INTERNATIONAL ARBITRATION AND TECHNOLOGY TRANSFER DISPUTES

by

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Abstract

The thesis explores the concept of International Arbitration, an alternative to litigation. It argues the benefits and the inherent limitations parties are likely to face while resorting to this instrument to resolve Transfer of Technology and Intellectual Property related disputes. The paper further explains how Arbitrability limitations can be taken care of in relation to transfer of technology disputes. Emphasis is placed on the institutional role of the World Intellectual Property Organization’s Arbitration and Mediation Center as an appropriate arbitration forum to deal with complex technological and Intellectual Property related disputes.
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# TABLE OF CONTENTS

**INTRODUCTION**

...1

**CHAPTER ONE**

International Arbitration, Its benefits and how appropriate is it for Transfer of Technology disputes ...4

**CHAPTER TWO**

Arbitrability of Intellectual Property ...13

**CHAPTER THREE**

Role of the World Intellectual Property Organization (WIPO) and its Arbitration and Mediation Center ... 29

**CONCLUSION**

...43

**APPENDIX A**

...45

**BIBLIOGRAPHY**

...46
INTRODUCTION

In an era of globalization, technology transfer has become of paramount importance bringing about a synergy between multinational companies. Roessner defines the concept of Technology Transfer as “the movement of know-how, technical knowledge, or technology from one organizational setting to another.”\(^1\) Technology transfer includes transactions that “involve a rich variety of contracts and transactions, including research contracts, collaborative projects, licensing, joint ventures, alliances, spin-offs and buyer-supplier relationships.”\(^2\) Multinational companies exploit its Intellectual Property (IP) in different ways. It is done by way of patent pooling, international licensing, technology transfer, and research and development agreements.\(^3\) Licensing provides a medium wherein the given technology is disseminated for further development in the hands of multinational companies, researchers, universities etc.\(^4\) This encourages technological developments and fosters access to technology. Further, these agreements and joint venture collaborations demonstrate how multi-national corporations “maintain a competitive edge in a market economy.”\(^5\)

\(^1\) World Intellectual Property Organisation (WIPO), Arbitration and Mediation Center, online: <http://www.wipo.int/amc/en/center/specific-sectors/rd/>


\(^3\) Licensing and Technology Transfer, online: World Intellectual Property Organisation <http://www.wipo.int/patent-law/en/developments/licensing.html>

\(^4\) Ibid.

\(^5\) Ibid.
With the advent of the concepts of global village and an increase in international transactions, it is inevitable that multinational transactions would involve multi-jurisdictional issues between entities regarding the transfer of technology agreement and the Intellectual Property underlying it.

Intellectual Property litigation can be expensive and time consuming. Such hindrances bring about a disruption to the research and development of newer technologies and further development of the ones already existing. Litigation that would ensue involves many related entities. The nature of IP is such that it involves technical, specialized and confidential subject matter. Such matters require the expertise of those proficient in the matter. If not dealt with efficiently, the end result can be a huge amount spent in legal fees.

Keeping in mind the costly and protracted nature of litigation, an alternative would be to resort to other forms of dispute resolution. These alternate forms include Arbitration, Mediation and Negotiations. Certain features make these instruments ideal to resolve transfer of technology disputes. They are private neutral forums that allow parties to solve their disputes outside of the court in an environment fostering discussions and mutual sorting out of the problem at hand.

The use of International Arbitration in transfer of technology disputes has its benefits. This interface between both spheres of law i.e. Arbitration Law and Intellectual Property
law, is at a nascent stage of development. The main aim of the thesis is to show that International Arbitration should be used to solve disputes relating to transfer of technology. However, within the current environment, the use of this alternative dispute resolution mechanism is hindered

Chapter One will discuss the concept of alternative dispute resolution with emphasis on the concept of International Arbitration as a method of alternative dispute resolution. The benefits are analyzed to show how parties could prefer using this method as compared to lengthy and tedious litigation in courts. Chapter Two proceeds to the issue of ‘Arbitrability’ of Intellectual Property. In order to submit or to be referred to Arbitration, the subject matter of the dispute should be arbitrable. Territoriality and Sovereign grant of Intellectual Property right, Public Policy Rationale and Non-recognition of the Arbitral Award are the arguments raised to support inarbitrability of Intellectual Property disputes. This section further provides responses to the arguments raised and inherent limitations are dealt with making Intellectual Property disputes subject to International Arbitration. Chapter Three focuses on World Intellectual Property Organization (WIPO) Rules on Arbitration and WIPO’s Arbitration and Mediation Centre as a specialized institution to be used by companies to resolve intellectual property disputes. The parties have a choice in form of International Arbitration. They can either opt for Ad Hoc Arbitration or Institutional Arbitration. The Centre provides for Arbitration Rules that contain provisions that promote confidentiality, technical evidence and Expert appointment. These are important aspects that best suit International Arbitration of transfer of technology and Intellectual Property related disputes.

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6 Philpott supra note 3.
CHAPTER ONE

International Arbitration, Its benefits and how appropriate is it for Transfer of Technology disputes.

The concept of Alternative Dispute Resolution involves procedures adopted by the parties to resolve their dispute out of courts. It is an alternative to litigation. In any kind of dispute, the traditional way of dispute resolution is to resort to litigation at the court of law. Alternative Dispute Resolution mechanisms help parties in arriving at a reasonable, quick, rational and mutually agreed upon dispute resolution procedure whereby making it an appropriate bargaining tool during the negotiations of terms of the agreement.

Amongst the forms of Alternative Dispute Resolution, International Arbitration has grown popular over the years with expansion of its use in different fields of law. The existence of Arbitration can be seen over a thousand years. Disputes were referred for private adjudication for an impartial decision. Arbitration is defined “as a method of dispute resolution involving one or more neutral parties who are usually agreed to by the disputing parties and whose decision is binding.” Importance of this instrument increased, as parties preferred it. Moreover, development of the concept can be attributed to the numerous international conventions that were implemented to recognize this form of dispute resolution.

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8 Ibid.
Before any party resorts to international arbitration for resolution of their dispute, they must weigh both the advantages and limitations that this forum has over litigation.\textsuperscript{11} Regardless of where the litigation of Intellectual Property disputes takes place, it is an expensive process.\textsuperscript{12} Litigation is proved to be expensive considering the delay in hearing cases and backlog the court faces. Moreover, the lack of centralized court for Intellectual Property related disputes, would lead to companies pursuing parallel litigation in various jurisdictions across the world.\textsuperscript{13} One of the solutions for companies litigating in different jurisdictions is to resort to International Arbitration of Intellectual Property disputes. Many legal scholars and commentators\textsuperscript{14} have addressed the benefits in their work. It is impossible to determine if a particular dispute resolution mechanism is appropriate for a dispute unless its benefits are analyzed. These are discussed in the following section as they form an important basis in showing how International Arbitration is a useful tool to resolve transfer of technology disputes especially when the underlying subject matter is technical and complex such as Intellectual Property.

\begin{footnotesize}
\begin{enumerate}
\item See Appendix A illustrating the differences between litigation and international arbitration of IP disputes.
\item Alan M Anderson & Christopher A Young, “Why Arbitration is a valid alternative” \textit{Managing IP} (June 2007)
\item \textit{Ibid.}
\item See Donahey \textit{infra} note 20, Cook & Garcia \textit{infra} note 17, Philpott \textit{supra} note 3, \textit{infra} note 16, Martin \textit{infra} note 35 to name a few.
\end{enumerate}
\end{footnotesize}
a. Neutral Forum

A traditional approach to dispute resolution is to approach the court of law to adjudicate over the matter. In case of disputes amongst international parties, neither one would prefer being subjected to the national courts of the opposite party.\(^{15}\) Fear of bias is the most often stated reason by parties to prefer arbitration over domestic litigation.\(^{16}\) Parties come from different legal backgrounds\(^{17}\) and lack the knowledge of the legal system if disputes are submitted at a domestic court.\(^{18}\) Lack of proper law governing a particular subject matter in a State gives an additional reason for parties involved in an international transaction to utilize international arbitration. These obstacles call for international arbitration as it provides the parties a neutral forum where they have the power to appoint arbitrators and agree upon a choice of law to govern the arbitration. The principle of party autonomy allows the parties to adopt rules of procedure for their arbitral proceedings. The parties can mutually agree upon the terms and incorporate these elements into their arbitration clause of the agreement.\(^{19}\) It highlights adoption of a single procedure by the parties whereby court actions at different jurisdictions and complex procedures are avoided.

\(^{15}\) Parties’ apprehensions include bias at national courts, lack of knowledge of the relevant national law if the dispute were to be litigated at the national court of one of the parties, See Eun-Joo Min, *Alternative Dispute Resolution Procedures: International View, IP Handbook of Best Practices*, online: <http://www.iphandbook.org/handbook/ch15/p03/>


\(^{17}\) Parties belong to different legal systems such as Common law, civil law etc.


