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LIST OF ABBREVIATIONS

IP	Intellectual Property
IPRs	Intellectual Property Rights
ADR	Alternative Dispute Resolution
WIPO	World Intellectual Property Organisation
TRIPS	Trade-Related Aspects of Intellectual Property Rights
WTO	World Trade Organisation
GATT	General Agreement on Tariffs and Trade
QMUL Survey	Queen Mary University of London's School of International Arbitration
ICC	International Chamber of Commerce
LCIA	London Court of International Arbitration
SIAC	Singapore International Arbitration Centre
IBA Rules	IBA Rules on the Taking of Evidence in International Commercial Arbitration Rules
Model Law	UNCITRAL Model Law on International Commercial Arbitration
FAA	Federal Arbitration Act
AAA	American Arbitration Association
ICSID	International Centre for Settlement of Investment Disputes
CJEU	Court of Justice of the European Union
the Berne Convention	Berne Convention for the Protection of Literary and Artistic Works in 1886
New York Convention	Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958
Hague Judgments Convention	Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters 2019

INTRODUCTION

With the assistance of the International Association for the Protection of Intellectual Property, the World Intellectual Property Organisation (WIPO) Centre released the first global survey findings on alternative dispute resolution (ADR) in technology transactions in 2013. To compare the usage of ADR and court litigation in such IP-related conflicts and evaluate the selection of such dispute resolution methods, the study was conducted using a thorough questionnaire. The survey data from 62 states revealed that over 90% of respondents reported concluding agreements with parties from other countries, and 94% of respondents considered dispute resolution provisions a vital part of contract negotiations.[1]

Survey data confirms that a vast majority of respondents are engaged in international IP-related agreements, which confirms that *IP-related economic ties are global in the 21st century*. In the decade since this survey was conducted, the emergence of the Internet and the rapid progress of globalisation may have also expanded the scope of international IP transactions.

In light of such a global landscape, where IP rights can be infringed upon thousands of miles away from their place of origin, it becomes crucial to select the most effective instruments for protecting these rights and obtaining appropriate and timely compensation for any infringement. *The objective of this thesis is to comprehensively evaluate arbitration as a method of resolving IP disputes, emphasising its advantages and limitations.*

This master's thesis is structured to determine if arbitration is an appropriate option for resolving IP disputes and consists of four Chapters:

Chapter I outlines that IP rights typically are limited to the boundaries of a single country. This restriction becomes especially challenging in an era of digital technologies and expanding global trade;

Chapter II addresses advantages and limitation of IP disputes arbitration. It examines the enforceability of arbitral awards, the effectiveness of the principles of party autonomy and neutral proceedings, and the benefit parties may gain from procedural flexibility. In addition, it evaluates the impact of the finality of arbitration awards and the potential benefits that can be derived from the principle of confidentiality.

[1] WIPO Arbitration and Mediation Center, 'Results of the WIPO Arbitration and Mediation Center International Survey on Dispute Resolution in Technology Transactions WIPO Center International Survey on Dispute Resolution in Technology Transactions -2' (2013) <https://www.wipo.int/export/sites/www/amc/en/docs/surveyresults.pdf>.

Chapter III discusses grounds under which a national court may refuse enforcement of arbitral award suo moto listed in accordance with Article V (2) of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention). This includes discussions around applicable law, inarbitrability and public policy.

Chapter IV shifts focus to other grounds for non-recognition listed in Article V (1) of the New York Convention. Particularly, it examines cases where the relevant arbitration agreement may be deemed invalid, procedural fairness issues are raised, the award is not binding or has been set aside or suspended, or there are irregularities in the composition of the arbitral tribunal or the arbitral procedure.

In constructing the methodology for this master's thesis, a thorough analysis of empirical studies, statistical data, and reports was conducted. Over 90 scientific papers were closely analysed, giving particular attention to the seminal works of arbitration study pioneers such as Gary Born, Alejandro I. Garcia, Trevor Cook, Alan Redfern, and Martin Hunter. Furthermore, I scrutinised court decisions and studied international treaties, to obtain a global perspective on IP dispute resolution through arbitration. Additionally, I examined national legislation regarding arbitrability in countries both within and outside the EU to capture diverse legal contexts. This comprehensive approach was instrumental in grounding my research in both theory and real-world practice.

This master's thesis specifically focuses on arbitration within the context of IP disputes arising from commercial relationships between private parties. Consequently, international investment arbitration, which primarily deals with conflicts between private parties and sovereign nations, is not covered by this research project. Additionally, arbitration of domain name disputes is not discussed. This focus enables an in-depth exploration of IP arbitration, specifically within the context of commercial relationships. This analysis will serve to assist practitioners who construct arbitration clauses in IP-related contracts or who seek to advise on or participate in international IP arbitration.

This master's thesis is among the first to acknowledge the forthcoming Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters (Hague Judgments Convention) as a potential competitor to arbitration. However, as this Convention has yet to be implemented and its long-term influence on legal relationships remains to be seen, it opens a new avenue for academic exploration. This underlines the continued need for scholarly attention towards IP arbitration to evolve practical applications in the future, particularly in relation to how it compares with emerging frameworks.

I. GLOBALISATION AND NATURE OF INTELLECTUAL PROPERTY

The increasing globalisation and rapid expansion of the creative industry over the past few decades have brought into sharp focus the significance of intellectual property (IP) in upholding fair competition and honesty in business. Even nowadays IP keeps developing with the evolution of society and trade.[2]

In accordance with WIPO research, the concept of IP is defined by means of two approaches. The more commonly used approach links IP to legal rights stemming from intellectual activities in areas such as industry, science, music, literature and art. Whereas, the second approach associates IP with governmental rules that promote creativity and the dissemination and application of its outcomes, also fostering fair trade for the sake of economic progress.[3] Indeed, both of these approaches require further examination. For instance, the first approach is overly broad, as it fails to explain why certain products of intellectual activity, like customers' lists, and statistical data, are not considered as IP. On the other hand, the second approach is too limited, as it disregards important areas of IP protection that are not necessarily related to creativity, such as trade secrets, trademarks or geographical indications.[4]

In this research the term "intellectual property" would be used as it is defined in Trade-Related Aspects of Intellectual Property Rights (TRIPS) "as all the rights that it addresses, namely (in the order in which it deals with them) copyright, related rights in performances, sound recordings and broadcasts, trademarks, geographical indications, designs, patents (including rights in plant varieties where there is no patent protection for these), semiconductor chip topographies and unfair competition (including the protection of confidential information and of regulatory data filed in support of pharmaceutical and agrochemical authorisations)."[5] In particular, the mentioned definition is the most appropriate *nowadays* as TRIPS provides a general uniform framework for the protection and enforcement of IP rights across all 164 state-members of the World Trade Organisation (WTO).[6]

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[2] World Intellectual Property Organisation, *Introduction to Intellectual Property: Theory and Practice* (2nd edn, Wolters Kluwer Law International 2017) 3.

[3] Karin Beukel and Minyuan Zhao, 'IP Litigation Is Local, but Those Who Litigate Are Global' (2018) 1 Journal of International Business Policy 53.

[4] WIPO (n 2) 4.

[5] Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) 1994.

[6] World Trade Organisation, 'WTO | What Is the WTO? - Who We Are' (www.wto.org) <https://www.wto.org/english/thewto_e/whatis_e/who_we_are_e.htm#:~:text=The%20overall%20objective%20of%20the>.

The earliest efforts to establish uniform legal regulations concerning IP were a long time before TRIPS and embodied in two conventions: the Paris Convention for the Protection of Industrial Property in 1883 and the Berne Convention for the Protection of Literary and Artistic Works in 1886 (the Berne Convention). These conventions recognised that each contracting state has its own laws governing intellectual property rights (IPRs), and introduces two principles.[7] Firstly, they called for the implementation of certain minimum standards of substantive law by all contracting states. Secondly, they promoted national treatment for inventors and creators from foreign countries, prohibiting any discriminatory treatment of foreign originators.[8]

The General Agreement on Tariffs and Trade (GATT), established in 1947, served as a crucial stepping-stone for the globalisation of IP. GATT aimed to stimulate free trade and decrease trade barriers among its constituent countries, with IP integral to this mission.[9] To uphold these ideals, GATT instituted several trade principles and guidelines. A notable principle was the most-favoured-nation principle. This rule mandated that each member country must extend equal trading treatment to all other member nations. It discouraged discriminatory trading practices and endorsed fair competition. Similarly, the principle of non-discrimination was established to prevent member countries from unfairly giving preference to their domestic industries over international ones. The WTO succeeded GATT in 1995.[10] Notwithstanding this transition, GATT's foundational principles and rules continue to impact today's international trading system, underscoring its enduring influence in global trade. [11]

The internationalisation of trade and knowledge-based businesses' growing significance in the international marketplace made in the 1980s-1990s a significant shift towards IP globalisation. As countries began to engage more in global trade, it became more essential to harmonise IP legislation worldwide to ensure that IP rights could be effectively protected and enforced in the global marketplace.[12] The harmonisation of IP legislation was seen as crucial to innovators and investors in order to provide certainty and predictability, facilitating the transfer of technology and knowledge across state borders.

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[7] Alejandro I. Garcia, Trevor Cook, *International Intellectual Property Arbitration* (Wolters Kluwer Law & Business 2010) 5-6.

[8] Susan K. Sell, *Private Power, Public Law: The Globalization of Intellectual Property Rights* (Cambridge University Press 2003) 10.

[9] ibid 7.

[10] World Trade Organisation, 'WTO | Understanding the WTO - the Uruguay Round' (Wto.org2000) <https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact5_e.htm>.

[11] WTO, 'What Is the WTO?' (n 6).

[12]WIPO (n 2) 7.

The adoption of TRIPS in 1994 was a significant step towards such harmonisation of IP legislation worldwide. Generally, TRIPS is widely recognised as an extensive agreement, setting basic benchmarks for the safeguarding and enforcement IPRs, including patents, trademarks, copyrights, and trade secrets. It requires all WTO member states to ensure at least a minimum degree of IP protection and enforcement, which was seen as a considerable move towards IP harmonisation across the world.[13]

TRIPS incorporates several provisions governing enforcement of IPRs. These provisions include strategies such as border control, civil and criminal legal solutions, and methods to prevent the bypassing of technology protection measures. These strategies aim to ensure the effective enforcement of IPRs in a global context.[14]

The acceptance of TRIPS marked a significant milestone in the globalisation of IP, as it laid down a worldwide framework for protecting and enforcing IPRs. Despite its importance, the implementation of TRIPS stirred controversy. Critics argued that the agreement overemphasised the protection of IPRs, overshadowing other public policy objectives like access to necessary medicines and facilitating the transfer of technology to developing nations.[15]

The value of IP protection in stimulating innovation became increasingly recognised by governments, industries, and the wider society, and the WIPO was founded in 1967. As a specialised agency of the United Nations, WIPO's aim is to globally contribute to IP protection.[16] The aftermath of World War II signified the necessity for a universal platform where nations could collectively discuss and tackle mutual challenges related to IP protection, such as counterfeit goods and piracy. Therefore, creating such an organisation was deemed a critical stride towards formulating and harmonising international IP laws and regulations. The WIPO is also responsible for providing technical aid and capacity-building to nations and promoting the application of IP as a tool for cultural, social, and financial advancement.[17]

WIPO provides services among its 193 member states, such as administering international treaties related to IP, facilitating IP-related policy discussions, maintenance of various databases and tools related to IP (International Patent Classification system and the Global Brand Database). Online

[13]The General Agreement on Tariffs and Trade (GATT) 1947.

[14]Antony Taubman, Hannu Wager and Jayashree Watal, *A Handbook on the WTO TRIPS Agreement* (Cambridge University Press 2020) 14.

[15] Garcia and Cook (n 7) 6.

[16] Lisa Jorgenson, Carsten Fink, 'WIPO's Contributions to International Cooperation on Intellectual Property' (2022) 26 Journal of international economic law 30, 32.

[17] Hannes Siegrist, Augusta Dimou, *Expanding Intellectual Property: Copyrights and Patents in 20th Century Europe and beyond* (Budapest: Central European University Press 2017) 31.

registration of IPRs through WIPO has made the process of registering IPRs more accessible and cost-effective for individuals and businesses around the world.[18] Not to mention that WIPO's Arbitration and Mediation Centre provides online dispute resolution services for IP-related disputes. From registering an application to receiving the award, the entire process concludes online.[19] Consequently, WIPO stands as a significant entity promoting and safeguarding Intellectual Property worldwide. Its activities hold relevance for an extensive array of stakeholders, encompassing governments, businesses, inventors, creators, and the public at large.

