

Commentary on WIPO Arbitration Rules

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This Commentary and any positions expressed therein are the sole responsibility of the authors and do not purport to reflect the opinions or views of the WIPO Arbitration and Mediation Center.

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I. GENERAL PROVISIONS

Abbreviated Expressions

Article 1

In these Rules:

"Arbitration Agreement" means an agreement by the parties to submit to arbitration all or certain disputes which have arisen or which may arise between them; an Arbitration Agreement may be in the form of an arbitration clause in a contract or in the form of a separate contract;

"Claimant" means the party initiating an arbitration;

"Respondent" means the party against which the arbitration is initiated, as named in the Request for Arbitration;

"Tribunal" includes a sole arbitrator or all the arbitrators where more than one is appointed;

"WIPO" means the World Intellectual Property Organization;

"Center" means the WIPO Arbitration and Mediation Center.

Words used in the singular include the plural and vice versa, as the context may require.

- 1.1 Article 1 of the WIPO Arbitration Rules (the "WIPO Rules") contains a series of definitions that are used throughout the Rules.
- 1.2 The definition of "Arbitration Agreement" in the WIPO Rules expresses the fundamental principle that arbitration arises only upon the consent of the parties. The WIPO Rules make explicit that the Arbitration Agreement need not be contained within a contractual document expressing the parties' substantive rights (an "arbitration clause"). It may also arise by a so-called "submission agreement", where the agreement to arbitration arises after the actual dispute has arisen. The latter is more rare, since it is easier to agree on arbitration when the parties' relationship has not been soured by a dispute. In fact, most disputes submitted to arbitration under the rules administered by the Center arise from arbitration clauses. Although less frequent, the Center has administered a number of arbitrations that have arisen from submission agreements. These have included cases in which the parties have agreed to resolve multi-national intellectual property (IP) disputes before a single arbitral forum.¹
- 1.3 "Claimant" is defined as the party initiating an arbitration. This makes clear that even if there is a counter-claim, the Claimant continues to be referred to as such, and the Respondent, defined as the "party against which the arbitration is initiated" continues to be referred to as Respondent. The closing words in this section, providing that the singular may contemplate the plural, ensure that all multiple initiators of claims are equally captured under the definition of Claimant, and, *mutatis mutandis*, multiple Respondents.

¹ Upon request by the parties, the Center assists parties in drafting submission agreements.

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- 1.4 It is the Claimant who determines the Respondent by naming it in the Request for Arbitration.
 - 1.5 An “additional party” joined to the arbitration under Article 46 of the WIPO Rules does not formally attain the status of “Claimant” or “Respondent” since that additional party by definition was not involved in the initiation of the arbitration, but functionally it will be subject to the same rights and obligations as Claimants and Respondents in accordance with the substance of its role, *i.e.* either advancing claims (Claimant) or defending against them (Respondent).
 - 1.6 A panel of arbitrators under the WIPO Rules is not a “Tribunal” until all members have been appointed. This proceeds logically from the definition of “Tribunal” requiring that all members must have been “appointed”.
 - 1.7 WIPO is the World Intellectual Property Organization, an inter-governmental organization created by international treaty, the Convention Establishing the World Intellectual Property Organization signed at Stockholm on July 14, 1967 and as amended on September 28, 1979. In 1974 WIPO became a Specialized Agency of the United Nations system. WIPO is headquartered in Geneva, Switzerland, and has external offices in Beijing, Moscow, Rio de Janeiro, Singapore, and Tokyo.
 - 1.8 The “Center”, defined in the WIPO Rules as the “WIPO Arbitration and Mediation Center”, was created in 1994 to promote the resolution of Intellectual Property (IP) and related disputes through alternative dispute resolution (ADR). Based in Geneva, Switzerland, the Center is an independent and impartial body of WIPO. The Center has a further office in Singapore.
 - 1.9 The Center administers not just arbitrations under the WIPO Rules but expedited arbitrations, mediations, and expert determinations under specialized sets of rules.

Scope of Application of Rules

Article 2

Where an Arbitration Agreement provides for arbitration under the WIPO Arbitration Rules, these Rules shall be deemed to form part of that Arbitration Agreement and the dispute shall be settled in accordance with these Rules, as in effect on the date of the commencement of the arbitration, unless the parties have agreed otherwise.

- 2.1 Article 2 of the WIPO Rules provides the principle of incorporation by reference. Under it, the WIPO Rules are deemed to form part of the agreement to arbitrate concluded by the parties. The validity of the incorporation by reference of arbitral rules ultimately depends on applicable law. Most legal systems in the world, one way or another, accept the principle of incorporation by reference. In fact, institutional arbitration rests on the widespread acceptance of this principle.
- 2.2. In principle, the parties can derogate from any provisions of the WIPO Rules. Indeed, to take an extreme case, if the Arbitration Agreement provides for *ad-hoc* arbitration under the UNCITRAL Rules and also designates the Center as an administrative authority, the Center would administer the case. But the parties’ power to derogate from the WIPO Rules may not be such as to render the administration of the arbitration by the Center overly complicated or onerous, or it may not offend against an applicable mandatory rule (see Article 3 of the WIPO Rules). The consequence of any derogation from the WIPO Rules which creates either of these two problems is that the Center may refuse to administer the proceedings.
- 2.3 The Center provides an arbitration clause generator that can be accessed at <http://www.wipo.int/amc-apps/clause-generator/arbitration/agreement/>.

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- 2.4 In general, parties can choose between two types of arbitration, institutional or *ad hoc* arbitration. Institutional arbitration involves the submission of a dispute to an institution that will administer the arbitration under (in most cases) its own rules. The services rendered by a given institution can vary, but in most cases (as it is the case under the WIPO Rules) they would include settling the place of arbitration (e.g. Article 38 of the WIPO Rules), certain aspects of the day-to-day management of the case, dealing with advances on costs and other financial issues, deciding certain administrative issues before an arbitral Tribunal is established, appointing the members of the Tribunal and resolving challenges against arbitrators. Exceptionally, some arbitration rules permit the institution to scrutinize the arbitral award (chiefly the ICC Rules). Whilst this approach is not followed by the WIPO Rules, in practice and if so requested by the arbitrators, the Center may advise an arbitral Tribunal on issues of arbitral practice (particularly with a view to ensuring the enforceability of any arbitral award). Article 64(e) provides that an arbitral Tribunal “may consult the Center with regard to matters of form, particularly to ensure the enforceability of the award.”
- 2.5 Arbitrations that are not submitted to an institution are referred to as *ad hoc*. In *ad hoc* arbitrations, the parties and arbitral Tribunal have to deal with all logistical issues. Further, in some circumstances, the parties to an *ad hoc* arbitration would have to seek the aid of the courts at the seat of arbitration, for example, in respect of the appointment of the Tribunal or challenges of the arbitrators. Dealing with these issues can delay an arbitration and give rise to additional costs.
- 2.6 Given the potential drawbacks and uncertainties of *ad hoc* arbitration, in the great majority of cases, parties are better off choosing institutional arbitration. A way to allay some of the potential drawbacks stemming from *ad hoc* arbitration is agreeing on the application of the UNCITRAL Arbitration Rules. The UNCITRAL Arbitration Rules limit the involvement of the courts at the seat in respect of the appointment of the arbitral Tribunal and challenges of arbitrators.
- 2.7 Article 2 deals with the temporal application of the WIPO Rules. The version of the WIPO Rules applicable to an Arbitration Agreement submitting disputes to the WIPO Rules is that in force at the time of commencement of the proceedings. This means that an arbitration commenced on or after 1 June 2014, but arising from an Arbitration Agreement concluded before 1 June 2014, will be resolved by the WIPO Rules 2014, excluding its provisions on emergency relief proceedings (Article 49). However, the parties are free to derogate from this default rule, for example by expressly stipulating that the version of the WIPO Rules in force at the time of their contract will apply. The advantage to this is legal certainty, but the disadvantage is that a former version of the rules may no longer reflect contemporary legal realities and will in some regards no longer be state-of-the-art.

Article 3

- (a) *These Rules shall govern the arbitration, except that, where any of these Rules is in conflict with a provision of the law applicable to the arbitration from which the parties cannot derogate, that provision shall prevail.*
- (b) *The law applicable to the arbitration shall be determined in accordance with Article 61(b).*

- 3.1 Article 3(a) states that the provisions of the WIPO Rules are subject to applicable mandatory law. Because the WIPO Rules relate to jurisdiction, applicable law, and procedure and not, at least directly, to substance, in most cases, in this context, applicable mandatory law will be found exclusively within the applicable arbitration law (which, in general, can be either the law

governing the underlying contract or the law of the place of the arbitration). The law of the parties' status may also be relevant here, for example a provision restricting or excluding standing to arbitrate, because of the insolvency of the party. This provision in reality acknowledges – and alerts the user of the Rules to – the primacy of relevant mandatory rules; those rules will always prevail over the agreement of the parties, which, as Article 2 of the WIPO Rules makes clear, is their legal character. Ascertaining what exactly those mandatory rules entail is an exercise that should be undertaken on a case-by-case basis. In relation to the applicable arbitration law, Article 3(b) cross-refers to Article 61(b) of the WIPO Rules. The latter provision is discussed below.

Notices and Periods of Time

Article 4

- a) *Any notice or other communication that may or is required to be given under these Rules shall be in writing and shall be delivered by expedited postal or courier service, e-mail or other means of communication that provide a record thereof.*
- b) *A party's last known residence or place of business shall be a valid address for the purpose of any notice or other communication in the absence of any notification of a change by that party. Communications may in any event be addressed to a party in the manner stipulated or, failing such a stipulation, according to the practice followed in the course of the dealings between the parties.*
- c) *For the purpose of determining the date of commencement of a time limit, a notice or other communication shall be deemed to have been received on the day it is delivered in accordance with paragraphs (a) and (b) of this Article.*
- d) *For the purpose of determining compliance with a time limit, a notice or other communication shall be deemed to have been sent, made or transmitted if it is dispatched, in accordance with paragraphs (a) and (b) of this Article, prior to or on the day of the expiration of the time limit.*
- e) *For the purpose of calculating a period of time under these Rules, such period shall begin to run on the day following the day when a notice or other communication is received. If the last day of such period is an official holiday or a non-business day at the residence or place of business of the addressee, the period is extended until the first business day which follows. Official holidays or non-business days occurring during the running of the period of time are included in calculating the period.*
- f) *The parties may agree to reduce or extend the periods of time referred to in Articles 11, 15(b), 16(b), 17(b), 17(c), 18, 19(b)(iii), 41(a) and 42(a).*
- g) *The Center may, at the request of a party or on its own motion, extend the periods of time referred to in Articles 11, 15(b), 16(b), 17(b), 17(c), 18, 19(b)(iii), 69(d), 70(e) and 72(e).*

- 4.1 Article 4 deals with “notices and periods of time” as indicated in its title. It also deals with the determination of a party’s address for purposes of service (notifications, in the WIPO Rules’ parlance).

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- 4.2 Article 4(a) sets out the way in which service is to be performed. Like most other institutional arbitration rules, the WIPO Rules adopt a flexible approach. In essence, any means of communication that produces a record suffices. In most cases, parties and arbitral Tribunals will resort to email. Article 4(a) of the WIPO Rules modernizes the wording of Article 4(a) of the previous version (for example, a reference to telefax was removed²). It is submitted that “provides a record” requires a record of delivery, and not of sending. Ultimately, it is for the sender to prove delivery and this part of the WIPO Rules entails that the record of delivery associated with the method of sending in question is presumptively sufficient evidence of delivery.
- 4.3 Article 4(b) provides that a party’s last known residence or place of business is a valid address for the purpose of notices under the Rules, unless the party informs of a change of address. This provision applies to all communications, so the parties, the Tribunal and the Center can avail themselves of it. In practice, this provision will be of particular relevance in default of one of the parties to the arbitration. This provision would make it more difficult to succeed for a party arguing, for example under Article V(1)(b) of the 1958 New York Convention, that it was not given proper notice of the appointment of the Tribunal or of the proceedings. Nonetheless, a counterparty faced with a default scenario should not be reluctant to take all reasonable measures to ascertain the current contact information of its opposing party.
- 4.4 Article 4(b) indicates that any notice mechanism previously agreed by the parties or stemming from practice between them can be used. From the wording of the WIPO Rules, it is clear that service should be performed in accordance with the Rules. However, if a party out of caution wants to follow a mechanism previously agreed, this is not an issue.
- 4.5 Also dealing with notices, Article 4(c) provides that notices have effect on the date of service pursuant to Article 4(a) and 4(b). Similarly, compliance with an action within a deadline is subject to the same principle (Article 4(d)).
- 4.6 Article 4(e) provides guidance on three aspects of the running of time periods. First, periods start to run the day following that on which notice was received. Secondly, it provides for an automatic extension of time if the last day of a period falls on an official holiday or non-business day. Thirdly, as contrasted with the position under numerous other rules, the WIPO Rules include official holidays and non-business days for the purposes of calculating a period. In other words, save for the automatic extension alluded above, all periods under the WIPO Rules consist of natural days.
- 4.7 Article 4(f) expressly permits the parties to agree to extend or reduce periods of time in a number of provisions. The list of such provisions is not intended to be exhaustive. In practice, the Center will generally show flexibility if the extension is agreed to by the parties or ordered by the Tribunal.
- 4.8 Pursuant to Article 4(g), the Center may extend some periods. This provision does not mention the power of the arbitral Tribunal to extend periods set out in the procedural schedule, but this is something that falls within the powers of the Tribunal to decide how the proceedings are to be conducted (see Article 37 of the WIPO Rules). Further, pursuant to Article 37(c) of the WIPO Rules, a Tribunal has the power to extend deadlines set out in the WIPO Rules in exceptional circumstances.

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Of course, a submission by fax would still meet the requirements of Article 4 of the WIPO Rules.

Documents Required to be Submitted to the Center

Article 5

- (a) *Until the notification by the Center of the establishment of the Tribunal, any written statement, notice or other communication required or allowed under these Rules shall be submitted by a party to the Center and a copy thereof shall at the same time be transmitted by that party to the other party.*
- (b) *Any written statement, notice or other communication so sent to the Center shall be sent in a number of copies equal to the number required to provide one copy for each envisaged arbitrator and one for the Center.*
- (c) *After the notification by the Center of the establishment of the Tribunal, any written statements, notices or other communications shall be submitted by a party directly to the Tribunal and a copy thereof shall at the same time be supplied by that party to the other party.*
- (d) *The Tribunal shall send to the Center a copy of each order or other decision that it makes.*

- 5.1 Article 5 provides further guidance on notices and distinguishes stages prior to and after the appointment of the arbitral Tribunal. Before the appointment of the arbitral Tribunal, all exchanges should be addressed to the Center and the opposing party is to be copied in. After an arbitral Tribunal has been appointed, all exchanges are to be sent to the arbitral Tribunal and the opposing party. The arbitral Tribunal is only obliged to send to the Center copies of orders or decisions. The Center does not need to be copied in to correspondence between the parties and the Tribunal, but in practice this is usual. The Tribunal and the parties may wish to do so to ensure that the Center is always informed to make any administrative decisions in the arbitration that the Center may be called upon to make, such as increasing the deposit on costs, enforcing time limits, and dealing with challenges to arbitrators.
- 5.2 The number of copies requirement set out in Article 5(b) logically applies to documents submitted on paper. From Article 4(a) of the WIPO Rules, it follows that it suffices for the parties to submit electronic copies of submissions and documents. In fact, the Center makes available an encrypted electronic docket called ECAF.³ ECAF can be employed if all the parties and the arbitral Tribunal agree to its use. In general, by posting materials on ECAF, the parties would be compliant with the requirements as to notices and copies set out in the WIPO Rules.⁴
- 5.3 An arbitral Tribunal may, of course, request that the parties submit documents on paper. In practice, this is often the case in respect of written submissions and expert reports. There is an increasing trend amongst arbitral Tribunals to permit parties to submit voluminous materials (for example, lengthy legal authorities) and other documentation only electronically. Even physical hearing bundles are now on occasion replaced with so-called electronic bundles.

³ <http://www.wipo.int/amc/en/ecaf/>

⁴ Since its introduction in 2005, ECAF has been used in approximately one quarter of WIPO arbitration cases.

II. COMMENCEMENT OF THE ARBITRATION

Request for Arbitration

Article 6

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

Article 7

The 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, e-mail 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; and*
- (vi) any nomination that is required by, or observations that the Claimant considers useful in connection with, Articles 14 to 20.*

Article 10

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

- 10.1 Articles 6 to 10 of the WIPO Rules deal with Requests for Arbitration under the WIPO Rules. In general, a Request for Arbitration is the first set of pleadings made by a party in an arbitral proceeding and submits a specific dispute to resolution by means of arbitration. In practice, Requests for Arbitration are short documents: in most cases, they set out the bare bones of a party's case. A Claimant's case will usually be developed in full subsequently in the party's Statement of Claim. This being said, the WIPO Rules permit a Claimant to submit its Statement of Claim together with its Request for Arbitration. Under the WIPO Rules the Statement of Claim submitted with the Request does not need to comprise a separate document. It is sufficient that the Claimant discloses the intention to forgo the opportunity to

be heard on the content stipulated for the Statement of Claim at the stage otherwise assigned for this under the Rules.

- 10.2 In international arbitration practice, a Statement of Claim (or statement of case) is usually submitted after the arbitral Tribunal has been appointed and has set out the schedule for the conduct of the proceedings. Although submitting the Statement of Claim with the Request for Arbitration would be unusual,⁵ a party may wish to do so for a number of reasons. For example, it may want to show the strength of its case at an early stage with a view to prompting a settlement agreement or it may want to accelerate proceedings. From a strategic point of view, this course may have some potential drawbacks: by submitting its Statement of Claim together with the Request for Arbitration, the Claimant may be giving the Respondent additional time to prepare its defense. The Respondent is obliged to submit its Statement of Defense (a document in which the Respondent is to set out its arguments in full) only after the arbitral Tribunal has been appointed and the procedural schedule has been set out. In this respect, Article 12 of the WIPO Rules, dealing with a party's response to the Request for Arbitration, indicates that if the Claimant has filed its Statement of Claim together with its Request for Arbitration, the Respondent "may" file its Statement of Defense together with the Answer to the Request.
- 10.3 Most of the content of these five articles is self-explanatory. Two aspects, however, deserve some analysis. First, Article 9(iv) provides that the Request for Arbitration should contain "an indication of the rights and property involved and the nature of any technology involved". No similar provision is found in the arbitral rules of other leading institutions. This reference is a testament to the IP focus of the WIPO Rules. For this purpose, property covers tangible and intangible assets, including intellectual property such as patents, trademarks and copyright.
- 10.4 Second, Article 9(vi) read in conjunction with Article 17(b) provides that the Request for Arbitration should contain a party's choice of a party-appointed arbitrator or its comments on the appointment of the Tribunal if a sole arbitrator is to be appointed. As discussed below, the selection of arbitrators is one of the most important aspects of an arbitration. Accordingly, in a three-arbitrator setting, a Claimant should only file a Request for Arbitration when it has confirmed that its co-arbitrator is willing and available to partake in the proceedings and is under no conflict of interest.⁶
- 10.5 WIPO has created and provides guidelines for filing Requests for Arbitration which may be accessed at <http://www.wipo.int/amc/en/arbitration/filing/#1>.
- 10.6 The Request for Arbitration may be addressed to the Center's offices either in Geneva (headquarters) or Singapore.
- 10.7 In practice, Requests for Arbitration are usually filed via email (arbitrator.mail@wipo.int). The requirement of a particular number of copies in Article 5(b) of the WIPO Rules means that Requests must also be submitted in a physical paper version.
- 10.8 If a Request for Arbitration is incomplete or does not meet the requirements of Article 9, the Center will ask the filing party to provide any missing information or amend this document as necessary.

⁵ In fact, a Statement of Claim has never been filed together with the Request for Arbitration in WIPO arbitrations.

⁶ In the Center's experience, on occasion, the parties have agreed that the Center should appoint all three members of the arbitral Tribunal. In those cases, of course, the parties need not nominate their arbitrators in the Request for Arbitration and Answer to the Request.

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- 10.9 Article 7 provides that the date of commencement is the date the Center receives the Request. The date of commencement of an arbitration has legal significance in a number of situations, in particular in determining whether the jurisdictional challenge of *lis alibi pendens* may be made.
- 10.10 The Center treats its reception of the Request by email as the date of commencement if, as is usual, the receipt of the email precedes the receipt of the paper versions required under Article 5(b) of the WIPO Rules.

