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ACKNOWLEDGEMENTS

This study would not have been completed without the assistance of many individuals and organizations. We are deeply grateful to the hundreds of practitioners who took time to respond to our inquiries. Our special thanks go to members of the Working Group: Leslie A. Bertagnolli, Hon. Geraldine Soat Brown, Hon. Morton Denlow, William J. Nissen, and Joseph V. Norvell; and to other members of The Chicago Bar Association Alternative Dispute Resolution Committee and The Chicago Bar Association Patent, Trademark and Copyright Committee.

Ted Newman, Judicial Support Manager, U.S. District Court for the Northern District of Illinois, deserves special recognition for his cooperation and assistance with this study. We also are grateful to Bryant Garth, Executive Director of the American Bar Foundation; Ashley Corotis, CAADRS intern; Kent Lawrence, President and Executive Director of the M.R. Bauer Foundation; members of the Executive Committee of the Center for Analysis of Alternative Dispute Resolution Systems, especially Hon. Harris H. Agnew and James J. Alfini; and our colleagues at the Center for Conflict Resolution.

We are also grateful to the law firm of Brinks, Hofer, Gilson & Lione for providing the printing of this study. This contribution makes possible the dissemination of these findings to those who will be best able to make use of them.

Without the input of these individuals and others, there would be no study. While we are grateful for all the help in its many forms, any errors in this study are strictly the responsibility of the authors.

**AN EVALUATION OF THE LANHAM ACT MEDIATION PROGRAM
IN THE U.S. DISTRICT COURT FOR THE
NORTHERN DISTRICT OF ILLINOIS**

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EXECUTIVE SUMMARY

This report describes the results of a study of the first three years of the Lanham Act Mediation Program in the U.S. District Court for the Northern District of Illinois. The study explored how many mediations of Lanham Act cases were being conducted in the program, how the program was working and how it might be improved.

The study examined court records for 679 Lanham Act cases filed from the beginning of the Court's program on January 1, 1997 to December 31, 1999. It surveyed 1102 lawyers who had filed appearances in the 359 Lanham Act cases that had been filed during the study period and that had not been archived. It also surveyed the 56 neutrals on the Court's roster and collected other anecdotal information.

Findings

Much more mediation took place than had been reported. At least 32 Lanham Act cases – 7.75% of all cases closed after 90 days - were mediated over all, with 27 of those conducted by private mediators under the Lanham Act Mediation Program. It is quite possible that even more mediations took place. The resolution rate is most likely in the upper-60% range – a respectable level. About half the Lanham Act cases take more than four months to close, providing sufficient time to mediate. Survey data indicates there also has been considerable mediation of cases not filed under the Lanham Act.

No group of participants – lawyers, mediators, or court personnel – is complying fully with local court rules. A substantial number of lawyers and mediators fail to make the required filings and data management needs to be improved. Not all plaintiffs receive information packets as required by local rule.

In general, lawyers are satisfied with the program. They like mediation when it can save time and money for their clients. They think it works best when participants believe mediation will achieve that goal, and all parties have a mindset for resolution.

Lawyers avoid mediation if they expect it to waste time or expense. They want to avoid mediation if they can accomplish the same goals without it, or if mediation could have a negative impact on their case. Lawyers do not like mediation if the lawyer on the other side is inexperienced, if there are inflexible clients or if a poor mediator is involved.

Lawyers also want to avoid mediation when they are seeking something they can only get in court, such as injunctive relief or legal precedent, or substantive expertise of a judge. While they say this, in reality, Lanham Act cases usually settle. This may indicate a lack of understanding of what is possible through mediation.

Recommendations:

In forming recommendations, the data was viewed through the lens of what is known more generally about what works in mediation. Because mediation practice is not yet

well established in northern Illinois, not all lawyer and mediator opinions expressed in the surveys are based on extensive experience. The recommendations, therefore, reflect an integration of court data, survey data and informed analysis.

1. The key recommendation to the lawyers is to discuss the advantages and disadvantages of mediation with their clients and to comply fully with court filing requirements. Additionally, the professional organizations of intellectual property practitioners should encourage lawyers to comply with court rules and participate in the program.
2. The key recommendation to the mediators is to comply fully with court filing requirements. Mediators should provide annually-updated biographical information for posting on the Court's web site and file mediator reports with the Court as a condition of remaining on the roster. Additionally, mediators should provide lawyers with information regarding their services.
3. The key recommendation to the judiciary is to take a strong stand in encouraging use of the mediation program in appropriate cases and compliance with local rules in every eligible case. It is respectfully suggested that each judge should insist on compliance with the rule and its filing requirements, starting with the first appearance of the parties before the Court. When the Court considers new or expanded programs, it should continue to explore ways to build on the private use of mediation and to attempt to track that use for court cases.
4. The key recommendation to the Clerk is to ensure that all information packets are sent out as required by local rule. The Clerk also should ensure that local rules and procedures for the program are easily accessible on the Court's web site. The Clerk's office should amend its record-keeping system to enable it to track numbers of mediations and resolution rates by mediator, referring judge and age of case.
5. Characteristics of cases that are pending for more than four months should be identified and then used as a screening mechanism for increased encouragement of mediation. Other suggested studies include: a brief follow-up study in one year to see how the program is going and learn whether these changes have been implemented, and a more narrowly focused study of timing issues and characteristics of cases that settle.
6. Lawyers should encourage their clients, and judges should encourage lawyers, to attempt mediation when: a case involves an on-going business relationship; the case is likely to settle short of trial, but is also likely to take some time to settle; or the mindsets of the participants are reasonable and disposed toward settlement.
7. Mediation generally should not be encouraged by lawyers or judges when: there is such significant emotional investment in a case that a party is unable to negotiate meaningfully; the parties can accomplish the same goals without mediation; the individuals involved (lawyers and/or clients) are unwilling to be flexible or to attempt mediation; or a party needs something that only the court can provide such as injunctive

relief, legal precedent, or a formal proceeding. (Note, however, that many of these factors should be explored in terms of underlying needs and interests to determine if they might be addressed through mediation.)

8. Lawyers as individuals and as the organized bar should create and utilize continuing legal education opportunities to develop their mediation advocacy skills and their ability to serve their clients' interests through mediation. Such efforts also should be supported by the Court.

9. In general, the study found that the program should be maintained. It should remain voluntary and there is no need to change the roster at this time.

Summary

The Lanham Act Mediation Program has been moderately successful. Lawyers are generally supportive of the program. Key steps to fine-tune the program will be to encourage appropriate use of mediation, ensure compliance with court rules, improve tracking of the program, and educate lawyers about how to utilize mediation.

BACKGROUND AND COURT RULES

The Lanham Act Mediation Program is the product of a creative collaboration between the intellectual property bar and the judicial leadership in the U. S. District Court for the Northern District of Illinois (the “District Court”). In 1996, upon request from a group of lawyers practicing in the trademark area, the District Court established a mediation program for cases arising under the Federal Trademark Act of 1946 (the "Lanham Act").¹ On September 30, 1996, rules were promulgated (Local Rule 16.3) that implemented the program for all cases filed on or after January 6, 1997 (see Appendix A).

The rules provide that all Lanham Act cases will be assigned to the program, but that parties can decide whether to participate. Upon assignment, the Clerk is to send notification to plaintiff’s counsel. Plaintiff’s counsel in turn must notify his or her own client(s) as well as defense counsel that the case has been referred to the mediation program. Defense counsel must then notify his or her client(s). The lawyer for each party is required to file a certification with the District Court that he or she has complied with these notification procedures.

The parties then must file a joint written notice indicating either: (1) that they want to participate in the mediation program, (2) that they do not want to participate, or (3) that they already are participating in another mediation program. If the parties decline to participate, they must include a brief statement outlining their reasons for doing so. This statement shall not disclose the position of any individual party regarding participation in the program.

During the time period covered in this study, the joint notification concerning participation in the program was to be filed either at the first scheduling conference or 60 days from filing of the complaint, whichever occurred earlier.² Mediation is to be commenced within 45 days of filing the joint notification and completed within 30 days of commencement. Following mediation, the mediator is required to report the outcome to the District Court within ten days. For more information on timeframes and other details, see the complete rules (Appendix A).

The rules provide for the creation of a roster of neutrals and neutral organizations to serve as mediators. In general, qualifications for inclusion on the roster are five or more years practicing law in the Lanham Act area, or three or more years as a neutral. At the time of the study, there were 58 providers on the roster, of whom 56 were individuals.

¹ This includes cases involving trademark/service mark infringement, unfair competition, false advertising, trade disparagement and trademark dilution.

² Effective September 1, 1999, this rule was amended to require joint notification to be filed at the first scheduling conference or within 90 days of the filing of the complaint, whichever is earlier. Technically, this affected 69 cases within the study period. However, although the rule had been amended, the information regarding the rule that was sent to the attorneys by the Clerk’s office upon filing did not change. These 69 cases are therefore treated in this study in the same manner as those filed before September 1, 1999.

The rules describe a mediation process that is a voluntary, confidential, facilitated negotiation format:

- Participation in the mediation program is voluntary; however, once the parties have agreed to participate in the program, lawyers with primary responsibility for the case and their clients must attend mediation sessions.
- All communications made in connection with mediation are privileged and may not be reported, recorded, placed in evidence, made known to the District Court, or construed as an admission. In addition, the parties are free to enter into confidentiality agreements covering all information disclosed in memoranda and during the mediation session.
- The mediator does not rule on any aspect of the case, but may provide an opinion on questions of fact or law, or on the merits of the case.

REASONS FOR THE STUDY

This study is the result of the convergence of two factors. First, there was a sense among ADR and intellectual property practitioners that more mediation was being conducted than was being reported to the District Court.³ Second, there was concern among advocates of alternative dispute resolution (ADR) that the low reported use of the program suggested that the program was a failure and discouraged the District Court from considering additional mediation programs.

A working group was formed to investigate these issues. It consisted of a United States magistrate judge, representatives from The Chicago Bar Association's Alternative Dispute Resolution and Patent, Trademark and Copyright Committees (one of whom became a magistrate judge during the course of the study), and a representative from the Center for Analysis of Alternative Dispute Resolution Systems (CAADRS). (See Appendix B for a list of participants in the working group.)

STUDY QUESTIONS AND METHOD

With input from the working group, CAADRS set out to study two questions: (1) How many mediations of Lanham Act cases were being conducted in the Northern District of Illinois? and (2) What did lawyers and neutrals think about the efficacy of mediation in Lanham Act cases?

In mid-February 2000, with the assistance of Judicial Support Officer Ted Newman from the office of the Clerk of the Court, CAADRS set out to study as many cases as possible that had been filed with the District Court during the life of the mediation program. The

³ For example, in 1999 a federal magistrate judge reported to a Chicago Bar Association meeting that during 1998 the lawyers in only three cases had reported to the court that they were going to attempt mediation. This figure did not agree with the conventional wisdom among practitioners that a number of individual mediators had conducted multiple mediations.

679 Lanham Act cases filed from the beginning of the program on January 1, 1997 to December 31, 1999, were utilized in two ways. First, the dockets of all cases filed in that time period were examined. Second, lawyer surveys were sent out on a subset of cases that had not been archived and were therefore available in database form. This subset had an ending date of December 7, 1999, to allow for enough time to elapse for the joint statements to be filed prior to the survey.

PACER, the Federal Court's Public Access to Court Electronic Records, was searched for all Lanham Act cases that were filed during the time period under study. Dockets for these cases were reviewed for information regarding attorney compliance, administration of the program, and evidence of mediation. Cases that were closed from January 1, 1997 to December 31, 1999, were reviewed for case characteristics, including evidence of mediation, settlement conferences, and preliminary injunction and TRO motions; the length they were open; and their disposition.

CAADRS used data from the Clerk's office to mail surveys (see Appendix C) to 1102 individual lawyers who had filed appearances in the 359 Lanham Act cases filed during the study period whose data was accessible. These surveys included only those cases that had not been closed before January 1, 1998, and had no activity after September 30, 1998. Closed cases had been archived by the Court and therefore were not accessible for the lawyer survey portion of the study.

In late March 2000, CAADRS mailed surveys to the 56 individual neutrals on the District Court's roster (see Appendix D). These names are available on the District Court's web site.

Cover letters for both surveys (Appendix E) promised that identities of respondents would be kept confidential.⁴ Retired state court judge Hon. Harris H. Agnew, Chair of CAADRS' Executive Committee, signed the letters. Responses by fax were requested, and an option of mailing the survey response was offered.

⁴ Throughout the study, there was an underlying concern among lawyers that they would be identified as criticizing the Court. One lawyer called CAADRS anonymously and reported a negative interaction with a judge concerning mediation, but did not want his or her identity or the information used in the study. Speaking more generally, another lawyer opined that magistrate judges would report to District Court judges about lawyers who had refused to settle, and that District Court judges would take that information into consideration when ultimately deciding cases at trial.

Efforts were made to address those concerns at all phases of the study. Throughout the study, all individual identifying data was kept within the CAADRS office. Information was reported only without identifying information, even to the Working Group. The only exception, which was explained in the cover letters, was lists of non-responders who were contacted by bar association volunteers and urged to respond to the surveys. In addition, Judge Harris H. Agnew was selected to sign the cover letters that went with the surveys because he is a well-respected former state court judge from Rockford, Illinois who chairs the CAADRS Executive Committee, but who is not directly related to the Northern District.

Approximately two weeks after the deadline for the return of lawyers' surveys, with 189 returns received, members of the working group and certain CBA committee members made follow-up calls to about 110 of the lawyers who had not yet responded. These calls brought in another 13 surveys, for a total of 202, or 18.24% of the original survey recipients.⁵

The same method was used about one week after the deadline for the mediators' surveys. At that point 20 of 56 surveys had been received. These follow-up calls brought in 12 mediator surveys for a total of 32, or 57% of the recipients.

⁵ See Limitations of Study in Analysis, below for discussion of the response rate.

RESULTS

Results were collected and analyzed from District Court records and from the lawyer and mediator surveys. Other information, loosely grouped here as “anecdotal data,” also was collected and analyzed during the course of the study. It should be noted that the range and depth of the study is due in large part to the able and enthusiastic assistance of Ted Newman of the Clerk’s office.

COURT DATA

Court dockets were analyzed in two ways. First, closed cases were examined to determine the significant characteristics of Lanham Act cases, such as length of time a case is open, case activity, and method of resolution. This was done in order to better understand the context within which the Lanham Act Mediation Program was functioning. Second, cases filed after the inception of the Lanham Act Mediation Program were examined for evidence of the program’s effectiveness, including the use of mediation and compliance with court rules.

Case Characteristics

An examination of court records for Lanham Act cases closed between 1997 and 1999 indicates four salient characteristics:

- there is limited, but significant, use of dispute resolution mechanisms
- the cases tend to close rather quickly,
- injunctive relief is sought in a significant minority of cases, and
- Lanham Act cases are usually resolved by the parties themselves.

For those cases in which the parties do not reach settlement themselves, they seek assistance with settlement more often than they turn to trial. The most frequent approach is the judicial settlement conference. These were held in 92 cases, or 14.81%. Mediation was sought in 24 cases (3.86%), while arbitration was conducted in 3 (0.48%).

The median length of those cases closed between 1997 and 1999 was 4.3 months, with 16.75% closing within 60 days. Another 13.20% closed within 90 days. This means that almost 30% of all Lanham Act cases during that time period were closed before mediation would likely have taken place.

Injunctive relief has been noted to be a significant factor in Lanham Act cases, and lawyers have cited the need for it as a reason not to mediate. It was sought in 28.34% of all cases. There were a greater number of preliminary injunctions sought than temporary restraining orders (23.99% of cases as compared to 14.65% of cases); however, a temporary restraining order was more likely to be ruled on and granted than a preliminary injunction. Overall, only 41 (27.51%) of preliminary injunction motions were ruled on, with 22 being granted and 19 being denied. Motions for temporary restraining orders were ruled on in 52 (57.14%) of the cases, with 40 being granted.

