

Efficient Resolution of Disputes in Research & Development Collaborations and Related Commercial Agreements

Judith Schallnau

WIPO Arbitration and Mediation Center

In a globalized world, international research collaborations and related commercial transactions are increasing in number, size and complexity. Such complex relationships create considerable uncertainty and an inherent need to manage changes and conflicts occurring during the life of the respective contracts. For example, parties may face intricate questions and conflicts on Intellectual Property (IP) created in research collaborations and exploited subsequently in an academic or commercial context. Such conflicts may relate to ownership of background and foreground IPR, including patents, know-how, copyright, trademarks or design, the scope of exploitation rights, infringement of third party rights, non-fulfillment or termination of a contract.

If the parties to research or commercial contracts are domiciled in different jurisdictions, or the IP is protected in several countries, resolving cross-

border disputes through litigation in national courts may involve additional risks. For example, concerns may pertain to the choice of the appropriate forum, conflicting results in simultaneous court proceedings in different countries, the neutrality of the court, unfamiliar procedural practices and a lack of enforceability of court judgments outside the jurisdiction where they were obtained.

As an alternative, parties may choose out-of-court dispute resolution mechanisms. Such so-called alternative dispute resolution (ADR) mechanisms, for example mediation, arbitration or expert determination, are provided by the WIPO Arbitration and Mediation Center (WIPO Center) and offer parties and their lawyers high-quality, efficient and cost-effective ways to resolve their IP disputes out of court. The WIPO Center was established in 1994 as part of the World Intellectual Property Organization (WIPO) in Geneva, Switzerland.

ADR mechanisms¹ can be defined as follows:

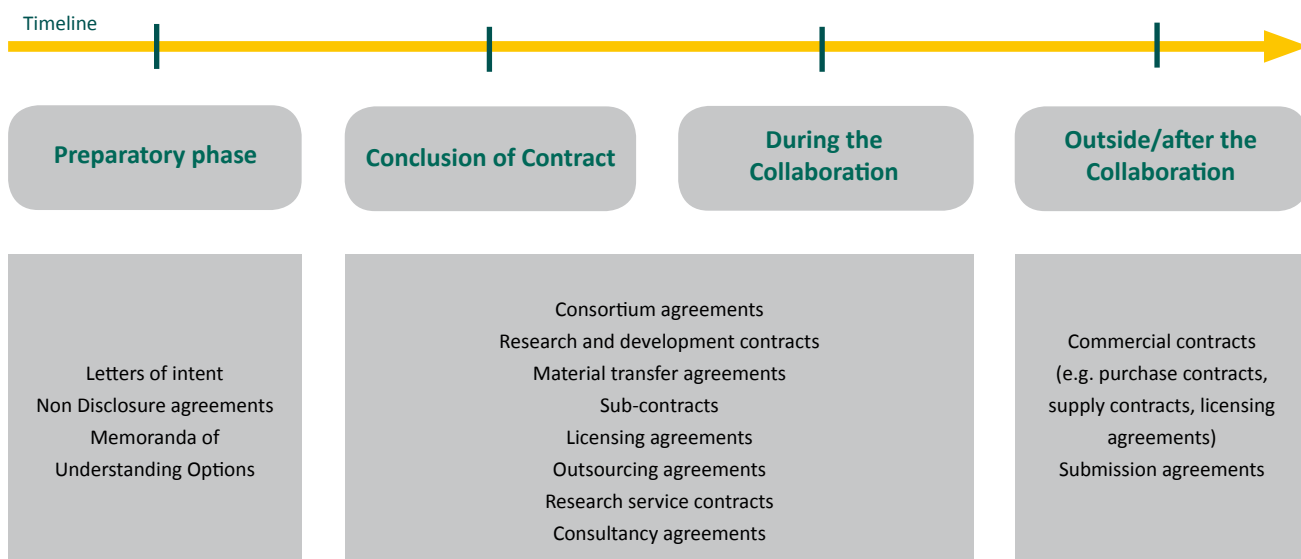
- Mediation is a non-binding procedure where

a neutral intermediary (the mediator) helps the parties settle their dispute.

- Arbitration: Arbitration is a procedure where parties submit a dispute to a tribunal of one or three arbitrators, who issue an internationally enforceable binding decision.
- Expedited arbitration: Expedited arbitration is an arbitration carried out in a shortened time and at reduced cost.
- Expert Determination: Expert Determination is a procedure used to determine issues of a scientific or technical nature. The parties may choose a binding determination, or a non-binding one.

