NATIONAL UNIVERSITY OF ADVANCED LEGAL STUDIES, KOCHI

DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF REQUIREMENTS FOR THE DEGREE OF MASTERS OF LAWS ON THE TOPIC

ARBITRATION AS A MEANS TO RESOLVE INTELLECTUAL PROPERTY DISPUTES

Under the Guidance and Supervision of
PROF. (DR.) MINI S

Submitted by

NANDA SURENDRAN

Register No: **LM0220003**

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STREAM: INTERNATIONAL TRADE LAW

CERTIFICATE

This is to certify that **Ms. Nanda Surendran**, Reg. no. **LM0220003** has submitted her dissertation titled, **"ARBITRATION AS A MEANS TO RESOLVE INTELLECTUAL PROPERTY DISPUTES"**, in partial fulfilment of the requirement for the award of Degree of Master of Laws (LLM) in International Trade Law to the National University of Advanced Legal Studies, Kochi under my guidance and supervision. It is also affirmed that the dissertation submitted by her is original, *bonafide* and genuine.

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GUIDE AND SUPERVISOR
NUALS, KOCHI

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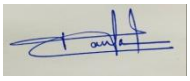
Name and Signature of the Candidate:	 **Nanda Surendran**
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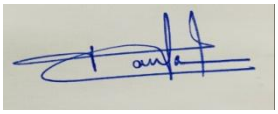
I declare that this dissertation titled, **"ARBITRATION AS A MEANS TO RESOLVE INTELLECTUAL PROPERTY DISPUTES"**, researched and submitted by me to the National University of Advanced Legal Studies, Kochi in partial fulfilment of the requirement for the award of Degree of Master of Laws in International Trade Law, under the guidance and supervision of **Dr. Mini S** is an original, bona-fide and legitimate work and it has been pursued for an academic interest. This work or any type thereof has not been submitted by me or anyone else for the award of another degree of either this University or any other University.



NANDA SURENDRAN

Reg. no: LM0220003

LL.M (International Trade Law)

NUALS

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LIST OF ABBREVATIONS

ADR	Alternate Dispute Resolution
AIR	All India Reporter
DSU	Dispute Settlement Understanding
EU	European Union
FRAND	Fair, Reasonable and Non Discriminatory
GAR	Global Arbitration Review
ICC	International Chamber of Commerce
ICSID	International Centre for Settlement of Investment Disputes
IP	Intellectual Property
IPR	Intellectual Property Rights
IT	Information Technology
SC	Supreme Court
SCC	Supreme Court Cases
SEP	Standard Essential Patents
TRIPS	Trade Related aspects of Intellectual Property
UK	United Kingdom
UN	United Nations
UNCITRAL	United Nations Commission on International Trade Law
US	United States
v.	versus
Vol.	Volume
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation

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CHAPTER 1 – INTRODUCTION

1.1. BACKGROUND AND PURPOSE

THE OMNIPOTENCE OF INTELLECUTAL PROPERTY IN INTERNATIONAL TRADE

The modern era, which is more ideally dated from liberalization, has witnessed developments internationally in several fields. Multilateral Trade systems and rules therein have incorporated several dimensions, one of them primarily being the facets of intellectual property. Intellectual property is considered a vital aspect of most business transactions. It provides with an edge that businesses need to push it past its competitors. As Microsoft CEO Satya Nadella puts it, "Longevity in business is about being able to reinvent yourself or invent the future." Innovation is a driving force in the marketplace. In any form of market or industry, every entity strives to build up its empire with intellectual property in the forms of Trademarks, Copyrights, Patents, or Trade Secrets. These intellectual property assets signify the exclusive monopoly that vests in them and facilitate trade, both domestic and international. Hence, technology, *know-how*, research and development, and other resources that entities possess which they utilize to create intangible assets in the form of intellectual property is of utmost importance in the modern-day competitive economy. IP facilitates as a booster to the partakers in the competitive global marketplace.

The economy in the world moves and develops as fast as in the blink of an eye. Multilateral trade activities are present at every nuke and corner of the world. It is impossible to imagine the 21st-century world without globalized trade. The presence of intellectual property can also be felt profoundly, even though we may not realize it. For instance, most people have their favourite consumer products brands, be it as trivial as a biscuit, soap, or chocolate. When it comes to consumer goods, branding in the form of trademarks plays a significant role in product differentiation and adds to the overall goodwill and value of the product. Similarly, fast-food chains such as KFC, Pizza Hut, or McDonald’s are holders of a bundle of assets in the form of IP, which aids in boosting their business. Although they originated in one part of the world, these fast-food chains are being operated in the same style and method in almost every country now, sometimes even having multiple outlets in one state or country itself. These outlets in the different parts of the world are run under a franchise obtained from

its parent company, vide multiple multilateral dealings. The franchise arrangement would consist of licensing out several intellectual properties of such parent company to the franchisee, including the preparation of dishes, trademarks, and logos, artistic copyright over such logos. It is no secret that the ingredients and recipe behind the famous fried chicken of KFC are also one of their most protected assets in the form of trade secrets.

Another illustration that can signify the cross-border relevance of IP is the export of commodities from one country to another, for instance, export of several handloom-made clothes from India to the United States. In such an example, along with exporting the goods, there is also the implied transfer of intellectual property vested with the goods. The company in the US which buys the product may further export it to another country. Hence a chain of multi-jurisdictional trade of goods and the intellectual property associated with it takes place. Another example can be a much more interesting scenario, such as a transfer of copyrights in an English language movie made in the US, which has to be theatrically released in India's Hindi(or any regional) language. Such a transaction shall include entering into agreements for purchase and assignment of copyrights, including distribution rights and dubbing rights in the movie, between producers of the movie situated in the US and a local distributor situated in India. The modern-day key players such as OTT platforms like Netflix and Prime Video also make immense utilization of IP rights in movies and entertainment content, which they buy from original holders and later franchise or make revenue from.

In short, Intellectual Property has come to occupy an increasingly prominent position in the global economy.[1] The fact that no country is technologically self-sufficient adds to the globalization of intellectual property. As a result, industrialised countries export and import high amounts of technology, resulting in a substantial volume of international intellectual property transactions. [2]While an increase in demand for patent protection[3] has resulted from a growing reliance on technology in the production of goods and the rise of high-tech industries, a trademark's ability to secure and promote a market image across linguistic and cultural distributors of goods and services has also increased. [4] Finally, new means for storing and transferring text, sound, and image have expanded the scope of copyright rules and

[1] Bryan Niblett, "*Intellectual Property Disputes: Arbitrating the Creative",* Disp. ResoL. J., Jan. 1995, at 64, 64
[2] Julia A. Martin*, "Arbitrating in the Alps Rather Than Litigating in Los Angeles: The Advantages of International Intellectual property-specific Alternative Dispute Resolution"*, 49 Stan. L. REV. 917 (1997).
[3] *Ibid*
[4] Arpad Bogsch, "*Preface, in Worldwide Forum on the Arbitration of Intellectual Property Dispute"* at ii, WIPO ed., 1994.

enhanced their importance.[5] All of these factors have increased the importance of intellectual property rights and required the world's court systems to deal with new and unexpected developments in a variety of ways on a regular basis. Furthermore, because intellectual property is fundamentally information, protecting it in the present global economy has become extremely difficult, as information movement and communications have achieved unparalleled levels of accessibility and sophistication. Intellectual property is quickly becoming one of the most precious commodities in the world. The global economy is becoming increasingly reliant on technology in numerous ways. [6]

Various aspects of intellectual property are of utmost importance in international transactions of exports or imports of goods. Intellectual property is a valuable asset in any form of international trade. They aid in gaining access to new markets through arrangements such as licensing, franchising, or even the sale of products containing intellectual property and play an influential role in the marketing and pricing of goods. Moreover, an attractive portfolio of intellectual property enables its holder to have negotiating power with other competitors. Trade(be it domestic or international) is heavily facilitated by multi-jurisdictional arrangements in the form of contracts, licensing agreements, collaborative research, research contracts, franchising, and joint ventures, or the like. Corporations are increasingly forming international strategic technology alliances.[7] International transactions involving the above said has been facilitated by increasing accessibility, improved diplomatic relationships, liberal economic policies, and basic standards of legal protection available at the international level. The Trade related aspects of Intellectual Property have in fact been codified and standardised by the WTO through the TRIPS Agreement, which in addition to the name suggests, also provides holistic standardization of Intellectual Property Rights internationally. Thanks to ever changing scientific advancements, globalization and developments in every sphere of human life; Intellectual Property Rights have also undergone changes. Commercial arrangements concerning IP across nation states have given rise to multi lateral contractual obligations between parties; .needless to emphasise with the rise in

[5] *Ibid.*
[6] Rory J**.** Radding, "*Intellectual Property Concerns in a Changing Europe: The U.S. Perspective",* 7 INT'L L. PRAcriCUM 41, 41 (1994).
[7] Francis Gurry, "*Resolving Intellectual Property Disputes Through Arbitration and Mediation" **8-9*** (Apr. 24-26, 1996) (unpublished paper prepared for the Conference on Intellectual Property Rights in the Czech Republic, on file with the *Stanford Law Review).* ; John Hagedoorn & Jos Schakenraad, "*Strategic Technology Partnering and International Corporate Strategies, in European Competitiveness"*, 60, 64 (Kirsty **S.** Hughes ed., 1993)

cross boundary interactions, there is also the increased incidence of disputes arising out of contractual obligations concerning IPRs.

GLOBAL GOVERNANCE OF TRADE RELATED ASPECTS OF IP AND ITS DISPUTE RESOLUTION

The union of international IP protection with international trade law institutions now provides national and international enforcement procedures for IPRs. In other words, the economic incentive for international licensing and joint ventures is matched by a legal framework to protect such property rights.[8] Most aspects of international standardization of IP are governed at the global level through the TRIPS Agreement under WTO and the World Intellectual Property Organisation (WIPO).

Despite the various protection regimes offered for intellectual property at the international level, disputes are meant to occur when it comes to the cross-border transfer of IP rights. Initially, these disputes were also said to occur due to the varying levels of protection granted on intellectual property by the different countries.[9] Developed countries are said to often accord better and comprehensive protection regimes at the municipal level for IP rights, whereas lesser developed countries are still far behind with their protection regimes. Developed countries also sought to raise the minimum levels of protection for IPRs as they have a comparative advantage in technology products and services, thereby gaining better market access and investment opportunities for products and services of their interest.[10] With the transnational trade of goods and services, there are the added risks of infringement in intellectual property rights. Infringement issues may occur in the country of origin, country of destination, and, in some cases, countries in which the goods are merely in transit. [11] These disparities that made trade and transfer of Intellectual Property across the world lead to the intervention of trade law regime through the TRIPS, which has facilitated international trade better. Contractual arrangements concerning the transfer of IPRs pave the way towards further complex disputes due to parties' inability to fulfil their obligations. These together lay down the foundations for resolving intellectual property disputes, which may be in the form of infringement claims or non-fulfilment of contractual obligations. Hence, the impacts of cross-border contracts and the assignment of intellectual property thereunder are profound. While it drives the economic force, it is needless to emphasize that the rise in cross-boundary

[8] Journal of the Indian Law Institute ,Vol. 39, No. 2/4 (APRIL-DECEMBER 1997), pp. 238-259
[9] Coopers **&** Lybrand**,** *EC Commentaries, :* Dec. 22, 1994, § 14.1.
[10] http://wtocentre.iift.ac.in/FAQ/english/TRIPS.pdf
[11] https://www.taylorwessing.com/download/article-ipr-protection-for-cross-border-trade.html

interactions has led to increased disputes arising from contractual obligations concerning IPRs. The increased transactions in trade, especially those involving transnational entities, have given rise to a multiplicity of disputes thereunder, forcing new avenues to take form in the furtherance of resolving them. One such frequently referred to means of resolution is that of arbitration. Recent multilateral agreements have established arbitration and mediation methods to reflect that traditional litigation is no longer a viable means of resolving international IP disputes. [12]

Disputes arising out of the intellectual property are apparent in today's global world, and a shift in its resolution mechanism has already been felt internationally, from court-based litigation to effective methods of ADR. This brings us to an interesting question; *can disputes concerning intellectual property be effectively brought within the regime of arbitration*? If so, then *disputes of what nature can be made subject matter of arbitration*? In other words, the question is to determine "*whether arbitration can be considered an effective means to resolve international disputes involving intellectual property*?" Different jurisdictions have dealt with this matter in different ways. In the light of such non-uniform practices then, *how far can we consider such a medium as an effective means to resolve disputes at the international level?*

With the dynamic nature of trade, be it international or domestic, International Commercial Arbitration and the rules concerning it as contained under the UNCITRAL Model Laws, has been serving as one of the most effective means of dispute resolution amongst international parties. However, there are still lacunae about whether disputes arising out of intellectual property rights are arbitrable. While IPRs cannot *per se* be arbitrated upon since they are *rights in rem*, claims of contractual nature arising out of them have been made subject matter of arbitration in several instances. However, there remains a lack of uniformity in this regard, especially in India. While so, at the international level, arbitration of Intellectual Property related matters is quite encouraged, specifically through the WIPO and its Arbitration & Mediation Centre with this primary objective.

As discussed earlier, businesses nowadays operate in fast-paced and highly competitive markets. In order to match up with its competitors, these businesses need to be agile and innovative. Companies are expected to be in continuous state of product development with only little attention towards meeting its revenue objectives. These businesses require a

[12] Press Release No. 93, World Intellectual Property Organization, Oct. 1, 1993.

process that can resolve potential disputes as well in a time-bound manner in order to optimally utilize the resources invested in the business. While exclusively focusing on product development and innovations, businesses cannot afford to be stalled by a litigation which could potentially go on for years. Intellectual property disputes, by their very nature, frequently entail technical information. Patents, for example, may include legal and technological difficulties that are rarely handled by judges, and hence the judges are unfamiliar with these matters.[13]Thus, another question that arises here is *does an arbitral tribunal have the necessary authority to adjudicate a state granted right such as an intellectual property?*

Hence, this dissertation is a study into how far arbitration can effectively resolve conflicts arising from intellectual property rights. It shall include looking into the benefits and shortcomings of engaging arbitration as a mode of dispute resolution and shall look into different approaches made by various jurisdictions. The outlook of India especially has drawn significant attention due to the varied approaches provided by courts in India.

The concept of "Arbitrability of Disputes" is one of the most challenging notions that need to be examined to determine if IP disputes are arbitrable. This aspect shall be dealt with in detail in Chapter II. More pertinently, the existing lacunae as to whether disputes arising out of intellectual property rights can be arbitrated are also examined. The jurisprudence relating to arbitrability of intellectual property disputes in India shall be dealt with in Chapter III of this research.

The several advantages that arbitration offers include saving time and cost, maintaining the confidentiality of business or transactions, and especially relevant in cross-border contracts because arbitration can prevent multiplicity of litigation in different countries having jurisdiction in the matter. However, specific difficulties come along with arbitrating commercial disputes. There may be issues of choice of law, place of arbitration, and the like, which are merely technical. Execution of awards before the domestic courts shall also be met with roadblocks of Public Policy concerns. However disputes in intellectual property call for specific characteristics that seem complex and challenging to litigate. These include the highly confidential and proprietary information, multiple jurisdictions, and rapidly

[13] Tom Arnold Ef,, *Patent ADR Handbook*, (1991).

developing fast-paced and highly competitive markets[14]. It is critical to understand these characteristics to ascertain the ideal dispute resolution mechanism for intellectual property disputes. Hence, the technicalities of resolving disputes through arbitration shall be dealt with in detail in Chapter IV. Finally, Chapter V of this research shall be an overview of the varying jurisdictional practices found across the globe with respect to arbitrating intellectual property. The research shall be concluded in Chapter VI, which is entirely dedicated to discuss the concluding remarks, findings and suggestions of the author of this dissertation.

1.2. STATEMENT OF PROBLEM

Although international commercial arbitration has grown to be a popular mechanism for dispute resolution involving cross border trade, its application with respect to IP disputes is lacking a uniform jurisprudential basis on a global level. The concept of Arbitrability of IP disputes, clubbed with public policy concerns incorporated into national legislations render certain roadblocks in determining the extent to which matters consisting of IP can be arbitrated. Thus, arbitrability of IP disputes can be understood as a subject dealt by different jurisdictions in their own way, leaving certain aspects in grey which calls for an in-depth study in the subject.

1.3. SCOPE OF STUDY

This dissertation shall be an extensive research based on the nature and peculiarities of Intellectual Property Rights which play an important role in determining the scope of arbitral tribunals in arbitrating disputes pertaining to them. The study shall analyse on how the courts of various jurisdictions, with special reference to Indian judiciary, have formulated their reasoning so as to either bring or not bring disputes on IPRs within the scope of Arbitration. The research shall also be directed towards finding out the complexities involved in engaging means of international commercial arbitration in resolution of IP disputes. The dissertation shall be authored after perusal of literary sources available in the form of scholarly articles, analysis of case laws, reference books and various online databases.

[14] Simon Ellis, "*Optimizing Channel Coordination in High-Tech and Electronics Manufacturing: Flawless Sales Execution From Initial Lead Generation Through Aftersales Servic",* IDC MANUFACTURING INSIGHTS, *(2009)* available at www.microsoft.com/industry/manufacturing/hightech/solutions/crm.mspx ; Sandra J. Franklin*, "Arbitrating Technology Cases—Why Arbitration May Be More Effective than Litigation When Dealing with Technology Issues"*, MICH. BAR J. 31, 32 (2001).

1.4. RESEARCH OBJECTIVE

This research shall be undertaken with the objective to:

1. Understand the nature and characteristic of intellectual property rights, and analyse the reasoning as to how they are not arbitrable, while claims arising out of intellectual property rights are regarded as arbitrable subject matter. This includes two approaches to be looked at – when subject matter is determination of right; and when subject matter is a claim arising out of an IP right. The study shall include analysis of various judgements passed by the Courts, as there has been conflicting views.
2. Find out how the rules of International Commercial Arbitration has been utilised by the international community in arbitrating cross border intellectual property disputes and claims and how far is the means of arbitration an effective mode of dispute resolution.
3. Trace out the complexities and advantages involved in engaging arbitration to resolve intellectual property disputes, owing to the nature of the rights and their territorial applicability.
4. Draw an analysis as to how various jurisdictions have applied the means of Arbitration to resolve disputes on Intellectual Property Rights & claims therein. Further to understand how far arbitration has been successful while being utilised as a dispute resolution mechanism by the international community, i.e., WIPO.

1.5. RESEARCH QUESTIONS

This research shall be undertaken so as to find answers to the following research questions:

1. What are the reasons behind the lacunae that still exist at an international level as to a uniform usage of Arbitration as means to resolve claims arising out of Intellectual Property Rights,
2. At what stage does India stand pertaining to enabling arbitration to settle IP disputes?
3. How far can a mode of dispute settlement like Arbitration benefit the international community especially in the fields of Trade and cross border utilisation of Intellectual Property?
4. What does the future look for arbitration of IP disputes at a global level?

1.6. RESEARH METHODOLOGY

The research methodology adopted for this study is purely doctrinal.

1.7. HYPOTHESIS

Countries throughout the world have recognised the critical role of intellectual property in cross-border commercial transactions and have largely resorted to arbitration to resolve disputes that arise. However, due to the peculiar characteristics of intellectual property, referring any type of dispute involving IP to arbitration presents difficulties. Intellectual property, which is a central aspect of public policy in the majority of jurisdictions, is viewed as an arbitral subject matter inconsistently by countries. In India, in particular, roadblocks appear based on the defences and remedies asserted in a suit involving intellectual property. Arbitration on issues of validity or ownership is frequently prohibited. Despite the lack of uniformity among jurisdictions, the international community would support the use of arbitration to resolve multilateral disputes involving IPR due to the benefits it confers, such as party autonomy, procedural ease, and flexibility.

1.8. LITERATURE REVIEW

This dissertation is presented in the form of an extensive research based on detailed study on several sources and academic materials in the form of scholarly articles, essays, analysis of case laws, guidance materials issued by organisations such as the WIPO, UNCITRAL and so on, being the few primary sources. Amongst these, the scholarly articles authored by renowned jurists, academicians and personals in the field of law have been of substantial aide for this dissertation as they have formulated a critical sense of thinking in the author, and further helped in directing the research in the right path. In this section, the author intends to provide a brief review of certain selected works from her bibliography that have been particularly of relevance in the area of her research.

1**. Jennifer Mills, "*Alternative Dispute Resolution in International Intellectual Property Disputes*", 11 OHIO St. J. oN Disp. Resol. 227 (1996).**

The article is a scholarly discussion on the use of ADR Mechanisms in the US for resolving IP related disputes. It begins with a brief introduction on the nature and features of IPRs, and proceeds towards discussing the history and evolution of employing ADR mechanisms such

as arbitration for IP disputes in the US, with a special emphasis on Patent disputes. The article then shifts its focus to the working of the WIPO Centre and its contribution towards promotion of mediation and arbitration of IP disputes at the transnational level.

2. **Francis Gurry, "*Alternate Dispute Resolution in Intellectual Property Disputes*", 2 INT'l INTELL. PROP. L. & POL'y 21-1 (1998).**

This article provides a generalised overview on why certain ADR mechanisms such as arbitration and mediation are very commonly resorted to nowadays, especially in the field of commercial disputes. Gurry elaborates on the various features of ADR mechanisms that make them desirable to resolve IP disputes, such as its applicability in international transactions, the ability to resolve multiple issues through a single procedure and the extent of flexibility that is offered to contesting parties so that they are able to fashion the adjudication procedure as per their wishes. The article is set in the backdrop of employing ADR mechanisms in the US for resolving IP disputes, and hence Gurry has further analysed the availability of evolving trends in ADR procedures. The article being authored in as early as 1998 does not incorporate the latest trends that the global community has been witnessing over the past few years. Even so, Gurry has done justice in incorporating all possible reasons as to why arbitration, or as a matter of fact, any form of ADR procedure may be fruitful in circumstances of international contractual relationship.

3**. William Grantham, "*The Arbitrability of International Intellectual Property Disputes*", 14 BERKELEY J. INT'l L. 173 (1996).**

This piece of work is a critical evaluation of public policy concerns in arbitrating IP disputes. Grantham begins his work by first tracing a brief history on how arbitration has evolved to become an attractive option for resolving disputes in international commerce. He accounts the early history and evolution of arbitration, which has its roots in the Anglo – American legal system, and its journey across the various jurisdictions in the 19th century, which resulted in the explosion in establishment of several arbitral institutions. Grantham finds that early arbitration jurisprudence across the globe suggests a fault line between judicial deference to private party choice as to dispute resolution arrangements. The public policy fears that the state's interest in resolving conflicts according to its own law will be bypassed by arbitration. According to the Grantham, this fault line is an omnipotent feature of arbitration, because even now many jurisdictions continue to disfavour private solutions arising in what, for them, is the primarily public domain of the law.

This dilemma is what contributes to an integral part of this research. Intellectual property being widely considered as a putatively inarbitrable area is met with criticisms from public policy supporters, when it is often brought within the scope of arbitral agreements, by virtue of private choice. Grantham analyses the various public policy questions which commonly arise while arbitrating IP disputes. The article then discusses the relationship between arbitration and judicial policy in the context of laws which control how the arbitration itself is conducted and what recognition and enforcement is accorded to the arbitral award. Towards the end of his, the Grantham has analysed state of the law of intellectual property arbitration in a selection of countries such as Brazil, Finland, Netherlands, and Sweden and so on.

4**. Craig I Celniker, David Hambrick, Sarah Thomas, Daniel Steel, Cheryl Zhu and Janelle Hyun, "*Arbitration of Intellectual Property and Licensing Disputes*", GAR, 11 January 2021**

This article is a brief account of how arbitrating IP disputes can be a viable and desirable option, depending upon the benefits and challenges that are inherent in resolving cross border IP and IP related disputes through arbitration. The authors first lists out certain prerequisites that must be adhered to for using arbitration in IP disputes The article then proceeds to examine few of the major advantages of using arbitration for cross-border IP and IP-related disputes through arbitration as compared to litigation. The article is authored with a special reference to practices in Asia. Towards the end of the work, the authors analyse the various reasons as to why notwithstanding the clear benefits described above, rights holders have favoured litigation when seeking to protect IP rights or to enforce agreements licensing those rights

5**. 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 Centre*", 24 SAcLJ 1059 (2012).**

As an international and neutral provider of alternative dispute resolution, the WIPO Arbitration and Mediation Centre is seeing the formation of trends and strategies involving private parties' choices for resolving intellectual property and technology conflicts. In this article, the authors present the latest developments on the Centre's activities. They also elaborate on the specificities of intellectual property disputes and analyse the advantages of alternative dispute resolution services for specific intellectual property sectors.

The authors begin their work by stating certain general facts about the work of the Centre and its services. Specific references have been made to the WIPO Rules, their scope, and as to how the provisions under these Rules facilitate effective arbitration proceedings at the Centre. An interesting aspect of this scholarly article is that it is well supplemented by statistics and diagrams which explain the rising number of dispute adjudication in the field of IPR at the Centre. For instance, a particular statistics figure included in the Article showcases distribution of WIPO cases in accordance with their legal and business areas such as IT Law, Trademarks, Patents, Copyrights and others. Such statistical inputs positively impacted the present research in understanding the actual facts and numbers at the WIPO Centre.

The latter part of the article deals with certain specific issues relating to arbitrating IP disputes such as their arbitrability, settlement of disputes, availability of remedies, and so on, and the particular focus being on how the WIPO Centre addresses these concerns. As it comes to a conclusion, the Article also deals with how the WIPO Centre is now being an attractive forum for newly emerging trends in IP disputes, such as disputes arising from Domain Names, Collective Societies of IP, and field of film and media.

6. Thomas Legler, *'Arbitration of Intellectual Property Disputes'*, in Matthias Scherer (ed), ASA Bulletin, (Association Suisse de l'Arbitrage); Kluwer Law International 2019, Volume 37 Issue 2, pp. 289 – 304.

This work provides its readers with an insight into arbitrability of IP disputes by first briefly explaining the reasons as to why court based litigation may not be a favourable option in the event of resolving commercial disputes involving IP, and then by moving on to listing out the beneficial features of arbitration. Aspects such as efficiency, confidentiality, and flexibility available to parties appear to be the most attractive features of arbitration, according to the author. In the latter part of their work, the Legler elaborates on the different avenues of commercial transactions wherein intellectual property is now a common component. Legler concludes his article by analysing the future of arbitrating IP disputes in the light of advancing technologies and globalization of modern societies. The Article showcases that arbitration is well suited to this type of dispute, particularly in an international set-up. New avenues are considered to develop advanced practical applications in the field of intellectual property, which could designate arbitration as a standard method of dispute resolution. Even so, Legler suggests that such jurisprudence is still in its developing stages.

7. **RAJAT JAIN, *Arbitrability of IPR Disputes - A Harmonious Approach*, [2020] 118 taxmann.com 326**.

This scholarly piece of research aims at providing an overview of the concept of IPRs in India, and proceeds to elaborate on adjudication of IP disputes in the Indian legal system. The dichotomy as to considering IP rights as a *right in rem* and *right in personam* for the purpose of dispute resolution is substantiated through case laws, followed by in depth analysis. Jain, even after extensive discussion on the subject, comes to conclude that there exists no straight jacket answer as to whether IP rights are per se arbitrable in India, as the same is determined mostly on a case- to –case basis, thus leaving room for further research.

8. Laurence Shore , Tai-Heng Cheng , et al. (eds), Maria Chedid and Amy Endicott,'*Chapter 31: International Arbitration of Intellectual Property Disputes in the United States*', in *International Arbitration in the United States*, (Kluwer Law International 2017) pp. 695- 720

In this article, the authors mainly provide an elaborate view on arbitrability of IP disputes in the US. However before going into the topic, the authors give an overview on certain general aspects of arbitrating IP disputes, such the evolving trend and shift in favour of arbitration from traditional court based litigation, and the reasons for such shift. Such factors include the availability of interim injunction reliefs, emergency arbitrators and in most cases provisions for expedited arbitral proceedings. The article also states several limitations that inherently exist while commercial arbitration of IP disputes. The authors have extensively explained a few reasons as to why arbitration, despite being an attractive option to resolve IP disputes, may not always be a perfect alternative, or free from shortcomings. The concept of arbitrability is also discussed.

