



THE GUIDE TO IP ARBITRATION

SECOND EDITION

Editors

John V H Pierce and Pierre-Yves Gunter

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Second Edition

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Publisher's Note

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

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

Being at the heart of the international arbitration community, we often become aware of gaps in the literature – topics yet to be fully explored. The intersection of IP and arbitration is one such area. Hitherto, it is fair to say they have not intersected much – certainly less than perhaps expected. Large IP owners are regarded in arbitration circles as being sceptical about arbitration as a format (a bit like banks). Their fears are, for the most part, ill-founded. In many ways, international arbitration is perfect for them: a private, bespoke process invented to bridge cultural divides and that is – most important of all – internationally enforceable. And there are one or two segments of the IP world where use of international arbitration is quite common (the European headquarters of pharmaceutical and life sciences companies are consistent international arbitration users).

Recently, this openness to arbitration has shown signs of spreading. Through our colleagues on IAM and WTR, we are aware of fierce debate within IP about whether litigating in so many forums simultaneously is the best use of resources: why spend US\$100 million in legal fees when it could all be done for, say, US\$40 million in arbitration? Still a lot, but a saving of US\$60 million on both sides. It's rare for any group of users to find arbitration quicker and more cost effective than the alternative, but for large IP owners it is. So one now finds some IP owners who are international arbitration evangelists.

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

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

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

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

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Introduction

John V H Pierce and Pierre-Yves Gunter¹

We are enormously pleased to present this second edition of *The Guide to IP Arbitration*.

Having received very positive feedback about the first edition of this Guide, for which credit goes to the learned authors who contributed chapters and the excellent editorial team at Global Arbitration Review (GAR), we have not sought to change the book's basic structure and focus; rather, we have sought to update it, where appropriate, and expand its reach into new areas.

To that end, most of the chapters in the Guide have been thoroughly revised to address new developments in international IP arbitration since the first edition was published. In addition, we have added two new substantive chapters, which we hope will be of interest to our readers.

First, we have added a chapter focused entirely on WIPO arbitration, written by the leaders of the IP disputes section at the WIPO Arbitration and Mediation Center. We believe that this new chapter on recent trends in WIPO arbitration and mediation adds an important perspective from one of the most active and well-established institutions in the world of IP arbitration.

Second, we have expanded the book's discussion of the arbitrability of IP disputes by including a chapter on the arbitrability of IP disputes in Brazil. While the first edition covered the issue of arbitrability in common law jurisdictions and civil law jurisdictions in Europe and Asia (principally, Germany and Japan), the second edition adds an important perspective from the largest economy in Latin America – a region that was not represented in the first edition of the book.

¹ John V H Pierce is a partner at Latham & Watkins LLP, and Pierre-Yves Gunter is a partner at Bär & Karrer Ltd.

Historical limitations on international IP arbitration

Historically, most international IP-related disputes were decided before national courts rather than arbitral tribunals. In part, that is because arbitration is a creature of contract and, in many IP-related disputes (such as disputes over the ownership of intellectual property or the alleged infringement of IP rights), that contractual relationship is missing.

In addition, the laws of some jurisdictions placed limitations on the arbitrability of certain IP-related issues (such as the validity of patents, copyrights or trademarks), viewing disputes over such rights as implicating matters of public policy that should be settled by national courts. Moreover, for companies for whom IP assets are the proverbial crown jewels, the unavailability of appellate review of arbitral awards has often been sufficient to discourage the use of arbitration to resolve disputes over such assets.

Growth of international IP arbitration

Times have changed. While it is still the case that some types of IP disputes are litigated predominantly in national courts, the number of IP-related cases going to arbitration continues to grow. Indeed, one of the noticeable trends in international arbitration in the past several years has been the growing use of arbitration to resolve IP-related disputes.

The caseload of the WIPO Arbitration and Mediation Center, while not a perfect proxy, illustrates this trend. Filings at WIPO (which include mediations and expert determinations as well as arbitrations) increased by over 15 per cent from 2018 to 2019, and by over 450 per cent from 2012 to 2019. In addition, WIPO administered 24 per cent more cases in 2020 and 45 per cent more cases in 2021. As these statistics make clear, the growth of international IP arbitration continues to accelerate.

What accounts for this growth? Recent changes in national laws, in Singapore, Hong Kong and elsewhere, have affirmatively sought to make arbitration more attractive and effective in resolving international IP disputes. And the historical resistance to the arbitrability of IP disputes has given way, in most jurisdictions, to a more liberal and pro-arbitration approach, and to the perception that arbitral tribunals should generally be free to adjudicate IP rights, at least on an *inter partes* basis.

Arbitral institutions, too, are developing procedures to facilitate the resolution of IP disputes and make arbitration more attractive to users. For example, the Silicon Valley Arbitration and Mediation Center, the Swiss Chambers' Arbitration Institution, the Singapore International Arbitration Centre, the Japan Intellectual Property Arbitration Centre and the Hong Kong International

Arbitration Centre, among others, have worked to make IP arbitration more attractive by creating dedicated panels of arbitrators with the expertise and experience to capably handle IP-related disputes. In addition, most arbitration institutions have now adopted mechanisms such as expedited arbitration or emergency arbitrator protocols, which can be used, for example, by IP owners to seek speedy remedies to protect their IP rights.

The genesis and organisation of this Guide

The idea for this book emerged from the recognition of these trends and from the fact that IP-related arbitration is very much its own animal within the world of international arbitration. It has a distinct set of features and challenges, which this book aims to explore from a truly global perspective.

To that end, in collaboration with the terrific team at GAR, we have worked to bring together leading practitioners from a wide range of jurisdictions who have expertise and experience both in international arbitration and in IP-related disputes. The response from every corner has been enthusiastic, and we are fortunate to have received contributions from many internationally recognised leaders in the field. These include authors from common law and civil law countries around the world, including the United States, the United Kingdom, Japan, South Korea, Germany, France, Switzerland and Brazil.