In the 21st century the globalisation of IP has emerged as a significant phenomenon, predominantly manifested in the ascendance of IP-intensive sectors such as pharmaceuticals, software, and entertainment. These sectors have progressively evolved as crucial engines of economic growth and innovation across various nations. Consequently, there has been an intensified focus on the strategies for safeguarding and enforcing IPRs within these industrial sectors.[20]

The trajectory of IP globalisation has been significantly influenced by the advent of advanced digital technologies. These technologies have reshaped the paradigms of creation, distribution, and access to digital content, transcending geographical limitations. However, alongside the numerous opportunities, the digital transformation has also brought forth an array of challenges concerning the protection and enforcement of IPRs. The digital realm, owing to its inherent nature, has inadvertently made it relatively effortless for individuals and organisations to infringe upon these rights. Therefore, in this era of digitisation, striking a balance between technological progress and safeguarding intellectual property rights emerges as a crucial aspect that warrants further exploration and understanding. [21]

In conclusion, the first attempt to unify IP legislation began in the 19th century with the introduction of the first legal principles regarding protection of industrial property and copyright. Nevertheless, since time and the emergence of IP associated with the development of trade, and economic growth the harmonisation of IP legislation was seen as crucial in promoting innovations after the II World War. The major step was the foundation of a forum for international cooperation in IP - WIPO. Nowadays, IP continues to evolve and face challenges posed by digital technologies.[22]

[18] Jorgenson and Fink 'WIPO's Contributions to International Cooperation' (n 16) 32-33.
[19] Garcia and Cook (n 7) 46.
[20] Taplin Ruth, 'Roots of the IP drive and economic globalization' (2009) 87 Intellectual Property and the New Global Japanese Economy 27.
[21] Mina Jovanovic, 'Conference Report: Zurich IP Retreat 2019 – Nationalism vs. Globalization in IP' (2020) 69 GRUR International 270, 277.
[22]WIPO (n 2) 7.

IPRs are classified as negative rights, which means granting their owners the power to prohibit others from performing certain actions, rather than entitling the owners to carry out certain actions themselves. IPR is enforceable against all individuals and organisations within a specific country, except for the state in some cases. In order to get such a protection an application must be filed with a state authority (patent office) in the relevant jurisdiction. During this registration process, the authority may assess the application's compliance with legal requirements and, in some cases, evaluate the application's substantive content to prevent the registration of invalid IPRs. Once an IPR is registered, its details become publicly available, serving the purpose of providing notice to others. Notwithstanding, registration alone does not guarantee the validity of the IPR, and challenges to its validity can still be made on certain grounds. Nonetheless, registration of an IPR is a *state act* that notifies others of the existence of the IPRs, when the validity of the IPRs is successfully challenged in litigation, the registration may be cancelled. Whether an IPR can prevent third parties from certain actions can depend on whether registration of the IPR is required. For example, in the case of patents, registration is *necessary* and confers a true monopoly of the owner, preventing anyone from undertaking activities within the scope of the right's protection.[23] Contrary, copyright protection is generally only available against derivation from what is protected by the IPR, and infringement requires the connection between the claimed violation and the protected asset.[24]

IPRs are typically limited in scope to one state or sometimes on regional levels (Benelux or the EU) and can exist in parallel in different jurisdictions.[25] However, IPRs can also be protected on an international level through various agreements and treaties. For example, Berne Convention allows the copyright holder to claim protection across all members of the Union (181 states).[26]

Furthermore, IPRs that exist automatically without registration (copyright), can subsist in parallel in all WTO member jurisdictions[27] (or Berne Convention member jurisdictions particularly for copyright) whereas, [28] IPRs that require registration (patents) can only come into existence in jurisdictions where registration is required.[29]

[23]Garcia and Cook (n 7) 8.

[24] Kono Toshiyuki, Basedow Jürgen, Metzger Axel, *Intellectual Property in the Global Arena: Jurisdiction, Applicable Law, and the Recognition of Judgments in Europe, Japan and the US* (Mohr Siebeck 2010) 66.

[25]'Organisation and Policy | Benelux Office for Intellectual Property' (www.boip.int) <https://www.boip.int/en/ip-professionals/about-boip/organisation-and-policy> accessed 2 June 2023.

[26]Berne Convention for the Protection of Literary and Artistic Works 1886.

[27] WTO, 'What Is the WTO?' (n 6).

[28]Berne Convention (n 26).

[29]ibid.

The EU serves as the prime example of a system where EU trademarks[30], designs[31] or patents[32]can be registered with unitary effect throughout the EU. These registrations cannot be divided among member states, except through licensing, and can be enforced through a single action in EU Member States. The EU IPRs, previously called 'Community' IPRs, mirror those awarded under national systems within the EU, where trademarks, designs or patents are registered on a national level with only national effect.[33] However, EU law has harmonised national laws pertaining to these rights to a significant extent. As a result, certain types of IPR can coexist within the same national jurisdiction in the EU.

Thus, such a feature of IP as territoriality has crucial procedural implications for the settlement of the growing number of IP disputes that in practice concern parallel *IPRs existing in multiple jurisdictions*. Due to the territorial nature of these rights, national judicial systems are unable to resolve such issues on an international basis. As a result, addressing such disputes over such rights through litigation necessitates the involvement of numerous courts, as the majority of them will only exercise jurisdiction over IPRs that are already in effect locally. Most courts express hesitation in assuming jurisdiction over cases involving foreign IPRs, and they can only do so under the most extreme conditions. As a consequence, when disputants intend to pursue disputes abroad across various categories of IP, they are required to litigate in multiple courts across different countries.[34]

In addition, the territorial nature of IP means that different countries have their own legislation that applies to the same type of IP. This means that a potential infringement that occurs in multiple territories will be subject to multiple IP regulations. Notwithstanding the fact that there are global treaties governing IP and some degree of standardisation guaranteed by TRIPS, substantial legal variations still remain. Even in regions where there has been a considerable degree of harmonisation, such as the EU, there can be important differences in detail. The application of the same law can vary, leading to different outcomes, as different courts, influenced by unique legal traditions and procedural frameworks, interpret it. Nevertheless, this does not impede arbitration, which typically considers various factors such as the laws governing the agreement to arbitrate,

[30]EUIPO, 'Trade Marks in the European Union' <https://euipo.europa.eu/ohimportal/en/trade-marks-in-the-european-union%3E> accessed 1 March 2023.
[31]EUIPO, 'Designs in the European Union' <https://euipo.europa.eu/ohimportal/en/trade-marks-in-the-european-union> accessed 1 March 2023.
[32]The European Patent Convention 1973.
[33]EPO, 'Unitary Patent' <https://www.epo.org/applying/european/unitary/unitary-patent.html> accessed 1 May 2023.
[34] Trevor Cook, ''Alternative Dispute Resolution (ADR) as a Tool for Intellectual Property (IP) Enforcement' (2014) <https://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ace_9/wipo_ace_9_3-main1.pdf>.

the seat of the arbitration, regulations that determine the dispute's core issues, the validity of the infringing IPR, as well as its infringement.[35]

In conclusion, IPRs are usually only protected within the state territory where they were registered or given protection. With the growth of global trade, it has become complex and irrational to keep IP protection limited to one country, subsequently, it creates new challenges for solving IP-related disputes, which involve complicated legal issues and cross-border transactions.

[35] ibid.

II. ADVANTAGES AND LIMITATIONS OF ARBITRATION FOR IP DISPUTES

The Queen Mary University of London's School of International Arbitration (QMUL) published in 2021 an annual survey (QMUL Survey) on the trends and practices of international arbitration. The QMUL Survey reveals a sustained upward trend in the number of new filing cases around the world over the past decade. For example, in 2020, there were a total of 4,684 new cases filed, representing a 4% increase from the previous year, despite the challenges posed by the COVID-19 pandemic.[36]

Under the QMUL Survey International Chamber of Commerce (ICC), the London Court of International Arbitration (LCIA), and the Singapore International Arbitration Centre (SIAC), reported that the number of arbitration cases being filed has steady increased. For instance, the ICC reported that it received a total of 946 new cases in 2020, which was a 4.6% increase from the previous year. The LCIA also saw a 29% increase in the number of new cases filed in 2020, with a total of 444 cases being registered. The SIAC reported that it had a record number of cases in 2020, with a total of 1003 cases being filed, representing 125% increase from the previous year.[37]

Nevertheless, after the COVID-19 pandemic, there has been a big drop in the number of cases being filed, almost getting back to what we saw before the pandemic. In 2021 the ICC had 853 new cases, which is a decrease of 9.83%[38] and LCIA had 377 cases which is a decrease of 15%.[39] Things changed even more in 2022 when the SIAC only had 357 new cases, which is a 64.41% decrease from the previous year.[40] Despite this decrease, the experts outline the overall trend over the past decade demonstrates a growth in the use of arbitration.[41]

QMUL Survey outlined that parties to dispute choose international arbitration as an attractive option for resolving complex and cross-border disputes as it offers numerous benefits for parties:

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[36] Queen Mary University of London, '2021 International Arbitration Survey: Adapting Arbitration to a Changing World - School of International Arbitration' (arbitration.qmul.ac.uk) <https://arbitration.qmul.ac.uk/research/2021-international-arbitration-survey>.

[37] ibid.

[38] 'ICC Unveils Preliminary Dispute Resolution Figures for 2021' (ICC - International Chamber of Commerce 26 January 2022) <https://iccwbo.org/news-publications/news/icc-unveils-preliminary-dispute-resolution-figures-for-2021/#:~:text=In%202021%2C%20the%20Secretariat%20of> accessed 2 April 2023.

[39] Nick Peacock Peacock and Louise Lanzkron, 'LCIA Annual Casework Report 2021' (www.twobirds.com 1 July 2022) <https://www.twobirds.com/en/insights/2022/uk/lcia-annual-casework-report-2021> accessed 22 June 2023.

[40] Balaram Adhikari, '2021 Singapore International Arbitration Centre Statistics Return to Pre-Pandemic Trends.' (Conventus Law 7 July 2022) <https://conventuslaw.com/report/2021-singapore-international-arbitration-centre-statistics-return-to-pre-pandemic-trends> accessed 22 June 2023.

[41] The London Court of International Arbitration (LCIA), 'LCIA News: Annual Report on 2021, LCIA Court Updates and Tylney on Tour in Scotland' (LCIA - The London Court of International Arbitration 17 May 2022) <https://www.lcia.org/News/lcia-news-annual-report-on-2021-lcia-court-updates-and-tylney.aspx> accessed 2 June 2023.

efficiency, flexibility, neutrality, and enforceability. Rather there are also several indicated disadvantages associated with international arbitration: *lack of transparency, accountability and diversity of the arbitration process, associated costs*.[42]

To sum up, the number of parties that choose arbitration to resolve disputes is growing, while noting the problems they face, there is a need to study the advantages and disadvantages of arbitration through comparison with other dispute resolution methods.

a. Enforceability:

In the current global legal framework, there is a conspicuous absence of a comprehensive global treaty that addresses the enforcement of foreign judgments across various jurisdictions.[43] In an attempt to bridge this gap, in 2019, the efforts of the Judgments Project culminated in the Hague Judgments Convention.[44] The intention behind this Convention to streamline and simplify the recognition and enforcement of foreign judgments in commercial cases on a worldwide scale. The Convention will therefore take effect for the EU and Ukraine on 1 September 2023,[45] so at the current stage, it is worth waiting for the practice of its application. However, the Convention on Choice of Court Agreements (2005) [46] has not yet made a significant impact on recognition and enforcement given its limited scope (applying only to parties that select a rendering court exclusively) and limited practical experience (having only come into force in 2015). [47] The applicability of this Convention meets certain challenges when it comes to IPRs disputes. IPRs are typically governed by intricate and specialised legal frameworks that exhibit considerable variance across different nations. This complexity often poses obstacles in applying the Convention's rules pertaining to jurisdiction and the recognition and enforcement of judgments in IP disputes.[48]

Furthermore, the scope of the Convention is limited to exclusive choice of court agreements, implying that the disputing parties must have pre-emptively consented to adjudicate their disputes in a specific court or jurisdiction. This poses certain challenges in the context of IP disputes, as these agreements might not exist or their formulation could become intricate due to considerations

[42] International Arbitration Survey (n 36).
[43] 'Chapter 1: Overview of International Commercial Arbitration' in Gary Born, *International Commercial Arbitration* (3rd edn, Wolters Kluwer Law & Business 2021).
[44] Convention on the recognition and enforcement of foreign judgments in civil or commercial matters 2019.
[45] Steve Adams, 'Hague Judgments Convention 2019 to Enter into Force' (Global Litigation News20 September 2022) <https://globallitigationnews.bakermckenzie.com/2022/09/20/hague-judgments-convention-2019-to-enter-into-force/>.
[46] Convention on Choice of Court Agreements 2005.
[47] Drossos Stamboulakis, *Comparative Recognition and Enforcement: Foreign Judgments and Awards* (Cambridge University Press 2022) 32-33.
[48] Alan Redfern, Martin Hunter, *Law and Practice of International Commercial Arbitration* (4th edn, Sweet and Maxwell 2004) 27.

like the specific essence of the dispute, the involved disputants, or the governing laws and regulations. These complexities underscore the difficulties faced in standardising international methods for handling IPRs disputes.[49]

Some multi-jurisdictional treaties focus solely on the recognition and enforcement of foreign judgments at a regional level. The EU Council Regulation No. 44/2001, also known as the 'Brussels I' Regulation [50], and the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (known as Lugano Convention, revised in 2007 [51]) are the most prominent international agreements facilitating the recognition and enforcement of judgments from courts in EU Member States, the rest of the EEA, and Switzerland.[52]

Despite the existence of a handful of bilateral treaties aiding in the recognition of foreign judgments, the process of securing recognition and enforcement for these judgments largely hinges on national courts. These courts may operate under differing provisions, thus adding another layer of complexity to the process. For instance, some countries may require reciprocity for recognising foreign judgments, while others may have restrictive concepts of jurisdiction, particularly in French-based civil law countries. Most countries would only recognise and enforce judgments that meet their own standards of domestic public policy, and national courts may scrutinise foreign judgments thoroughly, including review on the merits. In IP context, this high level of scrutiny and exceptions based on domestic public policy would likely make it very challenging, if not impossible, to recognise and enforce IP-related decisions imposed abroad. [53]

In comparison to the complexities involved in the recognition and enforcement of foreign court judgments, foreign arbitral awards have traditionally experienced broader acceptance. As far back as the 1920s, the Geneva Convention (1927)[54] laid the groundwork for international recognition and enforcement of foreign arbitral awards, notwithstanding certain limitations.

