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ALTERNATE DISPUTE RESOLUTION AND INTELLECTUAL PROPERTY DISPUTE:THE PROBLEMS AND PROSPECTS

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ABSTRACT

Litigation proceedings are often cumbersome and it cannot be denied that there is a lot of time and money which is spent on the same. Globalisation and the interoperability of the markets today has immensely increased the scale of commercial disputes that are coming up. These disputes, apart from the complex jurisdictional issues, demand a lot of technical know-how for adjudication. Considering the huge pendency of cases before the Indian Courts, Alternate Dispute Resolution mechanisms provide a strong substitute to the ordinary and traditional way of adjudicating disputes. Herein the parties who seek to contend the violation of their Intellectual Property Rights or any matter therein, find such private adjudication proceedings convenient as well as flexible. These methods provide them enough space to claim their rights. The article focuses on application of such alternate methods in disputes arising out of violation of Intellectual Property Rights of an individual, among other conflicts, for instance for grant of patent or compulsory licensing, etc. and substantiates on the need to bring in the purview of alternate dispute resolution mechanisms like arbitration, conciliation, mediation, etc. to effectively resolve IP related disputes. Furthermore, the article aims to shed light on International as well as Indian perspective and provides how countries abroad deal with the arbitrability of IPR related matters. Solutions and recommendations have been proposed in order to make the whole process of alternative dispute resolution accommodating to the ever-

changing needs of Intellectual Property and also provides for the need to adopt them in the existing IPR and ADR related legislations of the country to suit the current Indian context.

INTRODUCTION

Intellectual Property is protected for a limited amount of time against infringement. Since litigation usually takes up to three years or more, more and more people these days are looking for alternate ways to settle their IP related disputes. These days some contracts, where the subject matter is the creation of one's mind and intellect, even include a clause to settle disputes amicably through arbitration or mediation. Therefore, it is safe to say that alternative dispute resolution mechanisms in IP related disputes are gaining momentum.

Matters related to Intellectual Property are territorial, and for this reason it is important to understand that the awards that are being granted under the procedure are implemented under a unified scheme. For this reason, the national laws of India would have to validate such arbitration so that the parties can easily enforce the awards under the national policies that are in existence in India. The award is valid as regards to the two parties to the arbitration, since this relationship is substantially guarded by the agreement where complete regard is available to the national jurisdiction. However, the enforceability as against the third parities needs to be taken into consideration under the national laws.

The application of alternate methods to the international IPR disputes has shown an imminent progression. More and more countries are becoming open to the idea of implementing these methods and the most common reason for them wanting to do that is to substantially reduce the burden of the courts.

In India however there is not much discussion about the question of arbitrability of Intellectual Property Rights disputes. India considerably lags behind in this aspect as compared to its western counterparts across the world. Due to the lack of development in this sphere, it's only the judiciary who has so far stepped up to address issues and interpret existing laws in this domain.

ALTERNATE DISPUTE RESOLUTION – INTERNATIONAL PERSPECTIVE

Globally, the entire hustle around arbitration in matters relating to Intellectual Property is expansive. There is no unified code and the adjudication differs in every country. While some countries readily allow to arbitrate matters regarding patent validity, others are willing to

arbitrate only those matters that can be binding *inter partes*. The laws in every country are drastically different and hence the adjudication also differs greatly.

United States of America

Although, an expansively litigious country, the Alternate Dispute Resolution scenario in the US is highly developed and more advanced than most of the countries in the World. It can be safely stated that the entire process of Alternate Dispute Resolution in matters of Patent rights began as early as the late 20th century in the United States.[1]

In ***Alice Corporation* v. *CLS Bank*[2],** the Supreme Court of the United Statesbrought out the anomalies that were existing amongst the National Courts in respect of the numerous claims that were pending for the patents that had been filed. This case went on to establish the intensive time-lag that existed in the courts in relation to granting of the patents. It was observed that the increased time period that was required in procuring and then defending the patent, was the reason why there was a gradual decrease in the number of patents.[3]

In another case, the Supreme Court had gone on to lower the bar for the filing of wilful infringement which had led to an increase of filing of cases that would likely be presided over by judges unlikely to have any extensive experience in matters related to patent. Since the requirement of personnel would naturally increase, the quality of litigation was likely to decrease.[4]**In the landmark judgement of *Markman v. Westview Instruments, Inc.*[5],** it was observed that the even though the judges of the district court have to decipher what the words in the patent claims mean, the main problem arises when a lot of times these judges do not actually have the required understanding of the matter. They lack the technical knowledge to understand the disputes and are oblivious of the "IP Laws, trade customs and industry norms" that are in

[1] J. Derek Mason, Arbitration of Patent Disputes in the United States, Publications, Oblon (Sept. 2011) https://www.oblon.com/publications/arbitration-of-patent-disputes-in-the-united-states

