

Global Arbitration Review

The Guide to IP Arbitration

Editors

John V H Pierce and Pierre-Yves Gunter

In association with

iam WTR™

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John V H Pierce and Pierre-Yves Gunter

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Publisher's Note

Global Arbitration Review, in association with Intellectual Asset Management and World Trademark Review, is delighted to publish *The Guide to IP Arbitration*.

For those unfamiliar with GAR, we are the online home for international arbitration specialists; we tell them all they need to know about everything that matters. Most know us for our daily news and analysis service (you can sign up for our free headlines on www.globalarbitrationreview.com), but we also provide more in-depth content: books and regional reviews; conferences; and workflow tools. Visit www.globalarbitrationreview.com to learn more.

Being at the heart of the international arbitration community, we often become aware of gaps in the literature – topics yet to be fully explored. The intersection of IP and arbitration is one such area. Hitherto, the two fields have not mingled as well as one might expect. Large IP owners, such as banks, are known in arbitration circles as being sceptical about the medium. They shouldn't be. In many ways, international arbitration is perfect for them: a private, bespoke process, invented to bridge cultural divides. Above all else, it is internationally enforceable.

Recently, this antipathy towards arbitration has shown signs of fading. There are now IP owners who are international arbitration evangelists.

We are therefore delighted to publish the first edition of *The Guide to IP Arbitration*, in conjunction with two of our sister brands that cover the world of IP: Intellectual Asset Management and World Trade Mark Review.

This book is in five parts and will be of interest both to newcomers to arbitration and those who are already aficionados. Future editions will be expanded with the viewpoints of arbitrators and in-house counsel.

If you find it useful, you may enjoy other GAR Guides in the same series, which cover energy; construction; M&A disputes; advocacy; damages; mining; and challenging and enforcing awards. We are also very proud of our citation manual, UCIA (*Universal Citation in International Arbitration*).

Lastly, sincere thanks to our two editors, John V H Pierce and Pierre-Yves Gunter, for taking the idea that I pitched and running with it so well. I was on a skiing holiday at the time – my, those days seem a long time ago! And thank you to all of my Law Business Research colleagues for the elan with which they've brought our vision to life.

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Future Directions

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A Look to the Future of International IP Arbitration

Thomas Legler and Andrea Schäffler¹

Introduction

Traditionally, disputes concerning IP rights are mainly heard before national courts. Nevertheless, in recent years there has been a significant shift towards arbitration.² For example, the number of cases decided under the WIPO Arbitration and Mediation Rules is constantly increasing³ and the number of specific IP-related arbitral institutions is rising as well.⁴ This can be partially attributed to the territorially-limited scope of state court proceedings that no longer meet the requirements of current international economic processes.⁵ The move towards arbitration is a logical shift because, as mentioned in previous chapters, arbitration is especially suitable as a more effective process in resolving IP disputes.⁶ Arbitration is a confidential proceeding, which is particularly advantageous for IP

1 Thomas Legler is a partner and Andrea Schäffler is an associate at Pestalozzi Attorneys at Law Ltd.

2 Woller, Michael/Pohl, Michaela: IP Arbitration on the Rise, *Kluwer Arbitration Blog*, 16 July 2019 (accessed 24 September 2020, <http://arbitrationblog.kluwerarbitration.com/2019/07/16/ip-arbitration-on-the-rise/>); Kim, Hwan/DeFosse, Jonathan/Szlarb, Natalia: The Growing Importance of International Arbitration for Intellectual Property Disputes, *The National Law Review*, 13 March 2020 (accessed 24 September 2020, <https://www.natlawreview.com/article/growing-importance-international-arbitration-intellectual-property-disputes>); Halket, Thomas: Arbitration of International Intellectual Property Disputes, Huntington 2012.

3 The WIPO Arbitration and Mediation Center recently reported an increase in case numbers of 15 per cent from 2018 to 2019. In recent years, patent disputes have been most common, followed by ICT, trademark, and copyright disputes (cf. <https://www.wipo.int/amc/en/center/caseload.html>).

4 cf. Silicon Valley Arbitration and Mediation Centre (SVAMC); Honk Kong International Arbitration Centre (HKIAC) with a Panel of Arbitrators for Intellectual Property Disputes; Japan Intellectual Property Arbitration Center.

5 cf. <https://www.ipdr-forum.org/mission/>.

6 See American Arbitration Association, Products of the Mind (accessed 24 September 2020, https://www.adr.org/sites/default/files/document_repository/AAA192_Intellectual_Property_Disputes.pdf). According to the 'International Survey on Dispute Resolution in Technology Transactions' conducted by WIPO in 2013, 32 per cent of the participants indicated a preference for a forum selection clause in favour of state courts for

cases owing to the sensitive nature of the data involved. In addition, specialist knowledge is often required to resolve technical disputes efficiently, a difficulty that can be addressed by appointing suitably qualified arbitrators.

