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ARBITRABILITY OF INTELLECTUAL PROPERTY DISPUTES: A PERSPECTIVE FROM INDIA AND FIVE CONTINENTS

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Abstract

This paper explores the intersection of intellectual property rights and alternative dispute resolution (ADR), focusing on the arbitrability of IP disputes, strategic considerations in IP arbitrations, and the role of the WIPO Arbitration and Mediation Center. Beginning with a historical overview of ADR's emergence and its significance in modern industrialization, the paper delves into the complexities of arbitrability across various legal systems, examining differing approaches and challenges. It discusses the advantages of ADR in resolving IP disputes, including confidentiality benefits and the role of WIPO in facilitating such resolutions. Furthermore, it analyses the fundamental problems inherent in international IP disputes, considering conceptual discrepancies between nations and the allure of arbitration in resolving such conflicts. Drawing insights from legal frameworks in countries like Australia, the United States, India, the United Kingdom, and South Africa, the paper evaluates the status of IP dispute arbitrability and offers recommendations for future developments. Ultimately, it underscores the need for greater adoption of ADR mechanisms in resolving IP conflicts while acknowledging the existing challenges and the ongoing evolution of legal frameworks.

Introduction

In about 1980, the ADR approach gained widespread recognition in international circles, prompting the launch of ADR initiatives on a worldwide scale. One of the most important aspects of alternative dispute resolution is that it is legally binding, allowing the parties to feel satisfied with their access to justice and the speed with which their conflicts are resolved. The *"Ubi jus remedium ibi remedium"* principle talks about where there is a right there is a remedy" As a result of the protections afforded by intellectual property law, the private, public, and non-profit sectors have been able to flourish, and modern industrialization has been able to propel humanity forward. With the expansion of the corporate and industrial sectors, ADR professionals and organisations have had to change to keep up. It also drew attention to

the value of ADR in the area of IP protection. To grasp the relevance of intellectual property rights and alternative conflict resolution procedures.[1]

ADR has historical roots and remains widely utilized today. In traditional conciliation, mediation, and *"panch parmeshwara"* processes in India, eminent citizens played a key role by providing ideas, counsel, and direction per societal norms to facilitate simple conflict resolution. Many countries like Albania, Burundi, China, Japan, the Philippines, South Korea and Singapore have successfully adopted mediation for disputes. However, as these informal ADR mechanisms often operated outside formal legal frameworks historically, there was risk of abuse lacking regulatory oversight. In contrast, the rising adoption of ADR in the 1970s-80s aimed to cut backlogs and deliver swift justice by providing alternatives to lengthy court procedures. This gained impetus from increasing litigation complexities brought by scientific advancements, welfare state policies, and greater rights awareness. Presently, relevant stakeholders have posed questions regarding the value addition ADR can provide for IP conflicts specifically. Compared to public court processes, ADR for IP disputes can potentially enable confidential negotiations, technical expert participation, and tailored solutions balancing legal and business interests. However, its application would require developing supporting ecosystems around issues like arbitrator capabilities, ethical codes, enforceability of outcomes and fitting different ADR models to diverse IP conflict scenarios.

[2] Exactly, the Apex Court in India has never taken a unified stance on the issue of whether or not alternative dispute resolution should be used in cases involving intellectual property rights, and the legal system in India has not included or required the use of such methods. To modify ADR for the sake of resolving a dispute involving Intellectual Property Rights, a more modern and humane method is required. The preservation of intellectual property rights and the rigours of the commercial world necessitate a simple and adaptable remedying body.

This paper seeks to illuminate the strategic and tactical considerations surrounding interim and final remedies in intellectual property arbitrations, which have become pressing issues for modern global trade.

Research Objectives

1. Investigate the current status of intellectual property dispute arbitrability across different legal systems.

2. Analyze the role and effectiveness of the WIPO Arbitration and Mediation Center in resolving IP disputes.

[1] Manupatra. "Articles – Manupatra." *Articles – Manupatra*, www.articles.manupatra.com/article-details/Alternative-Dispute-Resolution-Mechanisms-In-The-Intellectual-Property-Regime (last visited on February 8, 2024).
[2] "Are IP Disputes Arbitrable in India? And to What Extent? - Arbitration and Dispute Resolution - India." 12 Apr. 2018, *available at:* www.mondaq.com/india/arbitration-dispute-resolution/ (last visited on February 8, 2024).