Adjudication of these cases is also somewhat limited. Of cases closed between 1997 and 1999, only 64 (10.31%) were resolved by court action. The vast majority of these actions were default judgements (26), summary judgements (16), and dismissals (16). Only six cases went to a trial on the merits (three bench and three jury). Another 42 (6.76%) were settled through mediation or settlement conference (9 and 33, respectively), three through arbitration, and a full 477 (76.81%) were resolved by the parties themselves. Another 13 (2.09%) settled short of trial, but their method of settlement (whether by settlement conference, mediation, or private settlement negotiation) is not clear from the court dockets. The Court also transferred 22 (3.54%) of the cases to another venue.

Lanham Act Mediation Program Statistics

Keep in mind that the above statistics are for cases *closed* in the years 1997-1999. The Lanham Act Mediation Program began in January 1997. To determine the effectiveness of the program, cases *filed* in 1997-1999 must be examined.

Mediations

Court dockets indicate that mediation has been conducted in 26 cases eligible for the program.⁶ Of these cases, 21 were specifically in the program, while two were conducted in the 7th Circuit while a District Court ruling in the case was on appeal and another three were referred to the Litigation Settlement Task Force to be mediated by bankruptcy judges. This constitutes 4.15% of all cases filed between 1997 and 1999 that closed after 60 days, or 5.08% of cases that were closed after 90 days.

Compliance with Rules

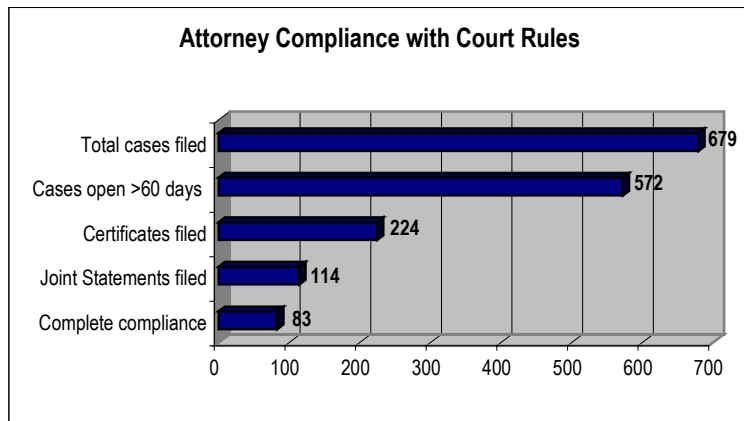
An examination of District Court records showed uneven compliance with court rules. While the Clerk's office had the highest level of compliance, they have not always provided information about the program to the attorneys as required. The attorneys have not filed the appropriate forms in a majority of cases. The mediators have not filed reports in almost half the cases that have been mediated.

District Court records indicate that 679 Lanham Act cases were filed between January 1, 1997, and December 31, 1999. In 80 of these cases (11.78%), there is no indication in court records that information regarding the Lanham Act Mediation Program was mailed to the plaintiff's attorney. Of those 80, eight were sealed and the court therefore was not able to mail the information, three were miscoded as Lanham Act cases and were in fact patent cases, and two were closed within a week, before the information could be mailed. This leaves 67 cases (9.87%) in which the Clerk's office did not mail information regarding the Lanham Act Mediation Program to the plaintiff's attorney.

While the notifications could have been mailed and simply not recorded in the clerk's computer system, Ted Newman of the Clerk's Office indicated that this was unlikely, with the possible exception of the five cases in which there was attorney compliance with the rule despite the fact that there is no record of the information packet being mailed.

⁶ Survey responses disclosed an additional six mediations for which no information was found in the docket. See p. 28 for more information on this.

According to the court dockets, there was no attorney compliance with District Court rules in a majority of the cases. Of the 679 cases that were filed, 572 (84.24%) were open longer than 60 days, the time allotted to file joint statements regarding participation in the mediation program. In 297 (51.92%) of these 572 cases there was no record of attorney compliance with District Court rules. There was complete compliance with the rules (both certificate and joint statement filed) in 83 (14.51%) of the cases. Certificates without joint statements were filed in another 141 (24.75%) cases, while joint statements were filed without certificates in 51 (8.9%) cases.



Mediator reports were filed in 13 of the 26 cases in which mediations were noted on the docket. However, at least eight mediations are known to have been conducted by mediators who are not on the District Court roster. It is unclear whether these mediators are required to file a report.

SURVEY DATA – LAWYER SURVEYS

The lawyer surveys (Appendix C) asked two groups of questions. The first was a series of general questions about their practice and their thoughts about mediation. The second set posed questions about the specific Lanham Act cases in which the lawyers were involved.

For the purposes of this study, mediation is defined as a process separate from any process conducted by a sitting judge, e.g., a referral to a magistrate judge for a settlement conference is not considered to be a mediation. A further distinction is made in the study between those mediators who are on the District Court’s roster and those who are not. Additionally, most questions provided for multiple answers. Therefore, the number of responses for any given question is usually not equal to the number of respondents.

Response Rate

From the 1102 lawyer surveys covering 359 cases, 202 responses (18.33%) were received. Of those, 145 stated they had had significant responsibility for a Lanham Act case since January 1, 1997, and filled out the survey. These 145 lawyers gave responses for 250 cases. Of the 250 cases, the lawyers provided case-specific information on 219 and indicated they had no significant responsibility for the other 31.

General Questions for Lawyers

Lawyers’ Level of Responsibility

The lawyers were first asked if they had had significant responsibility for a Lanham Act case during the study period. Those without significant responsibility were asked to so

indicate and send the survey back without completing it. Of the 202 respondents, 145 indicated they had significant responsibility. Therefore, 71.78% of respondents had significant responsibility for a Lanham Act case during the study period. The respondents who indicated they had had significant responsibility were asked to complete the survey.

Lawyers' Knowledge and Use of Mediation

The lawyers were then asked three questions about their involvement in mediation: 1) whether they were aware of the Lanham Act program prior to receiving the survey; 2) whether they used mediation in their law practice; and 3) in how many mediation cases (Lanham Act and other, non-Lanham Act, cases) they had acted as counsel during the previous year. In answer to Question 1, about three-quarters of the respondents (109, or 75.17%) indicated they were aware of the program. Only slightly more respondents, 114 or 78.62%, said they use mediation in their law practice.

Question 1

Prior to receiving this survey, were you aware of the Lanham Act mediation program in the Northern District of Illinois?

75% Yes

25% No

Question 2

Do you use mediation in your law practice?

79% Yes

21% No

In answer to question 3 – “In the past year, how many mediations have you participated in as counsel?” – 91 of the 145 respondents indicated that during the past year they had participated as counsel in one or more of 217 mediations. The 217 cases were divided between 14 verified Lanham Act cases in the Northern District of Illinois and 203 other mediation cases.

Question 3

In the past year, how many mediations have you participated in as counsel?

14 Lanham Act cases in the Northern District of Illinois

203 Other cases

While the 203 non-Lanham Act cases that were reported as going to mediation appears to be a proportionately very large number, what that figure means is unclear. It is common practice in the Northern District of Illinois to refer to judicial settlement

conferences as mediations. The term “mediation” can be used to describe traditional judicial settlement conferences where District Court judges try to settle cases on their own calls, as well as settlement conferences by magistrate judges and Bankruptcy judges for cases referred from District Court judges.⁷

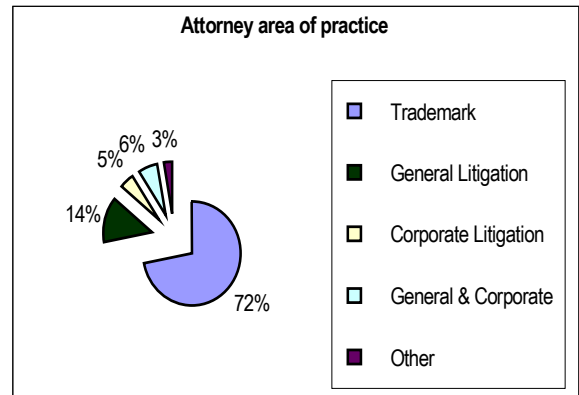
In terms of average participation in mediations, the 145 attorneys who had significant responsibility for a Lanham Act case participated as counsel in 217 mediations the preceding year, for an average of 1.50 mediations per responding attorney. If the 54 lawyers who did not participate in any mediation are factored out, the average for those who participate in mediation is 2.38 cases per lawyer.

⁷ In the case-specific portion of the survey, 19 attorneys reported 19 Lanham Act cases as going through mediation, but the name given for the mediators in these cases were those of magistrate, indicating that these were actually judicial settlement conferences. While it is not reliable to extrapolate from that response (53% of mediations reported being settlement conferences), applying the same proportion to the 203 figure for “other” mediations would indicate 108 judicial settlement conferences and 95 mediations.

Lawyers' Practice Areas

Question 4 asked lawyers to describe their area of practice. They could check as many as they wanted among the options of intellectual property, trademark, copyright, patent, general litigation, corporate litigation and other. The overwhelming majority (104, 71.72%) indicated they practiced in the trademark area, although 30 of them (28.85%) indicated that they practiced in other areas as well. Of those who did not select trademark, 14.08% of respondents selected general litigation, 4.93% selected corporate litigation, 6.34% selected general and corporate litigation and 2.82% selected "other." All those who had selected copyright or patent selected them in conjunction with trademark and were therefore not presented here.

The fact that over 70% of all respondents practice trademark law demonstrates the knowledge base of those responding to the survey: those who would have the greatest insight into the character of Lanham Act cases and their viability for mediation were the ones who responded to the survey.



Factors that Are More or Less Favorable for Mediation

Questions 5 and 6 asked the lawyers to select the characteristics that in their experience make some Lanham Act cases more amenable to mediation or more unsuitable for mediation. (See section "Unanticipated Input" under Anecdotal Data below for an additional perspective on these questions.) Similar, but not identical, lists were offered for each question. Respondents were asked to check the top three indicators and circle the most favorable for mediation (Question 5) or least favorable for mediation (Question 6). There were 115 lawyers who responded to Question 5, while 111 responded to Question 6. Not all circled a strongest indicator.

Factors that Make Cases Amenable to Mediation

In general, lawyers valued mediation when it could save money and time. The top factor that survey respondents indicated made cases more amenable to mediation was expense of litigation. Almost three-quarters selected it as a factor (86 responses, or 74.78%). Of the 72 respondents who indicated a top factor, 28 (38.89%) selected it as the key indicator of suitability. Even among those for whom this was not the most important factor, it was selected as an amenable factor most often (58 respondents or 50.43%).

An interest in a quick resolution was the next most frequently chosen factor (58 respondents, 50.43%). The existence of an on-going business relationship between the parties was close behind, chosen by 57 respondents (49.57%). Their ranking was somewhat different in terms of whether they were seen as the most important factor. An on-going business relationship between the parties was twice as likely as the interest in a quick resolution to be seen as the most important factor (21 responses or 29.17%, as compared to ten responses or 13.89%).

The fourth most likely factor to be selected could be considered another efficiency measure: “likely to settle short of trial” with 40 respondents (34.78%) selecting it. Of those, 36 (31.3%) selected it as other than the top factor, tying with ongoing business relationship in this category.

While nearly a quarter of the responding lawyers thought that mediating early in the case was a positive factor (27 respondents, 23.48%), if there was a clear “loser” in this question, it was mediating late in the case. It was the least likely to be chosen, with only 6 of 327 selections. One respondent thought it was the strongest factor in making a case amenable for mediation, as did one respondent regarding mediating early in the case.

Question 5:	
Based on your experience, what characteristics make some Lanham Act cases more amenable than other Lanham Act cases to mediation?	
75%	expense of litigation
50%	interested in quick resolution
50%	ongoing business relationship between parties
35%	case likely to settle short of trial
23%	early in the case, e.g. some discovery, but not completed
18%	desire for informal proceeding
14%	expertise of mediator
13%	client interested in confidential proceeding
7%	inexperienced counsel on other side
5%	late in the case, e.g. discovery completed, ready for trial
11%	other

Between “early in the case” and “late in the case” are desire for informal proceeding (21 respondents, 18.26%), expertise of mediator (16 respondents, 13.91%), confidentiality of the proceeding (15, 13.04%), and inexperienced counsel on other side (8 respondents, 6.95%). These were also seldom selected as the strongest factor in making a case amenable for mediation. Three respondents selected confidentiality as the most important factor, while only one selected each of the other three.

Thirteen respondents used the “other” category to write in their own responses as to what made cases amenable to mediation. Two each indicated significant emotional investment by a party, compromise opportunities, and preliminary injunction pending. One each gave the following amenable factors: equitable relief; strong position of client; only dispute is damages; weak case; risk; party hasn’t experienced litigation; and “nothing.”

Factors that Make Cases Unsuitable for Mediation

Surveyed lawyers were most likely to choose factors related to what they could obtain in court when asked about what made cases unsuitable for mediation. In answer to Question 6, the vast majority of respondents cited a factor that indicated the need for a court ruling. Almost two-thirds of respondents (71 out of 111 respondents, 63.96%) chose the need for injunctive relief as a characteristic of unsuitable cases, and about one in five (24 respondents, 21.62%) indicated it was the least favorable characteristic for mediation. Nearly half the respondents (52, or 46.85%) cited a need to establish legal precedent as a disincentive to mediate, and 10 respondents (9.01%) said it was the greatest disincentive.

The third most frequently chosen factor – interest in a formal proceeding – is also typical of court activity, and atypical of mediation. It was chosen by 43 respondents (38.74%), although only 9 selected it as the most important factor in unsuitability.

One of the two factors that related to expertise of others involved in the case – inexperienced counsel on other side – was selected by 34 respondents (30.63%). Together with the other expertise factor – expertise of judge (17 respondents, 15.32%) – these were selected by nearly 45% of the respondents.

Mediating too soon or too late was seen as potentially problematic, too. There were 29 respondents who selected late in the case (26.13%) and 15 who chose early in the case (13.51%).

Question 6:	
Based on your experience, what characteristics make some Lanham Act cases more unsuitable than other Lanham Act cases for mediation?	
64%	injunctive relief important
47%	establishment of legal precedent important
39%	desire for formal proceeding governed by federal rules
32%	inexperienced counsel on other side
25%	late in the case, e.g. discovery completed, ready for trial
16%	expertise of judge
14%	early in the case, e.g. some discovery, but not completed
7%	expense of mediation
7%	ongoing business relationship between parties
1%	interest in quick resolution
1%	case likely to settle short of trial
23%	other

The last three factors, which were selected in Question 5 as the most amenable factors for mediation, were rarely checked as unsuitable characteristics. They were: ongoing business relationship between parties (8 respondents, 7.21%); expense of mediation (8 respondents, 7.21%, although no one listed it as the most important factor); and interest in quick resolution (1 respondent, 0.90%).

There were 26 attorneys who opted to write in their own choice under “other.” The three most notable responses were: significant emotional investment by a party⁸ (7 responses, 6.31% of 111), counterfeit case (5 responses, 4.50% of 111), and entrenchment of or unreasonable parties (5 responses, 4.50% of 111). Other responses were: compromise outcome (3 responses, 2.70%), business reasons to litigate (2 responses, 1.80%), and one each for parties too far apart, mistrust between parties and counsel, opposing counsel wants to litigate, desire to maximize damages, inexperience of mediator, and that mediation is non-binding.

Pros and Cons of Mediation

Questions 7 and 8, while appearing to be similar to Questions 5 and 6, are actually quite different. While Questions 5 and 6 asked what characteristics made cases amenable or unsuitable to mediation, Questions 7 and 8 asked what the benefits or disadvantages of mediation were. Simply put, the former questions asked what made *cases* good or bad, the latter two asked what made *mediation* good or bad. In addition, Questions 7 and 8 were open-ended, unlike the check-lists that were provided for Questions 5 and 6.

⁸ See Anecdotal Information, below, for further discussion of this item.

