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**“MEDIATING INTELLECTUAL PROPERTY DISPUTES IN INDIA – A STUDY OF
SAMADHAN STORIES (DELHI HIGH COURT MEDIATION AND CONCILIATION
CENTRE)”**

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Abstract

Intellectual Property Rights are only as solid as the means to implement them. The flexibility and universality of the current markets has led to an explosion in business conflicts. The arbitration of these conflicts requires a lot of technical knowledge for adjudication, aside from the intricate jurisdictional concerns. And there is no doubt when it comes to long delays in resolving patent infringement suits. Hence, one way to address these issues in a flexible and a speedy manner, is Mediation. Due to a continued focus on conventional litigation system, the growing importance and capabilities of Mediation, to avoid and resolve IPR issues, is yet to be fully achieved. Though as a result of a series of connected occurrences, views have begun to shift in the past several years. The article begins with briefly explaining the concept of mediation as well as Intellectual Property Rights, importance of mediation in solving IPR disputes, and the efficacy in contrast to litigation proceedings and its convenience for the parties ranging from valuing confidentiality to seeking to maintain control over the dispute settlement process. The article then moves forward with discussing various stories of Samadhan (Delhi High Court Mediation and Conciliation Centre) so as to provide a better understanding, thus justifying the originality of the article. Though it has always been contented that in India, mediation has to function in the shadow of a formal law, but in such areas, jurisprudence is yet to be developed, for instance pharmaceutical patent disputes. Therefore, solutions and recommendations has also been provided in order to make the

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mediation (ADR) process holistic with the changing needs and also the demand of incorporating it in the existing legislations in India.

KEYWORDS

Mediation, IPR Disputes, Alternate Dispute Resolution, PIMS, Settlement, Copyright, Trademark.

INTRODUCTION

Intellectual Property, in general, comprises of patents, trademarks, copyright, designs, geographical indications, and varieties of plant, semiconductor layouts, and much more. Legislation on intellectual property safeguards immaterial or intangible property, i.e., product of the mental production (created by one's mind). One significant characteristic of intellectual property species is that, in return for exclusive rights in the field of intellectual property, the intellectual property owner communicates them to the public at a particular period. The exclusive rights constitute the right to assign or license the right to another individual. When the exclusive right ends, the property can be opened to the public at large. Certainly, few of the types of intellectual property does not match with some certain or most of these features. Some are not only creations of mind but undergoes other important functions, such as brand identifications, quality identifiers etc., and require state security since they are valuable to the public at large.

With the onset of globalization, liberalization and privatization in 1991, trade and commerce has been dramatically stimulated. India experienced a major rise in 2019 from 44th place to 36th place, the greatest surge of all the indexed countries, on the International Intellectual Property Index.² This means that Indian authorities have taken important measures to establish a climate favourable to both Indian and international businesses. This clearly means that Intellectual Property Rights have become the need of the hour in India, and there is a huge increase in the number of transactions, not only cross-border (worldwide) but between people belonging to different states in India. This growth is parallel with the increase in disputes. This means that there arises a far greater need for the cases to be dealt with quickly. Unless this is

² Global Innovation Policy Centre, Inspiring Tomorrow: US Chamber International IP Index (7th ed, 2019), 9.

done, a lot of difficulties are bound to arise, such as excessive lawsuit costs, ineffective resource optimization, damaged relationships, detrimental brand effects, etc.