Moreover, this perception of bias and avoidance of litigating in national courts in search of a neutral forum to resolve technology transfer disputes that involve IP is not the only reason.\textsuperscript{20} Complex questions are involved when it comes to Technology and its associated Intellectual Property. These questions are faced with a “plethora of objective and subjective reasons”\textsuperscript{21} that drives the parties to choose a neutral forum.\textsuperscript{22} The parties can determine neutral arbitrators, choice of governing law and seat of arbitration, neither being from the states involved. By allowing the parties to pick a neutral forum outside of their jurisdictions, they can be assured of neutrality in the arbitral proceedings. In relation to the intellectual Property involved and in particular, technology transfer, neutral forum is significant as parties involved are from “countries of vast economic disparities”\textsuperscript{23} Mutual agreement between the parties can be achieved with this feature of arbitration.

**b. Expertise and Confidentiality**

Disputes involving intellectual property are complicated and technology around it is complex. Adjudicating disputes of such a nature require expertise that the state courts often lack. Litigating disputes such as these, courts are not well equipped to deal with them. Transfer of Technology disputes involves highly complex subject matter and requires fact-finding, discovery and expert evidence. If these tasks are to be undertaken by the courts, it is time consuming and expensive. The courts lack the resources to perform these tasks. One of the benefits of international arbitration is that specialized and

\textsuperscript{20}Cook & Garcia supra note 17
\textsuperscript{21}Ibid.
\textsuperscript{22}Ibid.
\textsuperscript{23}Ibid.; International instruments such as Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), 15 April 1994, encourages transfer of technology between developed and developing nations.
expert arbitrators can be appointed to deal with the disputes in an expeditious manner.\textsuperscript{24} Technical knowledge about intellectual property involved, to deal with the dispute is important and encourages parties’ confidence in the tribunal.\textsuperscript{25} With the appropriate qualifications and expertise, the arbitrators can indulge in fact-finding and make appropriate and necessary decisions apt for dispute resolution.\textsuperscript{26} Fact-finding is an important component that the arbitrators should be capable of doing especially in complex matters such as transfer of technology. This factor of expertise must be given adequate consideration while deciding on Arbitrators. Furthermore, international arbitration is a desirable forum for one more reason. Disputes involving sophisticated technology and legal issues arising out of it, at times, would be out of the scope of the existing law that suffers from “technical and legal shortcomings.”\textsuperscript{27} Experienced arbitrators will be able to extend these existing laws to suit the matter presented before them and by doing so without far reaching legal consequences.\textsuperscript{28}

As defined earlier, technology transfer involves the exchange of know-how. This information that is exchanged is highly confidential. Confidential information in such complex technology transfer disputes includes “patent information, know how, biological and other type of information and materials that are confidential and proprietary information”\textsuperscript{29} In case of a dispute involving technology and the intellectual property, the parties would prefer a forum wherein sensitive and confidential information would not be made public. If the dispute were to be litigated in the court of law, there is no provision to

\textsuperscript{25} Ibid.
\textsuperscript{26} Cook & Garcia supra note 17.
\textsuperscript{27} Ibid.
\textsuperscript{28} Ibid.
\textsuperscript{29} Kevin Nachtrab, “To Arbitrate or To Litigate: That is the Question”, (2007) 42:1 Les Nouvelles Journal of the Licensing Executives Society International at 295.
restrict the information from being made public. The proceedings and documents produced before the arbitral tribunal remains private unlike litigation where information is made public.\textsuperscript{30} This is relevant in relation to Intellectual Property disputes as the subject matter is highly confidential information that is at stake.\textsuperscript{31} Having trade secrets and know-how involved in disputes, parties wish to keep these from being disclosed to the public. In using International Arbitration, terms can be agreed upon wherein such sensitive information doesn’t destroy the intellectual property value.\textsuperscript{32}

Expert evidence regarding the technology plays a significant role and having a technical competent tribunal helps in adducing it.\textsuperscript{33} This evidence produced is highly confidential too. This factor additionally calls for a private dispute resolution forum to ensure such confidential information does not go public. Arbitration provides for such a forum where the evidence presented before the expert panel can remain confidential. Interaction between the expert and the arbitrators is the key. It can help reach a mutually agreeable solution to the dispute, which in turn makes arbitration an effective method to resolve disputes of such a nature.

c. Efficiency, Flexibility and Time-Cost Savings

Technology Transfer transactions involve a lot of investment in terms of time and money spent on Research and Development of Technology. Parties that enter into these transactions are aware that in case of dispute, regarding the technology, it will be expensive to litigate at the court of law. Prolonged litigation brings about a stand still in

\textsuperscript{30}Matters litigated in court are often made public. Once a judgement is passed, it is made available to the public.
\textsuperscript{31}Philpott \textit{supra} note 3.
\textsuperscript{32}Philpott \textit{supra} note 3.
\textsuperscript{33}Niblett \textit{supra} note 25.
the use of the technology involved in the transaction. It also leads to the loss in value of the Intellectual Property. Increase in litigation cost is high when it comes to complex issues being contested at different jurisdictions.\textsuperscript{34} One of the other significant advantages of international arbitration is that it is an efficient method of dispute resolution. The scope of efficiency depends on the procedure adopted to suit the dispute by the parties.\textsuperscript{35} The parties must give careful consideration at the drafting stage to agree upon a method that is cost efficient and time saving. Thus, multi-jurisdictional litigation is avoided.

Flexibility in international arbitration flows from party autonomy. Complete control over the dispute resolution process is in the hands of the parties.\textsuperscript{36} Parties mutually agree on issues ranging from time and place of arbitration to rules of discovery and evidence.\textsuperscript{37} Tailoring the arbitration to suit parties’ needs in dealing with disputes involving intellectual property can bring about efficiency and cost savings. More importantly, the parties can design remedies and grant power to the arbitral tribunal to provide for interim measures that are unavailable in legal systems. This furthers the cause to bring about mutual agreement and quick settlement of the dispute.

d. Maintenance and Preservation of Corporate relationship between the Parties

Litigation is adversarial in nature.\textsuperscript{38} This can cause a drift between parties that can “strain” the business relationship.\textsuperscript{39} Along with the flexibility that International Arbitration

\textsuperscript{35} Finizio & Speller supra note 8
\textsuperscript{36} Philpott supra note 3.
\textsuperscript{37} Ibid.
provides, it also helps maintaining the corporate relationship between the parties.

Technology Transfer is contractual in nature requiring long-term co-operation and coordination between the parties. It is expected that the relationship between the parties would last for a long time. Even in case of a dispute, use of international arbitration will help maintain this relationship. The tribunal that is appointed by the parties will be able to settle the disputes amicably. The same tribunal can be used for every dispute. It brings about uniformity and continuity unlike a court where the same judge might not preside over different matters between the same parties.

Furthermore, instead of an aggressive approach of a win-lose scenario, which typically is a result in litigation, a win-win situation can be created through International Arbitration. International Arbitration provides an opportunity to the parties to design remedies that would not, in normal litigating circumstances, be available to settle the matter. Both parties can perform and enforce the decision given by the tribunal that is mutually agreed upon. It follows along the lines of settlement. Therefore, International Arbitration helps to maintain continuity in the manner in which disputes can be resolved and at the same time preserve the parties’ relationship.

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39 Ibid.
40 Niblett supra note 25.
41 Ibid.
42 Ibid.
43 Ibid.
44 Ibid.
CONCLUSION

International Arbitration as a forum of dispute resolution offers advantages that are “formidable” over traditional litigation must be given careful consideration while drafting agreements. Intellectual Property right is a knowledge based right and disputes involving such matter needs to be determined in a fastest possible way. Delays can cause loss in value. Technology is a perpetual, ever-expanding field. It calls for experts who are abreast with the subject matter in order to resolve disputes relating to them. With the amount of investments involved, litigating complex disputes will add on to the increasing costs. Given the convenience and predictability of International Arbitration and the benefits it carries along with it, as discussed above, it is no surprise that this dispute resolution mechanism is apt when it comes to transfer of technology disputes. Alternatives can be developed to take care of the inherent limitations that this forum poses to the parties. These are discussed in the next chapter. One of the objections raised against the use of international arbitration is the Arbitrability of the subject matter. And for the purpose of this paper, the underlying subject matter of transfer of technology disputes is Intellectual Property, which is considered inarbitrable by almost all jurisdictions.
CHAPTER TWO

Arbitrability of Intellectual Property

The use of international arbitration, to resolve disputes of a multi-jurisdictional nature, has grown manifold with the increase of international trade and technological advancements. As discussed in the previous chapter, it is a preferred forum over litigation. Parties would want to take advantage of its benefits, particularly, when highly technical subject matter such as Technology and Intellectual Property are in dispute.

