Tips to Counsel for Successful Mediations

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1. Give it a chance. Be open to the mediation process; don't come "kicking and screaming." Look at it as an opportunity: at the very least to demonstrate what a good case you have to the other side and/or to find out more about the other side's case and position, but, most importantly, to possibly achieve a good result by a settlement that achieves the client's objectives. Take the process seriously.

2. Select the right time. It's not just about whether or not discovery has been completed but in many, if not most, disputes related to intellectual property, licensing or franchising, one or both of the parties are still conducting the business that gave rise to the dispute. This means that there is a great need for certainty as to continued investment in development and promotion, expansion plans, etc., as well as in making day-to-day decisions, such as new packaging or advertising, or signing up new licensees. These are not breach of contract cases where the event was over long ago. The marketplace cannot wait for the courts or, for example, the Trademark Trial and Appeal Board, to make an all-or-nothing decision. If, for example, the dispute arose over a trademark application, the TTAB, in addition to being inordinately slow, can only decide the right to register, not the right to use a mark, while a mediated settlement can decide all aspects of the case.

3. Select the right mediator. Don't just pick a name off a list. First, personality could be important. Do you need someone who is forceful and authoritative, either for your client and/or other side; or more of a conciliator? In making that decision, you'll need to candidly evaluate the personalities of the parties and counsel as well as the barriers to settlement to that point. Next, in many IP, licensing or franchising cases, it is preferable to use a mediator knowledgeable in this area of the law; and, perhaps, even in the relevant business sector. An expert mediator reduces any learning curve for the appropriate law, has more evaluative credibility with the parties, and can positively contribute to creative solutions. Moreover, representation of one of the parties by non-specialist counsel can lead to a flawed analysis and evaluation of the case, an inability to communicate effectively with opposing specialist counsel, and a lack of knowledge about specific terms of settlement. An expert mediator can help to bridge those gaps.

4. Prepare, prepare, prepare. The biggest mistake made by counsel is "winging it" in mediation. The second biggest is not adequately preparing one's client. Having a detailed knowledge of the facts on both sides of the case will enhance your credibility with the mediator and ensure that your adversary doesn't get an advantage in any settlement. Preparation involves a wide variety of areas:

- Understand your client's business and your case thoroughly. Most IP, licensing and franchising cases are fact-intensive and their outcome often turns on the facts. Moreover, any settlement will pinwheel around practical, business solutions.

- Understand the law. You need to be knowledgeable not only to justify the likely outcome of your case but also to be able to incorporate the applicable legal and procedural intricacies in any settlement.

- Understand your client's real interests and objectives, both in the case and in a mediated settlement. These may be quite different than just money. In franchising disputes between the franchisor and franchisee, for example, preserving the relationship is usually paramount but this can be tempered by a need not to create precedent within the system. Decide ahead of time on settlement ranges and options, a wish list, fallback positions, etc. Understand your client's tolerance for risk.

- Seek to understand the other side's legal position, business position, and attitude. Appreciate the past conduct that brought about the dispute but, unless you need to clear up a misunderstanding about whether some prior conduct was intentional or not, avoid dwelling on the past which will only mire both sides in finger pointing. Especially try to focus on the other party's perceived going-forward interests. Target your initial settlement proposals toward those most likely to be well received. Avoid those that are likely to antagonize the other side, saving them until common ground has already been achieved on less controversial issues.

- Know the negotiating style of opposing counsel: combative or collaborative; antagonistic or cooperative, etc., and prepare yourself and your client by figuring out the best way to communicate to make your position heard. Try to determine opposing counsel's personal motivation, goals and compensation arrangement.

- Be realistic in your case assessment — to yourself and the client — before the client hears it from the other side and the mediator. Understand the weaknesses in your case and prepare how you will deal with these when confronted by the other side.

- Prepare the client as to the facts of the case, its current procedural posture, and the likely remaining activities, including an estimated budget. Most importantly, explain the mediation process and the client's role in it, which should be a combination of listening to and evaluating the other side's position and actively participating in the presentations and negotiations. Explain that because no one knows

his business better than he, he can be quite effective and persuasive in laying out his case in non-legal terms without being strident or argumentative.

- Submit a thorough and candid confidential mediation statement to the mediator prior to the mediation and engage in *ex parte* phone communications with him as well. The mediator doesn't expect "everything" at this stage but you need to give the neutral something to work with — negotiation history, strengths, weaknesses, prioritization of interests and objectives, barriers to settlement, possible areas of settlement, attitudinal issues and the like — so he can formulate the best approach to the mediation.

5. Develop a theme. Just like successful trial strategy, effective negotiators have a game plan or story for their case and work to sell it to the mediator and the other side. Weave your openness to settlement into your theme. Remember being in mediation is not a sign of weakness but rather reflects your conviction in the strength of your case. On the other hand, if you have obvious weaknesses, demonstrate your cooperative nature and willingness to compromise by frankly admitting them.

6. Listen. Pay careful attention to the other side. You may get new information or see things from a new perspective. You may also learn from verbal and physical cues from the other party or its counsel. Try to understand the basis of their position even if you think they're legally incorrect — identify their business and other non-legal interests. Recognize common interests and seize them as the building blocks of a settlement.

7. Engage. Engage the mediator, opposing counsel and the other party. Don't play lawyer all the time; you may need an attitude adjustment from the pure gladiator mode. Be professional; don't use intemperate language. Be a problem solver. You're there to achieve the client's interests, not to boost your ego.

8. Be flexible. Consider all the alternatives. Don't dogmatically stick to one position. The best tool in mediated discussions is "what if...?"

9. Be creative. In IP, licensing and franchising cases, it's rarely only about money and sometimes not about money at all. So, for example, since trademark cases are highly fact-intensive, there are many unique ways to resolve trademark-related disputes such as restrictions on use and registration, including the types of goods or services, trade dress, channels of trade, geographic limitations, advertising, using combinations of marks, changing certain phraseology, using disclaimers, giving consent agreements, defining the parameters of "fair use," assignments and licensing back of marks, or abandonment of applications while allowing coexistent use, to name a few.

10. Compromise. "Know when to hold 'em and know when to fold 'em"; don't get swayed by the 'jackpot' syndrome. Periodically, reassess your strengths and weaknesses. Understand that the best settlement is usually one that leaves both sides feeling like they gave up something — that's still a "win-win".

11. Patience, persistence and perseverance. Be prepared to spend as much time and effort as necessary.

12. Memorialize the agreement in writing. Don't leave the mediation without it! If there's not enough time or energy left to do a full-blown agreement, at the least a memorandum of understanding is necessary. If there are still a few secondary points to be hammered out, or perhaps ones that need time to be developed, such as a new label, consider continuing to engage the mediator by conference phone calls or even giving the mediator the authority to arbitrate specific issues later on if they can't be fully resolved between the parties that day. Make sure that the MOU or settlement agreement contains a provision allowing for it to be an exception to the cloak of mediation confidentiality so it can be introduced in court if it needs to be enforced.