We have divided this Guide into four parts, each covering a set of considerations that should be taken into account at different points in the arbitral process. This approach allows for a journey through the life cycle of an arbitration, touching on the most important procedural and substantive issues that may arise in IP-related disputes.

‘Part I: Considerations Before a Dispute Has Arisen’ explores the planning for international IP arbitration. It starts by tackling the essential, threshold question: ‘Why arbitrate international IP disputes?’ This chapter addresses various perceived advantages of arbitration for IP disputes (such as relative speed and efficiency, resolution in a single forum, neutrality and choice of decision makers, enforceability of awards and confidentiality) before acknowledging some potential perceived limitations of arbitration in this context (such as limited availability of preliminary remedies and injunctive relief, *inter partes* versus *erga omnes* relief and lack of broad disclosure).

Part I then addresses another threshold issue: arbitrability. This chapter examines the extent to which various kinds of IP disputes can be arbitrated under the national laws of certain key common law and civil law jurisdictions. As noted, the second edition expands this discussion by including a new chapter on arbitrability

from another important jurisdiction for international IP disputes: Brazil. Part I concludes by exploring specific issues and best practices in the drafting of international arbitration clauses in IP agreements.

‘Part II: Considerations Once a Dispute Has Arisen’ addresses the various issues that may arise once an IP arbitration gets under way. This begins with a chapter on the strategic considerations that parties should bear in mind during the pendency of an IP arbitration. Issues such as preparing for the arbitration, constituting the arbitral tribunal, managing ongoing business concerns, gathering evidence and navigating the initial procedural conference are all addressed in detail.

Part II then moves on to two related topics: first, a chapter on confidentiality in international IP arbitration, which is often of particular importance to parties in IP disputes given the usually sensitive nature of the assets at issue; and second, a chapter on disclosure in international IP arbitration, with a particular focus on privilege issues, recourse to national courts and compliance with the EU General Data Protection Regulation. Part II concludes with a chapter on the mediation of international IP disputes, emphasising the importance of making mediation available to parties in such disputes, in tandem with arbitration, to maximise the chances of reaching a successful outcome.

From these procedural beginnings, ‘Part III: Key Issues in Arbitrating Particular IP Disputes’ moves on to substance. The next three chapters address certain key substantive issues that arise when arbitrating particular kinds of IP disputes: the first addresses the arbitration of patent, copyright and trademark disputes; the second provides an overview of, and practical advice for, IP arbitration against sovereign states; the third considers the kinds of damages analyses that are most often undertaken in IP cases. Finally, Part III concludes with a new chapter addressing recent trends in WIPO arbitration, including with respect to domain name disputes.

‘Part IV: Future Directions’ is dedicated to exploring the future of international IP arbitration. It includes an in-depth analysis of current trends in IP arbitration and some revised predictions about future directions in this interesting and evolving field.

In addition to the hard-copy version of this book, the content is also available to subscribers on the GAR website at www.globalarbitrationreview.com/insight/guides. We expect that additional content, including additional chapters of this book, will appear first on the website, and we recommend that resource to our readers.

Future editions and acknowledgements

In future editions of this Guide, current chapters will again be updated, and additional chapters will be added, including on key issues that arise in certain types of IP disputes not covered in this edition, as well as on the recognition and enforcement of IP-related arbitral awards. We will also seek contributions from additional authors in some important jurisdictions and regions that could not be covered in this edition. We will always seek ways to improve future editions of this Guide and would welcome, with gratitude, any comments or suggestions from readers as to how that might be achieved.

Finally, some words of thanks and acknowledgement are in order. This book would not have been possible without the creativity and vision of David Samuels (GAR's publisher) and the diligent efforts of the excellent team at GAR. In addition, a book such as this is only as good as its authors. We took great care, for this second edition as for the first, in assembling the highest calibre of experts in the field of international IP arbitration, and we are enormously grateful for the hard work and excellent contributions of each of them.

Part III

Key Issues in Arbitrating Particular IP Disputes

CHAPTER 12

Recent Trends in WIPO Arbitration and Mediation

Ignacio de Castro, Heike Wollgast and Justine Ferland¹

Introduction

In today's economy, IP rights represent valuable business assets. The commercial exploitation of IP rights through international licensing, patent pooling, technology transfer and research and development (R&D) agreements, branding, copyright and design strategies can trigger substantial benefits.

Conversely, however, growth in such international transactions has multiplied the potential for cross-border IP disputes. Global challenges – such as the digital environment, rapid technological developments, access to healthcare and climate change issues – may create new types of IP disputes.

While IP disputes can involve a variety of subject matters and parties, they also have common features: they are often international, concern technical or specialised subject matter, involve trade secrets and regularly arise in the context of business relationships. In this regard, alternative dispute resolution (ADR) procedures, such as arbitration and mediation, can be a useful option to resolve those disputes owing to their flexibility, practicality and confidentiality.

International ADR is well suited for cross-border IP disputes because it provides a single and neutral forum for settlement. While mediation is often seen as a valuable and generally successful option, international arbitration has become particularly attractive because of its finality and general ease of international

¹ Ignacio de Castro is a director, Heike Wollgast is a section head, and Justine Ferland is a legal case manager at the WIPO Arbitration and Mediation Center.

enforcement, and it has recently been identified as the preferred method of resolving cross-border disputes, either on a stand-alone basis or in conjunction with other forms of ADR.²

This chapter will highlight some recent IP ADR trends observed by the WIPO Arbitration and Mediation Center (the WIPO Center), based on its experience in administering both mediation and arbitration proceedings for IP and technology disputes. It will also discuss the practices developed by the WIPO Center in light of those trends.

