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Maximizing Success and Avoiding Common Pitfalls in Trademark Mediation

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Mediation can be an effective means of minimizing any uncertainty, expense, delay, drain on corporate resources, risk of adverse publicity and damage exposure associated with trademark litigation.

However, mediation can also result in wasted time, money and effort if the parties are not adequately prepared, the right mediator is not selected for the dispute and key factors are not carefully considered in advance of mediation. This article will address how to maximize the chances of a successful mediation that will result in a dispute's business resolution. It focuses on ways to avoid certain common pitfalls and frustrations that may cause a failed mediation, and it also intends to illustrate key mistakes and offer helpful suggestions to help parties avoid a failed mediation.[1]

The author has been a participant and mediator in hundreds of cases over several decades. Just as trial preparation involves hard work and careful consideration of issues, mediation requires hard work, effort and commitment in order to achieve a successful result. The wrong mediator, the wrong timing and the wrong people attending can all doom a mediation from the outset.

Factors to consider in evaluating whether a dispute is suited for mediation

The parties and their counsel should identify the key business goals and objectives (both immediate and long-term) they seek to achieve and determine whether mediation, another form of alternative dispute resolution, litigation or a combination of these tools would be most effective in reaching them.

Key factors to consider include the advantages of mediation over litigation in resolving disputes, such as:

- Inherent cost savings
- Process and outcome are controlled by the parties
- Allows parties to "vent" in ways not possible in the litigation process[2]
- Relatively fast-moving compared to litigation
- Parties may select an industry or trademark authority as the mediator, or a retired judge with some know-how in the substantive area[3]
- A good mediator may provide a "reality check" in assisting the parties to more realistically evaluate their settlement positions and goals
- Mediation may reduce hostility and preserve or commence a relationship between the parties
- Parties may maintain confidentiality
- Mediation minimizes the risk of creating "bad law" since there is no reported decision

Key factors also include possible disadvantages of mediation over litigation in resolving disputes, such as:

- Lacks the procedural and constitutional protections of litigation
- Challenging party may be frustrated by the fact that mediation is not a "truth" or "fault" inquiry and that there is no finding of "right" or "wrong"
- Success of the mediation depends upon the parties' willingness to come to the bargaining table in good faith; those who do not can be viewed as using the process to serve unjustified means in the litigation, such as to delay the litigation process or to obtain a "free" look at the other party's case strategy and evidence, etc. This can create enhanced distrust and needlessly escalate litigation costs.

There are also factors that increase the likelihood that a controversy can be resolved through mediation, including:

- Resolution of the dispute is a top priority for both parties.
- The parties have an important business relationship that they both wish to continue, such as a manufacturer and a distributor or a licensor and a licensee.
- Key decision makers for the parties are familiar with and committed to mediation.
- Key decision makers are familiar with the dispute itself and the goals of their business, and come with knowledge of risks/costs of litigation.
- At least one party has successfully used mediation to resolve disputes in the past.

- Each party has engaged in business practices that are or will be the subject of claims by the other party if the dispute is litigated.
- Each party wishes to avoid adverse publicity, negative or unwanted publicity in the industry, government scrutiny or the risk of follow-on consumer litigation with respect to its business practices.
- Facts or law suggest that the outcome of litigation is uncertain.[4]
- The disputed trademark is not a key element of the challenged party's advertising campaign or long-term business strategy.
- The challenged party's investment in the disputed trademark is not significant.
- There is no pattern or practice of counterfeiting, trademark infringement, etc. (i.e., use of disputed trademark is not simply the latest in a series of improper business practices).
- Key decision makers for the challenged party are not personally invested in continuing to use the disputed trademark.[5]
- The challenging party has a genuine interest in resolving the matter quickly through the other party's discontinued use of the disputed trademark. At this point, the recovery of damages is not a "deal point"; regardless, the mediators should always save any monetary issues for last.

Factors that may decrease the likelihood that a controversy can be resolved through mediation include:

- The wrong mediator is involved; what defines a "wrong" mediator will be discussed below.
- Counsel for one or both parties is not committed to the process and/or does not want the dispute to settle, or is currently disinterested in settlement.
- The parties are not prepared to discuss settlement objectively.
- One of the disputing parties is committed to litigation based on factors such as an emotional investment in their position, a strong interest in trying the case, the need to send a message to other potential infringers, appearing "tough" to the opposing party as a message, etc.
- There is a "history" between the parties.
- At least one key decision maker for one of the parties is incapable of working productively with the opposing party to seek a resolution.
- The disputed trademark at issue is central to the challenged party's business plan and/or marketing strategy.