Despite the constraints of the Geneva Convention, the New York Convention 1958, provided a substantial solution and in comparison with recognition and enforcement of court decisions the enforcement of arbitral awards remains more predictable and certain on a transnational level,

[49] Garcia and Cook (n 7) 23-24.
[50]Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) 2012.
[51] Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Lugano Convention) 2007.
[52] Garcia and Cook (n 7) 24.
[53] Redfern and Hunter (n 48) 27.
[54] Convention on the execution of foreign arbitral awards Geneva Convention 1927.

impacting the overall efficacy of the international dispute resolution system.[55] As per the New York Convention bases for refusing strictly limited to the member countries which ratified the treaty.[56]

Moreover, courts of contracting states must enforce arbitral awards by staying parallel legal proceedings. The New York Convention has been ratified or acceded to by 172 countries, making it the most widely accepted piece of international commercial legislation ever.[57] Nevertheless, the enforcement of an award under the New York Convention ultimately depends on the courts in the jurisdiction where enforcement is sought. These courts may interpret the Convention incorrectly, or may be incompetent, biased, or corrupt, which means that the enforcement process may not be entirely free of obstacles. [58]

While it may be true in some cases, national courts typically refuse to recognise and enforce only a small percentage of "quantifiable" international arbitration awards under the New York Convention. It has been estimated that only 10% of reported applications for recognition and enforcement are rejected. Even so, this small number of cases is outweighed by the high level of voluntary compliance with international arbitration awards: nine out of ten awards are voluntarily complied with. [59]

Therefore, the effectiveness of the Convention should be evaluated based on the degree of voluntary adherence to awards, rather than by counting awards that face ineffective challenges. From this perspective, the New York Convention has indeed been enormously effective. For instance, according to the QMUL Survey 84% of respondents reported that the arbitral awards they had been involved in had been fully complied with voluntarily. [60]

To summarise, the tendency towards voluntary enforcement of arbitral awards is relatively high, indicating that parties trust in the arbitration process and tend to abide by the conditions of the award. In most cases, an arbitral award would be voluntarily satisfied, or national courts would recognise and enforce foreign arbitral awards, which creates special advantages for holders of IPRs.

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[55] Sundaresh Menon, 'The Transnational Protection of Private Rights: Issues, Challenges, and Possible Solutions' (2014) 5 Asian Journal of International Law 219, 238.
[56] Drossos Stamboulakis (n 47) 32-33.
[57] 'Timor-Leste Accedes to Convention on the Recognition and Enforcement of Foreign Arbitral Awards' (United Nations: Information Service Vienna 18 January 2023) <https://unis.unvienna.org/unis/en/pressrels/2023/unisl339.html>.
[58] Garcia and Cook (n 7) 25.
[59]Albert Jan van den Berg, 'New York Convention of 1958: Refusals of Enforcement' (2007) 18 ICC International Court of Arbitration Bulletin 1, 35.
[60] International Arbitration Survey (n 36).

b. Party autonomy and neutral proceedings

International arbitration is a dispute resolution mechanism that is based on party autonomy.[61] This is demonstrated in several ways: parties can agree to resolve their dispute through neutral proceedings, they can choose the individuals who will resolve their dispute, the parties' agreement governs the conduct of the proceedings, and the effect of awards is more limited than that of court judgments due to the contractual nature of international arbitration. As a result, international arbitration is generally preferred over litigation.[62]

The evolution of international arbitration depends on the fact that parties involved in a dispute are generally averse to litigating in the home jurisdiction of their opposing party. This reluctance is understandable due to technical reasons, such as dealing with an unfamiliar legal system, finding new legal counsel, translating documents into a different language, traveling, and producing witness evidence in a foreign country.[63] Resolution of complicated international conflicts in domestic judicial systems is typically not desirable, especially if disputes are litigated in courts that are not previously nominated for their impartiality, proficiency, convenience and integrity. Indeed, due to concerns regarding inefficiency, corruption, or procedural arbitrariness, many national courts are considered unfavourable for the resolution of commercial disputes.[64]

International arbitration proposes parties select arbitrators with substantial experience in resolving international commercial disputes. Additionally, they have the option to select arbitrators from nations other than that of the participants which may significantly reduce the risks of partiality or parochial prejudice. Moreover, a three-person tribunal, composed of arbitrators drawn from different jurisdictions, will often adopt a truly neutral procedural regime, while giving all parties confidence in the arbitration's procedural fairness.[65]

In the field of IP, parties can derive considerable advantages from a mutually agreed neutral avenue for resolving disputes, a condition not always feasible through conventional litigation. Parties from different economic backgrounds, such as developed and developing countries, may have different perceptions of the partiality and expertise of each other's legal systems. International arbitration

[61] Julian D.M. Lew, Loukas A. Mistelis, *Comparative International Commercial Arbitration* (Kluwer Law International 2003) 5-7.
[62] Garcia and Cook (n 7) 26.
[63] Jonathan Hill, 'Determining the Seat of an International Arbitration: Party Autonomy and the Interpretation of Arbitration Agreements' (2014) 63 International and Comparative Law Quarterly 517.
[64] Gary Born, *International Arbitration: Law and Practice* (3rd edn, Wolters Kluwer Law International 2021) 16.
[65] Born, *International Arbitration and Forum Selection Agreements: Drafting and Enforcing* (6th edn, Wolters Kluwer Law International 2021) 7-8.

offers a viable solution by providing a neutral forum where parties can select arbitrators with specific expertise in the relevant field, including non-lawyers with technical backgrounds.[66]

On the other hand, many judicial systems might not possess judges with the specialised expertise needed to understand complex technical details.[67] Frequently, they also lack the resources needed to try the cases efficiently and fairly. Circuit Judge Friendly acknowledged the judiciary's lack of expertise in General Tire & Rubber Co. v. Jefferson Chemical Co., noting that "[t]his patent appeal is another illustration of the absurdity of requiring the decision of such cases to be made by judges whose knowledge of the relevant technology derives primarily, or even solely from explanations by counsel and who . . . do not have access to a scientifically knowledgeable staff.[68]

Furthermore, in the US, patent disputes are usually resolved through jury trials. Jurors may lack an understanding of the technology involved and legal consequences which make jury verdicts unpredictable for parties. International arbitration can overcome these shortcomings by providing a more efficient and effective solution for resolving complex IP disputes.[69]

Selecting the right decision-makers is crucial in ensuring an effective and favourable arbitration process, as a wrong choice of arbitrator leads to delays, jurisdictional issues, or due process deficiencies. In addition, under most institutional rules, a party's failure to designate a co-arbitrator within the prescribed time period under the rules (or the parties' arbitration agreement, if different) entitles its counter-party to request the appointing authority to select an arbitrator instead of a defaulting party. [70]

The loss of the opportunity to nominate a co-arbitrator is the forfeiture of a significant right on the defaulting party. A co-arbitrator selected by the arbitral institution may be competent and diligent, however, the ability of the party to appoint its preferred co-arbitrator is a crucial part of the international arbitration procedure. The loss of this right is a grave issue, especially when the opposing party retains it. Alternatively, some agreements to arbitrate provide that, if a party fails to nominate a co-arbitrator, its counter-party may do so – thus permitting that party to choose both of the (two) arbitrators, who would in turn often be empowered jointly to select the presiding arbitrator. Certain arbitration agreements allow the counter-party to nominate a co-arbitrator if one party fails to do so, giving that party the power to select both arbitrators, who are often jointly

[66] Garcia and Cook (n 7) 29.
[67] Julia A Martin, 'Arbitrating in the Alps rather than Litigating in Los Angeles: The Advantages of International Intellectual Property-Specific Alternative Dispute Resolution' (1997) 49 Stanford Law Review 917, 932.
[68] General Tire & Rubber Company, v. Jefferson Chemical Company, Inc., 497 F.2d 1283 (1974).
[69] Martin (n 67) 932.
[70] Born (n 64) 152.

responsible for choosing the presiding arbitrator. This result is even more severe than a party losing its right to nominate a co-arbitrator, who is then chosen by an arbitration institution or national court, as it enables the opposing party to select the majority of the a tribunal of arbitration.[71]

Under the survey study of the University of Vienna and Zeiler Floyd Zadkovich Law Firm, published in 2021, 28% of businesses in Austria believe that state court judges have more experience and expertise in comparison to national arbitration and almost 22% believe that state court judges have more experience and expertise rather that international arbitrators. However, at the same time in Austria there is the drastic 40% decline in court proceedings in recent years which is caused by the fact that the parties choose other ways to resolve disputes rather than litigation [72].

In summary, provided competent arbitrators are appointed, international arbitration can offer advantages in resolving IP disputes that are not readily achievable through litigation.

c. Procedural flexibility: pros and cons

In international arbitration, unlike litigation, parties have the freedom to design the procedural framework of an arbitration, making it a more flexible mechanism for resolving disputes. This allows parties to come up with creative solutions to settle their dispute and increases the possibility of a settlement through cooperation throughout the process. [73]

The parties are free to agree on the conduct of the proceedings in international arbitration, and no national code of procedural rules applies. Although the law of the arbitral seat generally applies to a number of issues in the arbitral proceedings, this does not mean that the domestic civil procedure rules of the seat apply to the arbitration. Instead, the law of the seat that applies to an international arbitration is the arbitration legislation of the seat. This law sets up a broad legislative structure for conducting international arbitrations, without outlining exhaustive procedural guidelines.[74] As a result, the arbitration rules of the leading arbitral institutions contain a relatively brief catalogue of rules compared to civil procedure rules in most jurisdictions. Typically, the procedural framework of an arbitration is determined after the establishment of the arbitral tribunal, with the tribunal requesting the parties to agree on a suitable timeline and procedural details. The tribunal then makes a procedural order, taking into account the parties' agreement, providing for the structure of the proceedings, including deadlines, rounds of pleadings, disclosure rules, evidence rules, and

[71] Born (n 64) 152-153.
[72] University of Vienna and Zeiler Floyd Zadkovich Law Firm , 'Dispute Resolution in Austria' (2021) <https://www.zeilerfloydzad.com/wp-content/uploads/2022/03/Dispute-Resolution-in-Austria-Study-EN.pdf>.
[73] Garcia and Cook (n 7) 31.
[74] Born (n 64) 132.

more.[75] Arbitral tribunals may determine the conduct of the proceedings up to a certain point, after which procedural hearings take place to discuss the next steps in the arbitration.[76]

The flexibility provided by international arbitration enables parties to create customised dispute resolution mechanisms that suit their specific needs. This is particularly relevant for intellectual property agreements, such as licenses and collaboration contracts, which often involve long-lasting relationships. Rather than terminating the agreement when a dispute emerges, parties may have a preference for continued collaboration with their counterpart.[77]

Arbitration presents various alternatives that can meet the parties' requirements, one such being the formation of a standby arbitral tribunal. This tribunal stands ready to adjudicate any disputes that might surface during the term of the agreement.[78] This methodology was enacted in a WIPO arbitration related to a trademark coexistence agreement. The parties agreed upon a new contract and authorised the tribunal to hold jurisdiction to oversee their compliance, with any ensuing disputes being deferred to the standby tribunal.[79]

Arbitration tribunals and administering institutions, when applicable, *lack certain powers* that national courts possess due to the contractual nature of international arbitration. Consequently, the influence of arbitral awards is often less broad-ranging compared to court judgments. In the majority of legal jurisdictions, arbitral panels lack the authority to obligate parties to adhere to their rulings, and punitive measures cannot be leveraged against non-compliant parties. Despite these limitations, international arbitration offers numerous benefits: in various jurisdictions, disputants have the opportunity to solicit judicial support to execute orders linked to an arbitral process, support in evidence gathering, injunctions, or temporary relief. Moreover, certain nations possess legislative frameworks that stipulate penalties in scenarios where a party does not adhere to the directive of an arbitral tribunal.[80]

For example, section 41(6) of the English Arbitration Act 1996 provides that 'if a claimant fails to comply with a peremptory order of the Tribunal to provide security for costs, the tribunal may make an award dismissing his claim'.[81] Thirdly, some institutional rules provide for consequences for a party's lack of cooperation. For instance, Article 52(d) of the WIPO Arbitration Rules provides that:

[75] Garcia and Cook (n 7) 31-32.
[76] Redfern and Hunter (n 48) 85-86.
[77] Garcia and Cook (n 7) 32.
[78] Bryan Niblett, 'The Arbitration of Intellectual Property Disputes' (1994) 5 Am Rev Int'l Arb 118.
[79] Garcia and Cook (n 7) 32.
[80] ibid 34.
[81] English Arbitration Act 1996.

