ARTICLES

Points to Consider on Utilizing Alternative Dispute Resolution (ADR) for Intellectual Property Infringement Cases*

License Committee

(Abstract)

Last year within Japan, there were new attempts aimed at resolving intellectual property (IP)-related disputes out of court, using an alternative dispute resolution system (ADR). One such effort was the newly established Group concerned with IP disputes within the Division 22 (the Mediation Division) of the Tokyo District Court; yet another was the Industrial Property Arbitration Center set up by the Japan Federation of Bar Associations (JFBA) and the Japan Patent Attorneys Association (JPAA). In light of these movements, this paper will introduce these two domestic Japanese organizations via their actual results thus far, provide a brief explanation of the ADR systems in Europe and the United States, and finally, to sum up, will present some considerations regarding the use of ADR from the perspective of a Japanese company which is hypothesized to have actually become involved in an intellectual property infringement case in Europe, the United States, and/or Japan.

Contents

1. Introduction

A system for handling and resolving disputes out of court is called alternative dispute resolution or ADR. There are two main representative of ADR; arbitration and mediation.[1)] When compared with an in-court dispute resolution, it is commonly said that the merits of ADR include, among other things, 1) a shortening of the time required for dispute resolution, 2) an ability to make minute adjustments to resolution details, 3) the ability to keep resolution details confidential, 4) the ability to reach a comprehensive solution regarding the dispute, and 5) the ability to reach resolution details which enable the losing party to "save face." In regards to disputes relating to intellectual property (IP) rights, since technical experts are also able to participate directly in the dispute resolution, and moreover, since in the final analysis, such disputes are based on economics, the above-listed merits are particularly applicable to such IP-related disputes, it has thus been said from the past that ADR is particularly suitable for these types of disputes.

Here, one can divide IP-related disputes into two types, those involving a dispute between parties in a contractual relationship, and those involving parties not involved in such a

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contractual relationship.[2] Representative examples of the former include disputes between contracting parties involving contract details of IP-related license agreements and joint research agreements, while the latter type are exemplified by IP rights infringement cases. Usually within international contracts, there is a clear statement of an article regarding dispute handling; generally, such an article takes the form of a mutual agreement to seek arbitration in the case of a dispute. In that sense, ADR (especially arbitration) has already been provided from the past for parties involved in a contractual relationship, and there are many cases where such ADR has actually been used.[3] Conversely, in the case of IP rights infringement cases, cases in the past where arbitration or mediation has been used are extremely rare. It is thought that the chief reason for this has been the fact that, among parties involved in a dispute regarding IP rights infringement, from the very nature of the dispute, there is no formation of a mutual agreement to attempt to resolve the problem via arbitration or mediation. Thus, even though ADR has aspects (as described above) which make it suitable for use in IP rights dispute resolution, there has been a tenacious, long-term continuation of a situation whereby courts play the main role in such dispute resolution.

Last year, however, there were new attempts launched within Japan to provide ADR bodies for the resolution of IP rights infringement cases. Such efforts included the new establishment of an IP specialist group within the Mediation Division of the Tokyo District Court, as well as the foundation of an Industrial Property Arbitration Center by the Japan Federation of Bar Associations (JFBA) and the Japan Patent Attorneys Association (JPAA).[4] This paper will provide an overview of these two domestic Japanese organizations via their actual results thus far, and, in addition, will also provide a brief explanation of the ADR systems in Europe and the United States, and finally, will present some considerations, for all users of the ADR system, regarding the use of ADR for IP rights infringement cases.

