a machinery manufacturer, and the other was somebody who purchased the machinery.

The person who purchased the machine thought he had made a trade secret improvement to that. And the machine maker had taken that, had found out about it and came to do repairs and so forth and was selling it now to the competitor—the machine they used.

They had an ongoing business relationship, so they didn't want to interfere with that. And they thought, each of them, that they had confidential information, and they didn't want to tell the other side what the confidential information was. How did they resolve this?

Well, they retained me as kind of a mediator, arbitrator, evaluator. I'm not sure quite what it was but they agreed to give me the confidential information. And they also let me go to the machinery maker's plant which was overseas, ex parte, without the other side there. I went to the plant. Talked to their lawyers. Talked to their people. They told me what they were doing. I went then to the other user's plant in the United States. And I talked to them and asked them what they were doing.

And then, I was to tell them who was right, was the trade secret being used or not. And then they could resolve their own dispute. They could make some kind of a commercial arrangement. So, they didn't need me to tell how much was involved, because they had an ongoing agreement.

The problem I saw with doing that, was that I then had confidential information I couldn't tell the other side. And if they didn't believe my opinion, they were never going to resolve this themselves because once I gave the opinion, one party would say, "How in the world would this guy give that kind of opinion?" There was no way they could get all the information that I know.

So, I had to get them, in other words a smoking—two pieces of a smoking gun. Two smoking guns on each side. And I asked them then if they would disclose those two smoking guns to the other side, because they were both going off in directions that were wrong, because they didn't know the—all the facts and I was the only one who knew all the facts.

So, I got them to disclose the information, and then I gave them my reasons. And they did make a decision because they understood the basis of my decision. So anyway, those are two examples, I think. They're not necessarily arbitration, but I think this whole process is, as I said, customized.

MR. LIEBERSTEIN: Thank you, Tom. Just continuing on with that. I think maybe it might be time to do some sort of comparative maybe the cost of arbitration versus that of the mediation. Any comment on that?

MR. DAVIS: Keep in mind that an arbitration, under typical American Arbitration Association Rules, involves a trial. It can be very expensive depending on how long it lasts. You have to pay the arbitrator or arbitrators, so that arbitrations can be relatively expensive procedures.

Hopefully, not as expensive as a full court trial. Mediations, on the other hand, are relatively inexpensive. There's work involved, but not getting witnesses ready to testify and similar labor-intensive activity. You are basically preparing your business people and your lawyers to sit down for a day or two in a room with a mediator, and present your case, however it is you want to do it.

And so the cost is much less, generally, than an arbitration. So, those are factors that you want to consider, in addition to what the binding or non-binding nature is, and the chances of the outcome. But those considerations in my view, are the reasons why mediation has become an important tool.

Because it is low cost, and if done correctly, administered correctly, it has a good chance of resolving the dispute.

MR. CREEL: Let me say, historically and by conventional wisdom, with all areas of alternative dispute resolution, be it mediation, arbitration or whatever, it is cheaper than going to court. However, as I say, it's customized, and it's only as good as the people that are writing whatever this is and the lawyers involved. So I have seen arbitrations where they'll pick three of us here as the arbitrators and say, "You decide the case." We all have active practices. We can't get together. Jim has to give a day here. I have to give another day. Bruce can give another day.

So, this thing now drags on for months and months and months. By that time, at the end, we've forgotten what they've said the first day, and we've got to call them together to summarize, of course. So, you have to think about it, but conventionally, ADR can be significantly cheaper, if properly structured.

MR. KELLER: I think Tom's last point is very well taken, particularly coupled with his other point about customization. Arbitration, in my experience, can be even more time consuming than certain types of trials, particularly when you have trouble getting it started.

You can have arbitrators of high quality that have busy practices, and you cannot get them together in a room in one fell swoop. That problem is exacerbated when the procedures surrounding the arbitration are as detailed as they are in AAA rules. It has a lot of rules. And you need to streamline that if you want to make the arbitration more efficient, which is why the point about customization, I think, is so important.

Because it really doesn't matter what process you buy into. If you are able to govern the process, or pick for yourself, you've already cut through a lot of the procedural things that get in the way of a speedy and efficient and relatively inexpensive process.

And that leads to the question of whether certain kinds of disputes lend themselves to certain kinds of resolution processes.

MR. LIEBERSTEIN: That was going to be my next question. [Laughter] Do you have an opinion on that, just based on David's description of patents, trademarks and copyrights? Patent cases are very complex, whether you're doing mediation, you're doing infringement and validity issues. You're interpreting claims and prior art.

Whereas copyright and trademark, at least in my mind, the issues are somewhat simpler than usual, the crux of the issue is whether there is with copyright a similarity, and with trademark cases, a likelihood of confusion.

Which types of cases lend themselves to which types of procedures? Mr. Davis?

MR. DAVIS: Well, I think it's not so much the type of case—that's part of it of course—but also, what are the particular issues involved?

Let me give you an example. I was a mediator, a couple of weeks ago, in a patent case that raised many statutory defenses and many other conceivable problems.

When we got together, I had all these different issues presented and it was very clear to me that the case boiled down to just one basic issue. I mean, this patent did not seem to me to be valid.