WIPO Center

Founded in 1967, the World Intellectual Property Organization (WIPO) is an agency of the United Nations that aims to promote the development of a balanced and accessible international IP system through cooperation among states.³ Within this larger framework, the WIPO Center was established in 1994⁴ as a neutral, independent and non-profit dispute resolution provider.⁵ It is the only international provider of specialised ADR services for IP disputes and the leading global provider of mechanisms to resolve internet domain name disputes.⁶

Role of the WIPO Center

In its role as administering institution, the WIPO Center administers mediation, arbitration, expedited arbitration and expert determination procedures conducted under the WIPO rules.⁷ Developed by leading experts in cross-border dispute settlement, the procedures offered by the WIPO Center are recognised as particularly appropriate for international IP and technology disputes; the WIPO rules contain specific provisions that are particularly suitable for those disputes, such as

2 Queen Mary University of London and White & Case LLP, '2021 International Arbitration Survey Report: Adapting arbitration to a changing world'.

3 Convention Establishing the World Intellectual Property Organization, Article 3.

4 WIPO Arbitration and Mediation Center (the WIPO Center), 'Alternative Dispute Resolution'.

5 Ignacio de Castro, Heike Wollgast and Andrzej Gadkowski, 'Review of the World Intellectual Property Organization's Arbitration and Mediation Center', in H A Grigera Naón and P E Mason (eds), *International Commercial Arbitration Practice: 21st Century Perspectives*, Matthew Bender Elite Products, 2017.

6 WIPO Center, 'Domain Name Dispute Resolution'.

7 WIPO Center, 'WIPO Mediation, Arbitration, Expedited Arbitration and Expert Determination Rules'. For the latest version of the WIPO rules, see www.wipo.int/amc/en/rules (accessed 5 September 2022).

rules concerning confidentiality⁸ and technical evidence (including experiments, site visits and agreed primers and models).⁹ Nevertheless, the WIPO rules can be, and have been, successfully applied in the context of any commercial dispute.

Once a case is filed, the WIPO Center engages in active case management by facilitating communication between parties and neutrals, enforcing timelines, coordinating finance-related issues and arranging (online) meetings and other support services, including interpretation or secretarial services.

The WIPO Center may also assist parties in the selection and appointment of mediators, arbitrators or experts. It maintains to that effect a database of over 2,000 dispute resolution practitioners and experts from more than 100 jurisdictions.¹⁰ As the effectiveness of ADR depends largely on the quality of the appointed neutrals, the members of the WIPO List of Neutrals range from highly specialised practitioners and experts with knowledge in the areas of patents, trademarks, copyright, designs or other forms of intellectual property to seasoned commercial dispute resolution generalists.

Further, as a non-profit organisation, the WIPO Center offers a competitive schedule of fees and costs for the administration of ADR proceedings¹¹ and ensures that all fees charged are appropriate in light of the circumstances of the dispute.

In addition to its case administration activities, the WIPO Center works as a resource centre to raise awareness of the valuable role ADR can play in different sectors. It provides ADR advice to interested private and public entities, as well as training in IP-related ADR through workshops and conferences.

8 WIPO Mediation Rules, Articles 15 to 18; WIPO Arbitration Rules, Articles 75 to 78; WIPO Expedited Arbitration Rules, Articles 67 to 70. In addition, Article 54 of the WIPO Arbitration Rules and Article 48 of the WIPO Expedited Arbitration Rules empower the arbitral tribunal, if certain requirements are met, to order protective measures in respect of information that it considers confidential, such as trade secrets. In practice, such confidentiality measures take the form of protective orders issued by the arbitral tribunal and may include restricting access to confidential information to selected individuals or the redaction of documents. For more information on confidentiality under the WIPO rules, see Phillip Landolt and Alejandro Garcia, 'Commentary on WIPO Arbitration Rules', 2017, pp. 100–103.

9 WIPO Arbitration Rules, Articles 50 to 53; WIPO Expedited Arbitration Rules, Articles 44 to 47.

10 WIPO Center, 'WIPO Neutrals'.

11 The 'WIPO Mediation, Arbitration, Expedited Arbitration and Expert Determination Schedules of Fees and Costs' and a fee calculator are available at amc.wipo.int/adr-fee-calculator (accessed 5 September 2022).

The WIPO Center further advises parties on the use and drafting of contractual dispute resolution clauses and provides procedural guidance to facilitate the submission of an existing dispute to WIPO ADR.¹² In particular, it makes available recommended mediation, arbitration, expedited arbitration and expert determination contract clauses and submission agreements,¹³ as well as an online clause generator¹⁴ that proposes additional elements based on the WIPO Center's case experience.

The WIPO Center has also developed tailor-made dispute resolution procedures and services for specific industries,¹⁵ such as information and communications technology (ICT) – including for the determination of fair, reasonable and non-discriminatory (FRAND) licensing terms – life sciences, R&D and technology transfer, and digital copyright and content. In this context, the WIPO Center collaborates with stakeholders from the relevant sectors and provides targeted adaptations of the standard WIPO rules, specific model clauses and fees and separate lists of neutrals with expertise in those areas.¹⁶

Finally, the WIPO Center collaborates with the IP offices and courts of Member States to promote ADR methods through awareness-raising activities, case administration assistance and drafting of model R&D agreements that include ADR options.¹⁷

Caseload

With its extensive network of IP and ADR experts, and WIPO's international neutrality, the WIPO Center stands at the forefront of ADR for IP disputes. As at mid 2022, more than 900 mediation, arbitration and expert determination cases with values ranging from US\$15,000 to US\$1 billion have been administered by

12 The WIPO Center is available to assist parties through its 'Good Offices' services. This could take the form of facilitating direct settlement between parties, advising parties on WIPO model contract clauses and submission agreements and assisting parties in submitting disputes to WIPO ADR, including through the WIPO 'Unilateral Request for Mediation'.

13 WIPO Center, 'Recommended WIPO Contract Clauses and Submission Agreements', www.wipo.int/amc/en/clauses/index.html (accessed 5 September 2022).

14 WIPO Center, 'WIPO Clause Generator', www.wipo.int/amc-apps/clause-generator (accessed 5 September 2022).

15 A list of ADR services provided by the WIPO Center for specific sectors is available at WIPO Center, 'WIPO Alternative Dispute Resolution (ADR) Services for Specific Sectors'.

16 For more information on recent developments in some of these specific sectors, see the section in this article on 'Recent Developments in Specific Sectors'.