There are crucial questions we must ask with regards to the future of arbitration and its role in IP dispute resolution. What do trends show and where are arbitration professionals focusing their efforts? Can arbitration keep pace with innovation and technological advancements? What advantages will we see in arbitration compared to other methods of dispute resolution? What does the future hold for IP arbitration?

Latest trends

It is common knowledge that arbitration cannot take place in the absence of a valid arbitration agreement, which generally results from a contractual relationship.⁷ Alternatively, and in the absence of a contract, parties may still enter into an arbitration agreement after a dispute has occurred, but this is rare.⁸ Thus, straightforward disputes over ownership⁹ or infringements of IP rights are generally handled by state courts.¹⁰ Furthermore, many countries reserve disputes about the validity of IP rights for the state courts and, therefore, do not recognise arbitral awards on validity.¹¹ Yet this does not mean that the validity of IP rights cannot be decided by arbitral tribunals. Rather, arbitral tribunals may address this issue not by declaring the IP right to be invalid, but by obliging the owner to withdraw its IP right from the respective registries or by ensuring that the established invalidity has *inter partes* effect only (e.g., in the United States, Canada, Singapore and France).¹² For example, in August 2019, the Intellectual Property (Dispute Resolution) Bill was passed by Parliament in Singapore and assented to by the President.¹³ 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.¹⁴ Another

their IP disputes, 30 per cent of the participants include an arbitration clause in their respective contracts and 12 per cent opt for mediation as their preferred dispute resolution method. In general, survey participants noted a trend towards greater use of alternative dispute resolution in this area. For further information, see Pre-empting and Resolving Technology, Media and Telecoms Disputes, International Dispute Resolution Survey, Queen Mary University of London 2016 (accessed 24 September 2020, http://www.arbitration.qmul.ac.uk/media/arbitration/docs/Fixing_Tech_report_online_singles.pdf); cf. also Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, pp. 289–304 (290).

7 Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, pp. 289–304 (291).

8 *ibid.*

9 Disputes about the ownership of patents or patent applications are, however, quite frequently handled by arbitral tribunals based on an arbitration clause contained for example in a research and cooperation agreement, license or distribution agreement. See Mondini, Andrea/Meier, Raphael: Patentübertragungsklagen vor internationalen Schiedsgerichten mit Sitz in der Schweiz und die Aussetzung des Patenterteilungsverfahrens, *sic!* 5/2015, p. 289 ff.

10 Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, pp. 289–304 (291).

11 *ibid.*

12 Schramm, Dorothee: International IP Arbitration – A Blessing Or A Bad Idea? In Vivo, Informa Pharma Intelligence, October 2019.

13 <https://sso.agc.gov.sg/Acts-Supp/23-2019/Published/20190911?DocDate=20190911>.

14 See 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](https://www.parliament.gov.sg/docs/default-source/default-document-library/intellectual-property-(dispute-resolution)-bill-17-2019.pdf)).

example can be found in Hong Kong, where parties can use arbitration to resolve any type of IP dispute, including disputes over the enforceability, infringement, validity, ownership, scope or duration of an IP right.¹⁵ Therefore, if Hong Kong is the place of arbitration, an arbitrator has the power to award any remedy or relief that could be ordered by the Hong Kong Court of First Instance in civil proceedings.¹⁶ Consistently, an arbitral award (whether it was made in or outside Hong Kong) can be enforced in Hong Kong by filing with the Court of First Instance.¹⁷ This coincides with the launch of the Panel of Arbitrators for Intellectual Property Disputes at the Hong Kong International Arbitration Centre.¹⁸ In addition, there are state courts that recognise arbitral awards on the validity of IP rights with *erga omnes* effect (e.g., Switzerland and Belgium). In light of these factors, the question of whether a dispute is arbitrable at all is becoming less relevant.

Generally, one of the reasons parties seem to prefer an arbitral award over a state court judgment is because under the New York Convention, it is possible to enforce foreign arbitral awards in more than 159 jurisdictions. Under the New York Convention system, a foreign arbitral award is simply recognised on request, provided that the duly authenticated original award and the original arbitration agreement is enclosed, and with a translation of these documents if needed (Article IV of the New York Convention). However, arbitral awards in specific IP arbitration proceedings may not be enforceable in all these jurisdictions. For example, enforcement of an arbitral award that concerns the validity of an IP right may be refused in certain jurisdictions where state authorities have sole jurisdiction to determine the validity of an IP right.¹⁹ The advantage of arbitration over state court proceedings is obvious, however, because it remains far easier to enforce a foreign IP arbitral award than a judgment of a foreign national court.

This principal shift – away from ordinary proceedings towards alternative dispute resolution (ADR) in the field of intellectual property – has also been recognised by public authorities. It is very evident that ADR is gaining popularity and is becoming more integrated in ordinary IP state proceedings.²⁰ Australia and Mexico, for example, provide alternative dispute options for the resolution of IP and technology disputes²¹ and in England and Poland, there is an optional cooling-off period by means of mediation in trademark opposition proceedings. There have also been institutional developments in Singapore, where the Intellectual Property Office of Singapore developed a mediation option for trademark and patent proceedings, under its collaboration with WIPO, and an

15 https://www.doj.gov.hk/en/legal_dispute/pdf/arbitration_faq_e.pdf.