Coming to courts system in India, the establishment of the Indian legal system in form of courts has benefitted the society in different ways, but it does carry certain demerits. For instance, in number of Intellectual Property disputes, the courts have led the parties waiting for several years for justice. Parties have paid high sums to their litigant and courtroom respectively. To begin with, Section 89 of the Code of Civil procedure³ was introduced with the purpose of amicable, peaceful and mutual settlement between the parties without the intervention of the court. Coming to evaluate the performance of courts system in cases, it becomes rather significant to highlight the case of *Shree Vardhman Rice & Gen Mills v. Amar Singh Chawalwala*,⁴ wherein the hon'ble Supreme Court held that the matters relating to Intellectual Property disputes should be decided by Trial Court instead of merely granting or refusing to grant injunction. Because in such matter suit goes on for years and is hardly decided, which is not proper. And therefore, in such matters, the provision to Order XVII Rule 1(2) C.P.C.,⁵ should be strictly complied with by Courts and there should be speedy disposal of cases. Following this, in *Bajaj Auto Ltd. Case*⁶ the Court held that experience says such suits in India stay pending for many years and litigation is mainly fought between the parties over temporary injunction. And therefore, repeating the judgement of Shree Vardhman Rice be carried out by all the courts and tribunals in order to serve justice in a punctual and faithful manner. Hence, it is noticeable that the parties involved are opting for Alternative Dispute Resolution mechanisms to expand Intellectual Property rights in India because of an unjustified delay in the disposition of cases and costly proceedings, which could prolong the protection provided for the work instead of supporting the progress of intellectually protected work. In addition, this approach is necessitated by the commercial essence of transactions concerned in the majority of the disputes. Needless to say, advantages of Alternate Dispute Resolution have been increasingly recognized.

WHY MEDIATION?

Methods for Alternative Dispute Resolution are much less time-consuming, effective and offers additional freedom to the right holder. It should be noted that the option of Alternative

³ The Code of Civil Procedure, 1908, § 89, No. 5, Acts of Parliament, 1908 (India).

⁴ (2009) 10 SCC 257.

⁵ The Code of Civil Procedure, 1908, Order XVII Rule 1 (2), No. 5, Acts of Parliament, 1908 (India).

⁶ *Bajaj Auto Ltd. v. TVS Motor Company Ltd.*, (2009) 77 ALR 687.

Dispute Resolution has now proven to be a consensus over the traditional litigation methods in almost all the business transactions. Contracts relating to Intellectual Property transfers currently primarily features the “arbitration-mediation” provision. Talking about Arbitration, it is often viewed that Arbitration also plays no good role in Intellectual Property Disputes, since the matter is too intricate and should best be handled by the parties in presence of a neutral person. Also, without an institution to keep an eye on its timeframe, arbitrators are likely to dominate themselves, resulting to no meaningful solution. The Arbitration and Conciliation Act⁷ did not aid much, as the hon'ble Supreme Court by rolling back limited grounds for appeal, gave up a larger perspective to the word "public policy," one of the few reasons of challenging the award, pursuant to this Act.

Coming to why mediation, it is necessary to first give a brief about the concept of mediation. With this, it is also important to talk about the efficacy of mediation in solving Intellectual Property disputes which will therefore help in providing a better understanding to the highlighted question. The landmark case of *Salem Advocate Bar Association v. Union of India*,⁸ gave the meaning and extent of mediation. It also led to the formulation of the Model Civil Procedure Mediation Rules and such rules were to be framed by the High Courts. Later in another landmark judgment of *Afcons Infrastructure*,⁹ the Court clarified the concept of mediation in detail.

Mediation has achieved significant rise in recent years. The mediators are expected to function as neutrals while both sides shall sit on the mediation table prior to arbitration or litigation is conducted. 'Lis inter partes' is a conflict and a solution to adversarial litigation has been identified in the form of mediation, by the judicial dispensation system. In numerous instances, the hon'ble Supreme Court has underlined the notion that there are vast number of cases to be handled and that they must only be addressed following the exhaustion of all other possibilities. Now one of the best advantages of mediation is that given the parties are coming face to face, finding an agreeable settlement appears a realistic outcome. And in between if the parties feel a need to express anything privately, they could always just turn to a caucus and this is the explanation why mediation may be regarded as a non-stereotypical as well as progressive technique.

⁷ The Arbitration and Conciliation Act, 1996, No. 26, Acts of Parliament, 1996 (India).

⁸ AIR 2003 SC 189.