So, I was able to steer the mediation in a direction that the parties ultimately decided to go out and get another person, not me, because I was the mediator, to render an outside opinion on validity which would then be revisited in a new light.

Now, the reason I'm telling you that story is that you can't tell just from whether it's a copyright case or a patent case or whatever the case, which procedure will fit a particular situation. You can't tell.

And I think that's one of the reasons why mediation has become more popular. You can get into it fairly quickly and fairly cheaply, and you can get a better handle on what the problems are.

If it turns out that the problems are more susceptible to an arbitration procedure or a neutral fact finding, that can be smoked out fairly early on. Again, that's one of the reasons why mediation has become popular.

MR. LIEBERSTEIN: I think the question I have for Hal is, do you think you can run through what actually mediation is—just the procedure of it? The parties have agreed to mediation, now what?

PROFESSOR ABRAMSON: Well, this is not like the presidential debates where I will not respond to your question. [Laughter] I will respond to your question. But, I would love to first comment on some of the things I just heard. [Laughter]

I do a fair number of these types of programs, and I know Lela does a lot of them. I don't know about Lela's experience, but I—it's been very rare for me to hear practitioners talk about these kinds of creative design processes.

I'm a little bit concerned that people hearing this may not appreciate that the processes designed by these three people, are truly impressive. You may think that that's the norm. I don't know if it's the norm in the IP world, but clearly it is not the norm in the business/commercial world where I spend a lot of my time.

I typically spend time trying to explain what parties signed, which usually is a standard clause that parties added at the end of the deal negotiation. Parties spent weeks putting together a business deal, and then toward the end, someone says, "Should we put in a dispute resolution clause?" Someone else responds, "Yeah, I guess we should just incorporate the standard language out of the AAA form book recommendations and incorporate the AAA rules." And you've got yourself a clause.

They don't know what they agreed to, until a dispute arises. When the dispute arises, people start proceeding in a fairly mechanical way. Here are the rules. That's what we agreed to. This is what we must do.

We heard today some really good lawyering. Someday, then tailor-made processes might become the norm.

PROFESSOR LOVE: I just want to echo that. In law school teaching on ADR, we are trying to impress on students that lawyers have an immense capacity to be creative, once they understand the potential of the process. But there are very few people doing what you all are describing. We take a deep bow to you. David, did you want to say something?

PROFESSOR KORZENIK: It is interesting to contrast some of the straight commercial litigation with the intellectual property litigation. And that is that the practitioners of intellectual property, copyright, certainly patent law, maybe less in trademark—are a fairly specialized crowd. Instead of fighting wars of attrition as commercial litigators often do, they can quickly identify with their adversaries what the key operative legal issues are going to be. And in many cases it's very possible to at least agree with your adversary on what the real issue is. And therefore in these kinds of cases involving copyright, or patent in particular, you're really able to come to an agreement with your adversary about what the key issues are and what the most appropriate ways to resolve them are. There is a lot of litigation that turns into wars of attrition. But in copyright and especially with patent litigation, you see more of a possibility of customized litigation, which permits parties to stipulate procedures with a judge or a third party neutral.

PROFESSOR LOVE: We've been talking primarily about arbitration, and mediation keeps coming in. Let us shift the focus to mediation now.

Building on the story that Jim just told, where he was sitting as a mediator and refrained from jumping into the role of an arbitrator because of the impropriety of doing that, and instead, brought in another person to give an evaluation. Imagine you are sitting as an arbitrator and you see wonderful potential for settlement in a case, would you jump into the role of mediator? Or do you do what Jim did, and call in another neutral—a mediator—when you see potential for integrated solutions and settlement?

I know Hal, you have thought a lot about that.

PROFESSOR ABRAMSON: I think that the better practice is the one that you were describing. There are some very persuasive articles, the best known one by Lon Fuller, talking about the importance of keeping the arbitration and mediation processes separate in order to maintain the integrity of each process.

The issue that I have spent a lot of time thinking about is what happens in an international case when it's so difficult to adjourn and bring in a third party mediator.

You're at arbitration in Paris, and it took you six months to a year to get it set up. You're talking about costs. The numbers I've heard is that you start minimally at $50,000 to get an arbitration off the ground in the international arena. Others may have other numbers. You're talking about really big numbers to get started.

You as an arbitrator sense there's an opportunity for a settlement, an integrative or better kind of creative solution. What do you do as an arbitrator? Well, the rules say to continue to arbitrate. But the rules also say something else, and almost all of the rules provide for this: arbitration and settlement should be kept, the rules say, separate, unless the parties agree otherwise. So, there is an avenue out. But there's no guidance. I think about that. There seems to be a lost opportunity for settlement there. You've got everyone together in Paris. Yet, these rules say the arbitrators shouldn't try to settle for perfectly sound reasons.

But, can we create an opening for settlement? Can we create a small opening that allows the arbitrator to attempt some settlement initiatives? With proper safeguards, it is possible for an arbitrator to try settling a case.

It is a much longer discussion to talk about those safeguards. But I will suggest two today. Parties, you should agree among yourselves that the arbitrator will not engage in caucusing. No private meetings because they will create suspicion when the arbitrator returns back to the arbitrator role, after trying to settle the case. The other is that the arbitrator, when trying to settle the case, should not engage in any kind of evaluation or offer a suggestion as to who has the stronger or weaker case.