In order to submit a dispute to International Arbitration, Arbitrability is one of the preconditions. It determines what sort of disputes an arbitral tribunal can arbitrate upon. Apart from the benefits that international arbitration provides the parties to resolve transfer of technology matters, there is one challenge that the parties face. It is an objection that can be raised against this forum i.e., Arbitrability of the subject matter involved. The matter of dispute in order to be referred to arbitration must be ‘arbitrable’ or capable of being resolved by arbitration. Besides the contractual issues\(^\text{45}\) that are raised in the transfer of technology agreement, the underlying subject matter is Intellectual Property.\(^\text{46}\) Questions regarding the validity, ownership, title, infringement of the Intellectual Property can be posed before the arbitral tribunal. The debate lies in whether a private institution such as an arbitral tribunal can adjudicate on these questions.

\(^{45}\) Issues frequently arise that is contract based mostly out of licensing agreements where the Intellectual property is licensed for use, manufacture and/or distribution purposes.

Arbitrability “denotes the quality of a dispute as being susceptible to being resolved by arbitration.” Legal scholars have distinguished Arbitrability into two-Subjective and Objective. Subjective Arbitrability refers to the capacity of the parties to submit a dispute to arbitration and if they can be bound by an arbitration agreement. On the other hand, Objective Arbitrability refers to the ability of the subject matter in dispute to be resolved by international arbitration. This poses a limitation in kinds of disputes that can be subjected to arbitration. The main focus of this section is whether intellectual property disputes can be arbitrated, the subject matter of a transfer of technology dispute.

Objective Arbitrability depends on policy. Different jurisdictions adopt different policies and standards as to what matter is arbitrable or not. According to Redfern and Hunter:

The concept of arbitrability, properly so called, relates to public policy limitations upon arbitration as a method of settling disputes. Each state may decide, in accordance with its own economic and social policy, which matters may be settled by arbitration and which may not. In international cases, arbitrability involves the balancing of competing policy considerations. The legislators and courts in each country must balance the importance of reserving matters of public interest to the

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47 Christos Petsimeris, “The Scope of he Doctrine of Arbitrability and the Law under which it is Determined in the Context of International Commercial Arbitration” (2005) 58 RHDI 435.[hereinafter referred to as Petsimeris].
48 Ibid.
50 Finizio & Speller supra note 8.
courts against the public interest in the encouragement of arbitration in commercial matters.\(^{51}\)

International Arbitration cannot proceed if the subject matter of the dispute is inarbitrable. Objective Arbitrability drives the arbitration process. It raises the question as to what kind of disputes can be resolved by international arbitration. Private institutions have only been granted a part of the jurisdiction that can be exercised by them by the States.\(^{52}\) Certain disputes cannot be arbitrated given the nature of the subject matter. Although it seems like all disputes are arbitrable and in particular commercial disputes involving contractual matters, states impose limitations on disputes that cannot be referred to arbitration.\(^{53}\) States restrict disputes from being resolved by private institutions citing public interest and public policy reasons.\(^{54}\)

Arbitrability of Intellectual Property can be questioned on three grounds. The following section will discuss in detail the arguments posed against the Arbitrability of Intellectual Property.

1) **Intellectual Property Rights- statutorily created right by the Sovereign**

Intellectual Property right is territorial in nature.\(^{55}\) Each State has their national law that governs the registration and enforcement of the intellectual property.\(^{56}\) The argument raised against the Arbitrability of Intellectual Property is that these rights are granted by

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\(^{52}\) Petsimeris *supra* note 48


\(^{54}\) Redfern & Hunter *supra* note 52.

\(^{55}\) Cook & Garcia *supra* note 17; See also Donahey *supra* note 20; Roohi Kohli Handoo & Yoginder Handoo, “Scope and Arbitrability of Alternative Dispute Resolution Procedures to disputes related to Patent law-Is it appropriate to use Arbitration or Mediation to resolve Patent Disputes?” (Paper Presentation at Parallel Session 4: Patent Law & Litigation delivered at the 5th Annual Conference of the European Policy of International Property Association September 20-21 2010)

\(^{56}\) *Ibid.*
the states and they have the exclusive authority to adjudicate disputes regarding it.
National courts are said to have the authority to resolve the issues as the validity and scope of the right involved have a connection with the states’ “structure of law”.  

2) Public Policy Rationale

Arbitrability and public policy concerns constitute inseparable issues. This poses a limitation to one of the benefits that arbitration provides i.e. party autonomy. Public policy is an argument almost always used to strike down the use of arbitration for Intellectual Property disputes. Limitations placed on the use of international arbitration by most countries can be seen in the balancing act between the public good and private rights. Public good is given importance when it comes to the realm of intellectual property. It is a hard task to define what public policy is. It varies from state to state as they have different factors that influence what constitutes public policy. These factors include political, social, cultural, moral and economic factors that should be taken care of in accordance with the needs of the society. But there seem to be a uniform approach followed by the states in determining the public policy concept and its applicability to international arbitration.

57 Donahey supra note 20.
58 Ibid; See also Cook & Garcia supra note 17.
59 The International Law Association’s report on Public Policy as a bar to Enforcement of International Arbitral Awards(2002) makes an attempt at defining public policy.
62 See also supra note 52
Public policy rationale is always placed as a limitation on the arbitrability of Intellectual Property rights.\textsuperscript{63} State grant of the right, as mentioned earlier, and public policy is intertwined. The states consider that the validity of IP rights cannot be “subject to parties’ free will and power”.\textsuperscript{64} The rationale behind this limitation is that it is the states prerogative to grant an intellectual property right.\textsuperscript{65} It is a privilege that the state grants for economic development keeping in mind the public interest. It dictates policies that would influence the use of these IP rights.\textsuperscript{66}

3) \textit{Arbitrability as a ground for Non-Enforcement of the Award}

The question of arbitrability can be raised at different stages. It can question the jurisdiction and authority of the tribunal.\textsuperscript{67} If the jurisdiction is questioned at the beginning of the dispute resolution process, it can cause uncertainty.\textsuperscript{68} Arbitrability can be raised before the court of national jurisdiction to stop arbitral proceedings. And finally, it can be at the enforceability stage after an award is rendered.\textsuperscript{69}

Major challenge that the parties face and hence, hesitate to resort to arbitration is the enforceability of the award rendered by the arbitral tribunal. The arbitral tribunals provide for interim measures that require the state courts to enforce. But these awards

\textsuperscript{63}Francois Dessemontet, Intellectual Property and Arbitration, online: <http://www.unil.ch/webdav/site/cedidac/shared/Articles/Mélanges%20Bercovitz.pdf>
\textsuperscript{64}Ibid.
\textsuperscript{65} supra note 52, Redfern & Hunter, “Whether or not a patent or trademark should be granted is plainly a matter for the public authorities of the State concerned, these being monopoly rights that only the State can grant”. cited in Petsimeris supra note 48.
\textsuperscript{66} supra note 64
\textsuperscript{68} Ibid.
\textsuperscript{69} Ibid.
most often aren’t recognized under the New York Convention that results in the court declining the award in its jurisdiction. Public policy influences enforceability of the award as well. This can be seen in the provisions of the New York Convention. The arbitral award rendered by the Arbitral Tribunal must conform to the New York Convention on Enforceability of Awards in order for it be recognized and enforced. Both the New York Convention and UNCITRAL Model Law emphasizes on public policy being the determinant of the award being recognized and enforced in any jurisdiction that has adopted both the Conventions. The New York Convention provides for grounds of challenge in Article V. Article V (2) states

Recognition and Enforcement of an arbitration award may also be refused if the competent authority in the country where recognition and enforcement is sought finds that: (a) the subject matter of the difference is not capable of settlement by arbitration under the law of that country; or

(b) The recognition or enforcement of the award would be contrary to the public policy of that country.

