THE AMERICAN LAWYER
ALM.
americanlawyer.com
May 1, 2022

SPONSOR CONTENT

The Increasingly Effective Role of Mediation in Intellectual Property Disputes

HON. JAMES F. HOLDERMAN (RET.)
JOYCE B. KLEMMER, ESQ.
RODERICK M. THOMPSON, ESQ.

Three JAMS neutrals share their valuable perspectives on the impact COVID-19 has had on intellectual property disputes and why virtual mediation is here to stay

Roderick M. Thompson, Esq. | Hon. James F. Holderman (Ret.) | Joyce B. Klemmer, Esq.

Like just about everything else in this world, intellectual property (IP) disputes have been impacted these past two years by the economic and social changes brought about by the pandemic. The most obvious effect on IP litigation has been the slowdown in the court system, which had to pivot to protect the health and safety of all participants. Mediation, which could be more easily accomplished in a virtual setting, presented an attractive alternative dispute resolution path throughout the course of the health crisis.

Now, as the pandemic appears to be waning and courts begin to return to normal, mediation remains attractive for a number of important reasons. We talked to three JAMS neutrals—Hon. James F. Holderman (Ret.); Joyce B. Klemmer, Esq.; and Roderick M. Thompson, Esq.—to get their insights into the trends impacting IP mediation and how attorneys can better utilize this invaluable option for resolving disputes favorably.

Q: What factors are driving IP disputes today?

Joyce Klemmer: The driving forces behind IP disputes remain largely the same today as in the past, but the pandemic has definitely had an impact. The primary reason for such disputes is a desire to eliminate unfair competition or at least bring the competition onto equal footing. But, because many businesses faced a steep downturn in business during the peak of the health crisis, pursuing IP litigation may have been perceived by some companies as an opportunity to make up for revenue losses.

Judge Holderman: For many companies, IP is their most valuable asset, and so protecting that asset is absolutely vital. Another motivation beyond protecting assets is to monetize those IP assets. This means enforcing their IP rights effectively and resolving disputes involving those rights in a way that benefits their bottom line.

Q: Why would litigants consider mediation as a viable option for settling a dispute?

Judge Holderman: Frankly, in many cases, the parties will be better off having the matter resolved out of court, where they can control the risks, as

opposed to putting their fate in the hands of 12 jurors who don't understand their business. A jury trial is a perilous journey, while mediation is a way to reduce that risk and a lot of the uncertainty in the outcome.

Roderick Thompson: I agree with Judge Holderman. Mediation is an exceptionally important tool for resolving IP disputes. Unfortunately, all too often, attorneys fail to fully take advantage of the flexibility inherent in the mediation process to craft it to meet the particular needs of their dispute and to use it to their advantage. For instance, the attorneys can increase the number of pre-session meetings, initiate *ex-parte* discussions with the mediator and share or not share information with the opposing party as they see fit. These are not things that would occur in the courtroom. In short, the lawyers know the dynamics of their dispute and should be proactive in using the mediation process to make it work best for them.

Q: As a mediator, what is your general approach to successfully resolving IP disputes?

Joyce Klemmer: I start by determining what phase the case is in. Have the parties completed the discovery? And most importantly, are the parties facing any court deadlines with dispositive motions pending? The phase the case is in will undoubtedly impact the parties' willingness to reach a resolution. The pre-mediation call with the two parties sets the ground rules and establishes what will happen during the mediation session, such as who's going to take part from each side. I follow up with individual calls to the parties' counsel, sometimes with their clients, to explore possible creative ways the dispute can be resolved.

In IP cases, the resolution doesn't always involve a straight monetary settlement. For instance, in a trademark dispute, perhaps the accused infringer can be convinced to abandon its use of the trademark. In a patent dispute, the resolution might involve convincing the infringer to take a license.

I always encourage the lawyers to get their clients actively involved in the process. The advantage to having the business people involved is that they have a lot more insight into what effect this infringement is having on the business. Getting them involved in the discussions and hearing their suggestions about possible solutions to the litigation is always extremely helpful.