The authors of this article conclude by their discussions stating that Reliable mechanisms for resolving disputes over IPR are critical to a thriving global marketplace. International arbitration, particularly in the context of commercial disputes between private parties, is succeeding in serving that role as it continues to evolve and adapt to the needs of the IP community. The authors positively hope that the rising trend in favour of international arbitration of IP disputes promises to continue.

9. Mohamed H. Negm and Huthaifa Bustanji, *'Particularity of Arbitration in International Intellectual Property Disputes: Fitting Square Peg into Round Hole'*, Asian International Arbitration Journal, (Kluwer Law International; Kluwer Law International 2018, Volume 14 Issue 1) pp. 88 – 116

This piece of work is yet another critical analysis as to how and why arbitration can provide a better way to resolve these disputes. It then deals with the issue of arbitrability of intellectual property disputes with special emphasis placed on public policy rationales. Finally, the questions of the applicable law and limitations to party autonomy are adequately addressed. The authors first address the growing reliance on technology in the field of international commerce, as is also a reason for the increasing number of high tech-based industries, which are the primary players in the IP –sector or market at the global level. The authors examine the various fields of IP such as trademarks, copyrights and patents and trace the reasons behind the rising significance of these IPRs in international commerce.

According to the authors both arbitration and IPRs (and IP related disputes) contain certain inherent characteristics which makes the arbitral process of IP related disputes quite complicated. Due to the particularities of IP rights parties wishing to benefit from arbitration must commit to thorough planning, particularly where the dispute involves IP rights protected in several jurisdictions. The authors suggest that the variety of IP rights together with the great diversity of national legal systems with regard to arbitrability of IP disputes are factors which require the parties' extreme caution in drafting arbitration clauses involving IP issues. The issues of arbitrability are also discussed at length. A conclusion that can be drawn from the ideologies of the authors through the work is that by and large, procedural issues arising from arbitral and non-arbitral claims submitted before the same tribunal shall be most likely decided on a case-by-case basis.

1.9. CHAPTERIZATION

1.9.1. CHAPTER I: INTRODUCTION

This chapter gives a general overview on relevance of Intellectual Property in international trade and introduced the concept of emerging jurisprudence on arbitrating IP disputes. The author thus has set the tone of this study through this Chapter. Further the author has listed down certain objectives with respect to which dissertation shall be completed and has also

mentioned research questions which shall help the audience to understand the purpose, need and scope of this study. The author has outlined the research methodology proposed to be used as well as the expected outcome from this Study in the form of a comprehensive Hypothesis.

1.9.2. CHAPTER II: INTELLECTUAL PROPERTY AS A SUBJECT MATTER OF ARBITRATION

The gist of this research is substantially covered from Chapters II to V. Chapter II provides an insight into analysing intellectual property as a subject matter for arbitration. This involves looking into the characteristic features of disputes in intellectual property such as it being a *right in personam*, rather than being a *right in rem*, from the perspective of *objective arbitrability*. Moreover, the author extensively writes about public policy concerns, which is one of the primary determinant factors in considering arbitrability of IP disputes, and validity of invoking the argument of public policy, for and against considering IP disputes as arbitrable.

1.9.3. CHAPTER III: ARBITRABILITY OF DISPUTES IN INDIA- AN UNSETTLED JURISPRUDENCE

Chapter III in its entirety is dedicated to studying the approach of Indian judiciary in determining the jurisprudence relating to arbitrability of IP disputes. Arbitration of IP disputes is of recent relevance in India, although the dispute settlement mechanism of arbitration has been existent since early days. The various High Courts across the country have dealt with the question of arbitrability in considerably non-uniform pattern, thus leaving open a space for research. Indian judiciary has resorted to public policy concerns insofar as to determine the arbitrability of disputes in general, let alone IP disputes. Certain landmark decisions such as the Booz *Allen Hamilton, Eros International v. Telemax* and *Vidya Drolia*, amongst others has been analysed so as to understand the logic applied by the courts, and the author has according deduced the findings to come to a conclusion as to what the status of arbitrability of IP disputes in India is.

1.9.4. CHAPTER IV: COMPLEXITIES INVOLVED IN ARBITRATION OF INTELLECTUAL PROPERTY RIGHTS

In this chapter, the author shall analyse the pros and cons involved in the employment of arbitration as a means of dispute resolution, especially to adjudicate commercial dealings

concerning Intellectual property. International commercial arbitration has become a much favoured dispute settlement mechanism for resolving inter- parte conflicts arising in transnational contractual arrangements, owing to certain beneficial features of arbitration. However, the mechanism is not free from criticisms and shortcomings; hence the author finds it necessary to put forth a balanced outlook on the merits of arbitrating IP disputes at a global level.

1.9.5. CHAPTER V: JURISDICTIONAL APPROACHES, AND INTERNAITONAL COMMUNITY

This research shall not be complete without looking into the approaches adopted by different jurisdictions in determining the arbitrability of IP disputes. While some countries such as the US and Singapore adopt a much liberal stance in arbitrating IP disputes, certain others such as France and Germany follow a rather restricted view. Amidst these inconsistent and non-uniform practices at municipal levels across the globe, there has been covert actions by the international community such as the WIPO Centre for Arbitration and Mediation to promote an attractive international, neutral forum for settling IP disputes through arbitration. The fifth chapter hence takes a look into these aspects.

1.9.6. CHAPTER VI: CONCLUSIONS AND SUGGESTIONS

In the final chapter of this dissertation, the author puts forth their findings and conclusions derived from the piece of work in an attempt to prove the laid down hypothesis.

CHAPTER 2: INTELLECTUAL PROPERTY AS A SUBJECT MATTER OF ARBITRATION

2.1. INTRODUCTION – AN OVERVIEW OF ARBITRATION ASA MODE OF DISPUTE RESOLUTION

Arbitration is a form of dispute resolution that is not of the latest significance, since its roots trace back to the early 14th Century. Commercial arbitration was in fact a recognised form of dispute resolution in the then Anglo – American legal system. [15] In England as well, several institutions and bodies such as stock exchange, insurance markets and even the church resorted to choosing arbitration for resolving the disputes that arose among their own members[16].However, since then and over the years, arbitration has become a favoured forum for adjudicating private rights between parties. Arbitration and other modes of ADR like mediation are early modes of resolving conflicts of interests between merchants arising out of their trade transactions. Over the years, this practice of referring a dispute between two parties to an independent and impartial third party forum became recognized globally and incorporated into the world's many municipal laws. One of the primary reasons behind the growth of commercial arbitration is the desire of parties to contractual dealings to apply commercially tailored solutions to their commercial disputes.

Arbitration can formally be defined as *a process of dispute resolution wherein parties in consensus submits by an agreement to one or more arbitrators, a dispute between them for adjudication by the arbitrators*. [17] This process has gained major global significance post its universal uniform recognition and governance under the United Nations Commission for International Trade Laws (UNCITRAL) and its subsequent adoption of the UNCITRAL Model Laws on International Commercial Arbitration (hereinafter referred to as Model Laws). The Model Laws specifically provide for technical and theoretical rules on the applicability of arbitration and arbitral proceedings. The Model Laws itself is a practical legal framework towards resolving disputes in international commercial relations.[18] The increased number of international commercial transactions between people from around the globe has

[15] William Catron Jones, *History of Commercial Arbitration in England and the United States: A Summary View*, INT'L TRADE ARB. 127, 129 (Martin Domke ed., 1958).
[16] F.W. MARN, *Trust and Corporation, in selected essays* 141, 189-95 (H.D. Hazeltine et. al. eds., 1936)(1905).
[17] https://www.wipo.int/amc/en/arbitration/what-is-arb.html
[18] Resolutions adopted by the General Assembly, 11 December 1985

driven more and more entities to include arbitration clauses in their contracts for dispute resolution owing to the many benefits that such an avenue offers.

The definition of arbitration indicates the most critical and necessary precondition to initiate an arbitration process between two parties - *the existence of an agreement referring the parties for arbitration in the event of a dispute*. The same highlights that arbitration is used only in determining the disputes arising out of *rights in personam*, i.e., disputes out of contractual rights and obligations of parties. The Model Laws vide their Article 1 lays out their applicability and states that the Model Laws apply to international commercial arbitration subject to any agreement between States. The term "*commercial*" within this provision is said to be interpreted in the broadest possible sense to cover matters arising from all relationships of a commercial nature, [19]whether contractual or not. The Model Laws further identifies a comprehensive list of transactions that amount to commercial relations. These include any trade transaction for the supply or exchange of goods or services, leasing, licensing, exploitation agreements, among other activities.

A bare perusal of the phrase commercial arbitration renders that the feature "commercial" is a prerequisite, whether it is contractual or not. A prerequisite for arbitration under the Model Laws is the presence of a commercial relationship between two or more parties, evidenced by the existence of an agreement. However, the relationships which are covered under commercial transactions are not an exhaustive list. Even so, it does not contain any explicit mention of the term Intellectual Property because they are per se considered as *rights in rem* and therefore not arbitrable. However, the list identifies licensing in general as a commercial activity. Hence licensing of intellectual property falls under the scope of commercial activity. For instance, in the light of intellectual property, a licensing agreement between a patent holder and a third party shall constitute a commercial agreement, which can be subjected to arbitration in the event of any disputes under the agreement. An arbitration agreement is thus an agreement entered into by the parties to submit to arbitration all or certain disputes that have arisen or which may arise between them regarding a defined legal relationship, whether contractual or not.[20] It can either be a clause in the original commercial agreement entered into between parties in furtherance of their trade activity or even can be a separate agreement that the parties shall enter into at the time of a dispute, thereby coming into consensus, the

[19] *Explanation 2* under Article 1, UNCITRAL Model Laws on International Commercial Arbitration
[20] Article 7, UNCITRAL Model Law on International Commercial Arbitration

dispute may be referred for arbitration. The general principles of arbitration law suggest that severability shall not apply to arbitration clauses in an agreement.

Although arbitration is an age-old means to resolve disputes, widening its scope to cover intellectual property disputes is still a developing jurisprudence. Initially, many legal systems did not consider referring disputes in intellectual property to a private forum for its adjudication since such matters lay exclusively in the domain of public governance. With the dynamic nature of trade, be it international or domestic, International Commercial Arbitration and the rules concerning it as contained under the UNCITRAL Model Laws, has been serving as one of the most effective means of dispute resolution amongst international parties. The Model Laws contain several basic principles that govern commercial arbitration and further authorises member states to draft their domestic laws on arbitration in consonance with the Model Laws, as well as their public policy concerns. The freedom granted to countries to formulate their own public policy matters has given rise to major differences regarding territorial enforcement of awards as well as in determining subject matter of arbitrability. Most jurisdictions hence specifically lay out through their statutes or judicial decisions the exclusion of certain matters from the scope of arbitration, since such matters pertain to public interest. Very commonly found examples of such matters as disputes arising out of criminal law matters, rights and obligations arising from matrimonial relationship and guardianship, and so on. Therefore, one peculiar feature of arbitration differs from jurisdiction to jurisdiction and has been the topic for deliberation in several domestic courts, yet still unfit as a straightjacket formula. The theoretical concept of "Arbitrability of Disputes" has been deliberated upon by courts worldwide, and the concept has gained predominance primarily when disputes arising out of intellectual property rights are referred to for arbitration.

2.2. THE CONCEPT OF ARBITRABILITY

In any arbitration proceeding, the first and foremost aspect for consideration is the question of “Arbitrability”. Even though arbitration as a dispute resolution mechanism is highly preferred in commercial transactions, it sometimes proves to be not the “appropriate” mechanism, owing to non – arbitrability of certain matters contained in the dispute. This chapter is dedicated to understanding the concept of Arbitrability, in special reference to arbitrability of intellectual property disputes. In the context of arbitrating intellectual property, one of the most commonly used justification for its non- arbitrability is the *Doctrine*

of Public Policy. This chapter shall also delve into the various public policy concerns raised by proponents against arbitrating intellectual property, and the possible criticisms against such notions. Towards the end of this chapter, the author intends to analyse whether public policy as a justification for declaring intellectual property as a non – arbitrable subject matter does really qualify to be reasonable, in the light of growing prominence of trade in intellectual property.

The concept of arbitrability can be understood as a characteristic feature attached to a dispute that makes it amenable to adjudication by a private adjudicatory forum. A dispute is said to be arbitrable when it is susceptible to being resolved by arbitration. [21] It is a prerequisite condition before any arbitral proceeding that the subject matter of the dispute is determined to be and qualified to be arbitrable by the tribunal. In other words, arbitrability refers to the quality of the dispute which renders it appropriate to be adjudicated upon by a private forum. Conversely, arbitrability determines whether a subject matter is in fact more appropriately placed before the jurisdiction of a public forum, i.e., the courts, rather than before an arbitral tribunal. The non-arbitrability doctrine rests on the notion that some matters so pervasively involve public rights or the interests of third parties, who are subject of uniquely governmental authority, those agreements to resolve such disputes by "*private*" arbitration should not be effective. [22]

Arbitrability of a subject matter is of importance because merely due to the fact that parties have referred a dispute for arbitration does not ipso facto declare that the dispute is arbitrable. Parties may not take into consideration the arbitrability aspect of their potential dispute while entering into the commercial transaction. Most agreements contain a general clause mandating that any disputes under the agreement shall be referred for arbitration and shall also prescribe the governing law. Parties face the challenges concerning arbitrability only when the arbitration clause is invoked in the event of a dispute, only to find out in certain cases, that the dispute is not fit to be adjudicated by a private forum, i.e., an arbitral tribunal. In certain other cases, arbitrability of a dispute may be challenged at a later stage of enforcing the arbitral award. Such a situation is predominantly seen in international arbitration of commercial disputes. While the governing law of the arbitral proceeding may have permitted

[21] Christos Petsimeris, *The Scope of the Doctrine of Arbitrability and the Law under which it is determined in the context of International Commercial Arbitration*, 58 RHDI, 435 (2005).

[22] https://www.abacademies.org/articles/the-arbitrability-of-the-subject-matter-of-disputes-in-arbitration10050.html#:~:text=In%20both%20domestic%20and%20international,the%20courts%20and%20arbitral%20tribunals.&text=In%20such%20situations%2C%20the%20arbitrator,arbitration%20under%20the%20applicable%20law.

arbitrating a particular subject matter, the laws of another country before which enforcement of the award is produced may not comply with the same. Thus, public policy concerns and aspects of national interest play an important role in determining the arbitrability of disputes.

Thus, the question of arbitrability of a dispute comes into picture mainly during three instances or stages in an arbitral proceeding[23], being:

1. when the place whose law governs the substance or merits of the dispute is called to rule upon the arbitrability of the subject matter at issue;
2. when the law of the place of arbitration has a view of the arbitrability of the subject matter; and
3. where the parties go to court to enforce the arbitral award; non- arbitrability of subject matter may come up as a ground for refusal of enforcing the award.

In all the above stages, what play a common role in determining the question of arbitration are the "public policy" concerns. Unfortunately, notion of public policy is not defined consistently across municipal legal systems. Factors such as political, social, economical and cultural settings in the society determine the public policy conditions adopted by a particular state. However, a minimum standard of uniformity is detected in the approaches adopted by the states in determining public policy which further aides at categorising subject matters into arbitrable or not. [24] Before going into detail on doctrine of public policy, we shall first look into the two types of arbitrability that is considered by tribunals when a matter first comes before them.

2.3. SUBJECTIVE AND OBJECTIVE ARBITRABILITY

As mentioned earlier, most nations do not contain any restrictive statutes which limit the freedom of persons to enter into agreements of whatsoever subject matter. Hence, arbitrability of the subject matter of dispute is not taken into consideration while entering into a commercial agreement by the parties. Even though some countries provide in their statutes lists of non-arbitrable subject matters, that does not restrain parties from entering into agreement to refer disputes in such matter for arbitration . The only effect that follows is that

[23] William Grantham, *The Arbitrability of International Intellectual Property Disputes*, 14 BERKELEY J. INT'L L. 173, (1996).
[24]Francois Dessemontet, *Intellectual Property and Arbitration*, available at http://unil.ch/webdav/site/cedidac/shared/Articles/Melanges%20Bercovitz.pdf

the arbitration clause or provision shall prove null and void if such an agreement is brought before the arbitral tribunal, and the adjudication of the dispute shall then be conducted by a court of law.

Tribunals identify two routes to determine whether a particular subject matter is arbitrable or not; Arbitrability of a dispute can be determined either as *objective* or *subjective*.[25] The two types of arbitrability differ significantly and plays an important role as a deciding factor as to whether the dispute can be brought before a private forum for arbitration. A matter can be disregarded as unfit for arbitration because the parties prove incapable to be bound by the agreement for arbitration. This is referred to as subjective arbitrability or *arbitrability ratione personae*. This type of arbitrability prevents certain entities or persons from bringing forth a dispute for arbitration owing to their legal status or capacity. This is called as *"subjective arbitrability"* and is determined in accordance with the law that is applicable to the particular person who intends to arbitrate a claim.

In contrast to subjective arbitrability is "*objective arbitrability*" which refers to ability of the subject matter to be arbitrated. This refers essentially to the nature of the dispute, combined together with policies adopted by nation states, which render the effect of arbitrability of disputes. [26] Thus 'objective' arbitrability differs from 'subjective' arbitrability, which is the scope of arbitrable disputes as defined in an arbitration agreement[27]. Both objective and subjective arbitrability needs to be looked at with equal importance while determining whether a matter is arbitrable, since they are considered to supplement each other and answers the question in totality. [28]

Objective non- arbitrability has been recognised as a ground for refusing enforcement of awards by the UNCITRAL Model Law on Arbitration as well as Article V of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards ("New York Arbitration Convention"). Article 34(2) (b) (i) of the UNCITRAL Model Law on Arbitration stipulates that awards contemplating a non-arbitrable subject matter may be set aside. Under Articles II and Article V of the New York Arbitration Convention, the law determining arbitrability serves as a basis for a court to refuse recognition and enforcement of an award; however, the

[25] Supra Note @ 21
[26] Supra Note @ 23.
[27] Vishakha Choudhary, *'Arbitrability of IPR Disputes in India: 34(2)(B) or Not to Be', August 15 2019, available at* http://arbitrationblog.kluwerarbitration.com/2019/08/15/arbitrability-of-ipr-disputes-in-india342b-or-not-to-be/
[28] https://jusmundi.com/en/document/wiki/en-arbitrability

New York Arbitration Convention does not address the question of the law determining arbitrability at the pre-award stage. Article V (2) specifically lays down that a competent authority may refuse recognition and enforcement of an arbitral award, if as per the findings of the authority the subject matter of dispute is beyond the scope of settlement by arbitration under the laws of the land, or if such enforcement of award be contrary to the public policy of the country. Thus The New York Convention and UNCITRAL Model Law on Arbitration emphasizes on public policy being the determinant of the award being recognized and enforced in any jurisdiction that has adopted both the Conventions.[29] Although, determination of arbitrability of subject matter during the initiation of proceedings finds no mention in these texts, the member states are granted with the discretion to draw out their own set of public policy concerns which may prove as roadblocks in enforcing awards, if such enforcement is in contradiction to public interest.

Therefore, arbitrability is sometimes considered as a public policy limitation. Based on their respective social and economic policies, States determine matters that may be settled by arbitration and ones that may not in order to reserve matters of public interest to be settled by courts.[30]

This brings us to the notion that doctrine of arbitrability slightly differs from jurisdiction to jurisdiction, depending on the peculiarities of the national laws. Arbitrability is even looked at from a differential approach in international arbitration than in domestic arbitration. As per a general practice, the international arbitration community looks into arbitrability of disputes with a wider application and in a less strict sense. The non- arbitrability of a subject matter under the local laws of a country need not necessarily render the same matter non - arbitrable for an international arbitral forum. To this extent, even the US Supreme Court had laid down in ***Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc***., [31] that the ambit of arbitration may be wider in an international context than in a national context; hence, the court in that case declared antitrust disputes to be arbitrable, contrary to the ruling in a previous matter ***American Safety Equipment Corp v. J P Maguire & Co.,*** that they were non-arbitrable in a domestic context.[32]

[29] Supra Note @ 21.
[30] Alan Redfern and Martin Hunter, *Law and Practice of International Commercial Arbitration,* 51 THE CAMB L.J, 376-378 (1992).
[31] *Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc*., 473 U.S. 614
[32] *American Safety Equipment Corp. v. J.P. Maguire & Co.,* 391 F.2d 821 (2d Cir.1968).

However this may not prove to be uniformly applicable to all types of disputes. When it comes to intellectual property, non-arbitrability is a serious concern. In determining the arbitrability of intellectual property disputes, there are several roadblocks in identifying a uniform approach across jurisdictions. Most states are of the belief that protection of intellectual property is a prerogative of the state, and hence any disputes arising out of them cannot be subjected to the free will of private persons. [33] To that extent, some jurisdictions offer a complete ban on arbitrating IP disputes. The territorial nature of intellectual property also adds on to the challenges in arbitrating on them. Moreover, different types of intellectual property are dealt under different statutes, and have varied domestic law practices, which make a uniform arbitrable approach on them more difficult.

2.4. FEATURES OF INTELLECTUAL PROPERTY RIGHTS AND CLAIMS ARISING OUT OF THEM – ARE THEY ARBITRABLE?

The WIPO defines Intellectual Property as the "***creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce.***"[34] They are intangible, and its value lies in its exclusive use and licensing by the owner. They have emerged to be one of the most valuable commodities today due to their worth in the economy.

Intellectual property is generally classified into two main categories of copyright and related rights and industrial property which consists of either distinctive signs such as trademarks and GI, and those properties such as patents, industrial designs and trade secrets that are intended at stimulating innovation, design and creation of technology. As per Article 2(viii) the Convention Establishing the World Intellectual Property Organization of 14 July 1967, intellectual property was defined to include ***rights related to a comprehensive set of creations and inventions, being literary, artistic and scientific works; performances of performing artists, phonograms, and broadcasts; inventions in all fields of human endeavour; scientific discoveries; industrial designs; trademarks, service marks, and commercial names and designations; protection against unfair competition; and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic***

[33] Loukas Mistelis, *Keeping the Unruly Horse in Control' or Public Policy as a Bar to enforcement of (Foreign) Arbitral Awards*, 2 Int'l Law Forum Du Droit Int'l 248, (2000); Supra Note @ 12; Supra Note @ 30; http://unil.ch/webdav/site/cedidac/shared/Articles/Melanges%20Bercovitz.pdf

[34] https://www.wipo.int/aboutip/en/#:~:text=Intellectual%20property%20(IP)%20refers%20to,and%20images%20used%20in%20commerce.

fields.[35] Intellectual Property such as patents and copyrights are generally construed to be of highly technical in nature, thereby demanding increased protection in the global economy. However, other branches of intellectual property, such as trademarks and trade secrets are also accorded with utmost importance in today's world, since they might be the most valuable assets of a corporate entity.[36]

Intellectual property is an area of law where irreparable harm can occur if disputes are bogged down in lengthy litigation. One issue that pertains with respect to disputes of Intellectual Property at an international level is the myriad conceptual differences in the way the different countries view such rights. Domestic laws provide with their own protection regimes based on their perspectives. Until the TRIPS Agreement came into force it was highly difficult to gain uniformity at a pan-national level. Some nations view intellectual property as a tool used by industrialized nations to control less developed nations. The less industrialized nations, such as India, used to initially give very little legal protection to intellectual property within their borders. Until the TRIPS Agreement came into force, the field was approached contrastingly by states at the international level. The domestic laws which gave protection to Intellectual Property was also quite often not in tangency with international standards. For instance, in the United States, the domestic law required that patent applications be maintained in secret, and disclosure not be made until the granting of the patent. The secrecy of pending applications distinguished domestic law from foreign patent registration procedures, where disclosure occurs at the time of filing.[37] Such discrepancies between municipal and international standards have given rise to increased litigations.

Issues that arise out of intellectual property may be of different types. There may be issues of infringement, questions of validity and disputes arising out of licensing of intellectual property between persons. Each of these issues in intellectual property leads to the parties involved to seek for varied remedies. Most commonly sought for remedies under civil law systems involve injunctive reliefs, declarations as to ownership status of intellectual properties or even specific performance. Additionally, damages as compensation are also

[35] Matthew R Reed, Ava R Miller, Hiroyuki Tezuka and Anne-Marie Doernenburg, Wilson Sonsini Goodrich & Rosati and Nishimura & Asahi, *Arbitrability of IP Disputes*, GAR, 09 February 2021.
[36] Floyd A. Mandell, *In Trademark Litigation, Success Often Depends on 7ning and Foresight,* NAT'LL.J., May 16, 1994, at c22.
[37] *Ibid*

sought for. These remedies may be sought against private persons or even the state, if the dispute under question relates to questions of registration or grant of monopolies. In most jurisdictions, it is an established notion that violation of an intellectual property right constitutes a tortuous act.[38] It has been laid out in several case laws, that tortuous acts which arise in a contractual arrangement is indeed suitable for resolution by *private forum* and such arbitrable tribunals may be empowered to pass awards accordingly.[39] Moreover, intellectual property is mostly considered as a specialised expansion of the law on property in the general body of laws.[40] It is merely a specialised set of laws incorporated in specific statutes in order to govern incorporeal property. Given the above presumptions, it is fair to say that the treatment that is received in any property dispute or claims must also be applicable to intellectual property, even to the extent of making them arbitral for the purpose of private adjudication. However, in reality and under the laws of several jurisdictions, especially in India, arbitrability of intellectual property disputes is not so easily established as a straight jacket formula.

The peculiarity of disputes in intellectual property that makes its categorisation as arbitrable difficult is the multiplicity of its nature that depends upon the type of claim that arises out of it. Claims in IPR can either be actions in *rem* or actions in *personam.* For instance, registration and validity of an IPR relates to the concept of ownership, and hence any claim that arises out of issues in them stands against the whole world, being action in rem. On the other hand, in a contractual transaction between owner of an IPR and another party in furtherance of licensing or transferring the right to use the IP, any action pertaining to the scope of contractual rights or a breach in the term of contract, is exercised only against the party, constituting an action in *personam*. This principle of superficial division of actions into *rem* and in *personam p*roves successful in most cases where subject matter in question is corporeal property, from a general standpoint. Unfortunately, in intellectual property cases, a third set of action may also arise- when a party to a contract alleges infringement of intellectual property against the other. Although infringement of intellectual property

[38] Francis Hilliard, *The Law of Torts or Private Wrongs*m vol II (Little, Brown & Co 1861) 18; AM Wilshire, T*he Principles of the Law of Contracts and Torts* (Sweet & Maxwell 1922) vi; Charles Adams, *'Indirect Infringement from a Tort Law Perspective'* 42 University of Richmond Law Review 635, 637 (2008).

[39] *Renusagar Power Co. Ltd.* v. *General Electric Co.*, (1984) 4 SCC 679 : AIR 1985 SC 1156; *Afcons Infrastructure Ltd.* v. *Cherian Varkey Construction Co. (P) Ltd.*, (2010) 8 SCC 24

[40] David D Caron, '*The World of Intellectual Property and the Decision to Arbitrate*' (2003) 19 Arbitration International 441-449, 442; William W Park, '*Irony in Intellectual Property Arbitration*' 19 Arbitration International 451-455, 451.

generally considered as an action *in rem*, the transformed nature of such an action into an act *in personam*, often makes things complicated.

