Following is the speech delivered by the Hon Mr Justice Rogers, V-P at the 15th General Assembly and 56th & 57th Council Meetings of the Asian Patent Attorneys Association ("APAA") on 19 November 2009:

Presentation for APAA conference

I intend to concentrate on mediation. That is because in my terms, at least, the more widespread use of mediation is relatively new. As part of the recognised judicial process it is certainly new in Hong Kong but I consider it has considerable scope here.

In contrast arbitration has been around for a long time. Hong Kong has been in the forefront of arbitration for some time. Arbitral awards whether from Hong Kong or abroad are enforceable in Hong Kong. There is no exception for IP arbitral awards. These are enforceable between the parties just like any other arbitral award. Arbitration has one thing in common with mediation however, there has to be an agreement that the parties should go to arbitration. Arbitrations don't just happen. There has to be some underlying agreement.

In the past, mediation has not been needed in Hong Kong for commercial cases as parties knew very well how to settle if they wanted to. Life has gone on; things have changed; people have become more litigious. Their children do not take the same "avoid it at all costs" attitude that their parents did.

Worldwide there has been an impetus to mediation. Mediation has been talked about for a number of years. No doubt it started in the US. There the mediators have developed a very analytical approach to the process of negotiation and settlement generally.

One of the major advantages of mediation is to my mind that it encourages parties to find solutions that they would not be able to achieve in Court. It encourages parties to consider their interests rather than their rights. That is sound negotiation practice. In doing so parties consider not only their interests but the interests of the other parties. That way often it is found that the interests can be accommodated without harming the other party. That is the way settlements can be achieved that are satisfactory to all concerned.

Obviously if there are simple solutions to a problem a formal mediation may be unnecessary.

Mediation was taken up in the United Kingdom with the Civil Justice reform. The impetus undoubtedly was caused by costs of litigation. There have been pilot schemes there. Dealing specifically with IP cases that have been primarily in the Patents County Court which is fostering mediation. UK has one thing which Hong Kong does not and that is provision which allows anyone to ask the Comptroller of Patents for a non-binding opinion on an issue of validity or infringement. I have no idea whether that is used much in practice, but it's something which would lend itself, perhaps, to use in combination with mediation.

In Hong Kong, some 2 years ago, the Chief Justice established a Working Party on Mediation under the chairmanship of Mr. Justice Johnson Lam. At that time, there had been the pilot scheme for mediation in the Family Courts and a voluntary scheme in the Construction and Arbitration List.

There are now schemes for building management cases in the Land's Tribunal and shareholder disputes in the Companies Court. There is not sufficient IP litigation in Hong Kong to justify a separate scheme.

Nevertheless, a Practice Direction on Mediation has been signed by the Chief Justice and will come into effect for all General List cases from January 2010. A Mediation Information Office is being set up in the High Court and that will start operation on 4 January 2010.

Order 1A of the Rules of the High Court requires the Court, the parties to litigation and their lawyers to work together "to facilitate the settlement of disputes". There is a certain amount of encouragement given by the provision in the Rules of Court that when Court costs are awarded the Court can take into account the willingness of a party to have gone to mediation.

The Hong Kong Bar Association's Code and the Solicitors' Code have been amended to make it an express duty for barristers and solicitors to consider whether mediation is appropriate for the resolution of a given case. The Bar Association and the Law Society have run numerous courses to train their respective members to become mediators.

The Secretary for Justice has established his own Working Group to plan and oversee the future growth and development of mediation in Hong Kong.

This is obviously just a beginning.

Not every IP dispute is suitable for mediation. I have to say that I started with some reservations of the applicability of mediation in relation to IP cases, but I am a convert so to speak, I am firm believer that mediation does have a place in IP. I am sure that there are those in the audience, who like myself, on first thinking about mediation for IP cases thought that it had little or no place. For that reason I am going to start by suggesting those areas where I would have reservations about mediation for IP disputes. I would suggest that things like:

- disputes involving the validity of patents are on the face of it unlikely to be suitable; the reason for that is one cannot normally convince somebody that their patent is invalid. It's very much a matter of evidence and a question of interpretation of the patent. Whatever is agreed between the parties in mediation is confidential. Whatever is agreed between the parties binds those parties only and not the rest of the World.
- trade mark opposition and invalidation proceedings on absolute grounds would not seem to be a fruitful area for mediation. Again a mediation agreement may cater for one party to relinquish a trade mark registration but one can hardly expect to achieve agreement to that by mediation;
- trade mark disputes concerning the distinctiveness of the mark are again in similar point;

One can also well imagine that although a dispute might be suitable for mediation a party may want more than mediation has to offer

- There are important remedies which are available in Court which it would be difficult if not impossible to replicate in a mediation agreement. For example:
    - although one can word a mediation agreement to cater for a restriction equivalent to an injunction and then enforce it by a court order, if there is a breach, it would not be possible to expect the equivalent of an interlocutory i.e. interim emergency injunction.

- Still less could mediation produce the equivalent of a search order of the Anton Piller type. The Anton Piller order was developed for IP cases and has been a most useful remedy in jurisdictions where it is available
- nor could there be an immediate order of Mareva type which freezes assets.
- The Court can also act relatively quickly, for example most jurisdictions cater for summary judgment in one form or another. That can be quick, cheap and efficient
- In IP cases the plaintiff often wants to establish its rights by means of a judgment which can then be publicised. A judgment in Court thus has broader legal implications for the future, which, of course, mediation does not. The importance of setting a precedent cannot be overlooked.
- Similarly publicity from a judgment is likely to give the successful party a commercial advantage.

Those might be thought to be some of the negative aspects which would militate against the use of mediation. I have chosen to refer to those and highlight some of the situations where mediation may not be appropriate first, for 2 reasons: First I thought it appropriate to sound a note of caution before proceeding.

Secondly because I wanted to end on a positive note. I see a great deal of sense in mediations for IP cases. Mediation does have a place in IP disputes. I would suggest that in many instances it would be worth trying. The essence of mediation is good communication and in many instances it is lack of communication or bad communication that causes problems. It is useless parties going to court to establish their legal rights when at the end of the day their commercial purpose is much better served by a sensible agreement.

- The cost of litigation is, as the others are very keen to tell us, heavy. In simple terms every party involved in litigation should consider whether it is worth it. Are the basic costs involved disproportionate to the disputed amount?

- Then you have the judicial process itself. I am the first to admit it can be unpredictable. The law is often complicated. It's amazing how different judges have different views as to what the law is. The law

becomes more and more complicated as new legislation is passed. Some courts revel in finding new law. One can see it quite often. In a difficult and technical field there are judges who relish the opportunity of holding that what has been said to be the law is wrong.

- Then proceedings can drag on a long time. There is scope, even in today's, regime for one party to drag their heels. Even if they don't deliberately delay, litigation can take a long time.

- There is always the specter of an appeal.

- There may be numerous parties involved which would make things even more complicated.

- Often in IP cases the same parties are fighting what, in effect, is the same case in a number of jurisdictions. There may be a background wish to try and harmonize that and have one judgment covering a number of jurisdictions, but it is not that easy. Territorial sovereignty and political considerations probably present more problems than differences in the law applicable in different countries.

- Mediation is particularly helpful in situations where there is or may be a continuing relationship after the dispute. Mediation may either preserve it and in many cases it fosters such a relationship. The parties to the mediation may consider that there is more to be gained by future cooperation than an out and out legal victory.

- It is also of particular benefit where the issues are sensitive or would require the disclosure of sensitive information.

- In situations where publicity is to be avoided mediation like arbitration can provide an avenue for resolution without publicity.

The sort of cases that spring to mind that might lend themselves might be:

- licensing disputes;

- disputes concerning the infringement of IP rights;

- trade mark opposition and invalidation proceedings on relative grounds;

- disputes over patent entitlement, particularly in cases where there are outside parties such as consultants or joint venture partners;
- disputes over patent/trade mark ownership, for example whether an employee has developed an invention in his own or Company time.

In the normal patent litigation where there are infringement and validity issues, there are 2 possibilities, one can combine mediation with a submission to an independent third party.

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There is one other possibility which is more appropriate to large corporations. That is a scheme used in the US nearly 30 years ago whereby the lawyers for each team were given 30 minutes to present there case to the boards of the opposing company. That way they overcame difficulties of blind spots. As far as I know that scheme has fallen into disuse.