International Commercial Arbitration Practice: 21st Century Perspectives

Horacio A. Grigera Naón

Paul E. Mason

Second Edition

LexisNexis

QUESTIONS ABOUT THIS PUBLICATION?

For questions about the **Editorial Content** appearing in these volumes or reprint permission, please call:
Jamie E. Salzman, J.D., at ..... (908) 771-8610
Email: ..... jamie.salzman@lexisnexis.com
Outside the United States and Canada, please call ..... (973) 820-2000

For assistance with replacement pages, shipments, billing or other customer service matters, please call:
Customer Services Department at ..... (800) 833-9844
Outside the United States and Canada, please call ..... (518) 487-3385
Fax Number ..... (800) 828-8341
Customer Service Website ..... http://www.lexisnexis.com/custserv/

For information on other Matthew Bender publications, please call
Your account manager or ..... (800) 223-1940
Outside the United States and Canada, please call ..... (937) 247-0293

Library of Congress Card Number: 2011247010

ISBN: 978-1-6633-2755-0 (print)

Cite as:

Horacio A. Grigera Naón and Paul E. Mason, International Commercial Arbitration Practice: 21st Century Perspectives § [sec. no.] (LexisNexis Matthew Bender).

Example:
Horacio A. Grigera Naón and Paul E. Mason, International Commercial Arbitration Practice: 21st Century Perspectives § 1.01 (LexisNexis Matthew Bender).

Editorial Office
230 Park Ave., 7th Floor, New York, NY 10169 (800) 543-6862
www.lexisnexis.com

MATTHEW BENDER

(Rel. 12-12/2021 Pub.1530)

Table of Contents

A COMPLETE SYNOPSIS FOR EACH CHAPTER APPEARS AT THE BEGINNING OF THE CHAPTER

Table of Contents

CHAPTER 55

International Arbitration—Intellectual Property Disputes: Overview

Thomas Legler* and Andrea Schäffler**

SYNOPSIS

* Dr. Thomas Legler, FCIArb, is a partner and head of arbitration of the law firm Pestalozzi Attorneys at Law in Geneva (https://pestalozzilaw.com/en/). His practice focuses on representing clients in (inter)national arbitration as counsel and acting as arbitrator. In addition, he advises clients in the field of intellectual property, media, IT and data protection. Swiss Parliament elected him as an associate judge of the Federal Patent Court. He is the author of several publications, in particular in the field of arbitration, IP and internet issues, and a frequent speaker at national and international conferences.

** Dr. Andrea Schäffler is an associate and member of Pestalozzi Attorneys at Law's IP and TMT as well as litigation and arbitration groups in Zurich. Her practice focuses on intellectual property, unfair competition and data protection. Furthermore, she works on domestic and international commercial litigation and arbitration cases. Andrea Schäffler regularly publishes in her areas of expertise.

§ 55.01 Introduction

Disputes over intellectual property (IP) rights are mainly heard in national courts—this is what most lawyers think. However, not only has the number of disputes relating to IP[1] grown in recent years, there has also been a significant shift towards arbitration of IP disputes.[2] This is partly due to the territorially limited scope of state court proceedings, which no longer meet the requirements of current commercial cross-border transactions. With the increasing importance of technology in modern life, intellectual property, along with the associated products and services, has also become globalized and more complex. Therefore, it seems obvious to solve arising international IP disputes not just nationally but by taking a global approach to this global phenomenon. Turning to arbitration appears to be a logical shift, since, as will be shown below,[3] arbitration brings great advantages and is particularly suitable as a more effective procedure for resolving international IP disputes.

§ 55.02 Different Types of IP Disputes and General Accessibility to Arbitration

The types of disputes that can arise over IP rights are numerous. For example, there may be a dispute about the amount of contractually agreed license fees for the use of trademark rights. Alternatively, there may be a dispute as to who owns the copyright to a work. Furthermore, a dispute may arise as to whether a certain appearance of a product infringes the design rights of someone else or whether a patent right is valid at all.

It is common to divide IP disputes into two groups: On the one hand, disputes arising from an existing contractual relationship and, on the other hand, disputes arising on a non-contractual basis. As will be shown shortly, it is not possible to draw a clear line in every case, which is why such a classification appears not to be useful with regard to IP arbitration. Instead, IP disputes should be distinguished according to the subject

---

[1] This was already recognized and pointed out by the International Chamber of Commerce (ICC) in its report published in the May 1998 issue of the Bulletin of the ICC International Court of Arbitration: ICC COMMISSION ON INTERNATIONAL ARBITRATION, Final Report on Intellectual Property Disputes and Arbitration, (1998) 9 ICC International Court of Arbitration Bulletin, pp. 37–73 (37–46).

[2] For example, the number of cases filed with WIPO including Mediation, Arbitration, and Expert Determination Cases, increased from 31 in 2012 to 182 in 2020 (*cf.* https://www.wipo.int/amc/en/center/caseload.html). Less optimistic was a 2006 report in the Harvard Journal of Law and Technology by 10 practitioners from around the world on the arbitrability of patents worldwide, *cf.* MATTHEW A. SMITH *et al.*, Arbitration of Patent Infringement and Validity Issues Worldwide, (2005–2006) 19 Harv. J.L. & Tech., pp. 299–358 (356): *"Arbitration of patent validity and infringement issues in many major technology-producing countries is impeded by a lack of uniformity and various practical barriers"*.

[3] See below, § 55.04.

matters of contractual relationship, ownership, infringements and validity, as shown below.[4]

[1] Different Types of IP Disputes

IP disputes stemming from a **contractual relationship** often concern issues like termination, late or non-payment of royalties, a claim for damages for improper use of the IP right subject to the agreement, or other violations of the contract. Contractual relationships include, for example, those based on license agreements,[5] co-existence agreements, assignments[6] or outsourcing agreements.[7]

Other disputes are about the **ownership** of a right, such as a patent, trademark or copyright. They arise, for instance, during co-operation and development projects, joint ventures,[8] mergers and acquisitions of companies or in an employment relationship. Here, too, the dispute usually—but not always—results in connection with a contractual relationship, such as R&D agreements, employment agreements or agreements in connection with business combinations.

Where **infringements** of IP rights are claimed, it will be necessary to determine whether a particular act infringes an IP right or whether the subject matter falls within the scope of protection of the right in question. These claims are usually non-contractual, but may also be raised in connection with a contractual dispute in certain cases.

The same has to apply to disputes about the **validity** of IP rights. These types of disputes are typically non-contractual. The invalidity of the title is fairly often raised as a defense in an action for infringement of an IP right, with the defendant arguing that the alleged infringement could not have occurred at all due to the lack of validity of the title. However, a similar situation may also arise in a contractual context, for example, when in the context of a license agreement, the licensor alleges infringement of that very agreement by the licensee, while the licensee alleges that the licensed right is not (or no longer) valid.[9]

[2] General Accessibility to Arbitration

Arbitration proceedings can only take place if a valid arbitration agreement has been concluded.[10] Usually such an agreement is concluded in connection with a contractual

---

[4] See also MICHAEL NOLAN/CHRISTOPHER GASPAR/NATHANIEL BROWAND/KAMEL AITELAJ, Strategic Considerations Once a Dispute Has Arisen, in: John Pierce/Pierre-Yves Gunter (ed.): The GAR Guide to IP Arbitration, London 2020, pp. 65–74 (66 *et seq.*); THOMAS LEGLER, Arbitration of Intellectual Property Disputes, ASA Bulletin 2019, pp. 289–304 (291).

[5] See above, § 50X.03[1].

[6] See above, § 50X.03[2].

[7] Furthermore, disputes may arise out of indemnity agreements, see above, § 50X.03[3].

[8] See above, § 50X.03[4].

[9] Similarly § 50X.03[1].