The open-ended character of Questions 7 and 8 allowed the lawyers to answer according to their own understanding of mediation in general. Therefore, the responses addressed more aspects of mediation itself, such as outcomes, structure, and the ability of neutrals, than did Questions 5 and 6. They also required a certain amount of interpretation by the researchers. Nevertheless, despite the open-ended nature of the questions, most responses were sufficiently similar to be readily grouped within specified categories. (See Appendix H for a sample list of verbatim answers.)

Benefits of Mediation

Question 7 (“What do you see as the benefits of mediation?”) was responded to by 122 lawyers. They overwhelmingly cited cost savings (71 responses, 58.20%) and time savings (59 responses, 48.36%) as benefits. Along these same efficiency lines, two respondents (1.64%) also indicated mediation decreased the burden on the court.

The second largest group of responses (26, or 21.31%) related to mediation outcomes. They included good or better resolution (10 responses, 8.2%), ability to compromise (8 responses, 6.56%), opportunity for a business solution (6 responses, 4.92%), control over outcome (3 responses, 2.46%), and certainty of outcome (1 response, 0.82%).

Twenty of the responses were related to the mediator. They included objective view of the case (14 responses, 11.48%), expertise of mediator (3 respondents, 2.46%), and good mediator (2 responses, 1.64%).

There were 18 responses that were related to procedural aspects of mediation. They included confidentiality (4 respondents, 3.28%), informality (3 respondents, 2.46%), mediator besides the judge (2 respondents, 1.64%), less adversarial (2 respondents, 1.64%), provides focus for parties (2 respondents, 1.64%), and one respondent each (0.82%) said easier to settle with mediator, low risk, less hassle, and that it was good if the clients were present.

Another group of 8 respondents valued the relationship benefits of mediation, including four respondents (3.28%) who said it opens communication, three (2.46%) who indicated relationship benefits and one respondent (0.82%) who said it allowed for healing. Only one of the 122 respondents (0.82%) indicated that they saw no benefits to mediation.

Disadvantages of Mediation

The first two responses to Question 8 regarding disadvantages of mediation (112 responses) mirrored the first two responses to the previous question about benefits of mediation, although they were not as heavily weighted as they were to Question 7. Respondents indicated that the top two disadvantages of mediation are wasted expense (18 responses, 16.07%) and wasted time (17 responses, 15.18%). The third most frequent

Question 7	
What do you see as the benefits of mediation?	
<u>108%</u>	Efficiency (resource savings)*
<u>21%</u>	Better outcome
<u>16%</u>	Mediator qualities
<u>15%</u>	Procedural aspects
<u>7%</u>	Relationship benefits
<u>1%</u>	No benefit

*Since more than one answer was provided by each respondent, the total percentage can equal more than 100%.

response was the perception that the outcome of mediation would be a compromise (13 responses, 11.61%). Tied for fourth, with 10 responses (8.93%) were need for injunctive relief and the non-binding nature of mediation. Three of the ten who stated the latter made it clear that this related to the voluntary nature of mediation and that it therefore may or may not end in a binding agreement, rather than an erroneous assumption that the outcome of mediation that reaches agreement is not binding. The other seven did not indicate their underlying assumptions.

When the responses are grouped, the largest group of disadvantages (36 responses, 32.14%) related to the outcomes, or potential outcomes, of mediation. They included perceived compromise outcome (13 responses, 11.61%), the lack of injunctive relief (10 responses, 8.93%), the lack of vindication (4 responses, 3.57%), the lack of precedent (4 responses, 3.57%), the lack of adjudication (3 responses, 2.68%), and one each for lack of certain remedies, less favorable to plaintiff and uncertainty of outcome (0.89% each). This is closely followed by the possibility of wasting time and money (which combined equal 31.25% of the respondents).

Question 8	
What do you see as the disadvantages of mediation?	
<u>32%</u>	Outcome of mediation
<u>31%</u>	Waste of resources
<u>21%</u>	Procedural aspects
<u>16%</u>	Legal and strategy issues
<u>13%</u>	Participant issues
<u>12%</u>	Mediator issues
<u>4%</u>	Attorney issues

There were significant concerns about procedural aspects of mediation. This is the case even if the concern about non-binding outcomes is not included. With it, there were a total of 23 respondents (20.54%). The other concerns were that it fell too early in the case (5 responses, 4.46%) and then one person each listed voluntary nature of mediation, that it is not evaluative enough, that it is unlikely to resolve disputes after a preliminary injunction, and another said it cannot work if the defendant evades the process. One person said it was too formal, while another said it was too informal.

Legal and strategy issues were noted by 18 respondents (16.07%). They included the need to reveal information (7 responses, 6.25%), a strong case for one party (5 responses, 4.46%), someone negotiating in bad faith (5 responses, 4.46%), and no effort to settle prior to mediation (1 response, 0.89%).

The remainder of the responses dealt with issues regarding participants in the mediation. Fifteen respondents (13.39%) listed issues: clients who were not willing to settle (7, responses 6.25%), entrenchment of parties (4 responses, 3.57%), unreasonable clients (3 responses, 2.68%), and the possibility of angering clients if mediation does not work (1 response, 0.89%).

Issues involving mediators were listed by thirteen respondents (11.61%). Concerns were: mediation by a poor mediator (9 responses, 8.04%), success of mediation depends on the mediator's personality (3 responses, 2.68%), and a party is unable to present the case fully (1 response, 0.89%). Concerns regarding attorneys were listed by five respondents (4.46%). They included inexperienced counsel (3 responses, 2.68%), attorneys who can impede the process (1 response, 0.89%), and poor understanding by the bar (1 response, 0.89%). Seven respondents (6.25%) said there were no disadvantages to mediation.

Use of the Lanham Act Mediation Program

Question 9 asked respondents if they had used the Lanham Act Mediation Program in the past, would they use it again, and why or why not. Of the 136 who answered this question, 25 (18.38%) said they would use it again, two (1.47%) said they would not use it again, and 109 (80.15%) said they had not used the program.

Question 9

If you have used the Lanham Act Mediation Program, would you use it again?

18% Yes
1% No
80% Haven't used the program

Why or why not?

Seven of the 25 respondents who said they would use the program again had not used it. Four of the seven described settlement conferences, rather than mediations, in their survey responses to questions about mediation. What the other three meant is unclear.

A number of respondents who hadn't used the program answered the second half of the question. The most frequently cited reasons for not having used the program (36 responses) dealt with willingness of parties to participate (12 responses, 33%) and lack of opportunity (12 responses, 33%). Responses regarding willingness to participate included: clients unwilling (6 responses, 16.67%), opponents refused (5 responses, 13.89%) and parties haven't agreed (1 response, 2.78%). Responses regarding opportunity included: no opportunity (5 responses, 13.89%), case settled (4 responses, 11.11%), and cases weren't appropriate for mediation (3 responses, 8.33%).

Lack of knowledge regarding the program (4 responses, 11.11%) and mediation (1 response, 2.78%) accounted for another five responses (13.89%). Five others looked to other venues to settle their cases: three used settlement conference (8.33%), one indicated a preference for magistrates (2.78%), and one went outside of the program (2.78%).

Another five respondents indicated that issues regarding mediation itself had stopped them from using the program. These issues included: concern over experience of the mediator (1 response, 2.78%), the non-binding character of mediation (1 response, 2.78%), the expense involved (1 response, 2.78%), that it fails to account for equities (1 response, 2.78%), and that it's a waste of time (1 response, 2.78%). Two others (5.56%) were looking for other remedies: one wanted the case heard by a judge (2.78%), and one wanted a default judgement (2.78%).

Only six respondents offered reasons for using the program again, but they provided a total of 12 reasons to do so (Table 9-3). Two each (33.33%) gave the following answers: saves time, saves money, great program, good mediators, and moves parties closer to

Why Attorneys Haven't Used Program:

33% Unwilling parties

16% Clients unwilling
14% Opponents refused
3% Parties haven't agreed

33% Lack of opportunity

14% No opportunity
11% Case settled
8% Case not appropriate

14% Lack of knowledge

11% Regarding program
3% Regarding mediation

14% Settled elsewhere

8% Used settlement conference
3% Magistrate judge
3% Went outside of program

14% Issues Regarding Mediation

3% Experience of mediators
3% Non-binding
3% Expense
3% Fails to account for equities
3% Waste of time

6% Wanted other remedies

3% Wanted case heard by judge
3% Wanted default judgement

resolution. One each (16.67%) said they would use the program to show the judge they tried to settle and for the certainty of outcome.

Of the two respondents who said they would not use the program, one stated that it was not worthwhile if the mediator did not express his or her opinion about the case and the other said that lawyers can mediate by themselves without getting the court involved in setting up the mediation.

Compliance with District Court Rules

Question 10 asked the lawyers to suggest ways to increase compliance with District Court requirements that lawyers discuss mediation with their clients and file a joint statement with the District Court regarding their mediation intentions. Ninety respondents answered this question.

The most frequently cited suggestions for increasing program compliance dealt with greater court involvement: 35 respondents (38.89%) indicated that judicial follow-up (9 responses, 10.0%), court enforcement of the rules (8, 8.89%), court encouragement of participation (5 responses, 5.56%), judicial instruction (3 responses, 3.33%), a pre-trial conference at which mediation is discussed (3 responses, 3.33%), judicial participation (2 responses, 2.22%), or clerk’s office “cajolery” (1 response, 1.11%) were ways to increase compliance.

Question 10	
What would increase compliance with court rules requiring lawyers to discuss mediation with their clients and file their joint statement regarding participation?	
39%	Court involvement:
10%	Judicial follow-up
9%	Court enforcement of rules
6%	Court encouragement
3%	Judicial instruction
3%	Discussion at pre-trial conference
2%	Judicial participation
1%	Clerk’s office “cajolery”
36%	Change court rules:
13%	Sanctions
10%	Make mediation mandatory
6%	Clients sign joint statements
2%	Mandatory court appearance
2%	Mediate later in case
1%	Case cannot proceed
1%	Offer reward for using program
14%	Provide more information:
13%	Provide more info on program
1%	Educate judges
6%	Not sure
4%	Nothing

Changing court rules accounted for another large percentage of the responses (32 responses, 35.55%). Twelve respondents suggested sanctions (13.48%); another nine (10.0%) recommended making mediation mandatory. Other measures suggested were: require clients to sign the joint statements (5 responses, 5.56%); require a court appearance by lead counsel and clients (2 responses, 2.22%); make the requirement to mediate later in the life of the case (2 responses, 2.22%); bar the case from proceeding until the joint statement is filed (1 response, 1.11%); and offer rewards for using the program (1 response, 1.11%).

Another thirteen respondents (14.44%) thought that more information should be provided: twelve (13.33%) suggested providing more information about the program and one (1.11%) suggested educating the judges.

The next largest group (5 responses, 5.56%) was of those who were not sure what could be done to increase compliance. Another four respondents (4.44%) stated that no more should be done. One respondent suggested that attorneys should have a positive experience with mediation, while two more suggested items that are already in place: a federal rule and that filing be required.

General Feedback

The final question (#11) asked for general feedback about the program. There were 29 respondents, nine of whom (31.03%) indicated that they thought it was a good program. Three (10.34%) suggested it be promoted more and another three suggested it be made mandatory.

There were 15 other items of feedback, each coming from one respondent (3.45%). Two suggestions were related to timing: don't have the requirement come so early in case and work with attorneys to decide beneficial timing. Several related to the mediators, such as expanding the list of mediators, more preparation by mediators, a feeling among lawyers that mediators are not effective, having mediators be more evaluative, and a need for professional mediators rather than those with subject expertise. Some preferred other settlement options such as direct settlement discussion, which was termed "easier", or settlement conference, which was called "just as effective and less expensive." Others addressed procedural issues, such as more judges insisting on it, the Clerk's office being more pro-active, and discussing mediation at status calls. One suggested making the results binding. Two conflicting general opinions on the program were expressed: one respondent mentioned a positive experience, and one said the program was not useful.

Question 11 Any other ideas or feedback concerning the Lanham Act mediation program?

- 31% Good program
- 10% Promote it more
- 10% Make it mandatory
- 3% Delay requirement
- 3% Work with attorneys to determine best timing
- 3% Expand list of mediators
- 3% Mediators need greater preparation
- 3% Mediators not effective
- 3% Mediators should be more evaluative
- 3% Need professional mediators
- 3% Direct settlement discussions easier
- 3% Settlement conference less expensive
- 3% More judges should insist on it
- 3% Clerk's office should be more proactive
- 3% Discuss mediation at status calls
- 3% Make results binding
- 3% Positive experience
- 3% Program not useful

Case-Specific Questions for Lawyers

The lawyer surveys then asked a series of questions about each specific Lanham Act case in which the lawyer had been involved. The series of questions was repeated for each case.

Cases Mediated

The first question was whether the case was mediated. Their options were "yes", "no", and "did not have significant responsibility for case." Of the 219 cases about which the respondents replied, they reported that 14 (6.39%) were mediated.⁹

Did you mediate this case?

- 14 Yes
- 205 No
- 37 Did not have significant responsibility for case
Name of attorney who had primary responsibility for case: _____

⁹ Nineteen initially were reported by attorneys; however, two that were reported to have been mediated in the 7th Circuit Court of Appeals were later found to have been reported in error. A check of court records by the Court Clerk indicated that one of the cases was never appealed and there was no record in the other case of a referral to mediation. Another three had contradicting information from other attorneys. An examination of court dockets showed no evidence of mediation. These therefore have also been eliminated from the count.

There were 57 respondents who said they did not have significant responsibility for a case. For any case in which the responding lawyer did not have significant responsibility, the lawyer was asked who had primary responsibility for the case.

Reasons Not to Mediate

Those with significant responsibility were instructed to continue through the survey. If they did not mediate the case, they were asked why not, and then asked to skip to the next case. There were 220 responses for 183 cases. The most frequent reason given for not mediating (78 responses, 35.45%) was that the case settled on its own. Another 37 respondents (16.82%) indicated that they utilized a settlement conference. These two answers together accounted for more than half the responses (52.27%). When they are added to the other ways in which cases were closed short of trial – the defendant failed to appear (5 responses, 2.27%), the case was dismissed (4 responses, 1.82%), and a consent judgement was entered (3 responses, 1.36%) – they account for more than 57%.

Two groups of respondents (totaling 16.36%) indicated that someone in the case other than the lawyer answering the survey did not want to mediate. There were 27 respondents (12.27%) who said opposing counsel refused and nine (4.09%) who said their clients were not interested.

One in five respondents indicated they did not mediate the case because of the need for something that they thought they could not obtain through mediation. Fourteen (6.36%) thought the results would be unsatisfactory and ten others (4.55%) thought mediation was not likely to be successful. Two other groups sought something that was not available in mediation: ten sought injunctive relief and another five sought summary judgement. Five others (2.27%) noted specifics of their cases (such as sham litigation (2 responses), strong case (1 response) or a need for public exposure (1 response) that led them to avoid mediation.

If you did not mediate this case, why not?	
<u>35%</u>	Case settled on own
<u>17%</u>	Settlement conference instead
<u>12%</u>	Opposing counsel refused
<u>6%</u>	Results would be unsatisfactory
<u>5%</u>	Mediation wouldn't be successful
<u>4%</u>	Client not interested
<u>3%</u>	Too soon/still pending
<u>2%</u>	Defendant failed to appear
<u>2%</u>	Case dismissed
<u>2%</u>	Case specifics
<u>2%</u>	Not aware of program
<u>1%</u>	Tried settling on own
<u>1%</u>	Expense
<u>1%</u>	Consent judgement
<u>1%</u>	Never came up
<u>1%</u>	No opportunity
<u>1%</u>	No push from judge
<u>1%</u>	Not necessary

There were ten responses that related to the lawyer's lack of knowledge about the program or initiative. They included: not aware of program (5 responses, 2.27%), no opportunity (2 responses, 0.91%), never came up (2 responses, 0.91%), and no push from magistrate (1 response, 0.45%). They total 4.54%.