3. Assess the advantages and limitations of alternative dispute resolution mechanisms in addressing intellectual property conflicts.

Scope of the Research

This research focuses primarily on the arbitrability of intellectual property disputes and the role of alternative dispute resolution mechanisms, particularly arbitration and mediation. It encompasses an examination of legal frameworks, case studies, and international agreements related to IP arbitrability. The research does not delve extensively into specific technical aspects of intellectual property law but rather emphasizes the strategic, tactical, and procedural considerations in resolving IP disputes through alternative means.

Research Questions

1. What are the key factors influencing the arbitrability of intellectual property disputes across different jurisdictions, and how do these factors impact the effectiveness of alternative dispute resolution mechanisms?

2. How does the WIPO Arbitration and Mediation Center facilitate the resolution of intellectual property disputes, and what are the challenges and opportunities associated with its role in the global IP landscape?

The Arbitrability of Intellectual Property Disputes

Due to arbitration's benefits, it may be the preferred method of conflict settlement for the parties involved. However, the arbitrability of intellectual property conflicts is an issue that has yet to be settled in many different legal systems. The term "arbitrability" describes disputes that may be resolved by a neutral third party. In most cases, both parties have the option of submitting their disagreement to an impartial arbitrator. The only constraints it has are those imposed by each country's legal system. Therefore, the State intends for the appropriate court to settle any conflicts that arise due to the close connection between the issue at hand and the public interest. Arbitrability may be thought of in two ways. Subjective arbitrability is the condition under which a party may enter into an arbitration agreement. This often involves the authority of a person, business, or government. Conversely, the term "objective arbitrability" is used to describe the types of legal conflicts that cannot be resolved by arbitration.[3]

According to Kleiman and Pauly (2019), While some nations have broadened the range of disputes that may be resolved by arbitration, others have relegated such questions to the exclusive jurisdiction of the courts to maintain state control. Arbitral awards might be hard to enforce due to the world's increasing diversity. For instance, even if an award

[3] Dr Anu Mutneja, Dr. Arti and. "Alternative Disputes Resolution and Intellectual Property Rights: Indian Perspective - International Journal of Law Management and Humanities." *International Journal of Law Management & Humanities*, 13 June 2021, *available at:* www.ijlmh.com/paper/alternative-disputes-resolution-and-intellectual-property-rights-indian-perspective/ (last visited on February 10, 2024).

is made by an arbitral tribunal seated in a nation that recognises arbitration of intellectual property issues, the judgement may not be accepted in a country that does not.[4]

When deciding cases, courts everywhere apply a restricted definition of public policy, focusing on measures that prevent "grave injustice." Approaches to enforcing international arbitration awards based on public policy grounds vary across jurisdictions. For instance, in the case *"Mabuhay Holdings Corporation v. Sembcorp Logistics Limited"*[5] in the Philippines, the court adopted a narrow interpretation, restricting non-enforcement to scenarios that violate basic morality and fairness. In contrast, Singapore equates public policy for both domestic and foreign awards when considering setting aside an arbitral award. Moreover, Article 44 of Brunei Darussalam's Constitution (2009) allows rejecting foreign awards as contrary to public policy or involving non-arbitrable disputes. Meanwhile, Indonesia's Arbitration Law (1999) sets a distinct threshold - refusing enforcement only for awards that violate "public order" under the New York Convention.

The arbitrability of IP disputes also differs due to public policy concerns in some countries. There is an argument that since IP rights are creations of public law under national statutes rather than private contracts, related conflicts may not be suitable for private arbitration procedures. For instance, in Germany, only the Federal Patent Court can rule on patent invalidity while infringement cases can go to arbitration. Overall, interpreting violations of public order and which IP matters have adequate arbitrability remains varied across jurisdictions. Achieving harmony requires balancing public regulatory interests with the flexibility of private dispute resolution mechanisms.

In the United States, in *"Ballard Medical Products v. Earl Wright"*[6], "the Court of Appeals cautioned that arbitrators, though they consider public policy in doing their job, are not roving patent offices that can pass upon the validity of patents." The court went on to say that if the arbitrators had ruled the patent invalid, one of the parties may have filed a motion to rescind the arbitral judgement because the arbitrator had exceeded their authority.

Another line of thought supports the notion that some IPR disputes are arbitrable. *In "Booz Allen Hamilton v SBI Home Finance"*[7], the Indian Supreme Court stated "that all disputes amenable to judicial resolution might be settled by an arbitral panel. However, arbitration cannot be used to resolve disputes involving crimes. It is important to remember that infringement proceedings can either be brought as a criminal procedure if the defendant is suspected of breaking the penal laws of the State or as a civil case if the claimant is seeking monetary damages or a restraining order."