2. New Domestic Japanese ADR Organizations

2.1 Tokyo District Court Division 22 (Mediation Division), IP Specialist Mediation

In April 1998, within the Division 22 (Mediation Division) of the Tokyo District Court, a group was newly set up to handle, in a specialist fashion, IP disputes. Appointed as Mediation Committee members were attorney Toshiaki Makino (formerly a judge of the Tokyo High Court) and attorney Yuzo Yasuda; 6 patent attorneys were then added in October 1998.[5] Up until the new establishment of this IP group, there was no suitable organization within the court for mediating IP disputes, and a situation existed whereby there was virtually no mediation whatsoever performed on behalf of IP rights disputes. The establishment within the Mediation Division of a group for handling, in a specialist fashion, specific types of disputes was an exceptional case; one can thus say that this was an organizational reform made with a strong consciousness of the pro-patent trend. Here, mediations are to be performed by a Mediation Committee comprised of a judge in charge of mediation and two Mediation Committee members. Within the IP Group, one of the two attorneys named above and one of the above-stated six patent attorneys are to serve as Mediation Committee members, while the judge to be in charge of mediation is to be a judge from within either Division 29, Division 46, or Division 47 of the Tokyo District Court who has been assigned to mediation work. After a case is pending in a court, in the case where it has been determined, as a result of a compulsory assignment to mediation or a request made by the concerned parties, that it would be appropriate for the mediation to be performed by the court division in charge of the case at hand, then that case will be assigned to court-directed mediation. (It should be noted here that, when a mediation agreement has been previously arrived at among the concerned parties that the Tokyo District Court is to be requested to perform mediation, then that request is currently accepted directly by Division 22.) In cases where a Court Division is to assign the case over to the Mediation Division, there exist many cases where such is performed after that Court Division has formed a

conviction; and, as the Mediation Committee undertakes its mediation work while giving all due respect to this conviction, there are no major inconsistencies between the contents of the Mediation Committee's mediation and the Court Division's conviction. If the concerned parties are dissatisfied with the mediation plan, the mediation fails, and the case is returned to the Court Division. What ADR would-be users need to pay particular attention to here is the fact that, since the mediation plan has been made while giving careful consideration to the Court Division's conviction, with the exception of those exceptional cases where strong new evidence can be submitted, even if one forces a return of the case to the Court Division as a result of dissatisfaction with the mediation results, it is not likely that the Court-based results will be considerably different from those of the mediation plan.

From April 1998, when this IP Group was newly formed, through to March 1999, the Group had handled a total of seven (7) cases. Of these, mediation had been successful in one (1) case and unsuccessful in one (1) case, while the other five (5) cases were still pending as of that date. It is worthy of careful notice, however, that even in the unsuccessful case, since through the mediation procedures, a clarification of the points in dispute and preparation of evidence are enabled, that in itself can assist in a "speeding up" of the deliberations in the Court Division. Of the seven cases, one (1) involved an issue of Patent Law, while the remaining cases were concerned with the Trademark Law, the Design Law, the Unfair Competition Prevention Law, and the Copyright Law. Although it is impossible to know the details of these cases due to the confidentiality of the mediation process, one can note that, for the case that had already been resolved, it took around five (5) months for the mediation to be successful (as dated from the time when the case was assigned over to the Mediation Division). Apparently, further four (4) cases were assigned over for mediation in the period from March to June 1999. Topics to be studied into the future are the possibility of an increase in the number of patent attorney committee members, and an increase in the number of cases to be assigned for mediation.

From the perspective of would-be ADR users, it will be highly valuable to utilize this type of mediation by Division 22, given the fact that this is court-directed mediation where fairness and neutrality are secured, that persons from the legal world with superior experience in IP rights-related court cases serve as Mediation Committee members, and that technical-special patent attorneys are also working towards a resolution as Mediation Committee members.

2.2 Industrial Property Arbitration Center[6)]

The Industrial Property Arbitration Center, which is operated jointly by the Japan Federation of Bar Associations (JFBA) and the Japan Patent Attorneys Association (JPAA), was launched at the end of March of last year. Cases handled by this Center are limited to those concerning industrial property rights; the Center handles no cases concerning copyrights. However, when this is a dispute which involves complicated industrial property rights, such as when the object is a dispute involving simultaneously the Trademark Law and the Unfair Competition Prevention Law, the Center will accept and handle the case, even when the issues include another, non-tangible property right, etc. Registered as candidate mediators with the Center are a total of 310 persons (96 attorneys, 173 patent attorneys, and 41 scholars).

