

NAVIGATING THE ARBITRABILITY OF PATENT DISPUTES: TRACING RELEVANT APPROACHES IN INDIA AND BEYOND

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Intellectual property rights, inherently private yet profoundly impactful, bestow a motu proprio effect on both their infringement and enforcement. This article examines the interplay between patent disputes and arbitration, unfolding an all-encompassing analysis of the intricacies and interconnectedness inherent in this dynamic. The study pivots around the concept of ‘arbitrability’ of patent disputes, with a keen focus on the Indian landscape, yet it judiciously extends its lens to include global practices for a comparative understanding. Particularly for India, this exploration takes on a critical tone, assessing the delicate balance between judicial intervention and arbitration autonomy. What makes patent disputes in India uniquely arbitrable? The article endeavours to answer this by dissecting the dual nature of patent rights: ‘rights in rem’ and ‘rights in personam,’ and their consequent implications on arbitrability. A spotlight is cast on the role of the World Intellectual Property Organization in streamlining arbitration norms and its overarching impact on shaping global patent arbitration. Lastly, it underscores the need for India to recalibrate its arbitration strategies to align with international benchmarks. It calls for comprehensive legislative guidelines, encourages forging synergies with global entities, and advocates for customising arbitration techniques to suit varied patent disputes. The conclusion of this article envisions the integration of cutting-edge technologies and a globalised perspective in arbitration, underlining the significance of a data-driven and inclusive approach to magnify the efficacy of arbitration in the realm of patent law.

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I. INTRODUCTION

Arbitration is a confidential, structured, party-centric mechanism for the resolution of discourse under an agreement that binds the parties. In this process, the arbitrator is bound to deliver the decision according to the law and under the existing agreement.¹ In Halsbury’s Laws of England, arbitration is expounded as “*a term which is used in several forms and variations...refer to judicial process or an extrajudicial process... deal with the establishment, declaration and enforcement of existing rights and obligations in accordance with the recognised legal system...declare and ascertain what the arbitrator thinks about the respective rights and liabilities of the parties, but at no cost does it enforce such function, and thus such a function is non-judicial in nature*”.²

Arbitration at heart is a submission to a private person selected in a manner prescribed by law or the agreement between parties for the determination of disputed matters.³

¹ IR Scott, ‘ADR: Principles and Practice by Henry J. Brown and Arthur L. Marriott’ (1995) 11 Arbitration International 459-462.

² Halsbury’s Laws (4th edn, 2005) vol 2, para 502.

³ Henry Campbell Black, *Black’s Law Dictionary* (4th edn 1968) 134.

Sir John Donaldson observed that arbitration is nothing more and nothing less than private litigation.⁴ The principles like party autonomy, *kompetenz-kompetenz* doctrine, and procedural flexibility, are a few reasons for the parties to prefer arbitration over litigation.⁵ This quasi-judicial proceeding, in which the parties appoint an arbitrator to adjudicate their dispute, differs from court proceedings as it remains a private adjudication by a consensually chosen forum.⁶

In another domain, Intellectual Property Rights ('IPR') such as trademarks, copyrights, patents, and more, protect creations of the human mind. These rights are unique as they protect intangible assets without clear boundaries and grant owners control over the use of their creations.⁷ The World Intellectual Property Organization ('WIPO') broadly defines IPR, as covering a range of creative and industrial outputs, encompassing rights related to creative and scientific works, artistic performances, inventions, industrial designs, trademarks, and protection against unfair competition, essentially covering all products of human intellect.⁸

Focusing on patents— they grant exclusive rights to inventors for their industrial innovations, provided they are new, useful, and meet the patentability criteria.⁹ In India, patents last 20 years and confer the right to prevent others from using or selling the patented item.¹⁰ A patentee holds an exclusive legal right upon the technology for which a patent has been granted. It extends to their right to prevent others from making, using, or offering for sale the patented products in India. Further, third parties in India can be prevented from using the patented process, importing the patented products without permission, or offering for sale or selling the products obtained by the patented process.¹¹ It allows the patentee to obtain tangible benefits to which they are legally entitled as recompense for their intellectual labour and reimbursement for costs incurred throughout their invention-related research and testing.

⁴ Northern Regional Health Authority v Derek Crouch [1984] EWCA Civ J0217-3.

⁵ Tarapore & Co v Cochin Shipyard Ltd (1984) 2 SCC 680.

⁶ Afscon Infrastructure Ltd v Cherian Varkey Construction Co (2010) 8 SCC 24.