17 WIPO Center, 'WIPO Alternative Dispute Resolution (ADR) for Intellectual Property Offices and Courts'.

the WIPO Center, most of which have been administered in the past five years.¹⁸ Approximately 29 per cent of the cases administered involved patent-related issues, followed by copyright (24 per cent), trademarks (20 per cent), ICT (14 per cent) and other commercial areas, including franchising and distribution disputes (12 per cent).

The WIPO Center's ADR services have been used by multinational corporations, small and mid-sized enterprises (SMEs), R&D centres, universities, collective management societies and individuals from more than 60 countries. Although most of the disputes administered by the WIPO Center were international (68 per cent), 32 per cent of those disputes were of a domestic nature.

As at the time of writing, parties to disputes submitted to the WIPO Center are most often located in Europe (43 per cent), North America (22 per cent) and Asia (21 per cent); however, in the past few years, the WIPO Center has also received an increasing number of disputes involving parties from Latin America and Africa.

WIPO proceedings are mainly conducted in English (69 per cent) but have also been conducted in other languages, including, in order of frequency, Spanish, Chinese, French and German.

The majority of claims in WIPO cases relate to monetary relief; however, specific remedies have been requested in some cases, including requests for specific performance, declarations of infringement or non-performance of contractual obligations, further safeguards for the preservation of confidentiality of evidence, the provision of a security, the production of data, the delivery of goods and the conclusion of new contracts (including determination of licensing terms).

Latest update to the WIPO rules

In 2021, the WIPO Center updated its mediation, arbitration, expedited arbitration and expert determination rules to reflect a number of developments in global mediation and arbitration practice. The updates are threefold.

First, to reflect the increasingly digitalised practice of ADR and the global switch to paperless practices, the updated rules now expressly permit, and foresee as the default option, the electronic filing of new WIPO ADR cases and the

18 This number does not include domain name disputes administered by the WIPO Center under the Uniform Domain Name Dispute Resolution Policy (UDRP) and related policies. For statistics concerning WIPO domain name cases, see WIPO Center, 'WIPO Domain Name Dispute Resolution Statistics', www.wipo.int/amc/en/domains/statistics (accessed 5 September 2022).

electronic submission of any case communication.¹⁹ Remote WIPO mediation and arbitration meetings and hearings are also expressly permitted and encouraged by the updated rules, including the preparatory conference, emergency arbitrator proceedings, mediation meetings and arbitration hearings.²⁰ To that effect, the WIPO Center provides to interested parties a series of online case administration tools, including an online docket (WIPO eADR) and videoconferencing facilities.²¹

The updated WIPO arbitration and expedited arbitration rules further introduced certain disclosure requirements concerning the identity of third-party funders at an early stage of the proceedings. More specifically, the identity of any third-party funder must now be disclosed in the request for arbitration or the answer to the request, as applicable. If a funding agreement is concluded at a later stage of the proceedings, the identity of the third-party funder must be promptly disclosed.²²

This change reflects the marked increase of third-party funding in international commercial arbitration in the past few years.²³ It aims to prevent conflicts of interest between parties to the proceedings or between parties and an arbitral tribunal, thus further ensuring the enforceability of awards.

Finally, with the aim of facilitating access to ADR, the updated Schedule of Fees and Costs²⁴ introduced a 25 per cent reduction in the applicable WIPO Center fees if one or both parties to a dispute is an SME, which is defined as an entity with less than 250 employees. Through this update, the WIPO Center aims to meet the specific needs and challenges of SMEs, which currently represent 41 per cent of users of its arbitration and mediation services.

19 WIPO Mediation Rules, Article 3(a); WIPO Arbitration Rules, Article 4(a); WIPO Expedited Arbitration Rules, Article 4(a); WIPO Expert Determination Rules, Article 3(a).

20 WIPO Mediation Rules, Article 10; WIPO Arbitration Rules, Articles 40, 49 and 55; WIPO Expedited Arbitration Rules, Articles 34, 43 and 49; WIPO Expert Determination Rules, Article 14(f).

21 WIPO Center, 'WIPO Online Case Administration Tools', www.wipo.int/amc/en/eadr (accessed 5 September 2022).

22 WIPO Arbitration Rules, Articles 9(vii) and 11(b); WIPO Expedited Arbitration Rules, Articles 9(v) and 11(b).

23 Hussein Haeri, Clàudia Baró Huelmo and Giacomo Gasparotti, 'Third-Party Funding in International Arbitration', in Amy C Kläsener (ed), *The Guide to M&A Arbitration*, 3rd edn, London, Law Business Research, 2020, pp. 76–99.

24 See footnote 11.

Recent trends in WIPO ADR

In recent years, the WIPO Center has observed various trends and developments in relation to the ADR of IP disputes.

Trends in caseload

Caseload increase

Although the WIPO Center's caseload steadily increases every year, the WIPO Center has seen a marked increase in its caseload in the past two years: it administered 24 per cent more cases in 2020 and 45 per cent more cases in 2021.²⁵ This illustrates the growing awareness, understanding and acceptance of IP ADR and its benefits among users worldwide.

The increase may be seen as a collateral result of the covid-19 pandemic, during which court backlogs escalated considerably, making ADR a more attractive option for litigants. It may also be explained by the WIPO Center's growing collaboration with courts worldwide for the development and implementation of ADR-related services,²⁶ which has led to heightened awareness of ADR options and benefits by courts, which, in turn, refer an increasing number of cases to WIPO ADR or encourage parties to consider it.

Also of interest are the various ADR incentives and promotion schemes put in place by national IP offices in the past years – many of which are the result of collaboration with the WIPO Center²⁷ – and recent legislative initiatives that encourage and sometimes mandate ADR as a first step in parties' dispute resolution process.²⁸

25 Not including domain name case filings. For statistics concerning WIPO domain name cases, see WIPO Center, 'WIPO Domain Name Dispute Resolution Statistics', www.wipo.int/amc/en/domains/statistics (accessed 31 August 2022).

