

AIPLA

American Intellectual Property Law Association

Transatlantic Perspectives on ADR and Patents: Resolving Conflicts in the UPC System and in the USA

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U.S. Court System

Federal System and State System

Exclusive Federal Jurisdiction

- Patent
- Copyright

Concurrent Jurisdiction

- Trademarks
- Trade secrets

Obtaining Federal Jurisdiction

- Federal questions (e.g. patent, copyright, trademark)
- Diversity jurisdiction (different citizenship and over \$75,000)

Arbitration

Federal Arbitration Act

- Chapter 1 (U.S. Arbitrations)
- Chapter 2 (New York Convention)
- Chapter 3 (Inter-American Convention)

Uniform Arbitration Act (and other state acts)

Arbitration

U.S. Arbitrations

FAA 100 Years Old

- “[N]ational policy favoring arbitration.” *Hall Street Associates, L.L.C. v. Mattel, Inc.*, 552 U.S. 576, 588 (2008)

Arbitration Creation of Contract

- Arbitrability: Court decides unless the arbitration provision clearly says arbitrator will decide

Broad Clauses

- “[A]ny controversy arising out of this agreement” means “all disputes having their origin or genesis in the contract,” including contract interpretation and application of law to that contract are the province of the arbitrator and not the court. *Gore v. Alltel Commc’ns, LLC*, 666 F.3d 1027, 1033 (7th Cir. 2012)

Arbitration

U.S. Arbitrations

Scope of Arbitrator Power

- Arbitrators act as parties' agent. Can grant any relief the parties themselves have the power to agree upon. *George Watts & Son, Inc. v. Tiffany & Co.*, 248 F.3d 577, 580 (7th Cir. 2001) (citation omitted)
- Parties who agree to arbitrate “opt out of the court system...” *Wise v. Wachovia Sec., LLC*, 450 F.3d 265, 269 (7th Cir. 2006).

Arbitration

U.S. Arbitrations

Enforcement of Arbitration Award

- Federal district court “must” enter judgement unless vacated. 9 U.S. Code § 9
- The issue for the court is not whether a contract interpretation “is incorrect or even wacky,” but simply whether the arbitrator interpreted the contract at all. No matter “how gross,” a “factual or legal error ... is insufficient to support overturning an arbitration award.” *Halim v. Great Gatsby’s Auction Gallery, Inc.*, 516 F.3d 557, 563 (7th Circ. 2008)

Arbitration

U.S. Arbitrations

Basis for Vacatur

Examples: Corruption or fraud, evident partiality, guilty of misconduct refusing to postpone hearing or refusing to hear evidence. 9 U.S.C. § 10 (a)(1), (2), (3)

Usual Argument: “where arbitrators exceeded their powers,” 9 U.S.C. § 10 (a)

“Harm to third parties who did not agree to arbitrate.” No!

Causes the violation of “...[a] rule of positive law...” like the Sherman Act, “...*designed for the protection of third parties,*” *Affymax, Inc. v. Ortho-McNeil-Janssen Pharms., Inc.*, 660 F.3d 281, 284 (7th Cir. 2011) (emphasis added) or expressly violates “explicit,” “well defined” and “dominant” public policy. *Eastern Associated Coal Corp. v. United Mine Workers*, 531 U.S. 57, 62 (2000).

Arbitration

U.S. Arbitrations

Patent Decisions That End Up In State Court

- Citizens of the same state
- Amount doesn't exceed \$75,000

Badgerow v. Walters, 596 U.S. 1, 18(2022) “adjudication of ...state-law contractual rights...”

Arbitration

New York Convention

- An arbitration agreement or arbitral award arising out of a legal relationship, whether contractual or not, which is considered as commercial, including a transaction, contract, or agreement described in section 2 of this title, falls under the Convention. An agreement or award arising out of such a relationship which is entirely between citizens of the United States shall be deemed not to fall under the Convention unless that relationship involves property located abroad, envisages performance or enforcement abroad, or has some other reasonable relation with one or more foreign states. For the purpose of this section a corporation is a citizen of the United States if it is incorporated or has its principal place of business in the United States.

9 U.S.C. § 202

Arbitration

New York Convention

- Unlike domestic arbitration, federal courts do have original jurisdiction. 9 U.S.C. § 203
- A case filed in state court may be removed to federal court. 9 U.S.C. § 204

Arbitration

New York Convention

Enforcement

Award must be confirmed unless violates one of seven bases under the New York Convention. 9 U.S.C. §207

- Incapacity of parties or agreement invalid under law where award was made
- Lack of notice
- Award outside the terms of submission
- Arbitration panel composition inconsistent with agreement
- Award not binding or set aside by court where award was made
- Subject matter not subject to arbitration under law of the country where enforcement is sought
- Enforcement inconsistent with public policy of court where enforcement is sought

Arbitration

New York Convention

FAA vacatur may apply where the arbitration is seated in the United States, or where United States law governs the conduct of the arbitration. *Corporación AIC, Sa v. Hidroeléctrica Santa Rita S.A.*, 66 F. 4th 876 (11th Circ. 2023).

Mediation

- District Court (magistrates)
- Appellate Courts (Fed. R. App. P. 33 Federal Circuit Local Rule 33)
- Private mediation

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Thank You! Questions?

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