⁷ Henry Campbell Black, *Black's Law Dictionary* (7th edn 1999) 813.

⁸ Convention establishing the World Intellectual Property Organization (adopted 14 July 1967, entered into force 26 April 1970) TRT/CONVENTION/001 art 2(viii).

⁹ Patents Act 1970, ss 3 & 4.

¹⁰ Patents Act 1970, s 5.

¹¹ Official Website of Intellectual Property India, 'National Intellectual Property Awareness Mission (NIPAM) launched' (*ipindia.gov.in*, 4 December 2021) <<https://ipindia.gov.in/newsdetail.htm?774>>.

The article discusses the intersection of arbitration and IPR, particularly patent disputes, across four sections. The first covers arbitration and its concepts, the second explores their interconnection with patent disputes in India through legislative and judicial perspectives, the third examines WIPO's approaches to patent arbitration, and the final section proposes future directions in this field.

This paper is meticulously written to achieve a comprehensive set of research objectives. Initially, it embarks on a mission to scrutinise the arbitrability of patent disputes globally. This endeavour entails a thorough analysis of the nature and scope of such disputes in the context of arbitration. Particular focus is placed on crucial aspects including efficacy, speed, confidentiality, and the upholding of party autonomy.

Subsequently, it delves into the intricacies specific to the arbitrability of patent disputes within the Indian landscape. It aims to unravel the unique challenges and nuances inherent within this context. This exploration includes understanding when the issue of arbitrability surfaces, identifying the decisive authorities, and elucidating the role these decision-making bodies play in the resolution of such disputes. An integral objective of this study is to navigate through potential solutions within the ambit of India's current legislative framework. This entails a critical evaluation of India's existing legal structure for resolving patent disputes through arbitration.

A pivotal component of this research is comparative international analysis. This segment is dedicated to contrasting the varying approaches to patent arbitration across different global regimes, with a special emphasis on the influence and role of the WIPO in steering global patent arbitration practices. It is aimed at assessing the strategies and effectiveness of the organisation in facilitating arbitration in patent disputes at a global level.

Lastly, the paper aspires to distil best practices and derive lessons from diverse approaches, tailored for application in the Indian context. This endeavour is directed towards the enhancement and alignment of India's approach to patent disputes with global standards. The overarching goal is to furnish a comprehensive overview of the current status of patent dispute arbitrability with a key focus on India, and to propose practical and legal improvements to optimise the management and resolution of these disputes through arbitration.

II. DEMYSTIFYING THE CONCEPTS OF ARBITRABILITY IN INDIA: BALANCING COURT OVERSIGHT & ARBITRAL AUTONOMY

Understanding the concept of arbitrability, particularly in its objective form, is crucial for determining if certain disputes are suitable for arbitration. Objective arbitrability involves assessing whether a dispute's subject matter can be resolved under arbitration and identifying the disputes exempt from arbitration proceedings. This is distinct from subjective arbitrability, which focuses on the parties' ability or agreement to arbitrate.¹² Arbitrability or non-arbitrability hinges on the jurisdictional overlap between arbitral tribunals and courts. The concept varies in different contexts. As explained in *Booz Allen*, it includes three aspects: (i) if disputes can be resolved by arbitration or are exclusive to public courts; (ii) if the disputes fall within the arbitration agreement's scope and are part of the joint list of disputes or the pleadings submitted before the arbitral tribunal; (iii) if the disputes are covered or excluded from the purview of the arbitration agreement.¹³ The scope of a dispute's arbitrability can also be determined by certain tests, which, while not rigid, aid in ascertaining certainty in dispute resolution. The Apex Court, in *Vidya Drolia*, proposed a four-fold test for examining the issue of capability of a subject matter of a dispute to be arbitrable or not: (1) disputes related to actions *in rem* and not subordinate rights *in personam*; (2) disputes affecting third-party rights, needing centralised adjudication; (3) disputes concerning inalienable sovereign and public interest functions of the State; (4) disputes explicitly or implicitly non-arbitrable as per mandatory statutes.¹⁴

Applying the aforementioned principles to patent disputes indicates that these disputes are innately arbitrable. Patent disputes typically surpass the established legal tests for arbitrability and inherently exist as 'subordinate rights of action *in personam*,' meaning they pertain to the rights and obligations (action *in personam*) between specific parties rather than rights against the world at large. They do not require centralised adjudication nor involve sovereign or public interest functions that are non-arbitrable. Thus, the *inter partes* effect further affirms the arbitrability of patent subject matters.

