

Mediation in IP Litigation: Procedures, Strategies and Observations from a Leading Mediator

for the

Howard T. Markey Intellectual Property Inn of Court

Pupilage Group No. 4

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Overview of Discussion

- I. **Before the Mediation [Sam Lam]**
 - Mediator Selection: Private vs. Court-Implemented
 - Mediation Timing
 - Briefing
 - Exhibits
 - Client Preparation
- II. **During the Mediation [Matt Lapple]**
 - Nuts & Bolts
 - Plaintiffs vs. Defendants: Different Approaches?
 - Interim Agreements
 - Documenting the Agreement
- III. **Best Practices from an Experienced IP Mediator [Hon. John Wagner]**
- IV. **Expanding Mediation Beyond Its Traditional Boundaries [Mark Wine]**

I. BEFORE THE MEDIATION

Private Mediator Selection – Considerations

- Experience
 - Mediation Experience
 - Technical Experience
 - Other Experience
- Expense
 - Magistrates are free
 - Private mediator with good success record
- Conflicts
- Location

Court-Implemented Mediator Selection

- D. Del.
 - Chief Magistrate Judge Mary Pat Thyng
- C.D. Cal. – select one of three options:
 - 1) District/Magistrate Judge
 - 2) Mediation Panel
 - 3) Private Mediation
- S.D. Cal. – at Early Neutral Evaluation (ENE) stage, court refers case to arbitration or mediation

Court-Implemented Mediator Selection (cont'd)

- N.D. Cal. – ADR Multi-Option Program:
 - Arbitration
 - Early Neutral Evaluation (ENE)
 - Mediation
 - Settlement Conferences with a Magistrate Judge
 - *Or with Court's permission: Private Mediation*
- E.D. Cal. – Voluntary Dispute Resolution Program
- E.D. Tex. – Court-Annexed Mediation Plan
 - “Track B” Case Management Procedures for Patent Cases

Mediation Success Rates – Private vs. Court

In your experience, how successful is private mediation vs. court-implemented mediation?

(Success = settlement & dismissal of case or of defendant)

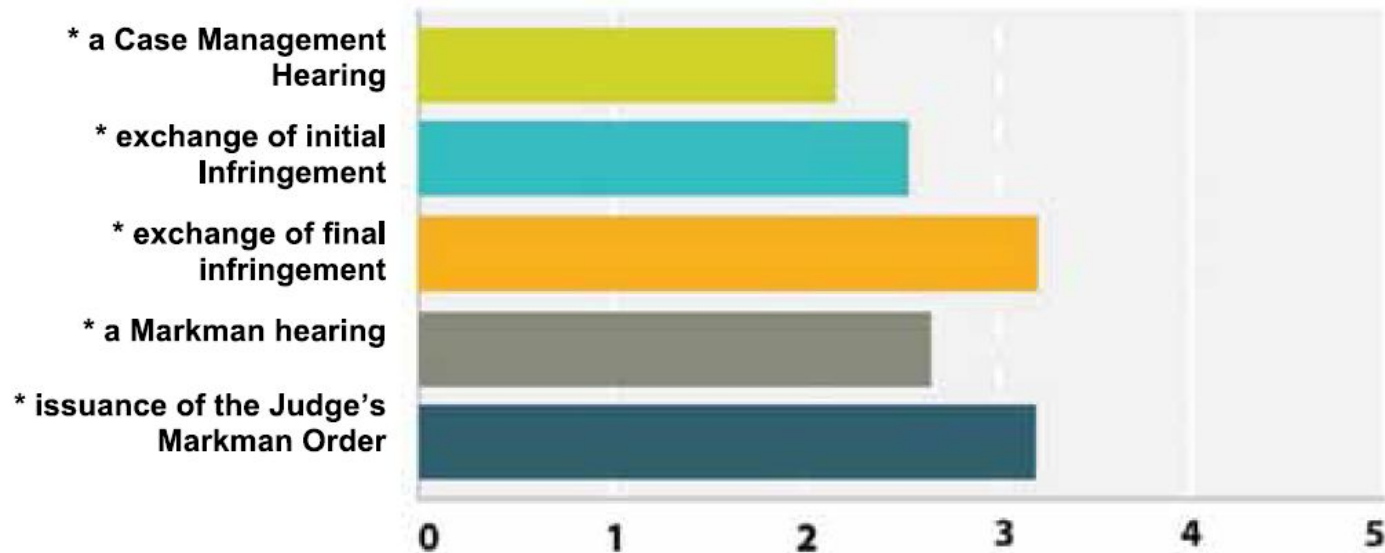


Mediation Timing

- *Pre-Markman*
- *Post-Markman / Pre-MSJ Decision*
- *Post-MSJ to “Days Before Trial”*
- Many judges think earlier is better to avoid litigation expenses
 - If so, limited discovery beforehand?

Mediation Timing (cont'd)

6. ADR would be most beneficial during a patent lawsuit if it was timed to occur immediately after...(check one per row)



David L. Newman (Arnstein & Lehr), *Mediation Favored in Survey of Intellectual Property Lawyers*, INTELLECTUAL PROP. TODAY (May 2014), at 29–31.