26 For example, the WIPO Center collaborates with the Supreme People's Court of China to promote the use of mediation for IP disputes in China and with the Munich Regional Court in the area of patent disputes and disputes related to fair, reasonable and non-discriminatory (FRAND) matters.

27 See footnote 17.

28 In the area of copyright, for instance, see Article 17(9) of Directive (EU) 2019/790 (the DSM Directive). Another example can be found in England, where a party's silence in response to an invitation or a refusal to participate in ADR may be considered unreasonable by the court and could lead to the court ordering that party to pay additional court costs (see Article 11 of the UK Ministry of Justice, 'Practice Direction – Pre-Action Conduct and Protocols'). A similar approach can be found in Australia (see Federal Court of Australia, 'Mediation').

The covid-19 pandemic has also led to an increase in the online conduct of ADR proceedings and the use of online case administration tools, such as video-conferencing and electronic submissions. This, in turn, has had a positive impact on the time and cost efficiency and flexibility of the arbitration and mediation processes, leading to more frequent recourse to those proceedings. For instance, without the constraints and costs of travel, parties located in different jurisdictions may be more inclined to participate in ADR proceedings.

Increased submission of non-contractual disputes to ADR

While WIPO ADR cases are predominately based on contract clauses, a growing number of cases are being submitted to WIPO ADR procedures as a result of a submission agreement concluded after the dispute has arisen (e.g., non-contractual infringement of IP rights). This indicates that parties are increasingly aware of the benefits of mediation and arbitration over court litigation, notwithstanding the nature of their dispute and even after the dispute has arisen.

Further, in the context of non-contractual IP infringement disputes where time is often of the essence, the possibility of fast resolution combined with the availability of provisional measures²⁹ and emergency relief³⁰ make arbitration and expedited arbitration appealing options for claimants.

Trends in settlement

Increased settlement rates

WIPO ADR procedures stimulate positive opportunities for party settlement. In mediation proceedings, for example, the WIPO Mediation Rules allow the mediator to promote the settlement of the issues in dispute between the parties in any manner that the mediator believes to be appropriate.³¹

Historically, 70 per cent of WIPO mediation cases concluded in a settlement between the parties. In 2021, the WIPO Center observed that the settlement rate in mediation cases increased to 75 per cent.

These improved mediation settlement rates may partially be the result of the increasing use of WIPO online case administration tools; the flexibility of online mediation appears to encourage settlement opportunities. For instance,

29 WIPO Arbitration Rules, Article 48; WIPO Expedited Arbitration Rules, Article 42.

30 WIPO Arbitration Rules, Article 49; WIPO Expedited Arbitration Rules, Article 43.

31 WIPO Mediation Rules, Article 14(a).

remote participation makes it easier for the parties' decision makers to be present throughout the mediation and, therefore, increases the chances of a successful outcome.

Schedules can also be more easily adapted to pursue the mediation if unexpected delays arise. In a recent WIPO trademark opposition case held entirely online, for example, the parties needed an additional day for mediation. Since no travel plans were involved, another session was easily set up the next day, and the parties reached an agreement. Had this situation occurred in an in-person context, the second session would likely have been significantly postponed, potentially compromising the relationship dynamic that had developed between the parties.³²

Even in arbitration, 33 per cent of WIPO cases have settled before any formal decision was issued. Arbitrators appointed under the WIPO rules can suggest that parties explore settlement, including by commencing mediation, at such times as they may deem appropriate,³³ as shown in the following case example.

Case: WIPO arbitration of biotech and pharma dispute

A French biotech company, a holder of several process patents for the extraction and purification of a compound with medical uses, had entered into a licence and development agreement containing a WIPO arbitration clause with a large pharmaceutical company.

Several years after the signing of the agreement, the biotech company terminated the contract, alleging that the pharmaceutical company had deliberately delayed the development of the biotech compound. The biotech company filed a request for arbitration claiming substantial damages.

The appointed arbitrator held a three-day hearing for the examination of witnesses. This not only served for the presentation of evidence but also allowed the parties to re-establish a dialogue. In the course of the hearing, the arbitrator began to think that the biotech company was not entitled to terminate the contract and that it would be in the interest of the parties to continue to cooperate towards the development of the biotech compound.

On the last day of the hearing, the parties accepted the arbitrator's suggestion that they should hold a private meeting. As a result of that meeting, the parties agreed to settle their dispute and continued to cooperate towards the development and commercialisation of the biotech compound.

32 For further thoughts on online mediation in the IP and technology sectors, see Heike Wollgast and Margarita Kato, 'Online mediation in the IP and tech sectors', *The Law Society Gazette*, 11 November 2020.

33 WIPO Arbitration Rules, Article 67(a); WIPO Expedited Arbitration Rules, Article 60(a).

If the parties agree on a settlement of the dispute before the award is rendered, arbitrators may terminate the arbitration and record the settlement in the form of a consent award, if requested by the parties.³⁴ Those awards may then be recognised and enforced under the New York Convention.

Two WIPO arbitration cases illustrate the relevance of those provisions.

Case: WIPO software trademark arbitration

A North American software developer had registered a trademark for communication software in the United States and Canada. A manufacturer of computer hardware based elsewhere registered an almost identical trademark for computer hardware in a number of Asian countries.

Both parties had been engaged in legal proceedings in various jurisdictions concerning the registration and use of their trademarks. Each party had effectively prevented the other from registering or using its trademark in the jurisdictions in which it held prior rights.

To facilitate the use and registration of their respective trademarks worldwide, the parties entered into a coexistence agreement that contained a WIPO arbitration clause. When the North American company tried to register its trademark in a particular Asian country, the application was refused because of a risk of confusion with the prior trademark held by the other party. The North American company requested that the other party undertake any efforts to enable it to register its trademark in that Asian country and, when the other party refused, initiated arbitration proceedings.

In an interim award, the sole arbitrator (a leading IP lawyer) gave effect to the consensual solution suggested by the parties, which provided for the granting by the hardware manufacturer of a licence on appropriate terms to the North American company, including an obligation to provide periodic reports to the other party.