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 counter-claim or set-off.

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.

- 12.1 Articles 11 and 12 of the WIPO Rules deal with the Answer to the Request for Arbitration. The Respondent has 30 days from the date of receipt of the Request for Arbitration to file this document. This is basically a responsive document and in practice it is often terse. Importantly, pursuant to Article 17(b) of the WIPO Rules, if the Respondent is to nominate an arbitrator, the Answer to the Request should also contain its nomination.
- 12.2 As discussed above, under the circumstances set out in Article 12 of the WIPO Rules, a Respondent may, but is not obliged to, file its Statement of Defense together with its Answer to the Request.

Representation

Article 13

- (a) *The parties may be represented by persons of their choice, irrespective of, in particular, nationality or professional qualification. The names, addresses and telephone, e-mail or other communication references of representatives shall be communicated to the Center, the other party and, after its establishment, the Tribunal.*
- (b) *Each party shall ensure that its representatives have sufficient time available to enable the arbitration to proceed expeditiously.*
- (c) *The parties may also be assisted by persons of their choice.*

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- 13.1 Article 13(a) of the WIPO Rules spells out a well-settled principle in international arbitration: parties have a right to decide who will represent them in an arbitration.⁷ This principle is almost absolute. Article 13 articulates one limitation. The representative must have sufficient availability to enable the arbitration to proceed expeditiously, but he/she may be a non-lawyer. In general, the possibility of a non-lawyer undertaking the advocacy is likely to be relevant in smaller cases, in which the parties themselves might want to conduct the advocacy. In large cases, in practice, parties tend to retain sizable legal teams which will normally include seasoned advocates.
- 13.2 Similarly, Article 13(c) of the WIPO Rules also makes it clear that the parties can be assisted by individuals of their choice. Individuals who may assist a party in an arbitration include experts and interpreters. There is no requirement upon parties under the Rules formally to designate those assisting them, and make these persons and their contact information known to the Center and the arbitral Tribunal.

III. COMPOSITION AND ESTABLISHMENT OF THE TRIBUNAL

Number and Appointment of Arbitrators

Article 14

- (a) *The Tribunal shall consist of such number of arbitrators as has been agreed by the parties.*
- (b) *Where the parties have not agreed on the number of arbitrators, the Tribunal shall consist of a sole arbitrator, except where the Center in its discretion determines that, in view of all the circumstances of the case, a Tribunal composed of three members is appropriate.*
- (c) *Any nomination of an arbitrator made by the parties pursuant to Articles 16, 17 and 18 shall be confirmed by the Center provided that the requirements of Articles 22 and 23 have been met. The appointment shall be effective upon the Center's notification to the parties.*

- 14.1 Article 14(a) permits the parties to freely agree on the number of persons who will compose their arbitral Tribunal. Unlike under the ICC Rules,⁸ in principle the parties could choose a number of arbitrators which is not one or three.
- 14.2 In practice, more often than not parties will choose the number of arbitrators. Generally, this is accomplished by stipulation in the arbitration clause. The model WIPO arbitration clause proposes that the parties make such stipulation. But it may also occur that the parties agree on the number of arbitrators subsequently, once the particular dispute has arisen.
- 14.3 Party agreement on the number of arbitrators will usually be express. There is a question whether party agreement on the number of arbitrators is subject to requirements of form, in particular those governing Arbitration Agreements.
- 14.4 The parties may also alter their previous stipulation as to the number of arbitrators by simple agreement prior to the constitution of the arbitral Tribunal in accordance with their previous

⁷ See e.g. s 36 English Arbitration Act.

⁸ Article 12(1) of the 2012 ICC Rules: "The disputes shall be decided by a sole arbitrator or by three arbitrators".

stipulation. Once the arbitral Tribunal is composed, the parties' agreement to change its composition will need to be agreed by the arbitral Tribunal, although no arbitral Tribunal is likely to oppose the parties' wishes even if in the result an appointed arbitrator loses his/her position.

- 14.5 It is nonetheless recommended that any agreement between the parties as to the number of arbitrators, especially any agreement changing the original position, be clearly recorded in writing. This is to avoid being met with an objection to recognition or enforcement, for example under Article V.1(d) of the New York Convention, *i.e.* that the arbitral Tribunal was not composed in accordance with the agreement of the parties.
- 14.6 There is no provision in the Rules whereby the Center can act to override party choice of the number of arbitrators, for example where the amount in dispute is so low that the extra expense cannot be justified, or where the number chosen is an even one and this portends problems of decision-making within the arbitral Tribunal.⁹ In the latter case, a discontented party will need to seek any available recourse from the courts of the place of the arbitration.
- 14.7 The usual options for the number of arbitrators are one and three.¹⁰ Having a sole arbitrator will ordinarily result in some cost savings and significant savings in time over having a three-person Tribunal. It is generally quicker to constitute a sole arbitrator Tribunal, and the decision-making and other activities of the Tribunal are more quickly effected by a sole arbitrator. On the other hand, where there are three arbitrators, the award-writing can be apportioned between the arbitrators, which should result in some time savings.
- 14.8 The parties generally have more influence in the constitution of a three-person Tribunal, since generally speaking they will be able each to nominate one of the co-arbitrator, or at least to participate within their class of Claimants or Respondents in such nomination.
- 14.9 Parties may also feel that having a three-person Tribunal lessens the risk of aberrant and otherwise unpredictable outcomes. In most modern arbitration law systems the opportunities for recourse against the award are limited. Where their disputes are likely to be significant, whether by value or by principle, the parties may prefer the three-member option.
- 14.10 Parties also often feel that an arbitrator whom they have nominated will be more sensitive to their concerns in the determination of the case. This too is a reason for preferring a three-person Tribunal.
- 14.11 Parties may also feel that any dispute is likely to be complex and notably to involve areas of expertise unlikely to be found in one individual. Intellectual property cases may well fit this description. In such cases, parties may opt for a three-member Tribunal.
- 14.12 Where the parties have not agreed on the number of arbitrators, Article 14(b) of the Rules applies. As a rule, in the absence of party choice, there will be a sole arbitrator. The Rules grant discretion to the Center to decide that a three-person Tribunal be constituted. There is no possibility of some other number of arbitrators, unless the parties come to an agreement on a different number.

⁹ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010) at p.142: "[...] appointing a Tribunal composed of an even number of arbitrators can give rise to problems if disagreements between them take place. Although deadlocks may be resolved by appointing an umpire, such a solution has been criticized because of potential delays and that no co-arbitrator would be entitled to take the lead as to the conduct of the proceedings."

¹⁰ See *Ibid*, at p.142 – 143 on the choice between one and three arbitrators.

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- 14.13 The Center is to exercise its discretion “in view of all the circumstances”. Circumstances which are likely to argue for a three-person Tribunal are: that a significant amount of money is in dispute, the matter is of significant complexity or the matter requires the Tribunal to have diverse skills and expertise, for example linguistic, technical or legal, which no single person can master. In practice, the Center will consult with the parties prior to making a decision.
- 14.14 Article 14(c) of the Rules expressly applies where the parties have not agreed upon the procedure for constituting the Tribunal and the appointment process under the Rules is to be followed. Although Article 14 does not refer to Article 15, the procedure agreed by the parties, it seems clear that even here the Center has power to confirm and that the appointment is only valid as of the date of the confirmation. Any nomination of an arbitrator which a party makes must be confirmed by the Center for the nominee to be appointed. The only bases upon which the Center may refuse to confirm are bias and unavailability. Therefore it would appear that if a party nominee does not fulfil qualities which the parties have stipulated as necessary for an arbitrator, the Center has no power to intervene and refuse the nomination.
- 14.15 Arbitrators are appointed at the time of the Center’s confirmation and not the time of the party nomination.

Appointment Pursuant to Procedure Agreed Upon by the Parties

Article 15

- (a) *If the parties have agreed on a procedure for the appointment of the arbitrator or arbitrators, that procedure shall be followed.*
- (b) *If the Tribunal has not been established pursuant to such procedure within the period of time agreed upon by the parties or, in the absence of such an agreed period of time, within 45 days after the commencement of the arbitration, the Tribunal shall be established or completed, as the case may be, in accordance with Article 19.*

- 15.1 Article 15(a) establishes that any procedure for the appointment of the arbitral Tribunal which the parties have agreed is to be followed.
- 15.2 Article 15(b) makes provision for the situation where the procedure agreed to by the parties does not result in the constitution of the arbitral Tribunal within a certain time. There are two separate limits. If the parties have agreed to a time limit for the constitution of the Tribunal then that time limit applies. If the parties have made no agreement as to the time limit for constituting their Tribunal according to their agreed procedure then the time limit is 45 days as from the commencement of the arbitration.
- 15.3 Where the time limit expires then the procedure for appointment of arbitrators applicable where the parties have not agreed on a procedure applies. It is set out in Article 19 of the Rules.
- 15.4 Article 15(b) states that the Tribunal “shall be established or completed, as the case may be”, in accordance with Article 19. The reference “completed” suggests that whatever arbitral positions that have been filled before the expiry of the applicable time limit in Article 15(b) are to remain filled and undisturbed. A position as arbitrator is filled inasmuch as a notice of that arbitrator’s appointment has been sent to the parties, within the meaning of Article 14(c). The Center has discretion to extend the periods of time referred to in Article 15(b) pursuant to Article 4(g).

Appointment of a Sole Arbitrator

Article 16

- (a) *Where a sole arbitrator is to be appointed and the parties have not agreed on an appointment procedure, the sole arbitrator shall be nominated jointly by the parties.*
- (b) *If the nomination of the sole arbitrator is not made within the period of time agreed upon by the parties or, in the absence of such an agreed period of time, within 30 days after the commencement of the arbitration, the sole arbitrator shall be appointed in accordance with Article 19.*

- 16.1 Article 16 concerns the situation where a sole arbitrator is to be appointed but the parties have not agreed on the procedure to choose the sole arbitrator.
- 16.2 Therefore, Article 16 applies both where the parties have stipulated or otherwise agreed that their dispute will be resolved by a sole arbitrator, and where the parties have not agreed on the number of arbitrators and the Center declines to exercise its Article 14(b) discretion.
- 16.3 The procedure under the Rules for the appointment of a sole arbitrator in the absence of party agreement on the procedure is that they jointly nominate an arbitrator, who (by Article 14(c)) is then subject to confirmation by the Center.
- 16.4 If the parties are unable to agree on a nominee as sole arbitrator within 30 days of the commencement of the arbitration then the Center will appoint the sole arbitrator using the Article 19 procedure. The commencement of the arbitration is determined by Article 7 to be the date on which the Center receives the Request for Arbitration.

Appointment of Three Arbitrators

Article 17

- (a) *Where three arbitrators are to be appointed and the parties have not agreed upon an appointment procedure, the arbitrators shall be appointed in accordance with this Article.*
- (b) *The Claimant shall nominate an arbitrator in its Request for Arbitration. The Respondent shall nominate an arbitrator within 30 days from the date on which it receives the Request for Arbitration. The two arbitrators shall, within 20 days after the appointment of the second arbitrator nominate a third arbitrator, who shall be the presiding arbitrator.*
- (c) *Notwithstanding paragraph (b), where three arbitrators are to be appointed as a result of the exercise of the discretion of the Center under Article 14(b), the Claimant shall, by notice to the Center and to the Respondent, nominate an arbitrator within 15 days after the receipt by it of notification by the Center that the Tribunal is to be composed of three arbitrators. The Respondent shall nominate an arbitrator within 30 days after the receipt by it of the said notification. The two arbitrators shall, within 20 days after the appointment of the second arbitrator, nominate a third arbitrator, who shall be the presiding arbitrator.*

(d) If the nomination of any arbitrator is not made within the applicable period of time referred to in the preceding paragraphs, that arbitrator shall be appointed in accordance with Article 19.

- 17.1 Article 17 of the Rules governs the constitution of the arbitral Tribunal where the following three circumstances are cumulatively satisfied: there are only two parties, the parties have not agreed on an appointment procedure, and the parties have either agreed that there will be three arbitrators or the Center has exercised its Article 14(b) discretion.
- 17.2 This scheme of appointment of arbitrators leaves it to the individual parties each to nominate an arbitrator for confirmation by the Center in accordance with Article 14(c) of the Rules. Once the Center confirms these nominees and appoints them as arbitrators, they together select the third arbitrator who will be the “presiding arbitrator”.
- 17.3 It is suggested that the parties should decide together what consultation role they should have in the choice of the third arbitrator by the two confirmed arbitrators. Otherwise there may be an inequality between them, and their respective nominees will be in an uncertain situation.
- 17.4 Generally the parties will agree that they may each speak to the arbitrator whom they nominated. They must adhere to Article 45 of the Rules in doing so. The parties are free to agree that they may each speak directly to prospective nominees as the third arbitrator, providing that the requirements of Article 21 of the Rules are observed. This is because the parties could have agreed that they together nominate the third arbitrator (by Article 14(a)) and therefore they have the lesser power to agree that they may consult with the third arbitrator (subject to Article 21).
- 17.5 If the parties have agreed that there will be three arbitrators, Article 17(b) requires the Claimant to nominate its arbitrator in the Request for Arbitration and the Respondent to nominate its arbitrator within 30 days, generally in the Answer to the Request. Once the two nominees are appointed, they have 20 days in which to nominate the third arbitrator.
- 17.6 If there are three arbitrators not because of party agreement but because the Center has exercised its Article 14(b) discretion, then the time limits in Article 17(c) apply. The Claimant must nominate its arbitrator within 15 days of receiving notice from the Center that there will be three arbitrators. The Claimant must send its nomination both to the Center and to the Respondent. The Respondent must nominate its arbitrator within 30 days of receiving notice from the Claimant of the Claimant’s nomination. The reason why the Claimant has only 15 days and the Respondent has 30 days in which to nominate an arbitrator is that the Claimant knows the case better than the Respondent at this stage.
- 17.7 According to Article 14(c) of the Rules, all nominees must be confirmed and appointed by the Center. Article 14(c) requires the Center to accept and confirm a party’s nomination for arbitrator unless there is a problem of independence or availability.
- 17.8 If any nomination is not effected within the time limit set for it under Article 17, then Article 17(d) provides that the procedure under Article 19 shall be followed for the appointment of that arbitrator.
- 17.9 All three arbitrators must equally satisfy the requirements of independence and impartiality under Article 22 below and under applicable law.
- 17.10 Article 37(c) gives the presiding arbitrator the power to make procedural orders in the case of urgency, and more importantly Article 63 provides that where there is no majority in any award it is the view of the presiding arbitrator that prevails.

Appointment of Three Arbitrators in Case of Multiple Claimants or Respondents

Article 18

Where:

- (i) *there are multiple Claimants and/or multiple Respondents; and*
- (ii) *three arbitrators are to be appointed;*

the multiple Claimants, jointly, in the Request for Arbitration, shall nominate an arbitrator, and/or the multiple Respondents, jointly, within 30 days after receiving the Request for Arbitration, shall nominate an arbitrator, as the case may be. If a joint nomination is not made within the applicable period of time, the Center shall appoint one or both arbitrators. The two arbitrators shall, within 20 days after the appointment of the second arbitrator, nominate a third arbitrator, who shall be the presiding arbitrator.

- 18.1 There is a special concern in international arbitration, especially under French law, to ensure that the parties have an equal opportunity for involvement in the constitution of their arbitral Tribunal.¹¹
- 18.2 Where no party has any opportunity for involvement whatsoever, there is no doubt that the equality principle is not offended. Under the Rules, however, the parties always have some involvement in the appointment process (unless the parties have chosen a procedure entirely excluding such involvement). Therefore the Rules must concern themselves with ensure equality of opportunity between and amongst the parties in the constitution of the arbitral Tribunal.
- 18.3 Where there are only two parties, the task is fairly straightforward. If there is to be a sole arbitrator, the parties should have equal opportunity to agree on the identity of that sole arbitrator (Article 16(a)) or to express their preferences (Article 19(b)). Where there is to be a three-person Tribunal, each party is given the opportunity to nominate an arbitrator (Article 17(b)).
- 18.4 Where there is to be a sole arbitrator the task is also fairly straightforward, even with more than two parties. All parties are given an equal opportunity to agree on the sole arbitrator, or express their preference.
- 18.5 The situation where there will be a three-person Tribunal and more than two parties significantly complicates the task of ensuring equal opportunity for each party to involve itself in the constitution of the arbitral Tribunal. It is to this situation that Article 18 is directed.
- 18.6 Article 18 gives all Claimants the opportunity to agree together on a nomination for an arbitrator and to express this nomination in the Request. Within 30 days, the Respondents have an opportunity together to nominate an arbitrator together.
- 18.7 Article 18 provides that if either joint nomination is not made within the required time, for any reason, then the Center may appoint one or both of the co-arbitrators.

¹¹ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010) at p.148 refer to the problem as “potential procedural fairness issues” and at note 38 refer to *BKMI and Siemens v. Dutco* (Cass, Cvi. 1^{ère}, 7 January 1992, [1993] ICCA Congress Yearbook, p.140 – 142) where “the French *Cour de Cassation* considered that the ICC’s decision that the two Respondents in the relevant arbitration jointly appoint a co-arbitrator violated procedural fairness guarantees”.

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- 18.8 Once the two co-arbitrators are in place, Article 18 provides that they are to nominate the third arbitrator within 20 days, who will serve as presiding arbitrator. The process of appointing the latter operates identically with the appointment of the presiding arbitrator where there are only two parties (see Article 17(b) above).

Default Appointment

Article 19

- (a) *If a party has failed to nominate an arbitrator as required under Articles 15, 17 or 18, the Center shall forthwith make the appointment.*
- (b) *If the sole or presiding arbitrator has not been appointed as required under Articles 15, 16, 17 or 18, the appointment shall take place in accordance with the following procedure:*
 - (i) *The Center shall send to each party an identical list of candidates. The list shall normally comprise the names of at least three candidates in alphabetical order. The list shall include or be accompanied by a statement of each candidate's qualifications. If the parties have agreed on any particular qualifications, the list shall contain the names of candidates that satisfy those qualifications.*
 - (ii) *Each party shall have the right to delete the name of any candidate or candidates to whose appointment it objects and shall number any remaining candidates in order of preference.*
 - (iii) *Each party shall return the marked list to the Center within 20 days after the date on which the list is received by it. Any party failing to return a marked list within that period of time shall be deemed to have assented to all candidates appearing on the list.*
 - (iv) *As soon as possible after receipt by it of the lists from the parties, or failing this, after the expiration of the period of time specified in the previous subparagraph, the Center shall, taking into account the preferences and objections expressed by the parties, appoint a person from the list as sole or presiding arbitrator.*
 - (v) *If the lists which have been returned do not show a person who is acceptable as arbitrator to both parties, the Center shall be authorized to appoint the sole or presiding arbitrator. The Center shall similarly be authorized to do so if a person is not able or does not wish to accept the Center's invitation to be the sole or presiding arbitrator, or if there appear to be other reasons precluding that person from being the sole or presiding arbitrator, and there does not remain on the lists a person who is acceptable as arbitrator to both parties.*
- (c) *Notwithstanding the procedure provided in paragraph (b), the Center shall be authorized to appoint the sole or presiding arbitrator otherwise if it determines in its discretion that the procedure described in that paragraph is not appropriate for the case.*

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- 19.1 Article 19 lays down the procedure to be followed for the appointment of any arbitrator not appointed as a result of a party's failure to nominate or agree upon an arbitrator within the prescribed time limits.
- 19.2 Article 19 provides two separate schemes, one for the appointment of co-arbitrators, and one for the appointment of sole arbitrators and presidents.
- 19.3 The scheme for the appointment of co-arbitrators is laid down in Article 19(a). It simply provides that the Center is to make that appointment "forthwith".
- 19.4 The Center will proceed with all reasonable speed in identifying and appointing the co-arbitrator. It keeps a list of persons qualified to serve as arbitrators and will approach persons on that list whom it feels would be appropriate for the position to be filled.
- 19.5 The scheme for the appointment of sole arbitrators and presidents is laid down in Article 19(b) and is more elaborate, as it is concerned to obtain the parties' involvement in the process.
- 19.6 The Center will send a list of at least three potential arbitrators to each of the parties along with a brief description of their relevant qualities. The Center will have obtained this list from a list of potential arbitrators which it keeps on file, along with their CVs. Where the parties have agreed on any particular qualifications for the arbitrator, the Center will ensure that each of the at least three candidates possesses these qualities.
- 19.7 Each party then has 20 days in which to return the list of candidates to the Center, having deleted any candidate's name who is not acceptable to that party, and having numbered the remaining candidates in order of that party's preference. If a party fails to return its preferences to the Center within that time limit, Article 20(b)(iii) deems that party to have assented to all candidates on the list although not in any particular order.
- 19.8 The Center will then make the appointment among the acceptable candidates in light of the preferences expressed. If, however, there is no candidate who proves to be acceptable to all parties, then according to Article 19(b)(v) the Center will make an appointment without regard to party acceptance and preference. Generally speaking, the Center will not appoint a candidate who has been expressly refused as unacceptable to any party.
- 19.9 If the candidate which the Center approaches to serve as sole arbitrator or president declines to act or for any other reason is precluded from so acting (for example because of a conflict of interest), then the Center will approach any remaining candidates on the list of names to propose the position. If no candidates remain, the Center will identify another person and approach him or her directly to act as sole arbitrator or president. The Center is not required to consult with the parties in acting under 19(b)(v) and generally will not do so.
- 19.10 Article 19(c) provides a basis for the Center to bypass the procedure for appointing sole arbitrators and presiding arbitrators in Article 19(b) if the Center determines that the Article 19(b) procedure "is not appropriate for the case". This has not yet occurred in practice. The Centre would take into account the observations of the parties and the circumstances of the proceedings, including the applicable law and the arbitrators' nationalities and expertise in the subject matter.
- 19.11 In view of the indeterminacy of the term "not appropriate", it is clear that the Center's discretion in choosing a sole arbitrator or presiding arbitrator is a broad one. There is no indication in the Rules that the Center is required to provide the parties with reasons, even if they so request. But the Center will ordinarily provide the same level of information on its

appointee under Article 19(c) as it provides when submitting lists of candidates to the parties under Article 19(b).