⁹ *Afcons Infrastructure Limited and Another v. Cherian Varkey Construction Company Private Limited and Others*, (2010) 8 SCC 24.

Further understanding the use of mediation in Intellectual Property disputes, widely this area consists of disputes mainly of technical nature and this is the reason why it has taken time for mediation to reach here. It should be emphasized that mediation can play a central role in many undiscovered ways, for example the integrated securitization and administration of various sorts of Intellectual Property assets. Although numerous components are new to India, tremendous growth has already been attained by these in other nations, as well as India will soon adapt to it.¹⁰ So mediation may be either obligatory as defined under r. 5 (f) (iii) of the Civil Procedure Mediation Rules 2003,¹¹ or may be ordered by a court if the courts believe that a consensual accord is possible. Private mediation is also a form where private entities may be used to advance and engage on a monetary basis. Broadly the cases that should be eligible for settlement through Alternative Dispute Resolution are – all cases relating to trade, commerce and contracts, including disputes arising out of contracts (including all money claims), all cases arising from strained or soured relationships, all cases where there is a need for continuation of the pre-existing relationship in spite of the disputes, including disputes between neighbours (relating to easementary rights, encroachments, nuisance etc.); keen to maintain his business/ professional reputation and credibility or ‘product popularity’, all cases relating to tortious liability, as well as all consumer disputes. Though the Court also said that enumeration of suitable categorization of cases is not intended to be exhaustive or rigid.¹²

Therefore, it is evident to say that mediation as an alternative has evolved and gained interest in the field of Intellectual Property Rights. Here, it becomes important to highlight what few researchers have also mentioned before. The Controller General of Patent Designs and Trade Marks joined forces with the Delhi Legal Services Authority (DLSA), through mediation, to settle the questions related to rising backlog and its resolution in the research area of the Intellectual Property Rights to refer at about 500 pending rectifications and oppositions to mediation and conciliation via a public notice to the Trade Marks Registry (TMR), Delhi.¹³ In addition, DLSA also issued on 13 May 2016, a Standard Operational Protocol to introduce uniformity in TMR Delhi, for similar mediation proceedings. Additionally, Section 12A of the

¹⁰ Prakhil Agarwal & Uditanshu Mishra, *Mediation in IPR Disputes*, THE IMW POST (August 20, 2021, 5:00 PM), <https://imwpost.com/mediation-in-ipr-disputes>.

¹¹ The Civil Procedure Mediation Rules, 2003, contains provision for mandatory mediation under r. 5 (f) (iii). As per this rule, even if the parties are not ready for reference for mediation or conciliation, the court finds that there is an element of settlement and the relationship of the parties has to be preserved may refer the case for mediation to see the chance for settlement.

¹² *Supra* note 9.

¹³ PUBLIC - NOTICE, NO. CG/TMR Del/DLSA/ Dated 31.03.2016.

Commercial Courts Act, 2015¹⁴ has been inserted in Chapter IIIA of the Commercial Courts, Commercial Division and the Commercial Appellate Division of High Courts (Amendment) Ordinance, 2018 which has made obligatory the idea of pre-institutional mediation and settlement in cases where it is necessary to resolve Intellectual Property disputes and no relief has been granted. (The 'commercial disputes' are inclusive to the conflicts concerning intellectual property rights, as referred to in Section 2(c) of the Act).¹⁵ The mediation procedure may very well be carried out by authorities established in accordance with Legal Services Authority Act, 1987. It must be decided within three months and a two-month supplementary time may be provided. An arbitral award and a settled agreement between the parties under the Arbitration and Conciliation Act, 1996 are now said to have the same significance. On 3rd July 2018 notified Commercial Courts (Pre-Institution Mediation and Settlement) Rules, 2018 was introduced by the Centre with the intent of standardizing such mediation processes. These guidelines are in accordance with the parent law, which intends to reduce the backlog in proceedings. This would encourage the parties to choose mediation.