¹² Stavros L Brekoulakis and Loukas A Mistelis, *Arbitrability: International & Comparative Perspectives* (Kluwer Law International 2009).

¹³ *Booz Allen & Hamilton Inc. v SBI Home Finance Ltd* (2011) 5 SCC 532, para 34.

¹⁴ *Vidya Drolia and Ors v Durga Trading Corporation* (2021) 2 SCC 1.

Understanding the concept of arbitrability, particularly in the context of patent disputes, is a nuanced and multi-layered topic, that requires an in-depth analysis of who decides arbitrability, and at which stages of the arbitration process it arises. Disputes regarding the arbitrability of a matter can emerge at various stages: pre-arbitration, during the arbitration process, and post-award. At each stage, the deciding authority varies, and the nature of the scrutiny changes in accordance with the principles of arbitration and judicial oversight.

III. PRE-ARBITRATION STAGE: COURT'S ROLE & LIMITED REVIEW

Initially, courts handle arbitrability issues at the pre-arbitration stage. Under Section 8 and Section 11 of the Arbitration and Conciliation Act, 1996 ('A&C Act'), the court has the authority to refer disputes to arbitration and to appoint arbitrators.¹⁵ Both these provisions are complementary in nature. Section 11 does not provide any criteria for courts to help determine the existence of an arbitration agreement. On the other hand, Section 8 renders judicial review at the stage of reference merely *prima facie*, and not final. Resultantly, when the courts practice preliminary examination under Section 11 of the A&C Act, the *prima facie* standard equally applies. Therefore, the mandate of the valid arbitration agreement in Section 8 can be read into the mandate of Section 11, that is, the "*existence of an arbitration agreement*".

At this stage, the court's review is limited to a preliminary examination of the arbitration agreement's validity. The courts are merely required to check the extent of an arbitration agreement – nothing more, nothing less.¹⁶ This limited review is crucial for ensuring that non-arbitrable and trivial matters are screened out early in the process.¹⁷ It would be rather odd for the courts to hold that the arbitration agreement exists, even when *ex-facie* the arbitration agreement is invalid in law and the nature of a dispute is non-arbitrable. The court, thus, plays a gatekeeping role, preventing unnecessary judicial intervention and preserving the efficiency and autonomy of the arbitration processes.¹⁸ Herein, though they cannot interfere with the doctrines of *kompetenz-kompetenz* and separability, to hinder arbitration procedures; they can

¹⁵ Arbitration and Conciliation Act 1996, ss 8 & 11.

¹⁶ *Duro Felguera, S.A. v Gangavaram Port Ltd* (2017) 9 SCC 729, para 59.

¹⁷ *NTPC Ltd v SPML Infra Ltd* (2023) 9 SCC 385.

¹⁸ *Shin-Etsu Chemical Co Ltd v Aksh Optifibre Ltd and Anr.* (2005) 7 SCC 234.

ensure that malicious and trivial matters are dealt with at the outset.¹⁹ Exercising prima facie powers of judicial review of the validity of arbitration agreements will save costs and prevent harassment of the parties at the pre-arbitral stage.

If the courts were to fully scrutinise the arbitration agreement, rather than having a restricted review in ascertaining its validity, incapability, or unenforceability, the arbitration process would have been in suspension until the court's decision.²⁰ Moreover, if the court's decision was to be considered definitive and conclusive, then it is apparent, that till the matter was seized before the court, the arbitral proceedings would hang in abeyance. Thus, the key rationale behind the court's limited preliminary review is the principle of *kompetenz-kompetenz*; otherwise, this tenet of law, intended to enable expeditious arbitration without unnecessary intervention from judicial authorities, would be defeated.

Lord Mustill's analogy of a relay race aptly describes this process. Initially, the court holds the baton, ensuring that the arbitration agreement is effective and that the dispute is appropriate for arbitration.²¹ Once the arbitrators are appointed and take charge, they carry the baton, handling the dispute until an award is made. Post-award, the baton is passed back to the courts for enforcement or further scrutiny of the matter if required.²²

IV. DURING ARBITRATION: THE PRINCIPLE OF KOMPETENZ-KOMPETENZ

Once the arbitrators are appointed, they take over the resolution of the dispute. The principle of *kompetenz-kompetenz*, as recognised under the United Nations Commission on International Trade Law Model Law, Art. 16, empowers arbitrators to rule on their jurisdiction.²³ The same is reinforced in Section 16 of the A&C Act,²⁴ wherein the Arbitral Tribunal holds the right to rule on its jurisdiction, encompassing decisions regarding the arbitration agreement's existence or validity. This principle is

¹⁹ Vidya Drolia and Ors v Durga Trading Corporation (n 14).