[10] On the arbitration agreement (in particular the distinction between pre- and post-dispute agreements) see above, § 50X.02.

relationship and an arbitration agreement is concluded prior to a dispute arising. Alternatively, and in the absence of a contract containing an arbitration agreement, the parties may wish to enter into such an agreement after a dispute has arisen but before it is resolved. However, this is likely to be rare in IP disputes.[11] The foregoing subdivision, however, is not intended to obscure the fact that disputes over ownership or validity may also arise in a contractual context, and even infringement of IP rights may be alleged in that context. Therefore, in principle, all disputes described above are amenable to arbitration, some simply somewhat more frequently (disputes arising out of contract and ownership) than others (infringement and validity matters) even if the latter sometimes give rise to much more discussion.[12]

Arbitration has, in principle, the advantage that an award can be enforced through the New York Convention[13] which is in force in 168 countries (including major economic powers such as China, France, Germany, India, Japan, the United Kingdom and the United States).[14] The New York Convention applies to virtually all international intellectual property arbitrations—a possible exception being a purely private dispute as to ownership between two individuals. Under the New York Convention system, a foreign arbitral award is recognized on request provided that the duly authenticated original award and the original arbitration agreement (including translation if the award or agreement is not in the language of the country where enforcement is sought) is enclosed (Article IV of the New York Convention). From this perspective, arbitration in intellectual property matters has a clear advantage over state court proceedings as, apart from the Inter-American Convention on the Extraterritorial Validity of Foreign Judgments and Arbitral Awards,[15] there is hardly any mechanism outside the European Union with its Brussels Ibis Regulation[16] and the Lugano Convention[17] that allows for easy and fast enforcement of state court judgments.[18] In this respect, it should be noted

---

[11] See also THOMAS LEGLER, Arbitration of Intellectual Property Disputes, ASA Bulletin 2019, pp. 289–304 (291).

[12] See below, § 55.03.

[13] Convention on the Recognition and Enforcement of Foreign Arbitral Awards concluded in New York on 10 June 1958 (https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/new-york-convention-e.pdf).

[14] *Cf.* https://uncitral.un.org/en/texts/arbitration/conventions/foreign_arbitral_awards/status2 for a list with all member states.

[15] Inter-American Convention on Extraterritorial Validity of Foreign Judgments and Arbitral Awards of 8 May 1979 (https://www.oas.org/juridico/english/treaties/b-41.html).

[16] Regulation (EU) No 1215/2012 of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32012R1215).

[17] Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters of 30 October 2007 (https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A22007A1221%2803%29).

[18] This will not change even if the Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters ("Hague Judgments Convention") enters into force, as IP disputes are explicitly excluded from its scope of application, *cf.* Article 2(1)(m) Hague Judgments

that the conventions and regulations mentioned have limited participants only, thus they can hardly ever be compared to the New York Convention with its broad base of signatory countries.[19]

However, as will be shown below, certain jurisdictions do not allow the submission of intellectual property disputes to arbitration and reserve them for the state courts, at least to a certain extent (the question of *arbitrability*). Furthermore, the award resolving a dispute may not be enforceable in a country in which enforcement is sought (the question of *enforceability*[20]).

§ 55.03 Arbitrability and Enforceability

Arbitrability of intellectual property disputes and *enforceability* of arbitral awards resolving such disputes go hand in hand and are affected by the same public policy and public interest considerations. Thus, although an intellectual property dispute may be arbitrable in the country in which the arbitration is located, the award resolving such dispute may not be enforceable in another country in which recognition and enforcement are sought. This entirely plausible phenomenon reminds us that when parties negotiate their arbitration clause or agreement to arbitrate an intellectual property dispute, they must have in mind the arbitral law of each country in which the award may be taken for enforcement, as well as the country in which the award is issued.[21]

[1] Arbitrability

The question of *arbitrability* deals with the issue whether a dispute is capable of settlement by arbitration.[22]

A large number of countries have taken positive steps over the last two decades to clarify their law on arbitrability of IP disputes by explicitly addressing the issue through legislation or court decisions. For example, the United States,[23] Belgium[24] and France[25]

Convention of 2 July 2019 (https://www.hcch.net/en/instruments/conventions/full-text/?cid=137).

[19] THOMAS HALKET/MARIA CHEDID, Chapter 1: Introduction, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 1–48 (44).

[20] This should not be confused with the question of vacating an arbitral award. The setting aside of the arbitral award remains unaffected by the New York Convention and can only be requested in the country in which the arbitral award was made and according to its law. This is because the New York Convention only applies to arbitral awards made in the territory of a State other than the State where the recognition and enforcement are sought (Article I(1) New York Convention; *cf.* THOMAS HALKET/MARIA CHEDID, Chapter 1: Introduction, in: Thomas Halket [ed.], Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 1–48 [43–44]).

[21] WEI-HUA WU: International Arbitration of Patent Disputes, (2011) 10 J. Marshall Rev. Intell. Prop. L., 384–409 (409).

[22] In the United States the understanding of *arbitrability* is slightly different and covers not only the "*subject matter arbitrability but also issues relating to existence, scope and validity of an arbitration agreement*", *cf.* in detail: STEVEN CERTILMAN/WILLIAM BAKER, Chapter 2: Arbitrability of Intellectual Property Disputes, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 49–98 (51–53); *cf.* GARY BORN, International Commercial Arbitration, 3rd ed., Biggleswade 2021, pp. 1027–1137.

[23] 35 U.S. Code § 294 (https://www.law.cornell.edu/uscode/text/35/294) and 35 U.S. Code § 135(d)

have national legislation which provides for the arbitrability of certain IP disputes or at least includes them implicitly. In addition, various courts around the world, for example in Switzerland[26] or in the United Kingdom,[27] have declared certain types of IP disputes arbitrable. Nevertheless, some states assume that certain disputes over intellectual property rights are not capable of settlement by arbitration because of the involvement of the state or some designated governmental administrative authorities when creating, recognizing and protecting these rights.[28] South Africa, for example, has enacted a broad ban against the arbitration of any disputes involving not IP in general but patents.[29]

Especially in connection with disputes about the validity of IP rights, the question concerning arbitrability of such disputes is raised repeatedly.[30] Arbitration on the validity of an intellectual property right is, for instance and despite the basic arbitrability of IP disputes, not possible in some countries as it is considered to be contrary to public policy. This is due to the fact that intellectual property often involves important public interests and rights.[31] In some countries, not even the state courts have jurisdiction to consider questions of invalidity in infringement disputes, as this power is delegated to the issuing administrative authority.[32] At the other extreme, there are

---

(https://www.law.cornell.edu/uscode/text/35/135).

[24] Article 1676 Code Judiciaire (https://www.ejustice.just.fgov.be/eli/loi/1967/10/10/1967101057/justel#Art.1676).

[25] Article L615-17 Code de la propriété intellectuelle (https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000039280904).

[26] See below, § 55.03[C][g].

[27] MATTHEW REED/AVA MILLER/HIROYUKI TEZUKA/ANNE-MARIE DOERNENBURG, Arbitrability of IP Disputes, in: John Pierce/Pierre-Yves Gunter (ed.), The GAR Guide to IP Arbitration, London 2020, pp. 25–49 (28 *et seq.*); Final Report on Intellectual Property Disputes and Arbitration, (1998) 9 ICC International Court of Arbitration Bulletin, pp. 37–73 (42–43).

[28] STEVEN CERTILMAN/WILLIAM BAKER, Chapter 2: Arbitrability of Intellectual Property Disputes, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 49–98 (66).

[29] MATTHEW REED/AVA MILLER/HIROYUKI TEZUKA/ANNE-MARIE DOERNENBURG, Arbitrability of IP Disputes, in: John Pierce/Pierre-Yves Gunter (eds.): The GAR Guide to IP Arbitration, London 2020, pp. 25–49 (34).

[30] The UNCITRAL Model Law does not provide a uniform definition of arbitrability; scholars assume therefore, notably IP disputes may be except from arbitration even under the UNCITRAL Model Law, *cf.* TONI DESKOSKI/VANGEL DOKOVSKI, Notes on Arbitrability—Objective Arbitrability, (2018) 9 Iustinianus Primus L. Rev., pp. 1–12 (6–7).

