European Communities Trade Mark Association

29 June 2012

ECTA Position paper on Decision No. 2011-1 of the Presidium of the Boards of Appeal of 14 April 2011 on the amicable settlement of disputes ("Decision on Mediation")

1. INTRODUCTION

ECTA welcomes the setting up of the Mediation service at OHIM. Speaking in broad terms, it is undoubtedly an improvement and a concrete attempt on behalf of the Office to meet users' needs.

Our main concern however is that the Mediation service in its current form either comes too late in the proceedings (when parties may have lost interest in solving the dispute amicably) or is too cumbersome and expensive as parties should meet (either in Alicante or in Brussels) which creates travel and work costs, especially for decision makers who should be present in a mediation process.

In the following we will also deal with other issues which have arisen within ECTA and put forward few suggestions for improvements. We trust the Office finds our comments useful and will take them into account.

As a preliminary point, ECTA suggests that the Office should publish figures about this service in its yearly statistics (e.g. how many cases have been referred to it and in how many of them a settlement was finally reached). Mediation Service should also be evaluated by users and to this extent, it should be included in the next user satisfaction survey to be carried out by OHIM.

2. STAGE AT WHICH MEDIATION COMES INTO PLAY

Mediation before OHIM is available only in *inter partes* proceedings (Article 8 CTM Regulation) and exclusively at the appeal stage. Additionally the "*Instructions to Parties*" issued by OHIM also clarify that:

- the filing of the notice of appeal;
- the payment of 800€ fee;
- the submission of the statement of grounds in support of the appeal

are all necessary steps to be taken before the Mediation can start.

At that point it may however be too late for parties to find an amicable settlement of their dispute. They have already had ample opportunity to solve their conflict at earlier stages, when they had real economic interest to reach an agreement i.e. during the cooling off period when the opposition fee and the costs of the legal submission in defence of the mark (or

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against its registration) could be saved. They also had already endured the entire first instance proceedings. The Mediation becomes only available when the end of the Opposition or Cancellation proceedings is actually in sight.

The parties are also not encouraged to settle their conflict at the appeal stage, in view of the high confirmation rates of first instances' decisions before the Boards in *inter partes* cases, which in 2011 reached 68%[1]. The party who was successful before the Opposition or Cancellation Division is usually not very keen on negotiating on account of the fact that the reversal of the favourable decision is unlikely. The appellant may also be reluctant in incurring further costs of Mediation. After having already paid the appeal fee and filed a detailed and accurate statement of ground in support of it, additional costs of Mediation are likely to be higher than fighting the appeal to the end.

In the light of the above, it is evident that Mediation is an option which is offered to parties far too late. Unlike OHIM, the Singapore IP Office, which has also recently introduced mediation services in cooperation with the WIPO Arbitration and Mediation Center, allows parties to opt for mediation at any time after proceedings are initiated and before a decision is issued[2]. This is a clear advantage and makes mediation more attractive to parties.

3. OTHER ASPECTS WHICH RAISE CONCERN

There are also a number of issues which in our view OHIM should tackle to make Mediation more attractive. In detail:

3.1 Confidentiality

Confidentiality is of paramount importance in Mediation proceedings. However, when reading OHIM's provisions on the issue (Article 5 of the Decision on Mediation and Rule 7 of the Rules on Mediation), one gets the impression that they do not give sufficient assurances to parties. WIPO Mediation Rules seem more detailed and complete on the point. For example, Article 16 of the latter imposes the return of all documents and material exchanged in the mediation to the party who provide them, without retaining any copy thereof. Any notes taken by a person concerning the meetings of the parties with the mediator must also be destroyed on the termination of the mediation. We could not spot any parallel provision addressing these issues in OHIM's Rules.

Additionally OHIM's Rules do not clarify whether the outcome of the Mediation proceedings will be kept confidential. This is expressly foreseen for example in the International Chamber of Commerce ADR Rules[3].

Lawyers practising in common law jurisdictions have also highlighted the deficiencies of OHIM's Rules as regards confidentiality.

Because the information arising in mediation before the OHIM could be of use to parties in corresponding procedures before national authorities including those present in common law jurisdictions, both within the Community and outside, there will be a concern about the terms

[1] See statistics on the OHIM website: http://oami.europa.eu/ows/rw/pages/OHIM/statistics.en.do
[2] See WIPO website http://www.wipo.int/amc/en/center/specific-sectors/ipos/mediation/
[3] Article 7 of the ICC ADR Rules

of any mediation proceedings with respect not only to confidentiality but also to the common law concepts of privilege and prejudicial statements and admissions.

For that reason common law jurisdiction advisers will hesitate to make use of the mediation service unless as a part of the terms thereof it is clear that every person involved in the mediation will keep confidential and not use for any collateral or ulterior purpose all information (whether given orally, in writing or otherwise) arising out of, or in connection with, the mediation, including the fact of any settlement and its terms, save for the fact that the mediation is to take place or has taken place; all information (whether oral, in writing or otherwise) arising out of, or in connection with, the mediation will be without prejudice, privileged and not admissible as evidence or disclosable in any current or subsequent litigation or other proceedings whatsoever.

This does not apply, of course, to any information, which would in any event have been admissible or disclosable in any such proceedings.

Generally it must also be clear that the Mediator will not disclose to any other party any information given to him by a party in confidence without the express consent of that party. These requirements would not apply if, and to the extent that:

- all parties consent to the disclosure; or
- the mediator is required under the general law to make disclosure; or
- the mediator reasonably considers that there is a serious risk of significant harm to the life or safety of any person if the information in question is not disclosed; or
- the mediator reasonably considers that there is a serious risk of his/her being subject to criminal proceedings unless the information in question is disclosed.

It would generally be required also that none of the parties to the mediation will call the mediator as a witness, consultant, arbitrator or expert in any litigation or other proceedings whatsoever arising from, or in connection with, the matters in issue in the mediation. The mediator would agree not to act voluntarily in any such capacity without the written agreement of all the parties.

3.2 Mediators’s independence and neutrality

As mentioned during the Administrative Board Meeting of OHIM in April, ECTA considers that the fact that mediators are part of the Office may also explain the reluctance of the parties for such a solution. In principle, the mediator is a third party, without any link with any of the parties or the jurisdiction involved in the proceedings, in order to secure his/her independency and neutrality.

As a remedy one could envisage the recourse to a list of independent mediators. OHIM may set up and maintain a database of neutral mediators, as this has been done by the WIPO Arbitration and Mediation Center. Parties can then be given the possibility to choose the person leading the mediation process from that database that would include not only OHIM staff.

3.3 Costs

Another difficulty is the fact that parties should meet in person for the mediation process, either in Alicante, which is cost-free but remote from a lot of business sites in the EU, or in Brussels, which is central but where a “meeting fee” is charged. Decision makers of parties should meet with one of the Appeal Board Members in person, which adds to the costs as it comes to travel expenses and absence from the workplace. Often parties would then rather wait for the decision, appeal to the General Court and may be only then prepared to mediate before an independent mediator.

3.4 Interpretation and translation services

In the “Instructions to Parties” OHIM explains at point 10.5 that "*parties who wish for translation or interpretation services during the mediation must make their own arrangements and pay for them themselves*". This is a bit disappointing considering that:

- in the great majority of contentious proceedings parties involved are of different nationality,
- many SMEs use the CTM system, not always assisted by a representative and
- OHIM is an EU agency.

The WIPO Arbitration and Mediation Center is more cooperative in that regard and expressly undertakes to assist parties in "*organizing any support services that may be needed, such as translation, interpretation or secretarial services*".