If these safeguards, along with some others are in place, then you can create a small settlement opening. Typically, in international cases, you have three arbitrators. One of those arbitrators, maybe the chair as the neutral, could initiate some of these settlement efforts while the other arbitrators stay out of it.

If the arbitrator tries to settle the case and the case doesn't settle, then that arbitrator can revert to the arbitration role and still maintain some appearance of neutrality when joining the other two arbitrators.

So, that's the short answer.

MR. DAVIS: It's funny what you mentioned in your international arbitration experience. I've got a short story about an experience illustrating exactly what Hal said that worked. I was on a panel, an ICC panel, International Chamber of Commerce, on a huge patent case involving nicotine patch technology. If any of you have ever been smokers, you know about that technology. And these were companies from all over the world disputing ownership of patent rights.

There were three arbitrators. One from England, one from Canada, (a retired appeals court judge) and me. We listened to testimony for four weeks in Paris, it was wonderful. [Laughter] And we were paid for it! [Laughter] But, the reason I'm telling you this story is, we three arbitrators came to the conclusion after hearing testimony for four weeks at a time, that we were going to go on to London for more hearings, that we saw the way we thought this case was headed.

We weren't quite sure how to deal with that situation. So, what we did was, we decided among the three of us that we would draft up sort of a little statement that the Chair, who was the Canadian judge, would read—if the parties agreed—where this case is headed, and we would give the statement off the record if they wanted us to do that.

Of course, by this time, we were not surprised that they did want to know. So, the panel chair read a three paragraph piece saying that we would be happy to go to London, but we think that if we've got it figured out, this is where this case is going. They settled the case two days later.

Of course this saved everybody a lot of money, but it was risky to do this. You've got to make sure the parties agree because it would tip our hand if they decided to go on. Fortunately, it worked out in that case.

MR. LIEBERSTEIN: Does that work? Because that sort of indicates that maybe mediation should be, or at least the process of mediation, just telling someone, who is supposed to be a neutral objective observer about those sides of cases, and sort of getting a feel for what that neutral person believes, or you can go both ways.

MR. CREEL: Well, let me comment on—We're talking about psychology here. Let's talk about mediation.

MR. LIEBERSTEIN: That's the danger of it.

MR. CREEL: And as Hal pointed out before, the question is are you being a facilitator or an evaluator. So, if people have given me this dispute to help them resolve it, I'm not going to tell them. I have no power to resolve it, and I hope to resolve it.

And both sides know they're right, because they know they're right. And so I'm helping them to say, well, have you considered this? Even if you are right, maybe you could sell something to them that's outside this whole thing, and do it in a different commercial place way.

So, I'm trying to psychologically keep them away from who's right and who's wrong, and trying to say, "Well, can we do it a different way." But they always ask you, "Well, look, aren't I right?" [Laughter] "I mean, what's going to happen when I go to court?" That's what they're asking me.

And once you say that, then you're either dumb or you're right. And once you're dumb—the party who you say is going to lose—they lose faith in you to facilitate them in trying to agree. And that's what we're all talking about here. How do you bridge that gap?

People always want you to evaluate them. And some people think you should and some people think you should never do that—be a facilitator. It's what Jim was talking about—he was a facilitator who knew that if he gave an opinion, he would lose the facility. And so he said, "Let's get somebody else in here to tell you who is right and who is wrong."

PROFESSSOR LOVE: Dave?

PROFESSOR KORZENIK: Just a comment on the separation of the mediation and the arbitration roles. It is very interesting that the Southern District in New York seems to really have taken that quite seriously -– both in the way in which they have selected a special panel of lawyers as mediators who are really outside of the process, and in the way magistrate judges manage cases when they take up the role of the mediator. Judge Magistrate Andrew Peck, might have actually joined us today, but unfortunately was tied up with a trial. Judge Peck has a very interesting procedure that he follows and there are a number of the magistrates who do this: they actually have each side submit to them, in advance of the mediation meeting, a paper, which is not seen by the other side, and I think it is actually not a bad process at all. Each side's paper outlines procedural status of the case, you give your factual argument and your legal argument very briefly within 15-20 pages and then a history of what your negotiating efforts have been and then what your negotiating posture will be at the mediation.

Some Judge Magistrates actually spend a significant amount of time bringing the parties in for several rounds of private conversations. It's almost like having a focus group, and the parties get valuable feedback very quickly and many parties really need that feedback. And the feedback is very valuable in intellectual property cases too, with those where people's assessments of their position at the very outset can be matched, can be pretty much based on fear or perceived harm to their business, and so on. That focus group, that response, that initial reading from the Judge Magistrate can re-define the way a lot of people evaluate their cases. Peck's method is a very good one. I'd say there are good mediators and not so good mediators. But it also depends on the energy and time that the mediator puts into it, because if they really push you into returning several times and going back and forth, you can really see great progress.

PROFESSOR LOVE: I'd like to ask one more question in the mediation arena. Then, I'm going to flip it to Mark to cover all the topics we need to cover in the last 15 minutes, [Laughter] to do what we said we'd do in the program.