If you did mediate this case...	
▶ who was the mediator?	
<u>6</u>	From panel
<u>1</u>	Outside program
<u>2</u>	From 7 th Circuit

Another 13 responses that are not easily grouped, but that total nearly 6% of the responses, include: too soon/still pending (7 responses, 3.18%), tried settling on their own (3 responses, 1.36%), expense (2 responses, 0.91%), and not necessary (1 response, 0.45%).

Who Is Mediating

If the respondent did mediate the case, he or she answered another series of questions. The first was the name of the mediator. Six individuals from the panel were named, as well as one person who is not on the panel, an unnamed “person outside the program” and two people from the 7th Circuit Appellate mediation program, one named and one listed by affiliation only. The six mediators from the roster conducted nine mediations. As mentioned above, there were also 10 sitting judges listed. They have not been included for purposes of this study.¹⁰

Reasons to Mediate

There were 19 respondents to the question about what prompted the mediation. The most frequent response (7 respondents, 36.84%) was a desire to settle. Five respondents (26.32%) indicated they thought it was required by rule and three each (15.79%) reported a desire to cut costs or the unreasonable position of the other party. Two (10.53%) cited aspects of the case (i.e., the nature of the case or that neither had a strong case) in their decision to mediate. Two others (10.53%) said the case was on appeal, which is not the level at which the Lanham Act Mediation Program functions. One each (5.26%) indicated a need to demonstrate a good faith effort to settle, or that they simply always consider mediation.

What prompted you to mediate?

<u>37%</u>	Desire to settle
<u>26%</u>	Required by rule
<u>16%</u>	Cut costs
<u>16%</u>	Unreasonable position of other party
<u>11%</u>	Aspects of case
<u>11%</u>	On appeal
<u>5%</u>	Demonstrate good faith effort to settle
<u>5%</u>	Always consider mediation

What was the outcome of mediation?

<u>8</u>	Agreement
<u>5</u>	No Agreement
<u>0</u>	Partial Agreement
<u>1</u>	Mediation Pending
<u>2</u>	Undetermined

They were also asked about the outcome of mediation. Eight of the mediated cases reached agreement (53.33%). Five did not reach agreement, mediation was pending in one, and two were undetermined

because conflicting responses were given. If the three that were pending or undetermined are removed from the calculation, the resolution rate is 61.5%.

Ten respondents suggested six factors that led to agreement. Several respondents suggested multiple factors. Half the respondents (5) said hard work was a factor. Four out of ten credited an effective mediator,

What factors led to this outcome?

Agreement:

<u>50%</u>	Hard work
<u>40%</u>	Effective mediator
<u>30%</u>	Desire to settle
<u>30%</u>	Specific factors in mediation

No Agreement:

<u>66%</u>	Participant issues
<u>17%</u>	Poor mediator
<u>17%</u>	Disagreement over tangential issue

¹⁰ Nineteen lawyers gave information about nineteen judicial settlement conferences in the surveys. Overall, the outcome of these conferences was positive: twelve (63.16%) ended in agreement, 1 (5.26%) in partial agreement, and 5 (26.32%) without agreement. Nineteen responses were given about the attorneys’ opinions about the settlement conferences (on a scale of 1 to 5, with five being most favorable – see “Opinions on Mediation”). Most attorneys (16, 84.21%) had a favorable opinion of the judicial settlement conference (giving it a 4 or 5 rating), while only two (10.53%) thought it was a waste of time (1 or 2). The attorneys also believed that their clients looked favorably on the settlement conference; fifteen (78.95%) thought their clients would give a 4 or 5 rating, while only two (10.53%) thought his/her client would rate the settlement conference as a 1 or 2.

while three mentioned the desire to settle. Three others mentioned specific factors in the mediation: business pressures, discussion of merits, and identifying bases for settlement.

Five other respondents listed six factors that led to no agreement. Five out of six factors were problems with someone else at the mediation table. They included: other side unreasonable (2 responses), other side not interested (1 response), client not ready (1 response), and poor mediator (1 response). One lawyer also indicated that a disagreement over a tangential issue stopped the case from settling.

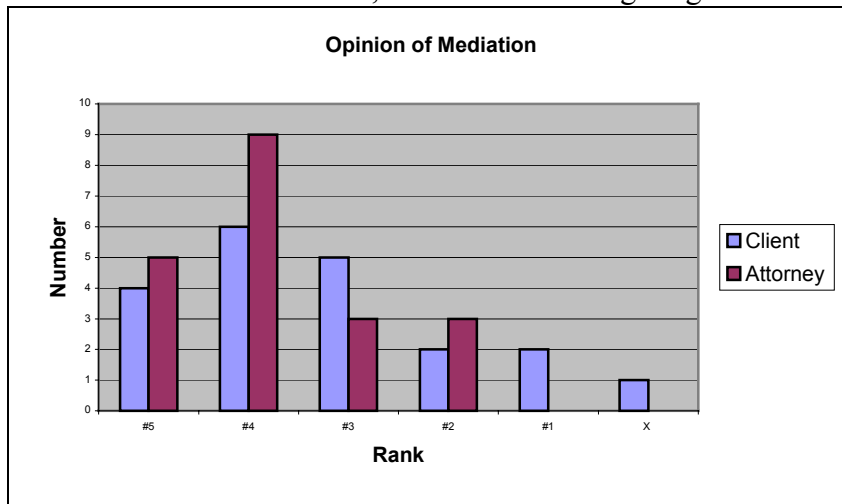
Opinions on Mediation

The lawyers were then asked about their opinion of mediation and what they thought their client’s opinion was. The options ranged from 1 through 5, with 1 defined as “a waste of time” and 5 defined as “very valuable.” For the client question, respondents could indicate that the client did not participate.

- What did you think of the mediation?
- What do you think your client thought of the mediation?

The 20 lawyers who responded were overwhelmingly positive about the mediation experience, with 70% giving it a “4” or a “5” rating. Three each (15% each) rated it as a “3” or a “2.” No lawyer rated his/her experience as a waste of time (a “1” rating).

The lawyers indicated that they thought their clients liked the mediation, but not quite as much, with half of the 20 respondents rating the mediation as a “4” or a “5.” Five respondents rated it as a “3” and one said the client did not participate. There were also two each who ranked it as a “1” or a “2”, for a total of 20% giving it this low rating.



SURVEY DATA – MEDIATOR SURVEYS

There were 32 responses to the 56 mediator surveys, a 57% response rate (see Appendix D). As in the lawyer survey, the mediator survey started by asking general questions of all the mediators. If the respondent had mediated any Lanham Act cases, a series of questions

Question 1:
Have you acted as mediator for any Lanham Act cases in the U.S. District Court for the Northern District of Illinois since January 1997?
 28% Yes
 72% No

was posed specific to those mediations. If the respondent had not mediated any Lanham Act cases, he or she was asked to respond only to a series of general questions regarding the mediation of Lanham Act cases and the mediation program.

Mediation Practice

Nine of the 32 respondents (28.13%) had mediated cases within the Lanham Act mediation program. Over all, the 32 respondents reported they had mediated 271 cases, including those outside the program, in the past year. This number is skewed however, as one respondent had mediated 200 cases.

Question 2:
In how many cases other than Lanham Act cases have you acted as mediator in the past year?

Question 3:
What is your profession?
22 Intellectual property lawyer
 Trademark lawyer
 Copyright lawyer
 Patent lawyer
2 General litigation lawyer
1 Corporate litigation lawyer
6 Other _____

More than two-thirds of the 32 respondents said they were intellectual property lawyers (22, 68.75%), and all but one of these 22 said they were trademark lawyers. Four of the other ten checked off general or corporate litigation (2 and 1 respectively, 6.25% and 3.13%) or both (1, 3.13%). Two wrote in “ADR professional” (6.25%) and one wrote in “ADR professional/attorney”

(6.25%) and one wrote in “ADR professional/attorney” (3.13%). Three others (9.38%) checked “other” but did not indicate a profession.

Lanham Act Mediations Conducted

The survey then turned to questions for those mediators who had mediated Lanham Act cases since the program began. It is important to note that because there were only nine individuals who reported they had mediated cases in the program, statistically significant conclusions cannot be drawn about the data they provided. It is presented here because it is interesting and to give some idea of what else might be investigated in future studies.

Question 4:
Since January 1, 1997, in how many Lanham Act cases in the U.S. District Court for the Northern District of Illinois have you acted as mediator?

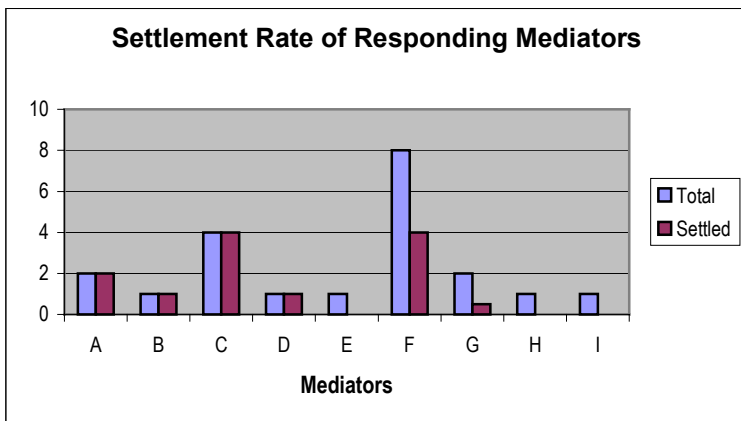
- Have you filed a report with the Court concerning the case(s)?

Case Specifics

The nine mediators who said they had mediated cases within the study timeframe reported they had mediated a total of 22 cases. While they averaged 2.44 cases per mediator, two of the mediators

What were the outcomes of the mediations?

13 Agreement
2 Partial Agreement
7 No Agreement



mediated more than half the cases, with one mediating eight (38.10%) and another mediating four (19.05%). Six of the mediators reported they had filed reports with the District Court on 18 of their cases.

Overall, the mediators reported an almost two-out-of-three agreement rate (13

out of 22 cases), with an additional two cases reaching partial agreement. This leaves a 31.82% no agreement rate.

The mediators were asked to provide some basic information on cases so that their responses could be coordinated with the lawyer responses and court records. Four of the mediators responded with information on nine cases.

Please provide basic information about the case(s).

Mediators were then asked in how many of the cases they mediated they thought that the Lanham Act Mediation Program was the reason mediation was selected. They indicated that they thought the program was the reason in more than four out of five cases (17 of 21, or 80.95%).

In how many of the cases do you believe the existence of the Lanham Act Mediation Program was the reason for selecting mediation?

Factors Leading to Agreement

The survey then moved back to asking all mediators, not just those who had mediated Lanham Act cases, what they saw as common factors that lead to agreements in these cases. There were 25 responses to this open-ended question. By far the most frequently named answer was the cost of litigation. This answer was provided by 11 respondents (44%). When combined with the three mediators who mentioned speed of resolution, more than half (56%) of the responding mediators mentioned cost and time.

Almost all of the other 19 responses (some mediators gave more than one factor) could be grouped as party-related issues. Six cited a desire to settle (24%), three said realistic parties/attorneys (12%), two said understanding weakness of the case (8%), two said belief in strength of position (8%), two said real decision-makers being present (8%), and one each (4%) cited understanding of the law, lack of acrimony between the opposing parties and/or their counsel, perseverance, and intersection of interests. Taken together, these two groups of responses would seem to indicate that the recipe for settlement is when people decide that their time and money are worth spending on mediation, and then have a mindset for resolution.

Question 5:
In your experience, what are some common factors that lead to agreements in Lanham Act mediation?

- 44% Cost of litigation
- 24% Desire to settle
- 12% Speed of resolution
- 12% Realistic parties/attorneys
- 8% Understanding weaknesses of case
- 8% Belief in strength of case
- 8% Real decision makers present
- 4% Understanding the law
- 4% Lack of acrimony
- 4% Perseverance
- 4% Intersection of interests

Factors that are More or Less Favorable to Mediation

The mediators were then asked the same two questions that the lawyers were asked about what characteristics make some Lanham Act cases particularly amenable or particularly unsuitable to mediation. They also were provided with the same list of options, and asked to select three factors and circle the factor that they thought was the strongest indicator.

Factors that are Favorable to Mediation

Question 6, about the factors that make cases amenable to mediation, was responded to by 28 mediators. The vast majority of them (26, 92.86%) selected expense of litigation. More than three-quarters of the respondents who indicated a top preference (16 of 21, 76.19%) selected it as the strongest predictor. Half the respondents (14 of 28, 50%) picked quick resolution as a top indicator, while 13 (46.43%) chose the importance of an ongoing business relationship between the parties.

Question 6:
Based on your experience, what characteristics make some Lanham Act cases more **amenable** than other Lanham Act cases to mediation?

- 93% expense of litigation
- 50% interested in quick resolution
- 46% ongoing business relationship between parties
- 25% early in the case, e.g. some discovery, but not completed
- 25% desire for informal proceeding
- 21% expertise of mediator
- 18% case likely to settle short of trial
- 11% late in the case, e.g. discovery completed, ready for trial
- 4% inexperienced counsel on other side
- 4% client interested in confidential proceeding
- 11% other

The other seven factors were selected a total of 30 times. They were informal proceeding (7, 25%); early in case (7, 25%); expertise of mediator (6, 21.43%), which one person selected as the strongest factor; likely to settle short of trial (5, 17.86%); late in case (3, 10.71%); inexperienced attorney (1, 3.57%); and confidential proceeding (1, 3.57%).

Three items were written in under “other”: desire for parties to reach resolution, more control of outcome than court, and ability to shape solution. Those who wrote them selected the first two as the most important factors.

Factors that are Unfavorable to Mediation

Twenty-eight mediators responded to Question 7, about factors that make a Lanham Act case unsuitable for mediation.

These 28 made 72 selections. The top factor cited as making a case unsuitable (18, 64.29%) was when injunctive relief was important. Four respondents cited it as the least suitable characteristic, tying it with “establishment of legal precedent important”. Legal precedent, however, was chosen as a factor by fewer respondents over all (12, 42.86%). The remainder of

Question 7:
What characteristics make some Lanham Act cases **unsuitable** for mediation?

- 64% injunctive relief important
- 43% establishment of legal precedent important
- 36% inexperienced counsel on other side
- 32% desire for formal proceeding governed by federal rules
- 32% early in the case, e.g. some discovery, but not completed
- 11% case likely to settle short of trial
- 8% late in the case, e.g. discovery completed, ready for trial
- 4% expertise of judge
- 4% ongoing business relationship between parties
- 0% interested in quick resolution
- 0% expense of mediation
- 25% other

the factors were chosen as follows: inexperienced counsel on other side (10, 35.71%); early in the case (9, 32.14%); desire for formal proceeding governed by federal rules (9, 32.14%); case likely to settle short of trial (3, 10.71%); late in the case (9, 7.89%); and one each (3.57%) for ongoing business relationship between parties and expertise of judge. No one selected expense of mediation or interested in quick resolution.

Nine mediators provided seven additional responses under “other.” Three of them mentioned lawyers who were interested in their fees as unsuitability factors. One mentioned an unwillingness to compromise as a factor, and selected it as the most important factor. The five other factors that were each written in once were: unfamiliarity with mediation, ego – desire to win more than fair outcome, defendant has insurance coverage, emotional investment by party, and defendant’s conduct is outrageous.

Recommendations

The next open-ended question was “What recommendations do you have to improve the program?” Of the 24 comments offered by 19 respondents, more than two-thirds (17, 70.83%) were directly related to actions by the court. They included encouragement by the court (4 responses, 21.05%); make mediation mandatory (4 responses, 21.05%); enforce local rule (3 responses, 15.79%); make mediation later (2 responses, 10.53%); and one each (5.26%) to expand the program, base the timing of mediation on the case, monitor the effectiveness of mediators, and give statistical feedback. Two suggested participant improvements (10.53%), with one mentioning mediator training and the other suggesting qualified attorneys as trial lawyers. Two (10.53%) also suggested outreach efforts, including publicizing the program and educating the bar. One stated that the program works well.