- The challenged party's insurance carrier is covering its fees, costs and/or part or all of any damages award.[6]
- One of the parties would be seriously damaged if it were to lose the dispute.
- The timing of the mediation is wrong.

Certain characteristics of the mediation process may also aid dispute resolution. See below:

- If parties perceive the mediator as neutral and as having no stake in any particular outcome, this may allow them to make suggestions and solicit ideas more effectively.
- If the mediator approaches the case with a fresh perspective, this will allow them to evaluate the merits of the case more accurately than the participants.
- If the mediator is not limited by judicial procedures, this may allow them to overcome the obstacles that are preventing the parties from resolving their dispute.
- The mediator can hold "ex parte" conferences with the parties, allowing them to speak directly with the principals.
- The mediator is respected by all parties for their knowledge, experience in litigation, prowess in the area of the law and neutrality, enabling them to speak frankly without alienation.

Choosing the proper mediator

Once the parties decide to engage in the mediation process, it is the responsibility of counsel to do everything possible to facilitate a successful outcome. Among other things, recommending and selecting an effective mediator is essential to a meaningful mediation, as the choice of mediator can either maximize the chances for success or doom the mediation process to failure.

Often the first decision that must be made when selecting a mediator is whether the mediation should proceed before a judge assigned to the case (or a magistrate judge to whom the judge can refer the case) or to a private mediator who is not involved in or associated with the pending litigation. While there are advantages to using a judicial officer, the disadvantages may justify the costs associated with retaining a qualified private mediator.

There are many advantages of choosing a judicial officer. Perhaps the most compelling is the fact that a judge or magistrate judge may have more leverage and ability than a private mediator to "twist the arms" of counsel and their clients (the "black robe effect"). Lawyers who regularly appear before a court generally wish to avoid gaining a reputation as being unreasonable and difficult, and, at the same time, a judicial officer often commands the respect of even difficult parties who may otherwise be resistant to the reasonable suggestions of a mediator. There may also be a cost advantage in using the courts (in contrast to using a private mediator who charges a fee), as the parties do not

have to pay for the time spent by the judge or magistrate judge. In addition, to the extent it is appropriate, a judge may be in a position to more easily facilitate a "stay" of the litigation and allow the parties to proceed with mediation without having to participate in ongoing discovery or motion practice.[7] By staying the litigation, the court may enable the parties to avoid the polarizing effect of pre-trial discovery and motions, as well as the additional legal expenses that the parties would otherwise incur in connection with such activities.

At the same time, however, there may be several disadvantages associated with the decision to mediate before a judge or magistrate judge. Perhaps one of the greatest drawbacks to mediating before the court — and the trial judge, in particular — is that counsel and their clients may be less likely to move off of their positions to reach a middle ground, even if the case will ultimately be tried to a jury[8]. While meaningful mediation often requires that the parties disclose the weaknesses in their positions and/or confidential information at an early stage, the parties may not be willing to participate with the requisite degree of candor if they perceive that a judge may be forming impressions of the parties or the case before a full hearing on the merits. Additionally, a judge or magistrate judge often will not be able to commit as much time or energy to mediation as a private mediator. Another disadvantage to choosing mediation before the court is that a judge or magistrate judge may not have the substantive trademark know-how necessary to effectively communicate with the parties or identify the key issues in dispute. A true trademark professional may be better equipped to undertake a creative, "out of the box" resolution involving licensing, co-existence, etc.

In sum, whether to utilize the court in connection with mediation is often dependent upon the facts of the particular case, the experience and qualifications of the particular judge or magistrate judge, and other factors specific to the parties and the dispute at hand. In many cases, an attempt can be made to start with a judge in a settlement conference and, if that fails, to hire a private mediator later.

Qualifications of the mediator in a trademark dispute

One of the key considerations in selecting a mediator related to trademark litigation is whether they are sufficiently familiar with substantive trademark law to evaluate the issues in the dispute from the perspective of each party and propose creative solutions. For example, creative resolutions to trademark disputes may involve structured licensing arrangements or "consent agreements" that define what the parties agree to be a "fair use." Furthermore, a command of trademark law is an important qualification if the mediator is to command the respect of the attorneys and parties.

The mediator's know-how in mediating a case and/or participation in numerous mediations is also a very important ingredient. A professional mediator with experience overcoming problems involving egos, resistant lawyers and parties who are not focusing on proper goals is an extreme "plus" and a potentially important ingredient for success. In contrast, a mediator who is satisfied with merely being

a messenger to convey settlement proposals back and forth between separate conference rooms does no one any good and, in fact, hinders the settlement process by keeping the parties at a distance with no creative solutions.