2 Alice Corporation v. CLS Bank, 134 S. Ct. 2347 (2014)

[3] American Arbitration Association, Products of the Mind: Require Special Handling: Arbitration Surpasses Litigation for Intellectual Property Disputes, https://www.adr.org/sites/default/files/document_repository/AAA192_Intellectual_Property_Disputes.pdf

[4] Patrick M. Arenz and William E. Manske, The Halo Effect: More Jury Trials on Wilfulness, (Aug. 1, 2016) www.law360.com,

[5]Markman v. Westview Instruments, Inc., 517 U.S.370

place. The lacuna in litigation as a choice of dispute resolution for patent cases was becoming evident. The use of an intellectual property is often beneficial to the society at large, and the shift to ADR methods in America was largely based on these factors. The seemingly rigid nature of litigation was driving parties away to find a method that would help them to not only preserve the confidentiality of their property, but also to achieve a customised and flexible solution to their dispute.

Also, a report that was filed by a leading auditing firm, Price Waterhouse Cooper, mentioned how the damages involved in the Mediation procedure were substantially increasing. This has led to an increased pressure on the parties to get their 'litigation strategies' right. The Economic Survey of 2009 by the **American Intellectual Property Law Association,** found that the money which was spent for litigation related to patent matters was around 1 million to 25 million dollars approx., the costs went as high as 2.5 million dollars. Further, if an appeal was preferred to the Federal Court of the United States, that would further add another 2 million dollars. As against this, the cost of going for Arbitration causes the parties less than 1 million dollars where 1 million is the maximum amount in the rarest of cases.[6]

In the United States, the enforceability of Arbitral Agreements is being regulated under the Federal Arbitration Act[7] (hereinafter referred to as the "**FAA**") since as early as 1925. A central law, the Act is codified under the United States Code (Title 9)[8] and also predates UNICTRAL Model Law[9] which was drafted in the year 1966. This Act was mainly brought into the picture to validate the Arbitration Agreements that are in place and to legalize them. In ***Prima Paint Corporation* v. *Flood & Conklin Manufacturing Co***[10], the court held that the clause of arbitration can be severed from the rest of the agreement as entered into between the parties; hence, its validity is independent to that of the contract. Under the FAA, the power of the courts has been restricted to the working of the arbitration clause. The arbitrators are often precluded

[6]AIPLA Report of the Economic Survey 2009, p. 29 (2009)
[7] The Federal Arbitration Act, 9 U. S. C., § 43 Stat. 883, (1947)
[8]The Federal Arbitration Act, 9 U.S.C. (1947)
[9]United Nations Commission on International Trade Law, UNCITRAL Model Law on International Commercial Arbitration, 1985
[10]Prima Paint Corp. v. Flood & Conklin Mfg. Co., 388 U.S. 395, 404 (1967).

from judging on the validity of the entire agreement. As long as the validity of the agreement for arbitration is not in question, the parties are free to approach an arbitrator of their choice.[11]

In the case of ***AT&T Technologies, Inc*. v.*Communication Workers of America***[12], the Court deciding on the issue of who may decide the arbitrability of a matter, held that the decision with regard to the enforceability of an agreement of arbitration would not be decided by the Arbitrator but by the courts, unless expressly intended otherwise by the parties. In ***Granite Rock Co*. v. *International Brotherhood of Teamsters*[13]**, a similar stand was taken to hold that the Court is entitled to order the arbitration of a certain dispute if it is satisfied that the decision to arbitrate is final within the parties. However, a contradictory opinion was also brought forward by the Court wherein it stated that it was the arbitrator who was to see and decide upon the subjecting of issues in question to arbitration as long as the parties involved clearly provide for the same and the agreement's validity is not challenged as a whole.

The United Nations also aims to guard the enforcement of Arbitral Awards in the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (also called the "**New York Convention**").[14] The applicability of the New York Convention was extended to the Latin American countries by the Panama Convention.[15]

In 1985, America decided to take a huge leap towards acceptability of arbitration when the Court had allowed and held anti-trust disputes to be arbitrable. The Supreme Court in ***Mitsubishi Motors* v. *Soler*[16]**had declared that if the courts were persistently burdened by the disputes being brought forth before them, it was likely to harm "*the growth of American business and trade*."[17] It was held that "*the controversies that international arbitral institutions are called upon to resolve have increased in diversity as well as in complexity. Yet the potential of these tribunals*

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[11] The Federal Arbitration Act, 9 U.S.C. § 4 (1947)

[12]AT&T Techs. v. Communs. Workers of Am., 475 U.S. 643, 656 (1986).

[13]Granite Rock Co. v. Int'1 Bhd. of Teamsters, 130 S. Ct. 2847, 2856 (2010).