16 *ibid.*

17 *ibid.*

18 <https://www.hkiac.org/news/panel-arbitrators-intellectual-property-disputes>. Likewise: SIAC's panel of arbitrators for intellectual property disputes (<https://www.siac.org.sg/our-arbitrators/siac-panel#ip>) or the Swiss Chambers' Arbitration Institutions list of arbitrators specialised in IT and Data Privacy (<https://www.swissarbitration.org/Arbitration/Find-Arbitrator-Counsel>).

19 https://www.doj.gov.hk/en/legal_dispute/pdf/arbitration_faq_e.pdf.

20 *WIPO Magazine*, An expanding role for IP offices in alternative dispute resolution, 2019, p. 40 (accessed on 24 September 2020, https://www.wipo.int/export/sites/www/wipo_magazine/en/pdf/2019/wipo_pub_121_2019_01.pdf).

21 <https://www.ipaustralia.gov.au/ip-infringement/enforcing-your-ip/international-alternative-dispute-resolution>.

expert determination option for patent proceedings.²² Korea, Brazil, Spain, the United States and Germany, among others, collaborate with WIPO to develop or enhance their ADR services, especially mediation.²³ Various countries require mandatory mediation proceedings in commercial cases, including IP cases. While in the past, mandatory mediation schemes were typical for some common-law jurisdictions (such as Australia), an increasing number of countries with different legal traditions have decided to do the same (e.g., the Philippines, Argentina, Greece, Romania, India and Turkey).²⁴

Especially in Europe, this trend may be partially attributed to a decision of the Court of Justice of the European Union (CJEU) from 2017 (Case C-75/16). In that decision, the CJEU concluded that mandatory mediation as a pre-condition to litigation is not precluded by a legislative framework, provided that the parties are not prevented from exercising their rights of access to the judicial system.²⁵ In Greece, mediation is mandatory in trademark infringement disputes²⁶ and Portugal has implemented mandatory arbitration proceedings for certain cases of infringement disputes concerning patents and supplementary protection certificates.²⁷ Turkey, for example, introduced mandatory civil mediation for commercial cases including money-related IP disputes.²⁸ In the Philippines, mediation

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- 22 *WIPO Magazine*, An expanding role for IP offices in alternative dispute resolution, 2019, p. 41 (accessed on 24 September 2020, https://www.wipo.int/export/sites/www/wipo_magazine/en/pdf/2019/wipo_pub_121_2019_01.pdf); cf. <https://www.ipos.gov.sg/protecting-your-ideas/hearings-mediation>; <https://www.wipo.int/amc/en/center/specific-sectors/ipos/mediation/>.
- 23 See PP 10 Global trends in IP Mediation, Prof. Nadja Alexander, EUIPO IP Mediation Conference, Alicante 2019 (accessed on 24 September 2020, <https://euipe.europa.eu/ohimportal/de/ip-mediation-conference2019>); *WIPO Magazine*, An expanding role for IP offices in alternative dispute resolution, 2019, p. 44 (accessed on 24 September 2020, https://www.wipo.int/export/sites/www/wipo_magazine/en/pdf/2019/wipo_pub_121_2019_01.pdf); A full list of countries the WIPO Center collaborates with is available here: <https://www.wipo.int/amc/en/center/specific-sectors/ipoffices/>.
- 24 See PP 10 Global trends in IP Mediation, Prof. Nadja Alexander, EUIPO IP Mediation Conference, Alicante 2019 (accessed on 24 September 2020, <https://euipe.europa.eu/ohimportal/de/ip-mediation-conference2019>).
- 25 cf. Morek, Rafal: To compel or not to compel: Is mandatory mediation becoming “popular”?, *Kluwer Mediation Blog*, 19 November 2018 (accessed on 24 September 2020, <http://mediationblog.kluwerarbitration.com/2018/11/19/to-compel-or-not-to-compel-is-mandatory-mediation-becoming-popular/>).
- 26 Perraki, Marina: Mandatory mediation in Greece – the saga continuous, *Kluwer Trademark Blog*, 3 December 2019 (accessed on 24 September 2020, <http://trademarkblog.kluweriplaw.com/2019/12/03/mandatory-mediation-in-greece-the-saga-continuous/>); Perraki, Marina: Greece: Mandatory mediation in trademark civil disputes, *Kluwer Trademark Blog*, 16 May 2018 (accessed on 24 September 2020, <http://trademarkblog.kluweriplaw.com/2018/05/16/greece-mandatory-mediation-trademark-civil-disputes-2/>); Perraki, Marina: Mandatory Mediation Questioned – Greece, *Kluwer Trademark Blog*, 17 July 2018 (accessed on 24 September 2020, <http://trademarkblog.kluweriplaw.com/2018/07/17/mandatory-mediation-questioned-greece/>).
- 27 cf. Lousa, Nuno/Silva, Raquel: Arbitrating Intellectual Property Disputes in Portugal: A Case Study, *Kluwer Arbitration Blog* (accessed on 24 September 2020, <http://kluwerarbitrationblog.com/2015/11/13/arbitrating-intellectual-property-disputes-in-portugal-a-case-study/>).
- 28 cf. Yilmaztekin, Hasan Kadir: Turkey introduces mandatory civil mediation for commercial cases including IP rights, *Journal of Intellectual Property Law & Practice*, Vol. 14, June 2019, pp. 432–437; Alkan, Dogan: Turkey introduces mandatory mediation for money-related IP disputes, 4 February 2019 (accessed on 24 September 2020, <https://www.managingip.com/article/b1kblyn8jls5vl/turkey-turkey-introduces-mandatory-mediation-for-money-related-ip-disputes>).