Another characteristics of the Industrial Property Arbitration Center is its provision of procedures for transferring a case from mediation to arbitration. In other words, the mediation procedure serve as the initial procedure for dispute resolution, and in the case where a resolution is possible with mediation alone, then the case is resolved accordingly under the mediation procedures; if necessary, however, a transfer may be made from mediation to arbitration procedures, and the dispute can be resolved accordingly. In the case where a dispute is to be transferred from mediation to arbitration, to provide for a more effective resolution of the case, the Center surmises the performance of procedures such that the two or three persons who served as mediators will also serve, without change, as arbitrators. (However, at the desire of the concerned parties, there may also be a new selection of arbitrators, and a revision made accordingly.) This is an attempt to improve the current situation described above, one in which ADR has not been used within legal cases in-

volving IP rights. Under mediation, since concerned parties in a dispute have the security of knowing that they can withdraw from the procedures at any time, and also that they can refuse the mediation results if they are not satisfied therewith, this makes it possible for involved parties to engage positively in discussions. If, instead, arbitration is to be entered in from the very first stage, the parties must sign an arbitration agreement, and the arbitration results are then binding on both parties; this forces concerned parties to use this process only as a final resort. It is not likely that a party which has received an infringement warning from a patentee will respond positively when asked to suddenly consent to arbitration; if instead the request is for mediation, there is a major possibility that this party will agree to such mediation as at least a first step towards a satisfactory resolution of the dispute, especially since the mediation can be terminated if that party is not satisfied with the mediation details. The Japanese industrial world should thus welcome the Industrial Property Arbitration Center, in that the Center, through its engagements, offers a new choice as a means towards dispute resolution.

In the one year period after the Center became active, it accepted four (4) mediation requests, two (2) of which were settled conclusively. The two cases successfully concluded were trademark infringement mediation cases. Of these trademark rights cases, as a result of seven (7) mediation hearings in the one case, and five (5) mediation hearings in the other, a resolution was reached in these cases in six (6) months and four (4) months, respectively.

Difficulties will be involved when one attempts to use this Center's mediation and/or arbitration procedures in a dispute with a European or North American company. Historically in these Western nations, mediation and arbitration have been independent of each other, each having their own individual procedures. A system where there is a continuous transfer over from mediation to arbitration procedures cannot be said to be a system that is always going to be easily welcomed and permitted by Western companies. Especially in a case where the mediators also serve doubly as arbitrators, criticism such as the following has been heard: that when — despite the fact that, as a concerned party, one has explained the mediator positively items even unfavorable to him/her through discussions with the mediators, having expectations of successfulness of the mediation, — the mediation then fails and the process is to move into arbitration, it is unreasonable that arbitrator makes his/her determination, taking into account the unfavorable items addressed during the mediation process. [7), 8)]

Further, a request made to the Industrial Property Arbitration Center cannot receive the merit of prescription and abatement. Thus, in order to enjoy such a merit of suspension of latches, it will likely be necessary to file a separate case in a court of law.

2.3 Additional Remarks

Introduced in the above sections were thus two domestic Japanese organizations for ADR. Although it is thought that much time will especially be necessary in order to reach a final resolution for infringement cases concerning designs and trademarks which require minute adjustments (packaging changes, etc.), one can expect more effective resolutions through the use of the above-described two organizations. Especially for these types of infringement cases, the use of these two organizations will have a particularly high value.

Further, it is thought that there are still many managers in Japan who desire to reach a solution and avoid a court case in those cases where their company has other business relationships with an infringing company, or when the infringer is in their same industry. When in such cases both entities involved in the dispute are Japanese companies, it is thought that it will be of particularly high value to use the Industrial Property Arbitration Center.

3. ADR Systems in Europe and the United States

An explanation was provided in Section 2 above about two new ADR organizations within Japan; the premise for the initiation of procedures within both of these organizations is that the disputes thereof occur in Japan. In reality, however, IP rights infringement cases are not limited to those which occur just in Japan; there are also many cases of international disputes. As

some of the merits for using ADR to resolve international IP rights disputes, one may note the fact that ADR enables dispute resolutions which are uniform on a global scale, thereby eliminating the need to make separate responses for the individual patent court systems found in each different country—something which has been a problem hitherto.[9] That said, considering that reaching a consensus for dispute resolution via ADR is hard enough among Japanese corporations, one can well imagine that even more such difficulties will arise in a dispute between a Japanese company and a foreign company. For this reason, there have been almost no cases where an international infringement case has been resolved using ADR.[10] In the present Section, an overview explanation will be provided regarding ADR in the United States, Great Britain, Germany, and France. Within this explanation will be incorporated considerations regarding whether or not a Japanese company can consider the selection of ADR as a means of resolving conflicts, in the separate cases whereby a Japanese company is involved in an infringement case with either a U.S. company or a European company.

