## Final Report

# IP Arbitration in a digital enhanced world
## Encounter 04

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Moderator and Speakers:

Prof. Catherine A. ROGERS (Queen Mary, University of London, and Penn State Law, Pennsylvania State University).
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Ignacio DE CASTRO, Director, IP Disputes and External Relations Division, WIPO Arbitration and Mediation Centre, acting as Moderator.

### Introduction by Prof. Manderieux, Mr. Fernández-Lasquetty and Mr. De Castro

The current pandemia situation has brought new challenges in the litigation and disputes arena. By way of example, the lock down situation triggered the need to recalibrate certain agreements, considering potential *force majeure* implications, *rebuc sic stantibus* clauses and the breach of certain contractual obligations. Also, the suspension of most judicial systems leads to a post-pandemia overload in Courts.

This context opens up the door to Alternative Dispute Resolutions ('ADRs'), which have been increasingly used in the past years, proving to be flexible and, to some extent, ready to use in the digital environment. This statement is confirmed by the Moderator, Mr. De Castro, who has shown some slides that expose the diversity of cases bearded by the World Intellectual Property Organization ('WIPO') Arbitration and Mediation Centre (patents, software/ICT, trademarks, commercial disputes (distribution/franchising) and digital copyright) and the exponential increase of arbitration procedures before WIPO. Despite the Covid-19 crisis, it is expected that there is an increment of arbitration procedures during 2020, especially non-contractual disputes, under WIPO's auspices.

Notwithstanding the foregoing, this growth also raises some different questions and challenges to be resolved. Consequently, Mr. De Castro starts the debate by asking some questions to the speakers:

1. First question: What are the panel's views on how Covid has affected the resolution of IP disputes?

Our first speaker, Prof. Rogers, starts by pointing out that Arbitration was already a very appropriate mechanism before the pandemia, as it was well adapted to the online environment.

In this vein, the strength of arbitration is based on its flexibility and possibility to coordinate different Administrations from different jurisdictions. These two conditions make arbitration a very powerful tool to resolve disputes.

The foundations of our current International Arbitration system lay down in the 1958 UN Convention on Recognition and Enforcement of Foreign Arbitral Awards, which makes ADR relatively coordinated across borders.

Our second speaker, Mr. Lam also outlined that the pandemia has catalysed questions around the use of arbitration or how to resolve disputes in a unique, flexible, and agile manner. Covid-19 has caused terrible situations, such as the case of the airlines sector and all the complaints regarding ticket returns or the case of many technological projects which were forced to stop.

Unavoidably, physical restrictions have led to an increase of remote disputes, which makes ADRs a suitable tool due to its readiness to be used. In addition to this, a clear advantage of ADR is the principle of party autonomy, which crystallizes, inter alia, in the ability of the parties to agree upon the rules and procedures to resolve a specific dispute. Mr. Lam also agrees that arbitration is very flexible because it is not bounded by tedious procedural rules.

## 2. Second question: What are the panel's views on the speed at which tech is being used in ADR and its effectiveness? Does the panel predict there will be more use of entirely virtual dispute resolutions?

Prof. Rogers indicates that international arbitration had to involve technology in order to resolve disputes. As such, technology has helped ADR go online and gather virtual oral hearings. Although, at the very beginning, virtual oral hearings were not very popular and were seemed to only resolve small disputes (in order to save some travelling's expenses to the parties).

Technology has also helped out in managing documents and evidences of the parties (some cases had to deal with thousands of documents) and in coordination structures, by providing management tools that can be used by arbitrators.

Another key point for arbitration is confidentiality, that is much used in order to avoid decisions or certain information to be disclosed to the public.

Nonetheless, there is also a dark side in arbitration, which is related to cybersecurity problems, such as hacking, or data protection obligations.

Mr. Lam highlights that the circumstances and the lack of choice have forced us to embrace technology.

Although, in the debate on whether we should promote the use of virtual oral hearings, he also warns that online arbitration may present some risks regarding security and confidentiality, it is also outlined that current implemented mechanisms cannot ensure that a witness is not reading a prompter or whether some other individuals are standing next to him/her and guiding his/her answers.

Finally, on the issue regarding oral hearings and cybersecurity concerns, Mr. De Castro, points out that WIPO rules and procedures have taken into consideration information technology requirements and, so far, there were no material security issues.

## 3. Third question: What does the panel consider to be the key recent developments in the IP and ADR space?

Prof. Rogers says here that one of the main developments in the ADR field is the revision, by different States, of the UNCITRAL Model Law on international Commercial Arbitration, which tends to be adapted by national authorities in order to implement a harmonized ADR model.