is mandatory for administrative complaints relating to IP rights violations, *inter partes* cases, such as trademark opposition and cancellation proceedings, and disputes involving technology transfer payments.²⁹

It is important to note that state courts strive to maintain their international appeal for commercial disputes (including IP disputes) and many have created corresponding chambers for international dispute resolution. For example, the following chambers have all been established 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. There is also the Zurich International Commercial Court project in Switzerland.

Future developments

Unified Patent Court in the European Union

One of the most notable projects in European IP law is the establishment of the Unified Patent Court. This is part of a package of regulations on patent law, the core of which is the introduction of a European ‘community patent’ with unitary effect at the level of the European Union.

Unfortunately, the project has met a few challenges; the UK has made final preparations to withdraw from the Unified Patent Court project and, in March 2020, the Federal Constitutional Court of Germany declared that parliamentary approval of the Agreement on the Unified Patent Court is void on grounds of not achieving the necessary parliamentary majority.³⁰

From an arbitration viewpoint, the related framework agreement (Regulation (EU) No. 1260/2012) provides the following in Article 35:

- (1) *A patent mediation and arbitration centre (‘the Centre’) is hereby established. It shall have its seats in Ljubljana and Lisbon.*
- (2) *The Centre shall provide facilities for mediation and arbitration of patent disputes falling within the scope of this Agreement. Article 82 shall apply mutatis mutandis to any settlement reached through the use of the facilities of the Centre, including through mediation. However, a patent may not be revoked or limited in mediation or arbitration proceedings.*

²⁹ <https://www.wipo.int/amc/en/center/specific-sectors/ipophl/>.

³⁰ UK withdraws ratification of the Unified Patent court Agreement, Kluwer Patent Blog, 20 July 2020 (accessed on 24 September 2020, <http://patentblog.kluweriplaw.com/2020/07/20/uk-withdraws-ratification-of-the-unified-patent-court-agreement/>); <https://www.unified-patent-court.org/news/uk-withdrawal-upca>; <https://www.unified-patent-court.org/news/federal-constitutional-court-decision>; in Germany, a new draft bill was already presented in June 2020, see for the ongoing procedure: https://www.bmjv.de/SharedDocs/Gesetzgebungsverfahren/DE/EPG%C3%9C_Vertragsgesetz.html?sessionid=C7D5061064D78BB3130239BB4CBC41C5.1_cid324.

In other words, arbitration is to become a standard feature in this unified patent court system. The jurisdiction of these two arbitration centres is, however, rather limited as they cannot order the cancellation of a patent. A certain margin of interpretation remains and some suggest that an award on the validity of a patent should at least have an *inter partes* effect.³¹

SEP/FRAND

As already pointed out, ADR in IP matters is by no means a new phenomenon.³² Recently, however, its importance has increased in the context of licensing of standard-essential patents (SEPs) on fair, reasonable and non-discriminatory (FRAND) terms.³³ Standards setting organisations, such as the Institute of Electrical and Electronics Engineers, suggest the use of arbitration (an arbitration agreement is thus integrated into a FRAND licence offer), *inter alia*, for the determination of royalties respecting FRAND principles.³⁴ Several large SEP/FRAND arbitration proceedings have already been conducted³⁵ and the legal development in this field was furthered by projects such as the ‘Guidance on WIPO FRAND Alternative Dispute Resolution (ADR)’,³⁶ the SEP communication of the European Commission and the FRAND ADR Case Management Guidelines of the Munich IP Dispute Resolution Forum.³⁷ Generally, the response from administrative and judicial authorities to resolve SEP/FRAND conflicts through ADR has been exceptionally positive.³⁸ The advantages of arbitration for such cases lie in the choice of specialised arbitrators with the necessary