3.1 ADR in the United States

Unlike the case in the United Kingdom, Germany and France (to be described below), ADR is widely used within the United States as a general dispute resolution means[11]; even for commercial cases, the American Arbitration Association (AAA)—the world's largest ADR organization—has been developing positive and vigorous activities.[12] Also in the U.S., a system called "court-annexed ADR" has been developed within federal district courts. Below is presented first a summary explanation of AAA, followed by an analysis of different types of court-annexed mediation (here, "court-annexed ADR")

1) American Arbitration Association (AAA)

AAA provides arbitration and mediation services via its 35 offices located throughout America, and handles around 60,000 cases per year. Last year, the AAA was changed from a mere arbitration organization to a comprehensive ADR organization. In the AAA, a major emphasis is placed on out-of-court settlement and mediation, and the Association is also involved in a broad number of other areas, such as the in-company training it performs regarding dispute prevention and resolution. With an eye on the resolution of international conflicts, too, along with its internal U.S. arbitration rules, the AAA has also prepared international arbitration rules, as well as a variety of other separate arbitration rules specific for various industry types and dispute types. The Association has especially provided separate arbitration rules specifically for IP rights-related disputes. In this way, the AAA has engaged in a variety of different efforts to meet the individual needs of its users. The number of IP rights-related disputes it handles has grown to a very considerable number.[13]

2) Court-Annexed ADR[14]

In the United States, the Civil Justice Reform Act was enacted in 1990 under the common awareness that the ballooning number of civil suits were hindering the international competitiveness of the U.S. economy. Court-annexed ADR was one of the policies introduced on the basis of the Civil Justice Reform Act. Different from ordinary ADR, which is performed independent of court procedures, court-annexed ADR is a type of ADR performed under the management of a court for cases which are pending in that court as actual legal cases. Here will be briefly introduced three representative types of such court-annexed ADR, namely Court-Annexed Mini-Trials, Early Neutral Evaluation, and Summary Jury Trials.

(1) Court-Annexed Mini-Trials[15]

Mini-trials are characterized by the establishment of a panel to hear the case, and the use of this panel within the dispute resolution process. The panel is comprised of a key person from each concerned company who has the authority to conclude a settlement for the dispute at hand, and a judge or a neutral person ([usually] a magistrate judge or a special aide) selected by the concerned parties. While in a traditional dispute, attorneys play the leading role in the procedures, in an actual business dispute, there are cases where economic or business-related considerations are of a higher priority than a judgment on legal issues. Court-annexed mini-trials have been provided with this

consideration in mind; thus, this can be said to be a business-centered ADR means, one in which company managers can participate directly in the dispute-resolution process. In general, a court-annexed mini-trial is permitted when the following conditions are met: when all concerned parties have agreed to the use of the mini-trial format, and when a court-based agreement has been reached regarding procedural orders to be issued by the court. After an informal discovery process, the legal counsel of the concerned parties each makes a summary presentation to the panel; in no case does this hearing take more than 2 days. When the hearing is finished, the representatives of the concerned parties enter into settlement negotiations. The top company officials who serve as panel members have a strong tendency to want to avoid a rupture in these negotiations, both in regards to their obligation to report to their company president and company shareholders, and also to the saving of their own "face"; perhaps for these reasons, the success rate of such settlement negotiations is said to be extremely high.

(2) Early Neutral Evaluation (ENE)[16)]

The purpose of an ENE is to enable concerned parties, at an early period in the court procedures, to hear the evaluation of an evaluator (a specialist who provides a neutral evaluation) regarding the case, thereby giving the concerned parties an opportunity to view the case themselves from an objective perspective. In this way, the ENE assists in helping (from the "side," so to speak) the parties reach an early-period settlement. Herein, a special focus will be made on ENE in connection with patent disputes as used in the San Francisco-based Federal District Court. After the filing of a patent suit, the court clerk appoints an evaluator. A session led by an evaluator must be held within 150 days after the suit has been filed; at the very least, 10 days prior to this 150 day deadline, both concerned parties must submit preparatory documentation to the evaluator and to the other party. In principle, the ENE session is to last for four hours. During this ENE session, the evaluator performs the following duties, among others: (i) evaluates the strengths and weaknesses of the claims and evidence of the concerned parties, and explains his/her evaluation thereof to the concerned parties; (ii) attempts to reach a settlement if a settlement appears likely; (iii) if possible, evaluates potential obligations and damages amounts.