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70 Petsimeris supra note 48
71 Article V of the New York Convention 1958 1. Recognition and enforcement of the award may be refused, at the request of the party against whom it is invoked, only if that party furnishes to the competent authority where the recognition and enforcement is sought, proof that:
(a) The parties to the agreement referred to in article II were, under the law applicable to them, under some incapacity, or the said agreement is not valid under the law to which the parties have subjected it or, failing any indication thereon, under the law of the country where the award was made; or
(b) The party against whom the award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case; or
(c) The award deals with a difference not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration, provided that, if the decisions on matters submitted to arbitration can be separated from those not so submitted, that part of the award which contains decisions on matters submitted to arbitration may be recognized and enforced; or
(d) The composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties, or, failing such agreement, was not in accordance with the law of the country where the arbitration took place; or
(e) The award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the law of which, that award was made.
It highlights the point wherein the court has the power to deny and not enforce an award based on the non-arbitrability of the dispute. In addition to the New York Convention, the UNCITRAL Model Law empowers the states to enforce awards according to their public policy objectives.\textsuperscript{72}

**SOLUTIONS AVAILABLE IN RESPONSE TO THE ARGUMENTS RAISED**

On the basis of the objections raised of territoriality of IP, Public Policy and unenforceability of the arbitral award, International Arbitration is said not to be an appropriate forum to adjudicate disputes that involve intellectual property. These arguments against inarbitrability of Intellectual Property disputes can be refuted in the following manner. Firstly, the choice of substantive law to govern the arbitration plays an important role. Moreover, the New York Convention\textsuperscript{73} empowers the state to determine subject matter that can be arbitrable through their national law. Few jurisdictions have followed a liberal approach regarding IP as arbitrable such as the United States and Switzerland. Their position regarding Arbitrability of Intellectual Property is discussed below. Secondly, a carefully drafted arbitration clause can limit the effect of the award rendered between the parties in addition to the chosen substantive law that limits the effects of the award.\textsuperscript{74} More importantly, a transfer of

\textsuperscript{72} Under the 8\textsuperscript{th} Chapter of the UNCITRAL Model Law, similar provisions can be found as that of the New York Convention 1958. See also supra note 11.

\textsuperscript{73} Article II.1 of the New York Convention 1958

Each Contracting State shall recognize an agreement in writing under which the parties undertake to submit to arbitration all or any differences which have arisen or which may arise between them in respect of a defined legal relationship, whether contractual or not, concerning a subject matter capable of settlement by arbitration. And Article V supra note 72. Both these provisions have given the discretion to the States to decide upon the subject matter that can be referred or submitted to arbitration.

\textsuperscript{74} United States Code Title 35 under Section 294(c) limits the effect of the award only to the parties of the agreement. The provision is stated below at infra note 78.
technology dispute is contractual in nature and such disputes can be arbitrated. These arguments are discussed below.

1. ARBITRABILITY OF INTELLECTUAL PROPERTY IN THE UNITED STATES AND SWITZERLAND

States’ national law is examined in order to determine arbitrability of a subject matter.\(^{75}\) It cannot be said intellectual property disputes are inarbitrable in all jurisdictions. States that favor arbitration of intellectual property disputes include the United States, Switzerland wherein express provisions of law provides for arbitrability of intellectual property disputes. It is important to discuss it with reference to transfer of technology disputes, as the subject matter is intellectual property. The following section will examine the current legal framework that is in place to deal with arbitration of Intellectual Property to have a better understanding on how these disputes are dealt with in these jurisdictions.

A. POSITION IN THE UNITED STATES

Over the years, courts through their decisions have not limited itself to the statutory limits placed on what subject matter disputes could be arbitrable or not. European and US jurisdictions came to recognize antitrust or competition law disputes, trademark disputes and employment disputes as being arbitrable in principle.\(^{76}\) Before the amendment in 1983, US courts treated Intellectual Property as inarbitrable stating that it implicates public interests. The amendment made patent disputes arbitrable under

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\(^{75}\) Finizio & Speller *supra* note 8.

\(^{76}\) *Ibid.*
section 295. Binding, voluntary arbitration can be used to resolve patent dispute in absence of any language to the contrary in the agreement.

In general, there isn’t an explicit provision with regard to arbitrating disputes involving copyrights, trademarks as compared to a provision providing for arbitration of patent disputes under Section 295. The US courts have treated arbitrability of Copyrights and Trademark issues in a broadest possible manner. It has held there is no express legislation prohibiting the use of arbitration to resolve such matters that arise out of a contract.

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(a) A contract involving a patent or any right under a patent may contain a provision requiring arbitration of any dispute relating to patent validity or infringement arising under the contract. In the absence of such a provision, the parties to an existing patent validity or infringement dispute may agree in writing to settle such dispute by arbitration. Any such provision or agreement shall be valid, irrevocable, and enforceable, except for any grounds that exist at law or in equity for revocation of a contract.

(b) Arbitration of such disputes, awards by arbitrators and confirmation of awards shall be governed by title 9, to the extent such title is not inconsistent with this section. In any such arbitration proceeding, the defenses provided for under section 282 of this title shall be considered by the arbitrator if raised by any party to the proceeding.

(c) An award by an arbitrator shall be final and binding between the parties to the arbitration but shall have no force or effect on any other person. The parties to an arbitration may agree that in the event a patent which is the subject matter of an award is subsequently determined to be invalid or unenforceable in a judgment rendered by a court of competent jurisdiction from which no appeal can or has been taken, such award may be modified by any court of competent jurisdiction upon application by any party to the arbitration. Any such modification shall govern the rights and obligations between such parties from the date of such modification.

(d) When an award is made by an arbitrator, the patentee, his assignee or licensee shall give notice thereof in writing to the Director. There shall be a separate notice prepared for each patent involved in such proceeding. Such notice shall set forth the names and addresses of the parties, the name of the inventor, and the name of the patent owner, shall designate the number of the patent, and shall contain a copy of the award. If an award is modified by a court, the party requesting such modification shall give notice of such modification to the Director. The Director shall, upon receipt of either notice, enter the same in the record of the prosecution of such patent. If the required notice is not filed with the Director, any party to the proceeding may provide such notice to the Director.

(e) The award shall be unenforceable until the notice required by subsection (d) is received by the Director.

78 Ibid.

79 ICC report supra note 68: In relation to copyright, the statute has no express provision but the courts have proceeded by holding copyright licenses agreements can have binding arbitration clauses

80 Ibid: Trademark issues have been left to the discretion of the courts to interpret if they can be subject to binding international arbitration. In order to determine this, the court will have to carefully examine the arbitration clause in the agreement and apply the relevant law.

Moreover, with the increase in importance of international arbitration, the courts in one of its earliest decisions in the case of Scherk v. Alberto Culver & Co.\(^{82}\), stated that issues are arbitrable if the underlying transaction is “truly international” in character even if they aren’t arbitrable domestically.\(^{83}\) This standard laid down by the court was further re-iterated and enforced in the landmark judgment in the case of Mitsubishi Motors Corp v. Soler Chrysler-Plymouth, Inc.\(^{84}\). The court was presented with the question of resolution of antitrust issues by arbitration. A broad approach was taken by the courts in extending the standards laid down in the case of Scherk v. Alberto Culver & Co. to antitrust disputes. The court was asked to consider arguments on the basis that arbitration of antitrust claims posed a threat to public interests as they may be “excluded behind the closed doors of an arbitral proceeding”\(^{85}\). The US Supreme Court on the basis of the case being international in nature\(^ {86}\) rejected these arguments and held:

That concerns of international comity, respect for the capacities of foreign and transnational tribunals, and sensitivity to the need of the international commercial system for predictability in the resolution of disputes require that we enforce the

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\(^{83}\) The court stated that “the invalidation of such an agreement [to arbitrate] …would reflect a parochial concept that all disputes must be resolved under our laws and in our courts … We cannot have trade and commerce in world markets and international waters exclusively on our terms, governed by our laws, and resolved in our courts”, See also Nelson supra note 47 discussing the case

\(^{84}\) 473 U.S. 614 (1985)


\(^{86}\) 473 U.S. 614 (1985), see also Ibid
parties’ agreement, even assuming that a contrary result would be forthcoming in a domestic context.\textsuperscript{87}

The Arbitrability of issues involving Securities law and Antitrust law can be extended to Arbitrability of intellectual property as they share common characteristics and attract public policy concerns wherein the state grants exclusive rights and at the same time prevent monopolies and abuse in markets.\textsuperscript{88} The judicial decisions regarding Antitrust law and Securities law as discussed above support the Arbitrability of Intellectual Property disputes.\textsuperscript{89} It is based on the common public interest element present in these areas of law.

\textbf{B. POSITION IN SWITZERLAND}

A broad and liberal approach is also taken in Switzerland where public policy concerns and arbitration is well balanced and co-exists. By virtue of Article 177 of the Swiss International Law Act\textsuperscript{90}, the Swiss approach guarantees the parties enforceability of the award and that the award will not be struck down on grounds of non-arbitrability.\textsuperscript{91} Moreover, the Federal Office of Intellectual Property has authorized the arbitral tribunals to decide on validity of intellectual property.\textsuperscript{92}

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{87} supra note 85; See also Ibid.
\item \textsuperscript{88} Dr Robert Briner, “The Arbitrability of Intellectual Property Disputes with particular emphasis on the situation in Switzerland”, \textit{Worldwide Forum on the Arbitration of Intellectual Property Disputes}, (Geneva: WIPO publications)
\item \textsuperscript{89} David W. Plant, “Arbitrability of Intellectual Property Issues in the United States”, \textit{Worldwide Forum on the Arbitration of Intellectual Property Disputes}, (Geneva: WIPO publications). Also, According to the ICC report supra note 68, Other areas of law as seen in the Mitsubishi case, the US courts are driven toward recognizing issues such as Intellectual property to be arbitrable
\item \textsuperscript{90} Also referred to as the Swiss Arbitration Act. Article 177 (1) of the Act states: Any dispute or financial interest may be the subject of Arbitration.
\item \textsuperscript{92} Grantham supra note 50.
\end{itemize}
\end{footnotesize}
tribunal decision is enforceable after the Swiss Court issues a certificate of Enforceability.\textsuperscript{93}

From the above discussion, it must be understood that the legal systems both in the US and Switzerland support and recognize Arbitrability of Intellectual Property disputes.