[4] "Are IP Disputes Arbitrable in India? And to What Extent?", *available at:* www.khuranaandkhurana.com/2018/04/02/are-ip-disputes-arbitrable-in-india-and-to-what-extent/#_ftn2 (last visited on February 8, 2024).
[5] G.R. No. 212734, Dec. 5, 2018.
[6] 821 F.2d 642 (Fed. Cir. 1987).
[7] AIR 2011 SUPREME COURT 2507.

Role of WIPO Arbitration and Mediation Center in IPR Disputes

In September 1993, The WIPO ("World Intellectual Property Organization") General Assembly passed a resolution to establish the WIPO Arbitration Center, currently known as the "WIPO Arbitration and Mediation Center", with unanimous support. The Centre's services include arbitration and mediation for private parties involved in intellectual property issues. The Center also handles unique administrative procedures for settling disagreements related to domain name registrations. The Center was established to link two fields that have witnessed rapid development in recent years but have done so independently of one another. Specifically, they are the fields of arbitration (or alternative dispute resolution; "ADR") and intellectual property (IP). Both the number of arbitration hearings and the number of entities conducting them have increased significantly. Furthermore, in certain countries, like the United States of America, new kinds of ADR processes have emerged beyond traditional arbitration and mediation. These include customised variants of classical arbitration, mini-trials, and other combinations of procedures.

There are now more opportunities to employ ADR as a result of the rising usage of international protection for intellectual property. With more rights comes a greater likelihood of disputes arising over those rights. The parties involved in negotiating licences and other contractual agreements often focus more on the positive outcomes of the negotiations than the fallout that may occur if the business arrangement fails. However, contractual measures aimed at the expedient resolution of potential conflicts have not always kept up with the changes in the field of arbitration. Furthermore, the existence of a plethora of national and regional rights covering the same subject matter underlines the necessity for conflict resolution methods which avoid recourse to multiple national court actions. When two international parties are at odds with one another, it may be necessary for them to use alternative conflict resolution mechanisms that are not tied to the judicial system of either of their home countries.

Advantage of ADR in IPR Disputes

With the right arbitration agreement in place, the parties may be able to devise more creative solutions than would be available in a court of law. But these fixes can still be blocked by authorities if they violate public policy. If the parties still agree to give the arbitrator the power to award any remedy, the judgement may not be enforceable.

Arbitrating intellectual property disputes is crucial for maintaining confidentiality, but in some countries like India, arbitration of in rem rights or third-party interests is legally prohibited. This presents a dilemma between private confidentiality interests and public policy concerns about transparency of dispute outcomes. Arbitrators in India can rule on patent infringements, but their decisions can be challenged in courts if they violate statutory norms or public policy principles. To balance confidentiality benefits with public access needs, jurisdictions strive to facilitate confidential resolution mechanisms for suitable disputes while retaining transparency for conflicts with larger economic and social stakes. This balance between private arbitration and public regulation mandates remains

challenging.[8] Problems with maintaining the privacy of intellectual property disputes that have wide-ranging public implications can be mitigated by passing laws mandating at least some of the processes to be made public. The U.S. Patent and Trademark Office must get a copy of any arbitral verdict on patent validity, infringement, and interference disputes. The award is not binding until the winner gets notified. Switzerland registers arbitral verdicts with the same bureau that issues and maintains patents. Awards made regarding intellectual property rights may also be entered in the register if they are accompanied by a certificate of enforceability issued by the Swiss court at the arbitral tribunal in accordance with "Article 193 of the Convention Swiss Private International Law Act". This shows that well-crafted Indian IP law might promote more and better arbitration while preserving parties' privacy and the public interest.