Evaluators within the District of Northern California (San Francisco) are selected from a large number of local experts rich in experience, and they have been highly praised for their work; this has been a major factor which has led to the success of this ENE program.

(3) Summary Jury Trial[17)]

The summary jury trial is a dispute resolution means whereby the concerned parties have a simple presentation of their cases made to a jury, after which the jury presents its non-binding advisory ruling; the parties then use this ruling as a reference to perform settlement deliberations among themselves. This system, by giving the concerned parties an early preview of the case, has as its goal the promotion of an effective and rational settlement.

As explained above, not only has the widespread use of ADR for dispute resolution become a part of American cultural practice, ADR types such as mini-trials and ENEs which especially have in mind IP-related disputes have been developed, and are actually being used.[18)]

3.2 ADR in Europe

Unlike in the United States, there is no fully matured social or customary practice in the United Kingdom, Germany, or France which promotes the use of ADR as a general means of handling disputes. Below is presented a brief description of ADR as found in the U.K., Germany, and France.

In the United Kingdom, a public assistance system exists for providing assistance for court-related expenses; the protection provided for the use of this court system has in turn limited the use of ADR. During the years of the Thatcher government, however, as one element of fiscal reform, a partial revision was performed of this public assistance system. At that time, there emerged a movement towards the use of ADR for dispute handling, and this trend has continued on into the current period of the Blair government. Nevertheless, in actual practice, this movement has still not been fully linked with a widespread expansion of ADR usage.[19)]

In Germany, although ADR exists as a

system, it is almost never used. In general, it is said that the following conditions required for the use of ADR: the lack of a fully coordinated court system, a gap between the awareness of citizens and legal rules and practices (that is, court-based resolution results which are widely remote from the daily lives and emotions of citizens), the economic merits of ADR when compared with the costs of law suits, etc. In Germany, however, there has been a systematic establishment of a massive justice system, and due to the historical development of that nation, there is really no gap between the understanding of its citizens and the established laws and regulations. Against such a backdrop, policies for tackling the economic aspects of lawsuits have also been established within the German court system, including the Law to Reduce the Judicial Burden, which is designed to limit the number of appeals, and so on. Furthermore, such policies have not been coupled with policies for promoting the use of ADR.[20)]

In France, although there does exist the active use of appraisals for patent-related and other cases (a system which is not found in other countries),[21)] still, ADR itself is almost never used. Attempts to form a court-led settlement or court-directed mediation are generally low key only, and most cases are resolved by trial.[22)]

Due to the background environment as described above, it is thought that, in the case where one becomes involved in a dispute over IP rights infringement with a European company (i.e., with a British, German, or French company), it will in fact be difficult to use ADR. Therefore, in such a case, it would be best to consider a dispute resolution strategy with the chief focus on a likely trial.

[Table]

Infringer / Rights Owner	Japanese Company	U.S. Company	European Company (British, German, French)
Japanese Company	• Litigation • Mediation at the Tokyo District Court Div. 22 • Industrial Property Arbitration Center	• Litigation • Mediation at the Tokyo District Court Div. 22	• Litigation • Tokyo District Court Div. 22 • Mediation
U.S. Company	• Litigation • Court-Annexed ADR • AAA	• Litigation • Court-Annexed ADR • AAA	• Litigation • Court-Annexed ADR
European Company (British, German, French)	• Litigation	• Litigation	• Litigation

4. Summary

Above has been presented an introduction of new domestic Japanese ADR organizations, and a brief explanation of ADR within the United States and Europe. Here, to summarize, discussion will focus on the possibilities of a Japanese company of using ADR. Based on the above Sections 2 and 3, the Table shows a summary of IP rights infringement-related dispute resolution methods for separate disputes involving the listed combinations of Japanese, U.S., and European (British, French, German) companies.