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- 31 De Werra, Jacques: 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), *Revista Brasileira de Arbitragem (RBA)*, 2014, p. 27 f. (asserting that an award on the validity of a patent should at least have an *inter partes* effect). The author further indicates on p. 34 that arbitration could apply to disputes about SEPs where an arbitral tribunal may decide whether a licence is ‘fair, reasonable and non-discriminatory’. See also Granata, Sam: The Unified Patent Court: A One-Stop-Shop IP Dispute Resolution Entity, the Patent Mediation and Arbitration Centre (PMAC), in: Zeiler, Gerold/Zojer, Alexander (ed.), *Resolving IP Disputes*, Vienna/Graz 2018, p. 75 ff.
- 32 See also: Picht, Peter/Loderer, Gaspare: Arbitration in SEP/FRAND Disputes, Overview and Core Issues, *Journal of International Arbitration*, 2019, pp. 575–594 (575).
- 33 See also: Picht, Peter/Loderer, Gaspare: Arbitration in SEP/FRAND Disputes, Overview and Core Issues, *Journal of International Arbitration*, 2019, pp. 575–594 (575); Rhie, John/Noh, Harold: Resolving IP Disputes through International Arbitration, *Korean Arbitration Review*, 7th Issue, 2016, pp. 11–15 (12); Wild, Joff: Despite the difficulties, it is time to embrace arbitration as the best way to resolve licensing disputes, 31 August 2019 (accessed on 24 September 2020, <https://www.iam-media.com/embrace-arbitration/>); The Case for Arbitration of Patent Disputes, *Kluwer Arbitration Blog*, 25 February 2016 (accessed on 24 September 2020, <http://arbitrationblog.kluwerarbitration.com/2016/02/25/recent-event-the-case-for-arbitration-of-patent-disputes/>); Bender, Raymond: Arbitration – An Ideal Way to Resolve High-Tech Industry Disputes, *Dispute Resolution Journal*, 2011, p. 9.
- 34 Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, pp. 289–304 (302).
- 35 e.g., *BlackBerry v. Qualcomm* (<https://www.cnn.com/2017/04/12/blackberry-awarded-815-million-in-arbitration-case-against-qualcomm.html>). For further examples see Picht, Peter/Loderer, Gaspare: Arbitration in SEP/FRAND Disputes, Overview and Core Issues, *Journal of International Arbitration*, 2019, pp. 575–594 (576).
- 36 The Guidance is available here: <https://www.wipo.int/publications/en/details.jsp?id=4232&plang=EN>.
- 37 Picht, Peter/Loderer, Gaspare: Arbitration in SEP/FRAND Disputes, Overview and Core Issues, *Journal of International Arbitration*, 2019, pp. 575–594 (576).
- 38 See the recent activities in Japan regarding SEP/FRAND arbitration: https://www.jpo.go.jp/e/support/general/sep_portal/.

expertise for SEP/FRAND disputes, which are complex, both in a legal sense and from a technical point of view.³⁹ Another advantage lies in the possibility of finding tailor-made solutions regarding issues of confidentiality in this highly competitive field, even considering certain restrictions in the interest of other market participants and the general public.⁴⁰

In 2017, WIPO published the Guidance on WIPO FRAND Alternative Dispute Resolution (ADR), which aims to facilitate submissions of FRAND disputes to WIPO mediation and arbitration.⁴¹ The Guidance, inter alia, explains the procedural options that are available at different stages of the process and identifies key elements that the parties may wish to consider to shape the arbitration proceedings, notably, addressing large SEP portfolios and containing time and cost of the proceedings.⁴²

Trade fairs

In a global pandemic, one does not think about trade fairs, except for those that have been cancelled.⁴³ Nevertheless, such events will be scheduled again⁴⁴ and, as such, arbitral jurisdiction will regain importance. Setting aside pandemics and digital revolutions, statistics still confirm the popularity of trade shows and it is likely that popularity will increase after an exceptional occurrence, such as the current pandemic.⁴⁵ If an exhibitor infringes IP rights at a trade fair, the owner of the IP rights can apply for emergency relief – a tool that is used to immediately stop the infringing activity.⁴⁶ In the United States, for example, courts may award a temporary restraining order (TRO), which it may do *ex parte* – without a hearing of the alleged infringer.⁴⁷ Aside from the Supreme Court decision in *eBay v. MercExchange*, the applicability of TROs in connection with trade fairs in the United States is limited under current law.⁴⁸ American doctrine does reference ADR.⁴⁹

39 Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, pp. 289–304 (302); Picht, Peter/Loderer, Gaspare: Arbitration in SEP/FRAND Disputes, Overview and Core Issues, *Journal of International Arbitration*, 2019, p.p 575–594 (576).

40 See in particular: Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, pp. 289–304 (301 et seq.); Picht, Peter/Loderer, Gaspare: Arbitration in SEP/FRAND Disputes, Overview and Core Issues, *Journal of International Arbitration*, 2019, pp. 575–594 (579).

41 Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, pp. 289–304 (302).

42 *ibid.*

43 For example, Switzerland's two-week Geneva International Motor Show or the 10-day South by Southwest (SXSW) music, film and technology conference in Austin, Texas.

44 cf. <https://www.madeparis.com/>.

45 See Trimble, Marketa: Enforcement of Intellectual Property Rights at Trade Shows, A Review and Recommendations, *Ohio State Journal on Dispute Resolution*, 2018, p. 3 et seq.

46 *ibid.*, p. 9.

