

Special Chemistry

Simulation of the Role of Lawyers in Mediation

Problem-Solving Advocacy and Primarily Joint Sessions Video script ¹

CHARACTERS

Commentary and introduction

Mediator:

Plaintiff GIGEM AG:

Lawyer for plaintiff (outside):

Defendant MICO INC:

Lawyer for defendant (In-house):

Hal Abramson

Manon Schonewille

Karl Schmidt (played by Willem Kervers)

Alexandra Friedmann (played by Eva Schutte)

Peter Mc. Dermot (played by Felix Merks)

Chris Powell (played by Jeremy Lack)

INTRODUCTION TO THE CASE

General Background. This case concerns a cross-border mediation after a Canadian court of first instance ruled in favor of the Plaintiff in a patent infringement dispute between two competitors acting in the specialty chemicals industry. The Plaintiff is a German multinational company that is a leading distributor of specialty chemicals worldwide. The defendant is a Canadian company that operates mainly in North America and develops personalized products for new market applications. The Court awarded an injunction and CA\$ 9 million in damages in favor of the Plaintiff for patent infringement.

The Parties. The Plaintiff in this case is Gigem AG, a global market leader in specialty chemicals based in Germany. Gigem is represented by its CEO, Karl Schmidt, and by outside counsel Alexandra Friedmann. The Defendant is Mico Inc., a Canadian-based producer and distributor of specialty chemical products operating mainly in North America. Mico is represented by its CEO, Peter Mc Dermot and by its in-house lawyer, Chris Powell.

Developments so far. During a large chemical industry trade exhibition in Dubai, Mico exhibited several new products claiming they contained its latest technology and developments in functional chemicals. Mico's latest innovation is a substance called EN-PARTICLE™ technology, which enables the stable combination of several substances, including seemingly incompatible ones like water and oil. Karl Schmidt, CEO of Gigem, was surprised to learn about Mico's EN-PARTICLE technology as Gigem had recently developed and received a patent for its new binding substance called Bi4a™ ("Bind it for all"), which essentially does the same as the EN-particles. Gigem was also particularly concerned to discover in Dubai that one of its former employees, Luke Brand, was now the Vice President of Business Development for Mico.

After careful examination of EN-PARTICLE samples obtained in Dubai, Gigem's R&D lab concluded Mico's technology contains Gigem's patented Bi4a innovative substances. Gigem's Bi4a patents recently issued in 12 countries, including the US, the European Patent Office, and Canada, and these will be in effect for another 17 years. Gigem also believes that Luke Brand must have provided confidential information to Mico that would have allowed it to copy Gigem's Bi4a technology. Mico also filed a patent application for its new EN-PARTICLE technology with the Canadian Patent and Trademark Office a week before the Dubai conference. It intends to soon file an international PTC application, covering the same countries as Gigem, including China. Its patent application is still not yet published. Soon after the Dubai conference, Gigem's Legal Department wrote a letter to Mico, asserting patent infringement of Gigem's patents and misappropriation of its trade secrets in its hiring of Mr. Brand. Mr. Brand was not named as a co-defendant. Mico responded with a terse note stating that the allegations lacked any grounds. Gigem's lawyer advised Karl Schmidt to try to negotiate before bringing the matter to court. She wrote to Peter Mc Dermot suggesting they meet in order to resolve the matter. Mico never responded and because of Mico's repeated refusal to meet, Gigem sued Mico in Canada.

After detailed and time-consuming trial proceedings the Canadian court of first instance ruled that Mico had indeed infringed Gigem's patent but did not find there was sufficient evidence of trade secret misappropriation. The court held that the Bi4a patent application had already been published before Mr. Brand joined Mico, and that the technical information he was accused of having provided to Mico was already in the public domain. It has, however, granted an injunction preventing Mico from selling its EN-PARTICLES in Canada due to its finding that EN-PARTICLES infringe at least two independent claims in

¹ Script based on a role play written by Manon Schonewille (©2009-2010, all rights reserved) (Result ACB, Toolkit Company & Utrecht University), that served as a mediation problem in the 5th ICC International Commercial Mediation Competition. A caucus-style mediation script based on that case was written by Giuseppe de Palo (JAMS International), as part of the EU sponsored project "Lawyers in ADR". The script for this video production was written by Hal Abramson (Touro Law School), Jeremy Lack (Altenburger) and Manon Schonewille. ©2009-2010, all rights reserved.

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Gigem's Canadian patent: a product claim and a process claim. The judge further decided that Gigem was entitled to receive CA\$ 9 million in damages, which included compensation for sales made by Mico from Canada to clients in the USA and Mexico. Mico replied that it will appeal the trial court judge's findings of patent infringement. It claims the product claim is invalid for obviousness, and that the process claim is not infringed as it requires 9 steps in a specific order, whereas Mico's process involved 7 steps in a different order. It has prepared an appeal it has to file soon, in which Mico will ask for a declaration of invalidity of the product claim and non-infringement of the process claim, as well as damages for tortious interference with its business activities.

At the suggestion of the Canadian trial judge, both lawyers advised their clients to commence mediation proceedings before taking any further legal steps. The lawyers agreed that this case should be referred to Result ACB in The Netherlands and mediated by a Dutch mediator under the Result ACB Mediation rules (www.resultacb.com). The parties agreed that English should be the language of the proceedings and that Amsterdam would be the place of the Mediation.



This script and accompanying materials like an educational video and the role play instructions can be downloaded from: www.ACBfoundation.nl