[14]Convention on the Recognition and Enforcement of Foreign Arbitral Awards,330 U.N.T.S. 38 (1959)

[15] J. Derek Mason, Arbitration of Patent Disputes in the United States, (Sept., 2011), LES Japan News Vol. 52, No. 3, September 2011.
https://www.oblon.com/publications/arbitration-of-patent-disputes-in-the-united-states

[16]Mitsubishi Motors v Soler, 473 US 614 (1985)

[17] Richard Levin,On Arbitrating Anti-trust/Competition Disputes, (Aug. 20, 2018)
http://arbitrationblog.kluwerarbitration.com/2018/08/20/on-arbitrating-antitrustcompetition-disputes/?doing_wp_cron=1597858953.2867169380187988281250

for efficient disposition of legal disagreements arising from commercial relations has not yet been tested." By deciding in favour of arbitration, the Court showed its readiness towards Arbitration as a medium to resolve disputes in the coming future.

The U.S. Arbitration Act[18] was already in place prior to the year 1982; however, it was only when an addition regarding voluntary arbitration was made to the U.S. Patent Act[19] that the air around arbitration in matters of US Patents were cleared out. Post this addition, the arbitrability of matters related to Patents has greatly increased in the US.

Up until the addition of the voluntary arbitration clause to the US Patents Act, the decision as regards to the IP rights were only taken up for litigation. The Patent Act has been modified to smoothen the process of granting patents and also that of the execution of the awards that are passed by the arbitrators. The process of arbitration, the granting of the awards and the confirmation of awards is all governed by the **FAA.**

There is an evident shift of preference in the method of dispute resolution in US. The disadvantages of litigation are becoming more and more relevant in the backdrop of a growing affinity for arbitration and mediation. The American Arbitration Association has also estimated that around 80% of the decisions that are passed by the Courts are appealed and around 53% are modified.[20] This naturally leads to increased costs.

Apart from this, Mediation in America has also been greatly found fit since as it assures an amicable settlement of disputes. This is mostly pertinent to parties that have some pre-existing commercial relationship and such a dispute is of first-time occurrence. Thus, a process like mediation in IP related disputes helps to resolve the matter amicably and also tries to maintain a good relationship between the parties.

European Union

The member countries of the European Union, in an attempt to harmonize and encourage innovation have curated a unified Patent System which was signed on February 19th, 2013.[21] The

[18] id. at 6*Ibid*
[19]Patent Act, 35 U.S.C., (1952)
[20] Intellectual Property: Arbitration vs. Litigation, AMERICAN ARBITRATION ASSOCIATION 2,
[21]Agreement on a Unified Patent Court, (2013/C 175/01)

result was that the resulting patent would have a unified effect in all the member countries. The agreement is applicable to:

a) **Patent of Europe which has a unitary effect;**
b) **The protection certificate which is supplementary in nature and is issued for a product which is protected by a patent;**
c) **Patents of Europe that were in existence before the drafting of this Agreement or those that were granted after it came into existence;**
d) **European Patent Applications that were pending at the date when the Agreement came into force or those applications that were filed after it came into force.**[22]

The intention was to develop a system that would make it easier to file for patent amidst all the discrepancies that are likely to arise due to the involvement of several jurisdictions. The parties to the agreement would want to make it easier for the smaller industries to maintain a hold on their patents. An enhanced co-operation will also help achieve the bigger goals of the European Union members, that is, to have a unified market. Once the co-ordination among the members countries increases, the resolution of disputes will be expedited. The member countries can allow claims from each other and relax the jurisdictional restraint to a feasible extent.

What is noteworthy is that this Agreement also calls for the creation of a **Patent Mediation and Arbitration Centre:**

1. *"A patent mediation and arbitration centre ('the Centre') is hereby established. It shall have its seats in Ljubljana and Lisbon.*
2. *The Centre shall provide facilities for mediation and arbitration of patent disputes falling within the scope of this Agreement. Article 82 shall apply mutatis mutandis to any settlement reached through the use of the facilities of the Centre, including through mediation. However, a patent may not be revoked or limited in mediation or arbitration proceedings.*
3. *The Centre shall establish Mediation and Arbitration Rules.*
4. *The Centre shall draw up a list of mediators and arbitrators to assist the parties in the settlement of their dispute."*[23]

[22] Agreement on a Unified Patent Court, (2013/C 175/01), Art. 3

The only limitation that the power which the Unified Patent Court (hereinafter referred to as the "Court") under the Agreement is that the ***"patents may not be revoked or limited in mediation or arbitration proceedings."***[24]