Sticking with the topic of evaluation and facilitation, I'd like to ask, starting with Bruce, the following: When you shop for a mediator, do you look for someone who can provide evaluations and who is capable, because they're an expert, in giving an opinion on the case? And, second, if you're sitting there as a mediator, are you open to giving opinions and advice about the likely court outcome, if that is something that the parties request that you do?

MR. KELLER: Let me answer based on my experience with the CPR/INTA mediation program. The concept underlying the selection of the panel was to come up with a panel of the neutrals and a vast amount of trademark experience too, so that they could, if asked, render evaluations of cases. That can be a helpful thing to do in a mediation.

But neutrals have to ask the parties if they want that, or, if you're a party shopping for a mediator, you have to decide what kind of mediation you want. You need to know, going in, whether this is one of those things you're going to employ in the process of trying to get the parties to reach a mutual agreement.

It is very important to echo a theme sounded earlier about the psychology of all of this. If you're acting as a mediator, and you volunteer your opinion on the merits that one party is going to lose, that's not helpful. It may not be improper. It may not be immoral. It may not even be stupid. It's just not helpful.

Because once you say it, that side begins to tune out. Because as Tom said, they think they're right. And it is only in the most delicate of ways that you can suggest to someone that they're wrong, and still bring them

along the path to a consensual resolution.

It's been our experience that the evaluation is always part of the process. But, you've got to be careful about how you begin to offer your evaluation, and you shouldn't unless it's clear that the parties want to hear it.

My personal experience as a mediator is that at some point in the mediation, usually around after eight hours without a break, [Laughter] they want to know "Where is this thing headed?" "How strong is the case?" Because they have exhausted all of these possible alternatives, you've been really working hard at it and somebody eventually wants to get that sense, "Well am I sort of a dope or do you think I have a chance?"

And at some point, you owe it to them to be honest, and give a candid assessment, if in fact that is what they're asking for. Short of their asking, my experience is, we're always steering them by pointing out the pitfalls.

It's impossible to point out a pitfall without rendering some sort of evaluation of what the risks are going forward. If you do it in a truly neutral way, you haven't lost your ability to facilitate, but if you come on too strong, obviously you would.

MR. LIEBERSTEIN: Believe it or not, I've actually checked off most of the things we had to ask, or at least we've covered some of the basics. I would appreciate knowing—and maybe we could, in a systematic way—start with arbitration because I think it's the easiest one, for it's like a court proceeding. And then maybe go onto mediation and describe how it is for the person sitting in the middle when both parties come. We then can do the same thing with some of the other alternatives. I know that Jim, you were involved in mini-trials and maybe you could discuss how you went through some other alternatives—just a very short basic description of what those procedures are. What are the mechanics of those procedures? And then we'll move on a little bit maybe towards the future, give you guys what the panelists think about what's going to come up ahead.

PROFESSOR LOVE: Yes, we should hit on that.

MR. LIEBERSTEIN: Well that was part of my future Jim. [Laughter] Well I think you should start with what mini-trials are.

MR. DAVIS: Okay. Well, let me give you a quick and dirty on mini-trials. First of all, a mini-trial is not a trial at all. And it usually isn't very "mini". So it's been misnamed from the very beginning. Having said that, the concept of a mini-trial is that it's really a structured settlement conference. That's the best way to characterize it.

What happens at a mini-trial is, the people who attend are lawyers and business people on both sides. It's critical to have business people, because it's designed to be a procedure by which business people can hear what the lawyers have to say about the case. And then hopefully, come to some resolution focused on the business perspective. That's the concept of it.

Mini-trials can run anywhere from six hours to several days. They are usually structured to have a neutral, who sits as sort of a combination referee, facilitator, and evaluator.

The best case for each side is presented to the business people, either through witnesses, oral advocacy or some combination of those. Business people hear this and can ask questions. It's all off the record, no transcript.

The neutral keeps things going. He monitors and keeps time if that's important. And then somewhere along the way or at the end, the business people caucus and talk about what they've heard and try to settle the case, usually conferring with the neutral in the process. So it's basically, as I said, a structured settlement

meeting. They take all kinds of forms. They can be quite formal. I've been involved in them where witnesses were called, though not under oath.

Sometimes experts are the best witnesses with what they are going to say to the trial.

Sometimes only lawyers do the presenting, without any witnesses. It all depends on the creativity of the lawyers who put it together.

MR. CREEL: Let me take just 30 seconds on the mini-trial, because it goes to my customized thing and it's Jim that said it goes to the creative part of being a lawyer. I was involved in a mini-trial where the parties and the lawyers hadn't thought too much about that.

And so, we presented to the business people. One party came in, a business person being the Vice President of Sales.

The other side came in with the patent attorney from the patent department. And so, when they heard things, they heard things very differently. And when they went back to try to settle the case, they had very different views of how it should be settled. Nobody had thought about who these business people would be.

MR. LIEBERSTEIN: Bruce, I want to turn a little to ICANN procedures, maybe, perhaps, your feeling on that particular procedure as the basis for globalizing ADR to other areas of intellectual property.

MR. KELLER: Well, how many people here are familiar with the ICANN procedures for resolving domain name disputes? Basically, once you register a domain name you essentially sign an agreement that says if there is a dispute over your right to continue to use the domain name, you agree to submit the dispute to a couple of different organizations that run essentially the same process. Either one or three panelists review written submissions from both sides as to who really ought to be able to control the domain name.

