THE IBERIAN CHAPTER MEETS WITH THE WIPO

June, 9th 2022 | 16:00 - 18:00 CET (Madrid)

THEME: ADR (Mediation and Arbitration) in Life Science and FRAND Disputes

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WELCOME

This new event is about avoiding pathological scenarios after, not before, disputes sprout, and easing with expanding implementation in sensible sectors where the R-D performances are essential to achieve new challenges. Specially there were Technology and IP issues are involved to gather a better and enhanced competitive scenario in markets.

The *FRAND* commitments, also called clauses or principles, are those that respond to the description of the acronym with which they are grouped: Fair, Reasonable And Non-Discriminatory conditions and although they have common ground with the situations that raise monopoly situations, they present the singular to access not as much to pursue the Trusts that are developed in the detriment of final demand, as rather promote competition by fostering collaborative relationships between, precisely, competitors. In addition, rather than considering them the effect of persecuting natural monopolies, as in the case of those that arise in situations where the access to the resource was unsuitable for the competition (which generates 'natural' positions of monopoly: for example, government concessions on resources such as water, mines or dams for power generation), they are rather an effect derived from a monopoly of legal attribution in exclusive assignment rights of certain skills as a result of human creation or talent and protected by the effect (legal, precisely) of recognition the said attribution through the title of patents for human invention or creation which form the set of immaterial rights of Intellectual Property, and on which, if this protection was not performed, it would be difficult for this case being

able to compete in competition resources that flow from the given invention or creation. And this is it since any product coming from the human talent is substantially replicable (to a greater or lesser extent and ease) by another one subject in the market with has similar capabilities or skills to those of the original inventor or creator. *FRAND* commitments perform remarkably well in this second scenario where Intellectual Property allocates property rights and where technological development enables the network of exchanges that nurture those previous allocation of resources.

A second idea with which to manage these concurrent fields in the evolution of antitrust protection and the promotion of competition that -I think- must be taken into account is that of the change in the focus of interest from the legislator over time. From the first antitrust legislation (the *Sherman Act* of 1890, accompanied by the *Clayton Act* of 1914), to the decades between the 60s and 90s of the last century. At first, the legislation was driven by the impulse to prevent the subjugation of retail demand to collusive manoeuvres and the concentration of the market on the supply side of goods and services. Such monopolies or oligopolies could occur as a regular purge of dominant positions over 'natural' resources (roads, railways, ports, water, sanitry infrastructures) whether or not they were also the result of the decantation of the available supply through collusive agreements. An example of the latter was the Cartels.

However, this situation was not only undesirable for final demand insofar as it imposed severely and harsh conditions for obtaining the goods or services offered, but it was also an impediment to the permeability of operators for the supply of such goods and services, whether by their given conditions turn out to be weaker than the members of the collusion, or simply because they are new operators called to the interest of an attractive economic activity without all the keys to maintaining a fair, reasonable or non-discriminatory competitive position, precisely.

All in all, the sectors where the inefficiencies were most striking happened not where there would not be so much discussion about the potential concurrence of competitors, but where said concurrence was impossible or seriously difficult. Not where the natural monopolies, consecrated or not by an administrative title, but those where the monopoly was the result of a strictly legal attribution, although duly regulated and not arbitrary. This is the case of industries and economic sectors where a characteristic quality was that of being derived from the position of dominance over some form of creation or invention resulting from human talent and, therefore, protected by a patent as recognition of the intellectual property and yields generated by the exploitation of the said creation or invention. This other scenario that would now be more clearly named as a legal monopoly, since it originated from the exclusive attribution of the rights over the product of the invention, although with

nuances, would be the natural field where the applications of the Technology were developed in its most broad concept and those of the Life Sciences: biology, medicine and pharmacy mainly. And it is what we are going to deal with in the event scheduled by the Iberian Chapter of CIArb.