Along with the presence of a Mediation Clause that was added by the Office for harmonization in the Internal Market for resolving disputes regarding certain trademarks and designs, the above-mentioned Article 35 is the first official reference made to an alternate method for the purpose of resolving disputes related to intellectual property. Article 52 of the Agreement on a Unified Patent ("hereinafter referred as "**AUPC**") states that the judge who presides over any dispute, shall "*explore with the parties the possibility for a settlement, including through mediation and/or arbitration by using the facilities of the Centre*."[25]

Though the language of the legislation suggests that alternate methods are available to the parties only after they have submitted their disputes to the Court, the parties are still given an option to draft agreements that will allow them to take the matter for resolution via alternate methods. The AUPC has also given the Parties to the Arbitration Agreement enough discretion to select the forum where they will be willing to settle their disputes. The Centre does not have any sort of exclusive jurisdiction to preside over the matters. The Centre only needs to facilitate the process of mediation and arbitration. The other Arbitration and Mediation providers include the **International Chamber of Commerce, the London Court of International Arbitration, the World Intellectual Property Organisation Arbitration and Mediation Centre, etc.** The only limitation being that any forum that is chosen by the parties shall be bound by the provision of the AUPC Agreement.[26]

The Court shall, in all cases, consider the choice of the parties to be bound by the pre-existing agreement as binding upon itself and hence must give due deference to such agreements. The exclusivity that is bestowed upon the courts in terms of jurisdiction only extends till the exclusion of the jurisdiction of national courts. The matters which fall outside the scope of the

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[23]Agreement on a Unified Patent Court, (2013/C 175/01), Art. 35

[24] Kevin R. Casey, The Suitability of Arbitration for Intellectual Property Disputes, 71 PAT. TRADEMARK & COPYRIGHT J. (BNA) 143, (Dec. 2, 2005).

[25]Agreement on a Unified Patent Court, (2013/C 175/01), Art. 52

[26]Agreement on a Unified Patent Court, (2013/C 175/01), Art. 35(2)

competence of the Court fall under the residual category and hence can be legislated by the National Courts.[27]

Some countries in Europe have taken the liberal route and have allowed for some kind of procedural unification in the sense that the process of alternate resolution is fitted smoothly into the entire process of claiming the right over an Intellectual Property.

In Switzerland, for example, an award of arbitration can also lead to revocation of a patent and the validity of the patent is not limited to the privity of the parties. Germany, to a certain extent allows the arbitration process to decide upon the validity of the Intellectual Property, in the sense that the like court orders, the decisions of the private forums regarding the entries or cancellations of the Intellectual Property can be implemented in the official registers.[28]

France

In France, up until the year 1968, the law was very clear and it granted exclusive jurisdiction to the High Courts for the purpose of resolving any disputes that were related to Intellectual Property. It was understood that IP fell within the realms of '***cause communicables***' and hence the matter had to be taken to the Public Prosecutor who had the authority to opine on the same under the preceding French Civil Procedure Code[29]. This could not be taken up for resolution via any other method.

Legal Scholars seemingly disagreed with this decision stating that the provision of exclusive jurisdiction could not be interpreted to exclude arbitration. The practice of arbitration was an alien practice until this time. **Article 2059[30] and 2060**[31] of the French Civil Code have been drafted to legislate upon the arbitrability of the disputes. **Article 2060** clearly stated that all matters which concern the public policy will be excluded from the scope of arbitration. Through an arena of judgements, the French Courts have substantially widened the scope of Arbitration.

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[27] Id.

[28] Robert Briner Lenz & Staehelin, The Arbitrability Of Intellectual Property Disputes with Particular Emphasis on The Situation In Switzerland, Worldwide Forum on the Arbitration of Intellectual Property Disputes

[29] Pierre Veron, Arbitration of Intellectual Property Disputes in France, 23 Int'l Bus. Law 132 (1995).

[30] French Civil Code, § 2059, (2016)

[31] French Civil Code, § 2060, (2016)

In the case of ***Dame Pommerol* v. *Moreau***[32], it was held that even in matters that have been excluded from the scope of arbitration, there is no absolute rule against arbitration and the decision to arbitrate remains subjective. In the case of ***Société Thinet v. Labrely ès-qualités***[33], it was decided that matters related to bankruptcy were a part of the French international public order and hence when such matters are being taken up for arbitration, it is necessary that the 'mandatory rules of insolvency law' are taken into consideration and jurisdiction between the tribunals of arbitration and the courts are concurrent.

It is thus evident that under the French Law, there is an attempt to make the relationship between litigation and ADR more harmonious. The ADR method, being the successor, requires some backing to be established as a proper way of resolving disputes and it is also acceptable that it is still a work-in-progress.