(d) If a party, without showing good cause, fails to comply with any provision of, or requirement under, these Rules or any direction given by the Tribunal, the Tribunal may draw the inferences therefrom that it considers appropriate.[82]

In addition, the IBA Rules on the Taking of Evidence in International Commercial Arbitration Rules (IBA Rules), which facilitates document production in international arbitration,[83] provide that should a party fail to comply with an order to produce documents and evidence in general, the tribunal may infer that such evidence would be adverse to the interests of the recalcitrant party.[84]

In IP disputes where interim measures may need to be enforced, and where thorough evidence of infringement or breach may necessitate a degree of disclosure, national legislation could be of notable advantage. Nonetheless, if urgent interim measures or broad discovery are expected to be necessary for the case, international arbitration might not be the optimal route.[85]

Further, given the contractual essence of arbitration, arbitral tribunals lack jurisdiction over non-party to the proceedings. This limitation is in substantial part a result of the consensual nature of arbitration. Accordingly, the tribunal will generally lack authority to order third parties to provide disclosure in the arbitration, just as it will generally lack the power to grant provisional measures or final relief against non-parties to the arbitration. Nonetheless, there are exceptions to this general rule: there are instances in which national law grants arbitrators power to take evidence from non-parties with the judicial assistance from national courts. The UNCITRAL Model Law on International Commercial Arbitration (Model Law), the Federal Arbitration Act (FAA) in the United States and the Swiss Law on Private International Law are leading examples of this approach. Under these statutes, tribunals have the power to order disclosure from third parties and, if refused, the parties or the arbitrators may seek judicial enforcement of the tribunal's orders.[86]

Nevertheless, there are instances in which the tribunal or sometimes the parties may seek the assistance of a national court in obtaining disclosure for use in the arbitration. This is particularly likely where disclosure is sought from non-parties to the arbitration, but may also be available against parties. Judicial assistance of this sort is available only when provided for by national law

[82] WIPO Mediation, Arbitration and Expedited Arbitration Rules and Clauses Alternative Dispute Resolution 2021.
[83] Nathan O'Malley, 'The Procedural Rules Governing the Production of Documentary Evidence in International Arbitration – as Applied in Practice' (2009) 8 The Law & Practice of International Courts and Tribunals 27, 28.
[84] IBA Rules on the Taking of Evidence in International Arbitration Adopted by a resolution of the IBA Council 17 December 2020 International Bar Association.
[85] Garcia and Cook (n 7) 35.
[86] Born (n 64) 218-219.

and, as a practical matter, is infrequently sought. In many jurisdictions, arbitrators lack the power to impose criminal or quasi-criminal sanctions (*e. g.*, civil contempt, monetary fines) like those which may be imposed by a national court in domestic litigation. Nothing in the Model Law or other leading common law or civil law arbitration legislation empowers arbitrators to impose fines or other penalties on either parties or non-parties to an arbitration.[87]

International arbitration may raise concerns regarding the *absence of a detailed procedural framework* prior to the emergence of a dispute. For instance, an uncooperative party could cause delays in resolving the dispute and increase expenses for both parties. Experienced international arbitrators are usually capable of addressing procedural issues adequately, and arbitral tribunals possess the power to establish a custom procedural framework as the dispute progresses. Moreover, international arbitration practice adequately addresses some of these concerns. For instance, the IBA Rules provide useful guidance on issues like document disclosure and presentation of witness evidence. Parties and tribunals often agree on the application of the IBA Rules or some of their provisions.[88]

The UNCITRAL Arbitration Rules also grant the tribunal the power to request evidence preservation and issue injunctions. What sets the UNCITRAL Rules apart from other institutional arbitration rules is that they give the parties the option to waive their right to appeal a judgment, unlike most other rule sets where this waiver is the default.[89]

d. International arbitral awards are final

Typically, the principle of finality of arbitration award means that an international arbitral award is neither an "advisory" opinion nor a non-obligator suggestion, instead, it is a final and binding legal instrument and national courts cannot appeal or review arbitral awards on their merits. [90] Allowing such review may undermine the parties' intention to avoid national court involvement and remain free from judicial second-guessing. The principle's widespread acceptance reflects the triumph of party autonomy over state intervention in arbitral proceedings, where national courts historically had a tendency to intervene to assert their authority and strengthen their powers. In the last half-century, however, most countries have favoured supporting arbitral proceedings over

[87] ibid 224-25.
[88] Garcia and Cook (n 7) 37.
[89] Born (n 64) 30.
[90] Born (n 43) 'Chapter 22: Legal Framework for International Arbitral Awards (Updated September 2022)'.

interventionism. The lack of appeal in arbitration is seen as progress in modern arbitration law and practice.[91]

Therefore, due to a "litigation mindset", the lack of an appellate review option in international arbitration is seen as a terrible prospect. In most cases, it is unthinkable not to appeal an unfavourable decision in IP cases from a US district court. In US patent cases, the appeal process is different from the first instance, as specialised judges with patent expertise and scientific backgrounds typically handle the appeals. Similarly, in civil law jurisdictions more experienced judges resolve cases on appeal. Therefore, filing an appeal against a first-instance decision is often necessary. However, this reasoning cannot be applied to international arbitration because the setting is entirely different from litigation. If parties have concerns about the quality of awards, they can appoint experienced and qualified decision-makers. Moreover, for relevant cases, parties can agree to three-member tribunals, which work like a Court of Appeal in civil law countries, deciding factual and legal issues. Additionally, the belief that an arbitral award invalidates registered IP is based on an incorrect understanding of its effects. Awards only bind the parties to the dispute and do not produce *erga omnes* effects, except in some national laws with specific provisions. Therefore, the lack of appellate review in international arbitration should not be viewed as a drawback, as parties have control over the appointment of qualified decision-makers and can agree to three-member tribunals for relevant cases. The belief that an arbitral award invalidates registered IP is also based on a misconception of its effects.[92]

Notably, international commercial arbitration lacks an expansive appellate review mechanism for arbitral awards in the majority of instances. In most developed jurisdictions judicial review of awards is exclusively limited to issues of public policy, procedural fairness, and governing law. Any court review of the substantive rulings made by arbitrators is usually characterised by its stringent limitations and pronounced deference. This stands in stark contrast to the appellate review procedures available in the context of first instances of decisions made by national courts. These systems may facilitate either a comprehensive re-litigation or an intensive re-evaluation of issues, encompassing both factual and legal domains. [93]

There are positive as well as negative aspects of the general absence of appellate review procedures for arbitral awards. A notable advantage of this omission includes a substantial reduction in litigation costs and time delays, especially when considering the re-litigation requirements in first instance courts following a successful appeal, which may lead to further

[91] Garcia and Cook (n 7) 38-39.
[92] ibid 39.
[93] Born (n 43) 'Chapter 1: Overview of International Commercial Arbitration'.

potential appeals. Conversely, this absence of review mechanisms can result in an inability to readily rectify arbitral decisions that could be considered exceedingly unconventional or simply erroneous. Business entities typically appreciate the efficiency and finality associated with arbitral procedures, even if this comes at the cost of relinquishing appellate rights. Additionally, there exist certain developed legal frameworks wherein parties can manipulate the degree of appellate review of arbitrators' substantive decisions. This is achieved either by opting into or out of judicial scrutiny, or by electing an arbitral procedure that encompasses appeals to a tribunal within the arbitral process itself.[94]

e. Length and costs of arbitral proceedings

International arbitration involves certain procedural steps that are not required in litigation, such as identifying and appointing arbitrators (especially taught in complex technical IP cases) and necessity to agree on various procedural aspects that suit parties' needs.[95] Although arbitration is sometimes lauded for its speed, it can sometimes be an time-consuming process. This observation is especially applicable in the context of significant international disputes, which can entail more extensive written submissions, broader factual and expert evidence, and more protracted hearings in comparison to international litigation. This is partially attributed to the fact that, in intricate issues, parties frequently demonstrate an active desire for comprehensive and thorough proceedings.[96]

According to major institutional arbitration guidelines, smaller-scale arbitrations (typically involving disputed amounts of under $5 million) are often resolved within a span of six months or less. However, larger conflicts generally necessitate a period ranging from 12 to 36 months for the issuance of a final award, notwithstanding the opportunities for earlier summary dispositions. The timeline can be further prolonged due to procedural mishaps, arbitrator challenges, and litigation surrounding jurisdictional matters in national courts. Additionally, the congested schedules of engaged arbitrators and legal counsel can contribute to these delays. While it is feasible to expedite the process through the formulation of a "fast-track" arbitration clause or skillful procedural tactics, there are restrictions on how fast a major commercial arbitration may be resolved in a reasonable and reliable manner. Nevertheless, compared to national court proceedings in many jurisdictions, arbitration often provides a timelier resolution. In some states, even relatively small

[94] ibid.

[95] Sarah Walker and Alejandro Garcia, 'Highly-Specialised International Arbitration – How Many Arbitrators Are Really at Large?' (Lexology23 May 2008) <https://www.lexology.com/library/detail.aspx?g=1aec7b94-98a3-4611-b9f6-5b537f883d4a> accessed 23 June 2023.

[96] Born (n 64) 9.

civil actions can easily take at least a decade to resolve. The possibility of de novo or similarly meticulous appellate review, coupled with the potential need for new trial proceedings, introduces substantial risk of further time-consuming delays to those present in first instance courts. In contrast, arbitration, which typically excludes appellate review, averts the delay intrinsic to appellate proceedings and lessens the likelihood of necessitating new trial proceedings (should an appellate reversal of an initial trial court decision occur).[97]

Consequently, it is not a certainty that international arbitration inherently offers marked advantages in terms of speed and cost-effectiveness in comparison with national court proceedings. The absence of appellate review combined with the benefits of procedural adaptability implies that arbitration is frequently considerably less prolonged than litigation in a majority of states, notwithstanding some inevitable deviations from this general rule. Conversely, arbitration will virtually never face the types of lengthy delays that are common in some court systems spanning ten or twenty year-long litigations. [98]

Notwithstanding, the appropriate comparison to international arbitration is not domestic litigation, but rather international or cross-border litigation. This could potentially initiate concurrent legal proceedings in several jurisdictions, give rise to jurisdictional disputes, result in lis pendens issues, and necessitate the enforcement of foreign judgments in diverse locations. Given the fragmentation of jurisdiction and inconsistent timelines across national courts, settling disputes via international litigation generally tends to be a more time-intensive and expensive process compared to international arbitration.[99]

As with the length of arbitral proceedings, accurately comparing international arbitration and litigation in the abstract is almost impossible. Nevertheless, there are certain expenses associated with arbitration that are not necessary in litigation. One such example is that in arbitration, parties are obligated to pay for:

1) the fees and expenses of the decision-makers;
2) the fees of administering institutions when applicable (which could be significant, especially when the institution calculates them on an ad valorem basis);
3) for hearing rooms, transcription services, and so forth. [100]

[97] Gary Born (n 65) 7.
[98] ibid 8.
[99] James Allsop, 'National Courts and Arbitration: Collaboration or Competition?' (2015) 4 The International Journal of Arbitration, Mediation and Dispute Management 434, 438.
[100] Garcia and Cook (n 7) 42-43.

In international arbitration, hearings tend to be shorter and less costly compared to common law jurisdictions. Typically, a complex IP case in arbitration may take about a week for the evidentiary hearing. However, in England or the US, a trial for a similar case would likely last much longer. The reason for the brevity of arbitral hearings is the limited scope of cross-examination, which focuses on specific issues arising from the witness statements. In contrast, civil law jurisdictions tend to have very brief hearings and limited document disclosure, making international arbitration more expensive than litigating in a single civil law jurisdiction. Nevertheless, if cross-border litigation in several civil law countries is the only alternative to international arbitration, then it is likely to be the most cost-effective option.[101]

International arbitral tribunals generally possess the prerogative to grant to the successful party the expenses of the arbitration, encompassing its legal fees. This authority is often exercised in practice and financial awards of costs can amount to considerable sums (on occasion involving fees in excess of $10 million) and can possess noteworthy tactical significance. Numerous arbitration statutes do not directly discuss the issue of legal cost awards. This is true for the Model Law and similar legislations in jurisdictions like the U.S., Switzerland, among others, where the expenses associated with legal representation are not explicitly addressed. Nevertheless, in most instances, courts and tribunals abide by the agreement made by the parties concerning legal cost awards. This applies whether the parties confer the authority to award such costs to the arbitrators or explicitly opt to exclude such awards. In most cases, institutional rules clearly provide tribunals with the authority to determine the costs of legal representation. Additionally, arbitration agreements may sometimes specifically address this matter. [102]

For example, the UNCITRAL Rules give the tribunal the power to establish the costs of arbitration in its award. As per Article 40, the arbitration costs include the "legal and other costs incurred by the parties in connection with the arbitration," although this only applies to the extent that the arbitral tribunal deems the cost amount reasonable. Furthermore, under Article 42 of the UNCITRAL Rules "the arbitration costs should, in principle, be paid by the losing party." However, "the arbitral tribunal may distribute these costs between the parties if it determines that such distribution is reasonable, considering the case circumstances." These provisions provide arbitrators with extensive discretion concerning legal cost awards, with the underlying principle being that the successful party has a right to reimbursement for its costs.[103]

[101] Martin (n 67) 940.
[102] Born (n 64) 210.
[103] UNCITRAL Arbitration Rules (2021).