Referral to ADR procedures is consensual. Party consensus is usually reflected by ADR clauses which can be included in R&D agreements and commercial contracts, including those outlined in the following diagram. It is also possible to submit consensually existing disputes to ADR by way of a submission agreement. >

Contractual stages for R&D and Commercialisation



¹ For these procedures the WIPO Center offers recommended clauses, rules, and neutral intermediaries and decision-makers (i.e. mediators, arbitrators, experts). Further information is available at: <http://www.wipo.int/amc/en>.

Where several contracts relating to R&D collaborations and commercial agreements are concluded at different stages of a project, consistent dispute resolution provisions should be included to enable an efficient dispute resolution process and, if necessary, the consolidation of disputes.

Parties involved in R&D collaboration often use model agreements as a basis for drafting and negotiating their research contracts. For example, entities involved in projects funded under the Seventh Framework Program EC (FP7) use the DESCA² model consortium agreement which has been developed for multi-party collaborations and which recommends WIPO Mediation followed, in the Absence of a Settlement, by WIPO Expedited Arbitration³.

The advantages of ADR mechanisms in general and particularly for research and development activities include the following:

- A single procedure: ADR allows parties to resolve IP disputes covering several jurisdictions in a single proceeding. This avoids the expense and complexity of multi-jurisdictional litigation and eliminates the risk of inconsistent results across national borders.

R&D projects often involve participants from different jurisdictions: e.g. a minimum condition for funding collaborative projects under FP7 is that at least three participants from at least three different countries participate in the project.

- Party autonomy: ADR gives parties greater control over procedural mechanisms than litigation. They can select the mediator, arbitrator or expert who is a specialist in the subject matter in dispute and in ADR. Parties can further select the applicable law, location, and language of proceedings. Neutral parties and the disputing parties can together determine the time frame of procedures.

Time and quality are of the essence in innovation-driven R&D areas. Mediation, arbitration and expert determination reflect such needs as they allow parties to choose a neutral intermediary with relevant expertise in the matter being disputed. Timing is of particular importance for R&D projects where delays can put the whole project at risk when work packages are not carried out on time by project participants. In addition, funding is limited to a certain time period and delaying research puts dissemination and use of results at risk, for example if competitors have published or protected results faster.

confidential. This privacy allows the parties to focus on the dispute without concern about its public impact and any potential damage to reputation, which often promotes good-faith negotiations and facilitates settlement.

This is of particular importance to highly sensitive research activities where scientific results must be kept confidential. It also helps improve participants' good relations and mutual trust which are essential for longstanding collaboration.

Advantages of ADR procedures have been highlighted in several WIPO administered cases, including patent licensing and research and development agreements, among others.

In a case involving a European university and an industry partner in another EU Member State, a mediator helped the parties in a mediation administered by the WIPO Center to determine aspects of a sector specific patent license. The mediator had longstanding experience in drafting specific licensing agreements and in mediation, and the dispute was settled within six months⁵.

In a WIPO arbitration case, a European research institute and an Israeli pharmaceutical company agreed on the development of a pharmaceutical product. Later, the validity of their contract was disputed and problems regarding the payment of royalties occurred. Following a meeting with an arbitrator selected by the parties, they were able to settle the dispute and to continue their collaboration⁶.



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- Neutrality: ADR can be neutral to the law, language, or institutional culture of the parties, which prevents litigation "forum shopping"⁴ to the disadvantage of other parties.

- Confidentiality: The WIPO Arbitration, Mediation and Expert Determination Rules provide that arbitration, mediation and expert determination proceedings and their results be

Contact

WIPO Arbitration and Mediation Center
Email: arbitrator.mail@wipo.int

Further information on WIPO ADR Services in Research and Development/Technology Transfer:
www.wipo.int/amc/en/center/specific-sectors/rd

² Development of a Simplified Consortium Agreement for the Seventh Framework Programme (FP7)

³ Parties using the DESCA model agreement can agree to include this clause in their specific consortium agreement or amend it as need may be.

⁴ Forum shopping refers to a practice of choosing the most favorable jurisdiction or court in which a claim might be heard.

⁵ Selected WIPO mediation case examples are posted in an anonymized format at: <http://www.wipo.int/amc/en/mediation/case-example.html>

⁶ Selected WIPO arbitration case examples are posted in an anonymized format at: <http://www.wipo.int/amc/en/arbitration/case-example.html>