Nationality of Arbitrators

Article 20

- (a) *An agreement of the parties concerning the nationality of arbitrators shall be respected.*
- (b) *If the parties have not agreed on the nationality of the sole or presiding arbitrator, such arbitrator shall, in the absence of special circumstances such as the need to appoint a person having particular qualifications, be a national of a country other than the countries of the parties.*

- 20.1 Article 20(a) of the Rules provides that the Center will comply with any party agreement about the nationality or nationalities of arbitrators.
- 20.2 In principle, this applies even where the parties stipulate that the arbitrator has a nationality which is the same as one of the parties.
- 20.3 The general rules on bias in the Rules and under applicable arbitration law and enforcement law will nonetheless apply. It may be that these rules will treat such a situation as entailing bias that cannot be waived. But it is likely that only extreme facts would present such a specter.
- 20.4 Article 20(b) of the Rules provides that where, as will be usual, the parties have not stipulated the nationality of the sole or presiding arbitrator, then, in principle, that arbitrator cannot share the nationality of the parties.
- 20.5 It should be noted that this restriction on the nationality of arbitrators only applies to sole arbitrators and presidents, and not to co-arbitrators.
- 20.6 It should be understood that this rule will not apply where all of the parties share the same nationality insofar as bias concerns arising from shared nationality are entirely absent.
- 20.7 The parties are free to override this prohibition by agreement. Such an agreed override generally operates tacitly when the parties themselves jointly nominate a sole arbitrator (Article 16(a) or direct party agreement) or the president (by direct party agreement), but not where the president is chosen by the parties' nominated arbitrators (Article 17(c)).
- 20.8 Article 20(b) reserves to the Center the right to derogate from the nationality restriction where there are "special circumstances such as the need to appoint a person having particular qualifications". Where, however, a person having the necessary qualifications who satisfies the nationality requirements under Article 20(b) is available, in the absence of serious reasons the Center will generally appoint that person.

Communication Between Parties and Candidates for Appointment as Arbitrator

Article 21

No party or anyone acting on its behalf shall have any ex parte communication with any candidate for appointment as arbitrator except to discuss the candidate's qualifications, availability or independence in relation to the parties.

- 21.1 Article 21 prohibits party contact with “any candidate for appointment as arbitrator” unless one of the following two conditions is satisfied: (1) the other parties are in attendance, or (2) the discussions relate exclusively to “the candidate’s qualifications, availability or independence in relation to the parties.”
- 21.2 The concept of “any candidate for appointment” is not limited to persons already nominated by a party or agreed to between the parties but awaiting confirmation and appointment by the Center (Article 14(c)). It would otherwise be available to a party to circumvent the requirements of Article 21 by discussing matters with its choice of nominee before nominating him or her.
- 21.3 The concept of “any candidate for appointment” contemplates any person who may become an arbitrator in the case. This includes any person whom any other party or the co-arbitrators might consider nominating or agreeing to, or whom the Center may appoint directly.
- 21.4 Article 21 permits discussion of “the candidate’s qualifications” *ex parte*. This is a broad concept which must be defined as a function of the mischief which Article 21 seeks to avoid. Article 21 clearly seeks to avoid a situation where a party gains information from that candidate, especially where not available to the other party, indicating how the candidate would be disposed to treat a question, whether jurisdictional, procedural or substantive, likely to arise in the concrete arbitration. Therefore the concept of “the candidate’s qualifications” should be understood narrowly to exclude any matter likely to shed light on how the candidate would decide a question which may arise in the concrete arbitration.
- 21.5 Article 21 states that there may be *ex parte* discussion of a candidate arbitrator’s “independence” but one must understand that there may also be discussion of his/her “impartiality” too, insofar as one might maintain that there is a meaningful distinction between independence and impartiality. This independence and impartiality is not just in relation to a party, but also more generally, *i.e.* to non-parties, other members of the arbitral Tribunal, counsel, etc.
- 21.6 Article 45 deals with *ex parte* discussions with arbitrators already appointed. The provisions of the Rules on independence and impartiality of arbitrators are also relevant here.

Impartiality and Independence

Article 22

- (a) *Each arbitrator shall be impartial and independent.*
- (b) *Each prospective arbitrator shall, before accepting appointment, disclose to the parties, the Center and any other arbitrator who has already been appointed any circumstances that might give rise to justifiable doubt as to the arbitrator's impartiality or independence, or confirm in writing that no such circumstances exist.*

(c) *If, at any stage during the arbitration, new circumstances arise that might give rise to justifiable doubt as to any arbitrator's impartiality or independence, the arbitrator shall promptly disclose such circumstances to the parties, the Center and the other arbitrators.*

- 22.1 Article 22 of the WIPO Rules deals with issues of impartiality and independence and the arbitrators' obligation to make disclosures. Within the context of international arbitration, the principle that arbitrators should be unbiased and fair-minded is universally recognized.¹² Article 22(a) of the WIPO Rules encapsulates this principle by obliging arbitrators to be both "impartial" and "independent". Some commentators consider that the term "impartial" reflects a subjective standard under which an arbitrator ought not to be biased in favor of one of the parties.¹³ It is also said that the term "independent" connotes that an arbitrator "must lack connections with the parties or their lawyers, be those professional, personal or financial."¹⁴
- 22.2 The practical relevance of analyzing these two different terms in isolation is dubious.¹⁵ By using these two terms in conjunction, the WIPO Rules make clear that every arbitrator appointed under the WIPO Rules must be unbiased and fair-minded in respect of the dispute, the parties and their representatives. As discussed below, this is the principle that the Center upholds when it resolves challenges against an arbitrator on grounds of partiality or lack of independence.
- 22.3 Within the context of an arbitrator's obligations of impartiality and independence, the WIPO Rules 2014 make clear the difference between the nomination and appointment of an arbitrator. Whilst parties may nominate an arbitrator, only the Center can appoint them.
- 22.4 Before any arbitrator is appointed, the Center must be satisfied that the arbitrator is impartial and independent. With this purpose, pursuant to Article 22(b), any prospective arbitrator shall "disclose to the parties, the Center and any other arbitrator who has already been appointed any circumstances that might give rise to justifiable doubt as to the arbitrator's impartiality or independence, or confirm in writing that no such circumstances exist".
- 22.5 Article 22(b) uses the term "justifiable". Commentary¹⁶ and case law¹⁷ on institutional rules and statutory authorities that employ this term conclude that an objective test¹⁸ should be applied. As such, pursuant to Article 22(b), it can be concluded that the level of disclosure is linked to an objective basis for the disqualification of an arbitrator: a prospective arbitrator should disclose those circumstances that may give rise to justifiable doubt in to a reasonable and informed third party.¹⁹

¹² T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010), p.152.

¹³ See J. Lew, L. Mistelis & S. Kroll, *Comparative International Commercial Arbitration*, The Hague, Kluwer Law International, 2003, p.257-258.

¹⁴ *Cook & Garcia*, p.152.

¹⁵ *Ibid*, p.153.

¹⁶ See Cook & Garcia, p.154; See also G. Born, *International Commercial Arbitration*, 2nd ed. (The Hague: Kluwer Law International, 2014), p.1779 – Commenting on the use of the term "justifiable doubts" in international arbitration instruments relating to bias challenges, in particular Art. 12(2) of the UNCITRAL Model Law, the author concludes: "Thus, the justifiable doubts and reasonable suspicion *formulae* require an objective approach, rather than a subjective one. That is, any doubts regarding the arbitrator's independence or impartiality must be "justifiable" or "reasonable"; an unjustifiable doubt or unreasonable suspicion, even if genuinely-held by one of the parties or an arbitrator, would not satisfy the standard of the Model Law or other leading legislative solutions."

¹⁷ See *AT&T Corp.v. Saudi Cable Co.* [2000] 2 Lloyd's Rep.127, 136.

¹⁸ Doubts in respect of a "reasonable and informed third party".

¹⁹ See Cook & Garcia, p.155.

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- 22.6 In practice, however, the Center requires a broader level of disclosure. Prior to appointment, the Center requests prospective arbitrators to fill out a form disclosing any circumstance that may call into question the arbitrator's impartiality and independence. The latter wording means that a prospective arbitrator should disclose circumstances that although immaterial in the eyes of a reasonable and informed third party might be considered relevant by the parties to the dispute.
- 22.7 Due to the breadth of the duty to disclose in the Center's practice and the applicable standard ("justifiable doubts"), there are situations in which a prospective arbitrator may make a disclosure but still consider that the standard for disqualification is not engaged. Such disclosures do not automatically lead to the non-appointment of the prospective arbitrator as the Center resolves, in consultation with the parties, those issues on a case-by-case basis.
- 22.8 The WIPO Rules do not spell out the consequences of a prospective arbitrator's failure to disclose information that might be caught within the disclosure standard. In practice, a failure to disclose is likely to lead to a successful challenge of an arbitrator. In this respect it has been said:
- 22.9 "Indeed, the Center has in certain cases agreed to remove arbitrators who have failed to disclose circumstances more likely to be captured by a subjective ('in the eyes of the parties') standard. For example, in an arbitration submitted to a sole-member Tribunal, the arbitrator, an in-house lawyer, did not disclose that one of the law firms representing one of the parties belonged to the pool of a large number of law firms that his employer often hired. During the conduct of the proceedings, one of the parties found out this potential source of conflict. Whilst the IBA Guidelines do not provide for specific guidance in situations as the one in hand, in the light of the arbitrator's lack of disclosure and with a view to ensuring the integrity of the arbitration, the Center accepted the challenge".²⁰
- 22.10 While an arbitration is afoot, new circumstances that can give rise to justifiable doubt as to whether an arbitrator remains fair-minded or unbiased can arise. As such, pursuant to Article 22(c), an arbitrator's disclosure obligation is a continuous one.
- 22.11 The way in which challenges of arbitrators are decided by the Center is discussed in relation to Articles 24 to 29 of the WIPO Rules.

Availability, Acceptance and Notification

Article 23

- (a) *Each arbitrator shall, by accepting appointment, be deemed to have undertaken to make available sufficient time to enable the arbitration to be conducted and completed expeditiously.*
- (b) *Each prospective arbitrator shall accept appointment in writing and shall communicate such acceptance to the Center.*
- (c) *The Center shall notify the parties of the appointment of each member of the Tribunal and of the establishment of the Tribunal.*

²⁰ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration (Alphen aan den Rijn: Kluwer Law International, 2010)*, p.155-156.

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- 23.1 Article 23(a) imposes upon the arbitrators the obligation to make themselves available with a view to ensuring the expeditious conduct of the proceedings.²¹ The importance of this obligation cannot be underestimated. For example, finding a date for a one-week hearing in the calendars of three busy arbitrators can, in practice, be a daunting task. It is suggested that prior to nominating an arbitrator, a party should ensure that the arbitrator will have time to actively participate in the case. It would be reasonable to inquire as to the prospective arbitrator's anticipated level of commitment for the next couple of years.
- 23.2 Under Article 23(b), a "prospective arbitrator shall accept appointment in writing and shall communicate such acceptance to the Center". In practice, this is done by way of signing the Statement of Acceptance and Declaration of Independence and Impartiality mentioned above.
- 23.3 Pursuant to Article 23(c), the Center informs the parties of the appointment of the members of the Tribunal. In most cases, this is done electronically.

Challenge of Arbitrators

Article 24

- (a) *Any arbitrator may be challenged by a party if circumstances exist that give rise to justifiable doubt as to the arbitrator's impartiality or independence.*
- (b) *A party may challenge an arbitrator whom it has nominated or in whose nomination it concurred, only for reasons of which it becomes aware after the nomination has been made.*

- 24.1 Article 24(a) sets out the standard for disqualification of an arbitrator. Due to the use of the term "justifiable", it follows that this is an objective standard, *i.e.* whether the circumstances at issue would give rise to justifiable doubt in a reasonable and informed third party. Article 24(b) contains a waiver provision. If a party was aware of a potential ground for disqualification in respect of an arbitrator that it nominated or in whose nomination it was involved, it cannot subsequently raise a challenge. In other words, the party is deemed to have waived the ground for challenge. There will be, however, circumstances so serious that, although already deemed waived, may permit the Center to release an arbitrator's appointment pursuant to Article 32 of the WIPO Rules (discussed below). By way of example, these serious circumstances may include unwaivable issues included in the Red List of the IBA Guidelines on Conflicts of Interest.

Article 25

A party challenging an arbitrator shall send notice to the Center, the Tribunal and the other party, stating the reasons for the challenge, within 15 days after being notified of that arbitrator's appointment or after becoming aware of the circumstances that it considers give rise to justifiable doubt as to that arbitrator's impartiality or independence.

- 25.1 Article 25 sets out the requirements for a challenge against an arbitrator. This provision envisages two different settings, the first one involving grounds known to the challenging party

²¹ The commitment by the arbitrator to devote sufficient time to enable the arbitration to be conducted and completed expeditiously (Article 23(a) is expressly included in the Statement of Acceptance that an arbitrator is required to sign.

at the time of appointment and the second one concerning supervening conflicts. As for the first setting, after receiving notice of the appointment of an arbitrator, a party has 15 days to challenge that appointment on grounds known to it at the time. As for the second setting, after expiry of the 15-day term, a party may seek the disqualification of an arbitrator at any time during the proceedings provided that the grounds were unknown to it at the time of appointment. In this case, the challenging party will also have 15 days to commence its challenge after becoming aware of the relevant circumstances.

Article 26

When an arbitrator has been challenged by a party, the other party shall have the right to respond to the challenge and shall, if it exercises this right, send, within 15 days after receipt of the notice referred to in Article 25, a copy of its response to the Center, the party making the challenge and any appointed arbitrator.

- 26.1 Pursuant to Article 26, a party that has not challenged an arbitrator has the right to respond to the challenge. In most cases, a party would challenge the arbitrator nominated by its opposing party. A party may exceptionally wish to challenge the arbitrator it nominated. As discussed, to avoid tactical behaviour, under Article 24(b), a party can challenge an arbitrator it has nominated or in whose appointment it participated only on the basis of supervening or previously unknown grounds.

Article 27

The Tribunal may, in its discretion, suspend or continue the arbitral proceedings during the pendency of the challenge.

- 27.1 Pursuant to Article 27, an arbitral Tribunal has the power to suspend the conduct of the proceedings while a challenge is afoot. In practice, an arbitral Tribunal would take a series of elements into account to determine whether to exercise this power, including the stage of the proceedings at which a challenge has been made and how disruptive a suspension would be. An arbitral Tribunal, for instance, is likely to be disinclined to suspend the proceedings if the challenge was commenced shortly before the evidentiary hearing. In practice, three-member Tribunals make significant efforts to preserve the date for an evidentiary hearing, so the existence of a challenge may not lead to a suspension.

Article 28

The other party may agree to the challenge or the arbitrator may voluntarily withdraw. In either case, the arbitrator shall be replaced without any implication that the grounds for the challenge are valid.

- 28.1 Article 28 concerns two scenarios in which the Center is not ultimately required to decide a challenge. The non-challenging party could agree to the challenge. Although perhaps counterintuitive, in practice, a non-challenging party may pursue this course to avoid delays and further expenses if it is clear that the arbitrator would not survive a challenge.
- 28.2 Furthermore, a challenged arbitrator may voluntarily withdraw. In practice, this can happen even if he/she thinks that the challenge is bound to fail. For example, the arbitrator may not want to be exposed to a potential unfavorable decision by the Center or may simply feel ill at ease in continuing to work on the case because he/she feels that the confidence of a party has been lost. While perhaps this course may be understandable, the consequences of

withdrawal are often dramatic, and at all events to avoid gamesmanship in challenges, it is submitted that an arbitrator should not withdraw in the face of an ill-grounded challenge.

Article 29

If the other party does not agree to the challenge and the challenged arbitrator does not withdraw, the decision on the challenge shall be made by the Center in accordance with its internal procedures. Such a decision is of an administrative nature and shall be final. The Center shall not be required to state reasons for its decision.

- 29.1 Pursuant to Article 29 of the WIPO Rules, the Center is to resolve a challenge in accordance with its internal procedures.
- 29.2 In line with other arbitral rules, under the WIPO Rules, the decision on a challenge is administrative in nature and final. Further, it does not need to include reasons. The nature of this decision, in particular, entails that no appeals are available. Most arbitration laws provide that a bias challenge may be made to the court at the place of arbitration (*“le juge d’appui”*). In many such arbitration law systems, the challenge must first be made to the administrator of the arbitration, the WIPO Center under the WIPO Rules, and deference is accorded to the administrator’s decision.

Release from Appointment

Article 30

At the arbitrator's own request, an arbitrator may be released from appointment as arbitrator either with the consent of the parties or by the Center.

- 30.1 There is some degree of academic debate as to the nature of the relationship between an arbitrator and the parties under the law applying to that relationship.²² Setting out a detailed position in this respect exceeds the scope of this work. It is noted, however, that the relationship between the parties and an arbitral Tribunal has some undeniable contractual aspects. From a contractual viewpoint, an arbitrator has the duty to render specific services in exchange for remuneration. Like under any contractual arrangement, the arbitrator may not be able to render the relevant services (be that for health reasons, lack of time, and so on). In those situations, under the WIPO Rules, he/she may seek to be released from appointment. The arbitrator has two options. First, he/she may seek the consent of all the parties. In that case, the contractual relationship between the arbitrator and the parties is discharged by agreement. Second, the arbitrator may seek leave from the Center. This is also a contractual mechanism given that the parties, by submitting their dispute to the WIPO Rules, have vested the Center with the power to release an arbitrator from appointment and by agreeing to serve as an arbitrator under the WIPO Rules the arbitrator has consented too.

Article 31

Irrespective of any request by the arbitrator, the parties may jointly release the arbitrator from appointment as arbitrator. The parties shall promptly notify the Center of such release.

²² See, for example, G. Born, *International Commercial Arbitration*, 2nd ed., p.2017

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- 31.1 Similarly to Article 30 of the WIPO Rules, Article 31 is a manifestation of the contractual content of the relationship between the parties and an arbitrator. If, after his/her appointment, the parties agree that they do not want the arbitrator to be involved in the resolution of their dispute, his/her appointment terminates. This occurs even if the arbitrator wishes to pursue his/her appointment as arbitrator.