The 2021 ICC Rules, in Article 38(4), state that the final award "will establish the arbitration costs and decide which party will pay them or in what proportion the parties will share them. " The "arbitration costs" include "the fees and expenses of the arbitrators and the ICC administrative expenses determined by the Court, ... as well as the fees and expenses of any experts appointed by the arbitral tribunal and the reasonable legal and other costs incurred by the parties for the arbitration."[104]

Contrary to the UNCITRAL Rules, the ICC Rules do not set explicit criteria for the assignment of legal costs, instead leaving this to the discretion of the tribunal and relevant law. As per Article 38 of the 2021 ICC Rules, the fees and expenses of the arbitrators are determined by the ICC Court, not the arbitrators themselves. Meanwhile, the responsibility for such fees and expenses is allocated between the parties by the arbitrators.[105]

Generally, arbitral tribunals do not demand, and in fact prefer that parties avoid supplying comprehensive documentary or other forms of evidence that elaborate on their respective costs, or extensive argument on this issue. While tribunals retain the power to request more thorough evidence, summary statements indicating the costs charged by and paid to legal representatives are usually adequate. These statements often present amounts billed (covering both fees and disbursements) on a monthly basis throughout the arbitration process; in some instances, they may also require a breakdown of hours per month and the hourly rates of those keeping time.[106]

To sum up, international arbitration, despite its numerous advantages, is not inherently a low-cost and fast-track dispute resolution mechanism. Thus, parties should carefully consider their unique circumstances, the nature of their dispute, and their financial abilities before opting for arbitration over litigation.

f. Confidentiality

Revealing trade secrets, know-how, and confidential information to the public would render them worthless. Accordingly, arbitration is generally *assumed to be confidential* and provides effective control over disclosures and access to information. [107]

[104] ICC Rules of Arbitration (2021).
[105] Born (n 43) 'Chapter 24: Correction, Interpretation and Supplementation of International Arbitral Awards (Updated August 2022)'.
[106] Born (n 64) 210-211.
[107] Redfern and Hunter (n 48) 32.

In international arbitration, the dispute resolution process tends to be more private and confidential as compared to litigation in national courts. National court proceedings provide minimal confidentiality. Court hearings and dockets are generally open to the public and media, and parties usually have the liberty to reveal proceedings and submissions to third parties. Consequently, competitors, regulatory authorities, and media entities may be capable of examining the submissions and evidence of the parties. This public exposure could impact the nature of disputes that reach litigation and the strategies employed during litigation. In contrast, international arbitration generally offers greater confidentiality than national court proceedings. Arbitral hearings are almost invariably closed to the public and media, and in most cases, both the submissions and the awards are kept confidential.[108]

The confidentiality of award depends on what the applicable institutional rules provide.[109]The leading arbitral institutions have different approaches to confidentiality, with the WIPO Arbitration Rules containing a comprehensive list of provisions aimed at safeguarding the confidentiality of the arbitration's existence, hearings, and disclosed materials due to their IP focus. The arbitration rules of China International Economic and Trade Arbitration Commission CIETAC, the German Arbitration Institution (DIS), the LCIA Rules and the Swiss Chambers of Commerce have arbitration regulations that enforce significant confidentiality obligations on parties. In contrast, the ICC, the SIAC and Stockholm Chamber of Commerce (SCC) do not require parties to adhere to confidentiality obligations unless there is an express or implicit agreement to do so. Whether or not parties are bound by confidentiality obligations in arbitration proceedings depends on the governing law, which varies greatly among nations. For instance, Australian, Swedish, and US courts maintain that arbitration does not imply confidentiality obligations. However, English and French courts have concluded that arbitration imposes explicit confidentiality obligations *on parties to the proceedings.*[110]

The injured party could also receive a compensation for a confidentiality breach, which depends on what is permissible under the law of the place of arbitration and the power of the arbitrators to award damages. Injured party may prove such a breach if:

1. a duty of confidentiality existed between the parties;
2. a breach of confidentiality actually occurred;
3. causation;
4. proof of actual injury;

[108] Gary Born (n 65) 10.
[109] Katie Chung and Michael Hwang, 'Defining the Indefinable: Practical Problems of Confidentiality in Arbitration' (2009) 26 Journal of International Arbitration 609, 612.
[110] Garcia and Cook (n 7) 47.

5. the injury should be quantifiable or commensurable in money

When these requirements are met, the party aggrieved by a breach of confidentiality is not only eligible but indeed has the capacity to seek and secure financial restitution. This provision serves as a protective measure, reinforcing the importance of upholding confidentiality in arbitration proceedings.[111]

In conclusion, it is difficult to say that the advantages of arbitration are so significant over litigation and the judicial system has nothing to offer to the parties, rather the choice of the parties will depend on the specific circumstances of the case and the parties' needs, financial resources and expectations. Therefore, the parties may rather prefer international arbitration if it values international enforceability, impartiality, technical expert as a decision-maker, flexibility, and confidentiality. In contrast, the detailed procedural framework, absence of issues regarding involvement of third parties, procedural costs would induce the parties to choose a judicial method of resolving the dispute.

[111] Ileana M Smeureanu, *Confidentiality in International Commercial Arbitration* (Kluwer Law International BV 2011) 180.

III. ARBITRABILITY AND INARBITRABILITY OF IP DISPUTES

Arbitration can be a viable solution to address the pervasive issue of multinational IP litigation. Nevertheless, parties before addressing potential IP issue to arbitration need to ensure that the dispute can be deemed arbitrable and then been recognised and enforced under national law provisions, because of the territorial nature of IP.

Primarily, Article I (3) of the New York Convention states that that the Convention will only apply to differences considered as commercial, which means that the parties realise a profit or other economic benefit.[112] As such, the vast majority of agreements relating to IP that usually include arbitration clauses, such as licenses, research and development agreements and collaboration agreements do constitute 'commercial' matters[113] and there is not much debate that these rights also have moral implications.[114]

The moral right of the author is linked with his personality, honour and dignity. As a result, disputes concerning the ownership or authenticity of a literary, artistic or scientific work are, according to a view much discussed in French law countries, non-arbitrable because of an alleged inalienability and therefore unavailability of the relevant rights. Nonetheless, such rights are not always excluded from the scope of the principle of party autonomy. In fact, an author may willingly grant permission for a third party to modify their work or publish it without disclosing authorship. Consequently, legal agreements can be established regarding the alteration of a work and the identification of its creator and such agreements solely pertain to the exercise of rights, rather than their transfer. Therefore, disputes arising from such transactions may be arbitrated. [115]

The most frequently referred IP disputes arise from contracts for transfer of registered IP rights and the license agreement. Disputes related to *patent licenses* can arise in several areas and could be resolved through arbitration. These areas include the definition of licensed rights, the definition of the licensed product, and royalties.[116]

When defining the licensed IPRs, issues can arise when describing unregistered IP such as *know-how*. Identifying the specific patent or patents being licensed can also be problematic, particularly when patents have not yet been granted. Challenges may also emerge in identifying the specific patent being licensed, especially when patents are still pending. Defining the scope of licensed

[112] United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958.
[113] Garcia and Cook (n 7) 313.
[114] Dário Moura Vicente, 'Arbitrability of intellectual property disputes: a comparative survey' (2015) 31 Arbitration international 151, 159.
[115] ibid.
[116] Garcia and Cook (n 7) 15.

rights is inherently uncertain, as the eventual scope of claims in various jurisdictions covered by the license cannot be accurately predicted. Disputes related to royalty payments, including accounting and reporting errors, are typically resolved through expert determination provisions present in patent license agreements. However, disputes concerning royalty payments may involve issues of interpretation and construction of the license, which may lead to litigation if the license lacks an arbitration provision. Disagreements in this context often center on the calculation of the royalty base, particularly when it is defined using metrics that differ from the revenue generated by the licensed products. Additionally, disputes may arise when a product's development or commercialization necessitates licensing from multiple patent holders, leading to "royalty anti-stacking" provisions. These provisions mandate a reduction in royalties under one or more licenses based on a predefined formula to ensure that the cumulative royalty payments remain financially manageable.[117]

IP disputes involving unregistered patrimonial rights, such as the author's rights to reproduction, transmission, and distribution of their separate works, are typically regarded as arbitrable. There is not any evident public interest that prevents arbitration in these cases. However, in this case, there should be a single exemption stated. For example, in France presents so-called *droit de suite* (i.e., the right to resell an original work of art or a copy thereof produced in small quantities by the artist himself or under his authority) which constitutes a non-disposable right. A dispute involving such a right may not, in theory, be arbitrated where the disposable character of the contested rights is the main criterion of arbitrability.[118]

In the last few decades, there was confusion surrounding the arbitrability of IP disputes, caused by the absence of clear provisions governing IP arbitration in most jurisdictions,[119] the fact that the validity of IP rights typically requires enforcement by the relevant country's IP office,[120] and award binds only the parties to the arbitration.[121] Nevertheless, arbitration is becoming more widespread, as a result many jurisdictions started allowing it for some IP disputes.[122]

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[117] ibid 16-17.

[118] Vicente (n 114) 160-61.

[119] William Park, *Arbitrability: International and Comparative Perspectives* (Wolters Kluwer Law International, 2009) 266-267.

[120] Therese Jansson, 'Arbitrability Regarding Patent Law - an International Study' (2010) 1 JURIDISK PUBLIKATION 58–59.

[121] Matthew R. Reed, Ava R. Shelby, Hiroyuki Tezuka and Anne-Marie Doernenburg, 'Arbitrability of IP Disputes' in John V H Pierce, Pierre-Yves Gunter (eds), *The Guide to IP Arbitration* (2nd edn, Law Business Research Ltd 2022) 34-35.

[122] Kenneth R Adamo, 'Overview of International Arbitration in the Intellectual Property Context' (EngagedScholarship@CSU2013) <https://engagedscholarship.csuohio.edu/gblr/vol2/iss1/4> accessed 2 April 2023.

The principle of party autonomy is highly valued in international arbitration, even so, in most countries, party autonomy is limited by the concept of *public policy*. Under most national laws, parties are free to enter into agreements as long as they do not invade the state's jurisdiction. Agreements that fall within the state's jurisdiction are considered void due to public policy considerations.[123] Under public policy considerations, parties are not allowed to agree to arbitrate certain disputes, such as criminal cases and family law matters, however in most national legal systems, disputes related to contracts *for licensing and transferring registered IP rights, claims for damages* caused by the infringement of these rights are allowed to be resolved through arbitration.[124]

Some countries, such as Belgium, Switzerland, and the USA, addressed this issue through legislation and allowed the arbitrability of certain IP disputes and only a few jurisdictions, such as South Africa, have traditionally prohibited disputes concerning the validity of registered IP rights,[125] including those arising from patents, utility models, trademarks, and designs, whose nullification is exclusively within the jurisdiction of state courts.[126]

For instance, France followed a prohibited approach until 2011, where the validity of patents was considered to involve non-disposable rights and was therefore not arbitrable. However, a new trend has emerged in France with the amendment of the Intellectual Property Code,[127] where:

> "Civil actions and claims related to patents, including those also concerning a related issue of unfair competition, are exclusively submitted to courts of great instance, to be determined by means of regulations, with the exception of appeals from administrative acts of the minister responsible for industrial property pertaining to the administrative jurisdiction. The preceding provisions do not prevent recourse to arbitration in the conditions set forth in articles 2059 and 2060 of the civil code ... . "[128]

The same solution is adopted in the USA, where arbitral tribunals may, by virtue of an agreement of the parties, decide on the validity of a patent, although the effects of the granted award will be *restricted to the parties*. In most countries, arbitral tribunal is not allowed to declare the invalidity

[123] Bernard Hanotiau, 'The Law Applicable to Arbitrability' (2014) 26 Singapore Academy of Law Journal 874, 877.
[124] Adamo (n 122).
[125] Reed, Shelby, Tezuka and Doernenburg (n 121) 35.
[126] Matthew A Smith 'Arbitration of Patent Infringement and Validity Issues Worldwide' (2006) 19 Harvard J L Technol 299, 306.
[127] Vicente (n 114) 154.
[128] Code de la propriété intellectuelle - Article L615-17 (2020).

of an IP title, which is not an arbitrable issue, but solely its non-enforceability between the parties in dispute.[129]