It is also necessary to give some non-exhaustive precision to concepts gathered around the viability of the FRAND principles and relate them to these fields of Technology and Life Sciences. There are three: Standard-Essential Patents (SEP), the natural course of Technology Transfers and Standardization Consortiums. The FRAND commitments involve amalgamating these three expressions that explain the same reason for being of such principles; Therefore, it means explaining the FRAND commitments as a process protocol, eventually able of having its standardization consortium. A role that, as I describe, could well be played by WIPO through its FRAND processes.

- *The Standardized Essential Patent (SEP)* is a way of assigning a core character to a patent for understanding the usefulness of being subject to specific regulations in which technology transfer is a core commitment to successfully address the development and implementation phases, while the initial Investigation phase would be completed with the obtaining of the patent itself (initial feasibility tests included).

- *The Technology Transfer Systems (TTS)* are the raison d'être channelling the development and implementation of all the potential arising from a SEP and, inexcusably, licensing the use of the patent to third parties is understood to be the most efficient format to extract its best utility before it results in a new patent that can be considered an essential patent for new standardized performances. And, at the same time, they also serve to articulate the different levels and commitments in which the parties mutually related in the TTS licence have to order their behaviour, rights and duties; and without prejudice of any other agreement which, not breaching the FRAND principles, may they reached.

- *The Standardization Consortiums (SC)* constitute the set of rules that describe the standards to which a certain patent is submitted to cover a forecast until the occasion arrives to consider it suitable for new forecasts or exhausted in them. It is also the body of decision-makers about such standards for the purpose of describing and protecting the general lines of an adequate TTS, keeping abreast of the prosperous or adverse result of the relations generated by the TTS and the evolution of SEP or new patentable realities able to subject to a given Standard.

But these are general ideas, because who is going to explain to a greater and better extent what the FRAND principles entail and what they imply and, above all, how

these principles are incorporated into the normative acquis and the professional habit by which Intellectual Property licenses are carried out in the Technological and Life Sciences fields are not going to be the one who now writes these lines, but someone with a greater and better knowledge of all these topics. Our guest, **Mr Ignacio de Castro**, *Director IP Disputes Division, WIPO Arbitration and Mediation Center*.

The WIPO promotes *FRAND* mechanisms to prevent and resolve potential disputes in these new fields where such principles are incorporated with good expectations. He will also tell us about the course of experience in recent times regarding the acceptance in the community of potential users and their acceptance in the ordinary performance of service providers as well.

The conversation could not be considered as such, but rather a simple dialogue if not was for the esteemed presence of our companion in the Chapter, **Mrs Nazareth Romero** (MCIArb), who is going to be the one who will take the lead in this meeting to a greater extent. And given the circumstance of appearing her for the first time in an event of our Chapter, after having been chosen from among our colleagues to perform the role of a member of the Executive Committee in our European Branch last April. Our congratulations for having been chosen to cover such a position deserves to be said now.

Accompany to this paragraphs you have here an interesting introductory artice written by *Mrs Nazareth Romero* with the tittle "*Mediation and Arbitration in Intelelectual Property*", and as in previous editions I have colected a short list in the *Documentae* section with -in my opinion- relevant papers to engage the audience in the pursue of mapping some of the queries more relevant.

With my best wishes and pleasure of being their explanations and thoughts a source for inspiration, learning and improvement either for our *CIArb* peers in t*he Iberian Chapter*, the colleague members of our Institute, and all the attendees interested in the topics we were going to talk about.

Antonio Amusategui Batalla (MCIArb)
Chair of the Iberian Chapter
Member of the European Branch Committee of CIArb

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MEDIATION and ARBITRATION in INTELECTUAL PROPERTY

by *MCIArb Nazareth Romero*[1]

The Challenge of International Commercial Mediation

Mediation today in the international sphere, also in the autonomous, regional, federal, national areas is a necessity, not a voluntary option. The best form of cooperation between States that eliminates imbalances and grants peace is through the amicable settlement of disputes, yesterday and today. The international society is a society of cohesion of interests, the States do not renounce to maintain their sovereignty and their freedom of action and decision regarding the final result of a dispute, and this implies skills in the neutrals of dispute resolution procedures in order to convert difficult and impossible situations of settlements, in elements of encounter, dialogue and cooperation. For this, prevention is required, a reinforced preparation so that the players in the resolution of disputes have skills enougth to achieve with satisfactory results.