[31] See the restrictive approach of NIGEL BLACKABY/CONSTANTINE PARTASIDES/ALAN REDFERN/MARTIN HUNTER, Redfern and Hunter on International Arbitration, 6th ed., Oxford 2015, para. 2.131: "*Whether or not a patent or trade mark should be granted is plainly a matter for the public authorities of the state concerned, these being monopoly rights that only the state can grant. Any dispute as to their grant or validity is outside the domain of arbitration.*" *Cf.* also ANDREA MONDINI/RAPHAEL MEIER, Patentübertragungsklagen vor internationalen Schiedsgerichten mit Sitz in der Schweiz und die Aussetzung des Patenterteilungsverfahrens, sic! 2015, pp. 289–298 (296–297).

[32] *E.g.*, in China; *cf.* STEVEN CERTILMAN/WILLIAM BAKER, Chapter 2: Arbitrability of Intellectual

countries, such as Switzerland,[33] that give *erga omnes* effect to some arbitral awards on validity. Other countries allow arbitration of IP disputes, including the issue of validity, stipulating that the award shall have effect only *inter partes* by means of a binding effect only between the parties to the arbitration.[34] In this constellation, the arbitral tribunal will not declare the IP rights invalid (with *erga omnes* effect), but will only oblige the owner with regard to its IP rights and ensure that the determined invalidity has its effect between the parties to the arbitration only (*e.g.*, in the United States, Canada, Singapore[35] and France).[36] As far as the advantages of arbitration in IP disputes will be discussed later, this might be a disadvantage of arbitration, because in all these cases an award is only valid between the parties and can only be enforced between them. Thus, a patent may be declared invalid *inter partes*, but still be recorded in the register and enforced against third parties. This can lead to a discrepancy between the substantive and formal existence of IP rights.

Not least because of the possibility of arbitral decisions on validity being made with *inter partes* effect only, there is an upward trend internationally also concerning arbitration of validity issues and the question of whether a dispute is arbitrable at all is becoming less relevant.[37]

[2] Enforceability

As noted above, arbitration has the advantage that an award can be enforced by the New York Convention. However, there are certain limits to enforceability. In the

---

Property Disputes, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 49–98 (68).

[33] See below, § 55.03[C][g].

[34] DÁRIO MOURA VICENTE, Arbitrability of Intellectual Property Disputes: a Comparative Survey, (2015) 31 Arbitration International 2015, pp. 150–162 (154–156); THOMAS LEGLER, Arbitration of Intellectual Property Disputes, ASA Bulletin 2019, pp. 289–304 (292).

[35] In August 2019, the Intellectual Property (Dispute Resolution) Bill was passed by Parliament in Singapore and assented to by the President. This Bill strengthens Singapore's position as a choice venue for the arbitration of international IP disputes because it explicitly states that IP disputes may be arbitrated in Singapore with *inter partes* effect (*cf.* https://sso.agc.gov.sg/Acts-Supp/23-2019/Published/20190911?DocDate=20190911; *cf.* Section 52B. Intellectual Property (Dispute Resolution) Bill No. 17/2019 (https://www.parliament.gov.sg/docs/default-source/default-document-library/intellectual-property-(dispute-resolution)-bill-17-2019.pdf).

[36] See below, § 55.03[C].

[37] This also coincides with a famous interim award of the ICC arbitration tribunal from 1989, according to which disputes involving the question of patent validity are arbitrable. The tribunal noted that the owner was largely free to restrict or dispose of his rights. Such an award would, however, only have an inter *partes effect*. However, the tribunal did not address the question as to whether an award might be contrary to public policy; ICC Case No. 6097, Interim Award of 1989, (1993) 4 ICC International Court of Arbitration Bulletin, p. 76. An informative summary of the award can be found at WILLIAM GRANTHAM, The Arbitrability of International Intellectual Property Disputes, (1996) 14 BJIL, pp. 173–221 (189–190). See also below, § 55.03[B].

following, only specific issues that have some importance in the context of IP disputes will be addressed.[38]

There are limited individual grounds for refusal of recognition and enforcement in the New York Convention under Article V, with particular reference to Article V(2)(a) and Article V(2)(b), which are especially relevant to arbitration of intellectual property disputes. They are as follows:

> Under Article V(2)(a), recognition and enforcement of an award may be refused by competent authority (*i.e.*, an appropriate court) in the country where recognition and enforcement are sought if such authority finds that the subject matter in dispute is not arbitrable in that country.
>
> Under Article V(2)(b), such authority may refuse recognition and enforcement of an award if such recognition and enforcement would be contrary to the public policy of that country.

Public policy and arbitrability concerns typically arise only when the existence or validity of registered IP rights, such as patents or trademarks, are at issue, as in these situations, private claims challenge a publicly granted right.[39]

On the one hand, an arbitral award is not enforceable if the subject matter of the **award is not arbitrable** in the country where it is to be enforced. Therefore, arbitrability not only matters with regard to the question of whether a dispute can be legally resolved through arbitration in one country but also when an arbitral award should be enforced in another country. Thus, situations can arise in which an award cannot be enforced in one jurisdiction even though the dispute was deemed fully arbitrable in the jurisdiction of the arbitral tribunal and the decision was therefore validly made. Of course, an award would lose its value if it could not be enforced in states where it is supposed to have its effect. As discussed earlier, there has been a turnaround in the vast majority of jurisdictions, with IP disputes regarding ownership, transfer or infringement of IP rights being generally arbitrable. This is especially true as soon as such a dispute relates to a contractual relationship between the parties. To the extent that the question of the validity of a registered IP right is in dispute, it has been shown, first, that such matters are rarely brought before arbitral tribunals. Second, to the extent that such a dispute is nevertheless submitted to arbitration, it has been shown that the parties usually have no interest in enforcing the effective cancellation of an invalid IP right from a register, since it is rather the enforcement between the parties that is important. Third, in a majority of countries the problem of arbitrability of IP disputes on validity issues is therefore addressed by granting the arbitral award (including the decision on validity of a registered IP right) with *inter partes* effect only.[40] Article

---

[38] A comprehensive presentation can be found at THIERRY CALAME/MARTIN AEBI, Chapter 11: Enforceability, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 599–639 (613).

[39] In contrast, disputes concerning the ownership or infringement of an IP right are usually considered arbitrable because they usually arise in connection with private contractual agreements and therefore concern only the relationship between the parties; *cf.* RICHARD KREINDLER/JEAN-YVES GARAUD, Chapter 9: The Impact of Public Policy Considerations, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 505–549 (513, 519).

[40] *Cf.* in detail: THIERRY CALAME/MARTIN AEBI, Chapter 11: Enforceability, in: Thomas Halket (ed.),

V(2)(a) is therefore in practice no longer a real barrier in most jurisdictions. Nevertheless, a claimant must not only ensure that the arbitral tribunal sits in a country where the matter is deemed capable of settlement by arbitration, but also that the subject matter is arbitrable with regard to all countries where future enforcement of the award is planned.[41]

On the other hand, an arbitral award is not enforceable if it would **violate the public policy** of the country in which it is to be enforced.[42] Article V provides a restricted escape to protect only the most fundamental and compelling rules and values of law and morality of the legal systems of the forum state.[43] Of course, the grounds for refusal for a violation of public policy vary from jurisdiction to jurisdiction. In the context of IP disputes, public policy concerns are again likely to arise primarily in connection with disputes over the validity of IP rights. The reason is that arbitration could be seen as a circumvention of the public grant system (which is obviously wrong, since the arbitrator's decision is, in principle, binding *inter partes* only).[44] It is therefore difficult to draw a line between Article V(2)(a) and Article V(2)(b) as they obviously overlap, since in one country disputes over the validity of IP rights may not be arbitrable and an award may therefore not be enforceable because of Article V(2)(a) without necessarily going against public policy, and in another country the dispute being addressed may be arbitrable but an award is contrary to public policy.[45] Therefore, it is advisable to verify not only whether the dispute is arbitrable in the jurisdiction where the award is to be enforced, but also whether there are any public policy reasons against enforcement in that jurisdiction. These reasons may vary from jurisdiction to jurisdiction.[46]

[3] Country Reports Including Related Arbitral Institutions

An increase can be observed not only in the case numbers of arbitrations on international IP disputes[47] and the corresponding acceptance of the arbitrability of such

---

Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 599–639 (616–619).

