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ABOUT US

LexForti is a free open access peer-reviewed journal, which gives insight upon broad and dynamic legal issues. The very objective of the LexForti is to provide open and free access to knowledge to everyone. LexForti is highly committed to helping law students to get their research articles published and an avenue to the aspiring students, teachers and scholars to make a contribution in the legal sphere. LexForti revolves around the firmament of legal issues; consisting of corporate law, family law, contract law, taxation, alternative dispute resolution, IP Laws, Criminal Laws and various other Civil issues.

Arbitration in Registered IPR Disputes: The Challenge And Prospects

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ABSTRACT

With litigation taking a backseat and speedy disposals assuming priority the need for alternative dispute redressal mechanisms has increased manifold. Of the several means and modes of ADR, with their own pros and cons, there is no foolproof mechanism of dispensing justice without any errors and inconveniences. However, Arbitration offers a relatively sound and plausible method of achieving the ends of justice with minimum costs, inconvenience and delay. Though common in other forms of disputes, arbitration is slightly unpopular when it comes to disputes relating to intellectual property rights though the disputes are not uncommon and the scope for arbitration is also existent. With the boom in technology and specifically, information technology the arena of intellectual property has enlarged driving into its fold violation of rights, conflicts, disputes and hence creating a vacuum for justice. Both the concepts being novel, an integration yields a very progressive picture however the limitations aren't absent. Arbitration hasn't been essentially practiced in totality for the redressal of the disputes arising in Intellectual Property. Its scope mandates an indepth analysis to yield a mechanism conducive to the ends of justice in matters relating to intellectual property.

INTRODUCTION

It is highly impractical to expect litigation to serve the purpose of justice in the plethora of disputes that arise in human interactions. Considering the complexity of human relations, conflicts and disputes that arise aren't limited and simple. Also, the system of litigation is costly, inefficient and overburdened. As an alternative, there are certain other modes and mechanisms of resolution of disputes. Among the most popular modes of alternative dispute redressal,the one which derives priority and preferability from its own inherent benefits is Arbitration. As used in common parlance, Arbiration in legal terminology is a more formal and refined version of the same.It is a legal technique for the resolution of disputes outside the courts, wherein parties to a dispute refer it to one or more persons, by whose decisions they agree to be bound. It is the process by which the parties to a dispute submit their differences to the judgment of an impartial person or tribunal appointed by mutual consent or statutory provision. It is a *non-court procedure.*

Intellectual Property refers to the creation of mind such as inventions, literary or artistic works, designs, and symbols, names and images used in commerce. It is not tangible property but it has been granted the status of property under law and its rights have been secured on grounds of being recognized as an asset and thus as worthy of protection on same lines as property. Intellect as the root word suggests, is a property in the eyes of law. But this is not the intellect which hasn't manifested in the form of any valuable asset recognized by law. The law seeks to protect the individual's rights over what his own intellect yields. The statutes on the subject have an object to earn the innovators recognition and financial benefit out of their own creation. The wider purpose of course is to encourage inventions and innovative ideas.

Arbitration hence offers a streamlined, effective method for resolving intellectual property disputes. Intellectual property rights are largely territorial hence one country's laws over copyright doesn't apply over the other. Thus, arbitration offers a convenient mode of settlement.

A PROSPECTIVE DISPUTE REDRESSAL MECHANISM IN IPR DISPUTES

Arbitration has proved to be a very effective mode of dispute redressal in other areas and there are valid,subsisting reasons for considering it for settlement of IPR disputes.Given the complex nature of rights related to intellectual property and their determination,a dispute of such technical nature can be an upheaval task if left to litigation,and it might not yet be successful at a

resolution.Arbitration offers a potential solution to the problems litigation is beset with in the case of IPR disputes.Following points make it worth considering as a mode of settlement of IPR disputes:

1. **UNITY OF FORUM**;Arbitration allows the parties in dispute to get their matter adjudicated in a single forum,to which they submit and to whose decisions they agree themselves to be bound.This prevents the anomalies that are incurred because of difference of laws relating to intellectual property in different countries.The arbitration clause (submission agreement)binds the parties to the arbitral award and eliminates the possibilities of deficient or want of jurisdiction.