The introduction of Pre-Institution Mediation and Settlement (here referred as PIMS) can be observed as a step closer towards popularizing the usage of mediation. And therefore, PIMS was made mandatory for all kinds of commercial disputes which amounted to Rs 3 Lakhs or more and where there is no urgent interim relief sought by the petitioner. But it has been observed that there are certain negative outcomes of the Rules under PIMS,¹⁶ and will be dealt in the recommendations part of this article. So, the advantages the researcher talks about would mainly pertain to court referred mediation, here.

Therefore, mediation in Intellectual Property disputes may become an advantage, particularly because of the technological aspects and complexity of legislation being taken into account. The parties might adopt the mediation process as there is always a room for flexibility and adjustment in the procedures midway. The flexibility factor included in the mediation procedure is beneficial as some of the Intellectual Property disputes across the national boundaries and judicial proceedings are not capable of including the same.

For instance, Patent disputes involve various technical issues like infringement, conception, inventorship, doctrine of equivalents, etc. and these are righteously capable of being mediated

¹⁴ The Commercial Courts Act, 2015, § 12A, No. 4, Acts of Parliament, 2016 (India).

¹⁵ The Commercial Courts Act, 2015, § 2 (c), No. 4, Acts of Parliament, 2016 (India).

¹⁶ Aniruddha AS & Akshita Bohra, Pre-Institution mediation and settlement: Messiah or Chimera? BAR AND BENCH (August 27, 2021, 3:29 PM) <https://www.barandbench.com/columns/pre-institution-mediation-and-settlement-messiah-or-chimera>.

where parties themselves can arrive at a solution because they are in a better position of discussing the technical and complex nature of the issue involved, rather than in a courtroom litigation method. Or if we talk about Copyright or Trade secrets, these issues respectively involve work made for hire, joint authorship, fair use and confusion as well as fame of mark. Mediation can also be helpful in these situations by licensing agreements and by preserving the relationship between the parties which adds to another advantage of mediation parties prefer to.

Now secondly, the quite known advantage of mediation is that the process can turn to be cost efficient. Now this would work well in cases where mediator possesses specialized knowledge as a pre-requisite. Let us say there is a patent dispute case which involves with it numerous claims, a mediator having required knowledge may help by narrowing down the issues and also reducing the number of sessions normally required, like here, patentee may decide to go for litigation in only one of the claims after a session of mediation.

Another major addition to why mediation is that, in such cases the confidential nature of the dispute is respected enough and is not risked like in litigation. As parties can opt for caucus session in the middle of the mediation process, and the information shared between one party and the mediator is kept confidential. Therefore, the explained answer to why mediation in Intellectual Property disputes is that it is a global solution to the needs of the parties involved, which is explained above keeping in view the importance of three elements – nature of disputes, interest of the parties and the expedition in dispute resolution.

SAMADHAN (DELHI HIGH COURT MEDIATION AND CONCILIATION CENTRE)

Samadhan was established in May 2006. This was the outcome of a combined endeavor by the Bench and the Bar of Delhi High Court who have undertaken mediation as a suitable way of resolving alternate disputes. It is administered by the bar and coordinated by a secretary of the organization. The activity of this Centre is supervised by a team of judges and lawyers. The Centre possess highly skilled, highly experienced and highly qualified mediators. The list is compiled by qualified mediators of members of the bar. Below are few stories of Samadhan which were mediated regarding Intellectual Property Disputes.