[41] JOSEPH ZAMMIT/JAMIE HU, Arbitrating International Intellectual Property Disputes, Dispute Resolution Journal, November 2009/January 2010, pp. 1–4 (3).

[42] Public policy concerns can mainly become an issue at three stages, namely (1) where the place whose law governs the substance of the dispute is called to rule upon the arbitrability; (2) where the law of the seat of arbitration restricts the arbitrability of the subject-matter; (3) where parties seek the enforcement of the award before a state court (WILLIAM GRANTHAM, The Arbitrability of International Intellectual Property Disputes, (1996) 14 BJIL, pp. 173–221 [189]).

[43] WEI-HUA WU, International Arbitration of Patent Disputes, (2011) 10 Marshall Rev. Intell. Prop. L., pp. 384–409 (409); THIERRY CALAME/MARTIN AEBI, Chapter 11: Enforceability, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 599–639 (620).

[44] Concurring WILLIAM GRANTHAM, The Arbitrability of International Intellectual Property Disputes, (1996) 14 BJIL, pp. 173–221 (199).

[45] THIERRY CALAME/MARTIN AEBI, Chapter 11: Enforceability, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 599–639 (620).

[46] JOSEPH ZAMMIT/ JAMIE HU, Arbitrating International Intellectual Property Disputes, Dispute Resolution Journal, November 2009/January 2010, pp. 1–4 (3).

[47] *Cf.* previous footnote 4.

cases, but also the number of arbitral institutions around the world in general and specialized on IP disputes in particular.[48]

It would go beyond the scope of this chapter to provide comprehensive coverage of all jurisdictions and all arbitral institutions. In the following, we will therefore only deal with selected countries and institutions that we consider to be particularly interesting and important with regard to IP. References to the relevant institutions are made under the respective country report in which the institution is based.

[a] United States and Canada

In the **United States**, pursuant to Section 294(a) and Section 294(c) Title 35 of the U.S. Code any dispute relating to patent validity or infringement may be referred to arbitration by agreement with binding force or effect between the parties only. An arbitral award concerning a patent, however, is not enforceable until it has been formally filed with the United States Patent and Trademark Office.[49]

Likewise, in **Canada**, all contentious questions relating to patents may be submitted to arbitration. Furthermore, but with no underlying statute, disputes relating to the validity of a trademark and registered copyrights are also arbitrable, but the award will have *inter partes* effect only.[50]

The American Arbitration Association (AAA)—with the International Centre for Dispute Resolution (ICDR, see Chapter 43 of this book) as its subsidiary institution for international disputes—is by far the largest arbitration forum within the United States, without, however, placing a special focus on the resolution of IP disputes. Nevertheless AAA has created some patent-specific arbitration rules (the Resolution of Patent Disputes Supplementary Rules, supplementing the AAA's Commercial Arbitration Rules), in collaboration with the US National Patent Advisory Council.[51] In addition, JAMS (formerly known as Judicial Arbitration and Mediation Services) (see Chapter 43A of this book) with its own international and IP specialty panels, and the International Institute for Conflict Prevention and Resolution (CPR, see Chapter 47 of this book), with its specialty panels that are relevant to IP disputes and rules specifically

---

[48] *Cf.* STÉPHANIE PAPAZOGLU, The Battle for Survival Among Arbitral Institutions, Kluwer Arbitration Blog, 19 June 2020 (http://arbitrationblog.kluwerarbitration.com/2020/06/19/the-battle-for-survival-among-arbitral-institutions/).

[49] 37 C.F.R. §§ 1.335(a)–(c) (https://www.law.cornell.edu/cfr/text/37/1.335); *cf.* RICHARD KREINDLER/JEAN-YVES GARAUD, Chapter 9: The Impact of Public Policy Considerations, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 505–549 (520–521 fn. 59); MATTHEW A. SMITH *et al.*, Arbitration of Patent Infringement and Validity Issues Worldwide, (2005-2006) 19 Harv. J.L. & Tech., pp. 299–358 (320).

[50] STEVEN CERTILMAN/WILLIAM BAKER, Chapter 2: Arbitrability of Intellectual Property Disputes, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 49–98 (72–74).

[51] Resolution of Patent Disputes, Supplementary Rules (available here: https://www.adr.org/sites/default/files/Resolution%20of%20Patent%20Disputes%20Supplementary%20Rules.pdf); see also DAVID HERRINGTON/ZACHARY O'DELL/LEILA MGALOBLISHVILI, Why Arbitrate International IP Disputes?, in: John Pierce/Pierre-Yves Gunter (eds.): The GAR Guide to IP Arbitration, London 2020, pp. 7–24 (8).

on the arbitration of patent and trade secret disputes (CPR IP Rules), as well as the Silicon Valley Arbitration and Mediation Center (SVAMC, see Chapter 51Z of this book), deserve greater attention.

[b] Hong Kong

Hong Kong, as a well-established center for international arbitration, enacted the Arbitration (Amendment) Ordinance in 2017 (in force since 1 January 2018) to "*clarify that IPR disputes are arbitrable and that it is not against Hong Kong's public policy to enforce arbitral awards involving IPRs*".[52] The Arbitration Ordinance provides that the "*validity of patent may be put in issue in arbitral proceedings*"[53] even if "*[a]n IP rights dispute is capable of settlement by arbitration as between the parties to the IP rights dispute*"[54] only, which is also true regarding other IP rights.[55]

IP disputes may be arbitrated irrespective of whether the law of Hong Kong or elsewhere gives jurisdiction to a specified entity (e.g. a court or an administrative authority) only or does not mention the possibility to arbitrate IP disputes.[56] Based on that consideration, Hong Kong allows the arbitration of any IP dispute regardless of whether that is permitted by the country where those rights are registered.

The openness to IP arbitration is also reflected in the fact that the Hong Kong International Arbitration Center (HKIAC) maintains a list of over 50 arbitrators specifically for IP disputes, who are very experienced in resolving IP disputes.[57]

[c] Singapore

In August 2019, the Intellectual Property (Dispute Resolution) Act was passed by Parliament in Singapore.[58] This Act amended Singapore's Arbitration Act and the International Arbitration Act and specially allows for the arbitration of any IP disputes. Therefore, the Act strengthens Singapore's position as a location of choice for the arbitration of international IP disputes as it explicitly states that IP disputes may be arbitrated and awards concerning IP rights can be enforced with *inter partes* effect.[59]

---

[52] Hong Kong Special Administrative Region, Ordinance No. 5 of 2017 (Arbitration [Amendment] Ordinance 2017, Part 1, Section 1 (https://www.gld.gov.hk/egazette/pdf/20172125/es1201721255.pdf); *cf.* PHILIPP HANUSCH, New Arbitration Provisions Confirm that IP Disputes are Arbitrable in Hong Kong, Global Arbitration News, 12 January 2008 (https://globalarbitrationnews.com/new-arbitration-provisions-confirm-ip-disputes-arbitrable-hong-kong/).

[53] Arbitration (Amendment) Ordinance 2017, Part 2, Section 5, clause 103I (https://www.gld.gov.hk/egazette/pdf/20172125/es1201721255.pdf).

[54] Arbitration (Amendment) Ordinance 2017, Part 2, Section 5, clause 103D(1) (https://www.gld.gov.hk/egazette/pdf/20172125/es1201721255.pdf).

[55] Arbitration (Amendment) Ordinance 2017, Part 2, Section 5, clause 103C and clause 103D (https://www.gld.gov.hk/egazette/pdf/20172125/es1201721255.pdf).