Article 32

At the request of a party or on its own motion, the Center may release an arbitrator from appointment as arbitrator if the arbitrator has become de jure or de facto unable to fulfill, or fails to fulfill, the duties of an arbitrator. In such a case, the parties shall be offered the opportunity to express their views thereon and the provisions of Articles 26 to 29 shall apply mutatis mutandis.

- 32.1 Article 32 of the WIPO Rules is a fallback provision. If none of the provisions on challenges or release of an arbitral Tribunal is engaged, the Center, upon a party's request or on its own initiative, may release an arbitrator from appointment if he/she has become *de jure* or *de facto* unable to fulfil his/her duties, or fails to do so.
- 32.2 This provision enables the Center to ensure that the arbitrators properly discharge their duties. Article 32 has two aspects. The first aspect applies to supervening circumstances, that is, when an arbitrator *becomes* unable to discharge his/her duties *de jure* or *de facto*. *De jure* circumstances may include lack of independence or impartiality. *De facto* circumstances may include, for example, an arbitrator's inability to resolve the dispute expeditiously because of lack of time.
- 32.3 The second aspect deals with circumstances in which an arbitrator has already failed to discharge his/her duties; for example, dereliction of duty.
- 32.4 Given the significant consequences of releasing an arbitrator from appointment, under the WIPO Rules, the Center is to give the parties the opportunity of making submissions.

Replacement of an Arbitrator

Article 33

- (a) *Whenever necessary, a substitute arbitrator shall be appointed pursuant to the procedure provided for in Articles 15 to 19 that was applicable to the appointment of the arbitrator being replaced.*
- (b) *In the event that an arbitrator nominated by a party has either been successfully challenged on grounds which were known or should have been known to that party at the time of nomination, or has been released from appointment as arbitrator in accordance with Article 32, the Center shall have the discretion not to permit that party to make a new nomination. If it chooses to exercise this discretion, the Center shall make the substitute appointment.*
- (c) *Pending the replacement, the arbitral proceedings shall be suspended, unless otherwise agreed by the parties.*

- 33.1 Article 33 deals with the mechanics of the appointment of a substitute arbitrator. In general, the appointment of a substitute arbitrator should mirror the way in which the arbitrator being replaced was appointed. Accordingly, in general, where there is a three-member arbitral

Tribunal, a substitute co-arbitrator would be nominated by the party that nominated the substituted arbitrator. If a sole arbitrator is to be appointed as a substitute, in general, he/she is to be nominated by party agreement, failing which he/she would be appointed by the Center.

- 33.2 The above rule first only protects “innocent” parties. A party that knew or should have known the reasons that led to the replacement of the arbitrator may be prevented by the Center from nominating a candidate. The Center, in those circumstances, will appoint the substitute arbitrator. In addition, the Center may directly appoint a substitute arbitrator if an arbitrator has been released from appointment under Article 32 (that is, for a failure to discharge obligations or inability *de facto* or *de jure*). Pursuant to Article 33(b) it is up to the Center to appoint a substitute arbitrator.
- 33.3 Unless there is party agreement to the contrary, the conduct of the proceedings should be suspended pending the replacement of an arbitrator (Article 33(c) of the WIPO Rules).

Article 34

Whenever a substitute arbitrator is appointed, the Tribunal shall, having regard to any observations of the parties, determine in its sole discretion whether all or part of any prior hearings are to be repeated.

- 34.1 Pursuant to Article 34 of the WIPO Rules, it is the arbitral Tribunal itself and not the Center that determines whether, upon the substitution of an arbitrator, prior hearings should be repeated in whole or in part. It is suggested that this is a sensible approach, since the Tribunal knows the case best, and in particular the remaining members are best positioned to assess the need to rehear witnesses.
- 34.2 The extent of the impact of replacing an arbitrator largely depends on how advanced the proceedings were at the time of replacement and the type of Tribunal in the case at hand (that is, a sole-member Tribunal or a three-member Tribunal).
- 34.3 Article 34 of the WIPO Rules refers to hearings without distinction (which may include procedural and oral argument hearings), but the most difficult questions are likely to arise in respect of evidentiary hearings. In a sole arbitrator setting, where witness credibility is at issue, which will frequently be the case, repeating all evidentiary hearings is likely to be necessary as it is very difficult to assess the credibility of a witness only on the basis of a transcript (where available).
- 34.4 By contrast, in a three-member Tribunal setting, the arbitrators would need to undertake a balancing exercise. On the one hand, it would be preferable for all of the arbitrators personally to see the witnesses and have the possibility of questioning each witness. On the other hand, delaying the resolution of the dispute could cause significant harm to a party's rights and interests – for example, if the technology in issue has a short life-cycle.

Truncated Tribunal

Article 35

- (a) *If an arbitrator on a three-person Tribunal, though duly notified and without good cause, fails to participate in the work of the Tribunal, the two other arbitrators shall, unless a party has made an application under Article 32, have the power in their sole discretion to continue the arbitration and to make any award, order or*

other decision, notwithstanding the failure of the third arbitrator to participate. In determining whether to continue the arbitration or to render any award, order or other decision without the participation of an arbitrator, the two other arbitrators shall take into account the stage of the arbitration, the reason, if any, expressed by the third arbitrator for such non-participation, and such other matters as they consider appropriate in the circumstances of the case.

(b) In the event that the two other arbitrators determine not to continue the arbitration without the participation of a third arbitrator, the Center shall, on proof satisfactory to it of the failure of the arbitrator to participate in the work of the Tribunal, declare the office vacant, and a substitute arbitrator shall be appointed by the Center in the exercise of the discretion defined in Article 33, unless the parties agree otherwise.

- 35.1 Article 35 is concerned with recalcitrant or obstructive arbitrators, that is, arbitrators who, without *good cause*, fail to participate in the work of a three-member arbitral Tribunal.²³
- 35.2 As discussed, under Article 32, the Center can remove a recalcitrant arbitrator and appoint a substitute arbitrator. Appointing a substitute arbitrator in most cases is likely to delay the resolution of the dispute. The potential delay may be dramatic if there is a risk of having to repeat the evidentiary hearing.
- 35.3 Nonetheless, there are situations in which substituting an arbitrator may not be practical. In view of these concerns, Article 35 of the WIPO Rules allows the remaining two arbitrators to continue with the proceedings and make a final award. Under this provision, the decision would depend on the stage of the proceedings, the reasons adduced for the recalcitrant arbitrator's failure to participate and other case-specific considerations.
- 35.4 This course, however, could in theory give rise to difficulty. An award made by a truncated Tribunal may be susceptible of challenge or non-recognition on the ground that the composition of the arbitral Tribunal was not in accordance with the parties' agreement.²⁴ One would expect courts dealing with a challenge or non-recognition pleas to conclude that, by incorporating the WIPO Rules by reference, the parties had agreed to the truncated Tribunal mechanism.
- 35.5 Given these potential difficulties, a Claimant (or counter-claimant) considering whether to continue an arbitration with a truncated Tribunal under the WIPO Rules should assess whether a resulting award would be at risk of being set aside or non-recognized in potential places of enforcement. If these risks are significant, the Claimant (or counter-claimant) may be better off by seeking the reconstitution of a full three-member Tribunal. To date, there has not yet been resort to a truncated Tribunal under Article 35 of the WIPO Rules.

Pleas as to the Jurisdiction of the Tribunal

²³ See, in general, T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010), p.163-164.

²⁴ See Article 34(2)(a)(iv) of the UNCITRAL Model Law, 1985, as amended in 2006 and Article V(1)(d) of the New York Convention.

Article 36

- (a) *The Tribunal shall have the power to hear and determine objections to its own jurisdiction, including any objections with respect to form, existence, validity or scope of the Arbitration Agreement examined pursuant to Article 61(c).*
- (b) *The Tribunal shall have the power to determine the existence or validity of any contract of which the Arbitration Agreement forms part or to which it relates.*
- (c) *A plea that the Tribunal does not have jurisdiction shall be raised not later than in the Statement of Defense or, with respect to a counter-claim or a set-off, the Statement of Defense thereto, failing which any such plea shall be barred in the subsequent arbitral proceedings or before any court. A plea that the Tribunal is exceeding the scope of its authority shall be raised as soon as the matter alleged to be beyond the scope of its authority is raised during the arbitral proceedings. The Tribunal may, in either case, admit a later plea if it considers the delay justified.*
- (d) *The Tribunal may rule on a plea referred to in paragraph (c) as a preliminary question or, in its sole discretion, decide on such a plea in the final award.*
- (e) *A plea that the Tribunal lacks jurisdiction shall not preclude the Center from administering the arbitration.*

- 36.1 Under Article 36(a) an arbitral Tribunal has the power to determine its own jurisdiction. This is often referred to as the competence-competence (or Kompetenz-Kompetenz) principle. The purpose of this principle, embraced by numerous jurisdictions and the leading institutional rules, is to prevent the interference of domestic courts in the arbitral process.²⁵
- 36.2 National law deals with the competence-competence principle in different ways. In some countries, domestic courts are immediately allowed to review an arbitral Tribunal's jurisdictional decision. The agreement of the parties or the content of institutional rules cannot oust this power. This opens the possibility of unwelcome interference with the arbitral process. Thus, the parties should think carefully before agreeing to the place of arbitration in a jurisdiction where a Tribunal's decision on its own jurisdiction is subject to this kind of immediate review.
- 36.3 Article 36(b) of the WIPO Rules deals with the scope of an arbitral Tribunal's remit. Under this provision, issues on existence or validity of the underlying contract are to be decided by the arbitral Tribunal. This provision comes as a corollary to the competence-competence principle. In the absence of this provision, in theory, a party could try to invalidate the underlying contract to secure, in turn, the avoidance of the agreement to arbitrate.
- 36.4 Furthermore, the principle of separability gives further reassurance in this respect. For the purpose of determining its validity, an arbitration clause is considered a separate agreement from the underlying contract. As a result, the invalidity of the underlying contract does not necessarily taint the arbitration clause. Under this principle, an arbitral Tribunal has jurisdiction to resolve a dispute arising from an invalid contract.
- 36.5 Article 36(c) contains a deemed waiver provision dealing with two discrete situations. First, there is the situation relating to challenges to the jurisdiction of the arbitral Tribunal. In this

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T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010), p.170-171.

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- respect, a Respondent or counter-Respondent wishing to challenge the jurisdiction of the arbitral Tribunal must do so no later than with its statement of defense (to the main claim, counter-claim or set-off).
- 36.6 Article 36(c) of the WIPO Rules is a specific instance of the more general principle in Article 60 of the WIPO Rules, and in many arbitration law systems as well, that a party seeking to impugn a decision of the arbitral Tribunal will be precluded from doing so if it does not act with sufficient alacrity.
- 36.7 The second situation concerns any challenge that the arbitral Tribunal has exceeded its authority. Authority here must be understood as all powers of the arbitral Tribunal except in relation to jurisdiction, since, as has just been seen, there is express provision in this same Article for the latter. An example of excess of authority is where the arbitral Tribunal purports to decide on matters beyond those requested by the parties (*ultra petita*). Another example may be where the arbitral Tribunal purports to act contrary to party agreement. A further example is a violation of the procedural rights of a party, such as, classically, an element of the right to be heard. An objection in this respect should be filed “as soon as the matter alleged to be beyond the scope of its authority is raised during the arbitral proceedings.” Failing such timely objection the excess of authority will be considered waived.
- 36.8 The operation of the waiver in Article 36(c) is subject to the power of the arbitral Tribunal to admit a late jurisdictional objection if it considers that the delay is justified.
- 36.9 Article 36(d) of the WIPO Rules permits an arbitral Tribunal to decide on jurisdiction either as a preliminary matter or later, after receiving the evidence on other matters too, such as on the merits. Arbitration laws may, however, contain provisions on when arbitral Tribunals deal with jurisdiction, for example, by granting them the power to choose when, but expressing a preference for a preliminary determination. In practice, arbitral Tribunals will often treat jurisdiction as a preliminary matter, unless the facts relating to jurisdiction are intertwined with the facts relating to other matters. Jurisdictional objections occur with some frequency in commercial arbitration but are a particularly common feature of investment treaty arbitration, and so is bifurcation between issues of jurisdiction and merits.
- 36.10 A Respondent may also attempt to challenge the jurisdiction of an arbitral Tribunal in an IP dispute on the grounds of inarbitrability.²⁶ An arbitral Tribunal does not have jurisdiction in respect of disputes that the parties cannot validly submit to arbitration. This is often the result of public policy issues. More specifically, on the basis that national authorities grant registered IP Rights, a Respondent could argue that an arbitral Tribunal – a private body – should not be permitted to invalidate IP Rights.
- 36.11 The significance of this argument is limited in practice. It appears that Respondents rarely file objections based on inarbitrability in IP disputes submitted to arbitration. No such objection has ever been filed with the Center. Most IP arbitrations involve contractual disputes. In those disputes, the validity of the underlying IP Rights is not in issue and thus no such jurisdictional concerns arise.
- 36.12 Even if IP validity issues were discussed before an arbitral Tribunal, issues of arbitrability are likely to be limited. In most countries, arbitral awards only bind the parties to the arbitration

²⁶ On the issue of the arbitrability of IP disputes, in particular see T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010), p.50-76.

(this is the *inter partes* effect of arbitral awards).²⁷ Accordingly, an arbitral decision on the validity of IPR should not have an impact on third parties. Potential public policy arguments thus lose any potential traction.

- 36.13 Moreover, in international arbitration (as opposed to domestic arbitration), numerous arbitral Tribunals and arbitration laws of many countries follow an “internationalized” approach to public policy.²⁸ Internationalized public policy is only offended by the most egregious conduct such as drug-trafficking, slavery, corruption and money laundering. It would be difficult to argue that the invalidity of IP Rights limited to an *inter partes* effect can amount to such egregious conduct.²⁹
- 36.14 Article 36(e) states that the Center shall continue to administer the proceedings pending resolution of jurisdictional objection. This provision is useful in that arbitration laws usually provide that arbitral Tribunals have jurisdiction to determine their jurisdiction, but are silent as to the powers of an institution pending the arbitral Tribunal’s jurisdictional determination.

IV. CONDUCT OF THE ARBITRATION

General Powers of the Tribunal

Article 37

- (a) *Subject to Article 3, the Tribunal may conduct the arbitration in such manner as it considers appropriate.*
- (b) *In all 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 on 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.*

- 37.1 Article 37(a) entails first, that it is the arbitral Tribunal which is in control of the conduct of the arbitration, and secondly, that the arbitral Tribunal may conduct the arbitration “in such manner as it considers appropriate” subject to any mandatory rules of the arbitration law (Article 3).
- 37.2 Clearly the grant of power to conduct the arbitration in such manner as it considers appropriate is a wide one.
- 37.3 There is a question as to whether the arbitral Tribunal can act contrary to the agreement of the parties. This question amounts to asking whether the parties can subsequently modify and restrict the wide grant of power to conduct the arbitration which in Article 37 they have conferred on the arbitral Tribunal.

²⁷ Exceptionally, Belgium (in respect of patents) and Switzerland (in respect of all types of IP) vest arbitral Tribunals with the power to invalidate IPR with *erga omnes* effect (*i.e.* binding in respect of non-parties to an arbitration).

²⁸ See Cook & Garcia, p.75-76.

²⁹ See *ibid*, p.75-76. See also the decision of the US Court in *Parsons & Whittemore*, 508 F.2d 969 (2nd Cir,1974).

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- 37.4 In such circumstances, as an arbitral Tribunal's failure to act in accordance with the parties' (subsequent) wishes amounts to a basis upon which to challenge the award, clearly the arbitral Tribunal will be well advised to follow those subsequently expressed wishes.
- 37.5 Otherwise, party agreement cannot derogate from arbitral power to conduct the arbitration since the arbitral Tribunal has accepted to act in view of this provision. Increasingly, there is an acceptance that arbitral Tribunals have a special responsibility to ensure the efficient conduct of the arbitration. More specifically under the WIPO Rules, Article 37(c) indicates that expedition of the arbitral proceedings is a value sought to be vindicated. There can be little doubt that, on the whole, reposing power over the conduct of the arbitration results in more efficient procedures than would the situation where the parties control the procedure.
- 37.6 Articles 37 (b) and (c) express the values which the arbitral Tribunal is to be guided by in fashioning procedures for the arbitration.
- 37.7 Article 37(b) requires that the parties be treated "with equality" and that they be given a "fair opportunity" to present their cases. These Article 37(b) values represent the minimum standard of arbitration procedures in many modern arbitration systems.³⁰
- 37.8 Equality is not only equality in equal circumstances, but also equality commensurate with material differences between the parties. Thus it is not the case that if the parties are not identically situated there is no concern to treat them equally. Rather, the arbitral Tribunal will properly provide the parties with procedures which account for their differences. For example, where there are two Claimants and only one Respondent, the arbitral Tribunal may apportion hearing time in equal portions between Claimants on the one hand, and the Respondent on the other, or perhaps the arbitral Tribunal will grant the Claimants jointly slightly more time than the Respondent, to account for differences in interest and focus as between the Claimants.
- 37.9 A "fair opportunity" is not a limitless opportunity to present one's case. It is the same standard as a "fair opportunity to present" one's case that one finds in Article 49(g) in relation to emergency relief proceedings, *mutatis mutandis*, in particular, to take into account the usual urgency of the latter situation. It may also be the same standard as the "adequate opportunity" upon which the arbitral Tribunal declares the proceedings closed under Article 59(a).
- 37.10 What a "fair opportunity" to present one's case is must be determined by the arbitral Tribunal in light of all relevant circumstances. There can be no doubt that for these purposes presenting one's case includes not only the affirmative presentation of one's positive case but also the contradiction of one's adversary's case(s).
- 37.11 On the one hand, procedures under this standard must be such as to be apt to ascertain and administer the relevant evidence, and draw conclusions as to facts. Although there are differences in approach based in part on the common law/civil law divide as to the parties' role in the ascertainment of the law, it is universally acknowledged in international arbitration that the parties should have at least some role in identifying relevant legal authorities, and a substantial opportunity to comment on these authorities.

³⁰ Article 18 of the UNCITRAL Model Law, 1985, as amended in 2006, requires that a party have a "full opportunity". It is doubtful that any difference in levels of procedures *vis-à-vis* a "fair opportunity" is indicated.

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- 37.12 On the other hand, as mentioned above, the procedures cannot be limitless. For one thing, this would offend against the procedural value expressed in Article 37(c) which is efficiency in arbitral proceedings.
- 37.13 A circumstance which will often be relevant in the determination of the appropriate level or procedures is the amount in dispute. In general, subject to issues of complexity, it can be said the lower the amount in dispute, the fewer and less costly the procedures that are indicated. It remains, however, that no straight line reduction in procedures as a function of amount in dispute can be imposed, since a certain minimum of procedures will always be required to satisfy the fair opportunity standard.
- 37.14 The complexity of the dispute is also a circumstance relevant to the determination of the proper level of procedures.
- 37.15 The financial resources of the parties in particular will not generally be relevant in determining the proper level of procedures. The improvidence or unreasonable financial conduct of one party should not be permitted to affect the procedural rights of the other.
- 37.16 Article 37 also grants power to the arbitral Tribunal, and to the president alone in the case of urgency, to extend any deadline “in exceptional circumstances”. It is the arbitral Tribunal and the president who determine what “exceptional circumstances” are, as a rule in consultation with the parties. It will usually be the case that any request from a party for an extension will need to come prior to the expiry of the existing deadline. Otherwise, it is difficult to express in the abstract what qualifies as “exceptional circumstances”. Some element of unpredictable circumstances will need to be present, but the degree to which this unpredictability may be held to excuse a party from meeting a deadline is a matter of impression which the arbitral Tribunal will need to decide upon in the instant case. When it is the Respondent requesting or benefiting from an extension, there may additionally be some concern to avoid dilatory or otherwise tactical behavior.

Place of Arbitration

Article 38

- (a) *Unless otherwise agreed by the parties, the place of arbitration shall be decided by the Center, taking into consideration any observations of the parties and the circumstances of the arbitration.*
- (b) *The Tribunal may, after consultation with the parties, conduct hearings at any place that it considers appropriate. It may deliberate wherever it deems appropriate.*
- (c) *The award shall be deemed to have been made at the place of arbitration.*

- 38.1 In practice, the parties will usually choose the place (otherwise known as the “seat”) of their arbitration along with their choice of arbitration.
- 38.2 The place of arbitration is a juridical link and not a geographical link. It is essentially a choice of that place’s arbitration law, although not invariably. An arbitration law is the law on a collection of matters in relation to arbitration. There is some variation between legal systems, but arbitration laws generally cover all matters necessary to ensure that an arbitration gets off the ground, proceeds regularly, and results in an enforceable award. Arbitration laws serve both to exclude elements of the *lex fori* (that is, the law applicable to domestic litigation) otherwise applicable and proactively to ordain a system of arbitration.