²⁰ Sukanya Holdings (P) Ltd v Jayesh H. Pandya and Anr. (2003) 5 SCC 531.

²¹ Michael J Mustill and Stewart C Boyd, *The Law and Practice of Commercial Arbitration in England* (2nd edn., Butterworths; St Paul Minn 1989).

²² Michael J Mustill and Stewart C Boyd, *Commercial Arbitration: 2001 Companion Volume to the Second Edition [Law and Commercial Arbitration: 2001 Companion Volume to the Second Edition Practice of Commercial Arbitration in England, 1989]* (Butterworths 2001).

²³ UNCITRAL Model Law on International Commercial Arbitration, U.N. Doc. A/40/17 (1985).

²⁴ Arbitration and Conciliation Act 1996, s 16.

pivotal in minimising court interference, ensuring that the arbitration proceedings progress smoothly and without unreasonable delay.²⁵

The arbitrators are equipped with broad authority to manage the arbitration process. They can continue the arbitration proceedings and make an award, even if concurrent judicial proceedings are examining related issues. This broad authority of the arbitrators is crucial in maintaining the integrity and efficiency of the arbitration process. In *M/s IFFCO*, it was held that if the arbitrator holds that it has inherent jurisdiction to decide the dispute then such order cannot be immediately challenged and the process outlined in Section 16 (5) & Section (6) must be completed.²⁶ It is only after a decision on all issues, that the issue of jurisdiction may be challenged under Section 37(2)(a). However, it has been clarified therein that such a course is to be adopted only in the matter of inherent jurisdiction and not in respect of other issues which may have a flavour of jurisdiction like limitation. Thus, it is clear that the *kompetenz* principle, as enshrined in Section 16, pertains to three key aspects: (1) the existence of a valid arbitration agreement; (2) the proper constitution of the arbitral tribunal; and (3) the alignment of the matters submitted to arbitration with the arbitration agreement.

According to John J. Barcelo III,

*“The greater the number of questions decided at Stage I, the greater is the possibility for disruption of the arbitration process by an obstructive party, regardless of a genuine agreement to arbitrate. An ardent pro-arbitration strategy with little or no judicial scrutiny may refer all questions to the arbitrators, bolstering their power and adjudicatory role. However, arbitration is not a sangraal, and not everyone opposing arbitration is obstructionist, as unless anyone has agreed to arbitrate, everyone is entitled to a hearing in court. A good legal order must assess the opposing values and structure the process to overall maximise the value of the arbitration process and preserve legitimate claims for reasonably prompt judicial decision while minimising the obstructing opportunities”.*²⁷

²⁵ Tariq Khan, Everything You Need to Know about Arbitration in India (Thomson Reuters 2022).

²⁶ *IFFCO Ltd v Bhadra Products* (2018) 2 SCC 534.

²⁷ John J. Barcelo, III, ‘Who Decides the Arbitrator’s Jurisdiction? Separability and Competence-Competence in Transnational Perspective’ 36(4) *Vanderbilt J. Transnat’l L.* (2021).

V. POST-AWARD STAGE: COURT'S SECOND LOOK

After an arbitral award is made, arbitrability issues may resurface if parties challenge the award. At this stage, courts can intervene and set aside the award if the subject matter of the dispute is found to be non-arbitrable under the prevailing law.²⁸ This post-award stage represents a 'second look' by the courts, balancing the arbitrator's authority with judicial oversight. The courts, at this stage, ensure that the arbitration process has adhered to legal standards and that the award is consistent with the principles of arbitrability.

This 'second look' approach is not meant to undermine the arbitrator's decisions but to ensure that the arbitration process remains fair and legally sound. The courts, thus, play a crucial role in upholding the legal framework within which arbitration operates while respecting the autonomy and finality that arbitration is intended to provide.

