



The Litigator's View of ADR for Technology and IP Disputes

l'Association canadienne du droit
des technologies de l'information



Canadian IT Law Association

Goodmans^{LLP}

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The ADR Institute provides information about mediation and arbitration and access to mediators and arbitrators in Ontario. Our members are provided with a regulatory structure that includes accreditation, a Code of Ethics and advocacy in all matters relating to the practice of Alternative Dispute Resolution in Ontario, for all forms of conflict including: Family Mediation; Estate; Workplace, Employment and Labour; Construction; Restorative Justice; Business; IT and IP; Real Estate and Property; Commercial; Contract; Community; Health Care; Education; Sports; Environmental; Insurance; and International.



The Canadian IT Law Association ("IT.CAN") was founded in 1997 by a group of Canadian information technology lawyers from across the country. It provides a national forum for Canadian practitioners to stay up to date on international, as well as the uniquely Canadian aspects of IT law and related fields of e-commerce and intellectual property. With over 300 members from across Canada, the Canadian IT Law Association has become the must join Association for any lawyer practicing IT Law in Canada. We offer substantive learning opportunities through our Annual Conferences and Quarterly Roundtables and Forums, as well as invaluable networking opportunities. To help our members stay current in this rapidly changing area of the law, IT.CAN distributes a bi-monthly newsletter and we have a series of ad hoc Forums on specific areas of interest to IT practitioners.



Goodmans LLP is recognized internationally as one of Canada's premier transaction law firms because our lawyers and clients are industry leaders. Our lawyers excel in their fields to help clients excel in theirs – both ensuring ever-higher levels of service and business success. Further, we offer a unique combination of skills – spanning business law and litigation; public and private; tradition and innovation. With a strategic entrepreneurial history and deal-making mindset, Goodmans lawyers deliver intelligent solutions, responsiveness, energy, talent, and determination to get the deal done. It's more than just legal services; it's strategic business advice. Clients appreciate our dedication to exceptional service, community partnership and mutual respect. That's why so many clients have been with the firm since their businesses began – for over 30 years in some cases. Even now, with clients among Canada's largest corporations, financial institutions and multinationals, the firm honours its roots – in client service and in community service.



Peter Ruby

Peter Ruby is a partner at Goodmans. He has a national and international practice focused on business and information technology dispute resolution, including software, telecommunications, film, radio, television, privacy and data protection, intellectual property, ecommerce and internet litigation, arbitration, mediation and advice.

Peter leads Goodmans' IT practice group and is recognized as a leading IT litigator in *Chambers Global Guide to the World's Leading Lawyers for Business* and *The Best Lawyers in Canada*. He represents both large multi-national organizations and some of Canada's most entrepreneurial and growing IT companies. Peter is a Professor of Law (adj.) at the University of Toronto teaching Telecommunications and Internet Law.



Michael Erdle

Michael Erdle is a founding partner of Deeth Williams Wall LLP. He has practiced information technology and intellectual property law for more than 20 years. He is a Chartered Arbitrator (C.Arb.) and Qualified Mediator (Q.Med.).

Michael is a member of the board of directors of the Canadian IT Law Association and the ADR Institute of Ontario. He is the co-chair of ADRIO's Technology and Intellectual Property Section.

His areas of expertise include Internet; electronic commerce; patents, trademarks and copyright; trade secrets; privacy; technology development and licensing; joint ventures; outsourcing; and the mediation and arbitration of technology and intellectual property disputes.

Mediation

Advantages

- A good mediator facilitates settlement
- Can choose right skill set (e.g. facilitative vs. evaluative)
- Neutral negotiation environment
- Proposing mediation not weak
- Exposes client to other side's lawyer
- Client management tool
- Enhance bond between lawyer and client
- High success rate either at mediation or shortly thereafter

Disadvantages

- Few excellent mediators – have to wait for them to be available
- A bad mediator can do harm
- Delays direct negotiations
- Can be costly
- Often requires prior discovery to be useful
- Exposes client to other side's lawyer
- Parties often unprepared or stay in litigation mode

Mediation Most Valuable

- **Well-done briefs in advance, with key supporting documents**
- **Excellent mediator**
- **No opening speeches**
- **Opportunity to clarify questions arising from briefs**
- **Timely**
- **After some discovery**
- **If evaluative model – mediator with industry experience**
- **If facilitative model – mediator with excellent mediation skills**
- **Everyone required present**
- **Confidentiality agreement (not just privileged)**
- **Schedule for somewhat less time than projected need**

Arbitration – Myths and Reality

Myth:

- Choice of decision maker

Reality:

- Hard to find excellent IT and IP arbitrators
- IT/IP experts rarely have substantial experience as arbitrators
- If ad hoc, difficult to agree
- If institution, rarely get IT/IP experience
- IP/IT potential arbitrators rarely well known to courts

Arbitration – Myths and Reality

Myth:

- Saves time

Reality:

- Takes consent and cooperation
- Arbitrations can take longer than litigation
- Note new summary judgment rules
- Court can move very fast in the right case
- Usually replete with discovery
- Many ways to delay start of arbitration
- Unless pre-established rules, one party can delay process
- Arbitrator's time often hard to schedule
- Lawyers often uncomfortable to limiting trial process (e.g. mini-trials)

Arbitration – Myths and Reality

Myth:

- Saves money

Reality:

- Takes consent and cooperation
- Often more expensive because have to pay for arbitrator and, sometimes, premises
- Usually replete with discovery
- Lawyers often uncomfortable to limiting trial process (e.g. mini-trials)
- Need the same IT or IP expert evidence as in litigation

Arbitration – Myths and Reality

Myth:

- Preserves relationships between parties

Reality:

- Fighting in court or arbitration feels the same to participants
- If relationship to be preserved, use same techniques in arbitration and litigation

Arbitration – Myths and Reality

Myth:

- Private

Reality:

- Problems when key party is not subject to arbitration agreement (e.g. customer, developer, and implementer triangles)
- Mixed for IP (often want validity orders binding against the world)
- Control often an illusion
- Hard to know at time of initial contracting who arbitration will favour

Arbitration – Myths and Reality

Myth:

- No appeals advantage

Reality:

- Appeal can be a good thing
- Appeals can be built in
- Some arbitration statutes allow for appeal on questions of law

Arbitration – Real Advantages

- **Confidentiality**
 - Major advantage for IT disputes
 - Can be major advantage for IP disputes if existence of IP right is not at issue
- **Possibility of creativity**
 - With cooperation
 - E.g. mediation then arbitration
- **International advantages**
 - Different legal systems
 - Different languages
 - Easier enforcement (New York Convention)
 - *Accentuate Ltd. v. Asigra Inc.*, [2009] EWHC 2655 (QB)

Thoughts and Considerations

- **Choose wisely**
 - Justice business
- **Problems with single arbitrator and no appeal**
- **Informal dispute resolution panels useful**
- **Be careful with IP disputes**
- **Clear arbitration clause, without pre-conditions**
- **Choice of law and jurisdiction clause necessary**
- **Leave flexibility in original contracts**

Thoughts and Considerations (cont'd)

- **No escalation clauses, except for unsophisticated parties**
- **Careful with fancy clauses**
 - Time limits
 - Number of arbitrators
 - Location
 - Language
- **Insist on excellence in arbitrators and mediators**
- **Carefully balance between IT/IP expertise and arbitration/mediation expertise (same for counsel)**
- **Brief client**



Questions?

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