To attain clarity on the complications of arbitrating IP is however not that simple. The complexities can be attached to the dual nature of rights arising out of IP well as the dual nature of remedies that can be sought for. Another way of looking at this can be assessing if the action or remedy involved in the dispute is likely to affect third parties or the world at large, or is protected under *privity* of contract. For instance, a car owner's right over his property is a right *in rem* but there is no reason why a dispute regarding the liability to compensate that arises owing to an incident (damage to the car) cannot be arbitrated. [41] This is because the claim involved belongs to the category of private claim against the concerned party, and no third party has any role to do with it. Suppose there exists a non-exclusive technology licensing agreement where a patented technology is licensed for a limited period. The agreement provides that the licensor shall be entitled to damages if the licensee violated the terms of the agreement. It is true that like real property, the right of the owner of intellectual property is a right *in rem*. At the same time, the right of the owner as licensor against the licensee is also a right *in personam*. This dual nature of the right to remedies seems to create confusion in order to determine arbitrability. The ultimate reason why the classification of *in rem* and *in personam* was recognised to determine arbitrability was to ensure that the rights of third parties who might have an interest over the subject in issue do not get trampled upon.[42]However, in the case of intellectual property, since concepts like validity and registration are matters in the nature of *rem*, any awards passed on such matters shall have an *erga omnes* effect. But as we know, arbitral tribunals are precluded from providing awards that have *erga omnes* effect.[43]

The *erga omnes* effect of IPRs renders them to be rights *in rem*, thereby enabling the owner of the IPR to exclude the other persons from using or exploiting it. Hence, it is needless to emphasise that an intellectual property right can be exercised against the world at large, as contrasted from a right *in personam* which is an interest protected solely against specific individuals. Actions *in personam* refer to actions that determine the rights and interests of the parties in the case's subject matter, whereas actions *in rem* refer to actions that determine the

[41] *Afcons Infrastructure Ltd.* v. *Cherian Varkey Construction Co. (P) Ltd.*, (2010) 8 SCC 24
[42] *Booz Allen and Hamilton Inc.* v. *SBI Home Finance Ltd.*, (2011) 5 SCC 532.
[43] Christopher John Aeschlimann, *The Arbitrability of Patent Controversies*, 44 J.PAT.OFF. SOC'Y 655, 662 (1962).

title to property and the rights of the parties not only among themselves, but also against all other persons who may claim an interest in the property at any time[44]

A clear distinction is drawn in instances of intellectual property whose grant requires State action such as registration for instance patents and trademarks, and other types of intellectual property which are not required to be registered. A clear distinction is also made between purely contractual issues, in which the validity or ownership of the contract is not in question, and other conflicts. Further delineation is made based on whether the issue involves adjudication on the legality or ownership of the intellectual property in question. Intellectual Property Rights are essentially rights created under Statues and are considered to be territorial in nature.[45] Provisions containing recognition, registration and enforcement of these rights are incorporated in domestic laws, in accordance with the international legal instruments which have gained prominence due to the presence of multinational trade and transfer involving IPRs. Intellectual property rights have been characterised by certain features. One such feature is that territoriality[46]. This means that IPRs must be enforced on a country-by-country basis. Another implication of the territoriality principle is that the recognition given to intellectual property is attributed to national governments and domestic statutes. Hence, most concepts such as registration of Intellectual Property rights and their validity are governed by the statutes under which such provisions are governed.

International intellectual property law is founded on the notion of territoriality. The legislation of the jurisdiction where the right is registered will determine whether or not an infringement has occurred. There is a very real possibility of having to launch various lawsuits in multiple jurisdictions to preserve and enforce rights where commodities are sold or services are delivered globally.[47] For those looking to make sure that they do not infringe IPRs, this means potentially having to determine what rights exist on a country-by-country basis. This isn't always an easy task, as some IPRs are easily identifiable due to its registration, while some such as copyrights need not always be registered. And even where there is registration, searching can be time-consuming and expensive and, in some jurisdictions, the facility is limited or non-existent.

[44] Rajat Jain, *Arbitrability of IPR Disputes - A Harmonious Approach*, 118 taxmann.com 326
[45] Buch N, *Issues of Jurisdiction in Intellectual Property Violations*, 2 INTEL PROP RIGHTS, (2014).
[46] *Ibid*
[47] https://www.taylorwessing.com/download/article-ipr-protection-for-cross-border-trade.html

Another characteristic feature of intellectual property rights is their exclusivity. Granting of IPR vests with the holder the ability to exclude others from exploitation of that intellectual property. This means that Intellectual Property Rights are conferred by the state with an *erga omnes* effect. This is so done in pursuance of public interest. Granting of monopolies in the form of Intellectual Property Rights promote public interest by achieving socio economic goals such as domestic research, transfer of technology, enhancement of skill sets, research and development and so on. [48] It is a well understood principle that the intellectual property being intangible property, its value is attributed to the exclusive rights that its rightful owner shall exercise, and also to the extent of commercially exploiting such rights. There may also be disposal of intellectual property rights by its owner, amounting to contractual waiver of rights. [49]

Dispute resolution concerning Intellectual property is complex and needs to be looked at from two perspectives; - rights and claims arising out of rights. The determination of validity of an intellectual property is one question, for instance in the case of whether a person is the rightful holder of a trademark, or a patent. However, claims arising out of a right, for instance, rights vested on a licensee of copyrights in an artistic work and the claims that shall rise out of the right are contractual in nature and hence *in personam*. The adjudication of disputes belonging to both of these natures is approached in different ways by the various nations, both at municipal level and internationally. At the international level, while the WTO offers for dispute settlement mechanism while the WIPO has established the WIPO Arbitration and Mediation Centre. While Intellectual Property Rights cannot *per se* be arbitrated since they are *rights in rem*, claims of contractual nature arising out of them have been made subject matter of arbitration in several instances.

Moreover, given the skew monopoly rights introduce, states endeavour to craft intellectual property policies to draw a balance between levels of protection granted and benefits that members of the State can derive from exploitation of such intellectual property. Given the overall policy and the *erga omnes* character of IP protections, disputes concerning IP are ordinarily reserved within the sole domain of state courts, and are quite often discouraged to be brought into an arbitration forum. This is so due to the notion that a private tribunal does

[48] Thomas G Field Jr., *Intellectual Property: Some Practical and Legal Fundamentals*, 35 IDEA 79 (1994-95), pages 86, 97

[49] Steven P. Finizio & Duncan Speller, *A Practical Guide to International Commercial Arbitration: Assessment, Planning and Strategy*, 1st ed. (London: Sweet & Maxwell, Thomas Reuters, 2010).

not /cannot posses the ability or authority to undo a monopoly, considering such an action would require sovereign authority.[50] Arbitrating upon intellectual property rights is often discouraged also owing to reasons of public policy. One such concern is the less intensive fact finding process and less rigorous evidential proceedings that are part of arbitration process. Limited review of arbitral awards may also be a reason.

Despite these complications, there is no reference to an explicit blanket ban on arbitration of intellectual property rights. Arbitration as a mode of dispute resolution has in fact experienced rapid growth and increased significance in recent years. This is so due to the rendering of traditional litigation as an unattractive option owing to exorbitant costs and long delays. Furthermore, as business conflicts have become more global, more opposing parties have expressed a desire for a neutral forum. This is because intellectual property rights are worldwide in nature, and in most situations, the dispute involves both the parties' national affiliations and the countries that granted the property rights. International exploitation is particularly prominent in the sphere of intellectual property because, unlike physical property, users can exploit intellectual property in various locations as long as the prerequisites for its physical embodiment exist. [51] Moreover, licensing agreements allow a large number of people to use the intellectual property at the same time. [52]

Arbitration is also considered to be attractive in disputes involving intellectual property rights due to the highly technical nature of the dispute and specialised subject matter, since parties can select a knowledgeable arbitrator and design and control the procedures by which their dispute shall be settled. These factors have all fostered the growth of extrajudicial dispute settlement procedures. However the varied approach of municipal courts and international organisations towards this subject is what makes it interesting to study, insofar as to attain answers. Arbitrability under arbitration law is a concept that interpreted variedly by different forums, but is also gaining widespread attention. There is a gradual movement towards, what is termed as, *universal arbitrability*, which suggests that all matters with an economic facet are *prima facie* arbitrable in most jurisdictions.[53] That being said it is suggestive that intellectual property and disputes thereto are being welcomed into the realm of arbitration.

[50]Supra Note @ 48
[51] Rory J. Radding, *Intellectual Property Concerns in a Changing Europe: The U.S. Perspective*, 7 INT'L L. PRA criCUM 41, 41 (1994).
[52] *Ibid.*
[53]Karim Youssef, *The Death of Inarbitrability;* Loukas A Mistelis & Stavros L Brekoulakis (eds), *Arbitrability – International and Comparative Perspectives*, Wolters Kluwer, 2009.

Most transfers in intellectual property take place vide commercial agreements and hence, it is generally considered as arbitrable subject matter as the transfer is contractual in nature. [54]

IPR form a crucial constituent of commercial transactions and are comprised in the bundle of rights therein. To *ipso facto* declare them non-arbitrable would upset the purpose of the Arbitration Act, impair the efficacy of commercial arbitration and disregard party autonomy. Despite the varied approaches taken by the different jurisdictions as to the arbitrability of intellectual property disputes, the most commonly referred to ground of reasoning is the public policy doctrine. Now that we know the nature of IPRs and the claims that arise out of them, this chapter now intends to look at what notions under the public policy doctrine is invoked to determine arbitrability of IP disputes.

2.5. PUBLIC POLICY CONCERNS

The principle of party autonomy, which is perhaps considered as the heart and soul of international commercial arbitration and the enforcement of its awards, deals with the contracting parties' liberty to enter into any contractual terms and arrangements, as long as the subject matter does not invade the realms reserved particularly to state. This is a commonly found practice across jurisdictions. Therefore, public policy is also considered as a limitation to party autonomy as it curtails the parties' freedom to submit certain claims to arbitration. A question that can be asked at this juncture is "*where does party autonomy end, and public policy begin in the setting of arbitration*?" While parties are provided with the free will to enter into arbitration on any matter of their choice, this choice is often backfired with the conditional public policy concerns that each national law may put forth. Since what constitutes public policy remains a myth across jurisdictions even now, it is needless of any doubt that the concept is vague. Despite so, the concept of public policy vests with the each country the power to draw its own notions of public policy. What really constitute the validity of such public policy concerns in respect to non- arbitrability of disputes is hugely dependent on a case by case basis, in tangency with the varying factors such as socio-political conditions of the state. While this is so the case at domestic levels, what plays the driving force in cases of international arbitration is the need to balance competing policy considerations. [55]The

[54] W. Lawrence Craig et all, *International Chamber of Commerce Arbitration*, (2d ed. 1990).
[55] Mohamed H. Negm and Huthaifa Bustanji, *'Particularity of Arbitration in International Intellectual Property Disputes: Fitting Square Peg into Round Hole*', Lawrence Boo and Gary B. Born (eds), Asian International Arbitration Journal, (Kluwer Law International 2018, Volume 14 Issue 1)

legislators and courts in each country must balance the importance of reserving matters of public interest to the courts against the public interest in the encouragement of arbitration in commercial matters.[56]

When it comes to arbitrability of intellectual property disputes, public policy concerns have been of greater influence. At domestic levels, question of arbitrability of IP disputes is usually attempted at by construing general and open-ended provisions setting forth the boundary between party autonomy and public policy. Such varied interpretative approach by the different nations has without doubt given rise to varied outcomes on the issue. In effect, there exists no specific guidance in any national legislation on issues of arbitrability of IP disputes and such lack of authority has constituted major doubts in this regard. In this section the author analyses the most commonly made arguments for characterising IP disputes as non -arbitrable.

First and foremost, it is necessary to look into how does intellectual property as a subject matter attract the limitations of public policy with respect to its arbitrability. Intellectual property rights, as we know, are a right that attains recognition from the state. In this way the state is the absolute determiner as to the validity of an intellectual property right. However, state is also the entity from which every other right that is recognised under the legal system derives their validity. That does not make every property or subject matter on which such a state granted right is exercised by the right holder non –arbitrable. For instance, corporeal property is also subjected to private property rights, which are derived from the State. Yet, disputes over the ownership and validity of title in real property are usually arbitrable, in several instances before the English courts. [57] That being so, despite the similarity between intellectual property and real property rights, the *Public Policy* is not raised in arbitration cases concerning real property title. The notion that disputes in intellectual property are *per se* non – arbitrable is based on the theory that intellectual property has certain intrinsic features that compels the state into the foreground, and thereby, invokes the conditions of public policy.

One of the most profoundly referred to characteristic feature of intellectual property rights that renders it non- arbitrable by most states is they are rights granted by the sovereign, and hence cannot be brought into the scope of a private tribunal. The proponents of this notion

[56] Supra Note @ 30
[57] *Doed. Morris v. Rosser*, 3 East 15, 102 Eng. Rep. 501 (K.B. 1802).

suggest that granting of exclusive monopolies in the form of IP rights is an absolute public function, and therefore any discrepancy that is to follow from such grant shall be brought before a public authority, that is, the court of law. This reasoning is also based on the notion that arbitral tribunals are not vested with the power to dispose acts of the state by initiating private proceedings. Since the grant of IP right is a state action, it is generally argues that no private forum is empowered to adjudicate upon the validity of such act.

The sovereign function aspect of IP rights can be linked to the next public policy concern that is usually raised, being, the motive of public interest that states have in granting of monopolies. It is often regarded that the creation of monopoly rights such as IP rights are not an end to itself, but rather a mechanism to further certain public interests linked to the whole system of intellectual property protection. Intellectual property is protected in the first place by states in furtherance of a greater public interest motive – promotion of science, technology and innovation in the society. This has been the established objective of intellectual property rights since the early ages, and the various theories of intellectual property also substantiate the same. Thus, as the system itself is weighed against greater good of the society from the state's perspective, it is only fair for the state to assume that the implications arising out of such rights shall also be adjudicated by the public forum, and not a private arbitral tribunal.

While this notion, as stated above, is loosely supported by theories of intellectual property such as the Labour Theory of Locke, or the Utilitarianism, the theory of Personality as propounded by Hegel and Kant can be attributed to the moral rights of the inventor/creator that is vested with the intellectual property. That being so, it is strongly advocated by proponents of non-arbitrability of IP disputes that arbitral tribunals are not competent to adjudicate on subject matters containing an aspect of moral rights. This is due to the reason that moral rights in intellectual property are considered as inalienable and inherent in nature, and hence cannot be disposed of through private arrangements. Certain statutes like the French Intellectual Property Code provide great significance to the concept of moral rights in intellectual property and declare them as inalienable. [58]

The arbitral tribunal's power to pass only *inter partes* orders plays an important part in determining the arbitrability of IP disputes, in the light of public policy concerns. It is an established fact that arbitral tribunals cannot make awards that have *erga omnes* effect. That being so, any arbitral award that attempts to invalidate a state grant is considered by its nature

[58] French Intellectual Property Code, Art. L. 121-1

to seek to operate *erga omnes*, and thus, as beyond the arbitrator's powers. Since the intellectual property rights are grants made by the state, the above argument is often used as a reason to classify disputes in IP as non- arbitrable. A possible award by an arbitral tribunal that has the potential to impair the ownership over the intellectual property s granted by the state shall be deemed to be a declaration to the whole world to that extent, and therefore may prove *ultra vires* the powers of the arbitrator.

In some jurisdictions, blanket ban on arbitrating intellectual property disputes is found due to the reason that there already exists within their legal system, specific statutory bodies that are vested with the power to adjudicate on IP Issues, or that some IP statues explicitly confer jurisdiction on certain issues of IP onto court of laws.

2.6. CRITICISM AGAINST PUBLIC POLICY CONCERNS

While the above mentioned are many of the few commonly emphasised concern in public policy notion that render disputes in Intellectual Property as non arbitrable, there are also reasons to not render these concerns as sustainable at all, and in fact which hold IP disputes as arbitrable. Firstly, the application of the above mentioned notions of public policy is mostly possible only in the event where the question of "validity", "ownership" or "registration" of an intellectual property is in question. Since arbitration as a means of dispute resolution only is invoked in the context of a commercial arrangement, it is rarely that questions of validity do come for consideration in a dispute on intellectual property. Most contractual arrangements concerning IP is on licensing or assigning of such rights, which leads to breach of licensing terms, which is ideally fit to be considered as equivalent to a breach of any contractual arrangement in general. That being so, it could be stated that most aspects arising out of a contractual transactions in Intellectual property may not be of concern to public authority at all, hence public policy may not even come into the picture.

However, issues of infringement and questions of validity may be brought in as subject matter or defence in a contractual arrangement concerning intellectual property. Even so, the proponents in support of arbitrating Intellectual Property are of the view that public policy still shall not affect such questions. When parties submit their dispute to arbitration, they are not interfering with any interest the state may have in the proper functioning of the IP system. The effect of an award will remain 'the disputants' business' and its result will not affect the asserted IP right in respect of third parties. Hence, the power of the state to determine and

give effect to its own public policy is considered to remain unaffected.[59] Even in the event when an issue of infringement is raised before an arbitral tribunal and the defence of validity is chosen by the party, the arbitral tribunal is still only adjudicating between the parties. The question of validity may be determined by the tribunal only as a means to come to its final conclusion as on the award, which may be made to an issue of breach of the contractual terms. In fact, in certain jurisdictions it has been held that issues relating to validity of intellectual property rights in disputes can be arbitrated if it comes up as an incidental issue to a contractual dispute, which is binding only between the parties. [60] In such scenario it was held that third parties could claim nullity of the patent notwithstanding the ruling in favour of validity by the arbitrator.[61] Italy is one such country to take this stand in as early as the 1950s onwards. The Italian Supreme Court in *Giordani v. Battiati*[62] accepted that arbitral tribunals had the power to resolve issues of patent validity provided that invalidity was incidental (*incidenter tantum*) to the resolution of the main issues at stake. Similar finding was also found with respect to trademark rights in *Scherk v. Grandes Marque*.[63]

In the situation that the tribunal determines the IP to be invalid, the conclusion by the tribunal would then be that there was no infringement *inter partes* the parties. Thus, outside the arbitral tribunal, the intellectual property right continues to be valid because the state apparatus has not revoked it. The registration of the IP still continues to run and will not be removed from the records unless and until a corresponding state action is adopted. The defendant's non- infringement is predicated not as a legal invalidity on which the arbitration tribunal can make no finding *erga omnes; but* on adjudication *inter panes* that the defendant's use of the intellectual property is non-infringing. In practical terms, this mostly leads to the situation where the tribunal confers an irrevocable and royalty free license over the asserted IP right. [64] The arbitrator, thus, awards the defendant something analogous to an equitable remedy: a right to use the disputed intellectual property. The arbitrable award simply regulates the enforceability of rights between the parties. It does not invalidate them generally.

[59] Supra Note @ 55.
[60] *Socie'te' Liv Hidravlika D.O.O.* v. *S.A. Diebolt,* Case no. 05-10577, Paris Court of Appeal (1st chamber), February 28, 2008.
[61], Dario Moura Vicente, '*Arbitrability of Intellectual Property Disputes : A Comparative Survey'* (2015) 31 Arbitration International 151, 155.
[62] *Giordani v. Battiati,* 3 Oct. 1956, No. 3329. 1956
[63] *Scherk v. Grandes Marque* , 5 September 1977, No 3989 SU
[64] Supra Note @ 7.

The argument against arbitrability of IP disputes on the ground that domestic statutes have explicitly reserved a subject matter to be referred to a specific court is also not sustainable on several grounds. Firstly, most special statutes across states do as a matter of general practice include in their text a provision which confers jurisdiction of subjects on the courts of law, irrespective of the nature of their subject value. However this does not mean that no aspects concerning the same subject matter shall ever be brought before an arbitral tribunal as a dispute. If that be the case then every contractual arrangement would be considered as non-arbitrable. Therefore, such designation in IP statutes were courts are to deal with certain subjects, cannot exclude arbitration of such disputes, unless there is a strong public policy backing on such a ban.[65]For instance, criminal offences are mandatorily tried before a court of law and can under no circumstance be brought before an arbitral tribunal.

Another notion that finds itself unsustainable and unrealistic in practical sense is the public policy concern behind powers of the state in granting of monopolies. Proponents of this theory suggest that individuals allowed to dispose of or modify intellectual property rights would oust the inherent powers of the state to grant and shape monopolies, and hence would go against the public interest. But if this notion is to be accepted, then, any change that is to be made to in ownership of an intellectual property come under the domain of public authority. This is impractical and unrealistic since its implications would render contractual arrangements as unfit for arbitration, since every commercial transaction more or less involves the transfer of a right from one to another. Moreover, at the global level, there is varied approaches from different countries as to whether granting of Intellectual Property rights is a "sovereign act" or not, and that itself is dependent on the public policies of each nation. For instance, Switzerland considers that granting IP right does not constitute a 'sovereign act' and, therefore, arbitral tribunals can invalidate IP right with *erga omnes* effect.[66]Similarly, Belgium provides for *erga omnes* effect to awards invalidating patents.[67] On the other hand, several other states like South Africa have much narrow approach and explicitly provides for a blanket ban on arbitrating IP disputes. [68] Several European countries

[65] Section 103D (4) of the Hong Kong Arbitration Ordinance:"For the purposes of sub-section (1), an IPR dispute is not incapable of settlement by arbitration only because a law of Hong Kong or elsewhere- (a) gives jurisdiction to decide the IPR dispute to a specified entity; and (b)does not mention possible settlement of the IPR dispute by arbitration."
[66] Decision of 15 Dec. 1975 of the Federal Office of Intellectual Property.
[67] Art. 51(1) of Belgian Patents Act. 1997
[68] Art. 18(1) of South African Patents Act 1978: "*save as is otherwise provided in this Act, no tribunal other than the commissioner shall have jurisdiction in the first instance to hear and decide any proceedings".*

have also taken a liberal approach towards arbitrability of IP disputes. Despite the statutory reservations on transferability of moral rights in intellectual property as contained in the French Intellectual Property Code, the French Court of Appeals in one instance confirmed the possibility of settling by arbitration a dispute relating directly to the author's moral right.[69] The author of an English book had contractually transferred his rights to an English editor. The translation rights into French had been transferred by the editor to a French subeditor. Both contracts contained a similar arbitration clause. The author complained about a breach of contract imputable to the French subeditor entailing harm to the honour of the book. The Court had no difficulty in confirming the decision of the first instance court to decline jurisdiction in favour of arbitration. A similar stance was also taken by the Supreme Court of Canada in a dispute[70] concerning a license agreement for the exploitation of an animated figure "Gaillou". The Supreme Court acknowledged that an artistic work constituted a manifestation of the personality of its author. It stressed, nevertheless, the fact that the Canadian copyright legislation, aiming primarily at a financial arrangement of the author's rights, did not prevent the artists from coming to an agreement with regard to their moral rights; by doing so the artists could even waive these rights and they could do so for a valuable consideration. There are also instances when courts in the United States have even went to the extent of holding that registration of IP rights is not "an act of state" in the first place; but rather is a "ministerial act", thus leading to the conclusion that arbitration of IP disputes is in fact possible. [71]

The above instances and takes by various jurisdictions brings to light the non-uniformity amongst countries with respect to their public policy concerns itself, which thereby also have impact on deciding arbitrability of IP disputes. Some Countries like the United States have taken certain measures in order to bring out a clearer picture on their stand on arbitrability of IP disputes, by making necessary changes to that effect in their IP statutes. Under the US Patents Act[72], tribunal have the power to arbitrate on validity of patents and in the event where the arbitrator finds that the patent at issue is invalid, the award cannot be enforced until the Patent and Trademark Office has been informed of the award's existence. The peculiarity of such a system as found in the US is that although arbitration is meant for a private

[69] Cour d'appel de Paris, 1ère Ch., 26 mai, 1993 Revue Internationale du Droit d'Auteur (1994), 292.
[70] Cour Suprême du Canada, 21 mars 2003: Rev. Arb. (2003), 473
[71] *Mannington Mills, Inc. v. Congeleum Corp.*, 595 F.2d 1287, 1293 C94 (3d Cir. 1979); *Sage Intern, Ltd v. Cadillac Gage Co.*, 534 F. Supp. 896, 904 (E.D. Mich. 1981); and *Forbo-Giubasco SA v. Congoleum Corp.*, 516 F. Supp. 1210, 1217 (S.D.N.Y. 1981).
[72] 35 U.S.C. §§ 135(d), 294

adjudication of parties, the statutory recognition given to the tribunal's power to adjudicate on validity of patents also serves as a mechanism to protect the state interest. It seeks to recognise and balance out the integrity of IP systems with the virtues of arbitration system as speed, economy and efficiency. A similar view is also adopted under the laws of Switzerland, where arbitral tribunals can decide upon validity of industrial property including patents, trademarks and designs. These decisions, if accompanied by a certificate of enforceability issued by a Swiss court with jurisdiction over the seat of arbitration, will be entered in the federal intellectual property register. By making the arbitration tribunal, in a sense, do the work of the public authorities, the integrity of "public policy "is not compromised.

Although the role of public policy has been of relevance predominantly in the jurisprudence relating to arbitrability of IP disputes domestically, at the international arbitration realm it is slightly different. The backbone of international arbitration is party autonomy and it is the recognised objective in most scenarios that idiosyncratic or parochial views should neither prevail over the parties' intent to arbitrate nor set hurdles to the recognition and enforcement of arbitral awards. International arbitration or as for that matter, even cross border trade would not flourish if the legal systems governing such aspects are intolerant with respect to traditional concepts of public policy. For example, the United States Court of Appeals in its well-known decision in *Parsons & Whittemore*[73] held that public policy arguments in international arbitration are relevant only when the 'most basic notions of morality and justice' of a jurisdiction may be violated. Thus, there is a clear disparity on the degree of public policy that is usually considered in domestic arbitration and international arbitration.

Most international institutions which deal with commercial aspects of intellectual property have laid down broad approaches in arbitrating such disputes. For instance, in as early as 1989, the International Chamber of Commerce arbitration tribunal considered an issue[74] involving patent validity, wherein through its interim award, the tribunal held that such a dispute could be arbitrated and that the issue should not be separated from other clearly arbitrable issues in dispute. The parties had agreed that their contract would be interpreted according to Japanese law, but that the law of the Federal Republic of Germany would apply to the alleged infringement of industrial property rights. The place of the arbitration, to be conducted under ICC rules, was Zurich and the applicable law was the Swiss Concordat. The

[73] *Parsons & Whittemore Overseas Co.* v. *Societe Generale d L'Industrie du Papier (RAKTA)*, 508 F.2d 969 (1974)
[74] *Interim Award in Case No. 6097 (1989)*, ICC CT. ARu. BuLL, Oct. 1993, at 76.

tribunal pointed out that the claimant's case was grounded in a single fact situation underlying both breach of contract and patent infringement issues. The parties also intended, as expressed through their arbitration agreement, to see their differences resolved via arbitration. Thus, the tribunal argued, it would be contrary to the meaning and purpose of these arbitral proceedings to divide jurisdiction according to the different legal aspects of a single alleged factual situation and to declare that the Arbitral Tribunal would only have jurisdiction over claims based on breach of contract while national courts would have jurisdiction over claims grounded in law (such as those alleging patent infringement). As for the issue of patent validity, the tribunal noted that only a national court with proper jurisdiction could invalidate a patent *erga omnes.* Further, the tribunal did not attempt to claim the statutory powers granted to arbitrators in the United States or in Switzerland to rule on the validity of patents. Nevertheless, the tribunal did believe itself to be "entitled to confirm whether the Claimant can substantiate the allegations based on its patents despite Defendant's objections, or whether Defendant can prove that the material covered by the patents in question was not in fact patentable"

Similarly, arbitrability of IP disputes has never been a restraining factor for parties bringing out invalidity claims before the WIPO arbitration councils. Wherever the question of the invalidity of an IP right has been raised, the parties were, in fact, seeking remedies related to contractual provisions, such as the payment of royalties rather than a declaration of *erga omnes* invalidity. In any case, such declarations can only have an *inter partes* effect, as they are confined by the contractual nature of arbitration, the outcome of which is binding only upon the parties.[75]

Thus, it is understood that in the realm of international arbitration, the limitations of public policy is rather restricted. In other sense, international arbitration is said to have its own notion of public policy which is substantially different from the separate municipal practices that we have seen. This is due to the reason that each state freely determines the content and contours of its own notion of public policy, and such high degree of variance from one another does render municipal notions of public policy as neither satisfactory nor accurate in the international arbitration context. Therefore, in international commercial arbitration, domestic standards of public policy are often looked over by the particular features of international arbitration and its interests.

[75]Trevor Cook & Alejandro I Garcia, "*Arbitrability of IP Disputes" in International Intellectual Property Arbitration* (Kluwer Law International, 2010) at p 70.

