



CAJ/64/3

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INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS
GENEVA

ADMINISTRATIVE AND LEGAL COMMITTEE

Sixty-Fourth Session
Geneva, October 17, 2011

ALTERNATIVE DISPUTE SETTLEMENT MECHANISMS

Document prepared by the Office of the Union

1. The Administrative and Legal Committee (CAJ), at its sixty-third session, held in Geneva on April 7, 2011, noted the proposal made by the Delegation of the Republic of Korea for the development of information materials on alternative dispute settlement mechanisms for breeders' rights, such as arbitration and mediation and the intervention by the representative of the International Seed Federation (ISF) on the existing ISF arbitration and mediation rules (see document CAJ/63/9 "Report on the Conclusions", paragraph 35).
2. The CAJ, at its sixty-third session, agreed that the Office of the Union should consult with the Republic of Korea and ISF with a view to preparing a document for consideration by the CAJ at its sixty-fourth session in October 2011, if appropriate (see document CAJ/63/9 "Report on the Conclusions", paragraph 36).
3. The structure of this document is as follows:
 - I. PROPOSAL MADE BY THE DELEGATION OF THE REPUBLIC OF KOREA AT THE SIXTY-THIRD SESSION OF THE CAJ
 - II. COMMENTS MADE AT THE SIXTY-THIRD SESSION OF THE CAJ
 - III. CONTRIBUTIONS RECEIVED FROM THE INTERNATIONAL SEED FEDERATION AND THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO) ARBITRATION AND MEDIATION CENTER

I. PROPOSAL MADE BY THE DELEGATION OF THE REPUBLIC OF KOREA AT THE SIXTY-THIRD SESSION OF THE CAJ

4. At the sixty-third session of the CAJ, the Delegation of the Republic of Korea proposed the development of information materials on alternative dispute settlement mechanisms for breeders' rights. The intervention of the Delegation is reproduced in Annex I to this document.

II. COMMENTS MADE AT THE SIXTY-THIRD SESSION OF THE CAJ

5. The comments made at the CAJ, at its sixty-third session, on the development of information materials on alternative dispute settlement mechanisms, are reproduced in the following paragraphs (see document CAJ/63/10 Prov. "Draft Report", paragraphs 37 to 44).

6. The representative of ISF explained that the ISF had the ISF Rules for Dispute Settlement (ISF Arbitration Rules) which complemented the ISF Trade Rules of 1924. He noted that the ISF Arbitration Rules had Chapters on arbitration, mediation and conciliation. He reported that there was an average of five to 10 cases of international arbitration each year relating to seed trade. The representative of ISF noted that the Arbitration Rules were in conformity with the 1958 New York Convention on International Arbitration. He reported that the arbitration decision was binding and could only be overturned where there were procedural mistakes. It was explained that, in the two cases that a party had challenged the decision, the court had confirmed the arbitration decision. The Arbitration Rules were updated every two or three years and that parties could submit to arbitration in the sales contract or afterwards. In relation to the proposal made by the Delegation of the Republic of Korea, the representative of ISF considered that it would be a positive sign if UPOV gave more importance to enforcement and expressed the wish that ISF be involved in the discussions. In particular, in order to avoid confusion, he hoped that in any future project that might be developed by UPOV there would be a firm recognition of the ISF Arbitration Rules.

7. The Delegation of the Netherlands considered that, before coming to the conclusion on whether UPOV needed to develop guidance on arbitration, further investigation should be made on what was already available.

8. The representative of the World Intellectual Property Organization (WIPO) reported that WIPO had an Arbitration and Mediation Center and information on its services and procedures could be made available.

9. The Delegation of Argentina considered that it was important to clarify matters concerning the exercise of the right.

10. The Delegation of France expressed some caution in relation to the proposal concerning arbitration. It noted that it was important to verify if there was a need and suggested to consult non-governmental organizations for that purpose.

11. The Delegation of the European Union noted that arbitration often related to private companies and expressed the need for a careful study on the usefulness of working on policy or guidelines on arbitration.

12. The Delegation of the United States of America could not support, for the time being, the development of guidelines on arbitration and noted that there were many arbitration authorities already available.

13. The Vice Secretary-General noted that the proposal on arbitration was presented at the session and that delegations might require further time for reflection. He noted that it might be helpful to clarify a possible approach through further consultations with the Delegation of the Republic of Korea and ISF. Based on those consultations, the Vice Secretary-General suggested that, if appropriate, a document could be prepared for consideration by the CAJ at its sixty-fourth session in October 2011.