\textbf{2. TRANSFER OF TECHNOLOGY-CONTRACT BASED AND EFFECT OF THE ARBITRAL AWARD}

Apart from a few jurisdictions that support Arbitrability of Intellectual Property, there is another way to deal with the issue of inarbitrability. Intellectual Property is considered as intangible property. The owner having the exclusive right over the intellectual property can freely dispose of it by entering into agreements. By entering into an arbitration agreement to resolve the dispute, it can be said it is a “contractual waiver of legal rights”\textsuperscript{94} An agreement for transfer of technology is contractual in nature. It is carried out by way of licensing agreements. In such cases, the underlying technology is licensed to another for authorized purposes that are agreed to in the contract. In general, intellectual property licensing issues are arbitrable as it arises out of private contracts.\textsuperscript{95} International Arbitration is a private forum that has a binding effect on the parties involved in the dispute.\textsuperscript{96} The arbitrator is precluded from providing an award that can potentially have “an effect \textit{erga omnes}”\textsuperscript{97}. The arbitral award rendered has \textit{inter partes} effect i.e. making the award binding only between the parties to the proceedings. In the US, the Federal Act provides for the award to have

\textsuperscript{93} Ibid.  
\textsuperscript{94} Grantham supra note 50  
\textsuperscript{95} W. Lawrence Craig et all, \textit{International Chamber of Commerce Arbitration}, 2d ed. 1990 cited in Grantham supra note 50  
\textsuperscript{96} supra note 10.  
binding effect only on the parties to the arbitration.\textsuperscript{98} Apart from contractual issues, in case where the validity of the intellectual property right involved in the agreement is challenged, the \textit{inter partes} effect of the award rendered by the arbitral tribunal will not affect the registration of the intellectual property.\textsuperscript{99} Even if the arbitral tribunal finds the Intellectual Property to be ‘invalid’, its registration is not at stake, as the award does not have an \textit{erga omnes} effect.\textsuperscript{100} The rights are enforced between the parties, which is regulated by the arbitral award.\textsuperscript{101} The parties agree to be bound by the decision of the tribunal even in the case where validity of the Intellectual property is challenged.\textsuperscript{102}

Furthermore, one of the advantages while resorting to international arbitration for resolution of dispute is the mere fact that the arbitral awards rendered are final. This means that the parties cannot resort to an appeal or review mechanism.\textsuperscript{103} This gives the award finality.\textsuperscript{104} With reference to the enforceability of the award and arbitrability concerns addressed above, it can be taken care of by virtue of the arbitration clause in the agreement.\textsuperscript{105}

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\textsuperscript{98} 35 U.S.C. § 294-294(c) An award by an arbitrator shall be final and binding between the parties to the arbitration but shall have no force or effect on any other person. The parties to an arbitration may agree that in the event a patent which is the subject matter of an award is subsequently determined to be invalid or unenforceable in a judgment rendered by a court of competent jurisdiction from which no appeal can or has been taken, such award may be modified by any court of competent jurisdiction upon application by any party to the arbitration. Any such modification shall govern the rights and obligations between such parties from the date of such modification.

\textsuperscript{99} Cook & Garcia \textit{supra} note 17.

\textsuperscript{100} Francis Gurry, “Objective Arbitrability- Antitrust Disputes-Intellectual Property Disputes”, (1994) Series 6 Swiss Arbitration Association Special See also Cook & Garcia \textit{supra} note 17

\textsuperscript{101} \textit{Supra} note 95.

\textsuperscript{102} \textit{Ibid.}, The author states, "If the validity of the intellectual property is raised as a defense, the significance of the validity issue for the arbitrator lies only as a factor in determining who holds which right under the contract."

\textsuperscript{103}Philpott \textit{supra} note 3; See also Cook & Garcia \textit{supra} note 17.

\textsuperscript{104} Cook & Garcia \textit{supra} note 17

\textsuperscript{105} ICC Report \textit{supra} note 68.
Additional provisions in the arbitration clause, the arbitration can be recognized as a private contractual arrangement. These provisions would explicitly provide that the award would only have an effect *inter partes* and only the parties to the agreement would be bound by it. Furthermore, when the courts are presented with an application of enforcement of an arbitral award, the provisions under Article V and the public policy exception is construed narrowly. Even more so, as the United States Court of Appeals 2nd Circuit stated in the case of *Parson & Whittemore Overseas Co., v. Société Générale de l’Industrie du Papier RAKTA and Bank of America* that refusal of recognition and enforcement of an arbitral award on public policy grounds is appropriate if the enforcement “violates the basic notions of morality and justice”.

Besides the treatment and effect of arbitral award, by electing for international arbitration, a platform is provided wherein remedies and awards can be designed according to the dispute type. International arbitration allows designing measures that

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106 Additional provisions that can be inserted to the arbitration agreement. The following clause is taken from International Chamber of Commerce (ICC) arbitration clauses: 1) “This dispute is a private commercial dispute between the parties and affects international commerce. [Any dispute arising hereunder is likely to be a private commercial dispute between the parties and to affect international commerce.], 2) In the event that determination of this dispute necessitates consideration by the Tribunal of any issue relevant to the validity, enforceability or infringement of any [intellectual property right] of any party with respect to another party, the Tribunal shall have the authority to consider all such issues and to express a view with respect to all such issues. It is expressly agreed that the Tribunal shall not have authority to declare any such [intellectual property right] valid or not valid, enforceable or not enforceable or infringed or not infringed, provided, however, that the Tribunal may render an opinion to the parties as to whether in the Tribunal’s view a court or other government agency of competent jurisdiction would uphold the validity, enforceability or infringement of any such [intellectual property right]. The Tribunal shall specify [may state] the Tribunal’s reasons underlying any such opinion. However, neither the opinion nor the statement of reasons by the Tribunal shall be regarded by any party as a declaration of validity or invalidity, enforceability or unenforceability, or infringement or non-infringement of any such [intellectual property right]”, online: <http://www.iccdrl.com/>.

107 Grantham *supra* note 50.


109 508 F.2d 969 (2nd Cir., 1974).

makes it easier on the parties to follow and enforce.\textsuperscript{111} This way third party rights and public interests are not compromised by the decision given by the tribunal on the intellectual property rights involved in the technology. Hence making the dispute arbitrable as its contract and agreement driven.

**CONCLUSION**

It is true that Objective Arbitrability of the subject matter is the basis on which the International Arbitration can move forward. State grant of the intellectual property right, public policy reasons and non-recognition of an arbitral award should not restrict the use of International Arbitration of an Intellectual Property dispute. The arbitral tribunal is empowered by the substantive law in the agreement to adjudicate upon the dispute. The issue of Arbitrability can be raised at any stage of arbitration. A possible solution to address this inherent limitation and disadvantage of using International arbitration to resolve technology transfer disputes is to bring about policy changes or amendments to the IP law permitting arbitration of IP disputes. Different jurisdictions can adopt the position taken in the United States and Switzerland where an expansive approach is taken in application of arbitrability standards. This way the obstacle of enforcement of the award rendered by the tribunal is avoided wherein the national court would recognize and enforce that award in respective jurisdictions. Enforcement of the awards and recognition of the dispute itself depends on the national laws’ of the states as the New York Convention expressly provides for such a condition under Article V.

The use of International Arbitration is being limited at the national level where the substantive law does not talk about arbitrability of IP. Even so, the parties have the power

\textsuperscript{111} As discussed in the previous chapter.
under the realm of party autonomy and careful drafting of the agreement to choose appropriate substantive law and insert clauses in their agreement that would make the award binding and enforceable *inter partes*. The next section will discuss and describe a form of arbitration that the parties must choose at the stage of drafting the agreement.