In fact, the occurrence of inarbitrability problems in international arbitration related to IPRs is generally low. Firstly, in many countries, contractual matters, infringement claims, and ownership disputes pertaining to IPR are typically considered arbitrable. The majority of IP disputes resolved through arbitration primarily deal with contractual issues, which accounts for the infrequent occurrence of arbitrability concerns. Secondly, the sole matter that may raise legitimate arbitrability issues concerns disputes that pertain to the validity of certain types of IP that are presented to arbitral tribunals for resolution (disputes surrounding the validity of registered IPR, such as patents, utility models, registered trademarks, and registered designs). In addition, sometimes parties are incapable or unwilling to challenge the validity of the IPR, due to laws that prevent parties from asserting the invalidity of the IPR or because of non-contest or no-challenge clauses in agreements. Since most IP disputes submitted to arbitration stem from license agreements, such clauses may withdraw issues of invalidity from the arbitral tribunal's jurisdiction, indirectly preventing issues of arbitrability from arising.[130]

The approach to resolving the issue identified in the preceding section will differ significantly based on the stage at which the challenge of inarbitrability arises.[131] Generally, there are four instances where a party may present issues of inarbitrability: the respondent may object to *the jurisdiction* of the arbitral tribunal on the grounds of inarbitrability; the respondent may choose not to appear before the arbitral tribunal due to the *lack of jurisdiction and instead initiate legal proceedings with a national court;* after the arbitral tribunal issues a final or partial *award on jurisdiction, the losing party may initiate a set-aside action based on inarbitrability;* the defeated party may *seek to oppose the recognition of the award* on the grounds of inarbitrability during the potential recognition and enforcement phase before national courts.[132]

a) Applicable law

If a party in arbitration claims that the arbitral tribunal lacks authority to rule on certain or all matters linked to the underlying contract, the tribunal needs to determine suitable law to address the challenge. Unlike national courts, arbitral tribunals do not possess a governing law (lex fori), and are generally not required to follow a specific conflict rule to decide the law for arbitrability

[129] Vicente (n 114) 154-155.
[130] Garcia and Cook (n 7) 52-53.
[131] Hanotiau (n 123) 875.
[132] Garcia and Cook (n 7) 54-62.

matters.[133] Under Articles II(1) and V(1)(a) of the New York Convention the law governing the arbitration agreement should be applied by the tribunal to address arbitrability concerns.[134] The tribunal also needs to verify whether specific governing law has been mutually agreed upon by the parties for the arbitration agreement. In the absence of a specified choice of law in the submission agreement, the tribunal has some discretion to decide the applicable law, usually based on the seat of the arbitration.[135]

Determination of governing law in arbitration clauses may be a complicated issue as parties rarely specify the law for such clauses. Since the arbitration clause is a separate agreement, the same methodology used to identify the law applicable to the underlying contract should be used to ascertain the law applicable to the arbitration clause. Nonetheless, arbitral tribunals frequently apply either the law of the underlying contract or the law of the seat to tackle issues arising from arbitration clauses. Arbitrability questions can influence the validity of an arbitration agreement. Therefore, the law applicable to such issues should be ascertained using the same process applied to arbitration clauses, according to the validation principle.[136]

The principle mandates the tribunal to honour the parties' choice to settle their dispute through arbitration. Consequently, arbitrators may employ the law of the seat, to counter claims of the dispute being non-arbitrable. Specifically, if a conflict arises between the law that controls the arbitration agreement (lex arbitri) and the law of the seat (lex loci arbitri), with the former classifying the dispute as non-arbitrable, the tribunal can opt to apply the latter. Therefore, if the lex arbitri designates IP disputes as non-arbitrable, the arbitral tribunal may resort to the lex loci arbitri to address issues concerning the arbitration agreement's validity.[137]

The procedure of addressing arbitrability issues in international arbitration presents more complexity compared to domestic cases, demanding the arbitral tribunal to take into account multiple factors.[138] If the same criteria apply, the tribunal might be compelled to accept the challenge, thus abstaining from rendering a verdict on the case or a segment of it. Even when the parties have selected a governing law for the arbitration agreement, the tribunal has the authority to disregard this choice if its implementation could make the dispute inarbitrable. Consequently, the tribunal might view a potential determination of inarbitrability as a deterrent in deciding the

[133] Hanotiau (n 123) 883.
[134] New York Convention.
[135] Hanotiau (n 123) 877.
[136] Garcia and Cook (n 7) 55.
[137] ibid 55-56.
[138] Mark Blessing, 'Arbitrability of Intellectual Property Disputes' (1996) 12 (2) Arbitration International 191, 193.

applicable law. [139] In relation to IP disputes, most jurisdictions do not provide explicit solutions for arbitrability issues. Therefore, the arbitral tribunal decides whether issues concerning invalidity are arbitrable under the pertinent law. This might necessitate a thorough review of universally applicable provisions that restrict the autonomous decision-making of the parties involved as per the law.[140]

b) Inarbitrability objections before national courts in parallel proceedings

In instances where an arbitral tribunal does not have the jurisdiction to address a dispute due to its non-arbitrable status, the respondent might initiate legal proceedings in a national court that they deem to have jurisdiction.[141] The obligation to refer disputing parties to arbitration does not always extend to temporary and protective measures, unless these measures are explicitly stated in the arbitration agreement. Generally, courts possess the authority to order interim or provisional relief in support of arbitration, even in the presence of an arbitration agreement, upon application by a party. For instance, a French court confirmed that "the existence of agreement to arbitrate does not prevent one of the parties from obtaining urgent provisional measures which do not require a ruling on the merits of the dispute". Similarly, the Australian Federal Court determined that "the presence of an otherwise applicable arbitration clause does not prevent a party from seeking injunctive or declaratory relief". [142]

Under such circumstances, the national court will apply its own laws to ascertain the influence of the legal proceedings on the ongoing arbitration or the agreement to arbitrate. The New York Convention, due to its broad acceptance, constitutes a component of the laws in the majority of jurisdictions globally.[143] Article II (3) requires national courts to refer the parties to arbitration unless they find that the relevant agreement is “null and void, inoperative or incapable of being performed."[144]

The definition of "null and void" has been established by both United States courts and English courts, indicating that it indicates a lack of legal effect. Specifically, the courts have employed a global standard of contract law defines and have addressed the grounds of "null and void" by applying standard breach-of-contract defences that can be impartially applied on an international level, such as fraud, mistake, duress, and waiver. Moreover, parties have tried to invalidate the

[139] Hanotiau (n 123) 877.
[140] Garcia and Cook (n 7) 56-57.
[141] ibid.
[142] Secretariat UNCITRAL, Emmanuel Gaillard, George A. Bermann, *Guide on the Convention on the Recognition and Enforcement of Foreign Arbitral Awards* (BRILL, 2017) 69.
[143] Garcia and Cook (n 7) 56-57.
[144] New York Convention.

agreements to arbitrate and avoid their obligation to participate in arbitration by claiming that the main contract containing the agreement was null and void. In line with the principle of the severability of the arbitration agreement, a majority of courts distinguish between the invalidity of the contract as a whole and the invalidity specific to the arbitration agreement.[145]

c) Inarbitrability in the context of challenges to recognition and enforcement of awards

Defeated party may attempt to use arguments related to inarbitrability to prevent an award from being recognised by national courts during enforcement. Even if they have already unsuccessfully challenged jurisdiction several times, they can still make a new challenge at this stage. This can be a concerning situation for the winning party, but such challenges are unlikely to arise in practice. If an invalidity challenge is made against a registered IPR, this can trigger issues related to arbitrability based on public policy. Therefore, analysing the content of an award in relation to invalidity can help determine if there could be problems during recognition and enforcement. There are three types of arbitral awards related to invalidity of an IPR: (a) those that fully accept the defence or counterclaim of invalidity; (b) those that completely reject invalidity allegations; and (c) those that partially accept invalidity allegations (may potentially cause issues during recognition and enforcement).[146]

For example, under the Austrian Code of Civil Procedure an arbitral award rendered in Austria may become subject to setting aside proceedings and will be heard directly by the Austrian Supreme Court. A motion will result in the annulment of an award if it is successful. The Austrian Supreme Court is required to consider the non-arbitrability of the dispute's subject matter and the infringement of public policy ex officio.[147]

In instances characterised by "partial invalidity", such as those encountered in patent disputes where certain claims are deemed invalid while others are identified as infringed, there exists a higher likelihood of encountering objections to the enforcement of such decisions based on grounds of public policy or non-arbitrability. Under these circumstances, the claimant is confronted with the onus of persuading the domestic court, in which enforcement is sought, that the notion of "invalidity" in the realm of global intellectual property disputes does not evoke concerns relating to public policy. This persuasion is of utmost significance as, despite potential apprehensions, it remains imperative to enforce the decision. Nevertheless, it is vital to exercise

[145]UNCITRAL, Gaillard and Bermann (n 142) 78-79.
[146] Garcia and Cook (n 7) 59-60.
[147] Christian W. Konrad and Philipp A. Peters, 'Challenging and Enforcing Arbitration Awards: Jurisdictional Know-How-Austria' in J William Rowley QC, *The Guide to Challenging and Enforcing Arbitration Awards* (Law Business Research Ltd 2019) 171.

caution in not overstating the anxieties of the national court, considering that the award has already established liability and affirmed the validity of the intellectual property rights bestowed by the pertinent administrative authorities.[148]

d) Public policy

Under Article V (2) of the New York Convention an arbitration award may be refused recognition and enforcement if the subject matter of the dispute cannot be resolved through arbitration under the law of the country in question, or if recognition or enforcement of the award would violate that state's *public policy*.[149] Considering the broad construction of public policy provided for in Article V(2)(b) the losing party may use it to prevent award's recognition and enforcement.[150]

Most of national courts will apply *national legislation* to determine if IP disputes can be resolved through arbitration or if doing so would breach public policy. However, addressing IP invalidity matters via international arbitration typically does not raise legitimate public policy concerns, even under domestic public order standards. The only circumstances where parties may face recognition and enforcement issues are in jurisdictions *with explicit prohibitions on arbitrating certain IP disputes, but such prohibitions are rare*. The relationship between the arbitrability of IP and public policy arises from the fact that these rights are granted by public authorities[151] and the concept of public policy is subject to variation across different states, as each state maintains the autonomy to define its meaning.[152]

Nonetheless, the perception of public policy is similarly across most *developed arbitral jurisdictions*. For instance, the Swiss Federal Supreme Court defines public policy as fundamental legal principles, the violation of which would conflict with the Swiss legal and economic order. In parallel, German courts maintain that an award will infringe upon public policy (and can consequently be annulled) if it contradicts foundational notions that govern state or economic structures, or if it is in unacceptable discord with German principles of justice.[153]

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[148] Garcia and Cook (n 7) 60-61.
[149] New York Convention.
[150] Herbert Kronke, 'The New York Convention Fifty Years on: Overview and Assessment' in Herbert Kronke, Patricia Nacimiento, et al. (eds), *Recognition and Enforcement of Foreign Arbitral Awards: A Global Commentary on the New York Convention* (Kluwer Law International 2010) 11.
[151] Garcia and Cook (n 7) 61-62.
[152] Nigel Blackaby, Constantine Partasides, et al, '9. Award', in Nigel Blackaby, Constantine Partasides, Alan Redfern, *Redfern and Hunter on International Arbitration* (7 edn, Kluwer Law International; Oxford University Press 2023).
[153] Nigel Blackaby, Constantine Partasides, et al, '10. Challenge of Arbitral Awards' in Nigel Blackaby, Constantine Partasides, Alan Redfern, *Redfern and Hunter on International Arbitration* (7 edn, Kluwer Law International; Oxford University Press 2023).

Despite the frequent similarities between the concept of public policy across various states, the potential risk that one state may set aside the awards on the grounds of public policy, which other states might view as valid. Even though many states take a restrictive approach to the application of public policy, its rather ambiguous nature could be misused by courts in some jurisdictions to scrutinise the merits of a dispute beyond proper boundaries. In light of this, the notion of 'international public policy' (ordre public international) was crafted to present a greater impediment to invalidation than solely domestic public policy. This concept is stated in the French Code of Civil Procedure, where an international arbitral award can only be invalidated 'if the recognition or enforcement of the award conflicts with international public policy'. Several countries, including Portugal, Chile, and Colombia, have adopted this differentiation.[154]

Apart from national legislation, the Court of Justice of the European Union (CJEU) has resolutely maintained that EU member countries must consider EU law when defining the concept of public policy within their respective legal systems. The CJEU has additionally declared that EU member states are obliged to independently scrutinise arbitral decisions from the perspective of EU public policy. While the specific parameters of EU public policy remain undetermined, the existing body of decisions from the CJEU suggests that the engagement of EU public policy could occur if the public interest, underpinning an EU legal norm, holds 'the nature and significance' sufficient to warrant its breach being perceived as a violation of EU public policy.[155]

The contractual nature of arbitration means that the inter parties effect of an arbitral award originates from parties' ability to discard their IPR through licensing, transferring, and withdrawing.[156] As a result, parties can agree to waive certain rights by entering into an arbitration agreement, such as acknowledging that the decision of an arbitrator would prevent them from enforcing granted IPRs in question against each other. However, if an award seeks to have effect on third parties, it may raise concerns of public policy in the courts at the seat of the proceedings or in potential places of enforcement. With regard to invalidity, if the validity of IPRs has been challenged as a defense, the arbitrator's role is only to determine who holds which right under the contract, with the validity issue being a factor in that determination.[157]

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[154] ibid.