It was indeed recognised by the US Court of Appeals in ***Parsons & Whittemore Overseas Co.* v. *Societe Generale d L'Industrie du Papie***r that inclusion of public policy defense as a parochial device protective of national political interest would undermine the New York Convention's utility and that the provision was not meant to enshrine the vagaries of international politics under the rubric of "public policy." Rather, a circumscribed public policy doctrine was contemplated by the Convention's framers and every indication is that the United States, in acceding to the Convention, meant to subscribe to this supranational analysis. [76] Such notions suggest that in the context of International Arbitration, a much liberal approach is to be taken even at domestic level. The distinction of arbitral proceedings as international and domestic by the state machineries also raises the idea of a separate international order, which is not to be confused with purely national interests.

2.7. CONCLUSION

Thus, from this chapter it can be rightly concluded that arbitration definitely is a favoured forum for adjudicating private rights between parties. The concept of international commercial arbitration has gained major global significance post its universal uniform recognition and governance under the various international organisations like the UNCITRAL. The UNCITRAL Model Laws on Arbitration contain several basic principles that govern commercial arbitration and also act as a skeletal set of laws based on which member states can formulate their national legislations. However, the freedom granted to countries to formulate their own public policy matters has given rise to major differences in the field of arbitration, specifically in determining arbitrability and regarding territorial enforcement of awards.

Arbitrability is to be understood as a characteristic feature attached to a dispute that makes it amenable to adjudication by a private adjudicatory forum. Arbitrability of a subject matter is of importance because merely due to the fact that parties have referred a dispute for arbitration does not ipso facto declare that the dispute is arbitrable. Arbitrability of a dispute can be determined either as objective or subjective. '*Objective*' arbitrability refers to ability of the subject matter to be arbitrated. This refers to the nature of the dispute, combined with nation state policies. Objective non-arbitrability has been recognised as a ground for refusing

[76] Supra Note @ 73

enforcement of awards by the UNCITRAL Model Law and New York Convention. The doctrine of arbitrability differs from jurisdiction to jurisdiction, depending on the peculiarities of the national laws. Such a basic variance in perspectives across nations is indeed the reason as why there need be further research into the question of arbitrability of IP disputes.

Most states are of the belief that protection of intellectual property is a prerogative of the state and cannot be subjected to the free will of private persons. WIPO defines Intellectual Property as the creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce, the value of which lies in its exclusive use and licensing by the owner. Domestic laws provide with their own protection regimes for IP based on their perspectives. Until the TRIPS Agreement came into force it was difficult to gain uniformity in protecting Intellectual Property.

The Chapter particularly looked into the concept of public policy which plays an important role in the determination of arbitrability of IP disputes across jurisdictions. There exists no specific guidance in any national legislation on issues of arbitrability of IP disputes. The notion that disputes in intellectual property are *per se* non – arbitrable is based on the theory that intellectual property has certain intrinsic features that compels the state into the foreground. From a generalised perspective, there are certain commonly found challenges that are raised against arbitrability of IP disputes, which roots from public policy doctrine. Such arguments include the question as whether or not an IP right should be granted is purely a matter for the public authorities, since they are monopoly rights which only a state can grant. Another argument may be in the form of looking into the nature of IP rights as being Right of Exclusivity, which itself is a restriction on creating any *erga omnes* effect on the right through private actions of parties. An objective behind rising public policy arguments may also be to protect the interests of the state behind their granting of monopolies in the form of IPRs.

Despite these many criticisms against arbitrability of IP disputes, the matter is not per se declared to be inarbitrable. Public policy arguments sometimes come short of proving the inarbitrable nature of IP, especially in the context of contractual disputes. The non-uniformity in public policy arguments across various jurisdictions also suggests that the argument is insufficient to substantiate a complete bar on arbitrability of IP disputes. The complications that arise from arguments supporting state interest and that of questions of validity of IP

being beyond the scope of arbitral tribunal's jurisdiction, also seems to be resolved through the *inter partes* effect of arbitral awards.

Hence, in today's world which is a reflection of the increasing transnational commercial dealings between persons from different states, the public policy notion to discard arbitrability of a subject matter such as IP which is core to economic and technological growth, does not succeed to an extent. The international community as a whole, along with (most) individual nations through their municipal laws of arbitration or IP, has made efforts to recognize the effects of arbitration of IP and has aimed at seeking a harmonious approach between arbitrating IP and their own public policy concerns.

CHAPTER 3: ARBITRABILITY OF DISPUTES IN INDIA- AN UNSETTLED JURISPRUDENCE

3.1. INTRODUCTION

The jurisprudence relating to arbitrability, and not just of IPR disputes itself, is still in its developing stages. Arbitration as a mode of dispute resolution found its reference in the Indian legal system since the advent of the Arbitration and Conciliation Act of 1940. Further, it developed under the revised Act of 1996, its respective Amendment Acts in 2015 and 2018, and the subsequent recognition as a mode of dispute resolution vide section 89[77]of the Civil Procedure Code. Despite such an elaborate set of laws and international rules and conventions to regulate arbitration in India, the principles that govern the concept of arbitrability of certain peculiar subjects and disputes thereunder have been of comparatively lesser clarity than the rest. The gray area existing regarding the arbitrability of disputes was further intensified with the advent of commercial arrangements consisting of the transfer of intellectual property, both domestically and internationally. The courts in India have gone through tremendous difficulty in formulating jurisprudence to determine the subject matter of arbitration, especially concerning intellectual property. Despite the several cases that have come before the Courts for deliberation, there still exists a lack of leading ratio regarding the arbitrability of intellectual property.

The first stage in any arbitration proceeding is the reference of the dispute for arbitration by the parties. Reference of a dispute for arbitration calls for determining whether the subject matter is indeed arbitrable or not. Such a determination may be made by the arbitral tribunal, vested with the power to rule upon their competence and jurisdiction, and may include the technical questions of arbitrability. However, the legal question regarding the arbitrable nature of the subject matter in dispute is answered by a court of competent jurisdiction. Under Section 8[78] of the Arbitration and Conciliation Act, 1996, when the court of jurisdiction takes

[77] Section 89: Settlement of disputes outside the court - (1)Where it appears to the court that there exist elements of a settlement which may be acceptable to the parties, the court shall formulate the terms of settlement and give them to the parties for their observations and after receiving the observations of the parties, the court may reformulate the terms of a possible settlement and refer the same for –
(a) arbitration;
(b) conciliation;
(c) judicial settlement including settlement through Lok Adalat; or
(d) mediation
(2) Where a dispute has been referred- (a) for arbitration or conciliation, the provisions of the Arbitration and Conciliation Act, 1996 shall apply as if the proceedings for arbitration or conciliation were referred for settlement under the provisions of that Act;

[78] **Section 8**: Power to refer parties to arbitration where there is an arbitration agreement.—

up the matter, it is a condition precedent for it to declare the arbitrability of the dispute before it.

There have been several case laws and controversial observations made by Indian courts while determining the said question. In general, the observations and analysis made by Indian courts can be understood by breaking down how arbitrability can be determined in agreements, especially the ones on intellectual property. These methods are also the source of the dilemma that Indian courts were put through in answering arbitrability. Arbitrability is generally determined by analyzing whether the matter pertains to a *right in rem* or *a right in personam* because it is the recognized notion that disputes in rights in rem cannot be arbitrated but instead can only be adjudicated by a public forum. This is perhaps a superficial form of looking to arbitrability and acts as a first degree of determination. However, certain agreements and subject matter thereunder shall not always be easily determined as arbitrable merely by looking into whether the dispute arises out of a right in rem or a right in personam. In some instances, courts may look into the nature claim that is brought forth by the parties. A dispute between parties can merely be either in the form of breach in terms of the contract. Such disputes include non-payment of a prescribed fee/rent and are in personam in nature since they are alleged against only the other party. In certain other cases, mainly concerning intellectual property, infringement claims may be made against the other party, which is ipso facto a claim in rem. Finally, arbitrability of disputes may also be determined according to the nature of the relief sought under arbitration, i.e., whether the dispute calls for relief in rem or relief in personam.

As discussed earlier, public policy concerns also play a pivotal role in determining arbitrability. Concerning intellectual property, aspects such as statutory registration of property such as Trademarks or granting of compulsory licensing for patent are actions involving public interest and cannot be arbitrated under any circumstance. Special authorities such as the Trademark Registry, Patent Office, and Copyright Board are statutorily created to exclusively deal with matters of the above nature. Interestingly, none of the statutes in intellectual property contain any provision that lays down a blanket ban on arbitrating intellectual property rights and is hence silent. The several confusions and lack of consonance

(1) A judicial authority before which an action is brought in a matter which is the subject of an arbitration agreement shall, if a party so applies not later than when submitting his first statement on the substance of the dispute, refer the parties to arbitration.
(2) The application referred to in sub-section (1) shall not be entertained unless it is accompanied by the original arbitration agreement or a duly certified copy thereof.
(3) Notwithstanding that an application has been made under sub-section (1) and that the issue is pending before the judicial authority, an arbitration may be commenced or continued and an arbitral award made.

on the question of arbitrability of IP disputes are thus mainly because there are no statutory clarifications. The Arbitration and Conciliation Act, 1996does not specifically state that certain types of disputes or issues are inarbitrable. As previously stated, the only instance of inarbitrability arises from Sections 34(2)(b) and 48(2) of the Act, which deal with the non-enforcement of an arbitral award when the court determines that the subject matter of the dispute was not capable of resolution by arbitration under the law of the land in effect at the time. As a result, the principles governing the arbitrability of intellectual property rights are developed by Indian courts on a case-by-case basis, which would be the focus of this study.

3.2. ANALYSING THE CASE LAWS

3.2.1 EARLY DECISIONS

One of the earliest cases on determining the arbitrability of IPR dispute was ***Mundipharma AG v. Wockhardt Ltd***[79]**.** A brief overview of the facts of the case is essential to understand the decision of the court. This case has its peculiarity because the agreement for the intellectual property license in question took place through a cross-border transaction, i.e., the Petitioner was a Switzerland-based pharmaceutical company, and the Respondent Licensee was an Indian company. The licensing concerned Petitioner's pharmaceutical preparations containing the substance PVP – I, along with confidential information about the method of manufacturing products containing PVP-I. Additionally, the Petitioner also granted the Respondent the trademark over the name "WOKADINE" to utilize it in furtherance of selling a particular drug containing the substance PVP –I.

In furtherance of this commercial arrangement, the parties had entered into an agreement for licensing, Clause 34 and 35, which specifically contained provisions for governing law to interpret the agreement and resolve disputes. The parties had agreed that Swiss law would govern the interpretation of the agreement, and that any issues would be addressed by arbitration under the International Chamber of Commerce's Arbitration Rules.

When the Respondent allegedly broke the contract's provisions, the parties got into an argument. As a result, the Petitioner sought an injunction to prevent the Respondent from dealing with PVP –I preparations and from passing off/infringing on the Petitioner's copyright in the labels under which the Respondent had previously marketed the items under

[79] *Mundipharma AG v. Wockhardt Ltd***,** (1991) ILR 1 Delhi 606

the agreement. The Petitioner invoked Section 20[80] of the Arbitration and Conciliation Act, 1940.

The Petitioner raised several claims that they preferred to submit for arbitration, out of which one pertained to whether the Respondent's acts constituted infringement of copyright belonging to the Petitioner. Such a claim was different from the rest of the claims relating to breach of other terms of the license agreement since it related to determining whether there has been an act of infringement. Hence, the court was to determine the arbitrability of such a claim and decide if infringement claims can be brought before an arbitral tribunal.
The court adopted an anti-arbitration view, and the court's decision, in this case, was a rather blanket ban on arbitrating intellectual property rights. The court declared that under Section 62[81] of the Copyright Act 1957, district courts are to exclusively deal in infringement of copyright, and hence the jurisdiction over such claims lay on courts. Hence, the court opined that any claim of infringement of copyright, and any relief sought by way of injunction damages against such infringement, shall never be the subject matter of an arbitral tribunal and shall solely be vested with civil courts.

This view indeed was a narrow approach towards the concept of arbitrability of intellectual property disputes. The court, merely because the Copyright Act, 1957 contains a provision that places the jurisdiction of claims in infringement onto civil courts, declared intellectual property rights per se inarbitrable. There was not even the objective consideration of intellectual property as a *right in rem*. However, instead, the court relied on the statutory wordings in Chapter XII of the Copyright Act, 1957, which was considered an explicit prohibition to submit issues in intellectual property before an arbitral tribunal. However, the ratio in *Mundipharma* proceeded to be a welcomed precedent, and subsequently, several case laws relied upon it.

[80] Section 20, Arbitration Act, 1940: Application to file in Court arbitration agreement.
(1) Where any persons have entered into an arbitration agreement before the institution of any suit with respect to the subject matter of the agreement or any part of it, and where a difference has arisen to which the agreement applies, they or any of them, instead of proceeding under Chapter II, may apply to a Court having jurisdiction in the matter to which the agreement relates, that the agreement be filed in Court.
[81] Section 62, Copyright act, 1957:Jurisdiction of court over matters arising under this Chapter.—
(1) Every suit or other civil proceeding arising under this Chapter in respect of the infringement of copyright in any work or the infringement of any other right conferred by this Act shall be instituted in the district court having jurisdiction.

Although the issue before the court was nothing related to the arbitrability of disputes, the Hon'ble Supreme Court in ***Common Cause v. Union of India & Others***[82] made a stark observation that a violation of intellectual property rights which are essentially *rights in rem* shall be considered as a tortuous action, the remedy against which shall lie only before a civil court. Therefore, the general assumption was that no questions arising out of intellectual property rights could be brought within the jurisdiction of an arbitral tribunal, for them essentially being a right in rem, and hence only adjudicated upon by public forum.

Several cases did not directly deal with the arbitrability of intellectual property rights and disputes therein per se but laid down certain foundational principles on arbitrability of disputes in general. In ***Haryana Telecom Ltd. v. Sterlite Industries (India) Ltd.***[83], only those disputes or matters that the arbitrator is competent or empowered to decide can be presented to the arbitrator, according to the Supreme Court. The court determined that the statutory power to order a company's winding up is conferred on the court rather than an arbitrator. Similarly, in ***Meena Vijay Khetan case***[84], it was determined that certain conflicts, such as criminal violations of a public nature, issues originating out of illegal agreements, and problems relating to status, such as divorce, cannot be sent to arbitration, despite any agreement between the parties. However, on the brighter side, it was held that personal rights or obligations arising as a subset from public rights could be referred for arbitration, such as in respect of a criminal matter like physical injury, if there is a right to damages for personal injury, then such a dispute can be referred to arbitration[85]. Likewise, the terms of their separation may be referred for arbitration between a husband and wife to make a valid agreement to that extent between themselves.

However, a varied approach was soon brought to the picture through ***Ministry of Sound International v. Indus Renaissance Partners Entertainment Pvt. Ltd***[86]., which also dealt with a licensing agreement between the Parties, which lead to a subsequent dispute between them. The Petitioner had permitted the Respondent to use the trademark and copyright in respect of "Ministry of Sound," which belonged to the Petitioner entity, in furtherance of running a nightclub named "The Pyramid." Clause 9 of the licensing agreement specifically

[82] *Common Cause v. Union of India & Others,* (1999) 6 SCC 667
[83] *Haryana Telecom Ltd. v. Sterlite Industries (India) Ltd*, (1999) 5 SCC 688]
[84] *Olympus Superstructures Pvt v. Meena Vijay Khetan case*,[(1999) 5 SCC 651]
[85] *Keir* **v.** *Leeman* [(1846) 9 QB 371
[86] *Ministry of Sound International v. Indus Renaissance Partners Entertainment Pvt. Ltd,* 156 (2009) DLT 406

provided for aspects such as governing law, jurisdiction, and dispute resolution under the commercial arrangement. After failure of alternative modalities of mediation/conciliation between the parties, the controlling law shall be English Law, and any dispute arising out of the terms of the agreement shall be subject to arbitration in London before the London International Court of Arbitration. However, Clause 29.5 of the agreement stated that neither party shall be barred from pursuing injunctive remedy in the event of a violation or threatened breach of confidentiality or infringement of intellectual property by the other.

In the event of an alleged infringement of trademark by Defendant, the Petitioner invoked Section 8 of the Arbitration Act to refer the matter for arbitration. However, the Defendants relied on Clause 29.5 of the Agreement and submitted that the Petitioner's claim should not qualify as a subject matter fit for arbitration as Clause 29.5 explicitly places the jurisdiction of infringement claims only before a civil court. The court, in an unusual way, adopted a pro-arbitration view. A contract including an arbitration clause on being a commercial document between the parties evidencing their consensus was held to be interpreted to bring out the widest efficacy. A common-sense approach in interpreting arbitration clauses was promoted, rather than literal, pedantic, or legalistic interpretation. The Arbitration clause in the agreement consisted of a systematic step-by-step dispute resolution process to be adopted by parties before invoking arbitration. This involved mediatory means to be conducted in 30 business days. It was held that within the said period of 30 days, under clause 29.5, parties could seek injunctive relief against infringement, and it does not rule out the possibility of further arbitration. The court determined that the whole agreement in question, including all disputes arising out of or in connection with the agreement that must be resolved by arbitration, was "subject matter of arbitration." As a result, the court decided that even matters relating to intellectual property rights could be made the topic of arbitration, based on the parties' intention and unanimity at the time of agreement.

Further, the court relied on the landmark decision of ***Sukanya Holdings (P) Ltd.* v. *Jayesh H. Pandya***[87], which observed that a subject matter could not be bifurcated. If allowed, the Petitioner's claim was held to result in an absolute bar on arbitration of all disputes arising out of the agreement itself, which goes against the parties' intention. Hence, it was the court's view that disputes concerning intellectual property rights can be arbitrated. The court

[87] *Sukanya Holdings (P) Ltd.* **v.** *Jayesh H. Pandya*, [(2003) 5 SCC 531]

accordingly allowed the request for arbitration. However, an analysis of this case shows that the court adopted a broad and pro-arbitration outlook due to its factual settings. The governing law being English law, played a huge role in this coming to this ratio since English law permits tribunals to grant relief such as injunction, and also the arbitration clause was constructed in such a manner that it was wide enough to include all kinds of disputes within itself.

Another peculiar decision that did not even take into consideration the issue of arbitrability of the dispute was the 2008 Bombay High Court Judgement in ***Angath Arts (P) Ltd. v. Century Communications Ltd***[88]., wherein the subject matter of the agreement in question was an assignment of copyrights in the negative of a cinematograph film. Under the terms of the agreement, the assignor filed a petition with the court under Section 9(ii) of the Arbitration and Conciliation Act, seeking an injunction preventing the assignee respondents from transferring, licensing, or sub-licensing any rights in the copyright of the film to any third party, pending the establishment of the arbitral tribunal and referral to arbitration. Despite the fact that the case included copyrights, the court did not even address the issue of arbitrability. The court ordered the formation of an arbitral tribunal to resolve the dispute.

3.2.2.BOOZ ALLEN AND THE TWIN TEST FOR ARBITRABILITY

A whole new chapter into the realm of arbitrability of disputes, especially intellectual property disputes, was opened after the decision came out in ***Booz Allen Hamilton Inc. V. SBI home finance Limited***[89] in 2011. The case provided an opportunity for in-depth discussion of the law governing the arbitrability of conflicts based on the distinction between rights in rem and rights in personam. This ruling aimed to clarify the theoretical components of "Arbitrability," as well as distinguishing between objective and subjective arbitration to some extent. The facts of the *Booz Allen* case have little to do with IP arbitrability. The Supreme Court's ruling, however, was unambiguous enough to imply that intellectual property and rights derived from intellectual property would be subject to arbitrability.

In this case, the subject matter preferred for arbitration was enforcement of mortgage by the Respondent to recover amounts due to them. Similar to the above-discussed case laws, the

[88] *Angath Arts (P) Ltd. v. Century Communications Ltd*, 2008 (4) Mh.L.J. 926
[89] *Booz Allen Hamilton Inc. V. SBI home finance Limited* ,(2011) 5 SCC 532

dispute in *Booz Allen* also arose from an agreement that contained an arbitration clause. The clause for arbitration stated that any disputes arising out of the following actions should be resolved through arbitration:

- enforcement of mortgage on the property
- the realization of sale proceedings
- right of the mortgagee to stay in possession of property till repayment of entire deposits, and so on

The above-described matters essentially formed the subject matter of the Respondent's claim under the Section 8 suit, and hence was contended that their claims were not beyond the scope of the Arbitration Agreement.

The decision in *Booz Allen* is significant due to the various aspects that it covered. Along with laying down principles of arbitrability, the court also went ahead to clarify which authority is vested with the power to decide the question of arbitrability of a subject matter. Should the court decide arbitrability before which proceedings are pending, or is the arbitrator empowered to make that decision? The court held in a suit filed under Section 8, all aspects of arbitrability would have to be decided by the court which has seized jurisdiction of that suit. In no cases shall the arbitral tribunal be vested with the power to decide the same.

The most significant contribution of this decision towards the jurisprudence of arbitrability of disputes was identifying three facets of arbitrability. These three facets formulated the "Triple Test for Arbitrability" and have been the foundation of several case laws. The three prerequisites to determine the arbitrability of a subject matter as laid down by the court is as follows:

- Whether the issue by its nature adjudicative by a private forum or only by a public forum?
- Whether an arbitration agreement covers the dispute?
- Whether the parties have referred the dispute to arbitration?

The first step of distinction of the nature of dispute follows the traditional notion of *rights in rem* and *in personam.* This distinction is important to determine arbitrability, as the same, along with the principles of privity of contract, lays down the scope of the arbitral tribunal. As familiar, arbitration is adopted only in the light of an agreement between persons desirous of entering into legal relations. Any dispute, therefore, shall only be between those parties, and any declarations sought for under the terms of the agreement should ideally not bind any third person. Hence, a matter which is supposed to be adjudicated by a public forum because

a remedy in it shall be like a declaration/exercisable against the whole world should not be tried by a private adjudicatory forum.

Conversely enough, a right in personam ought to be necessarily adjudicated by a private forum. Reliance was placed by the court heavily on the English law doctrines of arbitrability based on differentiating *rights in rem* and *personam.* The court cited *Russell on Arbitration* (22nd Edn.), which laid down that English law reserved certain matters for adjudication by the court alone, and in the unfortunate event that a tribunal purports to deal with them, the resulting award shall be rendered unenforceable.

Thus, *Booz Allen* crystallized into its ratio the principle of differentiation between a *right in rem* and r*ight in personam.* The triple-level test, which the Supreme Court envisaged, intended to give a much-wished clarity. Therefore, as per the court's reasoning, disputes falling within the subjects of criminal offenses, disputes concerning family laws, insolvency and winding up, testamentary matters, and tenancy disputes. Interestingly, intellectual property rights did not find any mention in the list of inarbitrable matters.

Additionally, this step can also be modified by not merely determining the nature of the dispute but instead characterizing the sought remedy. A judgment *in personam* is differentiated from a judgment in rem. While the former only acts against a person *vis-a-vis* their legal relations, the latter acts against the status or condition of the property, directly affecting the property itself[90] For instance, if the remedy sought is specific performance, an arbitral tribunal may be empowered to grant the same. However, if the remedy sought is a declaration of the validity of intellectual property, the same shall be a *relief in rem* and hence not passable by a private forum. The court accepted this notion by having relied upon the works of Mustill and Boyd[91], wherein the following was cited:

- Firstly, in practise, the question has been whether a specific dispute is capable of being settled by arbitration, rather than whether it should be sent to arbitration or whether it has resulted in an enforceable judgement." As a result, English law has never developed a universal theory for discriminating between issues that can be resolved by arbitration and those that cannot.
- Secondly, public policy reasons and the fact that the arbitrator is nominated by the parties rather than the State limit the types of remedies the arbitrator can award. He

[90] Black's Law Dictionary
[91] Mustill and Boyd[91], "*Law and Practice of Commercial Arbitration in England* "(2nd Edn., 1989)

> cannot, for example, impose a fine or a term of imprisonment, commit a person to prison for contempt, or issue a writ of subpoena; nor can he make an award that is binding on third parties or affects the public at large, such as a judgement in rem against a ship, a rateable value assessment, a divorce decree, or a winding-up order.

However, the principle was held to be not rigid. Disputes resulting from subordinate *rights in personam* emanating from *rights in rem* were deemed arbitrable. Certain features of intellectual property rights can be construed as arbitrable under this rule of flexibility. When a right in intellectual property is licensed to another person, for example, the transaction is *in personam,* and hence conflicts arising from it may be subject to arbitration. The court, however, did not go into additional detail on this rule of flexibility.

The second step in determining arbitrability of disputes is the technical prerequisite of an agreement for arbitration that needs to exist and that the dispute needs to be covered by such agreement. That is, no dispute that falls outside the arbitration clause's scope can be brought before an arbitral tribunal. Reliance to this regard was placed on the case of ***SPB & Co v. Patel Engg Ltd***[92], which held that*: when the defendant to action before a judicial authority raises the plea that there is an arbitration agreement and the subject matter of the claim is covered by the agreement and the plaintiff or the or the person who has approached the judicial authority for relief, disputes the same, the judicial authority, in the absence of any restriction in the Act, has necessarily to decide whether there is in existence a valid arbitration agreement and whether the dispute that is sought to be raised before the arbitration clause covers it.*

As a result, based on the facts of the case, the court determined that a sale or mortgage agreement does not result in the transfer of a *right in rem*, but rather in the formation of just a personal responsibility between the parties to the transaction. In this regard, if a remedy for specific performance of a contractual duty under the conditions of such a transaction is provided, it will only be a remedy *in personam* that can be issued by an arbitral tribunal. This situation was, however, differentiated from the activity of pledging a property on a mortgage. The creation of a mortgage on a property is a *right in rem* since the mortgage exercised by a

[92] *SPB & Co v. Patel Engg Ltd* (2005) 8 SCC 618

mortgagor is against the whole world. A mortgage suit for sale of the mortgaged property was accordingly held to be an *action in rem*.

A similar inference applies to intellectual property rights. They are statutory rights, the validity of which are determined as per conditions and provisions mentioned in respective statutes and enforced by statutory bodies established for that purpose. The owner of an intellectual property right exercised his ownership over the right against the whole world, more specifically, the right against exploitation of his right by any third person, which constitutes the action of infringement. Since infringement is a violation of a *right in rem*, a remedy sought against it ought to be in *rem* as well.

Hence, in conclusion, the *Booz Allen* decision neither held that neither a right *in rem* could be arbitrated nor is an arbitral tribunal vested with the power to pass a judgment *in rem*, even if the subject matter before it pertained to a right in *personam.* The applicability of this principle on intellectual property rights is still only an inference and not something that the court expressly mentioned. Therefore, doubtfulness exists as to whether *Booz Allen* qualifies to be a leading decision to establish arbitrability of intellectual property disputes.

3.2.3. IMPACT OF BOOZ ALLEN

Over the next few years, cases that dealt with the arbitrability of disputes on Intellectual Property Rights essentially followed the reasoning given in *Booz Allen*. The courts in India usually invoke the public policy principle to determine the arbitrability of disputes. In several cases that followed Booz Allen, the public policy doctrine has been the determining factor to decide upon whether a subject matter is arbitrable. The doctrine has been invoked to identify specific actions *in rem* and to declare them beyond the scope of adjudication by a private forum. While *Booz Allen* specifically emphasized the already recognized examples of non-arbitral disputes such as rights arising out of criminal offenses, matrimonial disputes, insolvency, and winding-up matters, and so on, other case laws themselves specifically held certain types of disputes to be non-arbitrable. For instance, the Supreme Court in ***Kingfisher Airlines Limited v. Prithvi Malhotra Instructor***[93] declared that labour disputes are matters of public interest and shall not be arbitrated. The court's finding was influenced by public policy concerns more rather than whether labour disputes resulted in *rights in rem* or *in personam.* The court was concerned with the question as to which forum should decide the issue of

[93] *Kingfisher Airlines Limited v. Prithvi Malhotra Instructor,* 2013 (7) Bom. C.R. 738 (India).

arbitrability. After relying on *Booz Allen*, it was reemphasized that what can be referred to the arbitrator is only that dispute or matter which the arbitrator is competent or empowered to decide. In the absence of a limitation in the Arbitration Act, the judicial authority must determine whether a valid agreement exists and whether the dispute sought to be brought before the arbitration provision is covered. When deciding an application under Section 8 of the Arbitration Operate, the judicial authority is not expected to act mechanically.