III. CONTRIBUTIONS RECEIVED FROM THE INTERNATIONAL SEED FEDERATION (ISF) AND THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO) ARBITRATION AND MEDIATION CENTER

14. Following a request from the Delegation of the Republic of Korea, the contributions in Annex II and Annex III to this document have been received from ISF and the WIPO Mediation and Arbitration Center, respectively.

15. *The CAJ is invited to:*

(a) note the information provided in this document and its Annexes; and

(b) consider the proposal for the development of information materials on alternative dispute settlement mechanisms for breeders' rights.

[Annexes follow]

INTERVENTION MADE BY THE DELEGATION OF
THE REPUBLIC OF KOREA

Thank You Mr. Chairman,

Nowadays, there are many new UPOV members and will be increased number of UPOV member in near future. As number of UPOV member countries increased, there will be increased more requests to UPOV as an international organization in particular in PVP system. So far, UPOV had been providing much information in technical and administrative and legal matters to make harmonization among member states.

Recently, we are now discussing enforcement of the protection of breeder's right. This means that we may involve not only protection of breeder's right through examination but also enforcement of breeder's right. We had been received requests from several breeders to draft guideline of arbitration of dispute. In line with discussion of enforcement, I would like to propose to draft a guideline (explanatory note, matters arising after granting of right an whatever) for arbitration of dispute which will be a guideline or probably any other forms in relation to PBR.

As a principle, settlement is a desirable solution for business disputes. Although arbitration is a useful process which often leads the dispute to a binding and final decision, guidelines express the idea that the parties should look primarily within themselves to resolve private commercial conflicts through personal understanding an mutual cooperation. I wish that UPOV, therefore, would try to set out the guidelines in order to facilitate the settlement of such disputes.

The outcome of mediation and conciliation is not a judgment establishing who is right and who is wrong. It is simply an agreement between the parties. These non-binding techniques will allow the parties themselves to control both the process and the outcome.

For that purpose, UPOV Administrative and Legal Committee (CAJ) set up the guideline to provide not only for the parties the possibility of using a wide range of tools to have the dispute settled, but also encourages them to use them whenever possible.

When we draft guideline, there are some examples from breeder's organization and there will be some dispute cases in national and international which can be included into guideline. The Guidelines will be assisted parties to reach an agreement. This is one of important task of UPOV for the enforcement of breeder's right. Thank you.

[Annex II follows]

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ANNEX II



**The ISF Procedure Rules for Dispute Settlement
for the Trade in Seeds for Sowing Purposes and for
the Management of Intellectual Property
- Mediation, Conciliation, Arbitration**