[155] Penny Madden QC, Ceyda Knoebel, Besma Grifat-Spackman, 'Arbitrability and Public Policy Challenge' in J William Rowley QC, *The Guide to Challenging and Enforcing Arbitration Awards* (2nd edn, Law Business Research Ltd 2021) 42.

[156] Francis Gurry, 'Objective Arbitrability – Antitrust Disputes – Intellectual Property Disputes' (1994) 6 Swiss Arbitration Association 115.

[157] William Grantham, 'The Arbitrability of Intellectual Property Disputes' (1996) 14 Berkeley Journal of International Law 185.

If the arbitrator declares that the claimed IPR is invalid, the IPR holder would be bound by that decision and forever prevented from asserting those rights against their adverse party in the proceedings. These contractual arguments appear strong and could serve as a good defense against claims of inarbitrability. In the majority of legal systems, IPR invalidated by an arbitral tribunal remains valid in relation to all third parties, irrespective of the specific contractual justification.[158] Which constitutes that an arbitral tribunal's declaration of invalidity does not result in 'invalidity in rem' (universal invalidation of rights).[159]

If an IPR holder enters into an arbitration agreement with another market participant, it is hard to identify any public interest that would prevent a final settlement of the dispute on the validity of the right between those parties. Although such an arbitral award would be binding between the parties to the arbitration agreement, *it would not be binding on state authorities who registered the right*. Regarding the arbitrators, it will depend on the circumstances of the case whether they opt to interrupt the arbitration procedure to obtain a generally binding decision on the validity of the right from the competent state authorities or courts, or whether they decide on the matter themselves. In the latter case, if the decision rendered in the arbitral award conflicts with a decision made at a later stage by the competent state authorities or state courts, the losing party in the arbitration procedure, due to its agreement to the arbitration, may be barred from relying on the different court decision in relation to the winning party in the arbitration. Even in countries where mandatory law establishes the exclusive jurisdiction of state courts, it is challenging to discern a public interest so significant that it should be deemed part of public policy to preclude arbitrability.[160]

The arbitrability or non-arbitrability of IP disputes involves a series of challenges. The technical nature of IP, the variable legal rules and regulations among jurisdictions, and the uncertainty surrounding the legal framework for arbitration in cases of invalidity are the main causes of these complexities. As a result, these elements may cause unpredictable decisions, increased expenses, and prolonged delays in the resolution of disputes.

Parties can increase the likelihood of an efficient arbitration settlement of their intellectual property disputes by anticipating these concerns. Therefore, it is necessary for parties to arbitration agreements to carefully review the scope of the arbitration clause to ensure that it covers any potential grounds for invalidity.

[158] ibid.
[159] Garcia and Cook (n 7) 71.
[160] Gurry (n 156) 116.

IV. RECOGNITION AND ENFORCEMENT OF ARBITRAL AWARD IN IP DISPUTES

Ensuring that arbitration decisions are honoured and carried out is absolutely essential for the successful use of this dispute resolution process on a global. If people participating in arbitration cannot trust that they will be able to implement the decision made, if it is not willingly adhered to, then a ruling in their favour will feel like a hollow victory. Moreover, the reason why many willingly follow through with arbitration decisions is because there is a strong system in place to ensure enforcement, should they choose not to comply.[161]

The New York Convention serves two primary purposes: the recognition and enforcement of foreign arbitral awards and the referral by a court to arbitration.[162] Parties generally do not resist the recognition of arbitral awards due to the Convention's efficacy (parties voluntarily comply with around 90% of arbitral awards). [163] However, the winning party may request the assistance of national courts as well as the losing party may seek the courts assistance to oppose enforcement.[164]

Article V of the New York Convention provides the *"limited and exhaustive grounds"* on which a competent authority in the Contracting State where recognition and enforcement is sought may refuse such recognition and enforcement. Article V (1) lists the grounds for refusal that must be raised "at the request of the party against whom the award is invoked", while Article V (2) - grounds on which a court may refuse enforcement of its own motion.[165] The objective of the New York Convention is to facilitate "the recognition and enforcement of arbitral awards to the greatest extent possible and grants courts of the Contracting States the discretion to refuse to recognise and enforce an award on the grounds listed in Article V, without obligating them to do so".[166]

Generally, prevailing party in an arbitration case is able to choose the countries where they want to enforce their award. This choice usually depends on where the other party has their assets located. Most national courts are willing to accept jurisdiction based on the presence of such assets in their territory. In cases where the winning party seeks an award that grants permanent injunctive relief or specific performance (common remedies in IPR arbitrations)[167], they may need to appear

[161] Born (n 64) 688.
[162] 'In Brief the New York Convention' (www.newyorkconvention.org) <https://www.newyorkconvention.org>.
[163] Garcia and Cook (n 7) 312.
[164] Born (n 64) 689.
[165] UNCITRAL, Gaillard and Bermann (n 142) 129.
[166] Berg, *The New York arbitration convention of 1958: towards a uniform judicial interpretation* (Kluwer Law 1981) 265.
[167] UNCITRAL, Gaillard and Bermann (n 142) 66.

before the courts in the jurisdiction where the defeated party is based, or where the remedy is supposed to be enforced.[168]

Article III of the New York Convention requires local courts to accept foreign arbitral awards, unless one or more of the exceptions listed in Article V apply: (a) the relevant arbitration agreement is invalid; (b) the tribunal has exceeded its jurisdiction; (c) the award is not binding, it has been set aside or has been suspended; and (d) irregularity in the composition of the arbitral tribunal or the arbitral procedure. Even though Article V (2) of the New York Convention provides room for national courts to question the recognition of a foreign arbitral award based on non-arbitrability and public policy issues, it is not a compulsory exercise in an annulment process.[169]

a) The relevant arbitration agreement is invalid

Under Article V(1)(a) of the New York Convention, national courts may not recognise awards that have been rendered in connection with an invalid arbitration agreement. It is not uncommon for parties resisting recognition of arbitral awards to argue the invalidity of the agreement to arbitrate.[170] Courts have generally determined the validity of an arbitration agreement within the meaning of article V (1)(a) by following the conflict of laws rule set out in that provision.[171] The Journal of International Arbitration has presented an empirical study that illustrates various instances in which parties to a dispute have questioned the validity of an arbitration agreement. These instances include situations where the arbitration agreement was never properly concluded, lacked reference to an administering institution, had unclear performance requirements, or was disputed to be validly concluded by conduct. Out of 171 researched cases, 36.8% involved claims of invalidity based on these grounds, with one-third of them proving successful. Notably, the data revealed that the argument that the arbitration agreement did not exist or was inapplicable was the second most successful ground in the data set, while formal allegations of invalidity were only raised in less than 10% of cases and were successful in less than 20% of those instances.[172]

b) Procedural Fairness Issues

Arbitration allows parties to customise the arbitration process according to their preferences and requirements. The UNCITRAL Model Law on International Commercial Arbitration, along with

[168] Garcia and Cook (n 7) 314.
[169] New York Convention.
[170] ibid.
[171] UNCITRAL, Gaillard and Bermann (n 142) 142.
[172] Maxi Scherer and Ole Jensen, 'Empirical Research on the Alleged Invalidity of Arbitration Agreements: Success Rates and Applicable Law in Setting aside and Enforcement Proceedings' (2022) 39 Journal of International Arbitration 331, 333-335.

other national and international arbitration legislation, ensures the parties' freedom to determine the rules of procedure, subject to mandatory due process requirements.[173] Nonetheless, Article V(1)(b) of the New York Convention provides that courts in the host state may deny recognition of an award if 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.[174] In addition, the court may refuse recognition of an award if the party against whom it is invoked was not properly notified or given a chance to present their case.[175] The Convention, however, does not specify the manner of notice. Nevertheless, there are certain situations where non-recognition may be appropriate even without demonstrating injury, such as heavily biased proceedings or bribery and fraud issues.[176]

c) Award is not binding, set aside or suspended

Under Article V(1)(e) of the New York Convention "courts in the host country may deny recognition and enforcement of an award if 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".[177]

Although the Convention does not provide a definition of "binding", courts have denied enforcement of an award on the basis that it did not become binding under Article V(1)(e) of the Convention.[178] A prominent illustration of this is encapsulated in the case of Maritime International Nominees Establishment (MINE) versus The Republic of Guinea.[179] The US Court of Appeals adjudicated that a district court was bereft of jurisdiction to endorse an award issued by the American Arbitration Association (AAA) given the parties' mutual consent to proceed with arbitration through the International Centre for Settlement of Investment Disputes (ICSID). Concurrently, the claimant was endeavouring to enforce the AAA award in Switzerland while instituting an application to ICSID. Subsequently, the Swiss Federal Supreme Court resolved that due to the initiation of a fresh arbitration process by the claimant, the AAA award had forfeited its binding effect, thus leaving the dispute between the parties unsettled.[180]

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[173] Fabricio Fortese and Lotta Hemmi, 'Procedural Fairness and Efficiency in International Arbitration' (2015) 3 Groningen Journal of International Law 110, 113.
[174] New York Convention.
[175] ibid.
[176] UNCITRAL, Gaillard and Bermann (n 142) 275.
[177] New York Convention.
[178] Berg, New York Convention of 1958: Refusals of Enforcement (ICC, 2007) 18 Intl. C. Arb. Bul 1.
[179] *Maritime International Nominees Establishment (MINE) v The Republic of Guinea (1987) XII YBCA 541*.
[180] Mostafa Fahim Nia, *The Enforcement of Foreign Arbitral Awards: A Closer Look at the New York Convention* (Nova Science Publishers, Inc. 2017) 91-93.

Some national courts have held that if the parties have defined what constitutes a "binding award", such definition should be followed, even if there are setting aside actions or challenges against the award. Institutional rules often provide that an award becomes final or binding on the parties once it has been made or notified to the parties. For example, Article 64(f) of the WIPO Arbitration Rules provides that an award shall be effective and binding on the parties as from the date it is communicated by the Arbitration Center to the parties.[181]

Other national courts have considered the laws of the country of origin of the award to determine whether the award is binding or not. Awards subject to setting aside actions are often not considered binding in such jurisdictions. Finally, some national courts have held that whether an award is “binding” does not depend on national law but on an "autonomous" construction of the Convention. It is generally accepted that only awards subject to review on the merits are not binding, while awards susceptible to being set aside on procedural or jurisdictional grounds are binding.[182]

Award Set Aside

Article V(1)(e) of the New York Convention allows a court to refuse to enforce an arbitral award if the award has been set aside or suspended by a competent authority in the state where the award was granted.[183] In case of setting aside an award by the competent court, "it will usually be treated as invalid, and accordingly unenforceable, not only by the courts of the seat of arbitration, but also by national courts elsewhere".[184] This is due to the fact that an appropriate court may refuse to grant recognition and enforcement of an award that has been set aside by a court of the seat of arbitration under the New York Convention and the Model Law.[185]

Nonetheless, in accordance with Article V of the New York Convention, host country courts are not obligated to refuse recognition and enforcement of set-aside awards, as the language of the article states that enforcement “may be refused”. Additionally, Article VII of the Convention ensures that interested parties are not deprived of their right to avail themselves of an arbitral award in accordance with the law and treaties of the country where the award is sought to be relied upon.[186] It has been suggested that enforcing a nullified award should be limited to exceptional

[181] WIPO Mediation, Arbitration and Expedited Arbitration Rules and Clauses Alternative Dispute Resolution 2021.
[182] ‘Chapter 4: The Obligation to Enforce Awards’ in Marike R. P. Paulsson, *The 1958 New York Convention in action* (Wolters Kluwer Law & Business 2016).
[183] New York Convention.
[184] David Rivkin, ‘Improving the Efficiency of Arbitration Agreements and Awards: 40 Years of Application of the New York Convention’ in ICCA Congress Series No. 9, Paris, A.J. van den Berg ed. (Kluwer Law International 1999) 528.
[185] Blackaby and Partasides (n 153).
[186] New York Convention.

cases, such as those involving lack of due process, corruption, fraud, bias, or contravention of public policy in the enforcing country. This approach allows the court to exercise discretion in simplifying enforcement without introducing a damaging degree of inconsistency to the Convention.[187]

Award Suspended

According to the second section of Article V (1e) of the New York Convention, an enforcing court may refuse to enforce an arbitral award if the resisting party proves that the award has been suspended in the country where it was made.[188] The automatic suspension of the award by the operation of the law at the seat of arbitration does not provide a basis for refusing enforcement. If the opposite interpretation were adopted, it would subject the New York Convention to the procedural rule of the seat. Nevertheless, there are no universally accepted standards followed by courts in this regard. [189]

d) Irregularity in the composition of the arbitral tribunal or the arbitral procedure

The New York Convention in Article V (1d) outlines another ground in which the enforcement of foreign arbitral awards may be refused. If the losing party can prove that "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".[190] The composition of the tribunal and the procedure are logically similar owing to the tribunal's composition is a type of procedural matter that surfaces at the beginning of the hearings. Consequently, distinguishing the composition of the tribunal from the procedure under this article indicates that the convention affords particular attention to the defective composition of tribunals.[191]

