

The World Intellectual Property Organization

The *World Intellectual Property Organization* is an international organization dedicated to ensuring that the rights of creators and owners of intellectual property are protected worldwide and that inventors and authors are thus recognized and rewarded for their ingenuity.

As a specialized agency of the United Nations, WIPO exists as a forum for its Member States to create and harmonize rules and practices to protect intellectual property rights.

WIPO also provides international registration systems for patent, trademarks, appellation of origin and industrial designs. The WIPO administered systems of international protection include four different mechanisms of protection for specific industrial property rights:

The Patent Cooperation Treaty (PCT) for filing patent application in multiple countries;

The Madrid System for the International Registration of Marks for trade and service marks;

The Hague System for the International Deposit for Industrial Designs;

The Lysbon System for the International Registration of Appellation of Origin.

Furthermore, WIPO provides an Arbitration and Mediation Center, which offers services for the resolution of international commercial disputes between private parties involving intellectual property. In particular, the Center helps parties submit existing disputes to WIPO procedures in cases where they had not previously agreed on a WIPO clause, liaises with parties and neutrals to ensure optimal case communication and procedural efficiency, monitors the procedures so as to expedite the progress of the arbitration.

The subject matter of these proceedings includes both contractual disputes (such as patent and software licenses, trademark coexistence agreements, research

and development agreements) and non – contractual disputes (such as patent infringement).

The Center is also now recognized as the leading dispute resolution service provider for disputes arising out of the abusive registration and use of Internet domain names.

The Legal Framework of an Arbitration Proceeding

The Law to be applied

Article 59

(a) The Tribunal shall decide the substance of the dispute in accordance with the law or rules of law chosen by the parties. Any designation of the law of a given State shall be construed, unless otherwise expressed, as directly referring to the substantive law of that State and not to its conflict of law rules. Failing a choice by the parties, the Tribunal shall apply the law or rules of law that it determines to be appropriate. In all cases, the Tribunal shall decide having due regard to the terms of any relevant contract and taking into account applicable trade usages. The Tribunal may decide as amiable compositeur or ex aequo et bono only if parties have expressly authorized it to do so.

(b) The law applicable to the arbitration shall be the arbitration law of the place of arbitration, unless the parties have expressly agreed on the application of another arbitration law and such agreement is permitted by the law of the place of arbitration.

An Arbitration Agreement shall be regarded as effective if it conforms to the requirements concerning form, existence, validity and scope of either the law or rules of law applicable in accordance with paragraph a), or the law applicable in accordance with paragraph b)

Typically, different systems of law interact, most notably the law governing the substance of the dispute, the law governing the arbitration process itself and the law governing the arbitration agreement.

Law applicable to the Substance of the Dispute

In general, parties are free to choose for themselves the law applicable to the substance of the dispute. Under the WIPO Arbitration Rules, when the parties fail to agree on the choice of substantive law, the tribunal applies the law that it deems appropriate. The tribunal may also decide in "equity", provided that the parties have expressly authorized it to do so.

Law Applicable to the Arbitration

The law applicable to the arbitration (*lex arbitri*) is the law that governs the procedural framework, such as whether a dispute is arbitrable, the availability of interim measures of protection, the conduct of arbitration and the enforceability of the award.

Subject to such arbitral law, parties are free to designate a set of rules governing the conduct of the arbitration, such as the WIPO Rules. The law applicable to the arbitration is usually the law of the chosen place of an arbitration. If the parties fail to reach such an agreement, under the WIPO Rules, the Center decides the place of arbitration taking into account any observations made by the parties and the circumstances of the arbitration. The arbitral law need not to be the same as the applicable law to the substance of the dispute.

Law Applicable to the Arbitration Agreement

The validity of the arbitration agreement is normally governed by the law applicable to the contract of which it forms part, or, more generally, the law applicable to the substance of the dispute. Under the WIPO Arbitration Rules, an arbitration agreement is effective if it conforms to the law applicable to the substance or to the law applicable to the arbitration.

The Principal Steps in WIPO Arbitration

Commencement of Arbitration

Request for Arbitration

Article 6

The Claimant shall transmitt the Request for Arbitration to the Center and to the Respondent.

Article 7

Tha date of commencement of the arbitration shall be the date on which the Request for Arbitration is received by the Center.

Article 8

The Center shall inform the Claimant and the Respondent of the receipt by it of the Request for Arbitration and of the date of the commencement of the arbitration.