[56] Arbitration (Amendment) Ordinance 2017, Part 2, Section 5, clause 103D(4), (5) (https://www.gld.gov.hk/egazette/pdf/20172125/es1201721255.pdf).

[57] *Cf.* https://www.hkiac.org/arbitration/arbitrators/panel-arbitrators-intellectual-property.

[58] https://sso.agc.gov.sg/Acts-Supp/23-2019/Published/20190911?DocDate=20190911.

[59] See Singapore Intellectual Property (Dispute Resolution) Bill No. 17/2019, Section 52B (https://

The Singapore International Arbitration Centre (SIAC), based in Singapore, may handle such IP arbitration cases, also providing a list of at least 25 arbitrators specializing in IP disputes.[60]

An IP dispute is not incapable of settlement by arbitration only because a law of Singapore or elsewhere gives jurisdiction to specified entities (e.g. courts or administrative authorities) only or does not mention the arbitrability of IP disputes.[61] Based on that consideration, Singapore also allows the arbitration of any IP dispute regardless of whether that is permitted by the country where those rights are registered.

[d] China

As the validity of a patent is considered an administrative issue in China, arbitration of patent disputes is non-existent in China.[62] China is hesitant to enforce international arbitral awards, especially if the award was not made in China or by the HKIAC, but is to be enforced against a party in China. If an arbitral award is to be enforced in China, it therefore makes sense to choose an arbitration court in China, with the China International Economic and Trade Arbitration Commission (CIETAC) being the most relevant for international arbitration cases, at least for those involving Chinese state-related parties.[63] For private parties at least, the Beijing Arbitration Commission (BIAC—see Chapter 51A of this book, has been receiving a growing number of international arbitrations).

[e] South Africa

As shown, an increasing number of jurisdictions have overcome previous concerns regarding the arbitrability of IP disputes and now allow a broad variety of IP disputes to be submitted to arbitration. At least one exception remains: South Africa still prohibits by law arbitration of all disputes relating to patents issued in the country.[64]

---

www.parliament.gov.sg/docs/default-source/default-document-library/intellectual-property-(dispute-resolution)-bill-17-2019.pdf) as well as the Singapore International Arbitration Act, Section 26B (https://sso.agc.gov.sg/Act/IAA1994).

[60] *Cf.* https://www.siac.org.sg/our-arbitrators/siac-panel#ip.

[61] See Singapore Intellectual Property (Dispute Resolution) Bill No. 17/2019, Section 52B(3), (4) (https://www.parliament.gov.sg/docs/default-source/default-document-library/intellectual-property-(dispute-resolution)-bill-17-2019.pdf) as well as the Singapore International Arbitration Act, Section 26B(3), (4) (https://sso.agc.gov.sg/Act/IAA1994).

[62] Article 3(2) of the Arbitration Law of the People's Republic of China (2017 Amendment) (https://www.lawinfochina.com/display.aspx?id=23925&lib=law&EncodingName=big5); Articles 3, 45 and 46 of the Patent Law of the People's Republic of China (2020 Amendment) (https://www.lawinfochina.com/display.aspx?id=34138&lib=law); *cf.* STEVEN CERTILMAN/WILLIAM BAKER, Chapter 2: Arbitrability of Intellectual Property Disputes, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 49–98 (89–90).

[63] *Cf.* SHERMAN KAHN/CONNA WEINER, Chapter 4: Arbitral Institutions and Arbitration Rules, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 185–261 (217–219).

[64] Article 18(1) South African Patents Act 1978. MATTHEW REED/AVA MILLER/HIROYUKI TEZUKA/ANNE-MARIE DOERNENBURG, Arbitrability of IP Disputes, in: John Pierce/Pierre-Yves Gunter (eds.): The

[f] European Union

The arbitrability of IP disputes is not limited in the European Union by its community law.[65]

Jurisdictions such as France and Germany have a long history of clearly denying IP arbitrations.[66] However, even these jurisdictions have recently begun to accept the arbitrability *inter partes* of such disputes.[67] In **Germany**, if the validity of a patent is disputed, the traditional view holds that an arbitral tribunal may not annul the patent. However, the tribunal may decide that the patent holder has no right under the patent and must consent to have the patent declared null and void by the competent patent authority.[68] Yet, a more liberal approach developed in the last years and argues that validity may be subject to arbitration.[69] In **France**, the Paris Court of Appeals held in 2008 that the issue of patent validity was arbitrable provided the issue was raised incidentally as a defense or counterclaim in a contractual dispute.[70] However, such arbitral awards have only *inter partes* effect.[71]

In **Belgium**, all disputes involving an intellectual property rights agreement are arbitrable. However, to the extent that the dispute relates to the validity of an intellectual property right, arbitrability depends on the nature of the right, which is why

---

GAR Guide to IP Arbitration, London 2020, pp. 25–49 (26, 34).

[65] *Contra* JULIAN LEW/LOUKAS MISTELIS/STEFAN KRÖLL, Comparative international Commercial Arbitration, The Hague/London/New York, pp. 9–64; *cf.* THIERRY CALAME/MARTIN AEBI, Chapter 11: Enforceability, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 599–639 (618).

[66] In France, this was contrary to the law as the broad rule of Section 2059 of the French Civil Code provides that matters subject to the parties' free disposition are arbitrable (https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000006070721/LEGISCTA000006118171/#LEGISCTA000033458814); *cf.* MATTHEW REED/AVA MILLER/HIROYUKI TEZUKA/ANNE-MARIE DOERNENBURG, Arbitrability of IP Disputes, in: John Pierce/Pierre-Yves Gunter (ed.): The GAR Guide to IP Arbitration, London 2020, pp. 25–49 (36-37).

[67] Likewise, in *Australia*, *Great Britain* and *the Netherlands*, the possibility of arbitration is accepted very broadly but an award may not involve cancellation of a patent and takes effect only *inter partes*; cf. already ICC COMMISSION ON INTERNATIONAL ARBITRATION, Final Report on Intellectual Property Disputes and Arbitration, (1998) 9 ICC International Court of Arbitration Bulletin, pp. 37–73 (48–49).

[68] HUBERTUS LABES/TORSTEN LÖRCHER, § 7 Aussergerichtliche Streitbeilegung, in: Gordian N. Hasselblatt (ed.), Münchener Anwaltshandbuch Gewerblicher Rechtsschutz, 5th ed, Munich 2017, paras. 113–118; *Cf.* MATTHEW A. SMITH *et al.*, Arbitration of Patent Infringement and Validity Issues Worldwide, (2005–2006) 19 Harv. J.L. & Tech., pp. 299–358 (333–338).

[69] PETER SCHLOSSER, in: Reinhard Bork/Herbert Roth (eds.), Stein/Jonas Kommentar zur Zivilprozessordnung, 23rd ed., Vol. 10, Tübingen 2014, § 1030 para. 6; see also HUBERTUS LABES/TORSTEN LÖRCHER, § 7 Aussergerichtliche Streitbeilegung, in: Gordian N. Hasselblatt (ed.), Münchener Anwaltshandbuch Gewerblicher Rechtsschutz, 5th ed, Munich 2017, para. 114 with further references.

[70] Court of Appeal of Paris, *Ganz v. Société Nationale des Chemins de Fer Tunisiens (SNCFT)*, 29 March 1991, Rev. Arb. 1991, p. 478.