Question 8:	
What recommendations do you have to improve the program (e.g. by the Court, bar, etc.)?	
<u>21%</u>	Encouragement by Court
<u>21%</u>	Make mediation mandatory
<u>16%</u>	Enforce local rule
<u>11%</u>	Make mediation later
<u>5%</u>	Expand program
<u>5%</u>	Base timing on case
<u>5%</u>	Monitor effectiveness of mediators
<u>5%</u>	Give statistical feedback
<u>5%</u>	Provide mediator training
<u>5%</u>	Qualified attorneys as trial lawyers
<u>5%</u>	Publicize program
<u>5%</u>	Educate bar
<u>5%</u>	Program works well

Feedback

The final mediator question was a request for any other ideas or feedback about the program. There were seven responses. Two said the program will become more accepted.

Question 9: Any other ideas or feedback concerning the Lanham Act mediation program?
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One each said: it was a good and effective program, the program is too narrow, publicize successful mediations, let mediators know what's going on in the program, and some on roster don't have trademark expertise.

ANECDOTAL DATA

During the course of this study, additional data was encountered. Although court and survey data remains the core of this study, this additional data puts the survey results in a broader context and is worth noting here. See Appendix G as well for anecdotal information from one lawyer who did not answer the survey.

Unanticipated Input

One of the most intriguing findings of the study came because of an internal processing error. A draft survey was mistakenly distributed to a subset of the lawyers.¹¹ That version was initially responded to by 54 lawyers. Almost three-quarters of those who responded indicated that cases in which one or more parties have a significant emotional investment are unsuitable for mediation. Seventeen of them selected it as the strongest determinant of unsuitability, more than all the other choices combined.

This is an interesting finding in light of the oft-touted usefulness of mediation for high-emotion disputes. It is unknown whether this indicates a need for additional education of the legal community about the uses of mediation, a special insight into Lanham Act cases, or some other finding.

The Bar's Perspective

Input from members of the Chicago Bar Association Patent, Trademark and Copyright Committee was collected at their meetings and conveyed to the Working Group.

Suggestions included:

- Have judges send a strong signal that they support mediation. Specifically, it was suggested that judges ask the lawyers about their joint statements at the first status call.
- Keep information on the program on the Northern District web site up to date. Specifically, they suggested the Court annually send letters to all neutrals requesting updated information if they want to stay on the Court's roster, and reminding them of their duty to report mediation outcomes to the Court.
- Have more information about the mediators on the web site. Specifically, they want biographical information and a list of mediation fees. They suggested a standard form be created that all neutrals could provide electronically. They indicated this additional

¹¹ The draft version went to the 270 lawyers with more than one Lanham Act case. The only difference between that version and the final version was some changes in the check-off lists under Questions 5 and 6 regarding characteristics of cases that were amenable and unsuitable for mediation. A total of 54 lawyers responded to that version. Each was then faxed a letter explaining the error (Appendix F) with a request that they fill out the correct version and return it. A total of 32 lawyers returned a corrected survey.

The lists differed in several respects. For the "amenable" question, the draft version of the survey listed four items that did not appear on the final version: significant emotional investment in the case by one or more parties, motion for preliminary injunction pending, counterfeit case, and potential case of first impression. Instead, the final version listed: interested in quick resolution, expense of litigation, desire for informal proceeding, and expertise of mediator.

Changes from the draft to the final version of the survey list for the "unsuitable" question were a bit more varied. Where the draft listed "motion for preliminary injunction pending" and "counterfeit case," the final version simply listed "injunctive relief important." The draft language "potential case of first impression" was changed to "establishment of legal precedent important." Four other items were added: "interest in quick resolution," "expense of mediation," "desire for formal proceeding governed by federal rules," and "expertise of judge." "Significant emotional investment in the case by one or more parties" was deleted from the final version.

information would assist in selecting mediators because the requirements to be on the roster are not especially demanding.

- Make information regarding the program on the Northern District's web site more consistent and accessible. Information regarding the program and its related rule and procedures is difficult to find on the site. Only through persistent searching and knowledge of the local rules will a browser find the information for which he or she is looking.

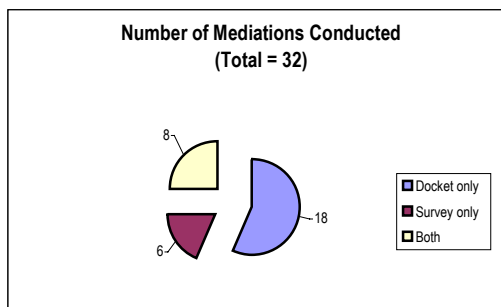
ANALYSIS

The results from the examination of court records and the responses to the surveys, combined with other input during the study, have provided insight into the Lanham Act Mediation Program. A clearer picture is emerging of what activity is taking place, the compliance issues that are involved, and the attitudes of attorneys and neutrals toward the program and mediation as a whole.

Study Question One

The first study question was “How many cases were mediated?” An examination of the data from lawyers, mediators and court records conservatively verifies that at least 26 of the Lanham Act cases filed during the study period were mediated, with the likelihood of six more cases having gone through the process.

According to court records, mediation occurred in 26 cases. Attorneys who responded to the survey indicated they participated in 19 mediations, 14 of which were not contradicted by other evidence¹². Of those 14, eight were among those for which participation in mediation was mentioned in the court dockets. The dockets for the other six cases made no clear mention of mediation; however, this does not negate the possibility that mediation was conducted in those cases (attorney responses included the names of the mediators and outcomes of the mediations, and court dockets are not often clear about whether mediation took place). This brings the total number of mediations to 32.



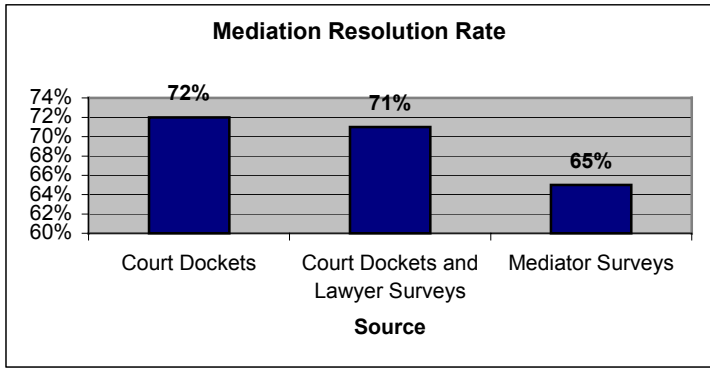
Of the 32 mediations, 16 were mediated by individuals on the District Court roster, three were conducted by private mediators who were not on the roster, three were referred to the bankruptcy mediation task force, and two were conducted in the 7th Circuit Court of Appeals. It was not clear from the dockets or attorney surveys who mediated the other eight.

Mediators who responded to the survey stated they had mediated 22 cases. This is fewer than the number derived from a combination of court records and attorney surveys. However, two of the mediations in the court records were not among those enumerated by the mediators. That, along with the eight that were done by mediators outside of the District Court program, would bring the total number of mediations to 32. It can therefore be stated with certainty that at least 32 mediations have been conducted since

¹² See footnote #6, above.

the inception of the Lanham Act Mediation Program, with 27 of them occurring within the program itself.¹³

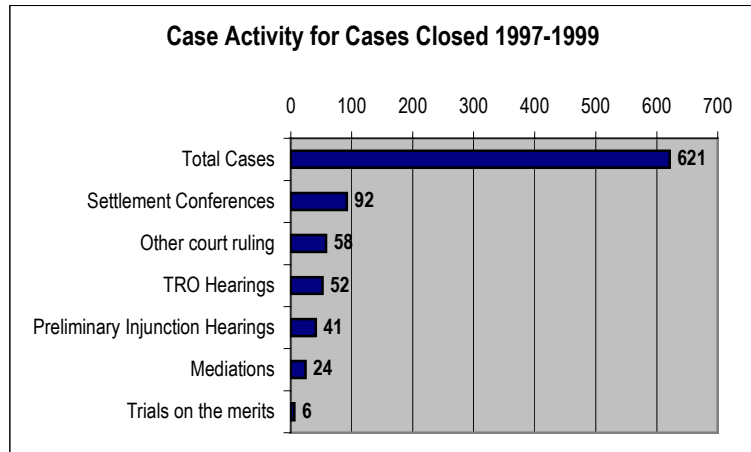
Once the number of cases mediated has been determined, the next logical question is how many mediations ended in agreement. This is a little more difficult to determine. Looking solely at data from court records, 13 of the 21 in-program mediations led to



agreement or partial agreement, five definitely did not, and the dockets for the other three cases were unclear as to how settlement was reached. If only those mediations are included for which the outcome is known, the resolution rate is 72.22%. Lawyer surveys indicate eight cases settled in mediation, two did not, one

was pending, and three had contradictory answers. If the cases from the dockets are combined with the six cases the attorneys marked as mediated that were not on the dockets, there are seventeen agreements, seven no agreements, and three for which the outcome is unknown, giving a resolution rate of 70.83%. The mediators reported that 13 settled, two partially settled, and seven did not settle. This would be a 65.00% resolution rate if the partial settlements are not included in the calculation. Taking all this data together, the resolution rate in the program appears to be between 65% and 72%.

While 32 mediations may appear to be a small number, the percentage of cases in which mediations were conducted should be viewed relative to other court actions. Of the 621 cases that were closed between 1997 and 1999, there were 24 mediations (3.86% of cases)¹⁴, which is much higher than the number that went to trial (6), and somewhat lower than the number for which default judgements, summary



¹³ The figure given is likely to be the smallest number of mediations that occurred. The incomplete response to the survey and the often-ambiguous entries on the dockets mean that it is likely that even more mediations were conducted.

¹⁴ In order to accurately reflect case activity, cases *closed* between 1997 and 1999 have been used for comparison. This deflates the number of mediations to 24, however, since these closed cases include cases filed before the start of the Lanham Act Mediation Program. The number of mediations, therefore, may be lower in comparison to the other activities than will be seen in cases filed after the program started.

judgements, or dismissals were entered (a total of 58 or 9.34% of cases). Preliminary injunction (41 or 6.60%) and temporary restraining order hearings (52 or 8.37%) were somewhat less rare, but not at all numerous. Only settlement conferences appear to be much more widespread, with 92 (14.81% of cases) being conducted.

Study Question Two

The second question, “What do lawyers and neutrals think about the efficacy of mediation in Lanham Act cases?” yielded a few surprises.

Questions 5-8 pertain to perceptions of mediation, with questions 5-6 being specific to Lanham Act cases. The list of characteristics in Questions 5 and 6 of the survey (characteristics that make a case amenable to or unsuitable for mediation) can be divided into three categories: case requisites, logistical issues, and expertise of those involved.

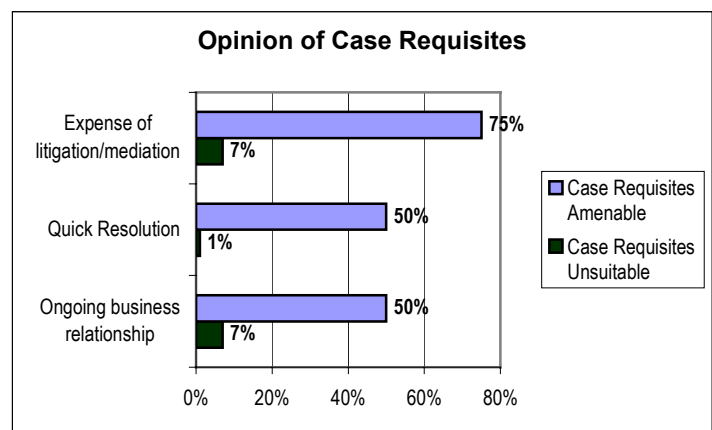
Case Requisites

This term applies to attorney assessment of case needs and client interests for each individual case.

Case requisites included in these questions are:

- Ongoing business relationship
- Quick resolution
- Expense of litigation/mediation
- Need for injunctive relief
- Establishment of legal precedent
- Desire for informal/formal proceeding
- Interest in confidential proceeding

Attorney responses indicate that their decision about whether to mediate is based primarily upon their assessment of case needs and client interests for each case. The three most frequent responses for both questions reflected this viewpoint. The most frequently cited amenable characteristics for mediation (Question 5) were, in order: the expense of litigation (74.78%), a quick resolution (50.34%), and an ongoing business relationship (49.57%). These three were also the most often chosen as *the* most important factors that make a case amenable to mediation.



Expense of litigation was selected most often as the most important factor (24.35% of responses). This was followed by ongoing business relationship and quick resolution (18.26% and 8.70% respectively). The perception of the respondents was that when these were their clients’ interests, mediation would address them.

This viewpoint is further seen in their contrasting responses to Question 6 regarding unsuitability, in which only 7.21% of respondents cited expense as a reason not to mediate, 0.90% believed mediation was not the way to go if a quick resolution was necessary, and 7.21% thought that an ongoing business relationship would make a case unsuitable for mediation.

On the other hand, if attorneys believed court intervention to be necessary for an individual case, mediation was not considered to be suitable. Attorneys most frequently (63.96%) cited a need for injunctive relief as a reason not to mediate. Another 46.85% concluded that the need to establish legal precedent made mediation unsuitable, while 38.74% cited the desire for a formal proceeding governed by federal rules as a reason not to mediate. These were also selected as the most important factors that make a case unsuitable for mediation. Injunctive relief was selected most often as the most important factor (21.62% of cases), followed by need for legal precedent and a desire for formal proceeding (9.01% and 8.11%, respectively).

Interestingly, a client's interest in confidentiality, often touted as one of the great assets of mediation, was not deemed to be so by most attorneys responding to this survey. It ranked eighth in order of frequency of response, with only 13.04% of the respondents citing this as a characteristic that makes a case more amenable to mediation. This ranks it behind all choices except "inexperienced attorney" and "late in case."

It is interesting to conjecture as to why this lack of value is placed on confidentiality. One possibility is that because these cases are already in the public domain by their very nature as lawsuits, they are not seen as confidential. On the other hand, it could be that lawyers see these mediations as akin to settlement conferences where offers of settlement are considered inadmissible and where the lawyers do not show their hands any more than they would with a judge. There may be other explanations as well. It is also important to look at how the question was phrased. It asked what characteristics make a case amenable for mediation, not what is important about mediation. It may be that clients are not looking to mediation specifically because they want a confidential process, but that confidentiality is a significant aspect once they opt for mediation.

Logistical Issues

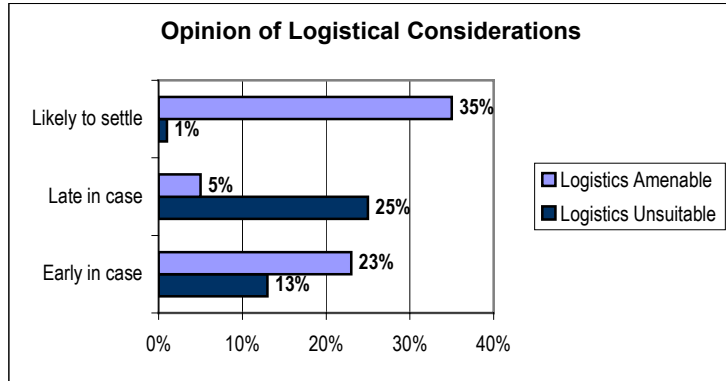
The next most important group of characteristics is logistical. Logistical considerations include:

- Early in case
- Late in case
- Likely to settle short of trial

When attorneys cited these characteristics, they were most likely to see mediation as a means to settle a case early on. If they viewed a case as likely to settle before trial, 34.78% of them saw that as a characteristic that made that case amenable to mediation, while only 0.90% considered it to be an unsuitable characteristic. Mediation early in the case was also viewed more favorably than mediation late in the case: 23.48%

said that a young case was amenable to mediation, versus 13.51% who said that it was unsuitable.

Conversely, only 5.22% of attorneys said that an old case was amenable to mediation, while 25.44% thought that it was unsuitable.