Marcel Bruins – Secretary-General

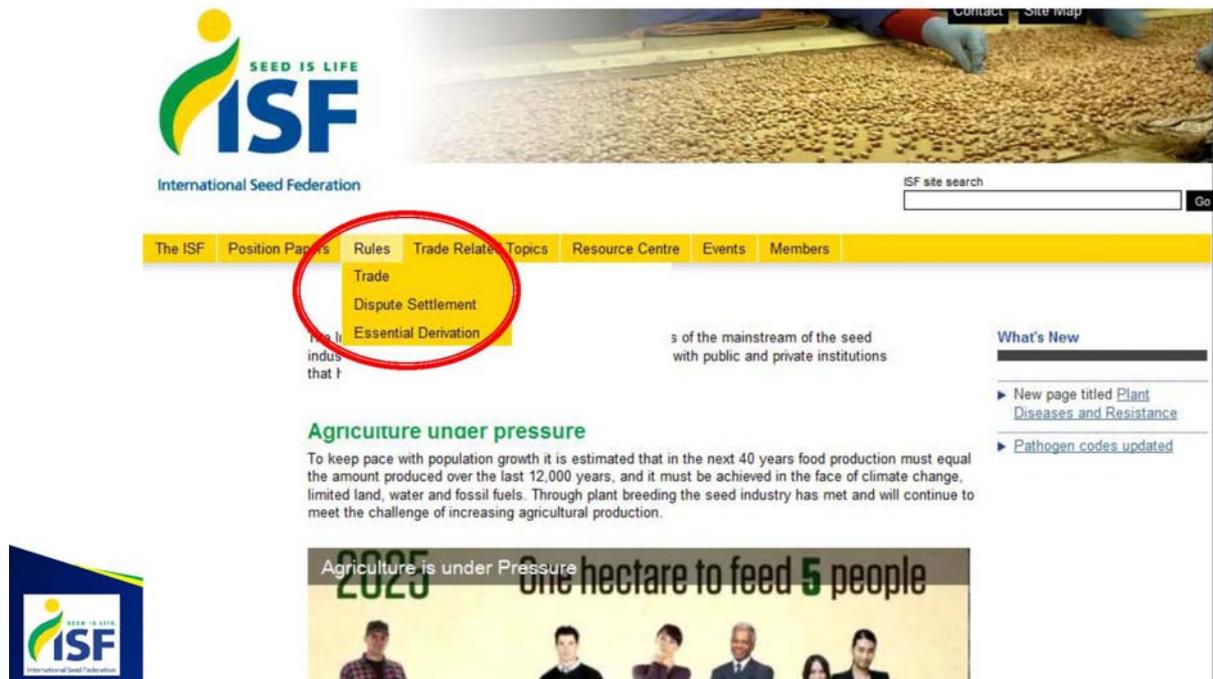
ISF rules

- **Rules and Usages for the Trade in Seeds for Sowing Purposes**
More commonly referred to as the 'Trade Rules'
- **Procedure Rules for Dispute Settlement for the Trade in Seeds for Sowing Purposes and for the Management of Intellectual Property - Mediation, Conciliation, Arbitration**
More commonly referred to as the 'Arbitration Rules'



ISF rules - 2

ISF rules are publicly available on our website:
www.worldseed.org



SEED IS LIFE
ISF
International Seed Federation

Contact Site map

ISF site search Go

The ISF Position Papers **Rules** Trade Related Topics Resource Centre Events Members

Trade
Dispute Settlement
Essential Derivation

s of the mainstream of the seed with public and private institutions

What's New

- ▶ New page titled [Plant Diseases and Resistance](#)
- ▶ [Pathogen codes updated](#)

Agriculture under pressure

To keep pace with population growth it is estimated that in the next 40 years food production must equal the amount produced over the last 12,000 years, and it must be achieved in the face of climate change, limited land, water and fossil fuels. Through plant breeding the seed industry has met and will continue to meet the challenge of increasing agricultural production.

2025 One hectare to feed 5 people



ISF rules - 3

- To be used between seed companies.
- Not intended for trade between seed company and farmer/grower



ISF Statistics on arbitration cases

Year	'02	'03	'04	'05	'06	'07	'08	'09	'10
Countries responding	17	16	19	21	20	22	16	18	16
International arbitration	7	7	5	6	6	1	0	2	3
Domestic arbitration			5	7	1			-	1
Mediation								1	1



Cases closed during last 12 months

Claimed	Section	months
▶ Germination	Forage and Turf	11
▶ Germination	Field Crops	9
▶ Order not completed	Forage and Turf	26
▶ Order not completed	Field crops	16
▶ Purity	Field crops	24
▶ Purity	Vegetable & Ornam	10
▶ Trueness to type	Vegetable & Ornam	6



Arbitration applications in 2010-2011

Claim on

- ▶ Germination of seed lot
- ▶ Fullfilment of the contract



[Annex III follows]

Information Document for UPOV

August 5, 2011

Note: This information document has been prepared by the WIPO Arbitration and Mediation Center at the request of Dr. Keun-jin Choi, Director, Seobu Office, Korea Seed & Variety Service, for the benefit of the Administrative and Legal Committee of UPOV.

BACKGROUND

As part of its global intellectual property services, the World Intellectual Property Organization, through its Arbitration and Mediation Center (WIPO Center), provides on a not-for-profit basis, efficient and cost-effective Alternative Dispute Resolution (ADR) services, principally mediation, arbitration, expedited arbitration, and expert determination.

Being part of WIPO, the WIPO Center offers a neutral forum that is especially appropriate for cross-border disputes. The procedures administered by the WIPO Center are widely recognized as particularly suitable for life sciences, technology, and other fields of intellectual property. However, the WIPO Center's competence is not limited to intellectual property cases, and the WIPO Center indeed also administers cases in other areas. Background information on the role of the WIPO Center is available at: <http://www.wipo.int/amc/en/center/>.