Article 9

The Request for Arbitration shall contain:

- i) a demand that the dispute be referred to arbitration under the WIPO Arbitration Rules;*
- ii) the names, addresses, and telephone, telex, telefax or other communication references of the parties and of the representative of the Claimant;*
- iii) a copy of the Arbitration Agreement and, if applicable, any separate choice of law clause;*
- iv) a brief description of the nature and circumstances of the dispute, including an indication of the rights and property involved and the nature of any technology involved;*
- v) a statement of the relief sought and an indication, to the extent possible, of any amount claimed;*
- vi) any appointment that is required by, or observation that the Claimant considers useful in connection with article 14 to 20.*

Article 10

The Request for Arbitration may also be accompanied by the Statement of Claim referred to in article 41.

Answer to the Request

Article 11

Within 30 days from the date on which the Respondent receives the Request for Arbitration from the Claimant, the Respondent shall address to the Center and to the Claimant an Answer to the Request which shall contain comments on any of the elements in the Request for Arbitration and may include indications of any counterclaim or setoff.

Article 12

If the Claimant has filed a Statement of Claim with the Request for Arbitration pursuant to article 10, the Answer to the Request may also be accompanied by the Statement of Defense referred to in article 42.

A WIPO Arbitration is commenced by the claimant submitting to the WIPO Center a request for Arbitration. The date of commencement is the date on which the Request is received by the Center. The Request for Arbitration should contain summary details concerning the dispute, including the names and communication details of the parties and their representatives, a copy of arbitration agreement, a brief description of the dispute, the relief sought and any observations relating to the appointment of the tribunal.

A comprehensive statement of facts and legal arguments, including a statement of the relief sought, may be left to the Statement of Claim to be filed after the appointment of the tribunal.

Within 30 days of receipt of the Request for Arbitration, the respondent must file an Answer to the Request, which should contain comments on elements of the Request for Arbitration and may include indications of a counter – claim or set – off. If the Claimant filed its Statement of Claim with the Request for Arbitration, the Answer to the Request may also be accompanied by the Statement of Defense.

Conduct of the Arbitration

Article 37

The Center shall transmit the file to each arbitrator as soon as the arbitrator is appointed

Article 38

General Powers of the Tribunal

- (a) Subject to Article 3, the Tribunal may conduct the arbitration in such manner as it considers appropriate.*
- (b) In all the cases, the Tribunal shall ensure that the parties are treated with equality and that each party is given a fair opportunity to present its case.*
- (c) The Tribunal shall ensure that the arbitral procedure takes place with due expedition. It may, at the request of a party or in its own motion, extend in exceptional cases a period of time fixed by these Rules, by itself or agreed to by the parties. In urgent cases, such an extension may be granted by the presiding arbitrator alone.*

Article 48

- (a) The Tribunal shall determine the admissibility, relevance, materialità and weight of evidence.*
- (b) At any time during the arbitration, the Tribunal may, at the request of a party or in its own motion, order a party to produce such documents or other evidence as it considers necessary or appropriate and may order a party to make available to the Tribunal or to an expert appointed by it or to the other party any property in its possession or control for inspection or testing.*

Article 63

- (a) The arbitration should, wherever reasonably possible, be heard and the proceedings declared closed within not more than nine months after either*

the delivery of the Statement of Defense or the establishment of the Tribunal, whichever event occurs later. The final award should, wherever reasonably possible, be made within three months thereafter.

(b) If the proceedings are not declared closed within the period of time specified in paragraph a), the Tribunal shall send the Center a status report on the arbitration, with a copy to each party. It shall send a further status report to the Center, and a copy to each party, at the end of each ensuing period of three months during which the proceedings have not been declared closed.

(c) If the final award is not made within three months after the closure of the proceedings, the Tribunal shall send the Center a written explanation for the delay, with a copy to each party. It shall send a further explanation, and a copy to each party, at the end of each ensuing period of one month until the final award is made.

The Statement of Claim must be filed within 30 days of the constitution of the tribunal and the Statement of Defense must be filed within 30 days of the receipt of the Statement of Claim. The tribunal may schedule further submission. Soon after it has been established, the tribunal will hold preparatory discussion on case schedule, hearing dates, evidence and confidentiality stipulations.

If a party request, or by tribunal discretion, a hearing may be held for the presentation of evidence by witnesses and experts and for oral argument. If no hearing is held, the proceedings are conducted on the basis of submitted documents and other materials.

When the tribunal is satisfied that the parties have had adequate opportunity to present submissions and evidence, it will declare the proceedings closed. This should happen within nine months of either the delivery of the Statement of Defense or the establishment of the tribunal, whichever occurs later.

The final award should be delivered by the tribunal within three months of the closure of the proceedings.

The award becomes effective and binding on the parties as from the date it is communicated by the Center.

International awards are enforced by national courts under the New York Convention.