47 Fed. R. Civ. P. 65(b)(1); see Trimble, Marketa: Enforcement of Intellectual Property Rights at Trade Shows, A Review and Recommendations, *Ohio State Journal on Dispute Resolution*, 2018, p. 10.

48 *eBay Inc v. MercExchange, LLC*, 547 U.S. 388 (2006).

49 Trimble, Marketa: Enforcement of Intellectual Property Rights at Trade Shows, A Review and Recommendations, *Ohio State Journal on Dispute Resolution*, 2018, p. 12.

In fact, ADR at trade fairs is common worldwide because of its fast and efficient application.⁵⁰ Some trade show organisers provide legal support for IP right holders, such as the Consumer Technology Association, which runs the International Consumer Electronics Show in Las Vegas.⁵¹ Otherwise, trade show participants are generally made aware of IP clauses in trade shows' terms and conditions, such as Reed Exhibitions' 'IP Issues and Procedures', applicable for the BookExpo in New York City.⁵² The most sophisticated form of trade show organiser involvement in IP enforcement consists of the establishment and maintenance of ADR mechanisms that address IP rights violations alleged to have occurred at trade shows.⁵³ These ADR procedures are likely to become more important, especially if trade fairs are increasingly taking place online.⁵⁴

Today, for example, Palexpo Trade Fairs in Geneva, Switzerland (based on the former Baselworld watch fair), Spielwarenmesse in Nuremberg, Germany or the AAPEX trade show in Las Vegas, United States, participate in ADR mechanisms for IP disputes.⁵⁵ Likewise, in Singapore, SingEx developed a fast-track IP dispute resolution procedure for SingEx trade and consumer fairs in collaboration with the WIPO Center.⁵⁶ State courts have also noted that the requirements for proceedings in connection with the infringement of IP rights at trade fairs are different from ordinary proceedings on IP rights infringements. Therefore, some state courts have deliberately adjusted to the needs of trade fair participants and, thus, offer standby services for trade shows.⁵⁷ Following China's example, there is likely to be a merger of national court and ADR mechanisms in connection with trade fairs if alternative systems are introduced into state court systems.⁵⁸

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- 50 Burnier, Michèle: La resolution des litiges dans les foires, in: Hirsch, Laurent/Imhoos Christophe (ed.), *Arbitrage, médiation et autres modes pour résoudre les conflits autrement*, Geneva 2018, pp. 405–414 (413).
- 51 <https://www.ces.tech/Exhibitors/Show-Planning/Procedures-for-Requests-by-IP-Owners.aspx>; Trimble, Marketa: Enforcement of Intellectual Property Rights at Trade Shows, A Review and Recommendations, *Ohio State Journal on Dispute Resolution*, 2018, p. 14; similar procedures available in connection with Baselworld trade show in Basel, Switzerland and the International Hospitality Exhibition in Milan, Italy.
- 52 https://www.bookexpoamerica.com/RNA/RNA_BookExpo_V2/2020/_docs/emanual/BE-BC-UB-2020-IP.pdf?v=637190329325863525.
- 53 Trimble, Marketa: Enforcement of Intellectual Property Rights at Trade Shows, A Review and Recommendations, *Ohio State Journal on Dispute Resolution*, 2018, p. 17; with reference to Thomas Legler, WIPO Fast-Track Intellectual Property Dispute Resolution Procedure for Palexpo Trade Fairs, WIPO, Advisory Committee on Enforcement, WIPO/ACE/10/6, 5 August 2015, p. 2.
- 54 See, for example, <https://ces.tech/planning-for-ces-2021.aspx>.
- 55 See Burnier, Michèle: La resolution des litiges dans les foires, in: Hirsch, Laurent/Imhoos Christophe (ed.), *Arbitrage, médiation et autres modes pour résoudre les conflits autrement*, Geneva 2018, pp. 405–414 (406 et seq.); <https://www.wipo.int/amc/en/center/specific-sectors/tradefairs/palexpo/>; https://s.spielwarenmesse.de/fileadmin/data_archive/Relaunch_Spielwarenmesse/pdf/IPR_2020_DE_Information.pdf; <https://www.aftermarketnews.com/aapex-event-management-strengthens-intellectual-property-policy/>.
- 56 See: <https://www.wipo.int/amc/en/center/specific-sectors/tradefairs/singex/>; <https://singex.com/>.
- 57 District Court in Braunschweig, Germany with territorial jurisdiction over Hannover (major trade show center) and the Commercial Courts of Barcelona, Spain. For further information, see Trimble, Marketa: Enforcement of Intellectual Property Rights at Trade Shows, A Review and Recommendations, *Ohio State Journal on Dispute Resolution*, 2018, p. 26.
- 58 Trimble, Marketa: Enforcement of Intellectual Property Rights at Trade Shows, A Review and Recommendations, *Ohio State Journal on Dispute Resolution*, 2018, p. 30 et seq.