For instance, the Supreme Court ('SC') in *M. Hakeem*, noted that even though the compensation determined by the competent authority and affirmed by the arbitrator was abysmally low, the court under Section 34 could not directly enhance the compensation, instead, it should have remanded the matter to the arbitrator.²⁹ Thus, the power to set aside an award under Section 34 does not include the power to modify it. It was clarified that if a court finds that the "*relief granted by the arbitrator to a party could not be granted, the award is to be set aside*. However, if the court finds that the *arbitrator wrongly rejected a claim or granted lesser or higher relief than warranted, it cannot grant the relief itself but must remand the matter*".³⁰

VI. BALANCING DECISION-MAKING BETWEEN ARBITRATORS & COURTS

The legislative framework, coupled with judicial interpretations, seeks to balance decision-making between arbitrators and courts. Initially, the courts have a limited yet pivotal role in ensuring non-arbitrable disputes do not proceed to arbitration, thus, respecting the parties' agreement to arbitrate and the principles of arbitration. Once the dispute moves into the arbitration phase, arbitrators primarily handle the dispute resolution process, with courts providing a supportive role to ensure adherence to legal standards and fairness. The A&C Act and its interpretation by the judiciary, aim

²⁸ Arbitration and Conciliation Act 1996, ss 34 & 37.

²⁹ *NHAI v M. Hakeem* (2021) 9 SCC 1.

³⁰ *State of Chhattisgarh v SAL Udyog (P) Ltd* (2022) 2 SCC 275.

for an efficient and fair dispute resolution process. This balance ensures that while arbitration remains autonomous and efficient, it does not operate in a legal vacuum and is subject to necessary judicial oversight.

VII. EXAMINING THE ARBITRABILITY OF PATENT DISPUTES IN INDIA

After having a basic conceptual understanding of patents in the first section, as a general rule under the intellectual property law, an owner exercises ‘right *in rem*’ i.e., right exerted against the world at large. Eventually, this provides an owner with an ‘action *in rem*’ or ‘*in rem* remedies,’ enabling the owner to bind the world at large. Moreover, it is established that a right *in rem* is non-arbitrable. However, it is not a rigid or inflexible rule. There are times when the subject matter of disputes provides ‘rights *in rem*’- right to include or exclude, exercisable against the world at large, but entails in itself ‘subordinate rights of action *in personam*’- which means a claim for enforcement or infringement against an individual, such an action would bind only the parties in dispute and not the third parties or the world at large, these are derived from the rights *in rem*.³¹

Herein, an interest is protected against an individual resulting in ‘*in personam*’ action/remedies. Thus, disputes of such subject matter are always considered to be arbitrable. Therefore, the question of IPR (patent) disputes non-arbitrability can be struck down by the above-enshrined essence of the rights, nature of permissible action considering the subject matter of patent disputes and, additionally, by applying the established and recognised tests or facets of arbitrability, as discussed in the above portions.

The law on intellectual properties in India is not clear on the nature of disputes explicitly capable of being settled by arbitration, since there is insufficient legislative engagement with this issue in both arbitration and IPR.³² However, the Commercial Courts Act under the ambit of Section 2 (c)(xvii)³³ read with Section 2(1)(f) of the A&C Act³⁴ creates a plausible view that IPR disputes are arbitrable by explicitly including IPR (patents) disputes within the definition of the term ‘commercial disputes’. Thus, commercial disputes including IPR (patents) can be arbitrated under

³¹ *Booz Allen & Hamilton Inc. v SBI Home Finance Ltd* (2011) 5 SCC 53.

³² *Tariq Khan* (n 25).

³³ Commercial Courts Act 2015, s 2.

³⁴ Arbitration and Conciliation Act 1996, s 2.

Section 10 of the Commercial Courts Act, dealing with the commercial dispute's arbitration.

Nevertheless, the courts in India have adopted an offset approach concerning the scope of arbitrability of IPR disputes. In *Booz-Allen*, it was clarified that “*any commercial or civil dispute, either contractual or non-contractual in nature, which a court can decide, is incidentally capable of being resolved and adjudicated by arbitration unless is it otherwise excluded either expressly or by any legal sanction*”. Whereas, in the case of the IPR (patent) disputes that purely arise of contractual rights and obligations, in which the parties consciously decide to refer any contractual discrepancy to a private forum, no dilemma of in-arbitrability arises and the disputes can thus, be referred to arbitration.³⁵ At this juncture, the author, hereby, clarifies that actions for infringement under IPR statutes or proceedings initiated for challenging the grant or validity of IPR, continue to be litigated before courts, firstly as it requires action *in rem*, and secondly, the adjudicating issues of validity or ownership of IP, a sovereign function, cannot be adjudicated by a private arbitral tribunal as it may trigger public policy considerations. However, any infringement or any passing-off action which binds the parties in the dispute calls for an initiation of an ‘action *in personam*’, therefore, the same makes patent disputes arbitrable.³⁶

In a way, in India, the existing legislative framework along with the judicial interpretation and approaches provides an infallible and dependable form of dispute resolution (arbitration) for patent infringement, wherein at several stages the accountability of both the authorities as well as the parties to a dispute are bridled. However, the insufficient legislation in both fields of law has its setbacks for the country and causes unwarranted hindrances in expressly forming arbitration as an effective dispute resolution mechanism for patent disputes.