When mediation has just started to pick pace in India, there was a trademark dispute before the aforesaid Centre, herein to reach out to an amicable solution three-four sessions of mediation were held. The dispute was that both the parties were carrying out their business in the same territory and not only this they were selling almost the same products and with that both the

parties were doing well in their respective businesses. The party who was alleged for infringing the trademark and copyright showed reluctance in bringing about any change to their products, therefore private sessions took place where the mediator explained the consequences of not arriving at a settlement and was followed by lengthy discussions where possible changes were discussed. Also, as a result of arriving at an acceptable settlement, plaintiff did not insist upon the monetary compensation.¹⁷

Further, there was a dispute between two brothers. The facts of this case are such that brother 'A' was living abroad and he started a business in India which was looked after by brother 'B' and his sons who were living in India. Now consequent to this 'B' started a business of his own by the same name and style for his own benefit. Following this 'A' filed a suit against 'B' living in India for injunction and for claiming damages for Rs. 1 crore through his attorney. The matter was referred to Samadhan by the Delhi High Court. The fact that both the brothers were living in different countries and therefore to establish a proper communication channel was challenging throughout the process. Brother 'A' initially appeared to be non-cooperative and wanted to take the matter to the Court. The Mediator here played a very important role and even held long calls over the telephone between the two brothers, but the absence of face-to-face conversation many a times led to the parties telling the mediator to end the process and refer it back to the Court. Somehow through the direct communication channel mediator was able to get hold of the mediation proceedings and proceed to the stage of settlement. And finally, the matter got settled and 'B' agreed to pay Rs. 65 lakhs to 'A' (in installments), and with this it was also agreed that 'A' will perhaps give a new identity to his own business. As a result, both the parties also agreed to withdraw pending litigations between them.¹⁸

Here, not only the importance of mediation in Intellectual Property disputes is significant to acknowledge, but also the role of a Mediator, particularly the two important skills of a mediator- patience and focus. The morality standard of the mediator incorporates the mediator's professional skills. A mediator must use the instruments of mediation and hone his abilities to make the parties more open to each other in order to explore all viable approaches with the greatest possible flexibility. The particular competency of a mediator consists in remaining patient, encouraging the parties to focus on conflict resolution and examining

¹⁷ Samadhan Story, SAMADHAN REFLECTIONS, 76 (2006-2010).

¹⁸ Samadhan Story, SAMADHAN REFLECTIONS, 77 (2006-2010).

options to a fair conclusion. In doing so, he must be able to assess whether the parties can explore all the alternatives at any point, without his view.¹⁹

There was a case where a suit was filed for permanent injunction by a well-known company against another company stating that the later one was using the trademark for the purpose of exporting the garments to countries abroad. The issue involved was that the later company was using the trademark of the former company and while doing so was earning huge revenue and showcasing it as their own. The defendants argued that the word used as trademark was conjoint, and an interim injunction was granted by the court following which the suit was put on trial. Meanwhile the suit got referred for mediation. It was seen that in the beginning parties stood stubborn but gradually softened up as the process progressed. Both the parties discussed their view points in the presence of the mediator and decided that the former company would not object to use of concerned word by the later company only on the condition that it be used only for the export of garments, and should not be directly or indirectly used for the sale in the Indian market. Another interesting point to note here was that the former company also gave its claims for damages against the later one. The parties also accepted that they were willing to protect and respect the rights of each other and the freedom to carry out their business without harming the other.²⁰

Recently, GrabOn a Hyderabad based start-up filed a suit for trademark infringement against GrabOnRent a Bengaluru start-up before the Delhi High Court. The matter was referred to Samadhan. Both being an online marketplace, GrabOn offered coupons and deals and GrabOnRent offered furniture on rent. The issue involved was that the later was misusing the goodwill of the former's business and also the degree of similarity between the names of the two ventures created confusion for the consumers. So now though the customers were providing negative reviews to GrabOnRent, consumers at large started associating the same reviews with GrabOn. After discussing the matter between the parties through mediation process, terms of settlement were reached at. The agreed terms were that GrabOnRent will explicitly mention on all his platforms that they have no affiliation with GrabOn and will also destroy all previous documents holding the similar mark to GrabOn.²¹

¹⁹ Justice Hima Kohli, *Mantle of the Mediator: Ethics, Confidentiality and Impartiality*, SAMADHAN – REFLECTIONS 2, 48 (2010-12).

²⁰ Samadhan Story, SAMADHAN – REFLECTIONS 2, 110-111 (2010-2012).