However, it is rare for attempts to reject the enforcement of foreign arbitral awards to be effective. Firstly, to achieve the goal of the convention, courts are cautious about accepting broad claims of bias that were not raised during the arbitration. If these claims are brought up later to block the award, they may be seen as being made in bad faith by the courts. The arbitration procedure is predominantly governed by the regulations of the chosen arbitral institution, giving arbitrators significant flexibility to customise the procedure as necessary. Therefore, it is rare to find deviation

[187] Nia (n 180) 97.
[188] New York Convention.
[189] Nia (n 180) 97.
[190] New York Convention.
[191] Nia (n 180) 83-84.

from the mutual agreement between the parties. However, issues arising within the arbitration process can be misconstrued as due process violations. In such instances, the party seeking to deny recognition to the award typically resorts to Article V (1b) of the Convention, which pertains to violations of due process. [192]

In a notable legal case, Imperial Ethiopian Government versus Baruch-Foster Corporation, the defendant sought to deny recognition to the arbitral award, asserting the bias of the arbitrator who was also a member of a commission responsible for the preparation of a Civil Code for the victorious party, the Ethiopian government.[193] The arbitration agreement specified that the third arbitrator must be devoid of any affiliations with either party. Despite this, the Court of Appeals endorsed the enforcement of the award, concurring with the District Court's judgment that the defendant had forfeited their right to contest the composition of the arbitration panel by not voicing their objections promptly. The US court further highlighted that the defendant was unable to substantiate that their objection was raised in good faith and not merely as a stalling tactic against enforcement.[194]

In a contrasting case, a party sought to deny recognition of a foreign award declared in London by persuading a German Appellate Court that the arbitrator neglected to furnish the rationale for the decision in the award.[195] The court dismissed this contention, positing that the lack of reasons did not equate to a procedural irregularity under Article V (1d) of the Convention, as there was no such stipulation under English law.[196] Additionally, the same court maintained that the absence of an oral hearing did not infringe upon Article V (1d) of the Convention as the mutually agreed procedural guidelines in that particular case permitted the issuance of an award without oral hearing.[197]

Parties involved in arbitration can overcome enforcement challenges by adopting certain measures. WIPO's experience suggests that establishing a standby tribunal can be a helpful approach. By doing so, parties can avoid the strict application of the functus officio doctrine, which restricts the tribunal's authority after rendering a final award. Instead, tribunals can issue partial awards to address ongoing disputes and ensure compliance with their decisions.[198]

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[192] Berg (n 166) 248-250.
[193] *Imperial Ethiopian Gov't v Baruch-Foster Corp, 535 F2d 334 (1976).*
[194] Nia (n 180) 255.
[195] '1958 New York Convention Guide' (newyorkconvention1958.org) <https://newyorkconvention1958.org/index.php?lvl=authperso_see&id=27> accessed 2 June 2023.
[196] *Shipowner v Time Charterer, YCA, Vol. 25 (2000).*
[197] Nia (n 180) 86.
[198] Garcia and Cook (n 7) 328.

Even in the absence of an explicit agreement, arbitral tribunals in IP disputes have been able to retain jurisdiction to supervise the implementation of injunctive relief and specific performance measures. National courts have recognised and supported such decisions. For example, in the case of Engis Corp. v. Engis Ltd, the tribunal not only granted injunctive relief and patent assignments but also retained jurisdiction over future disputes concerning the award. The defeated party (Ltd) contested the tribunal's authority to retain jurisdiction, but the court rejected this argument.[199] The functus officio doctrine does not prevent an arbitrator from retaining jurisdiction solely for the purpose of enforcing the award, notwithstanding aims to ensure the finality of arbitration awards. Prohibiting the retention of enforcement jurisdiction would disrupt the arbitration process and necessitate ongoing judicial intervention or the appointment of additional arbitrators for future enforcement disputes.[200]

In conclusion, an arbitral tribunal that retains jurisdiction can promptly issue partial damage awards in response to breaches of injunctions or specific performance measures by the losing party. These partial monetary awards can be enforced under the provisions of the New York Convention, providing an effective mechanism for ensuring compliance with non-monetary awards.

[199] *Engis Corp. v Engis Ltd., 800 F. Supp. 627 (1992).*
[200] Born (n 64) 361-362.

CONCLUSION

This master's thesis has presented an in-depth analysis of arbitration as mechanism for resolving IP disputes. Nowadays, IP is associated with the development of trade, and economic growth, however due its territorial nature, IPRs are usually only protected within the state territory where they were registered or given protection. With the growth of global trade, it has become complex and irrational to keep IP protection limited to one country, subsequently, it creates new challenges for solving IP-related disputes. In light of the growing number of parties choosing arbitration to resolve disputes, this study was conducted to compare the advantages and disadvantages of arbitration with other dispute resolution methods.

The New York Convention 1958 provides a substantial solution and in comparison with recognition and enforcement of court decisions the enforcement of arbitral awards remains more predictable and certain on a transnational level, impacting the overall efficacy of the international dispute resolution system. It has been estimated that only 10% of reported applications for recognition and enforcement are rejected. The tendency towards voluntary enforcement of arbitral awards is relatively high, indicating that parties trust in the arbitration process and tend to abide by the conditions of the award. In most cases, an arbitral award would be voluntarily satisfied, or national courts would recognise the award.

From a procedural perspective, parties can derive considerable advantages from a mutually agreed upon neutral avenue for resolving disputes. At the same time, selecting the right decision-makers is crucial in ensuring an effective and favourable arbitration process, as a wrong choice of arbitrator leads to delays, jurisdictional issues, or due process deficiencies.

In international arbitration, unlike litigation, parties have the freedom to design the procedural framework of an arbitration, making it a more flexible mechanism for resolving disputes. This allows parties to come up with creative solutions to settle their dispute and increases the possibility of a settlement through cooperation throughout the process. The flexibility provided by international arbitration enables parties to create customised dispute resolution mechanisms that suit their specific needs. This is particularly relevant for intellectual property agreements, such as licenses and collaboration contracts, which often involve long-lasting relationships.

The principle of finality in arbitration means that an international arbitral award is neither an 'advisory' opinion nor a non-binding suggestion; instead, it is a final and binding legal instrument that national courts cannot appeal or review on its merits, which also reflect that international commercial arbitration lacks an expansive appellate review mechanism for arbitral awards in the majority of instances and judicial review of awards is exclusively limited to issues of public policy,

procedural fairness, and governing law. In international arbitration, the dispute resolution process tends to be more private and confidential as compared to litigation in national courts.

Nonetheless, the tribunal will generally lack authority to order third parties to provide disclosure in the arbitration, just as it will generally lack the power to grant provisional measures or final relief against non-parties to the arbitration. International arbitration, despite its numerous advantages, is not inherently a low-cost and fast-track dispute resolution mechanism. The detailed procedural framework, absence of issues regarding involvement of third parties, procedural costs would induce the parties to choose a judicial method of resolving the dispute. Thus, parties should carefully consider their unique circumstances, the nature of their dispute, and their financial abilities before opting for arbitration over litigation.

The arbitrability or non-arbitrability of IP disputes involves a series of challenges. The technical nature of IP, the variable legal rules and regulations among jurisdictions, and the uncertainty surrounding the legal framework for arbitration in cases of invalidity are the main causes of these complexities. As a result, these elements may cause unpredictable decisions, increased expenses, and prolonged delays in the resolution of disputes.

Parties can increase the likelihood of an efficient arbitration settlement of their intellectual property disputes by anticipating these concerns. Therefore, it is necessary for parties to arbitration agreements to carefully review the scope of the arbitration clause to ensure that it covers any potential grounds for invalidity. An arbitral tribunal that retains jurisdiction can promptly issue partial damage awards in response to breaches of injunctions or specific performance measures by the losing party. These partial monetary awards can be enforced under the provisions of the New York Convention, providing an effective mechanism for ensuring compliance with non-monetary awards.

While arbitration is a powerful instrument for IP dispute resolution, it is not a universal remedy. The unique circumstances, expectations, and financial resources of the parties will ultimately determine whether arbitration or the judicial system is preferred. Furthermore, the forthcoming Hague Judgments Convention could potentially compete with arbitration. However, as this Convention is yet to be implemented, its potential impact remains to be seen, opening new avenues for future research and highlighting the continued need for scholarly focus on IP arbitration.

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ABSTRACT (ENGLISH)

This master's thesis provides an in-depth analysis of arbitration as a mechanism for resolving IP disputes. In today's globalised trade environment, IP protection limited to one country poses challenges as trade and economic growth become increasingly intertwined with IP rights. The study compares the advantages and disadvantages of arbitration with other dispute resolution methods, with a focus on the impact of the New York Convention 1958 on the enforcement of arbitral awards.

The findings indicate that the enforcement of arbitral awards, under the New York Convention, is more predictable and certain on a transnational level compared to the recognition and enforcement of court decisions. Parties tend to voluntarily enforce arbitral awards, reflecting their trust in the arbitration process. Procedurally, arbitration provides advantages such as the flexibility to design the procedural framework, allowing parties to tailor the process to their specific needs. This flexibility promotes cooperation and the possibility of settlements.

Arbitration also offers finality, as arbitral awards are binding and not subject to appeal or review on their merits in national courts. Additionally, the confidentiality and privacy afforded by international arbitration distinguish it from litigation in national courts. However, certain limitations exist, such as the inability of tribunals to order disclosure from third parties or grant relief against non-parties. While international arbitration has advantages, it is not inherently a low-cost or fast-track mechanism, and parties must carefully consider their circumstances and financial abilities when choosing arbitration over litigation.

The arbitrability of IP disputes presents challenges due to the technical nature of IP, variable legal rules across jurisdictions, and uncertainty surrounding the legal framework for arbitration in cases of invalidity. Parties can enhance the efficiency of arbitration settlements by anticipating these complexities and ensuring that the arbitration clause covers potential grounds for invalidity. The New York Convention facilitates enforcement of monetary and non-monetary awards, ensuring compliance with non-monetary relief.

Ultimately, the suitability of arbitration versus litigation depends on the unique circumstances, expectations, and financial resources of the parties. The forthcoming Hague Judgments Convention may introduce new dynamics in IP dispute resolution, warranting further research and emphasizing the ongoing importance of scholarly focus on IP arbitration.

ZUSAMMENFASSUNG (DEUTSCH)

Diese Masterarbeit bietet eine eingehende Analyse der Schiedsgerichtsbarkeit als Mechanismus zur Lösung von geistigen Eigentumsstreitigkeiten. In der heutigen globalisierten Handelsumgebung stellen die auf einen einzelnen Staat beschränkten Schutzrechte für geistiges Eigentum eine Herausforderung dar, da Handel und wirtschaftliches Wachstum zunehmend mit geistigen Eigentumsrechten verknüpft sind. Die Studie vergleicht die Vor- und Nachteile der Schiedsgerichtsbarkeit mit anderen Streitbeilegungsmethoden und konzentriert sich auf die Auswirkungen des New Yorker Übereinkommens von 1958 auf die Durchsetzung von Schiedssprüchen.

Die Ergebnisse zeigen, dass die Durchsetzung von Schiedssprüchen unter dem New Yorker Übereinkommen im transnationalen Vergleich zur Anerkennung und Durchsetzung gerichtlicher Entscheidungen vorhersehbarer und sicherer ist. Parteien neigen dazu, Schiedssprüche freiwillig durchzusetzen, was ihr Vertrauen in den Schiedsprozess widerspiegelt. Verfahrenstechnisch bietet die Schiedsgerichtsbarkeit Vorteile wie die Flexibilität, den Verfahrensrahmen individuell zu gestalten und an die spezifischen Bedürfnisse der Parteien anzupassen. Diese Flexibilität fördert die Zusammenarbeit und die Möglichkeit von Vergleichen.

Die Schiedsfähigkeit von geistigen Eigentumsstreitigkeiten stellt aufgrund der technischen Natur des geistigen Eigentums, unterschiedlicher rechtlicher Regelungen in verschiedenen Rechtsordnungen und der Unsicherheit im Zusammenhang mit dem rechtlichen Rahmen für Schiedsverfahren bei Nichtigkeitserklärungen eine Herausforderung dar. Parteien können die Effizienz von Schiedsvereinbarungen erhöhen, indem sie diese Komplexitäten voraussehen und sicherstellen, dass die Schiedsklausel potenzielle Nichtigkeitsgründe abdeckt. Das New Yorker Übereinkommen erleichtert die Durchsetzung von monetären und nicht-monetären Auszeichnungen und gewährleistet die Einhaltung nicht-monetärer Entlastungen.

Letztendlich hängt die Eignung von Schiedsverfahren im Vergleich zu Gerichtsverfahren von den besonderen Umständen, Erwartungen und finanziellen Ressourcen der Parteien ab. Das bevorstehende Haager Übereinkommen über Gerichtsstands Vereinbarungen könnte neue Dynamiken in der Streitbeilegung bei geistigen Eigentumsstreitigkeiten einführen, was weitere Forschungen erfordert und die fortlaufende Bedeutung der wissenschaftlichen Auseinandersetzung mit der Schiedsgerichtsbarkeit bei geistigem Eigentum unterstreicht.