Fundamental Problems of International IPR Disputes

The numerous conceptual discrepancies between how various nations understand intellectual property rights are one of the core challenges in international intellectual property law conflicts. For instance, before the GATT's recent ratification, which triggered major reforms in American patent law,[46] It was necessary by local law that all patent applications be kept confidential until the patent was officially granted. A key feature of domestic legislation is the protection of pending applications from the public view, in contrast to international patent registration procedures where such information is made public immediately upon submission. Industrialized countries may elect to enter the markets of less developed countries if they have access to stronger mechanisms for safeguarding intellectual property through international agreements that apply ADR provisions. When dispute settlement methods are established in multilateral agreements, complicated problems like the choice of law or jurisdiction will no longer be a source of contention. When it comes to intellectual property issues on a global scale, for instance, the goal of mediation is problem-solving rather than right or wrong determination. The secret to mediation's success as a means of conflict resolution is that it places more emphasis on finding a workable solution than on protecting each party's rights. Disagreements over intellectual property rights are complicated by the fact that industrialized and developing nations often regard these issues quite differently. The parties may be able to agree to compromise if they are willing to put aside their differences and focus on finding solutions to the issues at hand.

Intellectual Property Disputes in Asia and The Allure of Arbitration

Australia – Australia's Patents Act 1990 protects patents. a patent owner is protected for 20 years (or 25 years for medicines). Australia's Trade Marks Act 1995 protects registered trademarks. Australia is a signatory to the Paris Convention, the TRIPS Agreement, and the Madrid Protocol Relating to the International Registration of Marks 1989.

[8] "Are IP Disputes Arbitrable in India? And to What Extent? - Arbitration and Dispute Resolution - India." 12 Apr. 2018, *available at:* www.mondaq.com/india/arbitration-dispute-resolution/ (last visited February 9, 2024)

The Copyright Act of 1968 protects copyright in Australia.[9] Copyright isn't registered, Australia doesn't register the copyright. The arbitrability of intellectual property disputes is not mandated by any Australian law. All IP issues are presumed to be arbitrable by Australian courts. For instance, "the Supreme Court of New South Wales addressed the issue of arbitrability of patent disputes in *Larkden Pty Limited v. Lloyd Energy Systems Pty Limited"*[10], reiterating that arbitration can be used to settle IP issues, but that the arbitrators cannot give rulings establishing who owns what IP.

Unites States – The US copyright convention protects works produced after 1978 for 70 years, with 95 years if published and up to 120 years if not. The 1909 Copyright Act applies to works before 1978, providing an initial 28-year protection period. When a publication's copyright expires, it is considered in the public domain, allowing unlimited use. The 2011 America Invents Act (AIA) modified US patent law to adopt a "first inventor to file" approach, similar to the UK's, effective on March 16, 2013.[11] In European nations, public disclosure can preclude patenting.[12] United States federal law makes it possible for parties to resolve patent issues through arbitration if they include an arbitration clause in their patent-related contract or if they agree to have an existing disagreement resolved through arbitration.[13] Despite the lack of federal law mandating the arbitration of copyright issues, U.S. courts have generally held that such conflicts are amenable to arbitration.[14] Regrettably, this cannot be stated for trademark disputes in the United States, where no federal legislation requires mandatory arbitration.[15]

India- India has taken a quite complicated but rational stance on the arbitrability of intellectual property issues. Differentiating between rights in rem and rights in personem, as well as between judgements in rem and judgements in personem, is at the heart of the policy dispute. However, there is debate about how extensive parties should be permitted to seek intellectual property arbitration. The record itself shows that the judgement in personam is between the parties asserting the right in form as well as in content. Judgment in rem refers to a ruling made by a court with the authority to determine the legal status of an item or thing. Judgment in rem cases is therefore often not appropriate for private arbitration, however, this is not an inflexible rule. The Apex Court in Booz Allen Case[16] has stated that "subject matter of arbitration that involves only rights in personem are arbitrable in nature, but no matter involving right in

[9] "The Intellectual Property Review - the Law Reviews." *The Intellectual Property Review - the Law Reviews*, 24 Apr. 2024, *available at:* www.thelawreviews.co.uk/title/the-intellectual-property-review/australia. (last visited February 9, 2024)
[10] "The Guide to IP Arbitration," Law Business Research 2021, pp. 31-32.
[11] Boss Worldwide LLC v. Crabill WL 124805 (S.D.N.Y 2020).
[12] "Standard Essential Patents (SEPs): Use of Alternative Dispute Resolution for SEP Disputes | USPTO." 6 Oct. 2024, *available at:* www.uspto.gov/about-us/events/standard-essential-patents-seps-use-alternative-dispute-resolution-sep-disputes (last visited on February 9, 2024)
[13] 35 U.S.C. Section 294(a).
[14] Packeteer, Inc. v. Valencia Systems Inc., 2007 WL 707501, 82 U.S.P.Q.2d 1216;
[15] "The Guide to IP Arbitration", Law Business Research (2021), p. 29.
[16] AIR 2011 SC 2507

rem," For example, in validity procedures, judgements that might potentially terminate or invalidate the monopoly's existence or enforceability can be presented to any private arbitral tribunal.[17]