Interim Measures of Protection

Article 46

- (a) At the request of a party, the Tribunal may issue any provisional orders or take other interim measures it deems necessary, including injunctions and measures for the conservation of goods which form part of the subject – matter in dispute, such as an order for their deposit with a third person or for the sale of perishable goods. The Tribunal may make the granting of such measures subject to appropriate security being furnished by the requesting party.*
- (b) At the request of a party, the Tribunal may, if it considers it to be required by exceptional circumstances, order to the other party to provide security, in a form determined by the Tribunal, for the claim or counter – claim, as well as for costs referred to in Article 72.*
- (c) Measures and orders contemplated under this Article may take the form of an interim award.*
- (d) A request addressed by a party to a judicial authority for interim measures or for security for the claim or counter – claim, or for the implementation of any such measures or orders granted by the Tribunal, shall not be deemed incompatible with the Arbitration Agreement, or deemed to be a waiver of that Agreement.*

In article 46, the WIPO Arbitration Rules provide two options for obtaining such measures.

A party may request interim relief:

from the tribunal itself, or

from courts in the country or countries where the need for interim relief arises.

The advantage of requesting interim relief from the tribunal is that such relief can be obtained in one neutral and confidential forum.

Under the WIPO Rules, the tribunal has wide authority to "issue any provisional orders or take other interim measures it deems necessary" at the request of a party. The provision explicitly mentions "injunctions and measures for the conservation of goods" without limiting the tribunal to such measures.

The tribunal may request a party to furnish appropriate security as a condition for granting interim relief. The security may be required to cover the interim relief itself as well as any resulting damage to the other party.

The requested relief may be granted in the form of an interim award which, in many jurisdictions, enjoys a higher degree of enforceability.

In most cases, however, parties will comply with the tribunal's directions voluntarily. In addition, the tribunal may, when rendering the final award, draw inferences from a party's non-compliance with any tribunal order.

In some situations, interim relief from an arbitral tribunal may not be available or sufficient. This may be the case where the need for interim relief arises before the tribunal has been constituted, or where the relief involves third parties not subject to the tribunal's authority.

The WIPO Rules therefore state that a party has the right to request interim relief from a national court at any time and that such requests shall not be deemed incompatible with the arbitration agreement.

Effect of Award

Article 64

- (a) By agreeing to arbitration under these Rules, the parties undertake to carry out the award without delay, and waive their right to any form of appeal or recourse to a court of law or other judicial authority, insofar as such waiver may validly be made under the applicable law.*
- (b) The award shall be effective and binding on the parties as from the date it is communicated by the Center pursuant to Article 62(f), second sentence.*

Most arbitral awards are implemented voluntarily.

Where enforcement proves necessary, parties need to have recourse to national courts in those countries where they wish the award to be enforced. If a national court recognized the award, it will grant a title (exequatur) which is enforceable like a final judgment rendered by such court.

Recognition and enforcement of awards rendered under the arbitral law of the country in which enforcement is sought, is subject to the national law of the country concerned.

For foreign arbitral awards, parties can rely on uniform international legal framework established by New York Convention. Under the Convention, recognition and enforcement may only be refused on the basis of or more of the following grounds:

invalidity of the underlying arbitration agreement;

violation of due process, in particular where the losing party was not given proper notice of the arbitration or was otherwise unable to present its case;

the award decides issues that are outside the scope of the arbitration agreement;

the tribunal was constituted in violation of a provision in the arbitration agreement or, failing such provision, in violation of a mandatory provision of the applicable arbitral law;

the award is not binding or has been suspended or set aside under the applicable arbitral law;

the subject matter of the arbitration is not arbitrable under the law of the country where enforcement is sought or the recognition and enforcement of the award would be contrary to the public policy of the country where enforcement is sought.

WIPO Arbitration Case Examples

Set out below are examples of arbitrations conducted under the WIPO Rules.

A 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 mark 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 marks. Each party had effectively prevented the other from registering or using its mark in the jurisdictions in which holds prior rights.

In order to facilitate the use and registration of their respective marks worldwide, the parties entered into a coexistence agreement which contains 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 mark held by the other party.

The North – American company requested that the other party undertake any efforts to enable it to register its mark in that Asian country and, when the other party refused, initiated arbitration proceedings.

Following proposals made by the Center, the parties appointed a leading IP lawyer as sole arbitrator.

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

A WIPO Arbitration of a Biotech/Pharma Dispute

A French biotech company, holder of several process patent for the extraction and purification of a compound with medical uses, entered into a license and development agreement with a large pharmaceutical company.

The pharmaceutical company had considerable expertise in the medical application of the substance related to the patents held by the biotech company.

The parties include in their contract a clause stating that all disputes arising out of their agreement would be resolved by a sole arbitrator under the WIPO Arbitration Rules.

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 arbitrators held hearing in Geneva (Switzerland), in the course of which the parties accepted the arbitrator's suggestion to meet in a private meeting.

As a result of that meeting, the parties agree to settle their disputes and continued to cooperate.