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- 38.3 As with other institutional arbitration rules, the WIPO Rules (in Article 38(a)) grant power to the arbitration institution, (the Center under the Rules) to decide on the place of arbitration where the parties have not done so. The core scenario for the exercise of this power of the Center is an entire absence of party choice of place of arbitration, but the Center's power here also encloses situations where the parties have not *clearly* chosen a place of arbitration.
- 38.4 Vesting this power to determine the place of arbitration in the Center ensures that the determination of the place of arbitration may be made prior to the constitution of the arbitral Tribunal, which is necessary in some cases since the applicable arbitration law may affect how the arbitral Tribunal is validly constituted. Pursuant to this Article, prior to setting the place of arbitration the Center will approach the parties for their views on where the place of arbitration should be. The Center will then determine the place of arbitration with reference to the "circumstances of the arbitration". Since the place of arbitration is essentially a choice of the arbitration law, the Center will choose a place of arbitration having a functional and pro-arbitration law, and a place of arbitration the arbitration law of which will favor the enforceability of the award.
- 38.5 Although not expressly formulated in the WIPO Rules, in Article 38 in particular, the Center may provisionally fix the place of arbitration and subject that decision to review and/or confirmation by the arbitral Tribunal once constituted where there is a question of interpretation of the parties' choice of place of arbitration. The Center will generally defer to the arbitral Tribunal if the latter seeks to change the place of arbitration. It is indeed problematic that the choice of an arbitration institution and its rules may entail a power in that institution to interpret the arbitration clause in a manner more authoritative than the arbitral Tribunal. Further considerations that favor the institution's deference in these matters to the arbitral Tribunal are that the Tribunal will invariably have greater knowledge of the case and will often enjoy greater authority in having been individually chosen by the parties, or at least in having been chosen in consultation with the parties. Doubtless, the Tribunal and the Center will be concerned to ensure that the new place of arbitration does not entail the invalidation of any previous act, in particular the constitution of the Tribunal.
- 38.6 Where there are significant points of commonality between the parties, the Center may wish to set the place of arbitration with reference to that commonality. So, for example, if the parties are both from North America, a major center of arbitration, such as New York, Miami, or Toronto may be selected.
- 38.7 Where, however, there are significant points of difference between the parties, the Center may choose a neutral place of arbitration, taking into account also legal and practical circumstances of the case. Thus, if one of the parties is from Asia and the other from South America, a European seat may be envisaged.
- 38.8 Some arbitration institutions, such as the ICC and the LCIA, appear to favor a choice of place of arbitration in the country where they are based, other things being equal. The reason for this is the higher degree of familiarity that the ICC has with French arbitration law, and that the LCIA has with English arbitration law. The WIPO Center, however, does not have a preference based upon the location of its offices in Geneva and Singapore, or of WIPO offices more generally, in deciding on the place of arbitration.
- 38.9 The place or seat of arbitration is, as has been seen in paragraph 38.2 above, a legal connection, and not a geographical connection. By consequence, there is no requirement for any hearings or other elements of the arbitral procedure to take place at the seat of the arbitration. This is made clear by Article 38(b).

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- 38.10 In arbitrations under the WIPO Rules and under the WIPO expedited arbitration rules, the most frequently chosen places of arbitration were the following: Switzerland, Germany, UK, USA, France, Netherlands, Canada, Spain and Austria.
- 38.11 The arbitral Tribunal is required by Article 38(b) to take the views of the parties as to the place of any particular element of the arbitral procedure. It is suggested that the parties must be consulted even where it is proposed that a procedural element occur at the place of the arbitration.
- 38.12 The exception to the consultation requirement is the arbitral Tribunal's deliberation, that is, its discussions in view of the preparation of the arbitral award. The parties ought not to be consulted since they are never involved in the deliberations. Moreover, the Tribunal may not wish to signal to the parties the circumstances of its deliberation.
- 38.13 Article 38(c) deems that the arbitral award is made at the place of the arbitration. The arbitrators may in fact sign the award in various other physical places. The place of the arbitral award is by virtually all arbitration laws and rules that of the place of the arbitration. There is a question as to whether the arbitration award can even be from a place other than the place of arbitration, for example upon express stipulation of the parties.
- 38.14 The purpose of deeming the place of the arbitral award to be the place of arbitration would seem to be to remove any claim to applicability of formal requirements for the production of legal documents of the place where an arbitrator physically signs the arbitral award. Article 38(c) seeks to create a situation where only one known legal system, that of the place of arbitration, which will usually be chosen for its pro-arbitration content, can claim to apply its rules for the requirements of valid signature of the arbitration award.

Language of Arbitration

Article 39

- (a) *Unless otherwise agreed by the parties, the language of the arbitration shall be the language of the Arbitration Agreement, subject to the power of the Tribunal to determine otherwise, having regard to any observations of the parties and the circumstances of the arbitration.*
- (b) *The Tribunal may order that any documents submitted in languages other than the language of arbitration be accompanied by a translation in whole or in part into the language of arbitration.*

- 39.1 The "language of the arbitration" is the language of communications between the arbitral Tribunal and the parties and vice-versa. It is also the language in which the Center will communicate with the arbitral Tribunal and the parties, and vice-versa. It is moreover the language in which oral evidence will need to be submitted, absent an order to the contrary by the arbitral Tribunal.
- 39.2 In principle then, any communications of the foregoing categories which are not in the language of the arbitration are not valid. Some tolerance may, however, on occasion be shown in practice, for example where all parties are able to read another language used. Moreover the arbitral Tribunal may obtain a translation into the language of the arbitration, or require a party to do so. Parties dealing in a language other than the language of the arbitration have no expectation that communications may be made in any language other than the language of the arbitration.

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- 39.3 By contrast, the WIPO Rules treat documentary evidence more flexibly. It is clear from Article 39(b) that without an order from the arbitral Tribunal documents submitted in a language other than that of the arbitration are in principle admissible. Given the international character of most WIPO arbitrations it is appropriate that documents may be submitted in any language, subject to an objection. Since the arbitral Tribunal will generally be required to take account of all material submitted by a party, where a member of the arbitral Tribunal cannot read a certain language with sufficient proficiency, or does not have internal resources to render the document into a language he/she can read, the arbitral Tribunal will necessarily order that a translation be made, or commission one. The arbitral Tribunal may also so act where a party cannot read the language in which a document is submitted. But the arbitral Tribunal might rather leave it to that party to obtain the necessary translation.
- 39.4 To date, WIPO arbitration proceedings have been conducted in English, French, German and Spanish. Although the WIPO Rules speak of “language of the arbitration” in the singular, it is possible under the Rules for there to be more than one language of the arbitration. But this will ordinarily only occur upon the express agreement of the parties, although it is open to the arbitral Tribunal to take the initiative to suggest that there be more than one language of the arbitration, that is, that the proceedings are conducted in either of these languages. This is often a good solution where all parties fully comprehend both languages, but each is more comfortable, for example in preparing written submissions, in the other language. There has not yet been a dual-language WIPO arbitration, although in some cases parties agreed that evidence could be presented in languages other than the language of the arbitration.
- 39.5 Article 39 (a) provides first of all that the parties may choose the “language of the arbitration”. It is possible to read Article 39(a) as subordinating this party agreement to the power of the arbitral Tribunal to set the language of the arbitration but such a reading would be erroneous. In international arbitration practice, where in the arbitration clause the parties choose the language of the arbitration, this is invariably honored.
- 39.6 Moreover, the parties are free to choose any language. But less practiced languages may present difficulties in regard to finding arbitrators or even the Center’s administration of the arbitration.
- 39.7 It would seem that the parties are limited in the time by which they must exercise this power to agree on the language of the arbitration. It is submitted that any such party choice must be made at the latest by the time of the constitution of the arbitral Tribunal. Where a person accepts to act as an arbitrator she must do so with a reasonable idea of the possibilities for the language of the arbitration. Moreover, the Center will mobilize resources based upon the choice of language, and those resources may be lost in whole or in part if the parties should choose the language too late. Additionally, once the arbitral Tribunal is constituted it can and usually will proceed promptly to exercise its powers under Article 39 to choose the language of the arbitration, since the language of the arbitration is a fundamental feature of the arbitration. So extending the parties’ right to choose the language beyond the time of the constitution of the arbitral Tribunal is likely to interfere with the arbitral Tribunal’s work and create inefficiencies in the procedure. It is submitted, therefore, that the parties may not validly agree to change the language of the arbitration after the constitution of the Tribunal.
- 39.8 Where the parties have not agreed on the language of the arbitration, the language will be the language of the Arbitration Agreement, unless the arbitral Tribunal decides otherwise. The Arbitration Agreement will usually be in the parties’ contract which is the subject of the dispute. Thus, the language of the Arbitration Agreement will generally be the language of the contract.

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- 39.9 To date, no Request for Arbitration has been filed in a language other than the language of the Arbitration Agreement. If, in future, this should occur, the WIPO Center would contact the Respondent to enquire whether it is in agreement that the Request be treated as validly filed.
- 39.10 This rule making the language of the arbitration the language of the Arbitration Agreement is a good one not only in that the parties may be taken to have contemplated an arbitration in the language of their arbitration clause, but also in making the language of the arbitration to a fair degree predictable from the start. Much depends on the language of the arbitration, notably the selection of counsel and the arbitrators so such predictability is vital.
- 39.11 If the arbitral Tribunal wishes to derogate from this default position, it will first consult with the parties. Article 39(a) does not expressly require the arbitral Tribunal actively to approach the parties about this matter (it puts the *onus* on the parties), but it is a matter of prudence and good administration of the arbitration for the arbitral Tribunal to do so. The arbitral Tribunal must take into account any observations of the parties, and “the circumstances of the arbitration”. As a practical matter, the languages in which the parties’ counsel practice and the language of documents and witnesses will be important circumstances in determining the language of the arbitration. English will often turn out to be the lowest common denominator.

Preparatory Conference

Article 40

The Tribunal shall, in general within 30 days after its establishment, conduct a preparatory conference with the parties in any suitable format for the purpose of organizing and scheduling the subsequent proceedings in a time and cost efficient manner.

- 40.1 The 2014 revision of the WIPO Rules reinforced the role of the preparatory conference. The purpose of this was to enhance the efficiency of the arbitration procedure. Bringing the parties and the arbitral Tribunal into contact at an early stage, whether in person or over the telephone, fosters dialogue and, it is hoped, cooperation. Providing a fixed schedule for these matters guards against time slippage, for example where counsels agree together on schedules which will generously heed their commitments in other cases.
- 40.2 According to Article 40, the arbitral Tribunal is required to conduct a preparatory conference. At the time the Center announces the constitution of the arbitral Tribunal it reminds the parties and the Tribunal of this requirement. The general timeframe for the conference is stated to be within 30 days after the establishment of the Tribunal.
- 40.3 The purpose of the preparatory conference is to organize and schedule subsequent proceedings in a time and cost efficient manner. Since, generally speaking, the Tribunal will want to have ready a proposal for the organization and scheduling of subsequent proceedings, the Tribunal will need to work with the parties prior to the preparatory conference. It is thought that in all but the most exceptional cases, 30 days will be sufficient for such preparations.
- 40.4 Some arbitrators may wish to have the parties and the Tribunal agree to a statement summarizing the dispute and laying down certain cardinal procedural rules, a sort of constitution for the arbitration, which ICC arbitration has made well-known as terms of reference. In a limited number of WIPO arbitration cases terms of reference have been drawn

up following the preparatory conference. The virtues and defects of creating such a statement are much debated.³¹ It is suggested that the creation of a constitutional document is only useful inasmuch as the parties' agreement is needed on some important matter, for example to cure a problem with the arbitration clause.

- 40.5 Preparatory conferences should generate procedural rules of as much completeness as knowledge of the case, the parties, and their counsel, permits at that stage. This ensures legal certainty and reduces the apprehension of bias.
- 40.6 As mentioned in paragraph 40-1 above, preparatory conferences will also usually serve to acquaint the parties and counsel with each other and the Tribunal. This may prove important in injecting a cooperative dynamic into the proceedings.
- 40.7 Preparatory conferences may provide an opportunity for the parties to pursue settlement negotiations, and for the arbitral Tribunal to sound the parties out about the possibility of settlement.³² The early stage of proceedings where the parties have not invested too much yet, and where they and the Tribunal know the outlines of their respective positions makes such hearings propitious moments for settlement.
- 40.8 Although the arbitral Tribunal must hold a preparatory conference, the form it takes is subject to the arbitral Tribunal's Article 37(a) discretion. Therefore the arbitral Tribunal also has the power to decide how long the conference lasts, and what the agenda is. This is at any rate an incident of the Tribunal's powers under Article 37(a) of the WIPO Rules.
- 40.9 The Tribunal moreover has the power to determine when and where the conference takes place.
- 40.10 The Tribunal also has the power to determine the form of the procedural conference, whether in person, by video-conference, or even by telephone. In WIPO arbitration cases to date, the general trend has been to hold the procedural conference by telephone or video-conference. Significant savings will usually result in holding the conference by telephone, and even by video-conference, vis-à-vis a conference in person. On the other hand, there can be no doubt that the purposes of acquainting the parties with each other and the Tribunal and of furnishing an opportunity to pursue settlement are impaired if the conference is not held in person.
- 40.11 In making determinations on the foregoing matters, the arbitral Tribunal should advert to considerations of time and cost efficiency. Also, the arbitral Tribunal must make these determinations consistently with the requirement in Article 37(b) to provide the parties with a fair opportunity to present their cases.

Statement of Claim

Article 41

(a) *Unless the Statement of Claim accompanied the Request for Arbitration, the*

³¹ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010) at p.196: "Not all commentators agree on the usefulness of drawing such 'terms of reference'. Indeed, it has been argued that putting together such a document is cumbersome and can slow down the proceedings. Whether the 'terms of reference' are more or less useful depends upon the circumstances of the dispute. In certain cases, having a document setting out the parties' positions early in the proceedings may help crystalize the case, allow the Tribunal to spot the issues in dispute and avoid untimely *volte-face* by the parties."

³² For the arbitral Tribunal's role in settlement negotiations see Article 67 of the WIPO Rules, below.

Claimant shall, within 30 days after receipt of notification from the Center of the establishment of the Tribunal, communicate its Statement of Claim to the Respondent and to the Tribunal.

- (b) The Statement of Claim shall contain a comprehensive statement of the facts and legal arguments supporting the claim, including a statement of the relief sought.*
- (c) The Statement of Claim shall, to as large an extent as possible, be accompanied by the evidence upon which the Claimant relies, together with a schedule of such evidence. Where the evidence is especially voluminous, the Claimant may add a reference to further evidence it is prepared to submit.*

- 41.1 Article 10 foresees that the Request for Arbitration may contain the Statement of Claim, that is, a document satisfying all the particulars of Article 41.
- 41.2 Article 41(a) lays down timing for the Claimant's submission of its Statement of Claim if it has not been submitted with the Request, namely 30 days after receipt of notification from the Center that the arbitral Tribunal has been constituted.
- 41.3 The parties (Article 4(f)), the Center (Article 4(g)) and the arbitral Tribunal (Article 37(a)) may all derogate from this timing.
- 41.4 Article 41(b) identifies the content of the Statement of Claim. It provides that the Statement of Claim must contain "a comprehensive statement of the facts and legal arguments supporting the claim, including a statement of the relief claimed."
- 41.5 Article 41(c) provides that in principle the Statement of Claim should be accompanied by all evidence upon which the Claimant relies, as well as a schedule of such documents. Such evidence includes not only documentary evidence but also witness evidence, in the form of witness statements, and expert evidence, in the form of expert reports.³³ Under the previous version of the WIPO Rules, it was only documentary evidence that needed to be submitted with the Statement of Claim. Witness evidence could come later. In the alternative, where the evidence is too voluminous, Article 41(c) permits the Claimant to add a reference to further documents it is prepared to submit. In such a case, either another party or the arbitral Tribunal may request such submission. If the Tribunal is minded to decide that the Claimant has not proved any point of fact or law to which any document so referenced is listed, it is a matter of fairness, whether or not legal consequences will follow, for the Tribunal to request such documents and take them into account in its decision-making. Accordingly, in creating any such reference lists, Claimants should be sure to provide all information necessary for the Tribunal to assess the points of relevance of the documents so referenced.
- 41.6 The only exception one can see to the requirements on Claimants to submit the material required under Article 41(b) and (c) within the time limit stated there is where the Claimant could only have learned of the reasonable appropriateness of submitting the material after the Respondent's subsequent submissions. This includes not only material which only becomes relevant because of the Respondent's later submissions, but also material which it may have been disproportionate or otherwise excessive to submit prior to the Respondent's subsequent submissions, but with the latter is no longer so.

³³ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010) at p.205: "As in most disputes, witness evidence is often pivotal in arbitrations involving IP."

41.7 Many leading arbitration rules do not lay down time periods for the submission of the party's full written statement of case, and do not identify the contents of the Statement of Claim and the documents which should accompany it.

41.8 However, it is helpful to have such time limits as they condition expectations, and favor the expedition of the arbitral proceedings. It is helpful to have requirements as to the content of the Statement of Claim and accompanying documents. Again, this favors the expeditiousness of arbitration proceedings.

Statement of Defense

Article 42

(a) *The Respondent shall, within 30 days after receipt of the Statement of Claim or within 30 days after receipt of notification from the Center of the establishment of the Tribunal, whichever occurs later, communicate its Statement of Defense to the Claimant and to the Tribunal.*

(b) *The Statement of Defense shall reply to the particulars of the Statement of Claim required pursuant to Article 41(b). The Statement of Defense shall be accompanied by the evidence upon which the Respondent relies, in the manner described in Article 41(c).*

(c) *Any counter-claim or set-off by the Respondent shall be made or asserted in the Statement of Defense or, in exceptional circumstances, at a later stage in the arbitral proceedings if so determined by the Tribunal. Any such counter-claim or set-off shall contain the same particulars as those specified in Article 41(b) and (c).*

42.1 As with the Claimant's full statement of case (the Statement of Claim), the Rules expressly foresee the possibility that the Respondent's full statement of case, the Statement of Defense, be submitted with the Answer to the Request (Article 12). It will, however, be even less likely that Respondents include their full defense with their first statement of case (*i.e.* the Answer to the Request), since Respondents may have an interest in prolonging the arbitration, to disincentivize Claimants, and to delay the risk of having to pay upon claims. Accordingly, most often Respondents will submit their Statement of Defense in conformity with Article 42. Article 42(a) requires that the Statement of Defense be submitted within the earlier of 30 days of receipt of the Statement of Claim or 30 days of receipt of notification from the Center of the establishment of the arbitral Tribunal.

42.2 Article 42(b) lays down the necessary content of the Statement of Defense as corresponding to that required of Statements of Claim. See paragraphs 41.4 to 41.8 above.

42.3 Article 42(c) requires that any counter-claim or set-off by a Respondent also be contained in the Statement of Defense. This means that a party is precluded from asserting a counter-claim or set-off after the Statement of Defense, even if the latter is included in the Answer. However, Article 42(c) gives the arbitral Tribunal power to accept a later counter-claim or set-off "in exceptional circumstances". Clearly any Respondent who fails to include its counter-claim or set-off in its Statement of Defense risks being debarred from asserting one later. Exceptional circumstances will generally involve situations where information permitting the counter-claim or set off became available to the Respondent after the Statement of Defense was filed.

42.4 It is difficult at times to distinguish between, on the one hand, a Defense, and, on the other, a counter-claim and set-off. Therefore even where there are further written submissions,

Respondents should be sure to include all matters in their Statements of Defense which might be interpreted as set-off or counter-claims.

42.5 Article 42(c) stipulates that any counter-claim or set-off must include the content required of Statements of Claim under Article 41(b) and (c).