Expertise

The expertise of those involved in the case is also of some importance to those who responded. These include:

- Inexperienced attorney on other side
- Expertise of mediator
- Expertise of judge

Of those who thought the inexperience of the opposing attorney was an important characteristic, the vast majority believed that it was a detriment when it came to mediation: 31.53% considered to be a characteristic that made a case unsuitable for mediation, while only 6.96% saw it as one that made it amenable to mediation. The respondents were split nearly evenly when it came to the expertise of the third party: 13.91% cited expertise of the mediator as a factor for mediation, while 16.22% cited expertise of the judge as a reason not to mediate.

Open-Ended Questions

The responses to Questions 5 and 6 demonstrate that one of the main concerns of attorney respondents is to conserve time and money. This is strengthened by their responses to Questions 7 and 8, which provided an open-ended opportunity for them to list the advantages and disadvantages of mediation. By far, the majority of the answers to both questions dealt with time and expense in one way or another. However, the responses to Question 8 were more generally dispersed than those to Question 7, which means that a smaller percentage over all listed time and cost issues as a disadvantage of mediation than listed them as a benefit. There were also many more individual responses to Question 8, making it more difficult to see trends in those responses.

Saves Time, Saves Money

When asked to list the advantages of mediation (Question 7), 58.20% of respondents noted cost savings, while 48.36% listed time savings. However, mediation was not universally considered to save cost and time. The largest percentage of responses to Question 8 (regarding disadvantages of mediation) cited wasted resources: 15.18% of respondents answered that a disadvantage to mediation was wasted expense, while 16.07% listed wasted time as a disadvantage. Another 8.93% cited mediation’s non-binding character as a disadvantage, possibly alluding to the fact that resources would be wasted if there were no settlement.

The possibility of not obtaining an agreement in mediation prompted many attorneys' concern about wasting time and money. When asked what the disadvantages were of mediation, the concern about wasting resources was often paired with one of two variables – the entrenchment of the parties and the inability of a mediator to push for settlement (31.43% of responses regarding wasting time and money). Both these variables are seen as obstacles to obtaining an agreement, which would make mediation a drain on resources rather than a tool for achieving settlement.

This concern the uncertainty of reaching agreement through mediation was the largest area of disadvantage cited, with 40.36% of all respondents noting this in some way. Responses raising this concern included that mediation was non-binding, parties not having a real interest in settling, the mediator not being able to force a settlement, and issues about resources expended if mediation does not work.

Need for Court Ruling

The discussion of other disadvantages, however, did not show the same similarities between Question 6 and Question 8 as was seen in the responses regarding time and cost. As stated above, when asked what made a case particularly unsuitable for mediation, the majority of respondents chose “the need for injunctive relief.” In Question 8, only ten, or 8.93%, cited this need, ranking it fourth in frequency of responses. Other procedural issues were even less evident in the responses to Question 8. The establishment of legal precedent, which was the second greatest factor in determining whether a case was unsuitable for mediation, was cited as a disadvantage of mediation by only four respondents (3.57%), with thirteen other responses being more frequent.

Responses to Question 8 were more likely to discuss issues with the outcome of mediation than problems with its procedural aspects. Thus, the third most frequent disadvantage (after the potential for wasting time and money) mentioned by the attorneys is the perception that the result would be a compromise (13 responses, 11.61%). The idea of “splitting the baby” was mentioned by many of these attorneys, who noted that attorneys in these cases often do not want to meet in the middle.

This contrasts with the responses of eight other attorneys, for whom a compromise outcome was desirable. These lawyers spoke of a “balanced resolution”, “finding some middle ground”, or a “resolution that satisfies the interests of the parties versus ‘winner takes all’.”

Mediator Responses

Mediator responses differed little from those of attorneys. They, too, focused on the interests of lower cost, quicker settlement, and continued business relationship. However, mediators were much more likely than attorneys to select expense of litigation as a characteristic that makes a case amenable to mediation, with 92.86% of mediators choosing this characteristic. Selection rates for quick resolution and ongoing business relationship were similar to those of the lawyers, at 50% and 46.43% respectively.

Mediators also agreed with attorneys when responding to the question of what makes a case unsuitable for mediation. A majority (64.29%) of them selected the need for injunctive relief, while 42.86% cited the need for a legal precedent and 32.15% selected the desire for a formal proceeding.

Looking at Subgroupings of Attorneys

Although, there was a marked continuity in thinking among the lawyers that responded to the survey, there were some striking divergences, particularly between those attorneys who had filed one Lanham Act case and those who had filed two or more. The most interesting difference was in the percentage of respondents who selected “quick resolution” and “expense of litigation” as characteristics that make a case amenable to mediation. Those who had filed only one Lanham Act case during the survey period were significantly more likely to choose those two characteristics than those who had filed two or more (with 64.29% and 37.29% choosing “quick resolution” respectively, and 85.71% and 64.41% choosing “expense of litigation” respectively). In contrast, those who had filed more than one Lanham Act case are more likely to have selected “ongoing business relationship” as a reason to mediate than those who had filed only one (61.02% as compared to 37.50%).

There were also differences between the responses of those who had participated in one or fewer mediations and those who had participated in two or more. The latter were more likely to think expense of litigation, likelihood of settlement before trial, and the desire to have an informal procedures were characteristics of a case that made them amenable to mediation (85.71%, 46.94%, and 30.61%, respectively, in comparison to 66.67%, 25.76%, and 9.09%).

Limitations of Study

There are two limitations to this study: the response rate and the small sample of mediated cases.

Response Rate

While only 18.33% of the survey recipients responded, those that did respond covered more than half (61.0%) of the cases involved in the study period. Although a higher response rate would have given more weight to the findings, there are a number of factors that influenced that return rate, and a number of factors that compensate to some degree for it.

Court rules require each individual lawyer who appears in case to file with the court. It therefore is very common for a number of attorneys to file appearances on behalf of a single party. Because court records do not distinguish levels of involvement among the lawyers who are listed for each case, it was necessary to send surveys to all lawyers who had filed appearances with the court and ask them if they had significant responsibility for a Lanham Act case during the study period. The vast majority of respondents did have responsibility for at least one case. Of the 250 cases that were addressed in the returned surveys, 219 (87.60%) were from lawyers who had significant responsibility for them. In addition, while the vast majority of lawyers to whom the survey was sent had filed an

appearance in only one Lanham Act case, they made up only a minority of respondents. Over 55% of respondents that had two or more cases in the study period responded, as compared to 45% of those with only one case. Taken together, this would indicate that the lawyers with the greatest depth of knowledge were most likely to participate in the study.

Another measure of the credibility of the results is that there is no significant difference between the ratio of surveys sent to attorneys who represented plaintiffs, those who represented defendants, and those who represented both, and the ratio of those that were returned. Attorneys representing plaintiffs returned 52% of the surveys received; those representing defendants returned 39%, and those representing a mix of the two returned 9%. This compares to 45%, 47% and 6% respectively for the surveys that were mailed out (with 1% being unknown).¹⁵

One factor that reduced the overall participation in the study was that one high-volume client did not authorize at least one of their law firms to participate in the study. This client and firm accounted for 25 cases and 14 lawyers included in the survey mailing.

Small Sample Size

The number of mediations is less than what is statistically desirable. Any statistical inferences made regarding these cases in comparison to the larger set of cases would be of questionable value because statistical tests require a sample size of at least 36 in order for them to be reliable.

¹⁵ In statistical analysis, the smaller the group, the greater the difference between two variables needs to be in order for it to be significant. Chi square analysis showed no statistical difference between these two variables.

FINDINGS AND RECOMMENDATIONS

This study set out to answer two questions: (1) How many mediations of Lanham Act cases were being conducted in the Northern District of Illinois? and (2) What did the lawyers and neutrals think about the program? Now that the data has been gathered and analyzed, the question is: What does it mean for conducting and utilizing an effective mediation program?

In forming recommendations, the data was viewed through the lens of what is known more generally about what works in mediation. Because mediation practice is not yet well established in northern Illinois, not all lawyer and mediator opinions expressed in the surveys are based on extensive experience. The recommendations, therefore, reflect an integration of court data, survey data and informed analysis.

Finding # 1: Number of Lanham Act Mediations

It is clear that much more mediation took place than was thought. While it is impossible to know exactly how many mediations were conducted – court records have not been a reliable gauge of the program and they do not agree with lawyer and mediator reports – at least 32 mediations were conducted, with 27 of those conducted by private mediators under the Lanham Act Mediation Program. This is nearly half again as many as were reported by the mediators. It is quite possible that even more mediations were conducted. This is 4.57% of the 679 cases filed during that time; 6.13% of the 506 cases that closed after 60 days; or 7.51% of the 413 cases that were closed after 90 days.

The rate of cases going to mediation falls in the middle ground of a continuum of activities in a case, roughly on par with court rulings other than trial, and much higher than the rate that actually go to trial on the merits.

Recommendations:

1. The key recommendation to the judiciary is to insist on compliance with the rule and to voice support of the mediation program throughout the life of a Lanham Act case. This includes:
 - a. insisting on compliance of the rule and its filing requirements, beginning with the first appearance of the parties before the Court and following up until the filing requirements have been met,
 - b. suggesting that the parties consider utilizing the program at the first appearance,
 - c. identifying cases that are likely to last longer than four months and encouraging mediation.
2. The key recommendation to the lawyers is to discuss the advantages and disadvantages of mediation with their clients and to fully comply with court filing requirements.

3. The key recommendation to the mediators is to comply fully with court filing requirements.
4. The key recommendation to the Court Clerk is to amend its record-keeping system to enable it to produce reliable reports on numbers of mediations and to track resolution rates by mediator, referring judge and age of case.

Finding # 2: Resolution Rates in Mediation

Court records and lawyer and mediator responses indicate that between 65 and 72% of the mediations in cases that had closed by the time of the study had reached agreement, with the greatest probability of a resolution rate in the upper-60% range. While resolution rate is certainly not the only measure of success, a rate in the 60%+ range is positive. It indicates that, for the cases that get to mediation, the program is effective.

Recommendations:

1. As addressed in Finding 1, Recommendation 3, the Court Clerk should track resolution rates by mediator, referring judge and age of case.
2. Cases that have settled should be studied to identify their common characteristics so that guidance can be provided to judges, lawyers and mediators concerning cases to recommend for mediation and strategies for settlement in mediation.

Finding # 3: Non-Lanham Act Mediation

There are a significant number of trademark attorneys in the Northern District of Illinois who have been involved in something called mediation.

Of the lawyers who responded to the survey, 63% had participated in mediations outside the Lanham Act Mediation Program. They reported participation in 203 mediations. Any assessment must be tempered with the knowledge that “mediation” is an ill-defined word in the Northern District, and often refers to judicial settlement conferences. Nonetheless, this indicates significant use of mediation.

Recommendation:

When the Court considers new or expanded programs, it should continue to explore ways to build on the private use of mediation. The Court also should attempt to track the use of private mediation for court cases and to look into what characteristics would lead a case to more likely be aided by mediation when deciding how to expand mediation programs.

Finding # 4: Compliance with Court Rules

No group of participants – lawyers, mediators, or court personnel – is complying fully with the rules. The data is being maintained inconsistently by the Clerk. Because of the lack of compliance with court rules, and the inconsistent maintenance of data, it is impossible to know exactly how much mediation took place.

The lawyers were overwhelming in looking to the court to improve compliance with local rules. Some were hard line – suggesting sanctions for non-compliance or making the

program mandatory – while others suggested softer terms such as encouragement or judicial follow-up. However they framed it, they were asking the Court to take a stronger position with regard to the program.

It should be noted that while the lawyers suggested an array of ways in which to strengthen the program, the survey question asked, “*What would* increase compliance with court rules...”, not “*Should there be* efforts to increase compliance...?” The responses, therefore, cannot be assumed to imply complete support for the program.

Recommendations:

1. In addition to the recommendations in Finding 1, each judge should consider how best to motivate individual lawyers throughout the litigation process. Applying sanctions (which would be unnecessarily burdensome) or making mediation mandatory (see Finding #9) are *not* recommended.
2. To increase mediator compliance with the local rule, mediators’ filing of reports should be a requirement for remaining on the court roster.

Finding # 5: Accessibility of Information about Lanham Act Mediation Program

Almost one quarter of all respondents to the lawyer survey stated that they did not know about the Lanham Act Mediation Program prior to receiving the survey. This may be partially due to incomplete compliance with District Court rules on the part of the Clerk’s office and plaintiff’s attorneys. Information packets were not sent out by the Clerk’s office in one in ten Lanham Act cases. Plaintiff’s attorneys did not certify compliance with the notification requirement in over half of all cases filed. In addition, the court’s web site does not make all information on mediators, local rules, and procedures readily accessible.

Upon discussion of these items with Ted Newman, Judicial Support Officer for the District Court, two issues were clarified: first, that Clerk’s Office personnel were only sending information packets for those cases in which “Lanham Act” was specified in the cause of action on the complaint; and second, that the web site did not have search capability until recently.

Recommendations:

1. The Clerk’s office should ensure that the information package is sent to all plaintiff’s attorneys as required by local rule, including all trademark cases whose complaints do not specify “Lanham Act” in the cause of action. It might also consider sending information packets to both plaintiff and defense attorneys.
2. The Clerk’s office should keep information on the program on the Northern District web site up to date. They should add and maintain mediator biographical and rate information.
3. Mediators should be required to provide the Court with current information once a year in order to remain on the roster. The Court should provide a form in an

electronic format for neutrals to complete, which would then be posted on the web site. Mediators should consider marketing themselves directly to trademark lawyers.

4. Now that it has the capacity to do so, the Clerk's office should improve the search function on the Court's web site so lawyers can readily find what they need. Current version of both rules and procedures should be accessed directly with searches such as "Lanham Act," "Lanham," "trademark," or "mediation." The rules should also be linked to the procedures, thus allowing ready access to them.

Finding # 6: Timing of Mediation

Although Lanham Act cases tend to close rather quickly, half of all cases are on the Court's docket for more than 4.3 months. In addition, these cases very rarely go to a trial on the merits and even preliminary injunction motions are somewhat unusual. Furthermore, in the majority of cases, settlement occurs before the court holds the hearing on these motions. This means that about half the Lanham Act cases last long enough to provide time for mediation.

Recommendations:

- 1a. Identify characteristics of cases that are likely to be protracted.
- b. All cases should then be screened for these characteristics and appropriate cases directed toward mediation. This will focus resources on the cases that are most likely to allow sufficient time for mediation, without making mediation a hurdle for cases that will resolve more quickly.

Finding # 7: Which Cases to Mediate

Attitudinal information from lawyers and mediators indicates that they think that cases are most amenable to mediation where it saves money and time, where the case involves an on-going business relationship, or if the case is likely to settle short of trial. The lawyers also like mediation when it can improve the outcome of their case or if a good mediator is involved, especially one who could offer an objective view of the case.

In short, lawyers like mediation when it can help their clients. Beyond the generalities of wanting to save time and money, there are some specific characteristics of cases in which the lawyers believe mediation will be more likely to be useful.

Recommendation:

1. Judges should encourage mediation when one or more of the following characteristics are present:
 - the case involves an on-going business relationship;
 - the case is likely to settle short of trial, but is also likely to take some time to settle;
 - mediation can improve the outcome of the case, *e.g.*, along with reducing the negative by eliminating the uncertainty of trial, the mediation can also increase the positive by adding value to the outcome; or
 - the mindsets of the participants are reasonable and disposed toward settlement.

2. Lawyers as individuals and as the organized bar should create and utilize continuing legal education opportunities to develop their mediation advocacy skills and their ability to serve their clients' interests through mediation. Such efforts also should be supported by the Court.

Finding # 8: When *Not* to Mediate Cases

Lawyers do not want to mediate if they can accomplish the same goals without it, or if mediation would have a negative impact on their case. They understandably want to avoid mediation if it wastes expense or time. If the case could settle on its own or through a judicial settlement conference, they did not see a reason to mediate.