WIPO RULES AND CLAUSES

With the assistance of leading experts in cross-border dispute settlement and intellectual property, the WIPO Center has developed the WIPO Mediation, Arbitration, Expedited Arbitration and Expert Determination Rules (the "WIPO Rules") for the following types of ADR:

Mediation: an informal procedure in which a neutral intermediary, the mediator, at the request of the parties to a dispute and without the power to impose a settlement, aids the parties in reaching a mutually satisfactory settlement on the basis of their respective interests, more than their legal positions. If the mediation is successful, the settlement has the effect of a contract between the parties. Mediation is particularly attractive where the parties wish to preserve or develop their relationship.

Arbitration: a procedure involving the submission of a dispute, pursuant to an agreement of the parties, to a mutually acceptable arbitrator or a tribunal of arbitrators, in accordance with

the substantive and procedural laws adopted by the parties, resulting in a binding and internationally enforceable award. The parties have flexibility in the powers which they permit the arbitrator to exercise and may shape the procedural design of the arbitration.

Expedited Arbitration: an arbitration procedure where the rules limit the procedural steps in the proceedings, in order to obtain a quicker result at a lower cost than in regular arbitration proceedings. The registration and administration fees are lower than those in regular arbitration, and fixed WIPO arbitrator fees apply to disputes of up to 10 million USD. This procedure is especially suitable for disputes which do not justify, in terms of personnel or financial costs, recourse to court litigation or regular arbitration.

Expert Determination: a procedure in which a dispute or a difference between the parties is submitted to one or more experts who make a determination on the matter referred to by the parties. The determination is contractually binding, unless the parties have agreed otherwise. In particular in technology transfer agreements it is not unusual to find that the parties have agreed to refer technical disputes to an expert. Such an expert will be an independent third party with the necessary expertise in the relevant technology field.

The above procedures may also be combined, whereby parties agree to try first to resolve the dispute through mediation; if this does not produce a settlement, either party may submit the dispute to arbitration or expedited arbitration for a binding decision, or to expert determination (or indeed to the courts).

The WIPO Rules, while designed to fit all commercial disputes, contain provisions that specifically accommodate the characteristics of disputes related to intellectual property.

The WIPO (Expedited) Arbitration Rules, in particular:

- ensure that the proceedings are conducted expeditiously;
- empower the tribunal to order interim measures of protection;
- facilitate the submission of scientific, technical or other specialized evidence;
- set out extensive provisions governing the confidentiality of the existence of the arbitration; and
- make specific provision for the protection of trade secrets.

Since ADR is consensual, the WIPO Center provides recommended contract clauses and submission agreements in several languages to facilitate parties' submission of disputes to procedures under WIPO Rules (see <http://www.wipo.int/amc/en/clauses/>).

For the management of these ADR procedures, a well-established case administration infrastructure is used, including: provision of procedural guidance to parties; an extensive database of qualified international mediators, arbitrators and experts specialized in different intellectual property fields, including technology transfer and patent law; management of case fees; and, electronic case communication tools, notably the WIPO Electronic Case Facility (WIPO ECAF).

WIPO CASE EXPERIENCE

The number of mediation and arbitration cases administered by the WIPO Center is steadily rising. In total, the WIPO Center has administered over 250 mediations and arbitrations, most of which were filed in the last few years. The WIPO Center has also administered over 30,000 domain name cases under administrative rules.

The subject matter of these proceedings includes both contractual disputes (e.g., patent and

software licenses, technology transfer agreements, distribution agreements of pharmaceutical products, royalties, exclusivity issues trademark coexistence agreements, research and development agreements, joint venture agreements, consultancy and engineering disputes) and non-contractual disputes (e.g., patent infringement). Amounts in dispute have varied from USD 20,000 to several hundred million USD. The parties in these cases, whether multinational companies, universities or local start-ups, cover a range of industries, including life sciences. Approximately three-quarters of WIPO cases involve parties from different jurisdictions, and a quarter are domestic.

While monetary relief remains the most common form of redress sought in WIPO cases, parties often also request specific actions as a remedy, such as a declaration of non-performance of contractual obligations, or of infringement of rights. Other requested remedies are, for instance, further safeguards for the preservation of confidentiality of evidence, the provision of security, the production of specific data, the delivery of specific goods, or the negotiation of new contracts.

