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DISPUTE RESOLUTION OF INTELLECTUAL PROPERTY RIGHTS: AN INTERNATIONAL JUDICIAL APPROACH

1. This morning, I will be mootng a cross-border mediation scheme, as a means of resolving intellectual property disputes. In Singapore, we have started a new programme this year, named CDRI (Court Dispute Resolution International).

The CDRI Programme

2. A CDRI session is a settlement conference co-conducted by a Singapore Subordinate Courts judge and a judge from another jurisdiction, such as Australia, Europe or the United States of America. The judges, solicitors and litigants are brought together by real time video conferencing. It is used for complex civil cases or matters with substantial sums involved.

3. The approach used is early neutral evaluation, a process by which the settlement judges are asked to comment on the strengths and weaknesses of the cases of both parties. It is used at a very early stage of proceedings, as a basis from which the parties can decide how to proceed in the resolution of their dispute. Counsel and their clients will be present during the CDRI Settlement Conference, and the Settlement Judges from both Singapore and the foreign jurisdiction will discuss and exchange views either in the presence of the parties, or in a private judge-to-judge caucus or a combination of both. Where issues of law arise, these will be decided by the Singapore judge. As with other types of

mediation, these settlement conferences are voluntary and non-binding in nature, and any settlement is by the consent of the parties.

The CDRI experience

4. Currently, our panel of foreign judges include judges from Australia, Europe and America. Thus far, 7 cases have been settled. We have found that the added judicial perspective obtained from another judge is very helpful in broadening discussion, thereby enhancing the quality of the mediation process. Multi-national clients are especially amenable to this programme.

5. In *SKK Pte Ltd v Perfect Building Construction*, a session was organised for alleged defects in works done to a 6-storey hotel. After a series of joint and separate meetings with the foreign judge and parties, together with a surveyor's opinion, the defendants agreed to pay the plaintiffs a decidedly smaller sum than that sued for originally and the case was settled. Two of the cases, *Lim Hock Heng v Guthrie* and *Low Sui Song v Guthrie*, concerned a holiday resort development in Batam, Indonesia. The resort was advertised as a luxurious 'island lifestyle resort', and was supposed to feature high rise apartment blocks each with its own swimming pool. There was meant to be a 200 berth marina with first class facilities and a modern resort hotel with 200 guest rooms and suites. No high-rise apartment blocks, swimming pools, hotel nor marina was built, but the developers contended that the homes were still luxurious and enjoyable vacation homes. Parties settled with defendants returning a percentage of the purchase price. Another case, *CHK Pte Ltd v Kheng Leong Textiles*, concerned allegations of defective textiles and was settled successfully. 2 cases, *HBF Showroom v Wan Soh Har* and *Decca Overseas Ltd v Wan Soh Har*, concerned a managing director of a company that divulged confidential information and trade secrets to other parties in the industry. After a CDRI session, the cases were settled with the defendant's agreement to be removed as managing director of the plaintiff companies and an undertaking to recover

losses incurred and confidential documents which were divulged to the other companies. The most recent, *Kok Chang Marine v Multiheight Scaffolding*, involved a construction contract for a shipyard.

6. Our first 7 cases, save for perhaps the two that dealt with breach of confidence, do not involve intellectual property rights. However, we are hoping to extend the scheme to cover IP rights, as some elements which made those cases amenable to cross-border mediation are also present in IP disputes. These are as follows.

How CDRI can be useful in the context of intellectual property (IP) disputes

Process of CDRI aimed at assisting parties to arrive at a mutually satisfactory settlement of their dispute

7. One of the most important objectives of CDRI is to facilitate consensual and amicable settlements between parties. The arrangements for CDRI are formulated such as to allow parties an optimal degree of control over the settlement process, to facilitate the achievement of a mutually satisfactory solution. This means that any settlement reached by parties can encompass considerations which extend beyond the issue of strict legal rights: for example, the need to maintain congenial business ties, the profitability of engaging in joint research and/or other forms of co-operation. A solution could be found to cater to each party's real interests and needs.

8. Thus, for instance, in a case where one party (A) is claiming infringement of a patent by another party (B), instead of engaging in bitter and protracted litigation to determine the existence and/or extent of the infringement, A and B might - through mediation - arrive at a mutually agreeable arrangement: e.g. a licensing agreement that permits B use of the product or process in question, while according to A a portion of the benefits thus derived by B.