While the parties have an option of electing either ad hoc or institutional form of arbitration, the paper focuses on the role of the World Intellectual Property Organization’s Arbitration and Mediation Center's role in resolving Intellectual Property disputes.
CHAPTER THREE

Role of the World Intellectual Property Organization (WIPO) and its Arbitration
and Mediation Center

Party autonomy reigns over arbitration. It is one of the significant advantages\(^{112}\) and makes it the most preferred method of dispute resolution adopted by the parties. After a decision to arbitrate is made by the parties, one of the last steps in the dispute resolution process is to choose the form of International Arbitration. The parties have the power to appoint the arbitrators to adjudicate over their disputes. There are two forms of international arbitrations that parties can choose from. The parties can either choose *ad hoc* Arbitration\(^{113}\) or adopt an institution that will help guide and administer the arbitration under its rules of arbitration.\(^{114}\) Many institutions were established to administer arbitration around the world. The well-renowned ones are the American Arbitration Association (AAA), the International Centre for the Settlement of Investment Disputes (ICSID) and the International Chamber of Commerce (ICC). The tribunal appointed by the institution is governed by the rules formulated by the institution. The parties can choose an institution by incorporating into their contracts an arbitration clause naming the institute and the rules they wish to adopt in case a dispute should arise in the future.\(^{115}\)

\(^{112}\) As discussed in Chapter One

\(^{113}\) Ad hoc arbitration is an administered arbitration wherein rules of procedure are adopted by parties for the purposes of arbitration. Usually UNCITRAL Model Law is adopted. Most of the States Arbitration law is based on the Model Law cited in Redfern & Hunter *supra* note 52.

\(^{114}\) Redfern & Hunter *supra* note 52.

\(^{115}\) *Ibid.*
Institutional ADR provides a framework that makes it easier for the parties to go through with the dispute resolution process. Even with the framework in place, it is a flexible one at that. It allows the parties to make specific changes to accommodate their needs. Moreover, the parties can pay attention to the dispute at hand and allow the institution to handle the procedural and administrative factors involved in a dispute.\footnote{Guide to WIPO Arbitration, WIPO Arbitration and Mediation Center at 14, online: World Intellectual Organisation <http://www.wipo.int/freepublications/en/arbitration/919/wipo_pub_919.pdf>} Parties find the arbitration to be less costly, having greater flexibility under Ad hoc Arbitration as compared to Institutional Arbitration. But parties fail to realize that more cooperation is required in absence of an institution to guide them in the arbitration process. Studies show that more than two-thirds of the respondents favored institutional over ad hoc arbitration.\footnote{Fullbright & Jaworski 8th Annual Litigation Trends Survey Report found that The International Centre for Dispute Resolution (ICDR), LCIA and ICC have occupied the top spots since the inception of the survey. Online: Fullbright & Jaworski LLP <http://www.fulbright.com/images/publications/Arbitration.pdf> cited in Murray Lee Eiland, “The Institutional Role in Arbitrating Patent Disputes”, (2009) 9 Pepp. Disp. Resol. L.J. 283.} Furthermore, a Survey titled ‘2010 International Arbitration Survey: Choices in International Arbitration’ conducted by the School of International Arbitration, Queen Mary University and White and Case LLP, it was found that the most parties prefer institutional arbitration.\footnote{Beyond the Survey: The 2010 International Arbitration Survey On Choices in International Arbitration, Commentary by Joseph Brubaker and John Templeman, Mealey’s International Arbitration Report, Vol.25 No. 11, November 2010. online: <http://www.whitecase.com/files/Publication/717df8-b4b4-429a-ae39-aa89bb3507b9/Presentation/PublicationAttachment/20b60009-6658-4791-bce2ad888c471e67/article_Beyond_The_Survey.pdf>}

Picking an institution to administer arbitration has its advantages. Importance of institutional arbitration can be seen when there is a failure on the part of the parties to decide on the time, place or arbitrators that are to be appointed as the institutional rules would provide for them by default.\footnote{Redfern & Hunter supra note 52.} Rules set by the institution would govern the
dispute resolution process. Administrative functions are performed by the institution\textsuperscript{120}, which ensures quick and cost effective dispute resolution. Institutional rules differ from institution. The rules can range from general ones covering commercial matters to specific subject matter disputes. More importantly, it must be kept in mind that according to the nature of the dispute, the parties must pick an institution. Another factor that the parties will have to keep in mind while picking an institution is the reputation and prestige of the institution in handling cases presented to them. It creates a sense of assurance and confidence in the institution that the case would be dealt with expeditiously and in a cost-effective manner.

Increasing acceptance in the use of alternative instruments for dispute resolution has led to the establishment of specialized institutional agencies. Disputes involving Intellectual Property and in particular when it comes to technology transfer, it can range from complex infringement cases, licensing issues, use of the Intellectual Property. Given the technical expertise required for the technology disputes, the parties must adopt an institution that can handle such cases. One such institution that is Intellectual Property oriented is the World Intellectual Property Organization.\textsuperscript{121} It is one of the specialized agencies of the United Nations established to promote and protect intellectual property.\textsuperscript{122} Established in 1967, it has 185 member states till date with its headquarters in Geneva, Switzerland.\textsuperscript{123} It is a pioneer in developing better “legal international

\textsuperscript{120} Margaret L Moses, \textit{The Principles and Practice of International Commercial Arbitration}, (Cambridge University Press, 2008).
\textsuperscript{121} Hereinafter referred to as WIPO.
intellectual property framework”\textsuperscript{124} that is constantly evolving while upholding its mission “to promote innovation and creativity for the economic, social and cultural development of all countries, through a balanced and effective international intellectual property system.”\textsuperscript{125} A harmonized approached is followed by the WIPO to promote and develop the international IP system. This is achieved through its involvement in legal and infrastructural IP development.\textsuperscript{126}

Of particular importance under this part of the paper is how one of the arbitral institutions under the WIPO is appropriate to adjudicate upon technology transfer disputes. It is the WIPO Arbitration and Mediation Center\textsuperscript{127} established in 1994 based in Geneva. It was result of a series of negotiations and seminars that raised the issues that intellectual property disputes is capable of being arbitrated.\textsuperscript{128} It specializes in use of alternative dispute resolution procedures to resolve disputes involving IP. Use of Arbitration, Mediation and Expert Determination are promoted by the Center to achieve cost and time effective resolution of the intellectual property dispute.\textsuperscript{129} The center offers services such as drafting and reviewing Alternate Dispute Resolution rules, model dispute resolution contract clauses, specialized panel of qualified arbitrators, mediators and experts,

\textsuperscript{124} Ibid. \\
\textsuperscript{125} Ibid. \\
\textsuperscript{126} Ibid. \\
\textsuperscript{127} Hereinafter referred to as the Center \\
\textsuperscript{128} Hans Smit, \textit{WIPO Arbitration Rules, Commentary and Analysis} (Juris Publishing, 2005) [hereinafter referred to as WIPO Commentary] \\
administrative services, organizing training programs for panels and technical assistance.\textsuperscript{130}

On the establishment of the WIPO center, the Director General Francis Gurry states:

The underlying reason for the establishment of the Center was a belief in the specificity of intellectual property as a subject matter, and, thus, of disputes concerning intellectual property, coupled with the conviction that arbitration and other dispute-resolution alternatives offered particularly suitable means of accommodating the specific characteristics of intellectual property disputes.\textsuperscript{131}

The center is “truly international and expert in intellectual property”\textsuperscript{132} These two features are of particular importance\textsuperscript{133} in relation to intellectual property disputes. Given the nature of the dispute, it requires “tailored resolution methods”.\textsuperscript{134} Being an institution that is Intellectual Property specific, the question then arises as to the reasons why parties must choose the WIPO’s center to resolve their disputes over the other well-established arbitral institutions like the International Chamber of Commerce Court of Arbitration (ICC), American Arbitration Association (AAA) and the London Court of International Arbitration (LCIA). The answer can be found in the IP specific rules formulated by the Center to govern arbitration.

\textsuperscript{130} WIPO center, online: WIPO Arbitration and Mediation Center \texttt{<http://www.wipo.int/amc/en/center/specific-sectors/>}
\textsuperscript{132} Martin \textit{supra} note 35.
\textsuperscript{133} As discussed in Chapter One.
In addition to the arbitration agreement that is the arbitral tribunal’s source of power and authority, the institutional rules can also be viewed as another source.\textsuperscript{135} The arbitral tribunal appointed by the Center is governed by its own Arbitration Rules having originally its basis from the UNCITRAL Rules but modified to suit intellectual Property cases.\textsuperscript{136} They are the WIPO Arbitration Rules\textsuperscript{137} that are general in nature and WIPO Expedited Arbitration Rules for resolution of disputes capable of expeditious resolution.\textsuperscript{138} The Rules take into account the concerns that parties have regarding confidentiality of the proceedings, interim measures and the enforceability of the award. The following section discusses these provisions in brief showing how the center is well suited for a transfer of technology dispute resolution.

On comparison with the other arbitral institution rules, the Center’s arbitration rules makes specific rules in relation to Intellectual Property especially in relation to disclosure of confidential information.\textsuperscript{139} Particular emphasis is placed by WIPO in their rules taking


\textsuperscript{136} Martin supra note 35; See also WIPO Arbitration and Mediation Rules.

\textsuperscript{137} Hereinafter referred to as the Rules.

\textsuperscript{138} WIPO Commentary supra note 129.