Further Written Statements

Article 43

(a) *In the event that a counter-claim or set-off has been made or asserted, the Claimant shall reply to the particulars thereof. Article 42(a) and (b) shall apply mutatis mutandis to such reply.*

(b) *The Tribunal may, in its discretion, allow or require further written statements.*

- 43.1 Article 43(a) provides that the Claimant may make submissions on any set-off or counter-claim. The Claimant has 30 days as of the date of receipt of the set-off or counter-claim to do so. The same requirements as to completeness applying to Statements of Claim and Statements of Defense apply to the Claimant's submissions on set-off or counter-claim. Evidence should be provided in support of the Claimant's comments on the set-off or counter-claim, by virtue of the reference in Article 43(a) to Article 42(b) and the further reference there to Article 41(c).
- 43.2 Article 43(b) gives the arbitral Tribunal discretion to allow further written statements. No express indication is made of any factors which the arbitrator must or should advert to in exercising this discretion. Circumstances which may be envisioned and might justify such further written statements are where the other side's last submissions contain new material which a party wishes to respond to in further submissions, or where it appears that the arbitral Tribunal has not understood a party's submissions as that party intended.
- 43.3 At all events, it is common practice in international arbitration to have written post-hearing submissions which are responsive to the entirety of the case, including any new evidence emerging from the oral hearing.

Amendments to Claims or Defense

Article 44

Subject to any contrary agreement by the parties, a party may amend or supplement its claim, counter-claim, defense or set-off during the course of the arbitral proceedings, unless the Tribunal considers it inappropriate to allow such amendment having regard to its nature or the delay in making it and to the provisions of Article 37(b) and (c).

- 44.1 Article 44 allows a party to amend the relief it is seeking in the arbitration unless the arbitral Tribunal decides otherwise. Unlike under other arbitration rules which set a point in the advancement in the arbitration where such amendments are more severely restricted, Article 44 makes clear that there is no predetermined cut off point in time after which no further amendment will be allowed by the Tribunal. Rather, such an application may be made "during the course of the arbitral proceedings" which, to take an extreme case, may be right up to the time the final award is rendered. Nonetheless, Article 44 indicates that in deciding whether or not to allow an amendment, the arbitral Tribunal is to have regard to the "nature and delay" in making the request. Thus, the further along the arbitral proceedings are, the more likely it is that the arbitral Tribunal will refuse the amendment. This is because the disruption to the arbitral proceedings is likely to be greater the later the request for amendment. It is also to incentivize parties to make their amendments as soon as possible. It is clear that the arbitral Tribunal will have regard to whether, for any valid reason, the request could have been made earlier. If not, it is more likely that the arbitral Tribunal will allow the amendment.

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- 44.2 The arbitral Tribunal will also look at the nature of the amendment in deciding whether to oppose it. Again, the Tribunal will consider the degree to which the arbitral proceedings would be disrupted by the amendment.
- 44.3 If all of the party's scheduled submissions have been made, a request to amend the relief will almost always entail a request for further submissions in support of that amendment. The arbitrator will also need to consider exercising his/her or her discretion under Article 43(b) in such a case. Unlike the arbitrator's Article 44 discretion, as has been seen, there are no express factors to which the arbitrator must or should advert to exercising this discretion.

Communication Between Parties and Tribunal

Article 45

Except as otherwise provided in these Rules or permitted by the Tribunal, no party or anyone acting on its behalf may have any ex parte communication with any arbitrator with respect to any matter of substance relating to the arbitration, it being understood that nothing in this paragraph shall prohibit ex parte communications which concern matters of a purely organizational nature, such as the physical facilities, place, date or time of the hearings.

- 45.1 Article 45 concerns *ex parte* communications between a party and an arbitrator after that arbitrator has been confirmed and appointed. Article 21 relates to such communications with potential arbitrators.
- 45.2 *Ex parte* communications are communications by one party, in the absence and usually without the knowledge of the other party. If they relate to a matter of any importance which the arbitrator must decide, they are violations of the absent party's right to be heard, since that right includes the right to contradict the case being made against it. Article 45 infers that a party may speak alone with an arbitrator on matters that are not "of substance" in the arbitration. But even if the matter is of no real importance, or does not even relate to the arbitration, it is highly advisable to avoid *ex parte* communications, since they raise concerns about whether what was discussed was of importance. The party conducting the *ex parte* negotiations is no credible witness of this fact, and even the arbitrator's view is put into doubt since his/her objectivity may have been affected by such discussions.
- 45.3 Unlike the situation where one is considering nominating or agreeing to an arbitrator, there will generally be no compelling reason for a party to speak alone with an arbitrator. As a rule, if a party nonetheless wishes to do so, it should take care to speak only of clerical or organizational matters in relation to the arbitration.

Joinder

Article 46

At the request of a party, the Tribunal may order the joinder of an additional party to the arbitration provided all parties, including the additional party, agree. Any such order shall take account of all relevant circumstances, including the stage reached in the arbitration. The request shall be addressed together with the Request for Arbitration or the Answer to the Request, as the case may be, or, if a party becomes aware at a later stage of circumstances that it considers relevant for a joinder, within 15 days after acquiring that knowledge.

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- 46.1 In 42.85% of WIPO Arbitrations and WIPO Expedited Arbitrations more than two parties have been involved. Provisions on joining third parties to an arbitration are therefore of significance.
- 46.2 A joinder is the addition of another entity in an arbitration. The term is usually used to refer exclusively to joining that entity as a full party, *i.e.* an entity making a claim or which is the target of a claim in the arbitration. This is clearly the limited meaning of the term in Article 46, which does not contemplate that the entity joined may also have a status other than that of a party, such as a third party observer or commentator, representing its own and others' interests which may be directly or indirectly affected by the arbitration and its outcome.
- 46.3 Article 46 does not require the third party to be an existing party to the Arbitration Agreement, as long as all the parties and the third party agree on the joinder. There are essentially two issues in relation to a joinder in arbitration. First, when parties agree to arbitrate it might be contended that they are not just agreeing to the arbitration of certain subject matter but to arbitration with a certain party or certain parties, and only those parties. Indeed, the addition of other parties may change the risk profile from that which the signatory to the Arbitration Agreement agreed to in signing, may increase the costs of the arbitration procedure, and may create or exacerbate confidentiality concerns. The second issue is that the dynamics of the arbitration change with the addition of another party. In particular, a joining party may thereby not have the opportunity to nominate its own arbitrator, but rather must accept the arbitrator appointed at an earlier stage of the proceedings.
- 46.4 On the other hand, a joinder will usually serve the interests of procedural efficiency, taken in the round. Instead of running two proceedings against two Respondents, or instead of defending in two proceedings against two Claimants, one can proceed in one and the same proceedings. Moreover, a joinder will obviate the risk of inconsistent results between two proceedings. This risk is generally higher in arbitration than in court proceedings, because the results of the arbitration may not become known to the party that would have been joined and because the Tribunal in the second proceedings will probably be composed differently from the first.
- 46.5 Article 46 provides that any joinder must ensue from the request of a "party". There is therefore a question as to whether the request must come from an existing party, or whether it may come from a "party" seeking to be joined or from the arbitral Tribunal. The question is, however, without practical importance, since all existing parties and the party to join must agree to the joinder. On the other hand, if the arbitral Tribunal suggests the joinder, it should concern itself with whether this is consistent with its duty under Article 37(c) to ensure that the procedure takes place with due expedition.
- 46.6 Delay in making the request will preclude the joinder. In principle, the request for a joinder needs to be made in the Request for Arbitration or the Answer to the Request for Arbitration. However, if at that time the requesting party was not aware of circumstances material to the joinder, then that party has until fifteen days after it became aware of such circumstances to make the request.
- 46.7 The arbitrator is not required to accept the request for a joinder. Rather he/she enjoys discretion whether to do so. Article 46 directs the arbitrator to have regard to "all relevant circumstances" in determining whether or not to admit the joinder, and expressly to the stage of the proceedings. Thus, even if the requesting party is not formally precluded from making the request because it has come within fifteen days of that party's learning facts material to the request, the arbitrator may still refuse, for example on the basis that the proceedings have advanced to such a stage that it would be disproportionately disruptive of them to accede to it, *vis-à-vis* the interest in the joinder.

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- 46.8 The arbitrator's determination whether to join a party will usually be in favor of the joinder, in view of the fact that all parties and the party to be joined are in favor. The arbitrator will also rightly consider the impact of the joinder on his/her own situation. Under the WIPO Rules the arbitrator's remuneration is essentially tied to the amount of time spent on the case. Thus the increased workload that a joinder will usually entail for the arbitrator will generally result in the arbitrator receiving appropriate increased remuneration, and the arbitrator will therefore not usually be affected negatively from a financial point of view by the joinder. On the other hand, the arbitrator may take the view that he/she may be able to use the extra time more profitably, whether financially or otherwise, or that he/she does not have available the necessary increase in time consistent with the obligation to conduct the arbitration proceedings with expedition.
- 46.9 A circumstance which may well cause the arbitrator to refuse a joinder is where the joinder will create a conflict of interest for the arbitrator. There is no concern with a conflict of interest with another party, since all parties will be agreeing to the joinder, and therefore they must agree on the steps to be taken to remove the conflict which would arise because of the joinder. This will usually involve a party or the party to be joined agreeing to change counsel as necessary to remove any conflict.

Consolidation

Article 47

Where an arbitration is commenced that concerns a subject matter substantially related to that in dispute in other arbitral proceedings pending under these Rules or involving the same parties, the Center may order, after consulting with all concerned parties and any Tribunal appointed in the pending proceedings, to consolidate the new arbitration with the pending proceedings, provided all parties and any appointed Tribunal agree. Such consolidation shall take into account all relevant circumstances, including the stage reached in the pending proceedings.

- 47.1 A consolidation differs from a joinder in that in a consolidation, two or more separately existing arbitral proceedings are fused into one. In a consolidation, therefore, like with a joinder, the parties to the arbitration may change (they may not, since it may be that only the subject matter is expanded).
- 47.2 Unlike with a joinder, it is the Center and not the arbitrator that has power to order a consolidation. The reason for this is that with a consolidation some appointed arbitrators or even an appointed arbitral Tribunal may by consequence lose their mandate, and so it is best to leave this determination to the Center which is free of any such concerns.
- 47.3 The Center's powers to effectuate a consolidation do not depend on the initiative of a party or the arbitrator. However, the Center does require the agreement of all parties, in both proceedings, and all arbitrators of all constituted Tribunals affected. It would appear, therefore, that the Center does not require the agreement of any individual arbitrators confirmed and appointed if their Tribunal has not been fully constituted. Moreover, a consolidation can also be ordered if no Tribunal has been appointed. If the parties agree to consolidate, the Center would not wait until the constitution of a Tribunal.
- 47.4 It is the later proceedings which are usually consolidated into the earlier. There is a question whether the Center has power to displace the Tribunal of the earlier proceedings by the Tribunal of the later proceedings, even if both arbitral Tribunals have been fully constituted and the latter is for some reason or another better positioned to decide the consolidated

dispute, or has been seized of a much greater dispute in value or complexity than the earlier Tribunal is. While the consolidation of the new arbitration with the pending one will be the more likely situation, it is submitted that Article 47 would not exclude a consolidation of a pending arbitration into a newer one, in particular if this would be indicated by the scope of the new case (and all parties and established Tribunals have agreed).

- 47.5 Article 47 would appear to assume that both arbitrations are subject to the WIPO Rules, but providing all parties and arbitral Tribunals agree that the one not so will, once consolidated, proceed under the WIPO Rules, it would seem that there is no barrier to consolidation under the Rules, providing all other conditions are satisfied.
- 47.6 It is a condition of consolidation that the proceedings be “substantially related”. This will ultimately mean in most cases that they arise from the same matrix of facts or at least the same contract (and generally its performance over time). The Center’s assessment of the existence or not of this precondition will in many arbitration law systems be a basis for court review (for example as a matter of jurisdiction, or the proper constitution of the arbitral Tribunal), although many courts will accord some deference to the Center’s assessment in view of its expertise and the fact that it was the parties which through their acceptance of the WIPO Rules delegated power to make this assessment to the Center.
- 47.7 Insofar as the Center is satisfied that the precondition of the proceedings being “substantially related” obtains, it must under Article 47 decide on consolidation in view of “all relevant circumstances, including the stage reached in the pending proceedings.” This assessment will usually be materially similar to that related to the decision whether or not to join a party. See paragraphs 46.7 to 46.9 above.

Interim Measures of Protection and Security for Claims and Costs

Article 48

- (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 order the other party to provide security, in a form to be determined by the Tribunal, for the claim or counter-claim, as well as for costs referred to in Article 74.*
- (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.*

- 48.1 Interim measures are measures ordered by the arbitral Tribunal prior to a final and permanent determination by the arbitral Tribunal of the merits of the case.
- 48.2 In the past there was some difficulty in accepting that arbitral Tribunals could have such powers, which are generally enjoyed by courts. Arbitrators were often thought of as having

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- been given a mission to decide certain matters, and their powers were limited to deciding them once and for all.
- 48.3 Over time, however, the generalized but not universal acceptance has set in that arbitrators enjoy these powers unless the parties decide otherwise.
- 48.4 Article 48 acts as the parties' express grant of power to the arbitral Tribunal to order interim measures. This grant does not expressly indicate that the parties may validly exclude or restrict these powers. Nonetheless the parties are free to exclude that the arbitrator has powers to order interim measures, but such exclusion would need to be clear and unambiguous. Questions will also arise where there is an exclusion, but the parties' conduct suggests that they have waived that exclusion.
- 48.5 It is the position under most arbitration law systems that courts retain powers to order interim measures even in the presence of an arbitration clause and even where an arbitral Tribunal has been constituted. Some arbitration systems, however, while recognizing a concurrent jurisdiction in their courts to order interim measures, construe arbitration clauses as granting priority to the power of arbitrators constituted thereunder to grant interim measures. The New York Convention, and, in particular, the obligation under it to recognize Arbitration Agreements, in no way stands against court powers to deal with interim measures.
- 48.6 Moreover most arbitration law systems provide that dealings in relation to interim measures before courts are in no way a waiver of a party's rights under an Arbitration Agreement.
- 48.7 In any event, Article 48(d) makes clear that a party is free to direct to a court a request for interim measures, including for security for costs, or to implement measures granted by an arbitral Tribunal, without this being a waiver of the arbitral agreement.
- 48.8 The arbitrator may only use such powers upon the application of a party, and not on his/her own motion. The arbitrator may adopt any measure that he/she deems necessary for the achievement of the purposes of the arbitration. The element of necessity should not therefore be read narrowly in Article 48(a) and should certainly not be limited to the necessity of conserving the goods subject to the arbitration. The conservation of goods during a legal proceeding is indeed a central case of interim measures. In principle therefore, the WIPO Rules do not limit arbitrators in their exercise of interim measures as regards the subject-matter of the interim measures.³⁴
- 48.9 The only limitations in this regard are that the measures must relate to a purpose in the arbitration, and there must be a reason to issue the order or award for the measure now rather than later, with the final award.³⁵ Thus interim measures may seek to secure or facilitate the arbitral proceedings, such as by ensuring that evidence remains available, or they may seek to secure the position if the arbitrator should at the end make a certain award, such as an injunction to prohibit a party from using an invention.
- 48.10 Article 48(b) makes clear that the arbitrator may order security for costs for a claim or counter-claim. Security for costs is security for the expense that the other party is put to in prosecuting

³⁴ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010) at p.222 – 225: non-exhaustive types of provisional relief orders arbitral Tribunals may order: i) measures aiming to maintain the status quo or prevent harm; ii) orders seeking the ensure the enforceability of the award; preservation or inspection of property; iv) security for costs; v) interim payments.

³⁵ *Ibid*, at p.221: "The delay between the genesis of a dispute and its resolution can be especially damaging in relation to certain IP disputes in which some breaches might need to be restrained urgently, for example, in the case of unauthorized divulgence of confidential information or trade secrets".

or defending a claim. The issue with security for costs in arbitration in particular is that it increases the upfront expense of an arbitration for the party against which it is ordered. Already, the Claimant (as well as the Respondent) has to pay a deposit on the arbitration expenses (see Article 72(a) of the WIPO Rules), and where the Respondent defaults on the payment of its part of the deposit the claim can only proceed if the Claimant makes a substitute payment (see Article 72(c) of the WIPO Rules).

- 48.11 The arbitrator may make the issuing of an interim measure conditional upon the requesting party's doing something, notably providing security for any prejudice occasioned by the interim measure.
- 48.12 Article 48 does not state whether interim measures may be obtained *ex parte*, that is, without hearing the other party. The absence of such an express restriction, where emergency measures under Article 49 include one, is some indication that interim measures may in appropriate cases be granted *ex parte* under Article 48. Moreover, there is no *prima facie* reason why the ordering of interim measures is not available *ex parte* in worthy cases, where for example there is a demonstrated risk of the Respondent absconding with property, and the Claimant provides security, and the arbitrator hears the Respondent promptly upon the execution of the order. Thus, in appropriate cases an arbitral Tribunal may order interim measures under Article 48 of the WIPO Rules on an *ex parte* basis. It is then open for the other party upon learning of the interim measures to apply to the arbitral Tribunal or to a court having jurisdiction to vary or remove them, and to seek appropriate compensation for any loss.
- 48.13 Article 48 does not indicate what law an arbitrator is to apply in deciding on a request for interim measures. In practice, an arbitrator will usually directly apply general principles of law applicable to interim measures.³⁶ This will generally entail the Claimant demonstrating some degree of likelihood of success on the merits ("*fumus boni juris*"), a need for the interim measure and that it cannot wait without the Claimant encountering loss which is not reparable in damages or which would be significantly greater if not immediately regulated.
- 48.14 There is a question as to whether an arbitrator may enforce one of its interim orders. Practically speaking, arbitrators have no intrinsic powers to cause a party to observe one of its orders. However parties may fear that they will be treated disadvantageously in the arbitration if they do not comply. In principle, arbitrators may indirectly favor the enforcement of their interim orders by imposing financial consequences for the non-observation of interim measures, such as daily penalties (known in French as "*astreintes*") paid by the party violating the interim measure to the party victim of this non-conformity. Some arbitration law systems may, however, prohibit such measures. At all events, arbitrators should ensure that financial penalties bear some resemblance to the real value of the prejudice suffered (or perhaps even benefit obtained) in the non-observance of interim measures.
- 48.15 Article 48(c) makes clear that the interim order may be in the form of an award. The distinction between an order and an award is that courts may enforce the latter but not the former. Whether an interim measure is an award or an order is generally determined by the substance of the measure, and not by its formal designation.

³⁶ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010) at p.225: "In general, the standards to order such measures should be found in international arbitration practice. Accordingly, in most cases, arbitral Tribunals grant interim measures where (a) unless the measure is not granted, irreparable harm might be caused to the requesting party; (b) the measure is urgent; and (c) granting the measure should not constitute pre-judgment of the parties' case. Further, in the light of the necessity to avoid pre-judgment in international commercial arbitration '... the requirement of a good arguable case on the merits, which is considered in some laws to be a prerequisite for interim relief in support of court proceedings, has received mixed reactions'."