[71] MATTHEW REED/AVA MILLER/HIROYUKI TEZUKA/ANNE-MARIE DOERNENBURG, Arbitrability of IP Disputes, in: John Pierce/Pierre-Yves Gunter (eds.): The GAR Guide to IP Arbitration, London 2020, pp. 25–49 (36).

disputes about the validity of copyrights and patents[72] are generally arbitrable, whereas disputes over the validity of trademarks and designs are not arbitrable.[73]

It should be noted that a European project has been under way since 2012 on a unitary patent and, related to this, the establishment of a Unified Patent Court (UPC). Unfortunately, the project has encountered some challenges. On the one hand, the United Kingdom has withdrawn from the UPC by depositing corresponding notification in July 2020.[74] On the other hand, the project is also faltering in Germany after the first consent resolution of the Parliament was declared invalid in March 2020 and the second resolution from December 2020 did not go unchallenged either.[75] The progress of the project is therefore uncertain, even though it would have been very interesting from an arbitration perspective, namely because it aimed to make arbitration a standard feature in this unified patent court system.[76] Admittedly, the jurisdiction of the two arbitration courts in Ljubljana and Lisbon would probably be rather limited, since they cannot order the cancelation of a patent.[77] However, some room for interpretation remains, and some suggest that an arbitral award on the validity of a patent should at least have an *inter partes* effect, which seems quite arguable.[78]

[g] Switzerland

In Switzerland, every aspect of intellectual property may be subject to arbitration. The Federal Institute of Intellectual Property (IPI) will execute an arbitral award, subject however to the competent state court with jurisdiction over the seat of arbitration declaring the award enforceable. This goes back to a legal opinion of the Federal Office of Intellectual Property of Switzerland in 1975, which held that arbitral

---

[72] *Belgium* has national legislation which expressly provides for arbitrability of patent disputes. Article 51(1) Belgian Patents Act (https://www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=fr&la=F&table_name=loi&cn=2011011005) states that if a patent is revoked by an arbitration award, the decision on revocation shall constitute a final decision in respect of all parties, subject to opposition by third parties and that final revocation decisions shall be entered in the Register.

[73] *Cf.* FLIP PETILLION/JAN JANSSEN/DIÉGO NOESEN: Arbitration procedures and practice in Belgium: overview, Thomson Reuter Practical Law, 1 January 2021 (https://uk.practicallaw.thomsonreuters.com/w-013-9378?transitionType=Default&contextData=(sc.Default)).

[74] https://www.unified-patent-court.org/news/uk-withdrawal-upca.

[75] ALISON QUINN, Unified Patent Court—What is happening?, Ireland IP & Technology Law Blog, 5 March 2021 (https://www.lexology.com/library/detail.aspx?g=61e456ab-1a95-4960-bb4f-17d5b314eaef); see also https://www.unified-patent-court.org/news/upc-progress-german-ratification.

[76] Agreement on a Unified Patent Court, Article 35 (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.C_.2013.175.01.0001.01.ENG&toc=OJ%3AC%3A2013%3A175%3ATOC).

[77] Agreement on a Unified Patent Court, Article 35(2) (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.C_.2013.175.01.0001.01.ENG&toc=OJ%3AC%3A2013%3A175%3ATOC).

[78] JACQUES DEWERRA, New Developments of IP Arbitration and Mediation in Europe: The Patent Mediation and Arbitration Center Instituted by the Agreement on a Unified Patent Court (UPC), (2014) Revista Brasileira de Arbitragem Edição Especial, pp. 17–35 (27–29); SAM GRANATA, The Unified Patent Court: A One-Stop-Shop IP Dispute Resolution Entity, the Patent Mediation and Arbitration Centre (PMAC), in: Gerold Zeiler/Alexander Zojer (ed.), Resolving IP Disputes, Vienna/Graz 2018, pp. 75–86 (*passim*).

tribunals seated in Switzerland can render a decision on the validity of IP rights.[79] In international arbitration proceedings under the Swiss Private International Law Act (PILA),[80] this is confirmed by Article 177 PILA according to which any claim involving an economic interest may be submitted to arbitration.[81]

Geneva hosts the headquarters of the World Intellectual Property Organization (WIPO), which runs an Arbitration and Mediation Center (WIPO Center)[82] specialized in IP and technology disputes, and provides dedicated panels of arbitrators for IP disputes.[83] WIPO services span the whole range of alternative dispute resolution (ADR) options, such as mediation, arbitration, expedited arbitration, and expert determination to settle both domestic and cross-border disputes.[84] To this end, the applicable rules[85] also contain provisions specifically aimed at resolving IP disputes. In addition, the WIPO Center is also the world leader in resolving domain name disputes under the Uniform Domain-Name Dispute-Resolution Policy (UDRP).[86]

§ 55.04 Advantages of Arbitration in International IP Disputes

As stated in the introduction, arbitration is particularly well suited for resolving international IP disputes.[87]

The discussion above shows that there is no longer any real doubt that practically all IP disputes are arbitrable today and that they can be enforced internationally more easily than through state judgements, which in itself can be considered a great—possibly even the most important—advantage over state jurisdiction. Arbitration also

---

[79] *Cf.* ANDREA MONDINI/RAPHAEL MEIER, Patentübertragungsklagen vor internationalen Schiedsgerichten mit Sitz in der Schweiz und die Aussetzung des Patenterteilungsverfahrens, sic! 2015, pp. 289–298 (296); THOMAS LEGLER, Arbitrage en matière de propriété intellectuelle, in: Laurent Hirsch/Christophe Imhoos (eds.), Arbitrage, médiation et autres modes pour résoudre les conflits autrement, Zurich 2018, pp. 207–217 (211).

[80] Federal Act on Private International Law (PILA) of 18 December 1987 (https://www.fedlex.admin.ch/eli/cc/1988/1776_1776_1776/en).

[81] ANDREA MONDINI/RAPHAEL MEIER, Patentübertragungsklagen vor internationalen Schiedsgerichten mit Sitz in der Schweiz und die Aussetzung des Patenterteilungsverfahrens, sic! 2015, pp. 289–298 (290).

[82] https://www.wipo.int/about-wipo/en/activities_by_unit/index.jsp?id=1012.

[83] See for a detailed account of the WIPO Center's activities IGNACIO DE CASTRO/PANAGIOTIS CHALKIAS, Mediation and arbitration of intellectual property and technology disputes: The operation of the World Intellectual Property Organization Arbitration and Mediation Center, (2012) 24 SAcLJ, pp. 1059–1081.

[84] https://www.wipo.int/about-wipo/en/activities_by_unit/index.jsp?id=1012.

[85] For example, the regular rules (WIPO Rules; https://www.wipo.int/amc/en/arbitration/rules/), rules for expedited arbitration (WIPO Expedited Arbitration Rules; https://www.wipo.int/amc/en/arbitration/expedited-rules/) and rules for expert determination (WIPO Expert Determination Rules; https://www.wipo.int/amc/en/expert-determination/rules/).

[86] https://www.icann.org/resources/pages/policy-2012-02-25-en.

[87] See also for the particular advantages in the context of SEP/FRAND disputes PETER GEORG PICHT, Schiedsverfahren in SEP/FRAND-Streitigkeiten, GRUR 2019, pp. 11–25 (13–14).

brings other very specific advantages in the resolution of IP disputes and these are discussed in the following.[88]

As a general rule, arbitration is likely to resolve an IP dispute **more efficiently** than a state court and proceedings can be controlled better in terms of timetable and in general. This is due not least to the fact that the parties are largely free to design the arbitral procedure to reflect as closely as possible the needs of the specific situation. In any case, the starting point and core element is the arbitration agreement (including the choice of the rules of an arbitration institution and some specific experience of the arbitrator[s] relating to a certain legal field or industry).[89]

In fact, an arbitration court should decide **faster**, as on one hand proceedings and hearings can be started more quickly. On the other hand, it has been shown that the entire procedure for reaching a resolution can regularly be completed more quickly than before the ordinary courts.[90]

Furthermore, IP arbitration may in some cases be more **cost-efficient** than state court proceedings.[91] Court proceedings often require the use of local attorneys for each country, which only multiplies the cost of court proceedings. The parties in arbitration proceedings also have a greater influence on how expensive the proceedings will be if, for example, they do not choose a five-member arbitration panel but only a three-arbitrator tribunal or even just a single neutral arbitrator.[92]

Among other things, an increase in efficiency is possible because **arbitrators with experience** can be appointed freely by the parties on the basis of different criteria such as the competence, experience and language skills required.[93] This is of great advantage especially in IP disputes, many of which are technically demanding. Besides making the proceedings more effective, there is the added benefit that a correct conclusion is more likely.[94] Several institutions, including the WIPO,[95] the Hong Kong International

---

[88] For general pros and cons of arbitration versus litigation, see NIGEL BLACKABY/CONSTANTINE PARTASIDES/ALAN REDFERN/MARTIN HUNTER, Redfern and Hunter on International Arbitration, 6th ed., Oxford 2015, paras. 1.94–1.107.