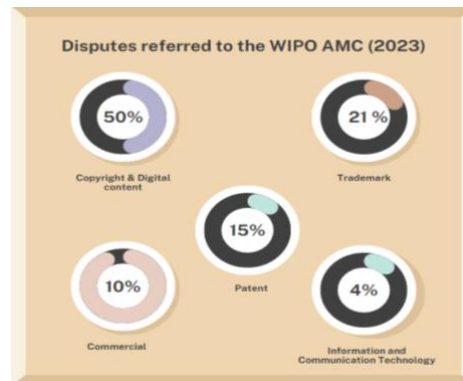
VIII. ROLE OF WIPO IN REFERENCE TO ARBITRABILITY OF PATENT DISPUTES

WIPO is instrumental in fostering the protection of intellectual property worldwide through international cooperation. Its contribution has been significant in shaping the global landscape of patent arbitration, particularly in terms of its scope, practicality, and extent. It established the WIPO Arbitration and Mediation Centre to offer

³⁵ Hero Electric Vehicles Pvt Ltd v Lectro E-Mobility Private Limited 2021 SCC OnLine Del 1058.

³⁶ Vijay Kumar Munjal v Pawan Munjal 2022 SCC OnLine Del 499.

alternative dispute resolution mechanisms, such as arbitration and mediation, for intellectual property disputes.³⁷ This Centre is a significant international provider of specialised services for resolving IPR disputes and is instrumental in bridging the gap between arbitration and intellectual property rights.



*WIPO Arbitration and Mediation Centre*³⁸

The Centre administers various procedures under WIPO Rules,³⁹ including mediation, arbitration, expedited arbitration, and expert determination procedures. Recognising the concept of arbitrability as generally non-problematic in most jurisdictions, the Centre narrows concern about the universal effect of arbitral awards to academic interest, given that awards are typically binding only on the parties involved. The WIPO-administered arbitration includes detailed regulations for preliminary relief, critical in many intellectual property disputes. The Centre also maintains panels of arbitrators specialising in intellectual property disputes and facilitates party autonomy by providing model clauses for future conflicts and submission agreements for existing disputes. These model clauses are designed to avoid ambiguity and streamline the dispute resolution process. An innovative feature of WIPO is the Clause Generator, which enhances transparency and party-centred resolution. It allows parties to develop their own clauses and submission agreements, tailored to their specific needs, in a straightforward process.

³⁷ Trevor Cook, 'ADR as a Tool for Intellectual Property (IP) Enforcement' (World Intellectual Property Organization 2014).

³⁸ World Intellectual Property Organization, 'WIPO ADR Highlights 2023' (*WIPO*, 2023) <<https://www.wipo.int/amc/en/center/summary2023.html#:~:text=In%202023%2C%20the%20WIPO%20AMC,countries%20across%20various%20business%20areas.>>>.

³⁹ World Intellectual Property Organization, 'WIPO Mediation Rules, Schedule of Fees and Costs' (*WIPO*, 2021) <https://www.wipo.int/export/sites/www/amc/en/docs/mediation_rules_and_fees_2021.pdf>.

IX. WIPO'S GLOBAL IMPACT & COLLABORATION

As of 2023, over 900 cases have been resolved under WIPO's governance, predominantly based on contract clauses for future disputes, though some were based on submission agreements for existing disputes, including court-referred matters. Parties involved in these cases range from Small and Medium Enterprises ('SME') to large companies, inventors, universities, and artists from over 60 countries, with remedy amounts in disputes reaching up to USD 1 billion. Notably, 33% of WIPO arbitration proceedings have resulted in settlements. WIPO has also collaborated with Intellectual Property Offices in various countries, including Australia, Mexico, Serbia, Morocco, Singapore, Korea, and Poland. These collaborations aim to raise awareness of ADR benefits and develop tailored dispute resolution procedures, particularly in arbitration and mediation for intellectual property issues.



