

Mediation in IP disputes – case study

by Giovanna Del Bene - Italian and European Trademark and Design Attorney

According to Art. 3 EU Directive 2008/52/EC, mediation is a **structured process**, however named or referred to, whereby *two or more parties* to a dispute attempt *by themselves*, on a *voluntary basis*, to reach an agreement on the settlement of their dispute with the assistance of a mediator. Characteristic elements of mediation are: informality, total confidentiality, voluntariness, cost effectiveness and speed.

In disputes concerning Intellectual and Industrial Property, mediation is mandatory in the following three cases: if such a procedure has been established in a clause of the contract (e.g., license, co-existence agreement, transaction in general) governing the relations between the parties to the dispute; if the dispute arises, the parties agree to enter into a mediation agreement; the judge orders the parties to attempt mediation.

Mediation in the IP field is useful, for example, when: high court fees, disproportionate to the value of the dispute; necessity of fast and flexible solution; the complexity of the issues of law, the facts and the relationship between the parties will likely lead to long litigation; multiple court actions between the parties in different countries; uncertainty of the outcome of the court action; commercial relationship among the parties and general interest to continue such relations; necessity of confidentiality; relative grounds for invalidity of an IP right; fear of a decision that might set a legal precedent; inventions of employees; lack or insufficient evidence to initiate a court action.

On the other hand, mediation is not recommended, for example, in case of intentional or bad faith infringement, piracy; a party is unwilling to negotiate or anchored to positions of principle; necessity of urgent interim measure; need to set a legal precedent; need of publicity; absolute grounds for invalidity of an IP right; the subject matter of the dispute is the payment of a sum, and the debtor is insolvent.

The mediation is introduced with a request (also online) to the organism. This request is forwarded to the other party and there is the appointment of the mediator. Then it is scheduled the first preliminary informative meeting (totally free of charge), if the parties wish to continue the mediation, the mediator organizes one or more session, even remotely, to settle the issue. Once the agreement is reached, this is transferred into a transaction deed automatically enforceable if signed by lawyers or enforced by Court approval.

The following is a description of a case study. Please be informed that the names of the companies and the trademarks cited are purely fictional to preserve the identity of the parties and the confidentiality of the proceedings.

- DIGI* is a company specializing in the design, development and manufacture of equipment for capturing and distributing radio and television signals, namely digital terrestrial television (DTT), high definition (HDTV) and television formats of the future. It is the owner of the European Union trade mark registration DIGI*AL (figurative) for goods in Class 9 (heading description of the class).
- DIGI@AL is a company specialized in telecommunication systems dedicated to the world of legal gaming or tax payment systems using 4G, 3G and 2G Modems, 4G Gateways and Routers. DIGICAL is a company specialized in the telecommunications market, which develops and designs solutions and devices of data communication for customers operating in multiple

sectors of industrial field. It is the owner of the European Union trademark registration for DIGI@AL (denominative), in Class 9 for the following goods: “*Electronic telecommunication devices, data transmission apparatus, remote control apparatus, radio transceivers*”.

Additional information:

- DIGI@AL is the owner of the International Registration prior of the EUTM Registration of DIGIT, registered in Class 9, designating Austria, Italy, Germany and France for the following goods: “*Electronic telecommunication devices, data transmission apparatus, remote control apparatus, radio transceivers*”.
DIGI@AL is the owner of the domain name <digial.eu> registered and extensively used before the trademarks of DIGI+.
- DIGI* is the owner of a national trademark in Benelux which is subsequent to the IR Trademark of DIGI@AL.
- DIGI* has important business interest in ITALY and GERMANY
- BENELUX represents an important market place for DIGI@AL. Moreover DIGI@AL does not want to be involved in long and costly actions.

Position and request of DIGI* company

- ✓ Limitation of the list of products of the TM “DIGI@AL” for excluding “*Electronic telecommunication devices, data transmission apparatus, remote control apparatus*”
- ✓ To avoid likelihood of confusion of the marks or the products

Position and proposal of DIGI@AL company

- ✓ Likelihood of confusion is remote because its products are destined to the Industrial sector only.
- ✓ Focus of the negotiation on the use of the TMs and not on the registration
- ✓ Not to limit the TMs’ list of products, but agreement of coexistence
- ✓ Undertakes to not to use the TM “DIGI@AL”:
 - ✓ In the broadcasting field
 - ✓ digital terrestrial television (DTT), high definition (HDTV)

Mediation agreement

The parties agree to distinguish the market as follows:

- Remaining Territories: the European Union, excluding the Prior Territories;
- Prior Territories: Austria, Benelux, Germany and Italy;

- ✓ In the Remaining Territories DIGI@AL company undertakes:
 - ✓ to not to use the TM “DIGI@AL” for digital terrestrial television (DTT), high definition (HDTV)
 - ✓ to not to use the TM DIGI@AL in the broadcasting field
- to never seek registration of the sign “DIGI@AL” in the Prior and Remaining Territories for goods and/or services in relation to digital terrestrial television (DTT), high definition (HDTV) and concerning broadcasting field.
- In the Prior and Remaining Territories to use the trademark only in a figurative version as proposed by DIGI@AL and duly accepted by DIGI*.
- In consideration of DIGI@AL’s undertakings, DIGI* undertakes to withdraw the opposition filed against DIGI@AL EUTM Application.
- In the Prior Territories, DIGI* undertakes to never seek registration of the sign “DIGI*AL” in the Prior and Remaining Territories for goods and/or services in relation to Electronic telecommunication devices, data transmission apparatus, remote control apparatus, radio transceivers for Industry.
- ✓ The parties undertake not to oppose or attack in any way, including the filing of any legal actions including cancellation, the application, registration, renewal and/or use, both present and future of any trademark or term that contains “DIGI*AL” or “DIGI@AL”.
- ✓ The agreement is valid in the EU, also for the licensees, subsidiaries, heirs and related companies and binding (enforceable)