As a result, the court concluded that the true criteria for arbitrability are whether the subject matter in question is reserved for resolution by the legislature in a public forum only for the purpose of defending the public interest. For instance, concerning industrial disputes, the Industrial Disputes Act provides a comprehensive dispute resolution mechanism and the constitution of special Labour Courts to deal exclusively with disputes arising under the Statute. Hence, even a dispute *in personam* under the Statute is reserved for adjudication by a public forum, as arbitrating it may go against the public interest.

While the above decision made no references to intellectual property disputes, several other decisions given by High Courts in the country dealt with arbitrability of Intellectual property rights. A peculiar one amongst them is ***Steel Authority of India Ltd. v. SKS Ispat and Power Ltd. & Ors.***,[94] wherein Infringement and passing-off reliefs, according to the Bombay High Court, are not within the arbitrator's competence. The Defendants sued under Section 8 to have the case referred to arbitration. The following three conclusions led to the court's rejection of the application:

- Trademark rights and remedies for infringement are in rem matters that are not subject to the jurisdiction of a private forum.
- Infringement and passing-off disputes do not result from contractual relationships between parties, hence they are not covered by the arbitration agreement.
- No one who isn't a party to the arbitration agreement can be named as a defendant.

However, there was deference as well from the route prescribed by *Booz Allen*. In ***Suresh Dhanuka* v. *Sunita Mohapatra*[95],** the Supreme Court did not object to referring to a matter for arbitration which was consisted of a subject matter of assignment of trademark vide a

[94] *Steel Authority of India Ltd. v. SKS Ispat and Power Ltd. & Ors*, Notice of Motion (L) No. 2097 of 2014 in Suit No. 673 of 2014, decided on 21st November 2014
[95] *Suresh Dhanuka* **v.** *Sunita Mohapatra,* Civil Appeal nos. 10434-10435 of 2011**;** Supreme Court of India

deed of assignment. Despite the matter being intellectual property dispute, the court did not refrain from conferring jurisdiction over the matter on to arbitral tribunals.

The Delhi High Court took a similar view in ***Vimi Verma* v. *Sanjay Verma & Ors.,***[96] wherein it was held that there is no bar upon trademark infringement matters being dealt with in arbitration proceedings as also in a Section 9 petition. In ***R.K. Productions Pvt. Ltd*. v. *N.K. Theatres Pvt. Ltd***[97], the Hon'ble Madras High Court's Division Bench granted the Respondent's Section 8 application for referring the matter to arbitration, among other things, for the adjudication of the balance amount and the issue of copyright infringement arising out of terms of the copyright assignment agreement, which also contained a copyright assignment clause. The Hon'ble Court substantially upheld the appeal, finding that the concerns are intimately intertwined and cannot be easily separated.

EuroKids International Private Limited* v. *Bhaskar Vidhyapeeth Shikshan Sanstha[98] is a prominent reflection on the lack of proper authority on arbitrability. The petitioner franchisor, in this case, had applied for injunctive reliefs under Section 9 of the Arbitration Act against the Respondent franchisee from operating under the mark, logo, and trade name of "EuroKids School" in the event of non-renewal of the franchise agreement. This case's peculiarity was that there were no claims or allegations raised on the validity of the rights. The Petitioner's ownership of the trademark and copyright was not disputed, and hence the subject matter for arbitration was held to be not one *in rem*. The court recognized that the Petitioner relied on the negative covenant, which prohibited the franchisee from using the franchisor's trademarks and copyrighted material in the event of termination of the agreement. Thus, the Hon'ble Court allowed the petition filed by the Petitioner to restrict the Respondent from breaching the terms of the franchise agreement entered between them. Further, the court held that in the event if the Petitioner claims any such relief in *rem*, the Respondent can always raise the issue of jurisdiction before the learned arbitrator.

A decision that set out a dangerous precedent by relying on Booz Allen is the 2016 case ***Impact Metals Ltd. v. MSR India Ltd,*** in which the Supreme Court did not interfere with Hyderabad High Court's decision to refer a matter for arbitration. Impact Metals and

[96] *Vimi Verma* **v.** *Sanjay Verma & Ors***.** 2013 SCCOnline Del 4194
[97] *R.K. Productions Pvt. Ltd***. v.** *N.K. Theatres Pvt. Ltd,* 2014 (1) ARBLR 34 (Madras*)*
[98] *EuroKids International Private Limited* **v.** *Bhaskar Vidhyapeeth Shikshan Sanstha,* (2015) 4 Bom CR 73

MSR India entered into a manufacturing agreement, which contained an arbitration clause to be invoked in the event of a dispute. MSR India alleged Impact metals stealing their inventions and hence filed a suit seeking to restrain them from using MSR India's intellectual property rights. However, Impact Metals wished to invoke the arbitration clause and hence filed an application under Section 8. The trial court rejected the application, and an appeal was posed before the High Court. Here, the High Court was of the view that since the dispute fell within the scope of the agreement, it was fit to be referred for arbitration and further rejected the argument of conferring jurisdiction of Copyright matters on too district courts under Section 62(1) of Copyright Act, 1957. Reliance was placed on *Booz Allen* in coming to this conclusion. The court's view was that the Supreme Court did not explicitly mention intellectual property as an inarbitrable subject matter in the list of items that were otherwise considered inarbitrable. Such an absence of mentioning intellectual property as inarbitrable lead to the conclusion by the Hyderabad High Court in the instant case that contractual disputes concerning intellectual property shall be arbitrable. MSR India filed a petition for leave to appeal to the Supreme Court, but the Supreme Court refused to interfere with the decision of the Hyderabad High Court. Therefore, in this case, the court blindly followed the definitive list in *Booz Allen*, which did not expressly exclude IPR from arbitrable subject-matters, and did not base its reasoning on the nature of rights or remedies at issue. It can be said that the court mechanically applied a part of *Booz Allen* without going into the jurisprudential aspects of the matter.

Even though *Booz Allen* aimed to clarify the law's position, the triple test outlook suggested by the court has been analyzed to be not short of criticisms. It is a well-established principle of arbitration laws that the agreement providing for arbitration is to be given maximum possible effect. The fact that an arbitration agreement exists itself was initially considered a significant factor in exercising the tribunal's jurisdictional powers. However, with the triple test, the inclusion of nature of relief to be considered while determining arbitrability has placed upon the parties an implied burden of proof to evidence that the dispute is, in fact, arbitrable. This principle goes slightly against the comprehensive interpretative approach taken in *Ministry of Sound International v Indus Rennaisance Partners* or, in other words, and it can be said that *Booz Allen* notably narrowed the scope of arbitration clauses in agreements by specifying that as a precondition. Moreover, the tests appear way too generic and are considered by critics as ambiguous and uncertain, as it does not demarcate the boundaries of arbitrability. The absence of clarity to the jurisprudence of arbitrability of intellectual property rights and disputes was to an extent rectified by the decision of the

Bombay High Court in *Eros International Media Ltd. v. Telemax Links India (P) Ltd.*[99], which took a varied outlook into the subject.

3.2.4. EROS INTERNATIONAL AND ITS IMPLICATIONS

To peruse the reasoning of the court, the facts of this case are first to be considered. The dispute arose out of a copyright distribution agreement (term sheet) between the grantor of rights Eros International and the grantee being Telemax Links. The term sheet consisted of an arbitration clause, and the parties intended to enter into a comprehensive agreement that would replace the term sheet. Eros filed a suit in the Bombay High Court for infringement against Telemax and seven others who claim to have used the copyrighted material according to a sub-license from Telemax. Telemax filed a petition under Section 8 of the 1996 Act for referring the dispute to arbitration. Eros argued that the dispute was not arbitrable. They contended that since the dispute pertained to copyrights, the matter was *in rem* and hence inarbitrable. Further, reliance was placed on Section 62(1) of the Copyright Act, which according to Eros, conferred upon civil courts the jurisdiction of copyright infringement claims.

The court first hand rejected the principle that there could be an absolute restrain on the arbitrability of intellectual property disputes. Disputes involving intellectual property which arise out of the operation of a contract were laid down to be consisting of a right *in personam* and hence arbitrable. Therefore, the conclusion drawn by the court was that even in instances where *rights in rem* are in focus, if disputes concerning them arose under or in relation to a contract, such disputes could be arbitrated provided the parties to the contract had entered into a valid arbitration agreement.

To this extent, the words of Hon'ble Justice Patel are relevant, who opined that, *in any infringement or passing off action between two claimants to a copyright or a trade mark, that action and that remedy can only ever be an action in personam. It is never a rem action*. The registration of a mark gives the registrant a claim against the rest of the world in trademark law. An opposition to such an application (before the Registrar) could be considered an action in rem, because it would result in the grant or non-grant of the registration, which would be good against the rest of the globe. However, an action for infringement or passing off binds only the parties involved.

[99] *Eros International Media Ltd. v. Telemax Links India (P) Ltd*, 2016 (6) ARBLR 121 (BOM)

Therefore the High Court of Bombay decided upon the question of arbitrability of intellectual property disputes slightly along the lines of the decision in *Booz Allen*, but without explicitly referring to it. Party's will to arbitrate terms between them was considered the supreme force in determining the arbitrability of subject matter. To that extent, even if an issue involving intellectual property is with the consensus of parties agreed to be arbitrated upon, the issue is to be considered as a contractual dispute which in *personam* and hence arbitrable. When commercial parties have consciously chosen a particular method of dispute resolution, arbitration and those actions cannot be characterised as actions *in rem*. In other words, the court has stated that if a dispute arises out of the terms of a contract between the parties and the dispute falls within the scope of the contract's arbitration clause, even if the dispute involves copyright or trademark infringement, it can still be resolved through arbitration because it falls within the scope of right in personam.

To substantiate his reasoning that an infringement action per-se does not amount to right in rem the Hon'ble Judge demonstrated certain situational illustrations in a much interesting manner.

- *A may allege infringement and passing off by B. A may succeed against B. That success does not mean that A must necessarily succeed in another action of infringement and passing off against C.* – this is an illustration to show that infringement or passing off actions whether in trademark or copyright, bind only the parties.
- *The converse is also true. Should A fail in his action against B, he may yet nonetheless succeed in his action against C. A man may be able to demonstrate that his copyright in a film, a literary work, an artistic work or any other work in which copyright is said to subsist is infringed by a certain party. But he may not be able to show such an infringement at the hands of another party. Both are actions in personam.*

Therefore, according to the court, all claims of infringement are in a way a claim in personam since the relief of injunction to restrain a person from infringing an intellectual property runs only against that person and does not necessarily protect the property from any other potential infringers. The court also emphasized that intellectual property is merely a species of property in general and hence the same characteristics of property are applicable to them.

Moreover, the court emphasized the importance that intellectual property has in commercial transactions and trade nowadays, thereby implying that a blanket ban on arbitrating them shall prove dangerous to the development and smooth function of the commercial world. Such observations suggest that both arbitration and intellectual property are facets of law that are hugely involved in commercial transactions. There must be a harmonious approach to incorporate arbitration of IP disputes into the legal systems to promote international and domestic commerce. However, it was recognised that matters relating to entitlement of ownership or validity of intellectual property is outside the scope of adjudication by an arbitral tribunal since they are actions in rem. Concerning the existing confusions on Section 62(1) of the Copyright Act, the court rejected the argument that the existence of such a provision prevents arbitral tribunals from exercising their jurisdiction over infringement claims. It was held that merely because Section 62 of the Copyright Act 1957, or the corresponding provision in the Trade Marks Act 1999 confers jurisdiction on the District Court regarding infringement matters, it cannot be a ground for holding the disputes in the matter as non-arbitrable. The provisions only define the entry level of such actions in the judicial hierarchy and preclude infringement claims from being brought before a court hierarchically lower than the competent district court.

Thus, *Eros International v. Telemax Links* provided a pro-arbitration outlook on the issue and substantially clarified the ambiguities. The court's decision was well reasoned and was heavily influenced by the concepts of party autonomy, will of the parties, and growth of commercial transactions. Although there was no explicit reference to the Booz Allen obiter, the court did take the Supreme Court's reasoning as the foundation to build upon the ratio in Eros International.

3.2.5. DEVIATIONS

Despite Eros International delivering a much-needed clarification on the subject, courts in India have still not remarkably welcomed the decision.

In a recent decision by the Hon'ble High Court of Bombay in ***Indian Performing Right Society Limited (IPRS) v. Entertainment Network(India) Ltd***[100]**.,** the narrow outlook on arbitrability of Intellectual Property disputes was followed, based on the *Mundipharma* and *Booz Allen* rulings. The question before the court was to decide

[100] *Indian Performing Right Society Limited (IPRS) v. Entertainment Network(India) Ltd*, ARBITRATION PETITION NO.341 OF 2012

whether a dispute such as a copyright infringement under an agreement for licensing was arbitrable. The Petitioner who had licensed the broadcasting rights over songs belonging to its members to the Respondent for a royalty, challenged before the court the awards passed by an arbitrator on the ground that the awards were passed in a matter which was not arbitrable. It is pertinent to look into the contentions produced by the Petitioner in support of his argument. The Petitioner claimed that the arbitrator had gone beyond his scope of jurisdiction and framed the issue whether broadcast of a sound recording with the permission of the owner of copyright in the sound recording, but without the permission of copyright owner of the literary/musical work, amounted to infringement of copyright in the literary/musical work. That is, the arbitrator, in fact, assumed jurisdiction to determine whether a particular activity amounted to copyright infringement. It was also pointed out by the Petitioner that a declaration to the effect that there has been no infringement was also sought by Respondent from the arbitral tribunal.

The petitioner argued that the award passed by the arbitrator during the proceedings was like an award *in rem*, which had the potential to bind not only parties to the agreement but even a third party or the world at large. The question as to the existence of copyright in a particular work, which is purely legal, is different from other concepts such as execution or performance of provisions in the agreements, which are merely technical. Aspects of the commercial transaction that are of pure legal nature, such as the validity of the copyright, its infringement, and remedy were contended to be beyond the terms of the arbitration clause. Hence, enforcement of the award was challenged by the Petitioner.

Justice Dhanaka placed reliance on the ratio of *Mundipharma* and declared that an arbitrator could not decide a claim arising out a statutory right and a statutory remedy. Section 62(1) of the Copyright Act, 1957was held to be considered as a mandatory provision to abide by in the event when claims against infringement of copyright arose. Hence, any claim of such nature was held to be compulsorily brought only before the jurisdiction of a civil court, as against referring it to an arbitral tribunal. Additionally, the court also differentiated between rights in rem and rights in personam. The determination of a right in an intellectual property was held to be an action *in rem* and not *in personam*. Hence, by also relying on Booz Allen, it was held by the Bombay High Court that the right of a licensor under the agreement in question was a right in *rem*, which is a matter of public interest and hence inarbitrable in nature. A breach of the said right was held to be not merely against the opposite party to the agreement, but the whole world, as opposed to the findings in Eros International.

The court also drew inferences from *Steel Authority of India* and distinguished the judgment in Eros's Case. The Bench noted that the arbitral award in question had held that the Respondent did not enjoy the copyright in the underlying works because of the same having been subsumed in the sound recording and thus, the claimant was not liable to obtain any license from the Respondent for broadcasting the sound recording. This decision of the learned arbitrator would bind not only the Respondent but also a declaration of the Respondent's status to the world at large. The court held that arbitrating the case would have implications for IPRS's rights to collect royalties on their works from third parties as well. *Moreover, it would also affect several other copyright owners in the underlying musical works who were not parties to the arbitration in question.*

Another controversial decision that stirred up further confusion was ***Ayyasamy v. A. Paramasivam***[101], , wherein the Hon'ble Supreme Court while addressing the main issue before it, which was arbitrability of fraud, opined that patents, trademarks, and copyrights were inarbitrable disputes. However, the same cannot be said to be an authority on arbitrability of IP disputes, as it was only an opinion of the court. Interestingly, the court, in this case, permitted the arbitrability of allegations of fraud, which was the question before the court, by citing that allegations of fraud arising from an agreement although relates to a *right in rem* but can be arbitrated since they are not that serious. In this light, *Ayyaswami* stands to be an imperfect illustration to discuss arbitrability of intellectual property disputes.

However, the Madras High Court attempted to clean up the mess that *Ayyaswam*i created in the jurisprudence of arbitrability of IP disputes through its decision in ***Lifestyle Equities CV v. QD Seatoman Designs Pvt. Ltd***[102]. it was clarified in this case that the status of the list of *'non-arbitrable disputes'* in the *Ayyaswamy* judgment is that of a mere scholarly opinion and therefore does not qualify to be of precedential value. The crux of the decision that was rendered in this case was that contractual disputes in intellectual property could be arbitrated in so far as they do not necessarily affect a right in rem. The court explained this analogy by citing an example of a dispute relating to patent licensing, which may be arbitrable but not a dispute that questions the patent's validity. The court reemphasized that question of ownership of intellectual property or validity in their registration lies purely within the domain of public adjudication. However, in the instant case, the dispute between the parties

[101] *Ayyasamy v. A. Paramasiva**m**,* (2016) 10 SCC 386
[102] *Lifestyle Equities CV v. QD Seatoman Designs Pvt. Ltd A. No. 6729 of 2017 in CS No. 678 of 2017*

was a claim on better right to usage by one party vis-a-vis the other, thereby resulting in a dispute *in personam.*

One takeaway from the decision is that although the court seems to have made a pro-arbitration reasoning, it also invoked the test of "facts and circumstances" and was of the opinion that the question of arbitrability of IP disputes shall be determined on a case to case basis, depending upon the nature of claim being put forth by the parties. However, the court also made an observation that determination of arbitrability of subject matter can be exercised by arbitral tribunal, and that the decision of the court in the matter is only a prima facie observation. Therefore, the arbitral tribunal was vested with the ultimate say to determine the question of arbitrability of IP disputes in the event of a dispute between the parties by invoking their powers under Section 16 of the Arbitration and Conciliation Act.

3.2.6. RECENT TRENDS IN ARBITRABILITY OF SUBJECT MATTER

While it was fair to assume that the only existing governance in the matter was the Booz Allen, another Supreme Court decision of 2020 revamped the principles and provided another outlook into the issue of arbitrability in general. In ***Vidya Drolia v. Durga Trading***,[103] the matter before the court for deliberation was a dispute between a landlord and tenant which arose out of the provision of Transfer of Property act 1882. The Calcutta high court's decision to appoint an arbitrator to resolve the dispute was challenged before the Supreme Court on the ground that the dispute was in the nature of right in *rem* and hence not amenable to arbitration. The Supreme Court judged it appropriate to assess the position of Indian law on arbitrability and investigate the idea of arbitrability in other jurisdictions, notwithstanding the fact that the order of reference was limited to the subject of whether tenancy disputes are arbitrable. This gave birth to a new found four fold test to determine arbitrability of disputes in India.

According to the three judge bench of the Supreme Court, arbitrability of disputes was to be determined based on the nature of cause of action involved, and not merely the subject matter. The court laid out four instances where the cause of action/subject matter was of such a nature that made in non arbitrable. Such situations are as follows:

1. when the cause of action relates to an *action in rem* that does not relate to subordinate *rights in personam* that arise from *rights in rem;*

[103] *Vidya Drolia v. Durga Trading*, Civil Appeal No. 2402 of 2019

2. when the cause of action affects third party rights, has *erga omnes* effect, necessitates centralised adjudication, and mutual adjudication would not be appropriate;
3. when the cause of action relates to inalienable sovereign and public interest functions of the State;
4. when the cause of action is expressly or by necessary implication is non arbitrable under a statute.

This indeed proves as a fresh outlook into the question of arbitrability and seems to offer greater clarity. This approach is substantially different from the restrictive approach suggested in *Booz Allen,* wherein disputes were considered as non- arbitrable based on merely two principles- nature of rights and exclusive forum of adjudication. As has been discussed above, following the principle of Booz Allen has in several situations resulted in unclear decisions. Mechanical classification of disputes based on nature of rights solely was seen detrimental to claims under intellectual property disputes in some cases. Moreover, the concept of exclusive forum of adjudication, which was followed in several cases such as *Mundipharma*, *IPRS*, and *Ayyaswami,* barred disputes under legislations vesting exclusive jurisdiction upon specific/special forums or tribunals from being resolved through arbitration.

Contrastingly, *Vidya Drolia* affirms an understanding that where intellectual property rights are covered under a contractual agreement, any dispute concerning these rights that arise out of such contractual relation would be arbitrable. It is therefore necessary to evaluate a specific scenario, namely defences raised in an infringement suit, which has the potential to block a possible arbitration. This however can be understood more clearly only on case to case basis and is greatly depended on the public policy doctrine that the legal system adopts.

Thus an analysis in this regard highlights that fact there is lack of jurisprudence on arbitrability of disputes in Intellectual Property in India. Courts have not followed a uniform approach in determining the question of arbitrability, even after the pronouncement in *Booz Allen.* However, comparatively it can be states that the various High Courts in the country have been more accommodative towards arbitrability of IP disputes, and to some extent Eros International has succeeded as a precedent. Yet, the question as to whether intellectual property disputes can be arbitrated in India does not have a straight jacket answer due to conflicting views propounded by the Courts. As a ray of hope *Vidya Drolia* seems to give a clearer take on the jurisprudence. However, since there is not specific reference to Intellectual

Property in this decision as well, it is doubtful whether this judgement proves to be useful in developing a clear take on the issue.

3.3. CONCLUSION

An analysis of the Indian jurisprudence on the question of arbitrability of IP reveals that the courts in India are variedly opinionated and there does exist lacunae. Howsoever, it cannot be disregarded that the landscape in India is changing. The number of case laws that has been discussed in this Chapter suggests that there is a shift from an absolute blanket – ban on arbitrability of IP to a somewhat pro-arbitration approach of permitting arbitration of IP which arises from contractual disputes. As a matter of law, aspects such as statutory registration of property like Trademarks or granting of compulsory licensing for patent are actions involving public interest and have been generally categorised as inarbitrable. The reason behind such categorisation is the invocation of public policy doctrine, which is used to identify specific actions *in rem* so far as to declare them beyond the scope of adjudication by a private forum.

While the earlier decisions followed the restricted approach towards arbitrability of IP, as years passed by, recent decisions have been more inclined towards a change in perspective. A spark of ignite was set forth by the *Booz Allen* judgement which laid down the triple test approach to arbitrability of disputes. The major criticism of this test however, is that it appears way too generic and quite ambiguous as it does not demarcate the boundaries of arbitrability. Nevertheless, the principle introduced the concept of distinguishing disputes involving rights *in rem* and *in personam*, which has been of greater significance in the jurisprudence on arbitrability of disputes, which itself is a growing spectrum in India.

Much of the complications and lack of clarity resulted in *Booz Allen* was resolved through *Eros International* where the High Court of Bombay rejected the principle that there could be an absolute restrain on the arbitrability of intellectual property disputes. Disputes involving intellectual property which arise out of the operation of a contract were laid down to be consisting of a *right in personam* and hence arbitrable. The only concern that continued to exist was the fact that Eros International does not indicate a binding effect on the Supreme Court's judgement, as the decision was rendered by a High Court. However, to much relief, the new found four-fold test laid down in *Vidya Drolia v. Durga Trading* by the Supreme Court brings in a new ray of hope in the subject. In *Vidya Drolia*, the Supreme Court made an

observation that determination of arbitrability of subject matter can be exercised by arbitral tribunal and affirms an understanding that where intellectual property rights are covered under a contractual agreement, any dispute concerning these rights that arise out of such contractual relation would be arbitrable. Arbitrability of disputes was to be determined based on the nature of cause of action involved, and not merely the subject matter. This approach is substantially different from the restrictive approach suggested in Booz Allen.

Even if a dispute arises out of the terms of a contract between the parties and the dispute falls within the scope of the contract's arbitration clause, even if the dispute involves an infringement of intellectual property, it can still be decided by arbitration because it falls under the ambit of *right in personam*. However, Indian courts have yet to accept this notion as a legally binding norm or a consistent set of practises; whether a specific IPR dispute resulting from a contract may be resolved by arbitration will be determined by the facts of each case.

While the judiciary is still in the process of developing precedence on this regard, it is pertinent to mention the legislative recognition granted to utilising ADR mechanisms in IP. For instance, the National Intellectual Property Rights Policy 2016 contains as one of its primary objective, to strengthen the enforcement and adjudicatory mechanisms for combating intellectual property rights infringements, effective methods such as ADR may also be explored. Albeit such suggestions, little has been practically enforced in the Indian legal landscape to promote arbitration of IP disputes. Thus India substantially lags behind in coherently addressing the question of arbitrability of IP disputes, either statutorily or through a national policy, while at the same time her contemporaries as well as the international community seem to have clearer answers to the very same question.

CHAPTER 4 : FEATURES OF ARBITRATING IP DISPUTES: ADVANTAGES AND DISADVANTAGES

4.1. INTRODUCTION

The author has examined the fundamental nature and relationship between arbitration and intellectual property disputes in commercial transactions, as well as the issue of subject matter arbitrability, with a particular focus on the arbitrability of intellectual property disputes in India, in the preceding chapters. The conclusion reached thus far is that the jurisprudence on whether Intellectual Property conflicts can be arbitrated is mainly unresolved, but there is a good trend toward adopting arbitration as an effective means of dispute resolution, at least in contractual disputes involving IP.

Arbitration is known to be characterised by a number of unique features that make it more desirable and advantageous than traditional methods of dispute resolution such as court-based litigation. International commercial arbitration has particularly emerged as an attractive forum in transactional commercial dealings due to its peculiar features. The characteristics of arbitration, when combined the peculiarities of intellectual property rights as a subject matter of dispute, necessitates an examination of the various complexities and benefits of employing arbitration to resolve IP disputes. This chapter is hence a comprehensive study into the unique challenges as well as advantages inherent in arbitration IP related disputes in International commercial transactions.

4.2. BENEFICIAL FEATURES OF ARBITRATING IP DISPUTES

Chapter II had already established the relevance of IP transactions and commercial dealings wherein the subject matter of value is IP. Arbitrating disputes arising out of such transactions have some inherent advantages.

4.2.1. THE PRESENCE OF"INTERNATIONAL" ELEMENT AND NEUTRALITY

The transnational nature of the commercial transactions itself is one of the key reasons why arbitration may be excellent for resolving disputes arising out of such international agreements. It is a known fact that arbitration being a neutral forum appears to be attractive to parties who hail from multiple jurisdictions, as neither of them would want their claims to be

adjudicated by a national court of the other, as such situations would lead to bias or favouritism.

Moreover, the party whose national courts are being invoked may also experience familiarity with the applicable laws, language, and even institutions and legal culture of his country, leading to possibility of unfavourable outcomes in the adjudication of disputes. It is pertinently due to these factors that there has been wide acceptance of arbitration as a means of resolving conflicts, particularly in the context of international commercial disputes. As a measure towards promoting international trade at the domestic level itself, in fact, many jurisdictions have taken efforts in their municipal laws by recognising and incorporating principles of international commercial arbitration into their domestic law regime. The expansion of commerce and industry in a country would scarcely be encouraged if the pa rochial attitude that all disputes must be settled under domestic laws and in local courts is pus hed, as the US Supreme Court correctly remarked. [104]

As to cross border IP disputes, as the name suggests, resolving of such disputes include parties from different jurisdictions, and the subject matter is based on multiple substantive laws. Due to the extremely territorial nature of IP, municipal jurisprudence on its on its protection, grounds of validity, infringement, and other issues varies greatly from country to country. It is often then difficult to be in consensus as to which country's laws should be used for conflict settlement or as to which country's local courts should be resorted to. Thus the presence of a neutral, independent dispute resolution mechanism which offers recognition to party autonomy as a matter of procedural as well as statutory requirement comes to great relief to parties in an international commercial dispute. Moreover, where the international character of the disputes comes from the fact that the subject matter is covered by intellectual property titles issuing from several jurisdictions, ADR offers the advantage of a single procedure, as against multi-jurisdictional litigation, for the resolution of the dispute.[105]

International arbitration's neutrality is unquestionably one of its most frequently lauded characteristics. The majority of the world's leading arbitral institutions have a policy of appointing a sole arbitrator or presiding arbitrator who is not of the parties' nationality. This characteristic is particularly desirable in intellectual property and intellectual property-related

[104] *Bremen v. Zapata Off-Shore Co*., 407 U.S. 1 (1972).trfd
[105] https://www.wipo.int/wipo_magazine/en/2016/si/article_0010.html

disputes, which frequently involve companies that are a source of national pride or significant job creators. In some instances, such politically significant entities may find favour (or be perceived to find favour) before national courts or administrative bodies. Additionally, the fact that arbitral proceedings are presided over by panellists who are subject-matter experts contributes to the quality of the decisions rendered. A well-versed arbitration panel can develop a better understanding of the dispute more quickly. In the case of domestic court-based litigation, while some judges may possess such specialised knowledge, this is not always the case. Appointing subject-matter experts also adds a layer of quality control (and predictability) to the evaluation of the parties' disagreements.[106]

While some countries have specialised courts for patent and trade secret disputes, in many others, such disputes are resolved by the same courts that adjudicate a wide variety of other commercial and non-technical disputes. As the technological foundation becomes more scientific, parties may see distinct advantages in having disputes resolved by individuals familiar with the conditions and practises of specific industries and with the technology at issue. Technology disputes are unique and complicated. Not all courts have the specialised or technical knowledge necessary to comprehend the complexities. Thus, panellists who are specialist in this field of study would be better equipped to deal with such issues. International Arbitration provides the parties with this option by allowing them to select the arbitrator to whom the dispute will be referred from a set of globally renowned expert panellists.[107] Arbitrators with experience in the appropriate markets, languages, regulations, and technology can help avoid the unpredictability and uncertainty that "lay" judges can cause. Experts can save parties time and money while also improving the quality of their decisions when complex and changing areas of law intersect with complex and developing technology, as is commonly the case with international intellectual property today.