[89] *Cf.* THOMAS HALKET/MARIA CHEDID, Chapter 3: The Arbitration Agreement, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 99–183 (182); THOMAS LEGLER, Arbitration of Intellectual Property Disputes, ASA Bulletin 2019, pp. 289–304 (298).

[90] DAVID HERRINGTON/ZACHARY O'DELL/LEILA MGALOBLISHVILI, Why Arbitrate International IP Disputes?, in: John Pierce/Pierre-Yves Gunter (eds.): The GAR Guide to IP Arbitration, London 2020, pp. 7–24 (8).

[91] *Cf.* TREVOR COOK/ALEJANDRO GARCIA, International Intellectual Property Arbitration, Alphen aan den Rijn 2010, para. 41–44.

[92] *Cf.* THOMAS HALKET/MARIA CHEDID, Chapter 1: Introduction, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 1–48 (15).

[93] THOMAS LEGLER, Arbitration of Intellectual Property Disputes, ASA Bulletin 2019, pp. 289–304 (297).

[94] *Cf.* THOMAS HALKET/MARIA CHEDID, Chapter 1: Introduction, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 1–48 (29).

Arbitration Center (HKIAC),[96] as well as the Silicon Valley Arbitration and Mediation Center (SVAMC)[97] maintain a list of arbitrators qualified in intellectual property matters.[98]

IP rights are territorial rights. An arbitral award therefore **counteracts the risk of inconsistent judgments** being issued in the same matter in different countries.

Arbitration is often preferred in IP disputes for reasons of **confidentiality**. Concern for the parties relating to confidentiality in IP disputes goes beyond the general desire to avoid airing the dispute in public.[99] After all, such disputes often involve the disclosure of information that contains confidential information or know-how that the parties do not want to be made public. Some parties wish to keep confidential the very fact of the dispute or proceedings at all, which is not possible in many jurisdictions where proceedings are open to the public by virtue of national rights. Therefore, confidentiality is a serious concern in most IP disputes. Not all arbitration institution rules protect confidential information in the same way[100] and the scope of protection available not only depends on the arbitration organization whose rules are adopted but—besides other grounds—also on the country where the arbitration is held and where the arbitration award is enforced. However, the parties can reach a specific agreement on the confidentiality issues they face.[101]

Not only can arbitral hearings in a single arbitration take place in various locations ("traveling arbitration"), but—as the pandemic has shown—arbitration is **more agile** and it is **easier and quicker to switch to virtual proceedings** than under national law and state proceedings, where it may have taken actual legislative changes to deal with the specifics of a pandemic (see below).

§ 55.05 Latest and Future Developments[102]

The fundamental shift—away from ordinary proceedings towards alternative dispute resolution (ADR) including arbitration in the field of intellectual property—has also

---

[95] WIPO only publishes its list of panelists for domain name disputes and not the list of arbitrators relating to arbitration (https://www.wipo.int/amc/en/domains/panel/panelists.html).

[96] http://www.hkiac.org/arbitration/arbitrators/panel-arbitrators-intellectual-property.

[97] https://svamc.org/tech-list-practice-focuses/#1590192558241-2eefb4f2-c9c1.

[98] THOMAS LEGLER, Arbitration of Intellectual Property Disputes, ASA Bulletin 2019, pp. 289–304 (297).

[99] LAURA A. KASTER/PHILIP D. O'NEILL, JR., Chapter 6: Confidentiality and Privacy During and After Proceedings, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 317–378 (317).

[100] For example, the LCIA is known to handle confidentiality issues well, and London is also known to be a confidentiality-friendly arbitration seat. *cf.* LAURA A. KASTER/PHILIP D. O'NEILL, JR., Chapter 6: Confidentiality and Privacy During and After Proceedings, in: Thomas Halket (ed.), Arbitration of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 317–378 (376).

[101] THOMAS LEGLER, Arbitration of Intellectual Property Disputes, ASA Bulletin 2019, pp. 289–304 (298). The WIPO Arbitration and Mediation Rules are unique in that respect, since they have established specific rules on the treatment of business secrets and other confidential information and documents, *cf.* Article 54(d) and Article 75–78, while the Arbitration Rules of the International Chamber of commerce

been recognized by state authorities. One the one hand, state authorities can be observed to integrate ADR increasingly in state proceedings concerning IP.[103] On the other hand, it may not have gone unnoticed by state commercial courts that they are losing international commercial disputes to ADR and especially arbitration.[104] State courts therefore strive to maintain their international appeal for commercial disputes (including IP disputes) and many have created corresponding chambers for international dispute resolution.[105]

In the last few years, IP arbitration has notably gained importance regarding the arbitration of the licensing of SEPs[106] on FRAND[107] terms.[108] The EU Commission

---

(ICC) are rather rudimentary in this respect, *cf.* Article 22(3) ICC Rules 2021.

[102] *Cf.* also the more detailed contribution of the authors: THOMAS LEGLER/ANDREA SCHÄFFLER, A Look to the Future of International IP Arbitration, in: John Pierce/Pierre-Yves Gunter (eds.): The GAR Guide to IP Arbitration, London 2020, pp. 217–227.

[103] THOMAS LEGLER/ANDREA SCHÄFFLER, A Look to the Future of International IP Arbitration, in: John Pierce/Pierre-Yves Gunter (eds.): The GAR Guide to IP Arbitration, London 2020, pp. 217–227 (219–220). Corresponding efforts can be observed all over the world, *e.g.*, in Australia and Mexico, in Singapore or in Korea, Brazil, Spain, the USA or Germany, whereby at least increased cooperation with WIPO is sought in order to expand ADR in the state proceedings. In Europe, this trend is partly due to the 2017 decision of the Court of Justice of the European Union (CJEU) (Case C-75/16), which held that mandatory mediation as a condition of court proceedings is not per se inadmissible, provided that the parties are not prevented from pursuing their right of access to the court system.

[104] Yet, the opposition between state courts and arbitration proceedings can also be misleading, since they are closely interrelated, see PAMELA K. BOOKMAN, The Arbitration-Litigation Paradox, (2019) 72 Vand. L. Rev., pp. 11191196 (1182–1192, 1196).

[105] THOMAS LEGLER/ANDREA SCHÄFFLER, A Look to the Future of International IP Arbitration, in: John Pierce/Pierre-Yves Gunter (ed.): The GAR Guide to IP Arbitration, London 2020, pp. 217–227 (221). For example, the following chambers were all founded in the past five years: the International Division of the Patent Court of Korea; the Singapore International Commercial Court; the Chamber for International Commercial Disputes of the District Court of Frankfurt am Main, Germany; the International Chamber of the Paris Court of Appeal, France; the Netherlands Commercial Court; and the Brussels International Business Court, Belgium. See on these developments IOANA KNOLL-TUDOR, The European and Singapore International Commercial Courts: Several Movements, a Single Symphony, Kluwer Arbitration Blog, 6 March 2019 (http://arbitrationblog.kluwerarbitration.com/2019/03/06/the-european-and-singapore-international-commercial-courts-several-movements-a-single-symphony/). In Switzerland, the Canton of Zurich launched the idea of a Zurich International Commercial Court (see on this project PHILIPP HABERBECK, Thoughts on a Zurich International Commercial Court, Jusletter 14 December 2020 [paras. 2, 24–26], who assumes that such a court would coexist peacefully with the established arbitration institutions).

[106] Standard-essential patents.

[107] Fair, reasonable, and non-discriminatory.