It's very, very fast and it's very, very cheap. And it tackles a tremendous problem, which was the creation of domain names, and the tendency for certain people to speculate in the value of domain names by registering domain names that are similar to or identical to famous trademarks. CocaCola.com would be a good example.

And their use of those trademarks, either to sell them or to link them with a site that has nothing to do with the trademark owner's site, became a world-wide problem in short order in the last few years.

So, ICANN, generally speaking, is a good first step towards resolving that, because it's a quick, expeditious resolution, either by a single panelist, or three, who are experts in trademark matters to cut through and separate the wheat from the chaff and make a decision.

The registrar will take the name away from the person who has it, if you lose. And it will be given to its rightful owner, unless the person who initially registered it contests the proceeding in court.

So, it's not final and it has another problem with it—a problem that sort of runs through all the forms of alternative dispute resolution that don't involve the full adjudication on the merits, yet result in a decision. That is the lack of discovery in some of these cases. That means that there are some bad decisions, because it's really not well suited to a final search for the truth, because there are really no facts. It's just argument from both sides.

The panelists are not empowered to discover any facts. So, they're often making their best guess. But without discovery, there are cases where someone comes in and says, "Well, I registered for at least five reasons." And on the face of it, you can't dismiss them as total nonsense. And therefore, you argue about that.

So, it's not well suited to cases where there are shades of gray. That's one problem. Second, it's a worldwide process with lots of analysts that come from various jurisdictions. By definition, there are varying degrees, not necessarily of quality, although I think personally that's part of it, but of philosophy.

And it's hard to run a standardized procedure with results that everybody can point to in the hopes that they will be predictable when you have different philosophical underpinnings. And that's not necessarily a geographic issue.

In search for diversity, there are panelists that appear to believe there is no such thing as cybersquatting as an abstract principle. And there are those who believe that everybody who registers a domain name has to be a cybersquatter, other than a lawful trademark owner. And that happens to influence their decision, notwithstanding their efforts to be neutrals.

And there is a flavor of that in some cases. So, what you've got is an admirable effort to resolve a problem that still has yet to sort itself out. And whether or not it's really a feature or a wave of things to come, it's a little early to say.

MR. CREEL: I have one suggestion. Well, two suggestions for the law school that can be very helpful to the Bar and those that use ICANN. I'm one of the arbitrators on this and I arbitrated one yesterday which will be published in a peer review article … and I'm sure it will be wonderful to read for the law students! [Laughter] I'm one. I don't know who the other people are. But are we consistent? Are we good? Some are good, some are bad. Who's to say? I've just seen some summaries of these ICANN decisions and I don't know anybody who's analyzing these to see whether the panelists are applying good solid principles, different principles and if the panelists are good.

And secondly, they are not searchable in terms of subject matter. So for example, when I wrote this opinion, there had been six or eight hundred other opinions written. I have no way of searching those. They're on the Internet. But they're not searchable by subject matter.

MR. LIEBERSTEIN: And that's a major issue I heard in an article today, where they should have present case precedent so that every arbitrator knows what the decisions of the other arbitrators are, so that we start developing a solid body of decision making as opposed to what looks like ad hoc opinions. Each one giving his or her own interview on what he or she think should be the decision, without any sort of guideline, so to speak, on the previous decisions of other arbitrators. Now that we are talking about some of the obstacles and problems, Dave, one of the questions I think you wanted to address was some of the obstacles of ADR going forward in IP.

PROFESSOR KORZENIK: Well, it's just interesting because a lot of cases are amenable to this dispute procedure. It just strikes me that with a lot of these kinds of copyright cases and trademark cases, publicity cases and so on—at least at the outset, at least in the way in which they initially present themselves—it is generally hard to move right into ADR. Trademark cases are basically turf wars. It is hard to start out with the hope that you are really going to be able to mediate that. ADR may become more appealing after awhile, but maybe after the parties have been bruised a little bit in a pre-trial decision, where they get a glimpse of the potential negative outcome.

Also, I mentioned before the special problems that arise when you're dealing with First Amendment issues. I can't imagine that with the Guiliani v New York Magazine case where the Mayor's name was being used on the side of buses that it's going to make its way easily into mediation.

And I find that hard to imagine just in view of the parties. And of course, that does not discredit ADR—but there are many disputes that are just not amenable to it. And sometimes mediators will meet with the parties and quickly size them up and see immediately that ADR is not going to happen.

Trademark strikes me as a difficult area for ADR, partly because there is a high level of unpredictability when you get to issues such as “confusion as to source.” I’m curious what everyone else thinks here. Because the truth of the matter is that one judge will say there is confusion, you then go off on appeal, and it flip-flops—the predictability is often very low. I’m just curious what you think; does the unpredictability of trademark help or hinder ADR?

PROFESSOR ABRAMSON: I’d like to respond to that. The one area where I’d done mediations in the IP area happens to be in trademark disputes.

The fact that there’s some kind of clarity over the unpredictability of proving confusion can be very helpful in a mediation. Essentially, because people are most unsure when they leave the room, it helps me work with them when they are in the room. Their very insecurity motivates them to try to work it out in mediation.

MR. LIEBERSTEIN: Is this a mediation?