4.2.2. SINGLE PROCEDURE

Invocation of an international arbitral proceeding often results in combining many concurrent multijurisdictional claims and action arising from a single commercial transaction. This is particularly so when it comes to disputes involving intellectual property, as either party may

[106] https://www.natlawreview.com/article/growing-importance-international-arbitration-intellectual-property-disputes
[107] Supra Note @7

choose to challenge the validity of the IP in question, or violation of IP right in their jurisdiction, or may potentially file connected claims in several forums.

Disputes in international trade call for frequent complications, owing to involvement of several subject matters as well as issues of multiplicity in jurisdictions. Conducting several litigations concurrently in multiple countries is a difficult and costly undertaking. The disparities in procedural and substantive law in different countries also mean that the duration of such multiple processes across countries shall vary significantly from one to another, thereby adding complexity of coordination by the parties. Furthermore, such multiple litigations also showcase the substantial danger of conflicting decisions, thereby also making appeal as well as enforcement of decisions rendered in each proceeding difficult. Much of these complexities are resolved by employing arbitral proceedings, as it provides a streamlined approach in dispute settlement. Especially in disputes concerning IP, a single streamlined arbitral procedure helps to prevent complications caused by the fact that the IP in question may be protected in more than one country under different statutory regimes. Additionally, such arbitral proceedings are also capable of being tailored to the parties' preferences, thereby indicating flexibility. Centralizing of multi jurisdictional disputes into a single, independent venue such as arbitration thus also results in cost savings, time savings and easier enforcement of awards.

One remarkable example of an international arbitral institution successfully resolving multi-jurisdictional trade disputes involving intellectual property through streamlined arbitration is the World Intellectual Property Organization's ("WIPO") Arbitration and Mediation Center, which has over seventy member countries that consent to its jurisdiction for conducting arbitral proceedings.[108] The following chapter contains a more in-depth examination of the WIPO Centre's operations and rules.

4.2.3. COST AND TIME EFFICIENCY

As already stated, arbitration is a time and cost effective method of resolving disputes. Such a feature of arbitration is all the more appealing to parties to international disputes concerning intellectual property, since they may predominantly be large business houses, in desperate need for an effective and timely dispute resolution mechanism. Arbitration enables such

[108] *Member States*, WIPO Arbitration **&** Mediation Centre, WIPO WORLD **INTELLECTUAL** PROPERTY ORGANIZATION, http://www.wipo.int/members/en/

parties to disputes to make the best possible use of the huge investments and resources that they have made in their businesses. [109] This is because businesses must need to focus exclusively on a variety of aspects such as product development and innovation, and thus they cannot afford to be stalled by lengthy litigation as and when they are made part of commercial disputes. Indeed, it is widely believed that players in fast-paced technology markets cannot afford to have their progress stymied by protracted and costly litigation procedures. [110] Litigation, as is known, is time consuming, costly and tedious. It may also garner negative press attention, since there is lesser degree of confidentiality guaranteed, thereby wreaking havoc on a business's reputation[111]. In the event where disputes are not resolved intelligently, such enterprises may end up spending a significant proportion of their valuable time, effort and money on dispute resolution, impeding operations for at least a couple of years. [112]

Cost and time efficiency in dispute resolution especially comes to utmost significance when the subject matter is Intellectual Property, and the claims put forth pertain to those involving violations in IP licensing, issues of validity, infringement and the like. Any claims in IP need to be resolved expeditiously, or else the value of the impending IP or the services with which the IP may be associated will suffer a significant loss. The value of an Intellectual Property Rights and privileges arising from them wholly depends on the availability of timely legal remedies in the event of a dispute, which shall enforce exclusivity in usage of IP or other terms of agreed transactions. As a result, an event such as lack of a timely legal remedy to enforce a particular aspect of IP ownership or licensing terms effectively disturbs the value of the IP and its privileges.

4.2.4. CONFIDENTIALITY AND THE FREEDOM OF FLEXIBILITY

Arbitration provides for the ability to maintain confidentiality by granting the concerned parties the provisions to effectively manage their disclosures of information as well as access to sensitive material. Contractual agreements which involve Intellectual Property may contain several proprietary information, the protection of which is necessary to uphold the value of

[109] The Guide to IP Arbitration, Law Business Research 2021, GAR, pp. 8-11. m
[110] Ana Alba Bettencourt, *Cross-border patent disputes: Unified patent court or international commercial arbitration?*, 32 UTRECHT JOURNAL OF INTERNATIONAL AND EUROPEAN LAW 44–58 (2016) https://doi.org/10.5334/ujiel.262.
[111] Christopher R. Drahozal, *Confidentiality in consumer and employment arbitration*, ARBITRATION LAW REVIEW 28- 48 (2015), https://ssrn.com/abstract=2716412.
[112] Sandra J. Franklin, *Arbitrating Technology Cases—Why Arbitration May Be More Effective than Litigation When Dealing with Technology Issues*, MICH. BAR J. 31, 32 (2001).

the property. The confidentiality of such information shall be maintained even during dispute adjudication through arbitration, as the arbitrators are empowered to issue protective orders that prevent parties from gaining access to sensitive information. Furthermore, the entire arbitral proceedings and their outcomes can be kept strictly confidential, thereby making it beneficial for parties who wish to maintain their professional reputations and relationships. Such a feature of arbitration is in stark contrast with court based litigation, where, it is merely discretionary to conduct closed courtroom proceedings upon request. The default position under most arbitral rules is that all evidence and documents produced in an arbitral proceeding are to be kept confidential. The procedural Rules formulated by arbitral institutions across the globe, including the WIPO Centre, promote the principle of confidentiality by incorporating the same into its texts.

Similar to the confidentiality principle in arbitration, is the concept of flexibility in arbitral proceedings, both of them being distinctive advantageous features of the process. The arbitration terms can be tailored by the parties to meet their individual needs. Choice of law, jurisdiction, venue, and the nature of the award are some of the more useful issues to address contractually in an international agreement, though parties can also contract about language, time to decision, appealability, discovery, evidentiary rules, severability, and virtually any other issue they anticipate when drafting their agreement.

When a disagreement is heard in court, the judge uses her country's private international law principles to establish the law that applies. The contractual parties can determine which rules the arbitrator will follow in arbitration procedures. They may, for example, direct the arbitrator to make a decision based on equity and good conscience, or to apply general legal principles, such as those used by international courts. In the sphere of intellectual property, the ability to select the appropriate law has specific advantages. For example, traditional regulations require consulting the laws of each of the jurisdictions involved in the dispute in order to determine the validity of a patent. Furthermore, deciding on the applicable law ahead of time saves time and money in the long run. [113] Arbitration by *lex mercatoria* or amicable composition is recommended for parties seeking flexibility in arbitration, albeit the exact level of flexibility depends on the jurisdiction concerned.

In an area as specialized as intellectual property, in which arbitrators possessing the technical skills and expertise to understand the complex issues which arise are needed, arguably the

[113]Supra Note @ 2.

parties should allow the arbitral tribunal to utilize *lex mercatoria* and amiable composition to determine just and equitable solution to the dispute at issue.' This flexibility is provided under the WIPO Arbitration Rules, in which the arbitrators are permitted, failing a choice **by** the parties, to apply the law or rules that it determines to be appropriate, while simultaneously noting the terms of a relevant contract and accounting for applicable trade usages. Similarly, the WIPO, UNCITRAL or ICC rules permit the arbitral tribunal to act as *amiable compositeur*, but only with the express authorization of the parties to the tribunal.[114]

The use of alternative dispute resolution (ADR) methods for cyberspace IP issues is a natural extension of their already widespread use in traditional IP disputes. A flexible method of dispute resolution, such as arbitration, may be more appropriate than relying on a relatively static body of traditional law, given the rapid growth of technology (with more and improved ways to infringe-and protect-intellectual property rights).[115]

The parties also have the freedom and flexibility to choose an arbitrator with specific knowledge of the field, who does not need to be a former judge or lawyer. Being able to choose arbitrators with special knowledge or technical experience in arbitration presents a significant advantage over litigation in national courts as it gives parties the opportunity to ensure that at least their nominated co-arbitrator has the necessary technical expertise, something national courts cannot always guarantee. Several leading arbitral institutions (such as the WIPO) have recognised this need and have created panels of arbitrators with demonstrable experience and expertise in IP disputes. Flexibility in arbitral proceedings has also helped arbitrators to take external help to fill any gaps in her knowledge relatively efficiently. For instance, in the ***IBM v. Fujitsu***[116] arbitration, the arbitrators attended a four day presentation by a computer science professor from Carnegie Tech. IBM and Fujitsu also conducted seminars to educate the arbitrators about the issues. The parties were able to successfully educate the arbitrators during the hearing because to the flexibility of arbitration, which allowed them to do so without having to worry about the formal rules of procedure.

[114] Camille A. Laturno, *International Arbitration of the Creative: A Look at the World Intellectual Property Organization's New Arbitration Rules* , 9 Transnat'l LAW. 357 (1996).
[115] E. Casey Lide, ADR and Cyberspace: *The Role of Alternative Dispute Resolution in Online Commerce, Intellectual Property and Defamation*, 12 OHIO St. J. oN Disp. Resol. 193 (1996)
[116] *International Business Mach. Corp. v. Fujitsu Ltd*., No. 13T-117-0636-85 American Arbitration Ass'n Commercial Arbitration Tribunal 4 (1987)

4.2.5. RELIEFS, AWARDS AND ENFORCEMENT

The ability of tribunals to issue temporary remedies or injunctive relief, which is provided for in most arbitration rules but not available before state courts in certain (but very few) jurisdictions, is a significant advantage of international arbitration. In certain IP issues, provisional measures or injunctive relief can be crucial, for example, to prevent a breach of a non-disclosure agreement, to protect a trade secret, to enjoin patent infringement, or to remove infringing goods from the market. The benefit in seeking a preliminary injunction from an arbitration panel is found in the New York Convention. Thus, while a preliminary injunction by a federal court is limited in geographic scope, an interim order by an arbitration panel may apply globally. Even if a party is forced to seek enforcement of the Panel preliminary injunction in Court, the full scope of the Order of the panel would be enforceable in any state or federal court.[117]

Arbitral tribunals have considerable discretion when designing awards. In other words, arbitration offers sensible or creative options to arbitrators, that are not generally available in litigation. An instance of utilising such creativity can be seen from the *IBM v. Fujitsu* arbitration, wherein the settlement reached in the dispute incorporated an aspect of ADR known as "preventative law". Preventative law offers a distinct advantage in resolving complex issues in rapidly changing technology and legal domains. Thus, arbitration also has the tendency to promote settlement between the parties, which may prove beneficial to both sides. Furthermore, in certain IP disputes, such as challenges to validity through licensing agreements, arbitration eliminates the potential of a validity judgement that affects third parties, posing a symmetrical risk to both licensors and licensees. Even if an IP is found to be invalid, due to the *inter partes* impact, the invalidity judgement only binds the parties to the arbitration, ensuring that the licensor's royalties from other licensees are not jeopardised.

Much of the practical significance of the arbitration procedure is ultimately determined by the arbitrator's award's enforceability. This is especially true in international arbitration, when the arbitration may or may not take place in the jurisdiction where the ultimate award is sought to be implemented. A party who wins an international commercial arbitration expects the award to be carried out as soon as possible.

[117] *Enforing Arbitration Awards under the New York Convention,* United Nations Publication Sales No. E.99.V.2, 17, UNCITRAL.ORG (1999**),** available at https://www.uncitral.org/pdf/english/texts/arbitration/NY-conv/NYCDay e.pdf.

International arbitration can vastly simplify enforcement of global IPRs. In contrast to instigating several domestic legal actions, IPR holders through arbitration can consolidate disputes over a diverse portfolio of territorial rights into a single proceeding. The ultimate award would be enforceable in more than 160 jurisdictions if the New York Convention applied. Subject to extremely limited procedural exclusions, the New York Convention compels contracting nations to recognise and enforce arbitral judgements made in the territory of another contracting country or territory, whether for money damages, prohibitive or mandatory injunctions, or specific performance. In contrast, no multilateral convention on the acceptance and enforcement of court judgements is currently in effect.

Moreover, the award would be subject to attack on only very limited grounds. Arbitral awards are designed to be final and conclusive, and those appeals that are filed are rarely successful. Courts are generally reluctant to hear appeals or judicial reviews on the merits of arbitral awards because this would subvert the parties' original intention to avoid court litigation. The finality of arbitration, when applied to intellectual property disputes, provides parties with a binding judgement on the validity and scope of their intellectual property rights. In international arbitration, the parties have relatively limited appeals possibilities, which is another significant advantage over judicial action. [118]

Thus, in sum it can be suggested that arbitration is perhaps the most ideal form of resolution for international disputes involving IP. However the above described benefits do not in totality suggest that arbitrating IP disputes is free from drawbacks. There exist certain aspects of arbitration clubbed with peculiarities of IP disputes which bring about complexities in the process, thus making arbitration not an ideal option quite often. The next section shall deal with few of the complexities that arise while arbitrating IP disputes internationally.

4.3. ASPECTS THAT RENDER COMPLIXITY

4.3.1. UNFAMILIARITY WITH ARBITRATION AND THE DILEMMA OF ARBITRABILITY

Arbitration is a method that has just recently gained prominence, despite the fact that it has been around for a long time. Arbitrating IP disputes is all the more a relatively new doctrine. Thus, in many nations, IP rights holders are more accustomed with resorting to court

[118] Supra Note @ 16

litigation since they have prior knowledge of technicalities, legislation, and various reliefs that may be given in a litigation procedure. Another concern in IP arbitration is the difficulty of bringing all relevant parties to the arbitration tribunal on the same page, particularly when the dispute involves infringement of IP rights. It is important for IP holders to primarily determine the nature of their dispute and relief, prior to making a decision as to what mode of dispute resolution they wish to employ. Contractual disputes can either correspond to a mere difference of opinion regarding plausible courses of conduct between the parties, or it may even be in the nature of deliberate bad faith infringement of a vested IP right through counterfeiting or piracy. In the event of a dispute of latter nature, most parties deem it appropriate to resort to court based litigation, since they are need of a public pronouncement as to validity of IP right or its infringement. Moreover, it is likely that the injured party will have sufficient difficulty in getting the infringer before a court, let alone getting it to agree voluntarily to submit to an arbitration procedure.[119] Thus the parties must carefully make decisions as to the mode of dispute resolution which they intend to employ. Therefore, because most IP disputes are based on infringement claims between parties with no prior contractual relationship, contract-based limits arise when attempting to arbitrate IP issues. These non-contract based grievances are not subject to arbitration unless there is a post-dispute agreement to submit such matters to arbitration. Furthermore, because international commercial arbitration is a type of private dispute settlement The impact of an arbitration award is that it binds solely the parties to the arbitration agreement. It is still *inter partes.* This means that a tribunal's ruling cannot invalidate a registered IP with *erga omnes* effect; instead, the tribunal is limited to assessing rights under the contractual terms.

As already discussed at length in the previous chapters, arbitrability of IP disputes is a primary complexity that most parties to contractual arrangements face in the event of dispute. The national laws of several countries explicitly regard certain intellectual property disputes as not arbitrable, and hence arbitrating the IP dispute in such countries or seeking enforcement of award there would be problematic. The non-arbitrability of patent validity, for example in an infringement action, is a serious obstacle to international commercial arbitration in industrial property disputes. Many countries consider IP validity not subject to arbitration because only domestic courts or statutorily designated authorities for granting IP

[119] Francis Gurry, Alternate Dispute Resolution in Intellectual Property Disputes, 2 INT'l INTELL. PROP. L. & POL'y 21-1 (1998).

rights should decide a public license issue.[120] In fact there are also countries where arbitration of technology transfer disputes is purely restricted.[121] These issues are often quite complex or perhaps not explicitly addressed in any international law texts such as the TRIPS Agreement, the UNCITRAL Model Laws on Arbitration or even the New York Convention. A detailed look into how different jurisdictions render the arbitrability of IP disputes is undertaken in the next chapter.

4.3.2. NON-AVAILABILITY OF INTERIM RELIEFS AND COMPLICATIONS IN ENFORCEMENT

From a practical perspective, most often provisional relief is unavailable in some cases of arbitration, due to jurisdictional complications. Concerns regarding the availability and enforcement of injunctive relief awards have been especially prevalent among IP rights holders, for whom injunctive remedy is frequently the only form of relief available. In some unusual circumstances, parties have attempted to strike a balance by crafting arbitration clauses that include carve-outs for disputes involving intellectual property rights. However, this technique frequently leads to ambiguity, unfavourable jurisdictional conflicts regarding the nature and scope of the claims filed, and inefficiencies in the dispute resolution process, including multiple forum litigation.[122]

Various efforts can be made to resolve the complications revolving around provisional relief by incorporating certain specificities into the contract when drafted. These include express contractual provisions authorizing provisional remedies, incorporation of arbitration rules that authorize provisional relief, contract authorization of immediate relief once arbitrators are appointed, recitations of the importance of a timely remedy and stipulations that money damages will not be an adequate remedy. [123]

While the New York Convention has had a tremendous impact, it has not been without its share of difficulties in terms of implementation. In large part, this is due to the lack of a consistent approach to enforcement by the courts of the various contracting states to the grounds on which enforcement may properly be refused under the Convention. Public policy variations across the globe make enforcement of awards sometimes difficult. , if a court finds

[120] Mladen Singer, "New Boundary: Arbitration in Various Disciplines: Commercial Arbitration a Means for Resolving Industrial Property and Transfer of Technology Disputes", 3 Croat Arbit 107 at 114.
[121] *Ibid* .
[122] Craig I Celniker, David Hambrick, Sarah Thomas, Daniel Steel, Cheryl Zhu and Janelle Hyun**,** *Arbitration of intellectual property and licensing disputes***,** 11 January 2021 – GAR
[123] John A. Fraser II., *Congress Should Address the Issue of Provisional Remedies for Intellectual Property Disputes which are Subject to Arbitration*, 13 OHIO St. J. oN Disp. Resol. 505 (1998).

that "the recognition or enforcement of the award would be contrary to the public policy of that country," the court may refuse to recognise and enforce the award. It is well known that public policy is difficult to define and that it is interpreted differently in different countries, but it is clear that the arbitrability of intellectual property disputes is ultimately a question of "public policy", as was discussed in Chapter II.

An additional complexity concerning arbitration is that since they are not court proceedings, it is generally assumed that there is no right of appeal. As a corrective measure, several arbitration forums have adopted rules, regulations, and panels for the review of arbitration decisions by an appellate panel, which is comprised of arbitrators and other experts. These rules establish a procedure for appealing an arbitration award to a panel of neutrals with experience in appellate proceedings. The scope of review, however, may be limited to errors of law that are material and prejudicial, or erroneous determinations of fact. [124] A wide scope of appeal as may be possible in court- based litigation is not often available. The final award also lacks the precedential and potential deterrent value of a published court judgment.[125]

4.4. CONCLUSION

In furtherance of concluding this chapter, it can be suggested that arbitration a means to resolve IP disputes is not a perfect option; one could argue that not every advantageous of feature of international commercial arbitration is applicable to effectively resolving cross border IP issues. For instance, although it is generally agreed that arbitration is a cost and time effective mechanism, this may not always be the case in practical sense. The duration and cost of arbitration are highly dependent on the procedural structure chosen for the arbitral proceeding as well as the subject matter of the contractual terms in question. Similar difficulties in enforcement of awards are also commonly found in practice.

Regardless, arbitrating international disputes concerning IP does have its own beneficial outcome. The fact that international commercial arbitration has grown to become one of the most attractive dispute resolution mechanism for players in the field of international commerce seems to apply for players dealing with IP disputes as well. A more accurate question in this regard would be to analyse whether the existing legal regime of both arbitration as well as IP at the international level is well equipped to facilitate effective

[124] Marc Jonas Block, *The Benefits of Alternative Dispute Resolution for International Commercial and Intellectual Property Disputes*, 44 Rutgers L. REC. 1 (2016-2017).
[125] Maria Chedid and Amy Endicott, *'Chapter 31:International Arbitration of Intellectual Property Disputes in the United States'*, International Arbitration in the United States, (Kluwer Law International; Kluwer Law International 2017) pp. 695 - 720

arbitral procedures to the benefit of concerning parties. It may not prove ideal to determine whether employing arbitration to resolve IP disputes is an appropriate decision. The answer to such a question cannot be made categorically with a yes or no. IP arbitral proceedings can be viewed as an attractive alternative option, when compared to state judicial proceedings, and such arbitration must ought to be determined by the circumstances prevailing the dispute, subject to be appropriately structured as well.

Hence, to conclude it can be stated that in today's world, an efficient global marketplace requires reliable systems for resolving IPR disputes. As it continues to expand and adapt to the needs of the IP community, international arbitration, particularly in the context of commercial disputes between private parties, is succeeding in fulfilling that function. The growing popularity of international arbitration can also be attributed to a number of factors, apart from its advantageous features, which includes an increase in the number of IP disputes in general itself, their increasingly multijurisdictional nature, and a more widespread and sophisticated understanding of the benefits of international arbitration. It is in fact, the hope of the international commercial community that the rising trend in favour of international arbitration of IP issues is set to continue, as none of these drivers appears to be slowing down in the future to come.

CHAPTER 5 : APPRAOCH OF THE INTERNATIONAL COMMUNITY AND OTHER JURISDICTIONS

5.1. INTRODUCTION

This Chapter shall look into the approach of the international community, especially the World Intellectual Property Organisation (WIPO), as well as the various jurisdictional approaches towards arbitrating intellectual property disputes. The WIPO, as already stated, is one of the leading organizations internationally, which deals with the regulation and standardization of intellectual property. Through its Mediation and Arbitration Centre established in 1994, WIPO has also facilitated dispute resolution of claims involving Intellectual property. This chapter shall evaluate the functioning and success of WIPO Arbitration and Mediation Centre concerning their promotion of arbitrating IP disputes. Later in this chapter, we shall be looking at the approaches adopted by countries such as the US, UK, Singapore, France, Switzerland, and Germany to lay down their jurisprudence of arbitrating IP disputes.

As was already stated, arbitrating on intellectual property matters is not a practice of uniform conduct internationally. Due to the peculiar nature of IP rights such as territoriality, combined with the public policy concerns intertwined with the concept of arbitrability of subject matter, it renders distinctively different sets of practices followed by various countries when it comes to arbitrating IP disputes. The six countries named above are chosen for this comparative study deliberately, as the first three countries belong to common law systems, whereas the other three follow civil law systems, and this classification itself gives rise to certain general differences between the two sets. Countries that fall within the same legal system also notably differ due to the increased role played by public policy attributes. On completion of this chapter, we shall get an idea of the varied practices around the world. We shall be in a position to ultimately conclude whether arbitrating IP disputes have been a successful alternative to resolving transnational disputes concerning Intellectual Property.

5.2. WIPO MEDIATION AND ARBITRATION CENTRE

The WIPO Centre for Arbitration and Mediation facilitates as an independent and impartial agency of the WIPO. One of the primary objectives behind the functioning of the WIPO Centre is to develop a balanced, harmonized, and easily accessible system for the implementation and resolution of IP laws and disputes at the global level. The WIPO Centre

is known for its timely and cost-effective resolution system and facilitated through efficient ADR mechanisms, including arbitration, mediation, expedited arbitration, and expert determination. The WIPO Centre is held in high regard concerning the resolution of IP and technology-related transnational disputes, as the Centre offers a comprehensive dispute resolution system developed by leading experts and includes a set of procedures such as experimental evidence, site visits, agreed primers, and models, as well as disclosure of trade secrets and other confidential information. The WIPO Centre has its seats in Geneva and Singapore. The scope of subject matters that come before its expert panels includes technology-related IP disputes from a wide array of areas such as marketing, copyright, information technology, joint ventures, patent infringements and licenses, research and development (R&D) agreements, technology transfers, software licenses, trademark licenses, and co-existence agreements, distribution, franchising, sports, and TV distribution rights and even cases arising out of agreements in settlement of prior multi-jurisdictional IP litigation[126]. Internet domain name disputes also contribute to being a primary focus area of the WIPO Centre. The Centre functions as per updated guidelines and rules that it issues from time to time, which extensively promote ADR mechanisms for dispute resolution of commercial IP-related disputes across the globe. The rules under the WIPO Centre for arbitration, known as the WIPO Arbitration Rules and Expedited Arbitration Rules, are formulated after drawing heavy influences from the UNCITRAL model laws on arbitration and the AAA International Arbitration Rules. An additional feature of the WIPO set of rules is the primary importance vested on the aspect of confidentiality and provisions which facilitate them, which makes WIPO rules and arbitration process thereunder more appealing to disputed parties.

Without a doubt, the underlying reason behind the establishment of such a multifaceted dispute resolution system at the global level was the common understanding in the international arena that there existed lacunae concerning the specificity of intellectual property as a subject matter and disputes arising out of them. Such lacunae were further complemented by the thought that arbitration and other dispute resolution alternatives offered particularly suitable means of accommodating the specific characteristics of intellectual property disputes.[127] In furtherance of this objective, the WIPO Centre prepared a separate

[126] 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 Centre*, 24 SAcLJ 1059 (2012).

[127] Francis Gurry, *The WIPO Arbitration and Mediation Centre and its Services*, (1994) **5** Am Rev Int'l Arb **197.**

draft treaty for IP dispute resolution between States, as the existing WIPO-administered conventions did not contain sufficient provision for dispute settlement. This is because intellectual property matters were less contentious and litigious during the earlier times, in contrast to the growing number of commercial disputes in IP in present times.[128]

Since its inception in 1994, the WIPO Centre has witnessed successful settlement of disputes through its much effective ADR mechanism, combined with certain peculiar features of IP disputes. For instance, transactions in Intellectual property involve long-term commercial relationships such as collaborations regarding the development of new products or the commercial exploitation of new technologies. Parties are more inclined to consider settlement proposals favourably, especially where there is a need for certainty in business operations and management plans. Thus, most parties who resort to arbitration of IP disputes at the WIPO Centre are highly co-operative and slightly inclined as well as desirous of favourable settlements, since the subject matter being IP transactions are substantial commercial investments of the parties, and no action to sabotage interests in such subject matter would be opted. Apart from providing a dispute settlement platform, the WIPO Centre also provides advice and precedents on the making of arbitration agreements designed distinctively for the singular nature of intellectual property disputes.[129]This feature is beneficial to parties contracting on IP matters and makes commercial dealings easier. If appropriate, the Centre can assist the parties in adapting the model clauses to the circumstances of their contractual relationship. For example, special clauses can be drafted for commercial situations in which a limited number of companies are frequently involved in disputes involving intellectual property rights that overlap with each other. Because of the general applicability of the WIPO Rules, WIPO clauses are also suitable for inclusion in contracts and disputes that do not involve intellectual property.