In the Table, it should be carefully noted that to simplify maters, it is assumed that when the right holder is a Japanese company, the infringement pertains to an IP right in Japan, that when the right holder is a U.S. company, the infringement pertains to an IP right in the United States, and when the right holder is a European company, the infringement pertains to a European IP right.

For a Japanese right, in the case where the right holder is a Japanese company and the company infringing that right is also a Japanese company, then the use of the Industrial Property Arbitration Center is one possible choice. If the Tokyo District Court has personal jurisdiction over the involved companies, then surely there

will be a considerably high value in the use of the authorized mediation of Division 22.

When the right is a Japanese right, in the case where a Japanese company is the right owner within Japan, while the company infringing that right is a foreign company, then it will be difficult to use the Industrial Property Arbitration Center, for the reasons described in Section 2 above. However, when the Tokyo District Court has personal jurisdiction over that foreign company, then it would be of value to investigate the use of court-directed mediation as one of the alterative choices for that infringement dispute with that foreign company. Here, for example, one can consider the legal strategy of first filing suit within the Tokyo District Court before turning to a foreign court; in such a case, that foreign company will be initially brought within the Japanese justice system, after which, within the court-directed mediation process, an attempt can be made to reach a global resolution.[23)]

For a U.S. right, when the right holder is a Japanese company and the company infringing that right is a U.S. company, then it will be important to establish a legal strategy while keeping in perspective the possible use of the AAA or court-annexed ADR. Especially in the case of a court-annexed ADR, since there are a variety of systems available depending on the court of jurisdiction, it will be necessary for the in-Company personnel in charge of IP rights disputes to obtain the cooperation of a U.S. legal firm or other specialist, in order to deepen their related knowledge of that field. Here, it will first be necessary to study what type or types of court-annexed ADRs it will be possible to use for each specific court (district) where the case can be filed, and then to consider which type of ADR would be most suitable to the unique needs of one's own company; after this, then, a strategic selection of the site (court) for filing can be made. Furthermore, in order to include a mini-trial type of procedure as a choice among available dispute resolution means, the existence of a top person in the company who can execute the related work is presumed to be indispensable. It should also be remembered that one cannot guarantee that the same high quality evaluators (neutral appraisers) for ENE can be secured at every possible court of jurisdiction.[24)]

Again for a U.S. right, for a case where the right holder is a U.S. company and a Japanese company is being sued for infringement, it is thought that dispute resolution will be focused on a U.S.-based case. In such a case, too, it will be necessary to bear in mind the option of using court-annexed ADR as a resolution means when considering one's legal strategy. One should hypothesize a situation where the U.S. company itself selects court-annexed ADR, and then list and evaluate the relative merits and demerits of, as the defendant, opting for a court-based resolution.

For a European right, for a case where the right holder is a European company and a Japanese company is being sued for infringement, it is thought that dispute resolution in court will be focused on a European-based case. Here, one may surmise that there will be almost no inclusion of ADR among the choices available for solving an infringement case within Europe.

Again for a European right, when it is a Japanese company which is the right holder and a European company which is presumed to be infringing that right, for the same background reasons as described above, it would not be realistic to seriously consider ADR as a possible choice among the means for resolution. Nevertheless, when the infringement case is one that has an impact not only in Europe, but also on a global scale, of course one important legal strategy to consider would be to first instigate a suit in either Japan or the United States, and then to force the European company to work towards dispute resolution with a Japanese or American ADR organization.

In the present section, a consideration has been made of the possibility of using ADR when a Japanese company is involved as a concerned party in an IP rights infringement case. In today's world, where technical advances and modifications are so remarkable, in so many cases, if one does not work towards a rapid resolution when an IP right dispute occurs, then, for all practical purposes, that right will of itself "die out"; for that reason alone, the speedy nature of ADR is making this resolution method increasingly important. Especially for international inter-company disputes, for suits where the determination of a court site alone may involve long-term wrangling, ADR usage is highly effective.

It is thought that the establishment of new ADR organizations within Japan can serve as an excellent opportunity to reconsider dispute-resolution strategies, including ADR. Further research in this area is eagerly awaited.