Blockchain and smart contracts

Blockchain is a transparent, secure information storage and transmission technology that operates without a central control body.⁵⁹ By extension, a blockchain is a shared database filled with entries (the ‘blocks’ in the ‘chain’) that must be confirmed and encrypted, which contain the history of all exchanges between its users since its creation.⁶⁰ This database is secure and distributed; it is shared by its different users, without intermediaries, which allows everyone to check the validity of the string and which makes it difficult or impossible to change, hack or cheat the system.⁶¹ The chained data blocks often contain ‘transactions’, but from a technical point of view, any other type of information can be stored as well.⁶² On these grounds, combined with other technologies, blockchain has many useful applications.

A key example of this is smart contracts. These are stand-alone programs that, once started, automatically execute the terms and conditions of a contract (input or ‘oracles’) without requiring human intervention.⁶³ In the field of intellectual property, smart contracts allow automatic implementation of IP contracts, particularly licensing or exclusive distribution contracts.⁶⁴ By combining smart contracts with blockchain technology, a series of coded contractual clauses sit on the blockchain and enable self-enforcement of the rights and obligations of the parties.⁶⁵

The application of blockchain technology may be used in the field of intellectual property in the following ways: proof of the creation or ownership of IP rights, copyright management, particularly in the field of online music distribution, transmission of payments in real time to rights holders, authentication of goods, detection of counterfeits, etc.⁶⁶ Therefore, as a stand-alone tool, blockchain technology can simplify and improve existing processes in the administration of any proceedings, and arbitration proceedings in particular

59 Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, pp. 289–304 (302); Sesing, Andreas/Baumann, Jonas: Automatisierung von Vertragsbeziehungen in der Industrie 4.0, *InTeR* 2020, S. 134–141, 137.

60 Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, p.p 289–304 (302); Jevremovic, Nevena: 2018 In Review: Blockchain Technology and Arbitration, 27 January 2019 (accessed on 24 September 2020, http://arbitrationblog.kluwarbitration.com/2019/01/27/2018-in-review-blockchain-technology-and-arbitration/?doing_wp_cron=1598518421.0166640281677246093750).

61 Sesing, Andreas/Baumann, Jonas: Automatisierung von Vertragsbeziehungen in der Industrie 4.0, *InTeR* 2020, S. 134–141, 137; www.blockchainfrance.net.

62 Sesing, Andreas/Baumann, Jonas: Automatisierung von Vertragsbeziehungen in der Industrie 4.0, *InTeR* 2020, S. 134–141, 137; de Caria, in: DiMatteo/Cannarsa/Poncibò (Hrsg.): *The Cambridge Handbook of Smart Contracts, Blockchain Technology and Digital Platforms*, 2020, S. 19, 35.

63 Furrer, Andreas: Die Einbettung von Smart Contracts in das schweizerische Privatrecht, *Schweizer Anwaltsrevue*, 3/2018, 103 ff.; Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, p. 289–304 (302).

64 Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, pp. 289–304 (303).

65 Jevremovic, Nevena: 2018 In Review: Blockchain Technology and Arbitration, 27 January 2019 (accessed on 24 September 2020, http://arbitrationblog.kluwarbitration.com/2019/01/27/2018-in-review-blockchain-technology-and-arbitration/?doing_wp_cron=1598518421.0166640281677246093750).

66 Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, pp. 289–304 (303).

(in the same way audio and video conferencing tools did a couple of years ago).⁶⁷ In addition, special consideration must be given to the advantages of blockchain technology and the ways it can be used for authentication and validation of smart contracts.

This means, on the one hand, that an arbitration clause could be included in the code of a smart contract – for example, an IP licensing or exclusive distribution contract.⁶⁸ In the event of a dispute, a predefined arbitration process would follow.⁶⁹ On the other hand, blockchain could also affect the analogue nature of arbitration proceedings themselves, as they could be automated via blockchain. Apart from the arbitration clause in a smart contract, various stages of the arbitration proceeding may be affected: submission and taking of evidence and enforcement of arbitral awards, each using the benefits of the technology to enhance the efficiency of proceedings.⁷⁰ In any case as a starting point, an arbitration clause would need to become a smart arbitration clause.⁷¹ Even if some technical and practical questions arise regarding the implementation of such arbitration procedures (e.g., does a smart arbitration clause meet the requirements of Article II of the New York Convention?), this is no longer science fiction and there are already various blockchain-based platforms on the market (see, e.g., JURIPAX, Kleros, CodeLegit, SAMBA).⁷²

Advanced use of technical tools in arbitration

Apart from blockchain technology and smart contracts, special attention has recently been given to the technical developments in arbitration proceedings, which has been accelerated by covid-19. With regards to expectations post covid-19, it is generally believed that the use of arbitration may significantly increase because of the greater flexibility it offers in times of crisis.⁷³ For example, it would be possible in an arbitration setting for the parties to agree to move the venue of a hearing to a region less affected by covid-19, to adopt a documents-only procedure or to perform the hearing virtually or via teleconference.⁷⁴

The WIPO Center is observing a growing interest in and use of these options by parties, including in two recent WIPO mediation cases of trademark opposition and invalidation proceedings before the Intellectual Property Office of Singapore, which were fully conducted online with a successful outcome.⁷⁵ Online dispute resolution (ODR) is a valid alternative to traditional physical arbitration, be it only for a short period of time during a

67 Jevremovic, Nevena: 2018 In Review: Blockchain Technology and Arbitration, 27 January 2019 (accessed on 24 September 2020, http://arbitrationblog.kluwerarbitration.com/2019/01/27/2018-in-review-blockchain-technology-and-arbitration/?doing_wp_cron=1598518421.0166640281677246093750).