A significant advantage available to parties who use WIPO Rules is completing proceedings cost-efficiently and a higher possibility of reaching settlement terms. Since the parties will already be in mutual consensus about using the WIPO Arbitral rules as terms of arbitral procedure, they are saved from further deliberations on technical aspects. Moreover, the

[128]*International Disputes: WIPO Committee Agrees to Draft Treaty for Settling Disputes*, Pat. Trademark **&** Copyright L. Daily (BNA) (Nov. **29,** 1990).
[129] Supra Note @ 1

proceeding being presided by panellists who are experts in the relevant area of IP brings about fruitful and efficient outcomes in settlements or awards.

5.2.1. THE PROCESS

Like any other arbitral proceedings, arbitration before the WIPO Centre begins with a consensus between the parties. The party initiating the arbitration shall submit a request for the same to the Centre and the opposite party. There are two routes to refer arbitration at the WIPO Centre. Either through the mutual agreement embodied in a contract clause providing that all future disputes arising under that contract will be submitted to arbitral proceedings administered by the Centre; or in the case where parties are not in any contractual relationship but wish to arbitrate a dispute between each other shall refer such dispute through a newly formed mutual agreement. An agreement between parties to use ADR to resolve an existing dispute is called a "submission agreement." Thus the arbitration agreement may be in the form of an arbitration clause in a contract or a separate contract.[130] Parties may submit to arbitration either selects portions or entire disputes that have arisen or may arise between them.

The WIPO Centre allows any person to access its dispute resolution services regardless of their nationality or affiliation to WIPO. This means that an interested party does not need to be affiliated with a party to a WIPO-administered treaty. Both private, as well as public parties are free to access the WIPO Centre's services.

The process relating to the appointment of arbitrators, their challenging and replacement, and other technicalities concerning the conduct of arbitral proceedings are similar to that of UNCITRAL Model laws on arbitration and follow a general pattern. The WIPO Centre emphasizes the extent of expertise that the appointed arbitrators have in the field of relevant intellectual property and the ADR mechanism so that the proceedings are completed fruitfully and expeditiously. In order to attain the prescribed level of utmost expertise in the arbitration panel, the WIPO Centre maintains a database of over 1,500 qualified neutrals, including arbitrators, mediators, and experts from more than 70 countries, with further candidates, added according to the needs of each case. These neutrals have dispute resolution experience and expertise in IP and technology, life sciences, entertainment, and other areas from which IP disputes arise. Their geographical diversity suits the international character of IP disputes and their respective applicable substantive laws. Parties can also appoint a neutral who is not

[130] *ibid*

on the WIPO list of neutrals. Hence, the WIPO Centre understands the importance of neutrality in international commercial dealings in Intellectual Property and advocates the same. It aims at effective utilization of arbitration procedures that incorporate the developed law and practice of international commercial arbitration and thus, are neutral to the law, language, and institutional culture of the parties, thereby eliminating prejudice against or any form of advantage to either party.

The WIPO Rules on Arbitration also vests with the arbitral tribunal powers to issue provisional orders or take other interim measures it deems necessary, including injunctions and measures for the conservation of goods that form part of the subject matter in dispute. Reliefs granted by the WIPO Centre upon settlement or completion of arbitral proceedings include monetary relief and specific performances. Certain other specific requests may also be made by desirous parties, such as preserving the confidentiality of produced evidence and the declaration of invalidity or infringement.

5.2.2.WIPO'S SPECIFIC TAKE ON CONFIDENTIALITY

Arbitration is, without doubt, a preferred mode of dispute resolution specifically due to its feature of preserving confidentiality. Arbitration keeps its proceedings as well as outcomes from the proceedings confidential. Such a feature is particularly attractive in case of IP disputes, as it promoted the parties and arbitrators to focus on the merits of the dispute without concern over its public impact. Moreover, IP disputes involve showcasing highly technical information as well as the exchange of trade secrets, which potentially places commercial reputations at stake. The WIPO Mediation, Arbitration, and Expedited Arbitration Rules are particularly extensive and comprehensive, regulating as they do all aspects of confidentiality in a well-balanced manner.[131]

There are certain specific provisions in the WIPO Arbitration Rules which deal with aspects of confidentiality. Article 75 contains a general obligation on parties to the dispute to not unilaterally disclose any information concerning the existence of arbitration to any third party. This provision encompasses more specific information with regard to arbitration proceedings, for example, the cause of action, remedies sought, or the composition of the arbitral Tribunal. The general principle of confidentiality embodied under Article 75 is

[131] ILA Commercial Arbitration Committee's Report and Recommendation on "*Confidentiality in International Commercial Arbitration Resolution No 1*" 1; The 74th Conference of the International Law Association held in The Hague, The Netherlands, 15–20 August 2010

subjected to certain exceptions, and the existence of arbitration can be disclosed either in the event of a challenge by a court or enforcement action or if required by the law of certain national legislation when the arbitration could impact on the financial statements of a party.

During the arbitration proceedings as well the confidentiality principle runs vide Article 76, which mandates that the party to WIPO arbitration is prevented from disclosing evidence to third parties unless such information was in the public domain or if the party was privy to the information disclosed in arbitration before the commencement of proceedings. Exceptions to disclosure also apply if the party that produced the evidence consented to such disclosure or if such disclosure was ordered by a court having jurisdiction.

The rules under Article 75 and 76 are complemented by Article 77, which deals with the confidentiality of awards. An arbitral award shall be confidential and may only be disclosed to a third party under the following situations:

(1) the parties consent to such disclosure;
(2) the award became public as a result of an action before a court or another competent authority;
(3) in order to comply with a legal requirement imposed on a party; or
(4) when the disclosure is needed to establish or protect a party's legal rights against a third party.[132]

Additionally, the WIPO Centre also casts upon the arbitrators the duty to uphold the confidentiality of the existence of arbitration, the arbitral proceedings, and any documentary or other evidence disclosed during the proceedings.

Thus, needless to emphasize, the WIPO Centre has been and continues to be an integral institutional framework to promote efficient dispute resolution through arbitration of international contractual disputes involving Intellectual property. Such a neutral, international forum that offers a wide range of services as well as attractive features such as respect to party autonomy, increased confidentiality, and favourable settlement terms, in fact, does promote international parties to enter into transnational commercial dealings with one another. WIPO's extensive knowledge and comprehensive services on the regulation and development of an internationally standardized set of IP laws also make the WIPO Centre for arbitration a noteworthy international arbitral institution facilitating global trade.

[132] Supra Note @ 1

5.3. JURISDICITONAL APPROACHES

Although at the international level and community, it seems as there are efforts to accept the universality of arbitrating IP disputes, it is not so the case on a country by country basis. Commercial transactions involving IP have surely taken an international form, but IP laws that deal with them are country-specific, thereby leading to varied municipal jurisprudence in each country when it comes to arbitrating IP disputes.[133]In other words, it can be said that national IP laws do not uniformly reflect upon the general recognition on arbitrability of IP disputes conferred by international trade communities.

The variance that is apparently visibly is due to the theoretical outlook itself that countries have adopted with respect to their IP protection regime. The various theories of Intellectual property that validate the jurisprudence of IP protection have influenced the various countries and their IP protection policies. For instance, IP laws in France are heavily influenced by the personality theory of IP, which is reflected from the rigid rules of protection guaranteed to moral rights of a creator of work. The technological advancements that each country posses, along with the standardization of countries into developed or developing, based on resources, also affect the IP protection regimes in each country. For instance, a developed country like the US confers an approach that is substantially different from a developing country like India. The differences in the approaches towards IP protection by different countries have to lead to non-standardized practices, which ultimately lead to the international community to take up actions on harmonization of IP laws. At the municipal level, arbitrating IP disputes are determined by the national laws, combined with public policy concerns, as was seen in the case of India, where arbitrability of IP disputes still exists as an unanswered question. As discussed in Chapter 2, the existence of distinct national legal systems necessarily means that the scope of arbitrable subject matter varies from state to state. a subject matter may be determined to be 'not capable of settlement by arbitration' if national law forbids or restricts the arbitrability of particular claims or disputes. [134] Today, IP disputes are generally arbitrable in most jurisdictions, even though the scope and precise limitations of the "*arbitrability*" of certain IP rights is still a subject of debate. Very few countries straight away classify IP disputes as non-arbitrable, whereas IP disputes are generally classified as arbitrable subject matter in most nations.

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[133] Nishith D. Associates, *Intellectual Property in India: Legal, Regulatory and Tax,* NISITH DESAI ASSOCIATES(July,2015), http://www.nishithdesai.com/fileadmin/user_upload/pdfs/Research%20Papers/Intellectual_PropertyLaw_in_India.pdf.

[134] Gary Born, *International Commercial Arbitration* (2nd edition, Wolters Kluwer) at § 6.02 [C].

The following parts of this chapter shall deal with an overview of how certain countries have laid down their rules on arbitrating IP. Rather than opting for a random selection of countries for this study at large, the author has attempted to analyze the arbitrability of IP disputes from an angle of bifurcating civil law systems and common law systems.

COMMON LAW COUNTRIES

5.3.1. UNITED STATES OF AMERICA

The United States of America is a country that has been home to high-paced developments in both the arenas of arbitration as well as Intellectual Property. The US has witnessed fast-paced technological inventions and a high instance of arbitral proceedings as a means of effective dispute resolution, thanks to the American Arbitration Association's (AAA) Arbitration Rules and Mediation Procedures. Despite the advancements in both the arena separately, the jurisprudence relating to the arbitrability of IP disputes in the US is subject to public policy concerns and lack of straight jacket statutory permissibility, although to a limited extent. Generally, the law suggests a pro-arbitration view, particularly regarding Patents, as they are considered arbitrable due to binding arbitration proceedings contained in Patent Statutes. However, such a generalized view cannot be attached to other IPs such as trademarks and copyrights as there are no statutory mentions of compulsory arbitration provisions regarding disputes concerning them. However, the judiciary has permitted arbitration on a case-by-case basis, which renders the view that the trend is inclined towards pro-arbitration.

The traditional notion was to reject the arbitrability of IP disputes. Intellectual property and antitrust issues were the two areas protected from the realm of arbitration in the US owing to public policy concerns. Prior to 1983, the United States prohibited patent disputes from being arbitrated because patents impacted the public interest. Patents were considered as a monopoly for the inventor for a set number of years in exchange for the public's right to exploit the invention after the time expired. As a way of advancing research, Congress's power to award patents was a Constitutional right. As a result, it was thought that the government had a legal obligation to intervene in private patent disputes in order to protect the public interest. The non-arbitrability criterion in patent disputes was not overturned until

Congress passed legislation in 1983[135]. Patent arbitration has steadily gained favour in the United States since this shift. Thus, only in the last decade has the United States recognised arbitration and mediation as useful instruments in patent disputes. [136]This transformation has been in the works for a long time and has been a gradual and evolutionary process.

However, arbitration, alone as an effective dispute settlement mechanism, had Congress's support from as early as 1925, as was reflected in the 1925 Federal Arbitration Act. Congress required federal and state courts to honour the written election of arbitration in commercial transactions. Further developments were observed when in 1970, the New York Convention was ratified, which required all signatory countries to honour and enforce arbitration agreements and awards in international commerce.

It was in 1982 the Congress amended the Patent Act to provide for private arbitration of patent disputes. In fact the Congress enacted a series of legislation that allowed arbitration clauses in agreements to resolve patent disputes, followed by an amendment that allowed patent disputes to be arbitrated.[137] In 1994, the US amended its Patents Act to add section 294, making all IPR issues arbitrable.[138] Issues of validity and infringement can be arbitrated under this provision. In case of the absence of an arbitration clause in the agreement, the parties are free to submit themselves to arbitration voluntarily.[139] Now, all issues related to United States patents are proper subjects for binding arbitration in the US if there is no contrary provision for the same in the concerned contract.[140]However, there is no such explicit provision for other intellectual property rights. Interestingly, the court has held that, in the absence of such provisions, there is no express bar on using arbitration for disputes arising out of a contract.[141] By incorporating the aforementioned provision, the United States has taken a different stance compared to other jurisdictions. Additionally, there is also a provision regarding the *inter parte* effect of the award. [142]

[135]GARY B. BORN**,** *International Commercial Arbitration In The United States* 366 (1994).
[136] 35 USC § 294 **(**1988).
[137] 35 USC § 294-294(c)
[138] Camille Juras, *International Intellectual Property Disputes and Arbitration: A Comparative Analysis of American, European and International Approaches* (2003) (unpublished L.LM. dissertation, McGill University) (on file with author).
[139] 35 USC § 294-294(c)
[140] Kenneth R. Adamo, *Overview of International Arbitration in the Intellectual Property Context,* 2 The Global Business Law Review 15, (2011).
[141] David W. Plant, *Arbitrability of Intellectual Property Issues in the United States*, Worldwide Forum on the Arbitration of Intellectual Property Disputes (2012).
[142] 35 USC § 294-294(c)

As previously stated, the jurisprudence in the area of patents is largely decided as a result of the statutory recognition of binding arbitration processes. [143] All matters connected to United States patents are eligible for binding arbitration in the United States if there is no opposing clause in the contract. [144] In truth, arbitration can be used to resolve "any aspect" of a patent dispute. Section 294 of the Patent Act specifically permits voluntary, binding arbitration of patent validity, enforceability, and infringement issues. If any party to the action presents a patent defence under 35 USC 282, the arbitrator must consider it, according to Section 294(b). Problems of title, validity, and enforceability – including unenforceability issues based on patent misuse or other antitrust grounds – are among these defences. In ***Scan Graphics, Inc. v. Photomatrix Corporation***[145], for example, the California arbitrators' scope of inquiry included determining whether a transfer of IP right to one or more claims of the patent had occurred as a result of the agreement in question, as well as determining the validity of the Patent and the Agreement's scope. As a result, the arbitrators looked into the title issue. The Commissioner of Patents and Trademarks, however, retains the jurisdiction to determine patentability under Section 135(d).

Disputes arising out of Copyright licenses have also generally been accorded with arbitrability. ***Kamakazi Music Corp.* v. *Robbins Music Corp***[146]. is a leading illustration of how courts perceived arbitrability of copyright disputes. The dispute revolved around Kamazaki suing Robbins for copyright infringement as the latter continued to print and sell copyrighted works even after the agreement's expiration. Robbins initiated arbitration, contending that the suit was for breach of contract and hence was not within the court's jurisdiction; instead, it was of the arbitrator. Although the case was referred for arbitration by the district court, the subject matter was an infringement of copyright, and the arbitrator's award was in favour of Kamazaki basing his remedies on the US Copyright Act, i.e., statutory damages. Robbins contended on appeal that the arbitrator had overstepped his bounds in interpreting the Copyright Act in the arbitration case, but he was unsuccessful. The Court of Appeals for Second Circuit determined that the claim submitted to arbitration was for copyright infringement, that "the arbitrator had jurisdiction to make an award under the

[143] Supra Note @17.
[144] (35 U.S.C. § 135(d)).
[145] 1992 WL 2231 at *1 (E.D.Pa. January 2, 1992)
[146] 684 F.2d 228 (2 Cir. 1982)

Copyright Act" in "the circumstances of this case," and that "the arbitration clause was broad enough to encompass Copyright Act claims that required contract interpretation."

Furthermore, the Court of Appeals stated that it is not against public policy to bring copyright infringement cases to arbitration. The monopoly produced by a legitimate copyright claim is the only public interest in a copyright claim. The court made such an observation even though the question of validity was not before it to be decided. Hence, it was laid down that there is no reason to prohibit the arbitration of copyright infringement in the absence of any public policy concern.

In a later case ***Saturday Evening Post Co.* v. *Rumbleseat Press, Inc***[147]., the question as to whether an arbitrator can determine the validity of copyright was also addressed. The court of appeals for the Seventh Circuit held the answer in affirmative, stating that disputes over terms of a copyright license do not arise under the Copyright Act as is too remote from the federal grant of the copyright. Hence, defence or claim of validity arising out of such license shall also fall within the scope of an agreement and before the arbitral tribunal's competence. Moreover, it was interestingly remarked by the court that there is no reason to think that arbitrators are more likely to err in copyright cases than state or federal judges are.

Because trademarks are also a topic of common law, they are handled slightly differently than patents and copyrights. Depending on how liberally the courts interpret the arbitration agreement and relevant statutes, the court considers them arbitrable. For example, in ***Wyatt Earp Enterprises v. Sackman, Inc***.[148], arbitration was denied on the grounds that claims for trademark infringement after the licence had expired did not fall within the scope of the licence agreement, which had an arbitration clause that only applied to contract disputes arising directly out of the licensing agreement before it expired. Furthermore, the court determined that the claim was not covered by the arbitration agreement since it was a tort claim rather than a contract issue. However, in a later decision, ***Saucy Susan Products, Inc. v. Allied Old English, Inc***.[149], the same district court overruled this restricted position, holding that trademark and trade name conflicts might be arbitrated.

[147] *Saturday Evening Post Co.* **v.** *Rumbleseat Press, Inc* 816 F.2d 1191, 1198-99 (7 Cir. 1987)
[148] *Wyatt Earp Enterprises* **v.** *Sackman, Inc* 157 F.Supp. 621 (SDNY 1958)
[149] *Saucy Susan Products, Inc.* **v.** *Allied Old English, Inc.,*200 F.Supp. 724 (SDNY 1961)

The court ruled that Allied had commenced arbitration proceedings against Saucy Susan. Saucy Susan filed a lawsuit in district court against Allied for trademark infringement and unfair competition shortly after that. Allied filed a motion to halt the district court proceedings and compel arbitration. The trademark and unfair competition claims were determined to be subject to arbitration by the district court. The court considered opinions from the United States Court of Appeals for the Second Circuit that favour a more liberal interpretation of arbitration agreements, and was not swayed by *Wyatt Earp's* difference between tort and contract law. Significantly, the court noted that Saucy Susan did not argue that public policy weighed against arbitrating claims of trademark infringement and unfair competition. At the same time, the district court stated that "it does not appear that an agreement to arbitrate future disputes would thwart Congressional policy."

The case of ***Necchi Sewing Machine Sales Corp.* v. *Necchi, S.p.A.,***[150] involved a dispute between contracting parties on the arbitrability of claims of unlawful trademark use. The Court of Appeals determined that the concerns developed out of/in connection with the parties' agreement, making it arbitrable. In ***US Diversified Industries, Inc.* v. *Barrier Coatings Corporation,***[151] the district court interpreted the agreement's broad arbitration clause to include trademark infringement issues within its scope, and thus granted the defendant's motion for arbitration under the American Arbitration Association's commercial arbitration rules[152].

5.3.2. ENGLAND

The concept of arbitrability finds no statutory definition in the United Kingdom. It is mainly understood on a case-by-case basis, read along with the lines of public policy considerations. Therefore one can say that the jurisprudence relating to arbitration of IP disputes in the UK is similar to that found in India, although there are varying approaches. The Arbitration Act of 1996 generally provides that parties have the freedom to agree on how disputes will be resolved, as long as this agreement is not contrary to public policy.[153]

In most cases, Intellectual property disputes concerning patents are generally regarded as judicially arbitrable, although in a limited sense statutorily under the UK Patents Act of

[150] *Necchi Sewing Machine Sales Corp.* **v.** *Necchi, S.p.A.*369 F.2d 579 (2 Cir. 1966),
[151] *US Diversified Industries, Inc.* **v.** *Barrier Coatings Corporation* Civil No. 83-2124-T (D.Mass. October 18, 1982)
[152] Jennifer Mills, *Arbitrability of Intellectual Property Disputes in the United States-, Alternative Dispute Resolution in International Intellectual Property Disputes*, 11 OHIO St. J. on Disp. Resol. 227 (1996)
[153] English Arbitration Act 1996 § 1(b).

1977.[154]The Act provides for arbitration of only very few instances of patent disputes[155]. These instances include:

1. Where an application for a compulsory patent licence under Sections 48 to 51 of the Act is opposed, the Comptroller General of Patents may order the proceedings. Any question or issue of fact arising in them is referred to an arbitrator under Section 52(3) of the Act.
2. When a dispute arises under Section 58 of the Act (Crown use), the court may refer a part or the whole of the issue to arbitration.

The United Kingdom's Patent Act states that arbitration is available only in minimal cases with the specific sanction of the courts. However, the validity of patents is an arbitrable issue but binds only the parties' privy to the arbitration.

Thus, the provisions mentioned above grant only a minimal scope of arbitration and do not specify the nature of disputes referable for arbitration. A very important case law that discussed arbitrability of IP disputes is that of ***Roussel-Uclaf***[156], wherein the validity of patents was held as arbitrable. Copyright and Trademark issues are also deemed to be arbitrable under English laws. [157]

Most considerations around the arbitrability of IP disputes in the UK are similar to those present in India. The nature of IP disputes, such as title or infringement, has posed complications in determining arbitrability, owing to being disputes *in personam*. However, it is well settled in England that disputes relating to the title of real property may be arbitrated and that awards in such cases bind not only the parties but **(**by Section 16 of the Arbitration Act 1950 and Section 58(1) of the Arbitration Act 1996) those "claiming under" a party to the arbitration (but not third parties). Thus it seems likely that intellectual property arbitration awards would be accorded the same effect. Moreover, judicial decisions have been made in a much less-confused fashion than that of India. Hence the judicial position suggests inclination towards arbitrability of IP disputes in any nature.

[154] UK Patents Act 1977, Section 52-(5).
[155] Kenneth R. Adamo, *Overview of International Arbitration in the Intellectual Property Context*, 2 The Global Business Law Review 15, (2011). & AIPPI (ASSOCIATION INTERNATIONALE POUR LA PROTECTION DE LA PROPRIETE INTELLECTUELLE), (Mar. 1, 2018), https://aippi.org/download/reports/forum/forum07/12/ForumSession 12_Presentation_Lawrence_Boo.pdf.
[156] Roussel-Uclaf v. G.D. Searle & Co. Ltd., [1978] Lloyd's Report 225.
[157]https://library.iccwbo.org/content/dr/COMMISSION_REPORTS/CR_0013.htm?l1=Bulletins&l2=ICC+International+Court+of+Arbitration+Bulletin+Vol.+9%2FNo.1+-+Eng#footnote12

Thus, it can be suggested that there are no specific statutory provisions in England that prohibit arbitrability of IP disputes. The practice found in England suggests that arbitrators have the freedom to rule on several issues on IP disputes, such as infringement and even validity, provided that the scope of the arbitration agreement permitted it.

5.3.3. SINGAPORE

The last common law country that we shall look at is Singapore, which is known to be a popular avenue for international commercial arbitration and is also home to the only WIPO Centre outside of Geneva. Besides, there is also a dedicated panel of IP arbitrators[158] at the Singapore International Arbitration Centre.[159] A dedicated panel of IP arbitrators is also available at the Singapore International Arbitration Centre. Singapore's arbitration regulations are sophisticated and provide little space for ambiguity. As a result of these developments, Singapore is now in the forefront of using arbitration to resolve IPR disputes. Singapore is one of the most IPR-enforcement-friendly countries in the world. Singapore's legislation mandates that all disputes be arbitrated if both parties agree. This also includes difficulties relating to intellectual property rights.

The Intellectual Property (Dispute Resolution) Act of 2019, which amended Singapore's Arbitration Act and the International Arbitration Act to specifically allow for the arbitration of IP disputes, regardless of whether an IP right is a central issue or incidental to the central issue, is the most important piece of legislation that answers doubts about the arbitrability of IP disputes in Singapore. Arbitral awards respecting IP Rights have *inter partes* effect under the Act. [160] Patents, trademarks, geographical indications, rights in confidential information, plant varieties, trade secrets, the right to protect goodwill, and other IP rights are all covered under the Act.

Thus, any IP right of whatever nature can be made subject matter of arbitration under the said Act. The Act lays down the kind of disputes that can be arbitrated effectively and includes three distinctive sets of disputes, which are:

(a) a dispute over the enforceability, infringement, subsistence, validity, ownership, scope, duration, or any other aspect of an IPR;

[158] *Intellectual Property Policy*, MINISTRY OF LAW - SINGAPORE (Feb. 29, 2018), https:// www.mlaw.gov.sg/content/minlaw/en/our-work/intellectual-property-policy.html.
[159] *Frequently Asked Questions*, SINGAPORE INTERNATIONAL ARBITRATION CENTRE (Mar. 10, 2018), http://www.siac.org.sg/faqs.
[160] Singapore Intellectual Property (Dispute Resolution) Act 2019

(b) a dispute over a transaction in respect of an IPR; and

(c) a dispute over any compensation payable for an IPR.

In common law countries, most IP disputes are considered arbitrable at least to some extent. The high regard on precedence and judicial law making in common law countries have mostly filled the gap in legislative lacunae as to whether IP disputes can be arbitrated, since in most of these countries the judiciary has looked into this question on a case by case basis. Such an approach was reflected in India. Public Policy plays rather huge determinant roles in common law countries, when it comes to deciding the arbitrability of subject matter as well as enforcement of foreign arbitral awards. In sum, whether by statute or judicial determination, the trend in many common law countries is generally to allow arbitration of IP disputes, but awards determining certain issues, such as validity, might only have *inter partes* effect. Illustrations of such situations can be found in other countries such as Australia and Canada as well, where there exists no statutory reference as seen in US or Singapore, but the general law of the land renders IP disputes as arbitrable although with *inter partes* effect. Historically, Australian courts have assumed that "every claim for relief of a kind proper for judgement by a court" is arbitrable. [161] While arbitrators in Australia are unable to bind third parties or the general public in IP disputes, they can issue judgments proclaiming parties' IP rights. [162] An arbitral ruling relating to the validity of a patent has *inter partes* effect in Canada, but the Canadian Patent Office will not recognise arbitral awards determining that a patent is invalid. The Supreme Court of Canada has recognised that "the parties to an arbitration agreement have essentially unrestricted authority in identifying the disputes that may be the subject of the arbitration procedure." [163]

CIVIL LAW COUNTRIES

IP disputes between private parties are to a large extent considered arbitrable in civil law jurisdictions as well. This is particularly so for IP arbitrations involving contractual claims and obligations. Arbitration of IP disputes however is a much clear set of practice in civil law countries, primarily due to the clarity that statutes in such countries offer with respect to it. Such a clear cut inference is not possible to be made out from common law countries.

[161] *Elders CED v. Dravco Corp* [1984] 59 ALR 206. See also *Larkden Pty Limited v. Lloyd Energy Systems Pty Limited* [2011] NSWSC 268

[162] *Pty Limited v. Lloyd Energy Systems Pty Limited* [2011] NSWSC 268.

[163] *Desputeaux v. Éditions Chouette (1987) inc.*, 2003 SCC 17 (Can. 2003) at 198.

Broadly, arbitrability of IP disputes in civil law countries has followed three categorical tendencies:-

- Jurisdictions that expressly allow full arbitrability of IP disputes, including patent violations, for instance, Switzerland. There are also jurisdictions which expressly prohibit it, such as South Africa, on the other side. [164]
- Jurisdictions that accept *inter partes* awards or incidental decisions on patent validity, which, however, do not have a universal, *res judicata* effect.
- Jurisdictions where there is no express law on the matter, so arbitrability is a matter of a debate. An example of this type is that of China and Spain.

Below are the laws of three civil law countries which showcase different approaches.

5.3.4. FRANCE

France follows the civil law system, and had offered a rather very restrictive approach towards arbitrating IP disputes. Intellectual property and its protection are highly regarded in France, and therefore, they traditionally denied arbitration on Intellectual Property disputes.
As for the subsequent Intellectual Property Code (in force as of **1** July **1992),** it provides that its jurisdictional rules are no obstacle to the settlement of intellectual property disputes **by** arbitration.