Reference Materials and Footnotes

1) Takeshi Kojima, Makoto Ito, "*Out-of Court Dispute Handling Methods,*" Yuhikaku, p. 1.
2) Yoshinao Kumakura, "*Intellectual Property Rights and Mediation (1)*", JCA Journal, Vol. 39, No. 6, p. 2.
3) Known is the arbitration between IBM and Fujitsu.
4) One of the closely watched international movements concerning ADR is the CPR Institute for Dispute Resolution. The CPR is a private organization led by its representative, Mr. James Henry, world-famous in ADR circles. This non-profit organization is maintained by the annual membership of its members. As of the current writing, CPR has 500 members, including private companies (among them Sony, Toyota, and other Japanese companies), law offices, etc. The aim of CPR is not to generate income through the management of arbitration and mediation procedures; its sole purpose is rather to promote ADR, through its main work of providing arbitration and mediation rules for its members, and through the presentation of a list of potential mediators. CPR takes the stance that, so long as ADR is to be promoted, any ADR-related organization may be utilized.
   The Internet home page address of the CPR Institute is http://www.cpradr.com.
5) Tadahiko Ito, "*On the Tokyo District Court's Civil Mediation Committee Members*", Patent, No. 1, Jan. 1999.
6) Key information about the Industrial Property Arbitration Center is as follows.

   Tokyo Headquarters Office
   3-4-2, Kasumigaseki, Chiyoda-ku, Tokyo 100-0013 (within the Japan Patent Attorneys Association offices)
   Tel. (03) 3500-3793
   Fax (03) 3500-3839
   Kansai Branch Office
   4-6-8, Tenmon, Kita-ku, Osaka 530-0047 (within the Citizens Legal Center in the Osaka Patent Attorneys Association Annex Building)
   Tel. (06) 6364-0861
   Fax (06) 6364-5069
   Nagoya Branch Office
   1-4-2, Sannomaru, Naka-ku, Nagoya 460-0001 (within the Nagoya City Attorneys Association offices)
   Tel. (052) 203-1651
   Fax (052) 204-1690

   An overview summary of the Industrial Property Arbitration Center is provided in the respective Internet home pages of the Japan Federation of Bar Associations and the Japan Patent Attorneys Association, as follows.

   Japan Federation of Bar Associations (JFBA)
   http://www.nichibenren.or.jp

   Japan Patent Attorneys Association (JPAA)
   http://www.asahi-net.or.jp/~kb7h-egc

   The Industrial Property Arbitration Center has introduced the following as cases where the Center may be used:
   (1) When a finely detailed decision regarding whether or not the object product falls under the rights scope is required, a decision so delicate that the party does not desire to go to the extent of instituting a law suit;
   (2) When, for a patent license agreement, a consensus cannot be reached regarding how to calculate license fees or on determining which product or products are to be objects of the agreement;
   (3) When, in a dispute over IP rights, the dispute involves know-how which the involved parties want to keep confidential, or when a party seeks a resolution without being forced to disclose company information to the other party;
   (4) When there is a conflict of opinions in regards to a judgment of similarity for a trademark or design; and
   (5) When a Japanese company which owns a foreign patent seeks a resolution, without having to sue in a foreign court, in

a case where there is a high possibility that a Japanese company is infringing that foreign patent.

In regards to the recent status and situation of the Industrial Property Arbitration Center, details can be found in an article by Kenji Yoshida and Megumi Kurokawa (See, "CHIZAI KANRI" (Intellectual Property Management), Vol. 49, No. 8.