The flexibility of WIPO ADR allows parties to combine the different procedures and to agree upon an amicable settlement at any point throughout the process. Indeed, the majority of cases brought to the WIPO Center are settled, thereby avoiding more protracted and costly further procedures. Of WIPO mediation cases so far, 73% settled; 58% of WIPO arbitration cases also resulted in settlement.

The WIPO Center makes available descriptive and anonymized examples of cases at <http://www.wipo.int/amc/en/center/caseload.html>. One such mediation case example follows:

A WIPO Mediation of a Pharma Patent License

A European university holding pharmaceutical patent applications in several countries negotiated a license option agreement with a European pharmaceutical company. The pharmaceutical company exercised the option and the parties started to negotiate a license agreement. After three years of negotiations the parties were unable to agree on the terms of the license. At that point the parties submitted a joint request for WIPO mediation.

As requested by the parties, the WIPO Center appointed as mediator a lawyer who had worked in the pharmaceutical industry for many years and had considerable licensing experience. The parties requested that the mediator help them reach an agreement on the terms of the license.

The one-day meeting session allowed the parties to identify the issues and deepen their understanding of the legal circumstances. On this basis, the parties continued direct negotiations amongst themselves and reached a settlement agreement.

WIPO NEUTRALS

In the WIPO Center's experience, the effectiveness of ADR depends largely on the quality of the neutral (mediator, arbitrator or expert). The WIPO Rules allocate primary responsibility for the appointment of neutrals to the parties, allowing them to select persons whose professional experience and technical expertise are germane to their dispute. The WIPO Center assists parties in identifying and appointing specialists who are competent in the subject matter and who aim to complete the proceedings in a timely and cost-effective manner.

While the WIPO Center's worldwide network already covers over 1,500 independent mediators, arbitrators and experts from more than 70 different countries, the WIPO Center retains the capacity to add further candidates in specific response to the particular needs of WIPO parties. The WIPO Center is thus in a position to propose neutrals who combine ADR expertise with specialized knowledge of the subject matter so as to meet the demands of different cases.

WIPO ADR SERVICES FOR SPECIFIC SECTORS

In addition to the above case-based services using the regular WIPO Rules, the WIPO Center has also focused significant resources on facilitating or establishing operational and legal frameworks for ADR procedures tailored to specific types of recurring disputes, such as disputes arising in a specific business or industry sector, or for a specific type of transaction or subject matter (see <http://www.wipo.int/amc/en/center/specific-sectors/>). Such specialized procedures can become a formal or informal part of the legal and business standards of the sector they are designed for, and result in efficiency gains through streamlined processes tailored to the stakeholders' interests. Experience also shows that institutionalizing dispute resolution mechanisms creates benefits in terms of dispute prevention and stimulates consensual settlement.

As an example of tailored dispute resolution, the WIPO Center offers ADR services for the biodiversity sector (see <http://www.wipo.int/amc/en/center/specific-sectors/biodiversity/>), and maintains an international open-ended WIPO Biodiversity Panel of Neutrals including mediators, arbitrators and experts from around the world with expertise in biodiversity. To optimize dispute resolution in this sector, the WIPO Center collaborates with relevant stakeholders and entities. Recently, the WIPO Center has provided technical assistance to the Secretariat of the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA) in its development of, *inter alia*, Rules for Mediation of a Dispute in relation to a Standard Material Transfer Agreement, which give effect to the mediation provision in the ITPGRFA's Procedures for the Operation of the Third Party Beneficiary. In March 2011, the WIPO Center was appointed by the ITPGRFA to act as Administrator under these Mediation Rules.

COLLABORATION WITH CONCERNED STAKEHOLDERS AND ENTITIES

The WIPO Center's collaboration with relevant stakeholders and entities includes a range of dispute avoidance and resolution options, such as:

- Designing ADR systems - whether as an alternative to court litigation or as a complementary option
- Drafting or reviewing ADR rules, model dispute resolution contract clauses, and related guidance
- Facilitating the use of ADR through the establishment of model contracts, institutional codes of conduct, and unilateral dispute resolution position statements (pledges)
- Establishing a specialized panel of suitably qualified mediators, arbitrators and experts from relevant areas and jurisdictions
- Providing case administration services and schedules of fees and costs appropriate for the specific context
- Organizing training programs for potential users as well as mediators, arbitrators and experts
- Providing any other relevant technical assistance

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[End of Annex III and of document]