\textsuperscript{139} Article 52 Disclosure of Trade Secrets and Other Confidential Information: (a) For the purposes of this Article, confidential information shall mean any information, regardless of the medium in which it is expressed, which is:

(i) in the possession of a party; (ii) not accessible to the public;

(iii) of commercial, financial or industrial significance; and

(iv) treated as confidential by the party possessing it.

(b) A party invoking the confidentiality of any information it wishes or is required to submit in the arbitration, including to an expert appointed by the Tribunal, shall make an application to have the information classified as confidential by notice to the Tribunal, with a copy to the other party. Without disclosing the substance of the information, the party shall give in the notice the reasons for which it considers the information confidential.

(c) The Tribunal shall determine whether the information is to be classified as confidential and of such a nature that the absence of special measures of protection in the proceedings would be likely to cause serious harm to the party invoking its confidentiality. If the Tribunal so determines, it shall decide under which conditions and to whom the confidential information may in part or in whole be disclosed and shall
into account the sensitive nature of intellectual property and the confidentiality issues that revolve around it. Confidentiality has always been a critical issue. Parties are always overtly cautious about confidentiality due to the nature of the subject matter involved in the dispute.

Article 73 of the Rules protects the confidentiality of the existence of arbitration except in connection to a court challenge to arbitration or action of enforcement of an award, no information is to be unilaterally disclosed. Disclosure is allowed if it is required by law or by a competent authority.

Disclosures made during the arbitral proceedings remain confidential under Article 74 of the Rules. Award rendered remains confidential under Article 75. The Rules also cover

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require any person to whom the confidential information is to be disclosed to sign an appropriate confidentiality undertaking.
(d) In exceptional circumstances, in lieu of itself determining whether the information is to be classified as confidential and of such nature that the absence of special measures of protection in the proceedings would be likely to cause serious harm to the party invoking its confidentiality, the Tribunal may, at the request of a party or on its own motion and after consultation with the parties, designate a confidentiality advisor who will determine whether the information is to be so classified, and, if so, decide under which conditions and to whom it may in part or in whole be disclosed. Any such confidentiality advisor shall be required to sign an appropriate confidentiality undertaking.
(e) The Tribunal may also, at the request of a party or on its own motion, appoint the confidentiality advisor as an expert in accordance with Article 55 in order to report to it, on the basis of the confidential information, on specific issues designated by the Tribunal without disclosing the confidential information either to the party from whom the confidential information does not originate or to the Tribunal.

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Article 73 Confidentiality of the Existence of the Arbitration: (a) Except to the extent necessary in connection with a court challenge to the arbitration or an action for enforcement of an award, no information concerning the existence of an arbitration may be unilaterally disclosed by a party to any third party unless it is required to do so by law or by a competent regulatory body, and then only:
(i) by disclosing no more than what is legally required; and
(ii) by furnishing to the Tribunal and to the other party, if the disclosure takes place during the arbitration, or to the other party alone, if the disclosure takes place after the termination of the arbitration, details of the disclosure and an explanation of the reason for it.
(b) Notwithstanding paragraph (a), a party may disclose to a third party the names of the parties to the arbitration and the relief requested for the purpose of satisfying any obligation of good faith or candor owed to that third party.

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140 Ibid.
141 Ibid.
the confidentiality aspect that is required between the center and the arbitrator.\textsuperscript{142} This provision plays an important part in IP disputes.\textsuperscript{143} The only way the Center can use the information relating to the arbitration is through aggregate statistical data relating to its activities without identifying parties or the circumstances of the dispute.\textsuperscript{144}

Furthermore, the Rules give the Arbitral Tribunal the power to issue interim measures under Article 46. Typically, in an intellectual property dispute the claimant would seek an injunction to stop the other party from using a product/service wherein the underlying intellectual property right belongs to the claimant. The claimant who has the right must be able to enforce his right against infringing parties. It is important that the parties have access to interim relief in a Technology or Intellectual Property related dispute.\textsuperscript{145} In the United States, based on precedents, it is recognized that the arbitrator issued the injunction instead of the court. The power to issue interim relief to the party is derived on how the arbitration agreement is worded.\textsuperscript{146} The type of interim relief can be expressly specified in the agreement. In absence of express terms, it can be implied from the institutional rules.\textsuperscript{147} The debated issue always remains as to how much authority does

\begin{itemize}
\item Article 76 Maintenance of Confidentiality by the Center and Arbitrator: (a) Unless the parties agree otherwise, the Center and the arbitrator shall maintain the confidentiality of the arbitration, the award and, to the extent that they describe information that is not in the public domain, any documentary or other evidence disclosed during the arbitration, except to the extent necessary in connection with a court action relating to the award, or as otherwise required by law.
(b) Notwithstanding paragraph (a), the Center may include information concerning the arbitration in any aggregate statistical data that it publishes concerning its activities, provided that such information does not enable the parties or the particular circumstances of the dispute to be identified.
\item supra note 143.
\item Position is more concrete in the US; can be expressly provided for and the courts have also held that this power can be implied cited in Murray supra note 144.
\item Supra note 136.
\end{itemize}
the tribunal have to issue interim relief to the parties as compared to national courts in International Arbitration.

The Arbitrators are given broad powers under Article 46\textsuperscript{148} wherein they can provide interim relief that is appropriate and deemed necessary. This power can only be exercised when one of the parties have requested the tribunal for relief.\textsuperscript{149} The WIPO Rules also authorize the tribunal to act \textit{ex parte}. Furthermore, the Rules do not prohibit the parties from applying to the national courts for interim relief. In fact, the Rules state that they have a right to request for interim relief from the national court at anytime.\textsuperscript{150} In addition to the Rules, WIPO also provides for Emergency Relief Rules that the parties must explicitly provide for in their agreement.

With respect to awards, Chapter V (Articles 59-66) provides for provisions in relation to enforcement and treatment of awards. It covers the law to be applied; the decision making process; form and substance of an award; notification and timing for delivery of the award and effective date; corrections to the award and/or additional award requests;

\begin{flushleft}
\textsuperscript{148} \textit{Ibid}; see also Article 46 Interim Measure of Protection: Security for Claims and Costs
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(a) At the request of a party, the Tribunal may issue any provisional orders or take other interim measures it deems necessary, including injunctions and measures for the conservation of goods which form part of the subject matter in dispute, such as an order for their deposit with a third person or for the sale of perishable goods. The Tribunal may make the granting of such measures subject to appropriate security being furnished by the requesting party.
\end{flushleft}
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(b) At the request of a party, the Tribunal may, if it considers it to be required by exceptional circumstances, order the other party to provide security, in a form to be determined by the Tribunal, for the claim or counter-claim, as well as for costs referred to in Article 72.
\end{flushleft}
\begin{flushleft}
(c) Measures and orders contemplated under this Article may take the form of an interim award.
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(d) A request addressed by a party to a judicial authority for interim measures or for security for the claim or counter-claim, or for the implementation of any such measures or orders granted by the Tribunal, shall not be deemed incompatible with the Arbitration Agreement, or deemed to be a waiver of that Agreement.
\end{flushleft}
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\textsuperscript{149} \textit{Ibid} Article 46(d)
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\textsuperscript{150} WIPO Guide \textit{supra} note 146 at page 32.
\end{flushleft}
settlements and consent awards; appeals.\textsuperscript{151} In most cases, the Center is able to settle the dispute amicably and expeditiously before the stage of enforcing the award. As of 2011, 58\% of the cases were settled prior to an award.\textsuperscript{152}

More than the rules, it is pertinent to note that amongst the services provided by the Center, is its ability to cater to different sectors in the Intellectual Property industry. Of particular importance is the ADR service in Research and Development and Technology Transfer sector. It is part of the Centre’s ADR Specific Sector Services amongst other sectors.\textsuperscript{153} Technology Transfer dispute involves issues that comes out of diverse expectations from different parties.\textsuperscript{154} In dealing with the dispute, the center suggests having consistent dispute resolution procedures in place at every stage of the collaborative technology transfer agreement.\textsuperscript{155}

The WIPO Center also provides for recommended arbitration clauses that the parties can insert into their agreements. This makes it easier to opt WIPO as an institution to resolve IP related disputes. Re-iterated below is one of the draft clauses.