Lawyers and mediators think that cases that require things that only a court can provide, such as injunctive relief, legal precedent, or a formal proceeding, are not suitable for mediation. While lawyers report that they do not want to mediate when they need something they can only get in court, in reality Lanham Act cases usually settle. This indicates that lawyers would benefit from learning what can be obtained in mediation that might be equally valuable, or more valuable to their clients. To put it in mediation terms, they could learn new methods for addressing their clients' underlying needs and interests.

Certainly not every case is amenable to mediation, and the only effective way to deal with some individuals is with the coercive power of the court. Nonetheless, these issues warrant some additional thought:

- Injunctive relief – Through mediation, parties can agree on the terms of temporary restraining orders or preliminary injunctions, which can then be entered by the court as agreed orders if needed.
- Formal proceeding – Although mediation can be conducted in a more or less formal manner, by its very nature mediation is more informal than a court hearing. If the need for formality arises because of strategic needs such as discovery issues, those can be handled with the judge prior to mediation. If the lawyer simply has a need for the familiarity of a more formal process, that could be addressed by educational efforts.
- Legal precedent – Clearly this is only available through a court ruling, but with only six cases during this entire study going to a trial on the merits, it is a rare event in Lanham Act practice.

Some lawyers are concerned with the non-binding nature of mediation, and with possible negative outcomes such as having to compromise, or procedural issues such as having to reveal information. Lawyers also wanted to avoid mediation if the lawyer on the other side was inexperienced or if the judge had substantive expertise. Some said they did not know about the program in the past. They did not like mediation if there were troublesome individuals involved, such as inflexible clients or poor mediators, and, of course, it was a problem if opposing counsel refused to mediate.

In short, lawyers do not want to mediate when it will not help their clients. Beyond the generalities of wanting to save time and money, there are some specific characteristics of cases in which the lawyers believe mediation will not be useful.

Recommendations:

1. Judges should *not* encourage mediation when:
 - there is such significant emotional investment in a case that a party is unable to negotiate meaningfully;
 - the parties can accomplish the same goals without mediation;
 - the individuals involved (lawyers and/or clients) are unwilling to be flexible or to attempt mediation;
 - a party needs something that only the court can provide such as injunctive relief, legal precedent, or a formal proceeding. (Note, however, the limitations outlined above.)
2. See Finding #7, Recommendation #2 regarding the development of continuing legal education opportunities.

Finding # 9: Reasons for Mediation Settlement

According to lawyers and mediators, settlement is achieved when participants decide that their time and money are worth spending on mediation, and all parties have a mindset for resolution. If someone at the table does not share that mindset, the case will not settle. This indicates that a mandatory program would not be a good method for obtaining a higher settlement rate.

Recommendation:

Keep the program voluntary.

Finding # 10: Who Is Mediating

A relatively small proportion of the roster is mediating cases in the program. At least 10 mediators on the court roster have mediated cases in the program. Five other mediators were individuals not on the roster, including four private mediators.

Recommendation:

No change is recommended. There is not a high demand for mediators and the mediators on the roster are doing a reasonably good job settling the cases.

Finding # 11: General Opinions

Lawyers and mediators were positive about the program. Lawyers who said they had used it overwhelmingly said they would use it again. This is an indicator of program success, although it must be remembered that less than 20% of lawyers with Lanham Act cases during the study period responded to the survey.

Recommendation:

The program should be continued.

Finding # 12: What the Study Did Not Find

While it may be unusual to address what a study did not find, there were some items that would be considered conventional wisdom in the mediation field that did not come up in this study. There are no particular recommendations related to these “non-findings.”

First, almost no one mentioned confidentiality in mediation as a benefit of the process. As discussed in the study, there are many possible reasons for this. Second, only two respondents mentioned a decreased burden on the District Court as a benefit of mediation.

Future Study Possibilities

This study suggests at least two kinds of issues that should be studied in the future:

First, there should be a follow-up study in one year (less complex than the current study) to see if the recommendations of this study have been implemented and what impact, if any, there has been.

Second, a more narrowly focused study should look at timing issues, especially identifying characteristics of cases that will last longer than four months. Part of this study should be further definition of “not too early and not too late” in the case in terms of the timing of mediation. In this study, or another related study, cases that have settled should be examined to identify common characteristics of cases that settle in mediation.

A pilot program could then be implemented where cases would be screened for these characteristics and appropriate cases directed toward mediation. This would focus resources on the cases that are most likely to allow sufficient time for mediation, without making mediation a hurdle for cases that will resolve more quickly.

In addition, a third study that might be undertaken would analyze whether lawyer and mediator opinions about what cases work best in mediation are correct. For example, is mediation really best when a case involves parties with an ongoing relationship? While this would seem intuitively correct, it may or may not be.

CONCLUSION

This study set out to address two concerns: (1) that more mediation was being conducted than was being reported to the District Court and (2) that the low reported use of the program might discourage the District Court from considering additional mediation programs.

In terms of the first issue, there were decidedly more mediations conducted than were reported to or by the District Court. This under-reporting is not the fault of any one group of participants in the program, but it can be improved by the efforts of all concerned.

In terms of the second issue, the Lanham Act Mediation Program in the Northern District is sufficiently effective that it should be continued and reasonably simple efforts should be made to improve its functioning and record keeping. Even with those efforts, however, use of the program should not be expected to expand significantly. The nature of these cases and of trademark practice in the Northern District makes any significant change unlikely, barring establishment of a mandatory program, which is not advisable. In addition, the program's strengths and weaknesses and the characteristics specific to trademark practice should be taken into consideration when considering it as either a model for other programs, or a reason not to attempt others.

APPENDICES

- A. Lanham Act Mediation Program Rules and Procedures
U.S. District Court Rules (N.D. Ill.), 16.3 et seq. (formerly 5.10)
- B. Joint Statement Form for Lanham Act Mediation Program
- C. List of Working Group Members
- D. Sample Lawyer Survey
- E. Sample Mediator Survey
- F. Sample Cover Letters
- G. One Lawyer's Opinion
- H. Sample Responses to Question 7 of the Lawyer Survey

Appendix A

Lanham Act Mediation Program Rules and Procedures

Appendix A

LR16.3. Voluntary Mediation Program

(a)PROGRAM ESTABLISHED. A program for voluntary mediation is established for cases arising under the Federal Trademark Act of 1946, 15 U.S.C. §§ 1051-1127 (“the Lanham Act”).

(b)PROCEDURES. The voluntary mediation program shall follow the procedures approved by the Executive Committee. The procedures outline the responsibilities of counsel and the parties in cases that are eligible for the mediation program. Copies of the procedures may be obtained from the clerk.

(c)CONFIDENTIALITY All mediation proceedings, including any statement made by any party, attorney or other participant, shall, in all respects, be privileged and not reported, recorded, placed in evidence, made known to the trial court or jury, or construed for any purpose as an admission. No party shall be bound by anything done or said at the conference unless a settlement is reached, in which event the settlement shall be reduced to writing and shall be binding upon all parties.

Appendix A

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
PROCEDURES FOR VOLUNTARY MEDIATION PROGRAM
FOR LANHAM ACT CASES
Adopted Pursuant to Local Rule 16.3(b)

I. Screening and Assignment of Cases.

A. Pursuant to Local Rule 16.3, cases that are filed under the Federal Trademark Act of 1946, 15 U.S.C. §§ 1051-1127 (the "Lanham Act"), shall be assigned to the program of court-annexed mediation (Program). Cases that are filed under seal pursuant to local General Rule 10L and cases that are under seal pursuant to court order shall not be assigned to the Program during the time they remain under seal. Any time periods specified in these procedures shall be adjusted to exclude periods when cases are under seal.

B. Cases shall be assigned to the Program on the basis of information recorded in the Integrated Case Management System (ICMS). The information used for this purpose will be the nature of suit and cause of action recorded for each civil case.¹ A computer program will be run on a weekly basis to identify all civil cases filed during the previous week where the cause of action entered in ICMS is a Lanham Act citation or the nature of suit code entered in ICMS is 840 (i.e., the nature of suit code for trademark cases).

C. A member of the staff of the Clerk of Court will check the complaint for each case identified by the weekly computer program to verify that the complaint indicates that the case has been filed pursuant to the Lanham Act.

II. Notice of Assignment

A. For a case assigned to the Program, the Clerk shall provide notice of the assignment to the attorney who filed the action. If the case was commenced by a party filing *pro se*, the notice will be provided to the party. The notice will include a description of the Program. Along with the notice the Clerk will send a List of Lanham Act Organizations and Neutrals.

B. The Clerk will notify the judge that the case has been assigned to the Program.

C. Upon receiving the notice and accompanying material from the Clerk, each attorney notified as provided for in section II.A above must promptly provide a copy of the notice and accompanying descriptive material to that attorney's client and to the attorney for each defendant, if known, or to each defendant, if the attorney is not known. Defense attorneys must promptly provide copies of the material they receive to each party they represent.

III. List of Lanham Act Organizations and Neutrals

A. Maintenance by the Clerk of a List of Lanham Act Organizations and Neutrals

The clerk of the Court shall maintain and make available to the public a List of Lanham Act Organizations and Neutrals consisting of the name, address, and telephone numbers of each organization and person who has filed with the clerk the certificate specified by section C of this rule, and whose name has not been withdrawn or removed pursuant to section E of this rule. The clerk shall further maintain and make available to the public a file containing the certificates filed by those persons whose names are included on the list of mediators. Inclusion on the list does not constitute certification by the Court of the qualifications of the organization or neutral.

B. Minimum Criteria

No organization or person may file a certificate pursuant to paragraph C below or be included in the List of Lanham Act Organizations and Neutrals unless such person or organization meets the following minimum criteria:

(1) For Organizations:

- a. A minimum of three years involvement with alternative dispute resolution in providing, sponsoring or training neutrals; and
- b. Affiliation with two or more individuals who meet the minimum criteria set forth below.

(2) For Individuals:

- a. Five years or more experience in the practice of Lanham Act law; or
- b. Three years or more experience as a neutral (not necessarily in Lanham Act law).

C. Certificates

An organization may be included in the List of Lanham Act Organizations and Neutrals by filing with the Clerk of this Court a certificate containing the following information:

(1) For Organizations:

- a. Name, address, and nature and duration of involvement in alternative dispute procedures and activities;
- b. procedures and programs for training individuals in techniques of mediation and arbitration;
- c. experience in training such individuals in connection with disputes under the Lanham Act;
- d. experience in providing neutrals to mediate or arbitrate disputes under the Lanham Act;
- e. names and addresses of individuals the organization represents are qualified by experience or training, or both, to mediate or arbitrate disputes under the Lanham Act, together with copies of their curricula vitae; and
- f. representative cases (including citations to published decisions) in which the organization has participated, including the names and addresses of counsel and parties (unless such information is deemed confidential).

(2) For Individuals:

- a. Name, address, and academic and legal education credentials;
- b. years in the practice of Lanham Act law, including trademark and unfair competition law and false advertising law;
- c. experience in mediating or arbitrating disputes under the Lanham Act, other intellectual property law disputes, or general commercial disputes;

Appendix A

- d. a summary of Law School or C.L.E. courses in Lanham Act subject matter taken or taught, including seminars or meetings of the American Bar Association, ALI-ABA, American Intellectual Property Law Association, International (formerly The United States) Trademark Association, Practising Law Institute, Chicago Bar Association, or other groups or organizations;
- e. membership and committee activity in professional organizations dealing with intellectual property law, including the Lanham Act;
- f. publications on Lanham Act or other intellectual property law subject matter;
- g. Any other experience, including litigation experience, he or she believes relevant to serving as a neutral;
- h. representative cases (including citations to published decisions) in which the individual has participated as a mediator or arbitrator, including the names and addresses of counsel and parties (unless such information is deemed confidential); and
- i. a copy of his or her curriculum vitae.

D. Amendment and Updating.

Any organization and individual who files a certificate with the Clerk shall promptly file amendments to the certificates, whenever necessary or appropriate, to disclose any substantial change in the information provided in the certificate. In addition, each such organization or individual shall file a complete, updated certificate at no more than five year intervals.

E. Withdrawal and Removal from the List of Lanham Act Organizations and Neutrals

Any organization or neutral may voluntarily withdraw from the List of Lanham Act organizations and neutrals at any time by providing written notification to the clerk of the Court, who shall thereupon remove the name of the organization or neutral from said List and remove that organization or neutral's certificate from the file of such certificates. If an organization or neutral fails to update his, her or its certificate pursuant to section D of this rule, or for good cause as certified to the clerk by the Chief Judge, the clerk shall remove the name of that organization or neutral from said List and remove that organization or neutral's certificate from the file of certificates.

IV. Attorney Certification

As soon as practicable but in no event later than 20 days after receiving the notice provided pursuant to section II.A, each attorney for a party shall file with the Clerk a certificate stating that the attorney has mailed or otherwise provided a copy of the notice and all information about the Program to each party that the attorney represents in the action, or to the guardian or representative of each party.

V. Notice of Participation or Non-Participation

A. Nothing in these Procedures shall be construed to affect the time within which a party is to answer or otherwise plead to a complaint. If a pleading in lieu of answer, or a motion for a temporary restraining order or a preliminary injunction is filed before the notice of participation or non-participation required by subsection B of this section has been filed, the court may fix a new time by which the parties must file the joint notice, or may find that the case is not appropriate for the program and excuse the parties from filing the joint notice, or may enter such other order as may be appropriate. Such action by the court shall be in writing, or on the record.

Appendix A

The parties in cases assigned to the Program are not required to participate in the Program but are strongly encouraged to do so. At the earliest of the first scheduling conference, or 90 days from filing of the complaint, the parties in cases assigned to the Program will file a jointly written notice indicating one of the following:

- (1) that they wish to participate in the Program;
- (2) that they do not wish to participate in the Program; or
- (3) that they are already participating in some other mediation program.

B. If the notice indicates that the parties do not wish to participate in the Program, a brief statement of the reason or reasons must be included in the notice. Such a statement shall not disclose the position of any individual party concerning participation in the Program. If the notice indicates that the parties are participating in some other mediation program, the notice must provide a brief description of the nature of the program.

C. The judge to whom a case eligible for the Program is assigned may impose sanctions for failure to notify clients pursuant to paragraph II.C. and/or failure to file the notice pursuant to paragraphs V.A and B.

VI. Mediation Procedure

A. Mediation is a flexible, nonbinding and confidential dispute resolution process in which an impartial and qualified neutral facilitates negotiations among the parties in an attempt to help them reach settlement.

B. The mediation process does not contemplate testimony by witnesses. The neutral does not review or rule upon questions of fact or law, or render any final decision in the case, but may provide an opinion on questions of fact or law, or on the merits of the case if the case is requested or if desirable.

C. The parties shall select a neutral and obtain the consent of the neutral to act as mediator not more than 14 days after the filing of the joint notice of participation. The parties may request an extension of time for good cause shown. The parties may agree to select a neutral from the List of Lanham Act Organizations and Neutrals provided with the notice of assignment. In the event the parties wish to participate in the Program, but cannot agree on a panel neutral, the parties may contact any organization or individual identified in the List, which or who will assist in selecting a neutral for them.

D. The neutral shall disqualify himself or herself in any case in which the circumstances listed in 28 U.S.C. § 455 exist, and would apply if the neutral were a judge.

E. The neutral shall select a time and a place for the mediation conference, and any adjourned mediation session, that is reasonably convenient for the parties, and shall give them at least 14 days written notice of the initial conference. Except as ordered by the court for good cause shown, the date of the first mediation conference shall be not later than 45 days after the filing of the joint notice of participation and the date of the last conference shall be not more than 30 days following the first conference. If the parties settle the case prior to the mediation conference, they shall promptly advise the neutral and the judge assigned to the case that a settlement has been reached.

F. The neutral may require the parties to submit memoranda, on a confidential basis and not served on the other parties, addressing the strengths and weaknesses in that party's case and the terms that party proposes for settlement.