Most experienced litigators limit their choice of a mediator to someone that either they or someone they trust recommends. The best mediators are often the busiest, and it may be ideal to wait to enlist the services of the very best. Additionally, if an opposing party suggests a mediator, this may benefit the other party, as it is someone the opposition trusts. Attorneys who immediately reject the suggestion of an opposing counsel are making a mistake if they do not consider the suggestion in good faith.

In sum, the optimal qualifications for a mediator are knowledge of trademark law, know-how in the mediation process, and creativity and proactivity in designing and understanding solutions that address the legitimate business concerns of each party. Other desired personality traits include being hardworking, energetic, an effective communicator, and having the personality to command respect and credibility, while being capable of "twisting arms" where necessary.

Finding the proper private mediator

Before a mediator is selected, as mentioned, it is recommended to ask for references and speak to attorneys or parties who have worked with the mediator in the past to ascertain whether the mediator fulfilled their expectations. Some US District Courts (for example, the US District Court for the Northern District of Illinois in Chicago) have a selected list of mediators who, based on their experience and knowledge in the area of trademark law, have satisfied local rules designed to govern who should mediate trademark or Lanham Act cases in that district. In addition, there are other professional organizations offering alternative dispute resolution services (e.g., JAMS/Endispute) that employ professional mediators with varied backgrounds. Many are retired judges, while some are law professors, and some are both.

in an effort to specifically address the needs of parties involved in trademark litigation, the International Trademark Association (INTA) created the Panel of Neutrals (also known as the Trademark Mediators Network) as an alternative dispute resolution resource for members of the general public involved in trademark disputes, as well as INTA members. Today, the INTA Panel of Neutrals (Panel) is comprised of experienced trademark professionals who are members of INTA and have met established requirements to become a member of the Panel (see INTA's Directory of Trademark Mediators).

Pre-mediation submissions

The best pre-mediation submissions the author has seen in litigated trademark disputes often include the following:

- A brief outline of the legal causes of action and their elements
- A brief outline of the most significant facts (and evidence) supporting liability and damages
- A clear outline of how damages (that it realistically seeks) are calculated and are likely to be proven at trial
- Copies of key contracts, correspondence, registration certificates, insurance policies and other key documents, with relevant portions highlighted for the mediator's review
- Photocopies of trademarks/trade dress in use, advertising and products at issue
- Copies of statutory provisions or leading cases in the jurisdiction addressing the major legal issues most likely to be disputed
- A chronology of key events
- A list of key players (people and companies) and the titles/roles of those participating in the mediation
- A summary of past settlement history (so the mediator knows what numbers or options have been bandied about, even if those numbers or options are no longer on the table)

Other things that may be helpful in submissions:

- Preliminary (or final) reports by industry or trademark authorities
- Excerpts of deposition transcripts with significant statements highlighted for the mediator's review
- A confidential summary of each side's views of the barriers to settlement in the instant case and some possible ways for the mediator to handle those barriers (e.g., are there personality conflicts, special client issues, etc.)
- A confidential statement distinguishing a party's strong arguments from its weaker ones
- A confidential summary of other interests or objectives that might lead to creative solutions to the dispute
- Any other private requests about how the mediation should — or should not — be conducted

Some mediators strongly encourage the parties to exchange their pre-mediation submissions with each other. The more information exchanged in advance, the more the mediator can use to try to

persuade one party or the other. Nevertheless, there are times when an advocate may not want to reveal certain theories or information too early in the mediation process. In those instances, advocates can draft a "confidential supplement" to the mediation brief for the mediator's eyes only.

There are cases where an exchange of submissions can anger or inflame one or both parties. Good mediators make that judgment call by talking individually and/or collectively with counsel for the parties in advance.

Some mediators like to read pre-mediation briefs that resemble formal litigation briefs. Most, however, care only that the "brief" be "brief," and that it is concise, well-organized and easy to read. The more prepared the mediator is prior to the first joint session, the more useful they will be to both sides. Make it easy for the mediator to be prepared. The best submissions give the mediator far more ammunition to work with — usually on behalf of the party making that submission.

Suggested protocol at the mediation

Do the parties have opening statements? Have a joint meeting? Do the parties or their counsel talk directly to the opposing parties? While nothing is "written in stone" for every case, the author's answers to these three questions are generally: No, no and no.

Usually, the author may have a brief meeting where only he does the talking. He will set the rules he uses, confirm he has read everything, compliment counsel for submissions and allow introductions (not arguments of the case). He will then begin the process of caucusing.

Opening statements by parties or their counsel can cause polarization. The author, therefore, does not recommend it. Venting to the mediator is fine and is sometimes therapeutic for the party. However, venting between the attorneys and parties is not helpful.

Video mediation versus in-person mediation

The author has been involved in many mediations that are conducted via video conference (e.g., Zoom, Microsoft Teams or Cisco Systems). Some distinguished mediators only handle video mediations.