PROFESSOR ABRAMSON: You asked a question earlier about the process itself. One of the things that makes mediation work is the very uncertainty of what happens when you leave the room.

One side is absolutely confident that they’re going to get their win, a clear win in court, say on the confusion issue. Why waste your time in mediation? That question weighs very heavily on people’s minds.

Maybe you shouldn’t be in mediation. Go to court. Get a decision. But the fact that that it is so unclear helps me, as a mediator, keep them at the table. So that’s the good news.

In mediation, you can also come up with a tailor-made solution. That is, the second user can make modifications that the prior user is not going to be upset about. That makes the mediation appropriate because we’re not talking only about money. Mediators realize it’s usually about money and something else. In trademark cases, in my limited experience, it’s usually about something other than money. There’s usually money claimed as lost profits. The real issue may be whether the mark can be modified so both sides can live side-by-side.

Now the bad news. The problem I’ve had is, who is going to make that decision? What I have found is that you need the whole marketing department to make that decision. That each side cannot make a decision without the marketing department deciding what they can live with. So, how do you deal with that issue in trademark disputes? Think about it. How do you get the right people who can make that decision? Or let me phrase that differently –- who are the right people to make that decision? Who do we need at the table to settle trademark cases?

MR. KELLER: I don’t think you can generalize an abstract answer to that. I think it depends on the particular parties. The success of the INTA program is based on the fact that the people who do it are usually smart enough to know who the right people are to bring to mediation. Now, it may be a function of the fact that it’s the trademark bar and the copyright bar and they’re still small compared to the general commercial law, so a lot of people know each other. And a lot of people have crossed swords in the past. As a result, there’s a level of communication that—well, let me preface that by saying this is one of the benefits of the customization that Tom was talking about: getting people to buy into creating the resolution process. Because once they take the first step in solving the problem, you get a dialogue going back and forth.

And they’re already buying into it and they’re already invested into it. And once you begin to work your way through that, in my experience, it is the smarter, better lawyers who are buying into mediation to begin with. They will do everything necessary to get the right parties to the table. I haven’t encountered it, personally, as a problem.

When I’ve done these, the parties present have been the right ones. The right people were brought, but we leave it up to the lawyer to figure out who they are.

MR. LIEBERSTEIN: That makes perfect sense…last question.

PROFESSOR KORZENIK: One quick question. Well it's not necessarily quick; I see a lot of members of our class here. And we were discussing the other evening the Tasini case. And by the way, I would like to introduce you to Bruce Keller, who lost it. [Laughter] You can see all the markings of his excellent argument in the decision of Judge Sotomayor, which we discussed in class as well. That case, and many of the cases that we're talking about in class, are new cases involving intellectual property issues on the Internet—here there is no clear precedent, and there are new first impression issues to be decided. There are a lot more such cases on their way and I'm curious about the panel's reaction overall about how amenable these types of disputes are to alternative dispute resolution procedures—not stressing so much Tasini. But, I'm just curious as to how people look at those first impression intellectual property cases in terms of ADR. Cases in which the stakes are high, the issues are serious for everybody but the outcome is uncertain.

MR. CREEL: One of the advantages of alternate dispute resolution that arbitration presents is its confidentiality. I know that in some instances people do not want to take the cutting-edge cases to court because they're afraid of setting a precedent. So they will take them to arbitration first just to keep away from it.

MR. DAVIS: Well, let me counterpoint that just a bit. I've always believed that there's a sort of conventional wisdom in the ADR discipline. Certain kinds of cases are amenable to ADR and certain kinds aren't. ADR is no panacea for solving all problems, at least I don't think so. But one of the principles is that if you've got a case where you're trying to establish a new legal principle that's going to have some broader application, it's probably not a good candidate for ADR. The ADR candidates include determining amounts of money damages under factual disputes or where you don't have a lot of disputed law involved. I'm not sure about the trademark field. I think itwould be difficult to mediate a case where you've got a lot of disputed legal issues, unless you are motivated to keep the dispute private.

MR. KELLER: But there's another issue, which is that it's sometimes a case that cuts across multiple parties' interests. And there is an institutional imperative to try to get -– certainly to get from an adjudication what you don't get in private ADR techniques.

And one of the reasons Tasini went as far as it did, is that it cuts across the entire industry and the entire publishing industry is affected by it.

And another reason is that Tasini was trying to change the practices of that industry. And whether or not he succeeds, he can only succeed in court, because he can't succeed as president of the National Writer's Union, because it's not a union. It's not empowered to bargain on behalf of anybody.

So, there's only one way for the parties to go, which is to get a court decision. Total News is a good example, because when the Total News case was brought, it was an open question whether linking and framing and selling advertising space in the frames was a trademark violation, misappropriation of hot news, and what have you.

It was a case brought by several media organization plaintiffs and it was important to them to settle on terms they were quite happy with, to establish the principle, because everyone saw—although the case is only four years old—that in a few years, unless it stopped, this is what is going to happen rampantly. Your website will be linked to and framed by all sorts of other sites, unless somebody drew a line in the sand and said, "No, the law doesn't allow it."

So, sometimes on these cutting-edge cases, there are industry-wide issues that force you away from ADR, because nothing short of an adjudication that gets litigated up to the Supreme Court, perhaps, can satisfy them.