Parties who elect to use the CDRI scheme are assured of complete confidentiality

9. We understand that parties engaged in IP disputes, especially patent cases, are concerned about the confidentiality of certain processes or inventions. In using CDRI as a means of dispute resolution, parties need not be anxious about exposure of the details of any patented product or process. Details of the CDRI proceedings and of any settlement achieved are kept entirely confidential. In turn, this confidentiality provides an environment conducive to disclosure, as such disclosure will have no consequence beyond the non-binding mediation process; and provides a safe forum for parties to explore options for settlement without those investigations prejudicing the legal positions that either party might otherwise maintain.

Preservation or development of the business relationship between the parties

10. An advantage of mediation which is especially attractive for IP disputes, is the prospect of preserving ties; or even starting future joint ventures. Litigation, being an adversarial process, often has the opposite effect and tends to exacerbate the animosity between parties. A couple of years ago, for example, after years of litigation and arbitration, AMD and Intel settled a longstanding dispute with a solution that enhanced their working relationship.

The CDRI scheme is fully responsive to the urgency inherent in most IP disputes

11. We also understand that in cases of alleged copyright and/or trademark and/or patent infringement, parties will be particularly anxious to achieve a speedy resolution of the matter. A CDRI session can be convened within a matter of a few days from the time the Primary Dispute Resolution Centre (PDRC) is contacted by the parties. Since the arrangements for CDRI are

handled solely by experienced PDRC judges and staff, there is also no need for parties to spend time filling in numerous forms and writing to various departments. CDRI sessions are kept largely informal in structure, in order to encourage frankness of exchange and thus to move the process of dispute resolution along expeditiously.

The CDRI scheme is dovetailed with our other court processes

12. The CDRI scheme is fully integrated into the whole network of processes available to disputants in the Subordinate Courts. Therefore, in the event that a settlement is not reached at the CDRI session, the Singapore Settlement Judge will be in a position to give the necessary directions for speedy disposal of the matter. For example, if parties are determined to go to trial, directions can be given by the Singapore Settlement Judge for a speedy trial. Other important processes, such as applications for injunctions and Anton Piller orders, are also readily available to the disputants at any point in time, in the event that settlement is not reached at the CDRI stage.

Mediation is cost-efficient

13. Mediation, especially if done early, helps to save costs – costs of lawyers' trial fees, court hearing fees, interpreters fees, and other miscellaneous fees. Settlement conferences, in addition, are a service provided to litigants without extra charge.

International nature of most intellectual property disputes

14. IP disputes are often international in character, in terms of the parties involved and the rights in issue. An IP owner such as Microsoft may have to litigate in different fora concurrently. It may be good to attempt a global resolution of the problem. This would avoid inconsistent results.

15. Secondly, whilst IP disputes are often international in character, IP rights are often territorial. Domain name disputes are a common example. The news is full of stories of people ‘cyber-squatting’ - registering the names of companies with substantial accumulated goodwill, in order to sell the domain to them later. Former MTV veejay, Adam Curry, registered MTV.com and was later sued by MTV. One difficulty with suing the offender with trademark infringement is that trademark rights are territorial. For this reason, the WIPO Final Report on Internet Domain Name Process has in fact recommended exclusions for globally famous trademarks – trademarks considered to be famous on a widespread geographical basis and across various classes of goods. Even if implemented, this will still leave other trademarks out in the cold. Sometimes, the right in question may not be a trademark. Someone has even registered ‘Governmentof Singapore.com and has offered to sell the site to the Singapore government! Of course, in the extreme cases highlighted, the cybersquatter would not want to come to the negotiating table. Sometimes, however, there may be a genuine dispute, where two parties have similar trade names or wish to use a domain name that can encompass both areas of interest. In such cases it will be a win-win solution to mediate a result to change or share domain names.

Disputes not suitable for CDRI

16. We are of course aware that CDRI may not be the most appropriate dispute resolution process in certain categories of IP matters. In particular, we do not envisage CDRI being employed in cases of alleged piracy and deliberate counterfeiting. For such cases, the party alleging infringement of his copyright and/or trademark and/or patent has available to him a whole panoply of remedies in civil and criminal law, including applications for search warrants, applications for injunctions and Anton Piller orders, private prosecutions (with a fiat from the Public Prosecutor), and so on. In addition, the cooperation and the need for good faith required between parties necessary for mediation will not be

forthcoming. Similarly, where a party is certain that it has an overwhelmingly strong case, or wishes to establish a precedent or to be vindicated publicly on a particular issue, mediation may not be appropriate. Mediation cannot be the answer in every controversy, but many patent, trademark, copyright, trade secret, licensing and development disputes are amenable to amicable resolution.

Conclusion

17. I am going to end off now with a short video presentation on the CDRI programme.

Jointly prepared by District Judges Valerie Thean and Mavis Chionh of the Singapore Subordinate Courts.

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