International commercial mediation is strengthened from the *Working Group II of the United Nations Commission for International Commercial Law* (**G II UNCITRAL**). The wording conciliation or mediation is exchanged from *UNCITRAL* to adapt it to real and practical use, as a method of amicable settlement of disputes that arise in the context of international trade relations. From the first *UNCITRAL* Conciliation Rules in 1980 to date it has been modified by the 2021 Mediation Regulation, together with the 2002 Model Law on International Commercial Conciliation has been developed and amended by the Model Law on International Commercial Mediation and International Settlement Agreements Resulting from Mediation (2018) and it has been enacted the Notes on Mediation (2021), which is an explanatory text on the organization of mediation procedures.

All of this is joined and complemented by the International Treaty - United Nations Convention on International Settlement Agreements Resulting from Mediation, which was opened for signature in Singapore on August 7, 2019 and entered into force on September 12, 2020. The Convention further enhances the use of mediation and promotes access to justice. It also allows the enforcement and execution of international and commercial mediation settlements; it is the “back to back” of the

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[1] MCIArb Nazareth Romero | Arbitration and ADRs Partner of Studio Legale Ovoli Frugoni Romero Lawyers. This article was been partially published in two parts in *El Economista - April n° 55 and May n° 56 - “Buen Gobierno - Iuris - Lex RSC”.*

1958 New York Convention on the enforcement and execution of foreign Arbitral Awards.

One of the main advantages of the Singapore Convention is the fact that the parties to a mediation, including government agencies, are free to apply the Convention without depriving any of the interested parties of any rights they may have with respect to the settlement agreement under national law reinforcing the autonomy of the parties. In 2019, **the European Council** and its *European Commission for the efficiency of Justice CEPEJ* adopted at its 32nd plenary session in Strasbourg on June 13 and 14, 2019, the European Handbook on the implementation and development of Mediation European *Handbook on mediation Lawmaking*. To date, the European Union or the member countries of the European Union have not yet adhered to or ratified the Singapore Convention, although these documents reveal a certain intention towards a positive evolution in their accession.

International trade is the source of collective wealth and peace. We remark the richness from the creativity of the human being and the development proposed by the World Intellectual Property Organization. **Francis Gurry** in the period from 2008 to 2020 passed the baton as Director General to **Daren Tang** who, with a conscious Team, they have been able to create an optimal environment for innovation and growth. From its *WIPO Arbitration and Mediation Center*, one of the initiatives that the Firm has adhered to was *The Mediation Pledge for IP and Technology Disputes*, which aims to promote the use of mediation to help reduce the impact of disputes on innovation and creativity processes, a benefit that *WIPO*—administered mediation cases have demonstrated in practice. While the *WIPO Pledge* is not a binding commitment and does not create any rights or obligations, its endorsement shows a particular willingness to consider mediation in technology and intellectual property disputes. Adherence to the *WIPO Mediation Pledge for IP and Technology Disputes* promotes two shared goals: one would be increased consideration of the inclusion of mediation clauses in contracts, and a second greater consideration in the use of mediation in the absence of such prior clauses including for non-contractual disputes.

On May 24, 2022 from the *Iberian Chapter* within the *European Branch of the Chartered Institute of Arbitrators – CIArb* we will have the opportunity to analyze this matter with **Ignacio de Castro**, Director of the *WIPO-OMPI Arbitration and Mediation Center* and, specifically, the resolution of disputes related to biological health sciences *Life Sciences* and the *FRAND Fair, Reasonable and Non Discriminatory clauses* in license contracts that are part of the initiatives in response to the *Covid19* pandemic. The dissemination and knowledge of these Dispute Resolution mechanisms from the World Intellectual Property Organization, the United

Nations Organizations, the States Parties and, in fact, Civil Society will contribute to its remarkable development.