68 Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, pp. 289–304 (303).

69 *ibid.*

70 Jevremovic, Nevena: 2018 In Review: Blockchain Technology and Arbitration, 27 January 2019 (accessed on 24 September 2020, http://arbitrationblog.kluwerarbitration.com/2019/01/27/2018-in-review-blockchain-technology-and-arbitration/?doing_wp_cron=1598518421.0166640281677246093750).

71 *ibid.*

72 Legler, Thomas: Arbitration of Intellectual Property Disputes, *ASA Bulletin*, 2019, pp. 289–304 (303).

73 Chawla, Chahat: International Arbitration during COVID-19: A Case Counsel's Perspective, 4 June 2020 (accessed on 24 September 2020, <http://arbitrationblog.kluwerarbitration.com/2020/06/04/international-arbitration-during-covid-19-a-case-counsels-perspective/>).

74 See, for example, the proposed procedures of SIAC: <https://www.siac.org.sg/faqs/siac-covid-19-faqs>.

75 Online tools (including videoconferencing facilities) are offered free of charge by the WIPO Center: <https://www.wipo.int/amc/en/eadr/>.

pandemic or for many years to come.⁷⁶ Not only relating to arbitration but also in general, online dispute resolution is becoming increasingly popular. Beyond online dispute resolution pertaining to domain names, there are different institutions using ODR, such as eBay⁷⁷ (in the United States) and Eachnet⁷⁸ (in China).⁷⁹ Looking to China, it is hardly surprising that three (state) internet courts have already been established to resolve copyright disputes. As if that was not enough, the internet court in Hangzhou admitted evidence that was authenticated by blockchain in one online copyright infringement case.⁸⁰ We are curious to see how long it will take for such institutions to emerge outside China.

Summary

IP arbitration is on the rise. Globalisation and the advent of new technologies have not only increased the importance of the field of intellectual property but also the number of disputes in this field.

The following are key takeaways relating to the future of IP arbitration:

- The question of whether a dispute is arbitrable at all is becoming less relevant. Arbitral tribunals increasingly address this issue by ensuring that the award has *inter partes* effect only. Additionally, trends show that state authorities increasingly recognise and enforce arbitral awards relating to IP disputes (including validity issues, in particular).
- ADR is expected to be more integrated in regular state court proceedings; for example, in the European Unified Patent Court system.
- Arbitration may face increasing competition from national courts to handle IP disputes. For fear of losing large international proceedings to arbitration tribunals (including IP disputes), the number of ordinary commercial courts offering a specialised international chamber and the application of English as procedural language is likely to increase.
- With regard to SEP/FRAND and trade fair disputes, arbitral tribunals will become more important in the future as arbitration is more suitable for these types of disputes compared to national courts.
- Development in the area of blockchain and smart contracts is promising. Arbitration proceedings as we know them today could change permanently if arbitration clauses in smart contracts trigger an automated process and the various steps in arbitration proceedings are completed via blockchain.

76 Benton, Gary: 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 (accessed on 24 September 2020, <https://www.ccarbitrators.org/the-case-for-online-commercial-arbitration/>).

77 <https://pages.ebay.com/services/buyandsell/disputeres.html>.

78 Sackin, Jennifer: Online Dispute Resolution with China: Advantageous, but at what cost?, *Cardozo Journal of Conflict Resolution*, Vol. 12, 2010, p. 272; Xue, Hong: Online Dispute Resolution for E-commerce in China: Present Practices and Future Developments, *Hong Kong Law Journal*, Vol. 34, 2004, p. 396.

79 See PP 10 Global trends in IP Mediation, Prof. Nadja Alexander, EUIPO IP Mediation Conference, Alicante 2019 (accessed on 24 September 2020, <https://euiipo.europa.eu/ohimportal/de/ip-mediation-conference2019>).

80 Lu, Kim/Ning, Dong: China patent: Courts respond positively to blockchain evidence, 18 September 2019 (accessed on 24 September 2020, <https://www.managingip.com/article/b1kbm1ql82cl83/china-patent-courts-respond-positively-to-blockchain-evidence>).

Appendix 1

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Until recently, large IP owners were hesitant about international arbitration – it was too scary (no prospect of appeal, etc.). Now, many are changing their minds.

This timely book sets out how arbitration can be tailored to meet the needs of IP owners and dispels some of the myths surrounding its use. It is in five parts that mirror the life cycle of disputes and will be of interest to newcomers and aficionados alike.

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