[108] Noteworthy cases include *BlackBerry v. Qualcomm* (www.marketwatch.com/story/blackberry-awarded-final-940-million-in-arbitration-with-qualcomm-over-royalties-2017-05-26); InterDigital v. Huawei (https://thepatentinvestor.com/2016/04/interdigital-fends-off-huawei-effort-to-annul-arbitration-award-in-paris-allowingcase-in-federal-court-to-proceed); *Nokia v. LG Electronics* (www.ipwatchdog.com/2017/09/26/nokia-favorable-arbitration-award-patent-license-lg-electronics/id=88063); *Nokia v. BlackBerry* (www.reuters.com/article/us-blackberry-nokia-patents/blackberry-loses-payment-dispute-withnokia-to-pay-137-million-idUSKBN1DV517). For a detailed report *cf. inter alia* PETER GEORG PICHT/GASPARE TAZIO LODERER, Arbitration in SEP/FRAND Disputes: Overview and Core Issues, (2019) 36 JOIA, pp.

and the CJEU[109] also acknowledged the potential benefits of arbitration in SEP licensing disputes.[110]

Recently, particular attention has been paid to technical developments in arbitration, which have been accelerated by COVID-19. Looking ahead to a post-COVID-19 era, it is expected that the use of arbitration could increase significantly due to the greater flexibility it appears to offer in times of crisis.[111] For example, it would be possible in an arbitration proceeding for the parties to spontaneously agree to move the location of a hearing to another region (one less affected by a pandemic for example), to conduct the hearing only virtually or by teleconference, or to hold documents-only arbitrations.[112] Increased demand and a great interest can be observed in the use of these options by parties. Generally, online dispute resolution (ODR) is a valid alternative to traditional physical arbitration, whether for a short period of time during a pandemic or in general.[113] Not only in terms of arbitration, but also in general, ODR is becoming increasingly popular. In China, for example, three (state) internet courts have already been established in Hangzhou,[114] Beijing[115] and Guangzhou to resolve copyright disputes. Moreover, the Hangzhou Internet Court has admitted evidence authenticated

---

575–594; RICHARD A. H. VARY, Arbitration of FRAND Disputes in SEP Licensing, World Trademark Review, 11 March 2021 (https://www.worldtrademarkreview.com/arbitration-of-frand-disputes-in-sep-licensing).

[109] Court of Justice of the European Union.

[110] EU Commission, Communication from the Commission to the European Parliament, the Council, and the European Economic and Social Committee, Setting out the EU Approach to Standard Essential Patents, COM(2017)712 final (29 Nov. 2017): "*The Commission takes the view that alternative dispute resolution (ADR) mechanisms such as mediation and arbitration can offer swifter and less costly dispute resolution. While there can be no obligation for parties to use ADR, the Commission believes that the potential benefits of this tool are currently underexploited.*" The CJEU in Case C-170/13, *Huawei Technologies v. ZTE*, para. 68 stated that "(. . .) *where no agreement is reached on the details of the FRAND terms following the counter-offer by the alleged infringer, the parties may, by common agreement, request that the amount of the royalty be determined by an independent third party, by decision without delay.*", which is read as a reference to arbitration; PETER GEORG PICHT/GASPARE TAZIO LODERER, Arbitration in SEP/FRAND Disputes: Overview and Core Issues, (2019) 36 JOIA, pp. 575–594 (575).

[111] CHAWLA CHAHAT, International Arbitration during COVID-19: A Case Counsel's Perspective, Kluwer Arbitration Blog, 4 June 2020 (http://arbitrationblog.kluwerarbitration.com/2020/06/04/internationalarbitration-during-covid-19-a-case-counsels-perspective/); not so optimistic: LUKE NOTTAGE, Will the COVID-19 Pandemic Be a Long-Term Game Changer for International Arbitration?, Kluwer Arbitration Blog, 16 July 2020 (http://arbitrationblog.kluwerarbitration.com/2020/07/16/will-the-covid-19-pandemic-be-a-long-term-game-changer-for-international-arbitration/).

[112] The ICC Rules 2021 now explicitly address virtual hearings (Article 26 para. 1 ICC Rules 2021) (*cf.* for an overview https://pestalozzilaw.com/en/news/legal-insights/revised-2021-icc-arbitration-rules/). Article 27 para. 2 and para. 5 Swiss Rules 2021 also addresses hearings by videoconference (*cf.* for an overview https://pestalozzilaw.com/en/news/legal-insights/swiss-arbitration-revamped-new-swiss-arbitration-centre-revised-swiss-rules-international-arbitration-2021-and-launch-swiss-arbitration-platform/). See furthermore, the proposed procedures of SIAC: https://www.siac.org.sg/faqs/siac-covid-19-faqs.

[113] GARY BENTON, It is not the strongest of the species that survives but the most adaptable: The case for online commercial arbitration, CCA Blog, 4 July 2020 (https://www.ccarbitrators.org/the-case-for-online-commercial-arbitration/).

[114] https://www.netcourt.gov.cn/?lang=En.

by blockchain in one case.[116] Indeed, other developments can be observed in this area as well. Blockchain technology can be used to authenticate and validate smart contracts, so that in the event of a dispute arising from contract, the predefined arbitration process would be triggered automatically.[117] In the same vein, smart legal contracts—i.e. a combination of "smart" (i.e. blockchain-based) and "non-smart" (i.e. "analogous") clauses—allow for sophisticated automated arbitral dispute resolution.[118] It can also influence the analogous nature of arbitration, just as it is already happening in China. We are curious to see how long it takes for such institutions to emerge outside of China.[119]

§ 55.06 Conclusion

Arbitration is suitable for the efficient resolution of international IP disputes. On the one hand, arbitration is capable of dealing with technically challenging IP disputes, and expert arbitrators are able to achieve a coherent result in many cases. On the other hand, arbitration is flexible and offers quick solutions even in times of technical change, making it possible to continue towards an arbitral award even in exceptional situations such as a pandemic.

Even if the question of arbitrability and enforcement of arbitral awards concerning IP disputes is becoming less important in many jurisdictions, it is still worth keeping the following in mind:

In the event that a party is concerned about the enforcement of a future arbitral award due to the lack of arbitrability of IP disputes in a particular jurisdiction, it may request the arbitral tribunal to determine, if necessary, that the invalidity of the right in question only has *inter partes* effect.[120]

In addition, the parties may take certain precautions in advance when drafting the arbitration clause in the relevant agreement. For example, the parties may agree in such a clause that in the event that the arbitral tribunal declares an IP right invalid, the only consequence of the resulting award will be that the prevailing party shall receive a free license to use the right in question for its remaining term.[121]

---

[115] https://english.bjinternetcourt.gov.cn/.

[116] KIM LU/DONG NING, China patent: Courts respond positively to blockchain evidence, ManagingIP, 18 September 2019 (https://www.managingip.com/article/b1kbm1ql82cl83/china-patent-courts-respond-positively-to-blockchain-evidence#:~:text=In%20June%202018%2C%20Hangzhou%20Internet,do%20so%20in%20the%20country).

[117] For a general presentation of arbitration clauses in smart contracts see PASCAL FAVROD-COUNE/KÉVIN BELET, La convention d'arbitrage dans un smart contract, AJP 2018, pp. 1105–1117.

[118] See in detail above, § 50X.03[9].

[119] *Cf.* SYLVIA POLYDOR, Blockchain Evidence in Court Proceedings in China—A Comparative Study of Admissible Evidence in the Digital Age, 3.1 (2020) JBLP, pp. 96–115 (103–115).

[120] THOMAS LEGLER, Arbitration of Intellectual Property Disputes, ASA Bulletin 2019, pp. 289–304 (295).

[121] THOMAS LEGLER, Arbitration of Intellectual Property Disputes, ASA Bulletin 2019, pp. 289–304 (295); THIERRY CALAME/MARTIN AEBI, Chapter 11: Enforceability, in: Thomas Halket (ed.), Arbitration

---

of International Intellectual Property Disputes, 2nd ed., New York 2021, pp. 599–639 (619).