Emergency Relief Proceedings

Article 49

- (a) *Unless otherwise agreed by the parties, the provisions of this Article shall apply to arbitrations conducted under Arbitration Agreements entered on or after June 1, 2014.*
- (b) *A party seeking urgent interim relief prior to the establishment of the Tribunal may submit a request for such emergency relief to the Center. The request for emergency relief shall include the particulars set out in Article 9(ii) to (iv), as well as a statement of the interim measures sought and the reasons why such relief is needed on an emergency basis. The Center shall inform the other party of the receipt of the request for emergency relief.*
- (c) *The date of commencement of the emergency relief proceedings shall be the date on which the request referred to in paragraph (b) is received by the Center.*
- (d) *The request for emergency relief shall be subject to proof of payment of the administration fee and of the initial deposit of the emergency arbitrator's fees in accordance with the Schedule of Fees applicable on the date of commencement of the emergency relief proceedings.*
- (e) *Upon receipt of the request for emergency relief, the Center shall promptly, normally within two days, appoint a sole emergency arbitrator. Articles 22 to 29 shall apply mutatis mutandis whereby the periods of time referred to in Articles 25 and 26 shall be three days.*
- (f) *The emergency arbitrator shall have the powers vested in the Tribunal under Article 36(a) and (b), including the authority to determine its own jurisdiction. Article 36(e) shall apply mutatis mutandis.*
- (g) *The emergency arbitrator may conduct the proceedings in such manner as it considers appropriate, taking due account of the urgency of the request. The emergency arbitrator shall ensure that each party is given a fair opportunity to present its case. The emergency arbitrator may provide for proceedings by telephone conference or on written submissions as alternatives to a hearing.*
- (h) *If the parties have agreed upon the place of arbitration, that place shall be the place of the emergency relief proceedings. In the absence of such agreement, the place of the emergency relief proceedings shall be decided by the Center, taking into consideration any observations made by the parties and the circumstances of the emergency relief proceedings.*
- (i) *The emergency arbitrator may order any interim measure it deems necessary. The emergency arbitrator may make the granting of such orders subject to appropriate security being furnished by the requesting party. Article 48(c) and (d) shall apply mutatis mutandis. Upon request, the emergency arbitrator may modify or terminate the order.*
- (j) *The emergency arbitrator shall terminate emergency relief proceedings if arbitration is not commenced within 30 days from the date of commencement of the emergency relief proceedings.*
- (k) *The costs of the emergency relief proceedings shall be initially fixed and apportioned by the emergency arbitrator in consultation with the Center, in accordance with the Schedule of Fees applicable on the date of commencement of the emergency relief proceedings, subject to the Tribunal's power to make a final determination of the apportionment of such costs under Article 73(c).*

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- (l) *Unless otherwise agreed by the parties, the emergency arbitrator may not act as an arbitrator in any arbitration relating to the dispute.*
 - (m) *The emergency arbitrator shall have no further powers to act once the Tribunal is established. Upon request by a party, the Tribunal may modify or terminate any measure ordered by the emergency arbitrator.*

- 49.1 The principal difference between emergency relief proceedings under Article 49 and interim measures under Article 48 is that emergency relief is decided by an arbitrator different from the arbitral Tribunal that will be constituted under the WIPO Rules.
- 49.2 The essential feature of the institution of the emergency arbitrator is that he/she can be constituted and empowered rapidly. The parties do not need to be consulted on the appointment. The Center will generally select the emergency arbitrator from the list of arbitrators that it keeps.
- 49.3 Lack of party involvement in the choice of the emergency arbitrator is less of a concern than in respect of the arbitral Tribunal itself since the emergency arbitrator's role is limited to the emergency relief. This will usually be of limited scope, and even if the relief proves to be irreversible, within the scope of the arbitration proceedings there will be the possibility of rectifying the situation to the extent possible.
- 49.4 The institution of emergency relief proceedings is a relatively new phenomenon in arbitration. It presents some difficulties with respect to jurisdiction. It is indeed usually the case that an agreement to arbitrate is construed as an agreement for one Tribunal to arbitrate the entirety of the dispute in existence at the time of the constitution. In other words, the constitution of an arbitral Tribunal generally exhausts the arbitral jurisdiction in respect of any dispute submitted to that Tribunal.
- 49.5 With an emergency arbitrator, a portion of that jurisdiction is carved out, or perhaps more accurately is expanded, and the arbitral Tribunal proceeds with the rest. It may be best to conceive the matter as an apportionment of jurisdiction *ratione temporis*. There does not appear to be any compelling reason why the parties may not agree to apportion jurisdiction in this fashion, although the matter does not yet seem to have been tested before the courts of any major arbitration law system.
- 49.6 In view of this jurisdictional issue, Article 49(1) limits the application of the emergency relief provisions of the WIPO Rules to situations where the Rules were already in force prior to the parties' agreement to arbitrate rather than prior to the arising of the dispute. In this way it can convincingly be asserted that the parties consented specifically to the emergency relief provisions in the Rules, and not just indirectly by agreeing to the application of the most recent version of the Rules (see Article 2). Indeed, since the institution of the emergency arbitrator is a relatively new phenomenon in arbitration, it may be said that if the parties entered into their Arbitration Agreement under the Rules before the current version was published they did not have this institution reasonably in their contemplation.
- 49.7 By virtue of Article 49(b), the parties may exclude the application of the emergency relief provisions. Parties may make such an exclusion where they are concerned that they have no control over the emergency arbitrator, where they fear that a party might abuse the emergency arbitrator provisions, for example for tactical reasons, or where they feel that their agreement and its performance are not likely to give rise to any need for speedy relief. The parties may wish also to direct any requests for interim relief to the courts, rather than to an arbitrator, in which case they may exclude both Article 48 and 49.

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- 49.8 The emergency arbitrator provisions are only applicable insofar as the regular arbitral Tribunal has not yet been constituted and not, for example, where there is a problem frustrating the work and effectiveness of that regular arbitral Tribunal already constituted. This flows from the wording “prior to the establishment of the Tribunal” in article 49(b) of the WIPO Rules.
- 49.9 Article 49(b) provides that a request for emergency relief must include the particulars set out in Article 9 (ii) to (iv) which deals with requests for arbitration. In particular (Article 9(iv)), requests for emergency relief must include “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.” The request for emergency relief will properly focus on the specific matter in respect of which emergency relief is requested, but, inasmuch as is consistent with the state of urgency, the requesting party should provide at least some broader background as to the general dispute and what will need to be decided in the arbitration that follows. Moreover, the request for emergency relief must include submissions demonstrating that there is in fact an emergency.
- 49.10 If the Center is not satisfied that the request for emergency relief contains all necessary particulars, it will rapidly contact the requesting party to solicit the necessary supplementation.
- 49.11 It is the Center that determines the date of the commencement of the emergency relief proceedings, referred to in Article 49(c), as the date “on which the request [for emergency relief] is received by the Center.” The request for these purposes must therefore satisfy Article 49(b) in the eyes of the Center. Otherwise, the Center will only declare the emergency relief proceedings commenced at such later date on which the request is in its view sufficient. As will be seen below, the schedule for the emergency relief procedure is based upon the date of commencement of the emergency arbitrator proceedings which is different from the date of commencement of the proceedings.
- 49.12 Emergency relief may not be granted *ex parte*. Article 49(b) provides that the Center shall inform the other party of the request for emergency relief and Article 49(g) requires that each party have a “reasonable opportunity” to present its case. It may be that the possibility of obtaining *ex parte* relief from the ordinary arbitral Tribunal is more attractive to a party than seeking relief upon notice to the other party from an emergency arbitrator. It might indeed be more attractive to seek *ex parte* interim relief from a court of competent jurisdiction, which will often mean a court that has the power to enforce whatever interim measure it orders.
- 49.13 The tight deadlines for the process of considering and granting emergency relief are based upon the date of commencement of proceedings, that is, the date an adequate request for emergency relief was received (Article 49(c)).
- 49.14 By Article 49(e), emergency relief proceedings will only go forward once the requesting party has paid the administration fee and made a deposit of the emergency arbitrator’s fees.
- 49.15 Once the adequate request for emergency relief has been received and the necessary amounts paid by the requesting party, as provided by Article 49(e), the Center will promptly appoint a sole emergency arbitrator, and “normally within 2 days”.
- 49.16 The usual challenge procedure is applicable to the emergency arbitrator, *mutatis mutandis*, by virtue of the reference in Article 49(e) to Articles 22 to 29. The time limits to send a notice challenging an arbitrator and for the opposing party’s response to that challenge are both 3 days.
- 49.17 By Article 49(f), the emergency arbitrator has power to determine his/her own jurisdiction, even if the main contract in which the arbitration clause is inserted is itself non-existent or
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invalid. The emergency arbitrator will probably have such powers under the applicable arbitration law anyway. The Center is empowered to administer the emergency relief proceedings despite the existence of the jurisdictional challenge.

- 49.18 The emergency arbitrator is in control of the proceedings before him or her. Article 49(g) lays down that the emergency arbitrator “may conduct the proceedings in such manner as it considers appropriate”, but in doing so he/she is to take “due account of the urgency of the request”. The emergency arbitrator must ensure that each party is given a reasonable opportunity to present its case. In referring to “written submissions and telephone conferences” there is no doubt that Article 49 is indicating that proceedings in person will be very much the exception. Indeed, unlike with court proceedings, arbitral proceedings often do not have any ready venue with translation and stenographic support standing by, but rather will usually have to be specially commissioned. This may make proceedings in person impractical in view of the necessary speed of decision-making and the reality in WIPO arbitrations that the parties are frequently based in different parts of the world.
- 49.19 The place of the emergency proceedings will be the place of the arbitration where that has been chosen by the parties. Otherwise, it is the Center that determines the place of emergency proceedings. By Article 49(h) the Center must take into account any observations of the parties prior to setting the place of the emergency arbitration. The Center will generally solicit the parties’ views on this matter, setting a tight deadline for them, rather than leaving the initiative to the parties.
- 49.20 It may be that the place of emergency proceedings chosen by the Center is different from that which the Center chooses for the arbitration proceedings themselves, but that would be rare, given that the same connections will generally apply to and complications which may arise from any discrepancy would be best avoided wherever possible. At all events, the place of the emergency proceedings will generally be of little significance given that there is no practical opportunity to challenge the emergency relief before courts of the seat since the emergency arbitrator will not generally be issuing awards, but rather orders, and given the fact that the arbitral Tribunal has power to modify or terminate whatever the emergency arbitrator determines.
- 49.21 The emergency arbitrator is not restricted in the nature of the emergency relief he/she may order (Article 49(i)). Under applicable law, however, it may be that the arbitrator is limited in the type of relief he/she may order. This might be the *lex causae*, or even the *lex fori* of the place of arbitration. The *lex causae* has a better claim to apply in arbitration than the *lex fori*, since arbitrators are not generally bound by the *lex fori*.
- 49.22 A type of relief which is often not available in legal systems is daily penalties for a failure to take a certain action, so called “*astreintes*” in French. There are others. An arbitrator may feel compelled not to order measures which are not known to the *lex causae* or *lex fori*. However, an arbitrator’s failure to confine himself or herself to types of interim measures under the *lex causae* will usually be without consequence, unless the *lex causae* is the same as the *lex fori* of the place of arbitration. In that case the courts of the place of arbitration who have jurisdiction to hear actions for annulment may take the view that the arbitrators have exceeded their jurisdiction. It may be no answer that the arbitrator is not bound by the same rules as a court of the place of jurisdiction dealing with interim measures.
- 49.23 The emergency arbitrator is also largely unconstrained in the determination of the principles he/she will apply in assessing whether to order emergency relief. As with ordinary interim measures, he/she will generally wish to satisfy himself/herself that there is at least a plausible basis for the right being asserted and the matter cannot await the constitution of the ordinary arbitral Tribunal, and that indeed there is some irremediable detriment in delaying.

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- 49.24 Article 49(i) expressly provides that the emergency arbitrator is empowered to make the posting of security by the party benefiting from the interim measure a condition of that interim measure. Since most often interim measures will be granted upon a cursory review of the relevant merits it will occur with some frequency upon a more searching assessment of the merits later that in fact there was no right justifying the interim measure. It is this reality which makes the emergency arbitrator's powers to make the posting of security a condition of the interim measures. Security may take a number of forms, but perhaps the most common is a bank guaranty of payment upon a finding of the arbitral Tribunal contradicting the finding behind the interim measure. The Center does not itself take and manage such security.
- 49.25 There is no basis to suggest that security is the only condition that the emergency arbitrator may attach to the issuing of an interim measure. Thus, for example, the emergency arbitrator may require certain reporting or the reassessment of the order upon the occurrence of a certain event.
- 49.26 The emergency arbitrator has the power to modify or terminate any measure he/she has ordered. This operates by the reference in Article 49(i) to Article 48(c).
- 49.27 As with ordinary interim measures, the emergency arbitrator has the power to issue awards, but it is thought that there will be very little practical consequence of such powers, since, pursuant to Article 49(m), upon the request of a party the regular Tribunal has power to review, alter and terminate any measure ordered by the emergency arbitrator. Indeed, the existence of such a power injects a conditionality into any measure ordered by the emergency arbitrator, which might in and of itself suffice materially to deprive such measures of the status as an award. Ultimately the question is one to be decided by the enforcement court. Generally, if the decision is an award, the New York Convention will avail to facilitate its enforcement. If the decision is not an award, its enforcement will be considerably more difficult.
- 49.28 The emergency arbitrator is required by Article 49(j) to terminate emergency relief proceedings if the arbitration pursuing the claims that are the subject of the emergency proceedings is not initiated within 30 days from the date of the receipt of the request for emergency relief.
- 49.29 Article 49(m) provides that the emergency arbitrator's powers are terminated as soon as the arbitral Tribunal is established. Upon request of a party the arbitral Tribunal may modify or terminate any measure ordered by the emergency arbitrator.
- 49.30 Article 49(l) lays down that the emergency arbitrator may not act as an arbitrator in any arbitration relating to the dispute which he/she has dealt with unless the parties agree. It might be thought that this rule is not concerned with bias of the emergency arbitrator, since arbitrators are generally empowered to order emergency measures (Article 48). But this is not the case. The danger with emergency arbitrators is that their actions will generally please one party and displease the other, so there is every chance the pleased party will nominate the emergency arbitrator and the displeased party will be unhappy with that nomination. A further reason behind the rule would appear to be that the parties have had an opportunity to see the emergency arbitrator in action in the context of their specific dispute and therefore have a specifically informed view of the arbitrator which makes it more important that they actually agree to the emergency arbitrator acting as an arbitrator. Moreover, where there is a three-person Tribunal, appointing the emergency arbitrator as a member might create an imbalance *vis-à-vis* the other two members.

Evidence

Article 50

- (a) *The Tribunal shall determine the admissibility, relevance, materiality and weight of evidence.*
- (b) *At any time during the arbitration, the Tribunal may, at the request of a party or on 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.*

- 50.1 In the great majority of cases, parties to an arbitration will disagree on the facts that give rise to the dispute. The outcome of many cases, indeed, turns on evidentiary issues. Accordingly, as in any type of litigation, the taking and assessment of the evidence is quite often one of the most important aspects of an arbitration. Articles 50 to 57 of the WIPO Rules deal with evidentiary issues and provide guidance on some IP-specific aspects (for example, in respect of experiments and the use of primers and models).
- 50.2 Article 50(a) is the bedrock upon which all evidentiary issues rest in the WIPO Rules. This provision, which has not been amended since the enactment of the WIPO Rules in 1994, gives arbitral Tribunals discretion to determine the admissibility and weight of the evidence.³⁷
- 50.3 That an arbitral Tribunal has discretion to determine evidentiary issues and that in general there is no effective means of challenge to the Tribunal's exercise of its discretion does not denote that those issues can be decided on the basis of whim or arbitrariness. It is the duty of an arbitral Tribunal to exercise its discretion reasonably and it must be underpinned by logical reasoning. Certainly, the arbitral Tribunal must take account of all evidence that it has admitted and its failure to do so may present a basis of challenge for a violation of the right to be heard.
- 50.4 In general, the term "admissibility" in an evidential context refers to "[t]he quality or state of being allowed to enter into evidence in a hearing, trial, or other proceeding."³⁸ In line with international arbitration practice, under the WIPO Rules, an arbitral Tribunal enjoys discretion as to whether specific evidence can enter into the record. Unless applicable mandatory provisions provide otherwise (which would be unusual), this means that certain types of evidence that may be inadmissible within the context of domestic litigation can be admitted into the record in a WIPO arbitration (e.g. hearsay evidence).³⁹ This does not mean, however, that an arbitral Tribunal operating under the WIPO Rules is *obliged* to admit all types of evidence advanced by a party in a given case. In the application of its discretion, it could, for example, decline to admit into the record evidence that is protected by evidentiary privilege (this is, in fact, frequent practice in international arbitration).⁴⁰

³⁷ Article 50(a) of the WIPO Rules follows Article 25(6) of the 1976 UNCITRAL Rules (now Article 27(4) of the 2010 UNCITRAL Rules).

³⁸ B. Garner, *Black's Law Dictionary* (St. Paul: Thomson/West, 8th ed. 2004) p.50.

³⁹ In general, no procedural rules for the conduct of domestic litigation apply to international arbitration, including provisions on admissibility of evidence. See G. Born, *International Commercial Arbitration*, 2nd ed., p.1852.

⁴⁰ *Ibid*, p.1912.

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- 50.5 Article 50(a) also permits an arbitral Tribunal to decide, in its discretion, whether late-filed evidence is to be admitted.⁴¹
- 50.6 Article 9(2) of the IBA Rules on Evidence also enunciates grounds that could lead an arbitral Tribunal to refuse the admission of evidence into the record:
- (a) lack of sufficient relevance to the case or materiality to its outcome;
 - (b) legal impediment or privilege;
 - (c) unreasonable burden to produce the evidence;
 - (d) loss or destruction of the relevant document;
 - (e) commercial or technical confidentiality;
 - (f) grounds of political or institutional sensitivity; and
 - (g) considerations of procedural economy, proportionality, fairness or equality.
- 50.7 Similarly to what Article 9(2)(a) of the IBA Rules on Evidence provides, the synonym terms "relevance" and "materiality" used in Article 50(a) of the WIPO Rules (equivalent to Article 27(4) of the UNCITRAL Rules) refer to an arbitral Tribunal's decision-making process to determine whether or not to admit specific evidence into the record. In this respect, on the equivalent provision in the UNCITRAL Rules, it has been said "rather than summarily rejecting evidence, the arbitral Tribunal should normally make an effort to determine its relevance and materiality."⁴²
- 50.8 An example may help illustrate how Article 50(a) of the WIPO Rules works in practice. Suppose, for example, that a party wished to introduce hearsay evidence into the record. Under the WIPO Rules, an arbitral Tribunal has discretion to determine whether this evidence is admissible or not. A WIPO arbitral Tribunal, again using its discretion, could summarily reject this evidence by strictly applying an evidentiary rule that excludes hearsay testimony. Alternatively, and it is suggested that this is the better approach in light of the wording of Article 50(a) of the WIPO Rules, the arbitral Tribunal may admit the evidence into the record and analyze whether the hearsay testimony is relevant to the dispute at hand. For example, the arbitral Tribunal could consider that the hearsay evidence may shed light on issues that it would like to ask the parties to provide further evidence. Of course, by admitting hearsay evidence, the arbitral Tribunal is not pronouncing upon the evidentiary weight of this evidence. Although it has been admitted into the record, it may well happen that the arbitral Tribunal accords no weight to this evidence at the time of deciding the case. In this respect, it has been said that:
- "The fact that an arbitral Tribunal has admitted a certain kind of evidence does not mean that it will give probative value to it. In other words, in contrast to court litigation in which the parties are often able to prevent certain evidence from being reviewed by the court (*ex ante* control), arbitral Tribunals are open to hear most evidence but weigh it considering all the circumstances they deem relevant (*ex post* control)."⁴³
- 50.9 When deciding a case, an arbitral Tribunal has to weigh the evidence that has been admitted into the record. Article 50(a) of the WIPO Rules also deals with this aspect. Under the WIPO

⁴¹ See *Caron et al*, *The UNCITRAL Arbitration Rules, A Commentary* (2nd ed, 2013), p.572. The authors suggest that Article 27(4) of the 2010 UNCITRAL Rules (as mentioned above, very similar to Article 50(a) of the WIPO Rules), should not be construed "as permitting the restricted admission of evidence. Where, for instance, a strict deadline for the submission of documentary evidence has been set, any significant delay in filing the evidence normally should lead to its rejection."

⁴² *Ibid*, p.573.

⁴³ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010), p.201.

Rules, arbitral Tribunals also have discretion to weigh the evidence, that is, to determine its probative value.