The Articles, 2059 and 2060, were validated by the French Patent and Trademark Laws. The same has also been codified in France's new **Intellectual Property Code, 1992**.[34] This consolidation had clarified that the exclusive jurisdiction of the High Court was not equivalent to the exclusion of arbitration in disputes relating to IPR. In France as well, the, necessary filter exists whereby arbitration can only resolve matter which are *inter-partes.* Parties that are willing to arbitrate an infringement of their titles might not be able to receive any benefits. The French Law does not authorize this.[35] However the French Courts have now been opening up to the contention that the outside-court settlement procedure is not only convenient but also takes into regard the fact that the private adjudicators who are elected by the parties should be from an expert background and are well-suited to preside upon the dispute that is brought before them.

The New York Convention guards the enforcement of the Arbitral Awards to which France is a signatory. This is a residual provision to the **Article 1520 of the French Civil Code**[36], which also assists in the implementation of the awards.

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[32]Dame Pommerol v. Moreau, Civ. 2e, 25 January (1963)

[33]Société Thinet v. Labrely ès-qualités, Rev. arb., pp. 473-474, (1989)

[34] Intellectual Property Code, Act No. 94-361 of 10 May 1994 art. 2 Official Journal of 11 May 1994 (1992)

[35] Jacques de Warra, New Developments of IP Arbitration and Mediation in Europe: The Patent Mediation and Arbitration Center Instituted by the Agreement on a Unified Patent Court, Arbitragem E Mediação Em Matéria De Propriedade Intelectual, p. 17-35, (2014)

[36]French Civil Code, § 1520, (2016)

ALTERNATE DISPUTE RESOLUTION – INDIAN SCENARIO

The Need for Alternate Dispute Resolution in IPR

Every citizen of the country has certain rights and obligations towards each other. The whole concept of creating rights takes a backseat when they cannot be enforced. The creator of an invention or any artistic work for that matter seeks protection so that he/she can exert their upper hand over other parties, who have wrongfully and without their permission, made use of their work. Injunction is one remedy of the civil courts where the aggrieved party aims to obtain an order against the opposing party to restrain him/her from making use of an IP which belongs to the aggrieved. Courts in India are already burdened with a huge back log of cases. On top of that, it can take years for a dispute to get resolved and that is why many people are looking to settle their disputes through alternate ways of dispute resolution.

Arbitration, mediation, conciliation are some ways through which disputes are alternatively settled. The **Arbitration and Conciliation Act of 1996**[37] is the most important statute dealing with arbitration and conciliation cases. **Section 89 of CPC**[38] also provides for other modes to solve disputes in an expeditious manner. When it comes to litigation, a lot of money and time is wasted as well. Thus, it is safe to say that instead of opting for litigation, alternate dispute resolution mechanisms like arbitration and mediation seem like a smart choice for people or companies to preserve or protect their rights related to Intellectual property.

Under **Section 103 of the Patent Act**[39]**, 1970**, arbitration mechanism is provided as a way for resolving disputes. Thus, parties and their lawyers should make more and more use of the same so that infringement suits with regard to patents are resolved efficiently and without wasting much time and money. When it comes to trademarks, parties can also make use of arbitration wherein they amicably try to reach a settlement without having to worry about confidentiality, which often gets hampered in litigation suits.

[37]The Arbitration and Conciliation Act, Act No. 26 of 1996, (1996)
[38]The Civil Procedure Code, Act No. 5 of 1908, § 89 (1908)
[39]The Patent Act, Act No. 39 of 1970, § 103 1970

Resolving grievances of those who have suffered through infringement of their protected property rights through alternative dispute mechanisms is fast catching on due to their nature of being flexible and less time consuming. As stated earlier, even contracts these days which are concerned with transfer of IP have started including a clause for arbitration-mediation.[40]

Indian Judiciary on Arbitrability of IP matters

In India, the National Intellectual Property Rights Policy, 2016 has as one of its objectives to strengthen enforcement and adjudication mechanism in order to combat infringement of intellectual property rights also mentions developing ADR mechanisms around the same.[41] It provides for strengthening mediation and conciliation centres around the country as well as developing skills and capabilities of ADR mechanisms in the field of Intellectual property.

The judiciary in India has emphasized on the need to take proactive steps to resolve IP disputes at the earliest. In ***Shree Vardhman Rice & Gen Mills* v. *Amar Singh Chawalwala***[42], the Hon'ble Supreme Court of India held that disputes relating to Intellectual property, for instance trademark and copyrights violation are mostly dealt through the remedy of an injunction and the same continues for years. Such cases must proceed on a daily basis and the judgement for the same must be provided within four months of filing of the suit.

Injunction to restrain a party from doing an act may not take much time when it comes to temporary injunction however in the case of permanent injunction it can take up to years to get the relief being sought as it is like a final court order. However, it cannot be denied that despite this development, the ordinary way of resolving one's disputes through litigation continues to be a cumbersome task in India and confidentiality and flexibility remains at stake for both the parties involved.