In the author's experience, if the stakes of the litigation are high, in-person mediation is the best choice and is more often successful. It can increase the expense of out-of-town parties, but it has advantages. Many mediators will travel to a location that is most convenient to the parties. Although this adds to the mediator's expense, it may save time and expense for the parties.

There is an advantage to eye-to-eye personal contact, arm-twisting and wearing a party down, and in-person attendance shows a personal commitment to taking the process most seriously. Having the

parties with authority present helps to facilitate a signed term sheet. Many "deals" fall apart if an agreement is not reduced to writing. The best mediators stay and work with both parties for as long as progress is being made.

Consideration of local rules and ethical guidelines

In preparing for mediation, it is important to have a solid understanding of the local court rules governing mediation, including ethical guidelines and rules adopted by the court related to settlement and alternative dispute resolution (ADR).

Local rules governing mediation

Certain jurisdictions have implemented mediation programs specifically related to trademark disputes, encouraging litigants to utilize these programs and try mediation either before or after engaging in discovery. For example, the US District Court for the Northern District of Illinois has had in place for several years a Voluntary Mediation Program for cases arising under the Lanham Act. Similarly, in the US District Court for the Northern District of California, there is a robust ADR program with specific rules on the use of mediation and other ADR procedures in connection with trademark disputes.

Timing considerations in the mediation process

Experienced attorneys know that it can be incredibly frustrating for their clients to spend substantial time and money attempting to mediate a case, only to reach an impasse. This frustration will be compounded if mediation ultimately prolongs the litigation. Accordingly, when evaluating a client's settlement goals, it is important to consider, among other things, the amount of time to devote to the mediation process as well as the timing of the mediation itself.

Often, mediation or a settlement conference can be held early in the case of certain limited information being exchanged on a "for mediation purposes — confidential" only basis. However, do not risk producing information or documents that would otherwise be privileged. See e.g. *Pac Bell v. GTE* (135 F.R.D. 187 (ND Cal. 1991); 19 U.S.P.Q.2d (BNA) 1612.

If an early mediation or settlement conference fails, a further opportunity to mediate will often present itself again — sometimes after discovery, sometimes after summary judgment motions are filed, and sometimes even during appeal!

Concluding the mediation

Some considerations and goals for effectively concluding the mediation include:

- Prepare a draft settlement agreement in advance of the mediation, setting out best-case-scenario settlement terms (and alternatives).[9] The agreement should include, among other things, appropriate releases (past, present and future claims, defined), a choice-of-law provision for governing settlement and a forum for future disputes (consider a mediation clause using a mediator from INTA's Panel of Neutrals), and confidentiality/publicity provisions regarding the specific terms of the settlement (while the mediation process is confidential, the terms of a settlement need not be).
- To the extent possible, reach a full and final settlement that concludes all matters in dispute.
- Attempt to conclude the mediation with a final agreement that is fully executed by the right individuals with authority to bind the parties; at a minimum, it is advisable to get signatures on a term sheet with the mutual understanding (in writing) that the terms will be formally documented within a brief period of time following the mediation.

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1 This article was submitted to the International Trademark Association (INTA) for a presentation by the author as part of a panel at INTA's 2025 annual meeting in San Diego. At INTA, the author serves as Global Co-Chair of its ADR Subcommittee on Mediation and has been a member of its Panel of Neutrals since its creation. He is also a mediator for Lanham Act cases at the US District Court for the Northern District of Illinois. At Katten, the author is an Intellectual Property Litigation Partner and the National Co-Chair of the firm's Trademark, Copyright, Media and Privacy practice group.

2 The author feels venting at a mediation is best directed toward the Mediator, not "necessarily" to parties. Although as is the case with most rules, there are exceptions.

3 Depending on the Court and the judicial officer, a sitting judge may be considered best.

4 Any mediator with experience understands that at the outset, the parties may not know or may not acknowledge the uncertainty that exists. It is the mediators challenge to provide clarity without alienation.

5 It is helpful if the lawyer representing the party who chose the mark did not clear it for use or registration. However, if so, it is a challenge the mediator must overcome.

6 Any carrier should be involved directly or indirectly if this problem emerges. Often The Rules of the Court require carrier involvement.

7 Ordinarily, if the case is a bench trial, the trial judge would not, nor should they conduct the mediation. However, this scenario occasionally happens.

8 The parties may, of course, seek a stay even if they are using a private mediator. However, the granting of such relief is never a certainty. Especially if the case has been pending from sometime, and/or has been stayed in the past, and/or the date for a private mediator has not been scheduled.

9 The author does this as a litigator, and also has a rough draft of likely terms available as a mediator.

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