I encourage the parties to exchange non-confidential mediation statements so that both parties know where the other party's coming from. Any information that they want only me to know, as the mediator trying to help them negotiate a resolution, they can provide to me in a confidential addendum to the mediation statement or in pre-session conferences.

Judge Holderman: When I approach a mediation, I try to learn as much as possible about the companies involved in the dispute, as well as how that dispute plays into their overall business strategies.

I like to gain insights into each side's motivation. Why are they bringing this litigation, or why are they defending against it? I like to try to understand the decision-making process within the company. Is there a motivation by a particular division or department? I use this information to attempt to facilitate an agreement. My objective is to try to help each side get the best possible deal—one that the other side will agree to.

Roderick Thompson: One of the things I've found that can be successful in IP disputes is to explore with the litigants the possibility that business solutions could create opportunities to resolve their dispute. This involves looking for areas where the two sides might cooperate. There may be a mutually advantageous deal in other products or services unrelated to the dispute itself. For example, the dispute could be over the validity or coverage of a patent, but after doing a deeper dive, the two companies realize they might be better served as customers or suppliers to one another elsewhere in their respective businesses. It is incumbent on the lawyers to do the needed legwork in advance of the mediation session,

uncovering such possibilities, then bring them to the mediator. I often ask the parties in the preliminary call (separately or jointly) if there's any chance of a business solution. While the suggestion is typically met with initial skepticism, in some cases asking a few questions may lead to a potential path for resolution. Under the right circumstances, this can be an effective and mutually advantageous way to explore and find options for resolution.

Q: Do you anticipate that virtual and hybrid mediations will remain popular options for resolving disputes in the coming months and years?

Roderick Thompson: I think virtual mediations are here to stay. The hybrid model provides important flexibility, by enabling some participants to meet in person and others to join remotely. This is particularly useful for including key people (including the mediator) from around the world without the cost and inconvenience of travel. This gets the right people involved directly in the process. Virtual mediation can also provide flexibility by allowing for multiple sessions instead of single in-person meetings. This has the upside of providing an opportunity for the parties to investigate key business issues before committing to a settlement. On the downside, the easy use of additional mediation sessions eliminates some of the pressure to achieve a settlement in one day, as might have been the case in the past.

Judge Holderman: I concur that virtual dispute resolution will continue to be a very viable option primarily because of its many benefits. The global reach and the ability to conveniently include more key decision-makers are powerful draws. Reducing the need for travel is a tremendous cost saver as well.

From the mediator's standpoint, virtual mediation lends itself particularly well to shuttle diplomacy. No longer do we have to walk back and forth between conference rooms to confer with the different sides. Now we can simply click back and forth between the virtual room's respective caucus sessions where the mediation participants from each side, who could be located anywhere throughout the world, can simultaneously confer in real-time with one another and me to efficiently settle their IP disputes.

Joyce Klemmer: Another advantage of virtual mediation is that when the mediator is with one party in a breakout room, the other party is free to do other things. Instead of having to sit in a room waiting for the mediator to come back and continue the discussion, they are free to use that downtime as they see fit. Obviously, they are still in the middle of mediation, but it does give senior executives a chance to respond to urgent business throughout the day, which might not be possible in a more traditional mediation setting.

James F. Holderman (Ret). is a JAMS arbitrator and mediator specializing in antitrust, banking, commercial, health care, insurance, intellectual property, professional liability and other disputes. He previously served for 30 years on the federal bench in Chicago.

Joyce B. Klemmer, Esq. is a JAMS neutral with more than three decades of experience in intellectual property and related complex business litigation. She can be reached at **jklemmer@jamsadr.com.**

Roderick M. Thompson, Esq, is a JAMS arbitrator, mediator, and neutral evaluator based in the JAMS San Francisco Resolution Center. He has extensive experience as both trial lawyer and neutral in resolving disputes involving technology, intellectual property, and competition issues