In ***Bawa Masala Co*. v. *Bawa Masala Co. Pvt. Ltd. and Anr***[43], a number of matters were determined through ADR mechanisms and the court therein ordered for adopting "early neutral

[40] Madhu Sweta& Saurabh Bindal, Alternative Dispute Resolution and the Law of Intellectual Property (2020),

[41] National Intellectual PropertyRightsPolicy2016,., Promoting ADRs in the resolution of IP cases by strengthening mediation and conciliation centres, and developing ADR capabilities and skills in the field of IP.

[42]Shree Vardhman Rice & Gen Mills v. Amar Singh Chawalwala, 10 SCC 257 (2009)

[43]Bawa Masala Co. V. Bawa Masala Co. Pvt. Ltd. And Anr, AIR Delhi 284 (2007)

evaluation" which is to be covered under **Section 89 of CPC 1908**[44]. The court further provided that the same will be like a mediation process but the mediator will be a neutral person who will see the strengths and weaknesses of each party involved and then provide an evaluation of the case to resolve the dispute. The same will be kept confidential and cannot be used by one party against another.

Even civil courts in India under **Section 89**, could refer the disputes before it to settlements like conciliation, arbitration, mediation, etc. when it deems fit to do so. Courts therefore need to take proactive steps to refer disputes to the same when it can. Also, since arbitration as a process is adjudicatory in nature, even the parties involved are required to provide their consent to the same if they want to go ahead with the process.[45]

The Hon'ble Supreme Court of India in ***Booz Allen & Hamilton Inc.* v. *SBI Home Finance Ltd.***[46] decided on the question of arbitrability of disputes in India. It held that if the dispute has an assertion of *right in personam*, then it can be arbitrable but if the assertion is for a *right in rem*, then the same cannot be arbitrated. It also held that those subordinate *rights in personem* which have arisen from those *rights which are in rem* can still be subjected to arbitration.

The court here has somewhere taken an inflexible stance and made ambiguous the position of arbitrability of IPR disputes. This is because even IPR laws do not have an exhaustive list as to what kind of disputes will be arbitrable and what kind will not be.[47] The court usually focuses on whether a particular action can be termed as that of *personam* or that of *rem.*However, it fails to look into whether the relief being asked for individually will be concerned with a *rightin personem or with a right in rem*. Moreover, the court also further provided (Booze Allen case) that the position that it has taken will not be a rigid one, further causing more doubts as to the position of IPR disputes concerning arbitration.

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[44] id. at 38

[45] Afcons Infrastructure Ltd v. Cherian Varkey Construction Co Ltd, 8 SCC 24, (2010)

[46] Booz Allen & Hamilton Inc. v. SBI Home Finance Ltd, AIR SC 2507 (2011)

[47] Saumitra Shrivastava, ARBITRATION LAW Arbitrability of IPR Disputes in India: Time for the Legislature to Step Up (2019), https://cbcl.nliu.ac.in/arbitration-law/arbitrability-of-ipr-disputes-in-india-time-for-the-legislature-to-step-up/

In the case of***Eros International Media Limited* v. *Telemax Links India Pvt. Ltd. and Ors***[48], the court held that IPR disputes which arise as a result of commercial contracts i.e. between two parties to a trademark or copyright infringement will be understood as an action in *personem* and can therefore be arbitrated. Herein it was observed that **S.62(1) of the Copyright Act**[49]wherein civil courts have exclusive jurisdiction to adjudicate copyright related matters will not in any way mean that jurisdiction of arbitral panel is ousted on the matter.

However, in ***Indian Performing Right Society Limited (IPRS)* v. *Entertainment Network***[50], High Court of Bombay held that in cases of copyright infringement under **Section 62(1) of the Copyright Act**[51] remedies such as damages and injunction will only be with the courts and thus not arbitrable. This case thus limited the scope of arbitration in IPR cases by limiting the relief which can be sought in the nature of an injunction in an arbitration proceeding.

Section 27 of the Indian Contract Act[52] provides that any agreement which restrains trade is void. In ***Suresh Dhanuka* v. *Sunita Mohapatra***[53], the Apex court provided that **Section 27** will not be a part of the case as the injunction herein sought by the party was to restrain the other party from using a particular Trademark but not from carrying trade/business. The respondent in this case manufactured herbal products and he and the appellant together opened a joint venture for a period of five years and thereafter the same was extended. On the basis of some conditions, the respondent executed an assignment deed in the appellant's favour and assigned 50% of the Trademark '*Naturoma Herbal*'right to him. However, he came to know that the appellant had opened another company and was trying to register the same as its trademark. The respondent then revoked the agreement of Joint Venture and also the assignment deed. The appellant then filed an application under **Arbitration and Conciliation Act, Section 9**[54] which deals with interim measure to restrain the respondent from selling the products by herself. The matter went before the Hon'ble Supreme Court wherein it held that despite the termination of the joint venture neither of them will be entitled to register or trademark indicial or with parties except