²¹ PTI, GrabOn Wins Trademark Infringement Case over GrabOnRent in a Delhi High Court Decree, THEWEEK (April 3, 2020, 22:01 IST), <https://www.theweek.in/wire-updates/business/2019/09/17/pwr19--grabon.html>.

Similarly in the case of *The British Broadcasting Corporation*,²² the issue over trademark infringement was resolved by a settlement reached out through mediation. The suit was then decreed as per the settlement. Therefore, it is evidently clear how mediation as a process can resolve Intellectual Property disputes outside the Courts, in an efficient manner, without hampering the existing relations between the parties and reaching out to a settlement which is willingly acceptable by the parties.

RECOMMENDATIONS

As advantageous Mediation as an alternative it, is also has certain limitations. Meaning mediation may not be a suitable tool in solving each and every Intellectual Property disputes. Firstly, it is impossible to establish a public legal precedent through mediation process. That is to say the decision through mediation is binding only on the parties. In addition, even after various mediation sessions has been held the parties could still be unable to arrive at a settlement and find out they have better solution through litigation. Meaning it is not necessary that mediation in each case shall lead to a settlement. Further, it has been noticed that in mediation, there is a lack of procedural and constitutional protection given to the parties. Lastly, it can be said that parties are only supposed to rely on each other's good faith because there is no criterion of discovery, because no party can be compelled for a disclosure of information.

Coming to PIMS, mainly two limitations have been identified. Starting with, mediation could be a non-starter. Meaning, parties have made no attempt to resolve their dispute through mediation even after the application has been submitted for PIMS process. This particularly can be troublesome. Moving forward, the enforceability of a successful settlement outcome, this is because settlement arrived at through PIMS has been granted a status of an arbitral award, and as a result since there is no material difference as to execution, but there is not element of finality in PIMS process, but exists in a court referred mediation.

It is therefore recommended that judicial supervision is required to ensure that mediators comply with mediation ethics. A mediation Centre for many courts remains necessary, till date and should be established. There should also be an Intellectual Property disputes Centre or panel where mediators can be trained as per the skills and knowledge required in dealing with these matters. Patent infringements and Intellectual Property in general entail, for example, unprofessional behaviour, problems of voluntary infringement, legality and injunctive relief.

²² *The British Broadcasting Corporation v. Kuldeep Singh Kalra & Ors.* (2017).

The parties will not proceed towards mediation unless their strength and vulnerabilities are best equipped. The complex nature of the cases also requires mediators who are specialized in this field, because then only mediation will serve an advantage to the parties, because the mediator would be in better position to understand the issues and guide them throughout.

Recommendations as to PIMS could be, that there should be some sort of penalty imposed on the refusal or non-participants, which should generally be higher than the fees which is payable at commencement of mediation, which will ensure greater number of participations. And amendments should be made to the status of PIMS settlement because the process has a tremendous potential if exercised properly in India.

CONCLUSION

Foremost, Mediation is not only viewed as an alternative to litigation but also as an expansion of access to justice. Mediation can also be very valuable to establish early legal certainty on a global scale, and takes all legal and economic interests of the parties into due account. In the case of Intellectual Property disputes, they are complex and expensive because of the intangibility factor and the emergence of new technologies regularly makes it hard for people at large to maintain a track. For instance, trademarks are used daily either for advertising products or services, so an infringement or injunction may lead to having material impacts on the financial position of the company. Mediation is a better option because it has been observed that comparatively in such cases mediation takes less time and it also helps the parties in arriving at an innovative solution, and the information is also kept confidential.

The key advantages of mediation that have been discussed above are – the process maintains confidentiality, is consent based (mutual), is time effective and efficient, finality, and court fees can be refunded if the parties want in cases of settlement. Though it has been observed that not all cases can be best resolved through mediation and the process encounters certain limitations, the possible recommendations might help in the future. To conclude with, mediation with number of advantages continues to evolve as a powerful alternative to be used by the parties as well as lawyers.