MR. LIEBERSTEIN: Just to add to that. I might be stating the obvious, but obviously if one party gets a TRO or preliminary injunction, ADR or arbitration/mediation may not be an available option. This may not be there for you if you just need immediate relief. I think we've eaten into your time for questions, but I think I'd like to give a parting shot so to speak to this panel.

PROFESSOR LOVE: Let's move to questions, and then you will have an opportunity to give your parting shot. You could say anythingyou like, or you could address the question of what dispute resolution should look like in the year 2050.

AUDIENCE QUESTION: While researching for my note, I came across a couple of cases which stated that if an arbitrator makes either a mistake of law or a mistake of fact, a court will not necessarily have judicial review over an arbitration award so as to enforce it or overturn it. It is my understanding that there are no unified guidelines as to what a party, who seeks judgment, ought to meet in order to be able to appeal or to have standing in front of an arbitration panel.

MR. CREEL: Well let me address that. I have some handouts that may be helpful in this. I've given speeches before on ADR, and you'll find the same things in here as to the advantages of ADR or disadvantages versus court proceedings.

What you're asking about may be construed as an advantage by somebody and perceived as a disadvantage, by others. The advantage is you don't get an appeal. So, it's quick, dirty, you're over with it. And as Jim said, then you have certainty, and you can make the decisions based upon certainty.

Whether it's right or wrong, at least you know what the situation is, and you don't have to wait for appeals and spend more money, and so forth. So, that's the concept behind it. That's why you don't go to court to reverse it because it is based on a wrong fact or a wrong law.

PROFESSOR ABRAMSON: Let me try another answer to that. These are very common frustrations raised by attorneys involved with arbitrations, limited judicial review. Rules of evidence don't apply. You may or may not use lawyers. There may or may not be a record.

All of these differences run counter to our instinct and training as to what we think is a fair process as defined by the court process. If you don't like arbitration, then go to court. And that's a glib way of answering it.

The more thoughtful answer is that the whole idea is to have something different. And that's what Tom was explaining when he was talking about the advantages and disadvantages of arbitration. There are trade-offs, we're going to give up certain things and gain other things.

We're going to give up some of the procedures that we treasure in return for a quicker, cheaper process. If you're uncomfortable with that, the answer is, you shouldn't use it.

The whole idea is to use something different. And can you live with the differences? If you can't live with them, you shouldn't use arbitration.

MR. CREEL: But let me give you one other example. Somebody did like what you were saying. They customized. They said the arbitrator will give his reasons. Those reasons could then be taken to court, the Southern District of New York. And the guide will look at those reasons and decide whether or not it's an award that should be enforced as a judgment. Now, this contract was in effect, conferring jurisdiction on the federal court. The Judge said, "do I have jurisdiction on that?" He took it. He said "Yes I do have jurisdiction". Because you can make it that way, if you want to.

MR. LIEBERSTEIN: Just as a final note on your question, if you think that the decision in arbitration may not have any basis or say if it happens in the federal district court?

PROFESSOR ABRAMSON: Was that off the record or on the record?

MR. LIEBERSTEIN: Would that be on the record or off the record? [Laughter] Just that some federal court Judges and the state court judges don't get it right either. [Laughter] I think you run into the same problem regardless. Most of the times judges get it right. But sometimes they don't.

So, I think you have that problem no matter where you are. It certainly can be a problem.

PROFESSOR ABRAMSON: You get to choose the Judge. You go to a public court, you don't get to choose the Judge. Here, you're choosing someone who hopefully you will have the confidence in and who will have the expertise to give you a decision on the merits. That's the other gain in using arbitration.

AUDIENCE QUESTION: It was mentioned that the arbitrator is not always a lawyer. Patent litigation can get very technical, and I know that sometimes a big hurdle is explaining to the jury or the judge the actual mechanics behind a mechanical engineer's invention. So, using arbitration, do you find that it's easier when it's the expert who happens to be an engineer or a biochemist, or somebody that is more skilled in the actual technical language of the patent, or do you feel it is better to have somebody that is more familiar with the laws governing patent?

MR. DAVIS: It has been my experience, in virtually every patent case, and I can tell you even ones I was not involved with, the arbitrator picked is almost always both a lawyer and an engineer or scientist. In other words—they're usually patent lawyers. That is, because patent lawyers, as a general rule, have that dual background.

You are correct. There are sometimes panels, for example, that have an engineer, and then two lawyers who either are or aren't patent lawyers. I've been on panels like that, and it works okay, depending on who the engineer is and his expertise helps.

MR. CREEL: It's an accurate statement. But as an arbitrator, I think I know I'd always rather have somebody explain the science to me. But overall—

MR. DAVIS: Oh, no, no. I'm not quarreling with that. You're right.

MR. LIEBERSTEIN: Any other—I see a hand. One there in the back. Go ahead.

AUDIENCE VOICE: I wanted to know what the panelists would think about the statement that important IP cases are rarely ever the subject of ADR proceedings. Injunction proceedings in trademark cases would fall into that category; one example that was cited was a patent case involving damages — $1.9 million? Between large corporations that really is at too high a decimal point. I'm curious whether the panelists would agree or disagree with that statement.