Case: WIPO arbitration regarding an artist promotion dispute

A European art gallery concluded an exclusive cooperation agreement with a European artist to promote the artist in the international market. The agreement contained a WIPO arbitration clause.

Three years after the signing of the agreement, the parties' relationship began to deteriorate, and the artist sent a notice terminating the agreement. At that point, the art gallery initiated WIPO arbitration proceedings.

34 WIPO Arbitration Rules, Article 67(b); WIPO Expedited Arbitration Rules, Article 60(b).

Following consultations between the parties and the WIPO Center, the WIPO Center appointed three arbitrators who were experienced in art law issues. After studying the parties' pleadings, the tribunal considered that there was potential for settlement.

With the agreement of the parties, the tribunal issued a preliminary case assessment encouraging the parties to resume settlement negotiations, which the parties had attempted at an earlier stage. The parties reached a settlement and asked the tribunal to render a consent award, incorporating the parties' settlement agreement. The terms of the settlement included the termination of the cooperation agreement and the provision of a number of works by the artist to the gallery in final settlement.

Beneficial effects of escalation clauses on settlement opportunities

Combining ADR procedures by having, for example, a first mediation phase followed, in the absence of settlement, by (expedited) arbitration, may present considerable advantages to parties to IP disputes as it can help parties avoid an increase in costs while combining the benefits of different procedures, where necessary. Approximately 30 per cent of cases referred to the WIPO Center are the result of such escalation clauses.

In light of the settlement rates in WIPO mediation, these escalation clauses help maximise settlement chances early while still keeping the risk for the parties low as either party can terminate the mediation proceedings at any stage, should they realise that the adjudicative and binding nature of arbitration better suits their needs.

Even if mediation is unsuccessful, this combined procedure allows parties to be better prepared for the subsequent arbitration proceedings, leading to more efficiency, lower costs and fewer delays. WIPO case experience has also shown that previous mediation efforts may allow more settlement opportunities to materialise during the arbitration phase. This is owing to different factors, including the narrowing of the areas in dispute in the mediation phase and the escalation of costs and time, as illustrated by the following WIPO case example.

Case: WIPO IT mediation followed by expedited arbitration

A publishing house entered into a contract with a software company for the development of a new web presence. The project included a clause submitting disputes to WIPO mediation followed by WIPO expedited arbitration.

After 18 months, the publishing house was not satisfied with the services delivered by the developer, refused to pay, threatened rescission of the contract and asked for damages. The publishing house filed a request for mediation.

Although the parties failed to reach a settlement, the mediation enabled them to refine the issues that were addressed in the ensuing expedited arbitration proceedings.

Following the termination of the mediation, the publishing house initiated expedited arbitration proceedings. The WIPO Center appointed a practising judge as sole arbitrator, who had been agreed upon by the parties.

The arbitrator conducted a one-day hearing during which the parties expressed their desire to settle their case, asking the arbitrator to prepare a settlement proposal. The parties accepted the arbitrator's proposal and requested the arbitrator to issue a consent award. In addition to confirming the terms of the settlement, the consent award made reference to a press release that was to be published by the parties announcing the settlement of their dispute.

Trends in the online conduct of ADR proceedings

In line with the growing interest of ADR practitioners in online case management and the online conduct of proceedings, a number of stakeholders have recently issued protocols on these topics.³⁵ The WIPO Center has published guidelines for the online conduct of mediation and arbitration proceedings³⁶ and encourages neutrals to issue further guidance in that regard as necessary.

In WIPO cases, such protocols issued by neutrals have addressed issues relating to:

- videoconferencing platforms (e.g., choice of platform, functionality and identification of the host);
- backup options in the event of dysfunctionality;
- the format and communication of digitised documentation;
- the establishment of timelines for meetings;

35 See for instance Hogan Lovells, 'Hogan Lovells Protocol for the use of technology in virtual international arbitration hearings', April 2020; Kevin Kim, Yu-Jin Tay, Ing Loong Yang and Seung Min Lee, 'Seoul Protocol on Video Conferencing in International Arbitration'; Working Group on LegalTech Adoption in International Arbitration, 'Protocol for Online Case Management in International Arbitration'.

36 WIPO Center, 'WIPO Checklist for the Online Conduct of Mediation and Arbitration Proceedings', www.wipo.int/amc/en/eadr/checklist/index.html (accessed 5 September 2022).

- undertakings from the parties not to allow the presence of other participants at their location;
- undertakings from witnesses not to access any communication platform or application during their testimony;
- the display of images of all participants at meetings;
- recording meetings; and
- data protection.

In arbitration cases, these protocols are usually included in a procedural order, although there is no formal obligation in that regard.

Recent developments in specific sectors

In addition to its general ADR services, the WIPO Center provides ADR services for specific sectors. Certain areas of IP transactions may benefit from targeted adaptations of the standard WIPO ADR framework, including in relation to rules, fees and clauses. Such adaptations promote efficiency gains through ADR processes that reflect legal and business standards and the needs of the area. The following section addresses recent trends and developments in some of those specific sectors.

Life sciences

Fifteen percent of arbitration and mediation cases filed with the WIPO Center relate to life sciences. Parties include a wide range of stakeholders, including generic and originator pharmaceuticals, diagnostics and biotech companies, industry associations, funding bodies, government agencies, insurance companies, research institutions and universities.

The disputes often arise from technology transfers, product designs, financing, R&D agreements, licensing and cross-licensing agreements, settlement agreements, marketing, supply chain or distribution agreements, and related non-disclosure agreements negotiated or concluded by parties.

In this context, the WIPO Center maintains an open-ended list of experts specialised in life sciences, who may be appointed as mediators or arbitrators in life sciences disputes.

While the covid-19 pandemic has created opportunities for the life sciences sector, it has also placed significant operational, financial, legal and political strains on existing and new collaborations, which continue to disrupt the sector and, in

turn, access to global health. Against that backdrop, several pharmaceutical and life sciences stakeholders have recognised the benefits of ADR and have incorporated ADR procedures in their licensing agreements concerning covid-19 treatments.³⁷

Facilitation of contract negotiation and dispute resolution may be particularly useful during this period given the entry of new actors in the sector and the conflicts that are likely to arise out of those collaborations.