2. **GREATER CONTROL**;The complex nature of intellectual property rights mandates that the parties aggrieved are in greater control and are given a chance to determine the redressal of the wrong meted out to them.Unlike other properties,clearly demarcated,well measured and the offences on which are thus,specifically punishable with a fixed quantum,such surety doesn't exist in case of intellectual property and thus,arbitration allows the parties to have a greater control in determining the terms of resolution.

3. **NUETRALITY**;One of the hallmark features of arbitration as an Alternate dispute redressal mechanism is that the adjudication is impartial and is done by a person who has no interest in the matter in dispute.This feature further amplifies the cause of arbitration in IPR disputes.An impartial award reflects that it is in the interest of justice that violation of rights of properties that are the intellectual heritage of a person are not encouraged even by a person who isn't affected by the violation.

4. **EXPERTISE**;Intellectual Property Rights are a recent discipline when it comes to the study of law and accordingly there is relatively less literature on the subject and there is also dearth of experience in deciding matters on it.Arbitaration offers a choice of selecting arbitrators who have a specialized knowledge and understanding of the matters in dispute and thus ensures an effective and sound determination of the said matter.

5. **NON CONVENTIONAL SOLUTIONS**;An arbitrator or arbitrary tribunal is not restricted or limited by the conventional procedures of determination. There is a lot of flexibility on arbitration and that serves the cause of Intellectual Property Rights the most in the sense that the rights are also not of a nature as can be dogmatically determined and their violations, mathematically redressed. The non-conventional and flexible approach of arbitration makes the resolution of IPR disputes efficacious and reliable.

6. **SECRECY**;An important pre condition of arbitration is mutual secrecy.The parties as well as the arbitrator are required to maintain confidentiality.This is very important in IPR disputes which put at stake the credibility of the parties involved in dispute and the probable erosion of which may make the parties incur immeasurable losses.Thus arbitration ensures that whoever the settlement favours,no party should suffer defamation of any sort.

7. **CONCLUSIVENESS-**An arbitral award is final,in the sense that it is not challengeable under most of the legal systems.This finality puts the matter in dispute to rest and prevents any re-agitation of the same issues.There are certain exceptional cases when the Court wont enforce an arbitral award though generally,it does.

8. **CONDUCIVE TO HEALTHY BUSINESS RELATIONS**-In the wide business interactions,disputes relating to IPR are bound to emerge.However,litigation between parties renders it impossible for them to continue having healthy work relations with each other.In such a scenario,arbitration appears to be more civil way of dispute redressal,with a prospect of saving the healthy business relations.

CASE ANALYSIS OF USE OF ARBITRATION IN DIFFERENT LEGAL SYSTEMS

Most of the legal systems adopt any of the four following approaches to arbitrability of IPR disputes;

REGISTERED IP RIGHTS;

1. No arbitrability.
2. Limited arbitrability.
3. Full arbitrability
4. Mandatory arbitrability.

Registered IP RIGHTS	
ARBITRABILITY	*EXAMPLE*
1.FULL	SWISS, BELGIAN LEGAL SYSTEMS.

2.LIMITED	AMERICAN,SPANISH, PORTUGESE,FRENCH LEGAL SYSTEMS.
3.NO	SOUTH AFRICAN ,GERMAN LEGAL SYSTEM.
4.MANDATORY	PORTUGESE LEGAL SYSTEM.

ARBITABILITY OF IP DISPUTES IN;

1.INDIA;

The issue under contention in India is whether the IP rights constitute rights in rem or rights in personam, that shall determine whether it is the subject of arbitration or not.Recourse may be had to Section 34(2)(b) of the Indian Arbitration and Conciliation Act which sets asides the awards contemplating a non-arbitrable subject.There is however no precise definition as to what a non-arbitrable subject is.The interpretation can thus be derived from judicial precedents.In *Booz Allen and Hamilton v. SBI Finance*[1] ,the Court emphasized that the scope of arbitrable disputes must be limited to those concerning rights in personam.Based on this rationale,the Court identified an illustrative list of non-arbitrable disputes.However,the Court emphasized in the same case that the rem-personam distinction might not be strictly adhered to.In another case on the point,*Eros International v.Telemax Links India Pvt.Ltd.,*[2]the legal provision in discussion was Sec 62(1) of the Indian Copyright Act,1957.The court heldthat the provision which precludes infringement claims from being brought under a court of lower jurisdiction than the district court may not be interpreted as being a bar on arbitration in such claims.The court held that though the copyright was right in rem,its infringement was a right in personam and hence such disputes were arbitrable.However there were several cases which classified IP disputes as

[1] 2011,5SCC 532.