Any dispute, controversy or claim arising under, out of or relating to this contract and any subsequent amendments of this contract, including, without limitation, its formation, validity, binding effect, interpretation, performance, breach or termination, as well as non-contractual claims, shall be referred to and finally

\textsuperscript{151} Christopher S. Gibson, “Awards and Other Decisions” Hans Smit, \textit{WIPO Arbitration Rules, Commentary and Analysis} (Juris Publishing, 2005); See also WIPO rules.
\textsuperscript{152} supra note 3; Castro Workshop supra note 130.
\textsuperscript{153} The other specific sectors that the Center provides ADR services include: Art and Cultural Heritage, Biodiversity, Collecting Societies, Film and Media, Information and Communication Technology, Intellectual Property Offices and Sports, online: World Intellectual Property Organisation <http://www.wipo.int/amc/en/center/specific-sectors/>.
\textsuperscript{154} Ibid.
\textsuperscript{155} Ibid.
determined by arbitration in accordance with the WIPO Arbitration Rules. The arbitral tribunal shall consist of [a sole arbitrator][three arbitrators]. The place of arbitration shall be [specify place]. The language to be used in the arbitral proceedings shall be [specify language]. The dispute, controversy or claim shall be decided in accordance with the law of [specify jurisdiction].

The Center advises the parties in using the above clause modifying it according to their specific needs. It can be adapted to the parties’ contractual relationship. Adopting the model clause covers the important requirements and brings about uniformity in arbitrating the dispute. 49% of the WIPO caseload is dealt with using arbitration. The center takes up cases either when there exists a dispute resolution clause in the agreement for future disputes or by way of submission agreements for existing disputes. Consistency is achieved when a multi party agreement is submitted to the Center. The Arbitration process in the Center involves the following stages:

1) Request for Arbitration
2) Answer to Request for Arbitration within 30 days
3) Appointment of Arbitrator(s)
4) Statement of Claim within 30 days
5) Statement of Defense with 30 days
6) Additional written statements and witness statements
7) Hearings
8) Closure of Proceedings within 9 months

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157 WIPO Guide supra note 146.
158 Castro Workshop supra note 130.
9) Final Award within 3 months\textsuperscript{159}

Additionally, WIPO has separate rules for Expedited Arbitration wherein the above stages are followed with a sole arbitrator, shorter time limits and shorter hearings.\textsuperscript{160}

Due to the confidentiality element involved in all the cases the Center takes up, it is difficult to know the cases that have been successfully resolved by the Center. The Center does provide for few examples of cases that it has dealt with.\textsuperscript{161} The common thread in those cases was that the agreements entered into by the parties had a clause authorizing the WIPO center to arbitrate the dispute. Here is an example: A dispute arose on termination of a contract with a Pharmaceutical Company by the Biotech Company over delay in development of a compound. Both companies in their collaborative agreement inserted a clause where in case of any disputes that should arise would be arbitrated under the WIPO rules of arbitration. The arbitrator was able to establish dialogue between the parties and soon after the parties entered into a settlement agreement re-establishing their collaborative agreement to develop the biotech compound.\textsuperscript{162} Furthermore, apart from contractual issues\textsuperscript{163}, in an IP dispute, the Center deals with validity and infringement of the Intellectual Property involved in its arbitration process. One of the cases after years of litigation in multiple jurisdictions was presented before the Center, involved an alleged infringement of patent. Though there isn’t much on the case, the center was able to

\textsuperscript{159} \textit{Ibid}, WIPO Guide \textit{supra} note 146.
\textsuperscript{160} Castro Workshop \textit{supra} note 130.
\textsuperscript{161} \textit{Infra} note 163.
\textsuperscript{162} WIPO website, A5. A WIPO Arbitration of a Biotech/Pharma Dispute, online: <http://www.wipo.int/amc/en/arbitration/case-example.html#a5>. See also the other case studies that the Center has been involved in.
\textsuperscript{163} Contractual issues include Patent Licenses, Distribution agreements, Research and development agreements, Joint Ventures, Software and IT transactions. See also Erik Wilbers, Mediation/Arbitration of Intellectual Property Disputes, FICPI 12\textsuperscript{th} Open Forum, Munich 8-10 September 2010, WIPO Arbitration and Mediation Center.
prepare a time schedule for the parties’ written submissions and within a short period of time, an award was rendered.  

**CONCLUSION**

Development of technology and associated research collaborations can bring about potential disagreements and disputes. To deal with these sorts of disputes, it is apt for an institution that is “involved with law and technology” to undertake the dispute resolution process, capable of handling the matter in an efficient manner. The Center is apt given its distinct ability to provide advice and design arbitration clauses and agreements for Intellectual Property related disputes. It provides a platform wherein specific needs of the parties are taken care instead of adopting a “one size fits all” approach in dealing with arbitrating disputes. The Center collaborates with the parties involved whereby an amicable solution can be reached resulting in a win-win situation. Stringent rules under the WIPO center’s regime give importance to confidentiality. They cover issues that are relevant and provide adequate powers to the tribunal to adjudicate upon the matter. The Center makes sure that the dispute is settled in a manner wherein neither one of the parties would resort to litigation post arbitration. Benefits of the Center can be maximized if it is properly utilized especially when the Center is experienced in the field of Intellectual Property arbitration. Dispute resolution by an International Intellectual Property oriented forum would make absolute sense for any party involved in such disputes. Taking advantage of the Rules and the Center to arbitrate transfer of

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166 Ibid.
technology disputes, resolving the dispute becomes easier and results in time and cost savings.
CHAPTER FOUR

Conclusion

Technology and its related Research and Development is an ever-expanding field. This has led to the internationalization and commercialization of transfer of technology and Intellectual Property. Disputes are inevitable when various entities are involved in a multijurisdictional transaction. Litigating disputes involving technology and intellectual property can be expensive and time consuming. Throughout the thesis, various concepts were discussed trying to relate International Arbitration and its use in transfer of technology disputes. Apart from reducing the burden on national courts and companies’ financial burden, this alternate forum provides the parties the benefits of flexibility, a neutral forum, efficiency, expertise, confidentiality and a way to preserve long-term business relationships. These are advantages over litigation and are important features that parties prefer in resolving a transfer of technology dispute. Arbitrability issues must not limit the parties from resorting to International Arbitration. Jurisdictions such as the United States and Switzerland have allowed Arbitration of Intellectual Property related disputes. These jurisdictions have construed public policy rationale narrowly and have recognized arbitral awards relating to Intellectual Property. These awards are said to have an effect *inter partes* and would not affect third parties. Raising the Public policy argument does not make sense in this case. Furthermore, it is pertinent to note that when a dispute is submitted to International Arbitration, it involves resolving contractual issues. Transfer of Technology and Intellectual Property is agreement driven. The parties and their legal counsels should undertake careful drafting of the agreement and the arbitration clause. Finally, institutional role of the World Intellectual Property
Organization’s Arbitration and Mediation Center must be recognized and given due
importance with its distinct ability to deal with Intellectual Property related disputes.
Given the multi jurisdictional nature and the expertise required in a transfer of technology
dispute, the practical solution is to pick an institution with the relevant experience in
dealing with such disputes. The Center understands that Confidentiality of the dispute
and the subject matter is critical. It has promulgated Arbitration Rules and Expedited
Arbitration Rules that are designed keeping in mind the complexity of such disputes.
Proper utilization of the Center, its expert panel of arbitrators and its Intellectual Property
specific Arbitration Rules can result in quick and efficient settlement of the transfer of
technology dispute.


APPENDIX A

Advantages of Arbitration over Court Litigation is summarized below:\textsuperscript{167}:

<table>
<thead>
<tr>
<th>Common Features of many IP Disputes</th>
<th>Court Litigation</th>
<th>Arbitration</th>
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| **International**                  | • Multiple proceedings under different laws, with risk of conflicting results  
• Possibility of actual or perceived home court advantage of party that litigates in its own country | • A single proceeding under the law determined by parties  
• Arbitral procedure and nationality of arbitrator can be neutral to law, language and institutional culture of parties | |
| **Technical**                      | • Decision maker might not have relevant expertise | • Parties can select arbitrator(s) with relevant expertise | |
| **Urgent**                         | • Procedures often drawn-out  
• Injunctive relief available in certain jurisdictions | • Arbitrator(s) and parties can shorten the procedure  
• WIPO Arbitration may include provisional measures and does not preclude seeking court-ordered injunction | |
| **Require finality**               | • Possibility of appeal | • Limited appeal option | |
| **Confidential/Trade secrets and risk to reputation** | • Public proceedings | • Proceedings and award are confidential | |

LEGISLATION

1) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), 15 April 1994

2) Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 10 June 1958


4) United States Code Title 35- Patent Law

5) WIPO Arbitration, Mediation, and Expert Determination Rules, 1 October 2002

6) WIPO Expedited Arbitration rules, 1 October 2002

JURISPRUDENCE


SECONDARY MATERIAL

A. BOOKS


B. ARTICLES


3) Anderson, Alan M & Christopher A Young. “Why Arbitration is a valid alternative”. Managing IP (June 2007)


13) Fullbright & Jaworski Litigation Trends Survey Online:


20) Loukas Mistelis, 'Keeping the Unruly Horse in Control' or Public Policy as a Bar to Enforcement of (Foreign) Arbitral Awards” (2000) 2 Int'l Law Forum Du Droit Int'l 248.