United Kingdom: "Alternative Dispute Resolution Procedures used to Resolve Construction Disputes in the UK" allows businesses, financial institutions, and other experts to resolve disputes at a lower cost and in a shorter amount of time. It's a quick and easy way to keep things private between two people, and it doesn't cost too much. The Patent Act of the United Kingdom specifies that arbitration is only permissible in exceptional circumstances when the courts have given their express approval.[18] When it comes to trademark infringement, the United States and the United Kingdom both often use arbitration as a means of resolving trademark issues.[19] In the United Kingdom, arbitration can be used to address issues involving the infringement of copyrights, while in the United States it can be used to handle disputes involving a breach of a copyrights clause in a contract and affirm the validity of copyrights.[20] The Unified Patent Court is an ambitious new initiative in European intellectual property law. It's all part of a set of patent law laws, the most important of which is the creation of a "community patent" for the European Union that would have the same legal force anywhere it's used. Several obstacles have arisen, however, including the United Kingdom's recent announcement that it will withdraw from the Unified Patent Court project and a ruling by Germany's Federal Constitutional Court in March 2020 that the country's parliament did not have the requisite majority vote to approve the Agreement on the Unified Patent Court.[21]

South Africa- As far as South African law is concerned, international commercial arbitration is governed by the International Arbitration Act, of 2017. It applies to any and all international business disputes between the parties that the parties have agreed to resolve by arbitration pursuant to an arbitration agreement. The Act allows for the acceptance and execution of arbitral judgments and incorporates the UNCITRAL Model Law on International Commercial Arbitration. As an alternative to litigation, arbitration is recognized as valid by South African courts. Unless there is a special cause to the contrary, a South African court would recognise and enforce any final and binding arbitral decision in the same manner as it would a judgement of a High Court of South Africa. Judgments from the Supreme Judicial of Appeal and the Constitutional Court recognise the idea of party autonomy and confirm that court involvement in arbitration procedures should be limited, demonstrating the growing support for arbitration among South African courts in recent years. When deciding whether or not an arbitration provision is enforceable, a South African court would

[17] "The Arbitrability of Intellectual Property Disputes." *The Arbitrability of Intellectual Property Disputes*, *available at:*www.lawteacher.net/ (last visited on February 8, 2024).
[18] The Patents Act, 1997
[19] Daiei, Inc. v. United States Shoe Corp, 755 F. Supp. 299 (D. Hawaii 1991).
[20] Annirudh vashishtha, Resolving Intellectual Property Rights Disputes Through ADR, Assistant Professor, Amity Law School, Noida, AUUP
[21] "UK Withdraws Ratification of the Unified Patent Court Agreement - Kluwer Patent Blog." *Kluwer Patent Blog*, 20 July 2020, *available at:* http://patentblog.kluweriplaw.com/ (last visited February 10, 2024).

likely apply the contract law concept that contracts should be respected provided they were freely entered into and their contents are not unlawful, immoral, or harmful to the public interest.

Conclusion

An epitome for a conclusion would be to resonate the words eloquently stated by Abraham Lincoln, that *"part of the role of an attorney is to persuade your neighbors to compromise whenever you can. Point out to them how the nominal litigant winner is often a real loser-in fee, expenses and waste of time".* Many lawyers who specialize in intellectual property and their clients do not now view ADR as a viable option for settling conflicts. Alternative dispute resolution mechanisms are still relatively new in the realm of intellectual property in India, but they should be employed more often. While arbitration as a means to resolve IP issues has numerous advantages, it also has many detractors. Arbitration in intellectual property is often criticized for not being effective at discouraging infringing behavior or fostering an ethical work environment since its decisions are solely enforceable between the parties involved. In the event of multinational contracts, parties often avoid arbitration due to concerns over jurisdiction and the difficulty of locating impartial arbitrators. The impact of a counterclaim or revocation defence in situations of infringement must also be considered. In light of the fact that such reliefs are in rem, the parties would be required to submit their dispute to the proper venue. One might deduce that IP dispute arbitrability in India is a fledgling plan in need of legal backing and an appropriate framework for effective execution. It is possible to deduce that IP issues are arbitrable based on current court judgements, but there is still a long way to go.