[48]Eros International Media Limited v. Telemax Links India Pvt. Ltd. and Ors, (6) ARBLR 121 (BOM) (2016)
[49] The Copyright Act, Act No. 14 of 1957, § 62(1), (1957)
[50]Indian Performing Right Society Limited (IPRS) v. Entertainment Network, SCC OnLineBom 5893 (2016)
[51] id. at 49
[52] The Indian Contract Act, Act No. 9 of 1872, § 27, (1872)
[53]Suresh Dhanuka v. Sunita Mohapatra, 1 SCC 578 (2012)
[54]The Arbitration and Conciliation Act, Act No. 26 of 1996, § 9, (1996)

each other. The court also did not object to the injunction remedy which was provided at the arbitration/conciliation proceeding.

There has been a lack of uniformity in both statutory as well as judicial positions with regard to arbitrability of IPR disputes in India. Therefore, it is important that IPR related disputes in India have an absolute position instead of a constantly contradictory one. One which can be followed by everyone as well as the Indian courts which have seldom been able to take a solid position to that effect, in so far as discussing the arbitrability of IPR disputes in the country and the remedy which can be granted by alternate dispute resolution mechanism forums, is concerned.

Furthermore, interoperability of the Intellectual Property is the reason why arbitral awards can often only be implemented within the parties only. However, this advantage also extends to cases where litigation is taken up to resolve matters related to IPR, since the cost of litigating in these matters is extremely high in the view of the parallel jurisdiction that is available to the National Courts of the parties. It is very likely that enforceability becomes an issue for cross-jurisdictions, there are also high costs involved where the decisions are inconsistent and need to be appealed etc.

WAY FORWARD FOR ARBITRABILITY OF IPR DISPUTES IN INDIA

The role of the Arbitrator is rather dispute-centric and hence the interests of the parties are rather more central to the procedure than the application of laws or rules. In this background, a major drawback of the use of alternate resolution method is that the matters that decide upon the rights that are available against the whole society will not logically be judicially decided by an Arbitrator. To level a private judge with the judicial servants who have been bestowed their power by the State itself, still seems rather ridiculous to some experts. The position in many countries has remained so that a private adjudicator could not possibly be allowed to preside over a right that is conferred by the State. It was understood to be derogatory to the public authority that a private judge would have the power to invalidate a binding decision of the former.

The long-term hostility that has existed towards the alternate dispute resolution methods is for this reason. Proponents have tried to argue that the benefits of arbitration could also be extended

to the commercial and contractual matters and also contended that Arbitration was efficient to resolve the simpler matters of law.

Another pertinent point of discussion here would be the fact that the decisions that are made by private adjudicators do not form a binding precedent. In terms of IP disputes, it is likely that several types of infringement cases are brought before the courts. In the absence of any binding precedents, the litigation might expansively increase. The courts will have absolutely no reference to make decisions. However, the brighter way of looking at this would be the fact that since the subjectivity of the cases is so high, staunch and binding precedents might not do justice to each and every case and hence the availability of methods like arbitration or mediation might bring a fresh perspective to the whole resolution process. ADR methods have the ability to offer tailored solutions to the disputes and hence can offer appropriate and agreeable remedies to the parties.

Even though in India, the ordinary method usually resorted to for filing disputes is through the courts, the same has, over the years, garnered a reputation of leading to a substantial amount of delay and high costs. It is time for the legislature to address the existing lacunas within the various intellectual property laws in India in order to make it inclusive of alternate dispute resolution mechanisms.

The parliament must be pro-active in order to bring an amendment in the Arbitration and Conciliation Act to provide for the nature of IP disputes which can be arbitrated and which cannot be. Even IPR laws can provide for disputes which can be resolved through arbitration as well**.** Under **Section 62 of the Copyright Act**[55], civil courts have the jurisdiction to adjudicate copyright related matters. The same should be expanded in order to cover alternative disputes resolution mechanisms as well, including vesting power of arbitral tribunals to grant injunction and compensation based on the merits of the case at hand.

An advantage that ADR methods can offer to Intellectual Property disputes is the privacy that is attached with the procedure. Often the dealings around intellectual property are better kept secret as they are vulnerable and highly exploitable. To address the issues of the validity of

[55]The Copyright Act, Act No. 14 of 1957, § 62, (1957)

the properties, the Court might be required to look into the intricacies of the filings or the details of the properties, which when brought on record can easily bring out the secrets of the trade.