7) Yasuhei Taniguchi, "*Settlement in International Commercial Arbitration*", JCA Newsletter No. 4, March 1999.
8) The following introduces documentation concerning this issue: Yoshinao Hayakawa, JCA Journal, Vol. 44, No. 4 (April 1997), p. 52.
9) For example, there are countries (such as Japan and Germany) where, in regards to industrial property rights, a court rules on the existence or lack thereof of infringement, while the Patent Office or another administrative organ makes a judgment regarding validity (that is, each of these has exclusive and original jurisdiction for the respective aspect (infringement or validity) listed). Thus in these countries, even for disputes within a single nation regarding a single patent, different organizations are in charge of respectively resolving disputes regarding infringement, and those regarding validity. One can interpret the ADR system as intending to mean that a single organization is thereby enabled to handle both of these issues. That said, a problem still exists as to whether or not, in an ADR regarding IP rights infringement, the ADR can also include as an object a determination regarding the validity or invalidity of the IP rights. In the United States, Article 294 of the Patent Law provides a clear stipulation in regards to this point. There it is stipulated that patent validity and infringement are objects of arbitration and settlements, and that while such have a binding force on the involved parties, such is not binding on third parties. In Japan and Europe, although no such clearly stated stipulation exists, it is understood that, in practice, a judgment concerning validity is possible when limited to only the concerned parties in a dispute.
It also should be noted that, in order to resolve, all at once, an IP rights disputes which involve multiple countries, it is necessary to include among the defendants both the overseas manufacturer and the exporter along with the importer. There are cases, however, where no corporate entity jurisdiction exists (i.e., when there is no address and no business office); in such cases, it will be convenient to strive for a resolution through the use of ADR.
10) The WIPO Arbitration and Mediation Center, which began providing services in October 1994, has handled only one (1) case in its history regarding IP rights infringement.
11) The ADR Directory edited by the American Bar Association (ABA) lists a huge number of non-profit ADR organizations which handle various specialist fields.
12) The Internet home page address of AAA is as follows:
http://www.adr.org
13) Of the requests received by the AAA in 1993, 139 were mediation cases involving industrial property rights. "Survey of Enforcement of Intellectual Property Rights in Fiscal Year 1993, Survey Research Report II (Research Survey of the WIPO Arbitration and Mediation Center)", The Japan Machinery Federation (May 1994).
14) An detailed explanation of this system is provided in Prof. Koichi Miki's "*Court-Annexed-Type ADR in the Federal District Courts of the United States of America*", Chapter 5 of Akira Ishikawa, ed. *Comparative Out-of-Court Dispute Settlement Systems* (Keio University Publishing Group.)
15) Ishikawa, op. cit., pp. 84-94
16) For ENE, see Ishikawa, op. cit., pp. 95-101. Also, an explanation of patents suits and ENE along with new types of discovery processes is found in Toyo Univ. Assist. Prof. Manabu Hayashida, *Jurist*, No. 1033, p. 77.
17) Ishikawa, op. cit., pp. 102-108
18) In the "*Alternative Dispute Resolution: A Handbook for Judges*" (edited by the American Bar Association), it is stated that mini-trials are suitable for patent rights infringement disputes.
19) An explanation of ADR in the United Kingdom is provided in Yukiko Hasebe,

Civil Suits in the Midst of Reform (Todai Publishing).

20) Akira Ishikawa, ed. *Comparative Out-of-Court Dispute Settlement Systems* (Keio University Publishing Group), pp. 7-8.

21) An explanation of the situation under the former Civil Proceedings Act is provided in Toichiro Kigawa, *Civil Suit Affairs of the Seine District Court* ("*Civil Suits Policy Prefatory Explanation*"), pp. 108 ff. As for comprehensive research concerning the appraisal system in France, there exists the following: Ichiro Kitamura, "*The Role of Appraisers in French Civil Suits* (Part 1, Part 2, Conclusion)", Law Association Magazine, Vol. 110, No. 1, pp. 1 ff., and Vol. 110, No. 2, p. 179.

22) Details of the Civil Suit Law of France are found in Ikuo Yamashita, "*The Operation of Civil Suits within France*," Justice Research Report, Vol. 44, No. 1.

23) Even when there is a high possibility that the plaintiff will, in the end, win in court, the selection of a settlement is better for the following reasons.

(1) This will be a final solution to the dispute (no need to consider an appeal trial).

(2) One can avoid the risk of having a favorable decision overturned in a higher court.

(3) One can avoid any substantial damages which may arise from the later discovery of publicly known documents.

(4) One can expect voluntary execution of settlement decision by the defendant (since the defendant has also agreed to the settlement details).

(5) Even in the case where a license is to be granted, one has the ability to "hammer out" in detail the license contents.

(6) Since a withdrawal of the petition for an invalidation trial is usually included as a settlement detail, even in the worst case, the validity of the rights are maintained.

24) Unlike in the Northern District of California (San Francisco), it is not a fact that superior evaluators have been, or can be, secured for all federal district courts.