Since 2008, when the Paris Court of Appeal, in ***Ganz v. Societe Nationale es Chemins de Fer Tunisiens***, [165] recognised the arbitrability of patent validity as long as the matter was presented incidentally as a defence or counterclaim in a contractual dispute, significant changes have occurred in the system. Arbitral rulings on patent validity, on the other hand, would not have *res judicata* effect and would be considered inter partes. The ruling sparked developments in the direction of allowing IP issues to be arbitrated, leading to the enactment of Law No. 2011-525 in 2011, which amended the Intellectual Property Act[166] and now expressly allows IP disputes to be arbitrated. [167] In *Société* ***Labinal v. Sociétés Mors et***

[164] D. M. Vicente, "*Arbitrability of Intellectual Property Disputes: A Comparative Survey*", Arbitration International *(*2015), pp. 155, 157.
[165] *Ganz v. Societe Nationale es Chemins de Fer Tunisiens, (SNCFT),* 29 March 1991, Rev. Arb., 1991
[166] Article L 615-17 of the Intellectual Property Act, amended by Law No. 2011-525.
[167] Matthew R Reed, Ava R Miller, Hiroyuki Tezuka and Anne-Marie Doernenburg, *Wilson Sonsini Goodrich & Rosati* and *Nishimura & Asahi, Arbitrability of IP Disputes, Global Arbitration Review,* 09 February 2021

Westland Aerospace,[168] , the Court of Appeal ruled that arbitrability of a dispute is not excluded by the mere fact that rules belonging to public policy are applicable to the disputed legal relationship.

Concerning Trademarks, Article 35 of the Trade Marks Act states that trademark agreements can be the subject matter of arbitration under Articles 2059 and 2060 of the Civil Code.
The general principle is thus that intellectual property disputes may be settled through arbitration, subject to the qualification that its validity cannot be submitted to arbitration.

5.3.5. SWTIZERLAND

Among other civil law countries, Switzerland has clearly taken one of the most liberal and pro-arbitration positions. The Swiss Laws permit arbitration of all intellectual property disputes, including question of validity (subject to registration of the award with the authorities) IP issues have long been deemed arbitrable, and Switzerland is widely recognised for its liberal arbitration policy. The Swiss Federal Supreme Court recognised that intellectual property rights are not subject to the exclusive jurisdiction of the courts as early as 1945. Following that, the Federal Office of Intellectual Property ruled in 1975 that arbitral tribunals have the authority to decide on patent issues, including their validity.[169]

Section 177(1) of Swiss International Private Law allows for such a broad definition of "arbitrability" in the following words: "any pecuniary claims may be brought to arbitration." [170] This provision has been construed by Swiss courts to cover any claims with a "pecuniary value for the parties," confirming that IP-related issues are included. As a result, every component of intellectual property can be subject to arbitration. "The federal trade-mark and patent registrar will strike out a patent or trade mark based on an arbitration ruling," according to the law.

The Swiss Private International Law Act, Article 195, establishes procedures for determining enforceability. The Swiss Federal Institute on Intellectual Property recognises and enforces arbitral rulings regarding patent validity (for the purposes of making the requisite entries in

[168] *Société Labinal v. Sociétés Mors et Westland Aerospace* Rev. Arb., 1993,
[169] Robert Briner, '*The arbitrability of intellectual property disputes with particular emphasis on the situation in Switzerland'*, in WIPO, Worldwide Forum on the Arbitration of Intellectual Property Disputes, 3–4 March 1994, Para. 2.2
[170] Swiss International Private Law, available at: https://www.trans-lex.org/602000.

the patent register) if they have been deemed enforceable by a Swiss court. Recognized arbitral awards will have an *erga omnes* effect as a result of this process. Section 193(2) of the Swiss International Private Law requires a certificate of enforceability from the Swiss court at the arbitral tribunal's seat. A merits review of the award is not included in such a certificate. [171] Remarkably, the Swiss approach remained unchanged even after the establishment of the Federal Patent Court in 2012[172]. Despite its exclusive jurisdiction in civil matters relating to patent validity and infringement, the majority view in Switzerland continues to allow patent arbitrations.[173]

5.3.6. GERMANY

Since it envisions a divided or bifurcated patent litigation system, German laws follow a very sophisticated set of practises for arbitrating IP disputes, particularly patents. Several additional jurisdictions are unlikely to have such a system. Patent validity cases are heard separately from infringement claims in the split system. In Germany, infringement cases are handled by 12 regional courts divided into specialist divisions. The Federal Patent Court (FPC) in Munich, on the other hand, has exclusive jurisdiction over patent validity problems (also known as 'revocation lawsuits'). The FPC's decision to partially or fully revoke a patent it considers invalid has *erga omnes* effect.

Germany's bifurcated patent litigation system has traditionally been used to explain its reluctance to accept patent validity arbitrations. IP disputes were traditionally considered non-arbitrable. So far, German law does not expressly regulate whether patent validity disputes are arbitrable.

However, with the 1998 revisions to the German Code of Civil Procedure (GCCP), a new controversy has erupted, with more voices supporting patent validity arbitration. The GCCP's Section 1030 is based on Section 177(1) of Swiss International Private Law. German law, like Swiss law, follows the fundamental premise that all property and monetary claims can be subject to an arbitration agreement and so arbitrated. This category includes patents, which are exclusive exploitation rights granted to a patent holder. Non-pecuniary claims under the

[171] Alejandro Garcia and Sophie Lamb, *Arbitration of Intellectual Property Disputes*, The European & Middle Eastern Arbitration Review *2008*, GAR

[172] David Rosenthal, '*Chapter 5: IP & IT Arbitration in Switzerland', in Manuel Arroyo* (ed), *Arbitration in Switzerland: The Practitioner's Guide*, 2nd edition, Kluwer Law International 2018

[173] Matthew R Reed, Ava R Miller, Hiroyuki Tezuka and Anne-Marie Doernenburg Wilson Sonsini Goodrich & Rosati and Nishimura & Asahi, *Arbitrability of IP Disputes*, 09 February 2021, GAR

GCCP's Section 1030(1), sentence 2 may, on the other hand, only be referred to arbitration if they can be settled. Any right with a commercial or financial value (*vermogensrechtlicher anspruch*) may be presented to arbitration, according to Article 1030 of the German Code of Civil Procedure. Of course, this covers any intellectual property right. A patent, on the other hand, is a privilege that is granted by a government authority rather than by a political party. Once a patent is issued, it is valid against everybody. If the validity of a patent is contested in arbitration between the patent holder and a third party, the arbitral tribunal may not revoke the patent. . However, it may decide that the patent-holder has no right under the patent and has to consent to have the patent declared null and void by the competent patent authority The appropriate patent authority must then declare the patent invalid and void in enforcement proceedings, with the arbitral ruling acting as the patent holder's application.

Although the situation is kindly favouring the arbitrability of IP disputes, there still exist criticisms towards this change, as the proponents of traditional approaches argue that IP rights granted by the sovereign act may only be judged and revoked *erga omnes* by the state. [174] The creation of FCP as a specialized court exclusively for Patents also adds to their argument to reject vesting of competence on arbitrators to determine claims on IP.

Thus, Germany follows a system where all disputes relating to property rights may be arbitrated, but disputes over patent invalidation, revocation of compulsory licensing cannot be arbitrated.[175] Other IPs like trademark disputes, legal effects of registration, the invalidation of registration, and the expiration of rights, cannot be arbitrated.[176]

5.4. CONCLUSION

To conclude this chapter, it can be said that arbitrability of IP disputes across various jurisdictions can be generally be understood from two perspectives, liberal and restrictive. The common law countries that we have looked into follow a relatively liberal approach, although not thoroughly. The question of arbitrability in all these countries has been answered mainly on a case-by-case basis by the judiciary of each country. Such an approach

[174] Matthew A. Smith, Marina Couste, Temogen Hield et al, '*Arbitration of Patent Infringement and Validity Issues Worldwide*', *Harvard Journal of Law and Technology*, 2006, 19, pages 306-307. BGH, 25 January 1983 – X ZR 47/82.
[175]ZIVILPROZEßORDNUNG [ZPO] [GERMAN CODE OF CIVIL PROCEDURE] July 27, 2001.
[176] Kenneth R. Adamo, *Overview of International Arbitration in the Intellectual Property Contex*t, 2 Global Bus. L. Rev. 7 (2011)

was seen in the US. A major reason for such lacunae is the lack of statutory mention, as in the case of the UK. Whereas in the US and Singapore, things are much easier since the legal framework contains statutory mentions of permitting arbitration of IP disputes.

Concerning the countries that use a civil law system, there is a less interpretative approach by the judiciary, and the practice of arbitrating IP disputes is mainly derived from the Statutes themselves. Switzerland stands out remarkably as a system with advanced laws on arbitrating IP disputes.

Thus, an analysis of the practices followed in the said countries leads to the primary conclusion that, majority of the countries have moved from their traditional approaches of restricting arbitration of IP to accepting the relevance and utility of commercial arbitration, especially in transactions involving IP. Patent disputes are mostly considered arbitrable due to their peculiar characteristics of being a subject matter of commercial interest by default. Trademarks and copyrights arbitrability has been read into the jurisprudence of each nation by the judiciary, mostly on a case-by-case basis, which leads us to presume that changes are incoming. Following the practices of the international community, even these municipal states have begun to follow the trend by opening up their local avenues for IP disputes resolution through arbitration, even those disputes concerning infringement.

One way of examining the arbitrability question is to state that all intellectual property disputes are arbitrable unless the *ordre public* is implicated explicitly and palpably. Therefore, parties need to consider the law and policies of the particular jurisdiction where arbitration occurs when drafting and seeking to enforce an arbitration agreement.

CHAPTER 6 : CONCLUSION AND SUGGESTIONS

6.1. INTRODUCTION- AN OVERVIEW OF THE THESIS

This dissertation is the end product of extensive research and articulation on the arbitrability of IP disputes in the international commercial realm. Even though IP has become a significant path breaker globally in the commercial realm, due to its peculiar feature of being territorial, resolving conflicts arising from IP matters has been substantially complicated, thus leading the way to this research. In this final Chapter, the Author first puts out a brief overview of the findings she has made out from the previous chapters. The rest of this Chapter shall deal with an analysis of the research questions formulated at the beginning of this research, testing the hypothesis, and finally with suggestions and concluding remarks of the Author, without which this dissertation would be without purpose.

The 1st Chapter of this research laid down the background and introductory views that paved the way for the research, the subsequent three chapters of this dissertation aimed to substantiate the research questions put forth by the Author, with the further aim of proving the hypothesis. The concept of "arbitrability," as analyzed in the 2nd Chapter forms the gist of this research; arbitrability of Intellectual Property as a subject matter is an unsettled notion, not only in India but at a larger scale even in different parts of the world. Even though arbitration is founded on the cornerstones of party autonomy and arbitrability of a subject matter, the domestic public policy regime adopted by a country often limits the principle of party autonomy in arbitration. National laws usually restrict access to arbitration for specific types of disputes on account of either the broader public interest involved in consideration of the dispute and, pertinently, the subject matter of Intellectual Property attracts concerns over public policy.

It is clear that the law on arbitrability and public policy is evolving, and there has been significant development in the interpretation of these two concepts in the arbitral practice of domestic courts around the world. Fortunately, and in line with the objectives of the New York Convention championing a pro-arbitration, pro-enforcement stance, there is a growing trend of national courts moving towards a narrow interpretation of public policy and non-arbitrability, as in the case of India, which was inferred from the discussions put forth in Chapter 3 of this dissertation.

Today's world considers information as power, and many inventions are in demand for only a limited period before becoming obsolete. In this fast-paced economy, the private, quick, relatively inexpensive dispute resolution offered by the arbitration may be exactly what some

companies need to remain competitive. Thus, arbitration has undoubtedly been recognized as an effective means of resolving cross-border IP disputes, but at the cost of some challenges. The Author, in Chapter 4 hence attempted to draw a comparison between the pros and cons of arbitrating IP disputes and thereby concluded that parties to international commercial disputes need to analyze the nature of the dispute and their interests at hand and effectively chose a dispute settlement mechanism which shall prove fruitful. In the 5th Chapter, the Author analyzed the different approaches adopted by specific countries across the globe regarding how they treat arbitrability of IP disputes to understand the non-uniformity in the subject at a transnational level.

6.2. ANALYSIS OF RESEARCH QUESTIONS

1. Firstly, to understand the reasons behind the lacunae that still exist at an international level in establishing a uniform usage of arbitration as means to resolve claims in IP

The primary reason behind non –uniformity of IP arbitrability jurisprudence can be understood from two perspectives. Firstly, the territorial nature of IP, which has given rise to concerns of public policy while arbitrating them or enforcing awards delivered in such arbitration; and second, the doctrine of subjective arbitrability in arbitration laws which is also hugely dependant on challenges in public policy, which substantially differ from one jurisdiction to another. Thus, the leading factor determining the individual nationwide approach towards arbitrating IP disputes is the reflection of public policy in arbitration and enforcement of awards adopted through the municipal laws in each country.

2. Secondly, to ascertain at what stage does India stand on enabling arbitration to settle IP disputes

As concluded in the 3rd Chapter of this dissertation, there exists no blanket bar on arbitrating IP disputes in India. The doctrine of arbitrability, not only of IP disputes but any subject matter, is still a developing jurisprudence in India. Arbitrability is determined mainly by the courts based on the nature of claims being raised from dispute to dispute. However, a general conclusion that can be derived is that the courts in India have been gradually welcoming towards arbitrating disputes concerning IP, which is purely contractual, such as disputes over royalties, breach of licensing terms, et. Such an approach has been adopted along the core

principles of commercial arbitration, party autonomy, and contractual subject matter. An anti-arbitration approach has been applied in instances on disputes of validity or ownership of an IP right, which following the public policy challenges, must be adjudicated by courts or assigned statutory/public administrative authorities.

Theoretically, such demarcation between disputes seems uncomplicated; however, complexities arise when in a contractual dispute concerning IP, defences that challenge validity or claims of infringement are brought in. Courts in India have been divided on their opinions. However, as a general observation, it can be suggested that statutory infringement *simpliciter* would not be arbitrable per the *Mundipharma* and *SAIL* cases, while infringement arising purely out of contract will be arbitrable per EROS or the Euro Kids cases. Much clarity is required in this aspect from the SC.

3. Thirdly, How far can a dispute settlement model like arbitration benefit the international community, especially in the fields of Trade and cross-border utilization of Intellectual Property?

Chapter 4 of this dissertation concluded that Arbitrating IP disputes can be advantageous, but not by being free from shortcomings. Arbitration is the most commonly sought conflict resolution mechanism in international commercial arrangements, which involve intellectual property elements. One of the main reasons for such preference is the inadequacy of state courts-based litigation to appropriately tackle international conflicts. State court proceedings are said to no longer match the standards of current international economic processes because of their territorial breadth. The transition to arbitration is a natural progression since, as discussed in previous chapters, arbitration is particularly well suited to resolving IP issues. Arbitration is a private process, which is especially beneficial in IP issues due to the sensitive nature of the information involved. Furthermore, specific knowledge is frequently necessary to properly settle technological disputes, a challenge that might be overcome by choosing suitably competent arbitrators.

4. Fourthly, to analyze how the future looks for arbitration of IP disputes at a global level?

The future of IP arbitration at the global level looks bright; cross-border IP transactions and disputes arising out of them are on the rise due to the ever-evolving globalization and the

advent of new technologies. The functioning of the WIPO centre has played a crucial role in promoting the arbitration of IP disputes, as was seen from Chapter 5. The Centre offers a broad range of procedural choices of ADR, such as arbitration, expedited arbitration, and expert determination, as well as mediation and conciliation, which are being effectively used to resolve IP disputes internationally.[177] Since IP is now the gist of newly found transactions such as SEP/FRAND terms, conflicts arising out of them are most ideally resolvable by a mechanism such as arbitration. Even the WIPO has recognized the increased usage of arbitration in resolving disputes in FRAND licensing. As a result, the World Intellectual Property Organization (WIPO) published its Guidance on FRAND Alternative Dispute Resolution (ADR) in 2017 to make it easier to submit FRAND disputes to WIPO mediation and arbitration. The Guidance describes the procedural choices available at various stages of the procedure and identifies crucial issues that the parties may wish to consider in shaping the arbitration processes, including tackling large SEP portfolios and keeping the duration and cost of the proceedings under control. [178].Arbitration is becoming increasingly popular in conflict resolution as a result of block chain and smart contracts, which rely heavily on technology transfer. Smart contracts in intellectual property allow for the automatic implementation of IP contracts, such as licensing or exclusive distribution agreements. A set of coded contractual provisions live on the block chain, enabling self-enforcement of the parties' rights and responsibilities, thanks to the combination of smart contracts and block chain technology. There are additional examples of regional initiatives aimed at promoting IP arbitration, such as the European proposal to establish a Unified Patent Court. The idea proposed that the European Union create a European "community patent" having unitary effect. [179].

The related framework agreement (Regulation (EU) No. 1260/2012) provides for the establishment of a patent mediation and arbitration centre, which will provide facilities for patent mediation and arbitration, with the exception that a patent cannot be revoked or limited in mediation or arbitration proceedings. To put it another way, arbitration was supposed to be a standard part of this unified patent court system. However, the arbitration centre's jurisdiction is limited because it cannot order the cancellation of a patent.

[177] Jeremy Lack, *Addressing the IP Dispute Resolution Paradox: Combining Mediation with Arbitration and Litigation*, Lawtech, GAR, 09 February 2021

[178], Thomas Legler and Andrea Schäffler, A *Look to the Future of International IP Arbitration*, GAR, 09 February 2021.

[179]http://patentblog.kluweriplaw.com/2020/07/20/uk-withdraws-ratification-of-the-unified-patent-court-agreement/

The project, however, has been put on hold due to political unrest. Other pro-arbitration legislative efforts can be seen in countries like Singapore, where Parliament passed the Intellectual Property (Dispute Resolution) Bill, which strengthens Singapore's position as a preferred venue for international IP arbitration by explicitly stating that IP disputes can be arbitrated in Singapore with *inter partes* effect. Another example is Hong Kong, where parties can use arbitration to settle any IP dispute, including those concerning the enforceability, infringement, validity, ownership, extent, or duration of an IP right. 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.
Thus, despite the lack of uniformity, IP arbitration across the international commercial realm seems to grow with utmost popularity, and more countries are adopting a pro-arbitration view by offering flexibility.

6.3. TESTING OF HYPOTHESIS

The hypothesis formulated in this dissertation consists of the following major elements, all of which has been substantiated by this research. The researcher has hypothesized that-

1. Intellectual property has without doubt become a crucial element of international commercial transactions and its dispute resolution has called for the development in the jurisprudence of arbitrability of IP, despite its complications. The advantages of arbitrating IP, and the growth of international marketplace has facilitated this shift by adding fuel to the transition from a rigid approach to a more flexible outlook by most nations towards the doctrine of arbitrability of IP disputes.
2. Arbitrating IP and enforcement of awards granted in such arbitration still continues to be a central aspect of public policy in majority of jurisdictions, thereby leading to inconsistency in uniformity at a global level. However, a generalised notion that can be inferred is that that an *inter partes* award which is made in a private dispute resolution mechanism like arbitration, can only implicate the *ordre public* if it does some fundamental violence to public policy, such as bringing about a change in the validity of the IP in question. Most nations have began to adopt a pro arbitration view in the light of a transnational perspective to public policy, through which they widen the scope of their international public policy by taking into account the standards that are basic to most just and decent societies when dealing with arbitrability of IP disputes or reviewing foreign awards.

3. In India, in particular, roadblocks appear based on the defences and remedies asserted in a suit involving intellectual property. Arbitration on issues of validity or ownership is frequently prohibited. The courts have so far taken a case-by-case approach, since there is a lack of binding precedent by the SC in this regard. However, the future looks promising as was inferred from the SC's view in *Vidya Drolia* case, which has the potential to clear several confusions and pave way for clearer pronouncements.
4. Despite the lack of uniformity among jurisdictions, the international community support the use of arbitration to resolve multilateral disputes involving IPR due to the benefits it confers. The workings of the WIPO Centre are a reflection of harmonised, efficient system of employing arbitration to resolve complicated IP disputes. In the years to come, its significance is only expected to grow even bigger, supplemented by other international organisations of IP and Trade as well as arbitration institutions.

6.4. SUGGESTIONS AND CONCLUDING REMARKS

In light of the research undertaken and analysis of research questions, the researcher puts forth the following suggestions, recommendations, and concluding remarks in furtherance of filling the lacunae that exist in the subject of "Arbitrability of IP Disputes":

1. *Firstly*, international organizations dealing in the regulation and promotion of transnational trade activities, such as the WTO, UNCITRAL, and ICC, as well as organizations dealing in building a framework for IP such as the WIPO or the TRIPS Agreement under the WTO, should engage in harmonized activities with each other for promoting arbitration as a preferred avenue for dispute resolution in IP. This can be done to bridge the gap between IP and other types of subject matters that form the primary content of commercial transactions insofar as to consider IP disputes at par with such other disputes. International forums which exclusively deal with IP arbitration and other ADR services like the WIPO and the Dispute Settlement Body under the WTO can dedicate an exclusive department or establish a dispute settlement forum exclusively for conflicts concerning IP issues. Arbitration institutions and other organizations like the UNCITRAL can also facilitate such actions by providing draft arbitration clause models exclusively for contracts dealing with licensing or transferring of IP so that a level of uniformity can be achieved in such commercial transactions and their conflicts.

2. *Secondly*, at the global level, traditional norms of IP laws should change, and the latest prospects of IP should be recognized. International organizations must promote new forms of IP and their potential in newly formed avenues of trade and technology so that such new facets are incorporated effectively in commercial transactions. Specialized rules for arbitration on disputes arising from such commercial transactions may also be formulated by organizations like the WIPO or separate arbitral institutions. The TRIPS Agreement can be modified to accommodate changing facets of IP in the field of technology, pharmaceuticals, block chains, and e-commerce. Accordingly, the WTO can also accommodate international commercial transactions dealing with such subject matter under the purview of its dispute resolution mechanism (DSU), in accordance with terms of the TRIPS Agreement. Another example of an emerging facet of IP is it being a source of investment under foreign investment regimes and thus subjected to investor-state arbitrations. Thus, organizations like the ICSID can formulate a specialized set of rules for arbitrating IP investments.
3. *Thirdly,* the international community can make consolidated efforts to educate parties in commercial dealings regarding the benefits and challenges in arbitrating IP disputes. As already discussed in the 4th chapter of this dissertation, arbitrating IP has both pros and cons, and ultimately, the parties must carefully employ a dispute resolution mechanism that is most suited for their interests and purpose. Thus, educatory reforms are necessary both at the international as well as domestic level, in such a way that parties to commercial dealings in IP are made fit to first analyze their issue at hand(or potential issues that may arise in the future) and then decide upon the type of dispute settlement mechanism best suited for them. Organizations and arbitral institutions can also help by formulating draft arbitration clauses or models for specific issues or arbitrable disputes in IP, which can be incorporated into commercial contracts by interested parties. Such Model Clauses can also specify the types of disputes arising from IP transactions that qualify to be arbitrable under the particular arbitration rules that the parties shall prefer.
4. *Fourthly,* concerning the position in India, the courts need to reach a consensus as to the question of arbitrability of IP disputes. Legislative lacunae are a primary reason behind the non-clarity. Indian legislature can amend the existing laws on intellectual property to incorporate provisions that suggest that particular kinds of disputes of IP may be subject to arbitration. Thus, statutory recognition can be conferred on

arbitrating contractual IP disputes, as seen in the US and Singapore. However, since the intellectual property in India is regulated under various and multiple statutes, amendment of each might be difficult. Hence new legislation that exclusively lays down arbitrability qualifications for IP in commercial contracts may be helpful.

5. *Fifthly,* if such legislation is being put forth, specialized arbitral tribunals to deal exclusively with commercial arbitration of disputes arising from IP may be established, which shall also be panelled by experts in the field. Such specialized tribunals can also be established in such a way to facilitate international commercial arbitration for cross-border contracts, thereby also promoting India to be a desirable hub for international arbitration. Hence, similar to the way of established specialized courts in India, which has a reserved jurisdiction for statutory infringement and other IP issues, specialized arbitral tribunals for contractual disputes in IP, if established under a statute, can resolve several confusions protruding from over-lapping of jurisdictions, nature of disputes and remedies claimed, and so on.
6. *Sixthly,* Indian legislature and the judiciary need to recognise the increasing role that IP is now playing in the field of international commerce and global economy, and must keep at pace with the changing trends in the international level. The National IP Policy, which is still yet to be fully implemented in India in furtherance of promoting trade and commercialisation of IP, can significantly change the scenario by incorporating the use of ADR on IP conflicts. The SC also needs to re-emphasis the principle and doctrine of arbitrability through its latest judgements relating to the subject matter, thereby filling the vacuum.
7. *Seventhly,* resolving IP disputes through a combination of arbitration with other forms of ADR such as mediation or conciliation may also be useful. IP disputes arising from contracts as already stated can be multi faceted and each element of such disputes may require a stage by stage adjudication by considering each on its own merits. Disputes consisting of IP often include a complex mix of technologies, thereby making it more difficult to deconstruct them into distinct categories of IP such as Patents, Trademarks and so on. Thus, IP disputes call for greater expert involvement or forensic analysis of each issue on its own which is likely to be too time-consuming and complex, if to be only a single adjudicatory method is expected to be followed. In the light of such disputes, organisations like the WIPO centre which offer multiple ADR Services can design integrated dispute resolution process for IP disputes, which may include various ADR services in a stage –wise manner. The inclusion of non-

adjudicative windows or mixed-mode processes are likely to lead to faster, cheaper, better and more satisfying outcomes, taking into consideration a broader range of both subjective and objective factors.

8. *Eighthly*, in the light of the global pandemic and stagnation of international commercial transactions and their effective dispute resolution, organizations like the WIPO has taken efforts to facilitate a growing interest in and use of online dispute resolution mechanisms. Thus, Online Dispute Resolution (ODR) has become a valid alternative to traditional physical arbitration. ODR methods incorporate basic principles of arbitration, but conduct the proceedings in a much flexible, convenient and time efficient manner. The international community should recognise the potential of such internet based conflict resolution practices and attempt at harmonising varied practices across jurisdictions.

Thus, as concluding remarks, the Author believes that the arbitration is an efficient mechanism to ensure that obstacles existing in international intellectual property disputes due to differences in municipal jurisprudences are alleviated. Although it is highly advantageous to employ arbitration for resolving IP disputes, the increasing international trend towards broadening the concept of arbitrability of IP disputes should be dealt with in caution, as it has implication of public policy goals of territorial IP protection. Parties to cross border disputes should hence draft their arbitration agreements in commercial dealings concerning IP, by consider such implications, and analysing the pros and cons of arbitral proceedings, in so far as to fulfil their interests and purpose behind such adjudication. Moreover, as arbitration becomes more prevalent, cooperation between WIPO and the WTO as well as other trade organisations and institutions should be developed, utilizing the their strengths to foster effective arbitration rules throughout the global market.

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ANNEXURE I : PLAGARISM REPORT

Report: CHAPTER 1

CHAPTER 1

by Nanda Surendran

General metrics

40,474	6,024	263	24 min 5 sec	46 min 20 sec
characters	words	sentences	reading time	speaking time

Score

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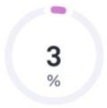
Writing Issues

401	155	246
Issues left	Critical	Advanced

Plagiarism



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Page 1 of 51

CHAPTER 2

by Nanda Surendran

General metrics

71,320	10,943	444	43 min 46 sec	1 hr 24 min
characters	words	sentences	reading time	speaking time

Score

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Writing Issues

868	285	583
Issues left	Critical	Advanced

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CHAPTER 3

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General metrics

59,727	9,478	393	37 min 54 sec	1 hr 12 min
characters	words	sentences	reading time	speaking time

Score

84

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Writing Issues

455	102	353
Issues left	Critical	Advanced

Plagiarism

8 %

46 sources

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CHAPTER 4

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General metrics

32,295	4,737	205	18 min 56 sec	36 min 26 sec
characters	words	sentences	reading time	speaking time

Score

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Writing Issues

310	109	201
Issues left	Critical	Advanced

Plagiarism

13 sources

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CHAPTER 5

by Nanda Surendran

General metrics

47,617	7,146	332	28 min 35 sec	54 min 58 sec
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Writing Issues

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CHAPTER 6

by Nanda Surendran

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23,273	3,477	125	13 min 54 sec	26 min 44 sec
characters	words	sentences	reading time	speaking time

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82

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