The Arbitration Clause and the issue of Creativity

Our current *Spanish Arbitration Law, LA 60/2003*, expresses in its Preamble: "Harmonizing legal provisions on arbitration, in particular in connection with international trade, to further the use of this tool and the consistency of criteria in its application. That attitude is informed by the conviction that greater uniformity in the laws governing arbitration will enhance its effectiveness as a means of settling disputes" confirms the need to focus on an Arbitration Law as an enhancer of the establishment of the extrajudicial settlement of disputes as a heteronomous priority method chosen by the parties. If referring to the fundamentals of Arbitration is granted by freedom, as a superior value of the legal system through the autonomy of the parties' will, estates the current *Spanish Constitution* in artº 10.

Organizations dedicated to process standardization (standardization consortiums) impose on patent owners who protect parts of a given standard norm, so-called Essential Patents (SEPs), to comply with technical standards and whose commitment is to grant licenses on their patents under fair, reasonable and non-discriminatory conditions, *FRAND Clauses*. Aware of this, Public Intellectual Property Bodies at a global level with the aim of providing balance, prevention, transparency and rationality have developed approaches regarding these essential patents in different sectors as Technological, or Life Science. All these in order to allow to develop the individual circumstances that these license contracts entail.

From the *World Intellectual Property Organization*, in order to facilitate the adequate incorporation of the Arbitration Clause, there are guidelines from the website expressly dedicated to WIPO FRAND ADR that include models of presentation settlements. Meanwhile, this customization will be in charge of the parties who can use of that freedom to assing a dispute related to the determination of the terms of FRAND to Mediation, Arbitration, Expedited Arbitration or WIPO Expert Determination.

It's joined to the efforts of the Group of Five Intellectual Property Offices, called

TM5, composed of: *The China National intellectual Property Administration* - **CNIPA**, *The Japan Patent Office* **-JPO**, *The Korea Intellectual Property Office* **-KIPO**, *The United States Patent and Trademark Office* - **USPTO** and *The European Union Intellectual Property Office* - **EUIPO**. The *TM5* has assured its commitment and efforts in collaborating with the *WIPO*, to promote Trademark and Design systems, recognizing the importance of building a sustainable environment that allows creativity in intellectual property from new generations.

Being scope to promote creativity in a context of fair adequate balance, these *FRAND* Clauses are not applicable to all cases of *SEPs*;and this an issue to comment in the event when reviewing with *WIPO* representative different international case law in respect.

Another issue would be that *The European Union*, on February 18, 2022, has initiated a procedure against *China* up to *the World Trade Organization* (*WTO*), specifically, to avoid the concession fees of licenses below market prices.

The culture of solidarity, sustainable development of creativity in Intellectual Property from *the United Nations* and its Organizations promotes the improvement of Humanity. International Organizations coexist in the global environment with an active interest in cooperation, as well as a plurality of diverse objectives ensuing from the sovereign, autonomous and independent decision of the States, or of the Individuals that integrate those, in sectorial matters, object of their needs and interests. Let's move forward in an environment that allows creativity in Intellectual Property from prevention.

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DOCUMENTAE

Antritrust in IP and Technology Guidelines in the US,
By the U.S. Department of Justice and the Federal Trade Commission
(Jan, 2017)
https://www.justice.gov/atr/IPguidelines/download

Antitrust and IP: unresolved issues at the heart of the New Economy
By The US Federal Trade Comission
(March, 2001)
https://www.ftc.gov/news-events/news/speeches/antitrust-intellectual-property-unresolved-issues-heart-new-economy

Antritrust in IP and Technology transfer agreementss in the EU,
By the European Commission
(March, 2014)
https://ec.europa.eu/commission/presscorner/detail/en/IP_14_299

THE WIPO:

- **Guidance on WIPO FRAND ADR,**
(Jan, 2017)
https://www.wipo.int/publications/en/details.jsp?id=4232

- **The WIPO ADR for FRAND disputes**
https://www.wipo.int/amc/en/center/specific-sectors/ict/frand/

- **The WIPO Mediation Pledge por IP and Technology disputes**
https://www.wipo.int/amc/en/mediation/pledge.html

- **The WIPO and specific economic sectors:**
  - Research and Develoment
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