X. PATENT ARBITRATION AT WIPO

Empirical examples from other countries demonstrate the success of patent arbitration, highlighting its potential application in India. Notable instances include the following cases:

(A) *Joint Development Agreement of a Medical Treatment*: Two European pharmaceutical companies, engaged in a joint development and patent license option agreement for a cancer treatment, who faced disputes over royalties, sub-license revenue sharing, and patent ownership. They agreed to arbitrate certain issues through WIPO Arbitration. The tribunal, limited to addressing financial elements and patent

co-ownership, comprised patent experts who also ruled on procedural issues. The final award resolved the disputes on royalties and patent ownership status.⁴⁰

(B) *Patent License Dispute*: An Asian inventor holding several US and European patents over sports goods components, entered into an exclusive license agreement with a US manufacturer, specifying WIPO Expedited Arbitration for resolving disputes. A dispute over royalty payments led the inventor to file for arbitration, seeking a declaration of patent infringement. With no agreement on an arbitrator, the Centre appointed an experienced patent lawyer. After addressing various motions, the arbitrator successfully issued a final award on patent infringement.⁴¹

Additionally, patent infringement disputes submitted for WIPO Arbitration benefit from arbitrators chosen for their experience in arbitration and relevant national patent laws. The Centre has adhered to stringent timelines set by parties, even in complex cross-border commercial disputes, underscoring its commitment to efficient and effective dispute resolution.

WIPO's role in patent arbitration is substantial, providing a framework and tools that facilitate effective dispute resolution in intellectual property. Its efforts have not only streamlined the arbitration process but also enhanced its practicality and applicability across different jurisdictions. The Centre's innovative approaches, such as the Clause Generator and its collaboration with various Offices, have significantly contributed to advancing the use of arbitration and mediation in resolving intellectual property disputes globally.

XI. SUGGESTIONS & RECOMMENDATIONS

The exploration of arbitration as a preferred mechanism for resolving patent infringements, as discussed in this article, reveals a multifaceted landscape where arbitration and intellectual property law intersect. The initial sections highlighted the essence of these two areas of law and their intricate linkage, particularly in the Indian context. It's evident that the nature of patent disputes is inherently arbitrable, with the legislative and judicial landscape in India making strides, albeit insufficient, towards broadening this scope. The practicality of this system, as mirrored in the international

⁴⁰ World Intellectual Property Organization, 'Arbitration' (WIPO)

<<https://www.wipo.int/amc/en/arbitration/>>.

⁴¹ *ibid.*

regime, notably through WIPO's initiatives, underscores its effectiveness and global applicability.

Looking ahead, the future of arbitration in patent disputes seems promising, especially with the integration of advanced technologies. Artificial Intelligence, blockchain, and virtual reality tools are poised to revolutionise arbitration processes, making them more efficient and accessible. Moreover, in an era of globalised commerce, arbitration stands out as a key player in resolving cross-border patent disputes, thereby facilitating international trade and innovation.

Going along with the provided high-level roadmap of understanding, considerations, examination, and establishments of arbitrability of patent disputes in India, the author believes that the country at this stage, needs to trace and learn lessons that can provide an impetus toward its journey as an arbitration capital for patent/intellectual property disputes at both domestic and international levels. Thus, with the emphasis on awareness of the benefits of institutional arbitration, offering the existence of forums for the resolution of patent/IP disputes, providing specialised tools and arbitrators with technical expertise, and stricter timelines for the resolution of patent disputes by arbitration proceedings, it is likely to anticipate that even in India most patent/intellectual property claims will be arbitrated to a final award in the near future and that a finding on merits would have a larger role in the eventual result of such disputes.

The recognition of arbitration as a contractual tool predominantly in IPR cases emerging from written contracts, such as licensing or collaboration agreements, has to be duly noted.⁴² These cases often morph into claims under contract law, despite their core involving patent/IPR issues that are well-suited for arbitration. The varied nature of IPR issues and the remedies sought, from monetary relief to equitable solutions, underscore the adaptability of arbitration in this field.⁴³

Furthermore, the arbitral award should be given an *inter partes* effect to the extent possible and permissible, rather than being annulled, as an award on patent infringement only concerns with respect to the parties in the arbitration. Otherwise, the issue of patent validity triggers public interest and policy, for which, it can be only

⁴² International Chamber of Commerce, ICC International Court of Arbitration Bulletin, 9 (1).

⁴³ World Intellectual Property Organization, *WIPO Intellectual Property Handbook* (WIPO 2008).

decided by a national court, typically, having an *erga omnes* effect.⁴⁴ This can be beneficial for some patent owners as the arbitration process will become less precarious than the court's action. For instance, when the arbitrator invalidates their ownership or other rights, they will only lose their control over the enforcement of that intellectual property against the adversary in the arbitration, rather than against the world at large.