Appendix A

G. The following individuals shall attend the mediation conference unless excused by the mediator:

- (1) each party who is a natural person;
- (2) for each party that is not a natural person, either
 - (a) a representative who is not the party's attorney of record and who has full authority to negotiate and settle the dispute on behalf of that party, or
 - (b) if the party is an entity that requires settlement approval by a committee, board or legislative body, a representative who has authority to recommend a settlement to the committee, board or legislative body;
- (3) the attorney who has primary responsibility for each party's case; and
- (4) any other entity determined by the mediator to be necessary for a full resolution of the dispute referred to mediation.

H. Except where a party has been excused as provided for by section VI.H. above, failure of an attorney or a party to attend the mediation conference as required shall be reported to the assigned judge and may result in the imposition of sanctions as the judge may find appropriate.

VII. Reporting on the Program

A. Within 10 days following the conclusion of the mediation session, the neutral shall file a concise report with the court disclosing only whether required parties were present and the disposition of the case, including:

- (1) the case settled;
- (2) the parties agreed to adjourn for further mediation; or
- (3) the neutral determined that the negotiations are at an impasse.

B. All written and oral communications made in connection with the mediation conference, including any statement made by any party, attorney or other participant, shall, in all respects, be privileged and not reported, recorded, placed in evidence, made known to the trial court or jury, or construed for any purpose as an admission. No party shall be bound by anything done or said at the conference unless a settlement is reached, in which event the agreement upon a settlement shall be reduced to writing and shall be binding upon all parties to that agreement. In addition, the parties are free to enter confidentiality agreements covering all information disclosed in memoranda and during the mediation session.

VIII. Costs

A. Absent agreement to the contrary, the parties shall share equally all costs incurred as a result of the mediation, including the costs of the neutral's services, except that each party shall be responsible for its own attorneys' fees.

B. Neutrals shall be reimbursed for the expenses and compensated by the hourly rate disclosed by them during the selection process, or as agreed in writing in advance between the neutral and the parties.

C. Except as provided in section VIII.B., a neutral shall not charge or accept anything of value from any source whatsoever for or relating to his or her duties as a neutral.

Appendix B

Lanham Act Mediation Program Joint Statement Form

Appendix C

**Lanham Act Study
Working Group**

Appendix C

Lanham Act Study Working Group

Leslie A. Bertagnolli
Attorney
Baker & McKenzie
Chicago, Illinois

William J. Nissen
Attorney
Sidley & Austin
Chicago, Illinois

Honorable Geraldine Soat Brown
Magistrate Judge
U.S. District Court for the Northern
District of Illinois
Chicago, Illinois

Joseph V. Norvell
Attorney
Brinks Hofer Gilson & Lione
Chicago, Illinois

Honorable Morton Denlow
Magistrate Judge
U.S. District Court for the Northern
District of Illinois
Chicago, Illinois

Susan M. Yates
Executive Director
Center for Analysis of ADR Systems
Chicago, Illinois

Appendix D

Sample Lawyer Survey

Appendix D

Lanham Act Mediation Survey
Fax to: Center for Analysis of Alternative Dispute Resolution Systems
Fax Number: 312-922-6463

Who should fill out this survey (check one):

You have had significant responsibility for a Lanham Act case in the Northern District of Illinois since September 1997.

➤ Please fill out the survey and return

You have not had significant responsibility for a Lanham Act case in the Northern District of Illinois since September 1997.

➤ Please return the survey uncompleted

General Questions:

1. Prior to receiving this survey, were you aware of the Lanham Act mediation program in the Northern District of Illinois? (check one)

Yes

No

2. Do you use mediation in your law practice? (check one)

Yes

No

3. In the past year, how many mediations have you participated in as counsel?
(fill in a number)

_____ Lanham Act cases in Northern District of Illinois

_____ other cases

4. Describe your area of practice (check all that apply)

Intellectual Property

Trademark

Copyright

Patent

General litigation

Corporate litigation

Other _____ (fill in)

Appendix D

5. Based on your experience, what characteristics make some Lanham Act cases more **amenable** than other Lanham Act cases to mediation? (check top three indicators, circle the **most** favorable for mediation)

- ongoing business relationship between parties
- interested in quick resolution
- expense of litigation
- inexperienced counsel on other side
- early in the case, e.g. some discovery, but not completed
- late in the case, e.g. discovery completed, ready for trial
- client interested in confidential proceeding
- case likely to settle short of trial
- desire for informal proceeding
- expertise of mediator
- other _____

6. Based on your experience, what characteristics make some Lanham Act cases more **unsuitable** than other Lanham Act cases for mediation? (check top three indicators of unsuitability, circle the **least** favorable characteristic for mediation)

- ongoing business relationship between parties
- interested in quick resolution
- expense of mediation
- injunctive relief important
- establishment of legal precedent important
- inexperienced counsel on one side
- early in the case, e.g. some discovery, but not completed
- late in the case, e.g. discovery completed, ready for trial
- case likely to settle short of trial
- desire for formal proceeding governed by federal rules
- expertise of judge
- other _____

7. What do you see as the benefits of mediation? _____

8. What do you see as the disadvantages of mediation? _____

9. If you have used the Lanham Act mediation program, would you use it again?

- Yes
- No
- Haven't used the program

Why or why not? _____

10. What would increase compliance with court rules requiring lawyers to discuss mediation with their clients and file their joint statement regarding participation?

Appendix D

11. Any other ideas or feedback concerning the Lanham Act mediation program?

Case-Specific Questions:

According to court records, you filed an appearance in the following Lanham Act case:

«Plaintiff» v «Defendant» Case # «Year» «Case_docket_type» «case_number»

Did you mediate this case?

- Yes
- No
- Did not have significant responsibility for case
 - ⇒ Name of attorney who had primary responsibility for case:

➤ If you did **not** mediate this case, why not? _____

➤ If you **did mediate** this case...

- Who was the mediator? _____
- What prompted you to mediate? _____

- What was the outcome of mediation? (check one)
 - Agreement
 - No Agreement
 - Partial Agreement
 - Mediation Pending

• What factors led to this outcome? _____

• What did *you* think of the mediation? (from 1= waste of time to 5=very valuable)

1 2 3 4 5

• What do you think *your client* thought of the mediation? (from 1= waste of time to 5=very valuable, or X = client did not participate)

1 2 3 4 5 X

Thank you for your response. Please **fax this survey to the Center for Analysis of Alternative Dispute Resolution Systems at 312-922-6463**. Questions? Call Jennifer Shack at 312-922-6475, ext 24.

Control # «Control_»

Appendix E

Sample Mediator Survey

Appendix E

<p style="text-align: center;">Lanham Act Mediator Survey Center for Analysis of Alternative Dispute Resolution Systems Fax to: (312) 922-6463</p>

1. Have you acted as mediator for any Lanham Act cases in the U.S. District Court for the Northern District of Illinois since January 1, 1997?

- Yes
 No

2. In how many cases *other than* Lanham Act cases have you acted as mediator in the past year?

3. What is your profession?

- Intellectual property lawyer
 Trademark lawyer
 Copyright lawyer
 Patent lawyer
 General litigation lawyer
 Corporate litigation lawyer
 Other _____ (fill in)

4. **If you answered “yes” to Question 1** (if you answered “no”, skip to Question 5):

✦ Since January 1, 1997, in how many Lanham Act cases in the U.S. District Court for the Northern District of Illinois have you acted as mediator? _____

✦ Have you filed a report with the court concerning the case(s)?

- Yes Number of reports _____
 No

✦ What were the outcomes of the mediations? (fill in the number of cases for each outcome)

_____ Agreement
_____ Partial Agreement
_____ No Agreement

✦ Please provide basic information about the case(s) (e.g. case number, names of parties) so mediator responses can be coordinated with lawyer responses. Attach an additional page if necessary.

✦ In how many of these cases do you believe the existence of the Lanham Act Mediation Program was the reason for selecting mediation? _____

Appendix E

5. In your experience, what are some common factors that lead to agreements in Lanham Act mediation?

10. Based on your experience, what characteristics make some Lanham Act cases more **amenable** than other Lanham Act cases to mediation? (check top three indicators, circle the **most** favorable for mediation)

- ongoing business relationship between parties
- interested in quick resolution
- expense of litigation
- inexperienced counsel on other side
- early in the case, e.g. some discovery, but not completed
- late in the case, e.g. discovery completed, ready for trial
- client interested in confidential proceeding
- case likely to settle short of trial
- desire for informal proceeding
- expertise of mediator
- other _____

11. Based on your experience, what characteristics make some Lanham Act cases more **unsuitable** than other Lanham Act cases for mediation? (check top three indicators of unsuitability, circle the **least** favorable characteristic for mediation)

- ongoing business relationship between parties
- interested in quick resolution
- expense of mediation
- injunctive relief important
- establishment of legal precedent important
- inexperienced counsel on other side
- early in the case, e.g. some discovery, but not completed
- late in the case, e.g. discovery completed, ready for trial
- case likely to settle short of trial
- desire for formal proceeding governed by federal rules
- expertise of judge
- other _____

8. What recommendations do you have to improve the program (e.g. by the Court, bar, etc.)?

9. Any other ideas or feedback concerning the Lanham Act mediation program?

Appendix F

Sample Lawyer Cover Letter
Sample Mediator Cover Letter

Appendix F
Lawyer Cover Letter

February 14, 2000

«Atty_first» «Atty_MI» «Atty_last»
«Firm»
«Bldg»
«Street» «suite»
«City», «State» «Zip»

Dear Mr. «Atty_last»:

The Center for Analysis of Alternative Dispute Resolution Systems (CAADRS), in cooperation with The Chicago Bar Association's Patent, Trademark and Copyright Committee and Alternative Dispute Resolution Committee, is studying the effectiveness of mediation in Lanham Act litigation in the Northern District of Illinois. We anticipate that the results of this study will be provided to the court as well as published more broadly.

As part of this study, we are conducting a survey of lawyers who filed appearances in Lanham Act cases filed from January 1, 1997 through September 30, 1999. Please take a few moments to answer the enclosed survey concerning your use of the mediation program. We welcome any general thoughts you have on the mediation program as well. Your response will greatly assist in assessing the program and suggesting improvements to it. For more information on the Court's Lanham Act program, visit their web site at www.ilnd.uscourts.gov/LanhamActPrg.htm.

A word about confidentiality: while CAADRS will track who responds so that we can conduct appropriate follow-up (which may be conducted by CBA committee members), no information regarding who responded will be passed along to the Court. The identity of individuals who provide particular responses will be kept confidential by CAADRS. Please be candid. This is your opportunity to have a positive impact on this program

Please **fax your response to 312-922-6463** by March 1, 2000. Direct it to Jennifer Shack, CAADRS Administrative Director. If you prefer, you can mail your survey to CAADRS, 11 E. Adams St., Suite 500, Chicago, IL 60603.

Appendix F
Lawyer Cover Letter

CAADRS was formed in 1995 to assist courts in Illinois to make more effective use of alternative dispute resolution mechanisms by collecting and disseminating information about those systems. For more information, please call 312-922-6475, extension 24, send an e-mail to caadsr@caadsr.org, or visit the CAADRS website at www.caadsr.org.

Thank you for your assistance.

Sincerely,

Hon. Harris H. Agnew
Chair
CAADRS Executive Committee

Enc.

Appendix F
Mediator Cover Letter

March 31, 2000

<<First Name>> <<Last Name>>
<<Firm>>
<<Street>>, <<Suite>>
<<City>>, <<State>> <<Zip>>

Dear Mr. <<Last Name>>:

The Center for Analysis of Alternative Dispute Resolution Systems (CAADRS), in cooperation with The Chicago Bar Association's Patent, Trademark and Copyright Committee and Alternative Dispute Resolution Committee, is studying the effectiveness of mediation in Lanham Act litigation in the U.S. District Court for the Northern District of Illinois. We anticipate that the results of this study will be provided to the Court, as well as published more widely.

As part of this study, we are conducting a survey of mediators who are included on the Northern District's Lanham Act Mediation Program roster. Since you are on the roster, your response is very important for assessing the program and suggesting improvements to it. Please take a few moments to answer the enclosed survey *even if you have not conducted any mediations in the program*. We welcome any general thoughts you have on the mediation program as well. For more information on the Court's Lanham Act program, visit their web site at www.ilnd.uscourts.gov/LanhamActPrg.htm.

A word about confidentiality: while CAADRS will track who responds so that we can conduct appropriate follow-up (which may be conducted by CBA committee members), no information regarding who responded will be passed along to the Court. The identity of individuals who provide particular responses will be kept confidential by CAADRS. Please be candid. This is your opportunity to have a positive impact on this program.

Please **fax your response to 312-922-6463** by April 15, 2000. Direct it to Jennifer Shack, CAADRS Administrative Director. If you prefer, you can mail your survey to CAADRS, 11 E. Adams St., Suite 500, Chicago, IL 60603.

Appendix F
Mediator Cover Letter

CAADRS was formed in 1995 to assist courts in Illinois to make more effective use of alternative dispute resolution mechanisms by collecting and disseminating information about those systems. For more information, please call 312-922-6475, extension 24, send an e-mail to caadsr@caadsr.org, or visit the CAADRS website at www.caadsr.org.

Thank you for your assistance.

Sincerely,

Hon. Harris H. Agnew
Chair
CAADRS Executive Committee

Enc.

Appendix G

Anecdotal Data

Appendix F
Mediator Cover Letter
One Lawyer's Perspective

As was mentioned in the body of the study, follow-up calls were made to encourage lawyers who had not yet responded to the survey to do so. One such call led to an informal conversation with a lawyer who has a very active international trademark practice but did not fill out the survey. He did, however, offer his own experiences and opinions about mediation in the Lanham Act area. While his opinions do not reflect the majority of respondents, his views do seem to represent those of a significant minority of lawyers who do not favor mediation. In addition, because this firm has an extensive Lanham Act practice in the Northern District, it is instructive to consider his input.

In general, the lawyer has been very dissatisfied with his mediation experiences. He has participated as counsel in at least six cases in various district courts across the country, none of which has reached settlement. He believes they have caused more trouble and "emboldened" the other side. His feelings could be summed up as, "If I had wanted to mediate, I would have called a mediator. I went to federal court to sue for relief," (not a direct quote).

Despite his overall negative experiences with mediation, he did have some opinions about how and when it might be useful. His comments hit on some of the recurrent themes in the mediation field:

Voluntariness: He believed that mediation should be voluntary for all concerned. He said that in two of his mediations that were mandatory, one of the parties did not want to be there (once he was the one who did not want to participate) and so the mediation was pointless.

Evaluative vs. facilitative mediator styles: He came down strongly in opposition to evaluative mediators, including judges who are evaluative in judicial settlement conferences. He described these mediators as those who "argue your case against you." He regarded this negatively because he did not think the mediator knew anywhere near as much about this area of the law as he did and because the evaluative mediator sometimes said positive things about the other side's case that encouraged them. The one mediation that he found positive was with a non-judge mediator in another district who dealt with the case from a business standpoint, not in terms of the merits of the legal case.

Case characteristics: He thinks mediation might be good with a smaller "mom and pop" defendant where they would not have the money to pursue the case and would end up bankrupted by it. On the other hand, he believes that counterfeits of trademark or infringements of core products should never be mediated.

Appendix H

Sample Responses to Question 7 of Lawyer Survey

Appendix H

Sample Responses to Question 7 of the Lawyer Survey: “What do you see as the benefits of mediation?”

“Can result in finding some middle ground whereas trial results in a winner and loser.”

“Accomplishing a balanced resolution for the parties, not possible with litigated resolution.”

“Can result in finding some middle ground whereas trial results in a winner and loser”

“Saves the client costs, quick, usually a compromise”

“Cost and time savings”

“Potentially lower costs, faster”

“Quick resolution, cost-savings”

“Quick resolution; inexpensive; lets parties communicate better”

“Cost savings and opening communications between parties”

“If can be done early to save litigation costs and have objective individual tell client and adversary problems”

“A mechanism for each side to more objectively see other side’s position”

“The mediator focuses the parties’ attention on business solutions”

“Both parties usually obtain a satisfactory business resolution”

“Opinion of trained, independent third party”

“Neutral person with expertise can influence parties”