Mediation Success Rates for Each Stage

In your experience, how successful is mediation at different stages (pre-*Markman*, post-*Markman*/pre-MSJ, post-MSJ)?
(Success = settlement & dismissal of case or of defendant)



(Usual) Mandatory Sections of Brief

- Facts
- Legal Dispute
- Settlement Discussions to Date
- Your Client's Offer (if any)
- Fees Incurred to Date

Considerations for Briefing

- Putting best case forward vs. revealing warts?
- Estimated maximum exposure?
- Offering new settlement positions?
- How much to reveal about client's real bottom-line acceptable offer?
- Confidential briefing (vast majority) vs. exchanged briefing (minority)?
 - Exchanging can lead to candor
 - Risk of over-disclosing
- How to deal with insurer that has piece of possible coverage but defending under reservation of rights?

Considerations for Briefing: Exhibits

- Are there “necessary” exhibits to include?
 - Infringement
 - Invalidity
 - Damages
 - Other

Preparing Clients for a Mediation

- Setting Goals & Expectations
- Selecting the Proper Client Representative
 - “Full” authority
 - Messaging intent or seriousness to the other side
- Discussing Proper Conduct During Mediation (Particularly for First-Time Litigants)
 - Letting the lawyer speak: relatively more “cagey”
 - Discuss with client rep. points s/he wants to get across



II. DURING THE MEDIATION

The Number & Order of Sessions

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 - Opening Joint Session
 - Making Your Points vs. Creating Rancor
 - Shuttle Diplomacy
 - Listening to the Mediator & Reassessing
 - Using the downtime effectively
 - Client Control
 - Closing Joint Session

Preferred Structure for Sessions

In your experience, how important is the structure & order of the sessions to the success of a mediation?



Revealing Additional Information During the Mediation Session

- To the Mediator
- Disclosing to the other side vs.
- Not disclosing to the other side
- Allow the Mediator to Reveal or In a Joint Session?

Seeking Solutions or a Zero Sum Game?

- Goals and Expectations Dictate Approach
 - Hagglng
 - Seeking a Business Solution
 - Hammering Away at Merits of the Legal Case?
- When to Introduce the “Creative Solution”
- How Quickly & How Far to Move In Each Exchange?

Different Approaches: Plaintiffs vs. Defendants

- Plaintiffs

- Demonstrate why Defendant should settle
 - Demonstrate risk of liability and damages
 - Offer Solution

- Defendants

- Punch holes in Plaintiff's case to minimize risk and justify low settlement value
 - Rifle shots, not shotgun
- Explore Plaintiff's real bottom line

Interim Agreements

- Resolving Limited Issues to Focus on the Main Event:
 - Evidentiary Disputes
 - Weaker Patents, or Weaker Claims of a Patent
 - Setting Frameworks for Resolution
 - Agreeing upon amount of liability to be decided by MSJ
 - Other examples?

Document the Agreement

- Avoiding “We Never Agreed to That!”
- At the Least, Leaving with a Signed Term Sheet, List of Deal Points, or MOU
 - Typing/writing on the spot and providing to mediator for review
 - Dictate in open court to stenographer

Impasse or Another Session?

- When it is time to declare an impasse?
- Leaving the Door Open to a Second Mediation?
 - After the resolution of a motion
 - After further discovery

Calling it Quits

In your experience, what signals to you that a mediation has run its course and will be unsuccessful?





III. BEST PRACTICES FROM AN EXPERIENCED IP MEDIATOR

Thoughts on Mediation Best Practices

- Selection of a mediator
 - Court panel or Private?
 - Technology background
 - Availability
 - Reputation
 - References
- Contacting/interviewing mediators
- Pre-mediation submissions
 - Confidential or exchanged with opposing party?
- Preparing the client for the mediation session
 - Bringing client representatives with the ability to settle
- Structure of the mediation
 - Opening statements
 - Client face to face

Thoughts on Mediation Best Practices

- During the mediation
 - Disclosing bottom line
 - Duty of candor/honesty
 - Requesting a mediator's assessment and recommendation
 - Drafting terms/MOU
 - Ending a mediation with the door open for future sessions
- Post-mediation issues
 - Reporting to the Court
 - Confidentiality
 - Resuming the mediation

In Closing: Observations on Mediation

- Getting the most out of mediation
- Common errors that lawyers make
- Do all useful mediation discussions come after regular business hours?
 - The value of pressing forward
- Living to fight another day
 - When should an unproductive mediation be terminated?
 - Can a “cooling off” period help the parties to settle?
- Defining what makes for a successful mediation

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IV. EXPANDING MEDIATION BEYOND ITS TRADITIONAL BOUNDARIES

The “New Frontier” in Mediation may be the Use of Mediation to Manage Litigation to a Successful Conclusion

- “Mediation-plus”: how to expand the use of mediation past its current, limited use
 - Claim term number
 - Agreements on Accused Products
 - Early disclosure of damages theories and documents
- “Track B” in E.D. Tex. was promoted by Judge Leonard Davis as a means of resolving cases earlier
 - Judge Davis favors a broader use of mediators to help get cases settled
- Some judges are considering assigning mediators as a hybrid combining “special master” and “mediator”.

Questions and Issues about Expanding the Use of Mediation

- Communication with the Court
- Appearance of Favoritism
- Confidentiality Issues
- Cost