In this regard, the WIPO Center has recently developed three new tailored WIPO ADR options to facilitate contract negotiation and dispute resolution specifically in the context of life sciences disputes.³⁸ The options are intended to assist parties in the licensing, manufacture, supply and distribution of critical medical products (e.g., vaccines, tests and therapies) and may be used separately or in conjunction with other options:

- *WIPO mediation for contract negotiation and dispute management*: This option includes the appointment of an experienced mediator to assist parties in their contractual negotiations. Once the contract is concluded, the mediator can remain available to assist parties with disputes that may arise during the collaboration (standing mediator). This option may be particularly useful in long-term collaborations to help bridge parties' expectations or protect proprietary, confidential information, and know-how or show-how without the risk of adverse publicity.
- *DRB*: Dispute resolution board (DRB) procedures, which are designed, in particular, to manage long-term collaborations, allow parties to request the establishment of a WIPO DRB whose role is to assist parties in managing minor or more significant disputes as and when required. Having lived through the journey of the parties' collaboration, the DRB facilitates speedy dispute resolution by drastically reducing the time to familiarise themselves with the issues at hand while also preserving confidentiality.

37 See for example, Medicines Patent Pool press release, 'Pfizer and The Medicines Patent Pool (MPP) Sign Licensing Agreement for COVID-19 Oral Antiviral Treatment Candidate to Expand Access in Low- and Middle-Income Countries', 16 November 2021; Medicines Patent Pool press release, 'Afrigen signs grant agreement with MPP to establish a technology transfer hub for COVID-19 mRNA vaccines', 3 February 2022; Medicines Patent Pool press release, '35 generic manufacturers sign agreements with MPP to produce low-cost generic versions of Pfizer's oral COVID-19 treatment', 17 March 2022.

38 WIPO Center, 'WIPO Alternative Dispute Resolution (ADR) for Life Sciences', www.wipo.int/amc/en/center/specific-sectors/lifesciences (accessed 5 September 2022).

- *Expert determination for IP valuation*: Under the WIPO Expert Determination Rules, parties may appoint a neutral with strong expertise in IP asset valuation to determine the monetary value of the IP assets forming the subject matter of a contract or dispute. The IP valuation option can be used before the finalisation of a commercial transaction between the parties, during contract negotiations or in the course of mediation, arbitration or court proceedings, where the subject matter of the dispute includes the economic value of the intellectual property involved in the transaction.

Those WIPO ADR options are available to parties through a model mediation submission agreement, a model mediation clause, a model DRB clause (including an escalation clause to refer unsettled matters to arbitration) and a model expert determination for IP valuation submission agreement.³⁹

FRAND

Technical standards play an increasing role in today's economy. Standard development organisations (SDOs) typically require their members to license standard essential patents (SEPs) on FRAND terms.

Because of their advantages, ADR mechanisms are increasingly used as flexible tools for parties wishing to conclude a FRAND licensing agreement, including SMEs. This has been recognised by some SDOs that include ADR procedures in their IP policies.⁴⁰ Arbitration, including WIPO arbitration, has also been identified by some authorities in the United States and Europe as a suitable option to facilitate the determination of FRAND licensing terms.⁴¹

In recent years, the WIPO Center has seen a surge in requests for WIPO mediation in the context of unsuccessful licensing negotiations between a patent pool administrator and implementers. These 60 or so cases included parties

³⁹ *id.*

⁴⁰ Digital Video Broadcasting, 'Memorandum of Understanding further amended and restated for the development of harmonized Digital Video Broadcasting (DVB) services based on European specifications', 3 January 2014; Open Mobile Alliance, 'Open Mobile Alliance IPR Procedural Guidelines For OMA Members', 4 February 2004. The European Telecommunications Standards Institute (ETSI) Guide on ETSI's Intellectual Property Rights Policy (the IPR Policy) invites parties to mediate where a dispute arises relating to the application of the IPR Policy.

⁴¹ See, for example, reference to WIPO ADR in *Motorola Mobility LLC and Google Inc* (Federal Trade Commission File No. 1210120) and Section 3.4 Alternative Dispute Resolution of the Communication by the European Commission 'Setting out the EU Approach to Standard Essential Patents' (COM(2017) 712 final).

from 19 jurisdictions (50 per cent of cases involved parties based in Asia, including China, India, Japan and the South Korea), and, as a result, prompted renewed licensing negotiations.

Parties also seem to be increasingly interested in referring SEP and ICT patent infringement disputes to ADR in the context of pending court procedures. For instance, in the course of litigation before a court in an EU Member State, a large Asian manufacturer submitted a unilateral request to WIPO mediation concerning its SEP infringement litigation against a large European SEP holder. In addition, IP courts in China recently referred 10 ICT patent infringement cases to WIPO mediation, seven of which involved claimants from Europe.

Bearing in mind the high settlement rates in WIPO mediation and arbitration, these examples show that referral to ADR procedures may serve as a catalyst to facilitate FRAND licensing negotiations. Referral to expert determination can also be particularly useful during FRAND licensing negotiations as this procedure may be used for technical determinations or to determine whether one or more patents are essential. Further, expert determination may also be used for the determination of FRAND royalty rates, which may assist FRAND licensing negotiations.

To facilitate the submission of FRAND-related disputes to WIPO ADR, the WIPO Center has recently updated its *Guidance on WIPO FRAND ADR*.⁴² The WIPO Center also maintains a special list of mediators, arbitrators and experts for patent standards who may be appointed in those cases.

In addition, the WIPO Center has developed and makes available tailored FRAND model submission agreements that may be used to refer standards-related disputes involving telecoms patents in multiple jurisdictions to WIPO mediation or arbitration.⁴³ Developed in consultation with patent law, standardisation and arbitration experts from a number of jurisdictions, the WIPO model submission agreements are designed to enable cost and time effective determination of FRAND licensing terms.