The analysis of the scenario in the U. S. or the European Union has shown us that the looking for alternate methods of dispute resolution has been increasing steadily. Even though the rights that are granted to protect the Intellectual Property are State-authorized, more and more power is now coming in the hands of the private adjudicators. Looking at the models that are existing in these States, **India must also try to bring in some substantive changes in its IP legislation to bring in the availability of the alternate dispute resolution mechanisms in the IPR regime.**

The rights that are achieved through the use of Intellectual Property are rights that are bestowed by the State and for this reason these are *rights in rem.* Unlike the rights that arise out of commercial transactions, these rights, are sourced in the State. At the outset, the Arbitrator is only a private judge. He/she is deemed capable by the parties to settle their conflict and hence his/her authority originates from the agreement that has been consolidated between the parties. The decisions that are passed by the private adjudicator are outside the scope of any judicial review, for the reason that the methods of Alternate Dispute Resolution are outside the scope of State action. A possible solution here could be that the existing legislation in India gives valid recognition to these methods and find a way to harmonise the jurisdictions of the Courts as well as the private forums as has been observed in both, France and America. Furthermore, another option would be to bring in arbitral awards within the scope of scrutiny of impartial judges adequately.This will assure the judicial implementation of awards if deemed to be reasonable and a certain kind of a check on the private adjudication process will also be ensured. This will also help in the coherence of the functioning of the courts and the private adjudicators.

It is relevant to discuss here the decision of the Supreme Court of the United States in the case of **Lugar v. Edmondson Oil Co.[56],** the Court herein had discussed a 2-step test in order to identify the action of the state in a private litigation. The first step is to recognize if the right or privilege infringed has its source in the State authority or not. The second step is to see whether the party that was being held liable could in any way be described as a State actor or not. **Thus, going by the logic of this judgement, it can be inferred that if the Intellectual Property statutes in**

[56]Lugar v. Edmondson Oil, 457 U.S. 922 (1982).

India give valid recognition to alternate methods of dispute resolution, then the agreements that allow the parties to go for such methods, will receive statutory recognition under the Indian Law. We already know that the awards that are passed by private adjudicators in India are enforceable by the Courts. For these reasons, the entire process can be said to have the backing of the State as well.

The Federal Arbitration Act of the United States also serves a perfect example. The act has been passed to provide State support to those parties that have chosen to opt for alternate dispute resolution and the same should be adopted to suit the Indian context effectively.

Further, since the judges of the courts may not be well versed with the IPR domain, it might be problematic for them to address complex issues arising out of IP disputes and understand the nature of the intellectual property, be it an innovation or the discovery of a plant variety, etc. Therefore, a policy should be adopted by the alternative dispute forums to the effect that arbitration and conciliation forums do necessarily have an expert in the same field to adjudicate disputes efficiently in the best interest of the parties involved.

It might be in the benefit of the parties to draft for themselves, broad arbitration clauses which will be suitable to resolve their IPR related disputes. Since countries are in the process of discovering the most appropriate methods of implementation, the parties will choose a safer option by doing so. The ambit of dispute resolution will increase and this could positively push the courts to expand the scope of matters that can be brought within the limits of arbitration.

CONCLUSION

Disputes arising out of IP are broadly arbitrable in nature, despite the courts taking contradictory positions to that effect, that often create controversy as well as ambiguity. The very fact that alternative dispute mechanisms were established in the Indian context is sufficient to prove that the same were brought in to reduce the burden of courts. In cases of infringement of IP, the same can be used effectively to resolve such disputes. The need of the hour is for the parliament to come up with developments giving ADR for adjudicating IPR related matters a clear and absolute position. This will ensure faster resolution of disputes; will help the parties involved save time and money. At present, the court rulings are unclear and even though largely IP

disputes can be arbitrated, there is still a long way ahead and the support of the legislature to provide a proper framework and clarity on the existing situation is crucial. It is relevant to mention here that the parties should select an arbitrator whose knowledge in the field of IP is good. This will save the parties significant time and investment that would have gone into 'coaching' the judge regarding the backdrop and the relevant information. Since the chosen arbitrator is expected to be an expert in the concerned field of the dispute, highly-technical cases can also be protracted and he/she can have the ability to come up with unique solutions to ease the dispute. Ultimately, every country must ensure that they adopt the best practices that will reflect the standards that have been applied in accordance with the international standards. While some sort of judicial review might help to align the alternate methods of dispute resolution into the national laws, it is also vital to assure the autonomy of the private adjudicators and thereby validate their authority. A legal backing is required to compensate for the non-binding nature of the alternative methods. A mandate can be brought into the functioning of these methods which will then create a statutory compulsion. It will require the presence of both the parties, discovery of the documents and will make the awards binding. The scope of arbitration in future is expansive and with legal regulations a lot of matters within the IPR domain can be brought within the realms of arbitration effectively.