# Mediating the IP Dispute

## *Part IV: The mediation session*

***David Allgeyer***
***dallgeyer@lindquist.com***

In the first three articles in this series we explored the importance of timing the mediation in intellectual property disputes, mediator selection, and preparation for the mediation session. Timing can be critical to a successful mediation. It involves balancing the need to have enough information for the parties to intelligently discuss resolution with the cost of obtaining information through discovery or other means. Next, we suggested that you demand no less than a mediator who is skilled and experienced in intellectual property cases and can also bring significant mediation skills and experience to the process. Finally , we addressed the importance of careful preparation for the mediation session, including a pre-session exchange of positions and offers to allow the mediation session itself to focus on finding a solution that meets the interests and needs of the parties.

We will now begin to address the mediation session itself. As with all aspects of the mediation, the mediation session must be carefully planned to maximize the chance of success.

The first issue to address is the opening session with the mediator. In some areas of the country, it is standard to have counsel or even the parties make opening statements so that each party can hear the other party's side of things

unfiltered through their counsel. But be careful. In many cases, the opening statement is primarily an attack on the other side, much like a closing argument in a trial rather than a thoughtful exchange of ideas and positions. Unless done thoughtfully and carefully, opening statements can inflame the dispute, making resolution more rather than less difficult.

In other jurisdictions, shuttle diplomacy is used exclusively, with the parties never getting together in any way. This may, in many cases, lead to a sense of distance from the dispute that is not productive.

I mentioned in Part III of this series of articles that one way to proceed is to have the parties provide their positions to the mediator and the other party in writing., obviating the need for using opening statements to exchange views and information. That way the parties can engage in a more dispassionate analysis and understanding of the other parties' point of view prior to the mediation session. It can also allow the parties to begin to explore different and creative approaches to settlement that can be continued at the mediation session itself. If this approach is used, the opening session may be spent with the mediator explaining the process and exploring with the parties and their counsel questions that may help the mediator and the parties better understand each parties' positions and interests. The tenor of this session should be informational rather than confrontational.

Of course, in some cases, opening statements and an exchange of positions may well be the best format for the unique needs of the case. If so, this should be brought to the mediator's attention well in advance of the mediation session. The mediator can then explore the pros and cons of proceeding that way with counsel.

Generally, if the parties are well prepared for the mediation, the next few hours after the opening session will be occupied with the mediator helping the parties analyze the various issues in the case and understanding the strengths and weaknesses of the parties' positions, both on liability and damages. Alternatives to going to trial, with the costs and benefits of each will also be explored.

As soon as reasonably possible, the discussion should turn to the structure of any settlement. For example, in a patent case, the mediator will explore whether the settlement should take the form of a payment for alleged past infringement with a license for future sales or use, a paid up license, a change in design, or another of the many opportunities for a business arrangement presented in the mediation.

It is important to identify opportunities for a business resolution that are not available in court. For example, it is not at all uncommon for the parties to have asserted infringement claims against each other. If so, exploration of cross-licenses, covenants not to sue, design changes, or other possibilities may present themselves. Resolution of invalidity challenges as part of settlement often presents

a further area for discussion and agreement. Again, the key is careful work before the mediation session itself to allow the participants to begin to understand what settlement format is most likely to be in both parties' interest.

Trademark cases also can provide any number of settlement possibilities. These include changing the appearance, design, or use of the mark to avoid confusion; resolution of challenges to the validity of the involved mark; providing time to discontinue use of a particular mark; and a host of other business solutions available in mediation but not in court. Similar possibilities present themselves in trade secret and copyright cases if the parties and mediator are well prepared and able to be receptive to new ways to resolve the dispute.

At some point, of course, the discussion must turn not only to the structure of the settlement but also to the final dollar amounts and other concrete aspects of the settlement. It is not at all uncommon for it to appear in the middle or toward the end of the mediation session that the parties are at impasse on these issues.

In Part V of these articles we will begin to explore the later stages of the mediation session, including how to deal with apparent impasse.