MR. CREEL: Well, I guess it's a question of degree and it's a question of what the situation you're talking about is. Certainly, very significant cases are given to arbitration and mediation. In my hand-outs, I have one listed –- it's case number one here.

And it was a ten-year-old dispute involving patent and anti-trust issues. The licensee didn't hold rights under the patents. He was a Jamaican user in the United States. And he claimed the products he developed did not infringe the patents.

And they had been involved in court proceedings for, as I said, ten years. And they decided to take that dispute and add multiple law firms, multi millions of dollars worth of damages and gave it to an ADR panel. And the panel was a very distinguished panel, eminent practitioners and a Judge.

They agreed to apply the Federal Rules of Evidence when they were doing this and they decided that the whole thing had to be done, I think, in a year. And you can see here in the papers I gave you, the terms that they agreed upon.

That was a very, very significant case in IP arbitration. And there have been many others, trade secret cases for instance.

MR. DAVIS: Can I comment on that? I would agree. I agree with Tom that there are some big ones. I do agree though, that the statistics have shown that by and large, the big, big patent cases, let's take as an example really big ones, where you're talking about Polaroid Kodak type cases, where somebody is trying to put someone out of business, or hundreds of millions of dollars cases.

As a general rule, those cases are not entrusted to ADR. They go up through the federal courts. Of course there are exceptions, but that's the general rule.

In fact, there's been some efforts made by organizations like The Center for Public Resources in New York, to get more confidence in ADR processes, so that corporations will bring big cases to ADR processes. But it's tough for some corporate people to do. The stakes are so high that they just don't want to back off of any of the traditional processes. That is still, in my view, the general rule.

AUDIENCE QUESTION: What are the most important factors that an attorney should look for in terms of customizing?

MR. CREEL: I have a list, if you want to hand it out. [Laughter.] I could use the overhead. Considerations in arbitration agreements –- let me just rattle off some for those of you that have these forms.

What "tribunal?" Who's going to decide this? You can give it to International Arbitration. You should know what the rules are. What issues are you going to give to the tribunal? You're going to have to give all the issues. Who will the arbitrators be? Will they be patent attorneys? Ex-judges? Prosecuting lawyers? Where is it going to be done? Is it going to be done in New York? Is it going to be done in France? If it is going to be done in France, which language will be used?

And the procedures. The length of the hearing. You can say, "How long do you want it? How short?" Should there be examination of witnesses? In many places in the world, they don't allow cross-examination.

If you're representing a foreign client, do you want something that you're not familiar with—briefs, transcripts, all of these things?

MR. LIEBERSTEIN: I think we should turn it over to the panelists for one last parting comment.

PROFESSOR LOVE: Dispute resolution in 2050 for IP cases. As the five of you were speaking, I was imagining that you might design a process that would be as efficient and fast as arbitration promises, which would allow, at the same time, for creativity, optimal outcomes and preserved relationships, as mediation does, and which would also have the protections and due process protocols of litigation. That would be great. You would be all a great group of people to do it! Your parting thoughts?

PROFESSOR ABRAMSON: What we need to do as attorneys is to pay as much attention to the dispute resolution process as we do to the merits of the case. I'm fond of saying at the beginning of my course in ADR that all the other courses teach you how to deal with the five percent of the cases that do not settle. And we're going to spend this one course talking about what to do with the other ninety-five percent of cases. Hopefully what the future will hold will be more attorneys who are experts on how to tailor dispute resolution processes.

MR. CREEL: I guess my answer is, and I hope it's not too cynical: it is that human nature isn't going to change all that much in the next 50 years. And that there have always been conflicts in human nature. We will have conflicts 50 years from now that we will not be able to resolve consensually. We'll still have court proceedings. We'll still have people hauling people into some kind of a dispute resolution technique, whatever its called, court or not. But I do think that there will be more and more consensual kinds of things we've been talking about today, creatively arranged, working with people in good faith to resolve a dispute. I've seen it happening in the last 10 to 15 years, and I think that will happen.

But I do take issue with whether the five of us could ever be able to design such a thing, even in the best of good faith 50 years from now.

PROFESSOR LOVE: Okay, I'm an optimist. [Laughter]

MR. DAVIS: Well, I –- whoever's been talking about it, I agree with every word he said. I wanted to make one more point. We have to keep in mind that from what I've seen in the last 25 years, what's driving ADR is not lawyers, but businessmen and women.

Businessmen don't like to spend the money to litigate. They are promoting ADR and that is not going to stop.

And the final point, which is tied into that, is globalization. As the world economies become more competitive, as companies have to work harder and harder to become more productive and profitable, they want to pay less lawyer bills.

So, dealing across the geographical borders where we have more complex legal problems, plus the desire to be more productive, will continue to drive ADR.

There will be continued efforts in this regard. And my advice that I tell every law student is, to learn about ADR.

You've got to know about this. And you cannot work without it.. If your clients want it, you've got to know about it.

MALE VOICE: I can't say anything better than what has already been said. And I certainly can't see 50 years into the future, but I can assure you that for the next couple of years, as has been for the last few years, generally Howard Stern litigations do not lend themselves to ADR. [Laughter]

PROFESSOR LOVE: I want to thank the Cardozo Online Journal of Conflict Resolution and Susan Hong, who put this event together. [Applause]

MS. KREZONIS: You can see it online shortly!