Ultimately, parties should retain free reign in planning or drafting arbitration agreements in order to thoroughly handle any potential restrictions and complications. The courts or the arbitral institutions in the country should take traces from the model clauses of WIPO's centre. Collaboration with international bodies is essential for standardising global arbitration practices. Such partnerships can ensure consistent resolution of patent disputes across jurisdictions. Tailoring arbitration approaches to cater to specific types of patent disputes, with specialised arbitrators for different industry sectors, can further refine the process. In India, the Delhi International Arbitration Centre or the International Arbitration and Mediation Centre, Hyderabad has followed the same lines and provided for model clauses.⁴⁵

To optimise arbitration in patent disputes, parties should have the freedom to draft arbitration agreements with clarity, using universally accepted language, and considering potential restrictions and complications "*flowing through lex arbitri or otherwise*". The leading international arbitration institutions have recommended such language in their model clauses, and it generally encompasses tort, contractual, and statutory claims. Typically, these clauses provide variations of the words like: 'any' or 'all'; 'arising under and in connection with' or 'arising out of and relating to'; 'disputes', 'claims', 'differences' or 'controversies'; and 'the agreement' or 'the contract'. This enhances the likelihood of arbitration of intellectual property-related disputes to be economical and worthwhile with due regard to prioritising the parties and commercial sensitivities. Finally, a data-driven approach to analysing arbitration outcomes will illuminate paths for policy enhancements and identify areas needing improvement. Making arbitration accessible to SMEs, who frequently find themselves entangled in patent disputes, is crucial. By developing cost-effective

⁴⁴ Kenneth R. Adamo, 'Overview of the International Arbitration in the Intellectual Property Context' (2011) 2 (1) Global Business L Rev.

⁴⁵ IAMC Hyderabad, 'IAMC Model Clauses' (*International Arbitration and Mediation Centre*) <<https://iamch.org.in/arbitration/model-clause>> accessed December 2023.

mechanisms and possibly subsidised services, arbitration can become a more viable option over traditional litigation.

XII. CONCLUSION

The exploration of the arbitrability of patent disputes underscores the transformative potential of arbitration in the realm of intellectual property law. This investigation reveals that patent disputes, with their complex interplay of rights *in rem* and rights *in personam*, are innately suited for arbitration. The Indian landscape, while progressing, requires further refinement to fully embrace this potential. The integration of global practices, as exemplified by the WIPO, highlights a path forward for India to align with international benchmarks.

The future of arbitration in patent disputes is promising, especially with the integration of advanced technologies such as Artificial Intelligence, blockchain, and virtual reality. These innovations are set to revolutionise arbitration, making it more efficient, transparent, and accessible. In a globalised economy, arbitration is increasingly vital for resolving cross-border patent disputes and facilitating international trade and innovation. To encapsulate, while this article has charted a comprehensive path for understanding and establishing the arbitrability of patent disputes in India, the journey is ongoing. Embracing technological advancements, fostering global collaboration, focusing on sustainability and inclusivity, and continually adapting to the dynamic realms of patent law and arbitration will be key. This progressive trajectory not only solidifies arbitration as an effective dispute resolution mechanism but also harmonises it with broader goals of fairness and legal coherence globally.

India stands at a pivotal juncture in its journey towards becoming an arbitration hub for patent and intellectual property disputes. To achieve this, the country must focus on several key areas: comprehensive legislative reform to clarify the arbitrability of patent disputes, building synergies with international practices, establishing dedicated forums with specialised arbitrators, leveraging cutting-edge technologies, and adopting a data-driven approach to policy enhancements. Additionally, making arbitration accessible through cost-effective mechanisms and potentially subsidised services is crucial for promoting fairness and inclusivity.

The arbitrability of patent disputes offers a dynamic and effective alternative to traditional litigation, fostering a more streamlined, expert-driven, and efficient dispute resolution process. As India continues to refine its approach, incorporating global practices, technological advancements, and comprehensive legislative reforms will be crucial. This progressive trajectory not only solidifies arbitration as a preferred mechanism for resolving patent disputes but also harmonises it with broader goals of fairness, efficiency, and global legal coherence. Embracing these changes will ensure that arbitration remains a cornerstone of intellectual property law, supporting innovation and protecting the rights of inventors worldwide.