Two arbitration model submission agreements are proposed: WIPO FRAND arbitration and WIPO FRAND expedited arbitration. The latter has been designed for less complex cases, notably where the number of SEPs that will be referred to arbitration is limited and where parties place particular emphasis on time and cost efficiency.

42 WIPO Center, 'Guidance on WIPO FRAND Alternative Dispute Resolution (ADR)', 2021, www.wipo.int/amc/en/center/specific-sectors/ict/frand (accessed 5 September 2022).

43 *id.*

Both options can be preceded by WIPO FRAND mediation or include WIPO FRAND expert determination if the parties so wish. WIPO mediation can also be agreed by parties as a stand-alone procedure or initiated unilaterally by one party in the absence of a mediation agreement. Similarly, WIPO FRAND expert determination can be agreed by parties as a stand-alone procedure or initiated unilaterally.

Parties are free to adapt the model submission agreements in accordance with their needs.

Disputes involving content and online platforms

The past two decades of the internet have revolutionised the way content is consumed. Copyrighted assets cross borders, are permanently accessible and are shared around the world at unprecedented speeds. The emergence and multiplication of social media platforms, online streaming services and non-fungible tokens are some examples of this constantly changing environment.

This dynamism has brought an increase in copyright and content disputes in the digital environment. The reasons for this are manifold and include:

- an increased number of stakeholders;
- ambiguity and uncertainty about the scope of content-related rights and associated limitations and exceptions;
- the increasing or indeterminate value of digitised assets;
- legal gaps or uncertainties (e.g., concerning ownership); and
- the potential application of foreign laws.

As reflected by the recent increase of copyright and content-related cases at the WIPO Center, ADR is seen as an appropriate means to resolve those disputes.

Some national legislation also supports recourse to ADR in this field, such as the EU DSM Directive,⁴⁴ which encourages parties to negotiate access to content and to distribution channels with the help of a third party (i.e., a mediator) when they are having difficulties reaching an agreement⁴⁵ and, once licences are in place, encourages parties to use ADR to resolve disputes concerning transparency obligations and contract adjustment.⁴⁶

⁴⁴ See footnote 28.

⁴⁵ See, for example, DSM Directive, Article 13.

⁴⁶ See, for example, DSM Directive, Article 21.

In the WIPO Center's case experience, parties can benefit from the use of specialised ADR mechanisms, such as WIPO mediation and arbitration, to resolve the following types of disputes:

- negotiation of licensing agreements for distribution of content in video-on-demand platforms;
- breach of scope of licensing terms;
- existing licensing terms that do not include new distribution channels;
- existing licensing terms that include a transparency obligation by online platforms to rights holders regarding the exploitation of works and revenues generated;
- adjustment of existing licensing terms concerning remuneration from online platforms to right holders;
- criteria to determine tariffs between collective management organisations (CMOs) and right holders;
- determination of reasonable remuneration terms between online platforms and right holders;
- determination of ownership of unpaid or unclaimed royalties by CMOs or online platforms;
- ownership over software improvements or updates in software development agreements;
- delivery and quality of works or content in film co-production or advertising agreements; and
- disputes related to the blocking or removal, or reinstatement of works or content from a platform owing to alleged copyright infringement.

Case: WIPO arbitration regarding determination of licensing terms

Following a two-year negotiation of a licence agreement, a US company and European CMOs decided to submit their dispute to WIPO arbitration. The submission agreement provided that the national law of a particular European country would apply. A three-member tribunal was requested to decide the terms of the proposed licence, including the royalty rate.

Eight months after the appointment of the tribunal, the parties requested the suspension of the proceedings to facilitate direct settlement negotiations during which they decided to settle all matters that were subject to the arbitration. The order for termination was issued by the tribunal within 11 months of the commencement of the arbitration.

Case: WIPO mediation of a TV copyright royalty dispute

A group of European CMOs and a number of digital cable operators were involved in a dispute concerning the remuneration for national and foreign TV stations offered by cable operators based on an established common tariff. The parties agreed to refer the dispute to WIPO mediation by subscribing a submission agreement.

In the agreement, the parties named a WIPO mediator and a copyright expert they wanted to assist them with the technical discussions on tariffs and national and international copyright law. The parties reached a settlement agreement within four months.

In this context, the WIPO Center has recently developed model WIPO mediation and arbitration submission agreements for digital copyright and content-related disputes, including sample descriptions of scope.⁴⁷ It has also adapted, in collaboration with copyright stakeholders, the WIPO Expert Determination Rules as a global procedure to reflect best international practice for the resolution of user-uploaded content disputes by online content-sharing service providers.⁴⁸

Conclusion

Owing to the growing complexity and internationalisation of IP transactions, the WIPO Center has experienced a considerable increase in IP, technology and related commercial cases in recent years, together with a continued rise in demand for adapted ADR services in specific industry sectors, including life sciences, standards in patents and online content and platforms.

The WIPO Center's experience demonstrates that the WIPO mediation, arbitration, expedited arbitration and expert determination rules provide particularly appropriate procedures for various IP and technology disputes, by leaving ample space for the parties, with the help of the neutrals appointed, to settle their case and to obtain remedies tailored to the special circumstances of their relationship.

At the same time, the WIPO Center continues to promote further efficiency gains through dedicated ADR dispute resolution schemes specially reflecting current IP dispute resolution needs and techniques.

⁴⁷ WIPO Center, 'WIPO ADR for Digital Copyright and Content Disputes', www.wipo.int/amc/en/center/copyright/digitalcopyright/index.html (accessed 5 September 2022).

⁴⁸ *id.*

Traditionally, large IP owners have been hesitant about international arbitration – too scary (no prospect of appeal), inferior decision makers (compared with top judges), etc. Now, many are changing their minds. This timely book sets out how arbitration can be tailored to meet the needs of IP owners and dispels some of the myths surrounding its use. It is in four parts that mirror the life cycle of disputes and will be of interest to newcomers and aficionados alike.

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