Although, historically, there has been some reluctance to send IP to arbitration, given the fact that, sometimes, procedures timescales cannot be reduced. Also, there are additional concerns, such as: (i) the risk of not having the award rendered in due time (lack of own preventive measures); (ii) the added difficulty with the lack of self-enforceable resolutions, considering that, many times, parties have to validate the resolution in a national Court, in order to be fully effective; or (iii) the fact that there is not an agreement on the composition of the arbitration tribunals and, sometimes, agree on its composition takes months, which slows the process down.

The solution to some of these problems is the so-called emergency arbitration. This system allows institutions to appoint an emergency arbitrator who renders an emergency arbitration award, which is much closer in timeline and reduces timescales.

Another solution pointed out by Prof. Rogers is innovation and confidentiality, which has been well protected by data protection regulations and through Codes such as the New Code of the Spanish Arbitration Club (*Código de Buenas Prácticas Arbitrales del Club Español del Arbitraje*) These Codes also rule the conduct that arbitrators shall present during a proceeding.

Mr. De Castro adds to the debate that emergency reliefs are a reality in the WIPO Arbitration and Conciliation Act, implemented in Articles 48 and 49 of the latter. These two articles contain the possibility to submit for an emergency relief /preventive measure to national Courts.

Mr. Lam explains that emergency relief is an issue that has been very much in the mind of IP Practitioners dealing with technology for the reason that interim relief is relevant in terms of remedies parties are looking for.

A crucial aspect will be the ability of every national system to adopt emergency relief at a domestic level. CIAC was a pioneer in designing the emergency relief, followed afterwards by other institutions as the ICC.

On the other hand, WIPO arbitration rules are a variety of rules to address unique issues to arbitration and IP related issues. Such rules also provide for: (i) how to conduct experiments; (ii) disclosures of trade secrets and confidential information; and (iii) other procedural rules.

A key point for arbitration, as previously mentioned, is the autonomy of the parties to on which laws apply, it allows to avoid certain constraints or unpractical situations.

Nevertheless, as it could be agreed, arbitration has inter-parties effects and rarely affects to third parties. So, in this context, Mr. Lam wonders whether invalidation of IP title might be resolved by an Arbitration Tribunal, where additional clarification may be needed in the future.

People is increasingly looking for Arbitration as a suitable tool to resolve disputes. This is provoked by the fact that sometimes, the same parties are facing several disputes at national Courts. Arbitration might bring all these disputes together, as it is very flexible to adapt to different scenarios and rules.

Finally, Mr. Lam highlighted that the Singapore Convention on International Settlement Agreements Resulting from Mediation -which will enter into force on 12 September 2020- has the potential to make the difference with regards to recognition of awards and enforcement if properly used and applied.

Mr. De Castro agrees with the rest of speakers in this issue and indicates that WIPO has seen an increase of cases in non-contractual disputes that were coming from different jurisdictions.

## 4. Questions from the audience. The non-arbitrability of certain subject-matters. Emerging technologies

Certain national laws establish the so-called non-arbitrability. This means that certain issues are not allowed to be resolved by an arbitrator (criminal law, for instance).

Consequently, it is very important for parties that want to resolve their disputes by ADR, that the issue at stake (patent infringement, for instance) is arbitrable. Moreover, at the time of drafting the contract, careful attention must be paid to the arbitrability of the issue at stake in the particular jurisdiction where the award is supposed to be enforced and in some other jurisdictions where it is likely to cause any impact (as it might end up evolving another State or territory).

Another aspect to bear in mind is that an arbitration resolution might not be challenged nor reviewed by national Courts. Moreover, it shall be considered that, in the vast majority of cases, the arbitrators are experts in the field (contrary to what happens, for instance, in the United States, where most of judges are not specialized in IP, but have to deal with many different cases) so, the resolution will likely be adjusted to IP rules.

Mr. De Castro, on the issue regarding arbitrability, states that the best solution for the parties is to introduce an arbitrability clause to their agreements, in order to have inter-parties effects.

Regarding emerging technologies, Mr. Lam mentions that there is an escalation of ADR proceedings in the mobile telephony sector. Prof. Rogers points out the importance of legal tech in the arbitration intelligence and mentions the relevance of ADRs application to other sectors as the green technology industry. In her words, there is a need to diversify and consolidate the arbitration community (which has been traditionally related to US-EU) and add new actors from other territories.

One key tool in order to foster that diversity is the improvement of arbitration intelligence software, which seeks for the best and most accurate arbitrators in the world for every dispute.

Lastly, Mr. De Castro says that the best developments in the near future regarding emerging technologies in arbitration will be seen in online management tools, online hearings and in an attempt to reduce carbon footprint of arbitration.

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