[2] 2016 (6) Bom CR 321.

concerning rights in rem and thus non-arbitrable.[3]These decisions are therefore misleading.Though rights in rem are rightly kept out of purview of arbitration yet excluding IP rights on the basis of this rationale can't be wholly excluded,a legislative clarification on the point may balance the two ends.

2. UNITED STATES;

In 1982,USA adopted the pattern which allows disposal of issues relating to patents through arbitration, although the arbitral awards rendered will have effect only inter partes. Sec 294(a) of the Patent Act, states that; A contract involving a patent or any right under a patent may contain a provision requiring arbitration of any dispute relating to patent validity or infringement arising under the contract. In the absence of such a provision the parties to an existing patent validity or infringement dispute may agree in writing to settle the dispute by arbitration. Any such provision or agreement shall be valid, irrevocable and enforceable, except for any grounds that exist at law or in equity for revocation of a contract.Section 294(c) of the same act states that;An award by the arbitrator shall be final and binding between the parties to the arbitration but shall have no force or effect on any other person.Thus arbitral tribunals may at US under agreement between partied determine the validity of patents.

3. ITALY

Italy like USA allows arbitration in IP disputes but the arbitral award is applicable only to the parties in dispute.Same is the case in Portugal and Spain.

4.*SOUTH AFRICA*; Very few legal systems outrightly reject arbitration in IPR disputes, the South African legal system is one of them. Article 18(1) of the Patents Act No. 57 of 1978 states that: Save as is otherwise provided in this Act, no tribunal other than the commissioner shall have jurisdiction in the first instance to hear and decide any proceedings other than criminal proceedings relating to any matter under this Act.

5. GERMANY-

In Germany, the jurisdiction to declare the nullity of patents belongs to Federal Patent Court.(*Bundespatentgeritch*)

[3] Impact Metals v. MSR India,AIR 2017 AP 12 ; Ayyaswamy v. A.Paramsivam,(2016) 10 SCC 386 ;Lifestyle Equities CV v. QD Seatoman Designs Pvt.Ltd.,2018(1) CTC 450.

6.SPAIN ,FRANCE-

These legal systems allow arbitration in IPR disputes concerning licensing and registration of registered IP rights.Thus,this is the case of limited arbitrability,arbitrability with restrictions.

SPAIN-

Spanish Law,Article 28,*Ley De Marcas;* 1)Interested parties may submit to arbitration contentious issues that have arisen in the context of proceedings aimed at the registration of a trademark,in conformity with what is established in this article.2)The arbitration may also concern the relative prohibitions set out in the articles.In no event may issues concerning the occurrence of formal defects or absolute registration prohibitions be submitted to arbitration.

FRANCE-

A recent Amendment dated 7 May,2011 in the *Code de la Propiete Intellectuelle,* now states;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 administrative jurisdiction.The preceding provisions do not prevent recourse to arbitration in the conditions set forth in articles 2059 and 2016 of the civil code.

7.SWITZERLAND,BELGIUM-

Certain legal systems allow arbitrability of IP disputes,without any restrictions and under such systems,arbitral awards have the force of res judicata.

THE LIMITATIONS;CHALLENGES TO ARBITRATION IN IP DISPUTES;

Arbitration is not free from limitations though and can't be uniformly applied across all IPR disputes.It infact presupposes that the parties are in a contractual relation,based upon an agreement,in the absence of which arbitration is inconceivable.Arbitral awards are limited,they don't create a precedent.This creates a vacuum in favour of litigation,where disputes once decided set a precedent for further litigations.The greatest challenge arbitration faces in IPR disputes is that arbitrability of IPR disputes is not universally recognized.Different legal systems have their own restrictions for adapting arbitration in IPR disputes.Further this raises a doubt as to the enforcement of arbitral award,if an arbitral award is not prima facie accepted then the

enforcement is doubtful and often,impractical.Thus lack of uniform laws on the subject have resulted in a unpopular attitude towards arbitration.

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