- 50.10 Ultimately, the probative value of the evidence on record depends on whether the arbitral Tribunal considers that a party has discharged its evidentiary duties. This is linked to the notions of burden of proof and standard of proof. The first notion refers to the *onus* placed on a party to produce evidence with a view to establishing a disputed fact. The term standard of proof refers to the degree of convincingness the evidence must reach for the arbitrator to accept that the fact has been proven.
- 50.11 In relation to the principle of burden of proof in international arbitration the prevailing view is that each party should prove the facts upon which it relies (the "*actori incumbit probatio*" principle).⁴⁴ The WIPO Rules do not expressly set out this principle. It is therefore arguable that under the WIPO Rules the determination of which party has the burden of proof depends on applicable law at least inasmuch as that may be the *lex causae*.⁴⁵ Determining the law applicable to this issue is likely to require a choice of law analysis. This exercise could prove difficult if the laws of civil law and common law countries apply to different aspects of a dispute. Generally speaking, whilst many evidentiary issues are substantive in civil law countries (thus, governed by the substantive law⁴⁶), they are more frequently procedural in common law countries (thus, governed by the arbitration law⁴⁷). This means that if the place of arbitration is situated in a common law jurisdiction and the dispute is governed by the laws of a civil law jurisdiction, there will be competing applicable laws. Conversely, if the seat is in a civil law jurisdiction and the applicable law is that of a common law country, there is a risk that no legal system would provide for a solution. Accordingly, whilst by reference to international practice one could assume that the *actori incumbit probatio* principle applies in WIPO arbitrations, this is ultimately a question that has to be decided on a case-by-case basis.
- 50.12 In contrast, under the WIPO Rules, standard of proof issues are covered by the term "weight of the evidence" found in Article 50(a). This means that arbitral Tribunals have discretion⁴⁸ to determine the weight given to the evidence on record. Generally speaking, some commentators note that the standard of proof in commercial arbitration is generally assumed to be "a balance of probabilities" or "more likely than not".⁴⁹
- 50.13 Article 50(b) of the WIPO Rules, identical to Article 48(b) of the 1994 WIPO Rules, deals with two situations: (a) orders for the production of evidence and (b) orders to make available any "property" in the possession or control of a party for inspection or testing. There is a common procedural background to the two strands of this provision. First, an arbitral Tribunal can enter these orders at any time during the arbitration, that is, from the time of its establishment until a final award disposing of all issues in dispute has been rendered (thus when the arbitral Tribunal is "*functus officio*"). As such, an arbitral Tribunal could make these orders even after the proceedings have been closed pursuant to Article 59 of the WIPO Rules. Second, this

⁴⁴ See for example Art. 19.1 AAA/ICDR Rules and Art. 24(1) UNCITRAL Rules 1976. See also F, 2nd ed. (The Hague: Kluwer Law International, 2014), p.2312-2313 and A. Redfern & M. Hunter, *Law and Practice of International Commercial Arbitration*, 4th edn (London: Sweet and Maxwell, 2004), p.353.

⁴⁵ See for example G. Born, *International Commercial Arbitration*, 2nd ed. (The Hague: Kluwer Law International, 2014), p.2314 and J. Lew, L. Mistelis & S. Kroll, *Comparative International Commercial Arbitration* (The Hague: Kluwer Law International, 2003) p.559–560.

⁴⁶ J. Lew, L. Mistelis & S. Kroll, *Comparative International Commercial Arbitration* (The Hague: Kluwer Law International, 2003), p.560.

⁴⁷ *Ibid.*

⁴⁸ As highlighted above, "discretionary" does not mean arbitrary.

⁴⁹ G. Born, *International Commercial Arbitration*, 2nd ed. (The Hague: Kluwer Law International, 2014), p.2312-2314.

provision vests an arbitral Tribunal with inquisitive powers, as it entitles it to make these orders not only at the request of a party but also on its own motion. The section below separately discusses each of the two strands of Article 50(b).

Production of evidence

- 50.14 Under Article 50(b), an arbitral Tribunal has the power to order a party to produce "documents and other evidence". In this respect, the scope of the measures that can be adopted by an arbitral Tribunal are not limited to documentary evidence but all types of evidence. These two aspects are discussed below.

Document production

- 50.15 The WIPO Rules do not define what should be understood as a "document". In commercial arbitration practice, the term "document" has a broad meaning. For example, the IBA Rules on Evidence in its preamble indicates that document "means a writing, communication, picture, drawing, program or data of any kind, whether recorded or maintained on paper or by electronic, audio, visual or any other means."
- 50.16 Following international arbitration practice, the term "document production" in the WIPO Rules appears to refer to the action of sending copies of the documents in issue to the other side and/or arbitral Tribunal (this is indeed the meaning of this term under Article 3(12) of the IBA Rules on Evidence). This meaning is narrower than that given in some common law jurisdictions where the term "document production" often entails as a primary obligation the duty to permit the inspection of the documents in issue. This is relevant as the WIPO Rules deal separately with the "inspection" of evidence.
- 50.17 Document production within the context of international arbitration is often seen as an element imported from the common law tradition. In reality, however, document production in international arbitration only resembles a specific stage of what forms part of a much wider exercise known as "disclosure" or "discovery" in common law jurisdictions. In fact, in international commercial arbitration there is no "disclosure" of documents in the technical sense employed in some common law countries. For example, in England, within the litigation context, the parties have the duty to disclose documents. In general, this requires the parties first to conduct "a reasonable search" to identify any document that might be relevant to the dispute.⁵⁰ In compliance with this duty, a party is obliged, *inter alia*, to set out on a list all relevant documents, including those that adversely affect the disclosing party's case. Further, the disclosing party sets out on this list the documents that are privileged and therefore not required to be made available for the other side to inspect. This entire exercise is undertaken between the parties without the involvement of the court. If a disputant is dissatisfied with the disclosure made by the other side, it can, *inter alia*, request the assistance of the court by filing a request for production of some types of document (such requests can be quite broad and may give rise to what is often referred to as "fishing expeditions").
- 50.18 In contrast, under the WIPO Rules, reflecting international commercial arbitration practice, the parties do not have a duty to inform their opposing parties of the documents in their possession that might be relevant to the dispute or, in particular, damaging to their own case. In other words, there is no "disclosure" of documents. The parties, however, are entitled to request the assistance of an arbitral Tribunal to direct the other side to produce (not "to disclose" in the technical sense mentioned above) documents.⁵¹

⁵⁰ See The Civil Procedure Rules (CPR), Part 31 – Disclosure and Inspection of Documents - for further details.

⁵¹ In fact, this is not too different from what some codes of civil procedure permit in civil law countries, where parties can obtain (often in a pre-litigation context), the production of specific documents.

50.19 The WIPO Rules leave it to the arbitral Tribunal and the parties to determine specifically how a document production exercise is to be conducted in a given case and the scope of documents that may need to be produced (*i.e.* furnished to the other side). By using its discretion on evidentiary issues, an arbitral Tribunal could accept document production requests which are formulated in broad terms, for example, "production of all the documents on any media created by the Claimant in relation to X widget between 1 September 2011 and 31 December 2013". In practice, broad formulations as this one would be unusual. In customary international commercial arbitration, requests to produce tend to be specific or at least delimited as to the scope of the documents whose production is requested. The IBA Rules on Evidence reflect this approach. In this respect, Article 3(3) of the IBA Rules on Evidence sets out the contents of a request to produce:

"A Request to Produce shall contain:

- (a) (i) a description of each requested Document sufficient to identify it, or
- (ii) a description in sufficient detail (including subject matter) of a narrow and specific requested category of Documents that are reasonably believed to exist; in the case of Documents maintained in electronic form, the requesting Party may, or the Arbitral Tribunal may order that it shall be required to, identify specific files, search terms, individuals or other means of searching for such Documents in an efficient and economical manner;
- (b) a statement as to how the Documents requested are relevant to the case and material to its outcome; and
- (c) (i) a statement that the Documents requested are not in the possession, custody or control of the *requesting* Party or a statement of the reasons why it would be unreasonably burdensome for the requesting Party to produce such Documents, and
- (ii) a statement of the reasons why the requesting Party assumes the Documents requested are in the possession, custody or control of another Party."

50.20 From Article 3(3)(a) and (b) of the IBA Rules on Evidence it follows that parties can request an arbitral Tribunal to order the production of specific documents or "narrow and specific" categories of documents. This is to avoid the so-called "fishing expeditions". The requesting party has also to explain the materiality of these documents and confirm that they are in the possession or control of the other side.

50.21 Article 3(5) of the IBA Rules on Evidence permits a party to resist production of evidence on the grounds set out in Article 9(2) of IBA Rules on Evidence, namely:

- "(a) lack of sufficient relevance to the case or materiality to its outcome;
- (b) legal impediment or privilege under the legal or ethical rules determined by the Arbitral Tribunal to be applicable;
- (c) unreasonable burden to produce the requested evidence;
- (d) loss or destruction of the Document that has been shown with reasonable likelihood to have occurred;
- (e) grounds of commercial or technical confidentiality that the Arbitral Tribunal determines to be compelling;
- (f) grounds of special political or institutional sensitivity (including evidence that has been classified as secret by a government or a public international institution) that the Arbitral Tribunal determines to be compelling; or
- (g) considerations of procedural economy, proportionality, fairness or equality of the Parties that the Arbitral Tribunal determines to be compelling."

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- 50.22 The grounds set out above should be applied by an arbitral Tribunal when the parties have agreed that the IBA Rules on Evidence will be binding.
- 50.23 In practice, in arbitrations in which the IBA Rules on Evidence are not binding but are only considered for guidance purposes, the principal reason under which a party is likely to resist production of documents is legal impediment. In common law jurisdictions, legal impediment is referred to as evidentiary "privilege". In some civil law countries, as discussed below, legal impediments are often covered by specific secrecy obligations.
- 50.24 Common law jurisdictions recognize a variety of evidentiary privileges. One of the most commonly asserted basis of privilege within the context of document production in international arbitration is the protection of certain communications between lawyers and clients. This is termed as "legal privilege" or "attorney-client privilege" depending on the jurisdiction. Under this evidentiary privilege, a party is in a position to refuse the production of documents created for the purposes of obtaining legal advice. In addition, exchanges made with a view to settling a dispute are also considered to be privileged ("settlement privilege", also known in England as the "without prejudice" privilege) and thus an arbitrator may refuse to consider them.⁵²
- 50.25 Evidentiary privileges as such do not form part of the civil law tradition. In many civil law countries, some "secrecy obligations" are imposed upon the members of some professions (such as lawyers and physicians). In observance of these obligations, these professionals must keep in confidence secret or embarrassing information that has been disclosed to them in the course of the exercise of their professions. In some jurisdictions, a disclosure of information covered by such secrecy obligations may be a criminal offence.⁵³ However, these secrecy obligations do not protect the documents of the party that communicated the information to a professional.
- 50.26 These differences in approaches can lead to an imbalance when parties and counsel from the civil law and common law traditions are involved in the same arbitration. A common law arbitrator might be in a position to refuse production of harmful documentation on the basis of privilege, which a civil law arbitrator might not be able to do. With a view to dealing with these potential imbalances, in some cases arbitral Tribunals attempt to level the playfield by applying to all the parties the higher standard of protection under potentially applicable law (sometimes referred to as the "most favored nation" approach).⁵⁴ Due to the flexibility accorded by the WIPO Rules, a WIPO arbitral Tribunal may adopt the specific approach that it considers more appropriate to decide what documents or classes of documents should be excluded from production.
- 50.27 A party that has received a request for production can accept the request and produce the documents in issue or object to it – partially or totally. As discussed above, the specific objections would depend on the framework applicable to the arbitral proceedings. Arbitral Tribunals often resolve disputes on document production by way of orders (rather than by way

⁵² Article 9(2)(e) of the IBA Rules on Evidence goes beyond the normal scope of common law privilege by allowing a party to resist production on grounds of "commercial or technical confidentiality that the Arbitral Tribunal determines to be compelling". Consequently, IP holders concerned at the prospect of having to produce documentation that is commercially or technically confidential may wish to consider agreeing on the IBA Rules on Evidence to apply as binding rules in their arbitrations. The upshot, of course, is that their opposing party would also be able to resist producing the documents in issue on the same ground.

⁵³ For example, in France, a lawyer is bound by a professional secrecy obligation under Art. 66-5 Law of 31 Dec. 1971 and is subject to a sanction pursuant to Art. 226-13 of French Code Penal in case of infringement.

⁵⁴ C. Tevendale & U. Cartwright-Finch, 'Privilege in International Arbitration: Is It Time to Recognize the Consensus?', *Journal of International Arbitration* 26, no.6 (2009): p.834.

of partial awards).⁵⁵ Under the WIPO Rules, an arbitral Tribunal may order the production of documents (and other evidence, as discussed below) "as it considers necessary or appropriate" (Article 50(b)). Therefore, under the WIPO Rules, arbitral Tribunals enjoy broad powers to determine how document production issues are to be resolved.

50.28 In terms of the process regarding a production of documents exercise, in practice, arbitral Tribunals often resort to the use of the so-called Redfern Schedules:

"The Schedule takes the form of a spreadsheet. This is a spreadsheet in which the first column sets out a list and description of the documents requested; the second column sets out the requesting party's justification for the request (including relevance and importance); the third column sets out the requested party's reasons for refusing the request (for example, no such document exists, lack of relevance, proportionality, legal professional privilege, etc.). The final column is left blank, for the Tribunal to record its decision."⁵⁶

50.29 The decision of an arbitral Tribunal on document production will set out the time and form for the relevant party to produce the documents in issue. Normally, the party that has been ordered to produce documents will furnish copies of the same to their opposing party. In practice, these copies are photocopies or scanned versions of the originals, but the requesting party could demand notarized or certified copies or to be given the opportunity of inspecting the originals personally or with the assistance of experts. Inspection is discussed below in relation to the last part of Article 50(b) of the WIPO Rules.

50.30 In practice, particularly where the arbitral Tribunal anticipates that the documentation to be produced will be voluminous, it may direct the producing party to send the documents only to the other side. In such cases, a document so produced will not form part of the record unless a party, by relying upon that specific document, introduces it into the record.

50.31 Arbitral Tribunals do not have coercive powers. Therefore, a party could refuse to comply with an order directing it to produce documents. In that case, under Article 58(d) of the WIPO Rules, the arbitral Tribunal is entitled to draw adverse inferences against the unwilling party. If the documents relate to a significant issue this might well have an impact on the outcome of the case.

Production of other evidence

50.32 The scope of production in Article 50(b) of the WIPO Rules is not limited to documents (which as discussed before has a broad meaning in light of customary international arbitration practice). Beyond documents, a party to a WIPO arbitration may wish to request that a party make available in the proceedings other types of evidence. This would be, for example, the case of portable objects which could be made available at a hearing. A similar reference to "other evidence" can be found in the UNCITRAL Rules (Article 27(3) of the UNCITRAL Rules). Commentary on the UNCITRAL Rules has paid little attention to this term.⁵⁷

⁵⁵ Some authors consider that decisions on document disclosure amount to partial awards; therefore, challengeable and enforceable as any award. See G. Born, *International Commercial Arbitration* 2nd ed. (The Hague: Kluwer Law International, 2014), p.2932-2933.

⁵⁶ A. Redfern & M. Hunter, *Law and Practice of International Commercial Arbitration*, 4th ed. (London: Sweet and Maxwell, 2004), p.358.

⁵⁷ See e.g. Caron *et al*, *The UNCITRAL Arbitration Rules, A Commentary* (2nd ed., 2013), p. 566, 572.

Inspection and testing of property

- 50.33 Article 50(b) of the WIPO Rules also states that an arbitral Tribunal "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." In its ordinary meaning, the term "property" refers to a thing that belongs to someone. Due to the breadth of this term, all sorts of things, including documents, where applicable, could be inspected or tested under the WIPO Rules. As discussed above, in practice, a party who has been ordered to produce documents will send copies of them to the requesting party. On occasion, if the documents in issue are too voluminous, it would be more practical for the opposing party to inspect the documents. A party may also wish to inspect the original documentation if there is any doubt as to its authenticity.
- 50.34 Further, unlike documents, many types of "property" cannot simply be photocopied and sent to a party or the arbitral Tribunal. In those cases, the inspection of the property in issue will be necessary. Under the WIPO Rules, the inspection can be undertaken by (a) the arbitral Tribunal; (b) an expert appointed by the arbitral Tribunal and (c) the other side (the latter situation may entail the involvement of party-appointed experts). The arbitral Tribunal has the power to determine how the inspection is going to take place; for example, it could request that the property in issue be made available at a specific site or, if feasible, brought to a relevant hearing. Particularly in respect of an inspection undertaken by the other side, Article 50(b) complements Article 52 of the WIPO Rules.
- 50.35 In addition, the last part of Article 50(b) of the WIPO Rules permits an arbitral Tribunal to order the testing of property. Testing often entails a degree of involvement beyond that required for an inspection and therefore this provision in the WIPO Rules is far from superfluous. For example, in a dispute involving medicinal drugs, determining whether a patent has been infringed may require testing in a laboratory the drugs manufactured by a Respondent. The term "inspect", on its face, is unlikely to be broad enough to encompass this type of situation.

Experiments

Article 51

- (a) *A party may give notice to the Tribunal and to the other party at any reasonable time before a hearing that specified experiments have been conducted on which it intends to rely. The notice shall specify the purpose of the experiment, a summary of the experiment, the method employed, the results and the conclusion. The other party may by notice to the Tribunal request that any or all such experiments be repeated in its presence. If the Tribunal considers such request justified, it shall determine the timetable for the repetition of the experiments.*
- (b) *For the purposes of this Article, "experiments" shall include tests or other processes of verification.*

- 51.1 Article 51 of the WIPO Rules, which is identical to the provision contained in Article 49 of the 1994 version of the WIPO Rules, is unique amongst the rules of the leading arbitral institutions. It reflects the IP focus of the WIPO Rules. The words of one of the drafters of the WIPO Rules of 1994 on this provision are illustrative:

"As I understand Article 49, which I have never seen in any other arbitration rules, it enables a party which wants to memorialize the results of tests or experiments to do

so in a somewhat formalized manner. If you did not have these Rules and if you did not have this idea, you might carry out an experiment on your own and then at some later time, perhaps much later, have to try to demonstrate that you conducted an experiment even though you did it unilaterally without putting anyone on notice, that you had done so in a careful way and that it should be given weight. Article 49 allows you to raise the stakes immediately by announcing your intention to rely on such an experiment, thereby putting the other side on notice of its possibility to comment on or challenge the method used, and drawing inferences if it remains silent. Thus is provided a way of both memorializing and verifying the result of that experiment. This mechanism m[a]y or may not have appeal, depending on what special area of intellectual property is involved." (emphasis in the original document)".⁵⁸

51.2 Article 49, now Article 51, resembles English patent litigation practice which makes a provision for the witnessed repetition of experiments. In this respect, it has been said:

"Specific provisions for experimental evidence, and in particular those that provide for witnessed repetition of experiments produced specifically for the purposes of the litigation are not the norm in most national patent litigation systems, although it is for example in that form in England. In contrast, most systems generally admit such experimental results on the written evidence of the person conducting the experiment, the submission of which evidence then typically elicits experimental evidence from the other party that apparently reaches a different result. Providing for witnessed repetitions, as is the practice in English patent litigation, enables matters such as the small differences in condition that can have such an effect on the outcome of an experiment to be identified, although this does come at a price, as witnessed repetitions can add considerably to the cost of the proceedings."⁵⁹

Site Visits

Article 52

The Tribunal may, at the request of a party or on its own motion, inspect or require the inspection of any site, property, machinery, facility, production line, model, film, material, product or process as it deems appropriate. A party may request such an inspection at any reasonable time prior to any hearing, and the Tribunal, if it grants such a request, shall determine the timing and arrangements for the inspection.

52.1 The WIPO Rules permit an arbitral Tribunal, *sua sponte* or upon a party's request, to make inspections of sites, a number of different tangible goods and processes. A party has to make its request before the hearing. This provision is narrower than Article 50(b) of the WIPO Rules as the inspection under this provision can only be undertaken by the arbitral Tribunal. On the other hand, it is broader than Article 50(b) as it also includes "sites" which do not appear to fall within the scope of Article 50(b).

⁵⁸ Jan Paulsson, "The Conduct of Arbitral Proceedings Under the Rules of Arbitration Institutions; The WIPO Arbitration Rules in a Comparative Perspective, Articles 48 to 58 and 73 to 76", Conference on Rules for Institutional Arbitration and Mediation, Conference on Rules for Institutional Arbitration and Mediation, Conference on Rules for Institutional Arbitration and Mediation 20 January 1995, Geneva, Switzerland, available at <http://www.wipo.int/amc/en/events/conferences/1995/paulsson.html>.

⁵⁹ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010), p.212, footnote 123.

52.2 This provision is also identical to that in the WIPO Rules of 1994 (Article 50). In relation to this provision, one of the drafters of the 1994 Rules indicated:

"The site visit provision (Article 50) is not particularly remarkable, except that you will see in the second sentence that site visits may be provoked by a party. The usual idea is that arbitrators might -on their motion, or if asked by a party- consider the wisdom of making site visit. Here the indication is given that it may also be important for the purposes of examining, for example, machinery, that a party unilaterally moves for a site visit prior to the hearing."⁶⁰

Agreed Primers and Models

Article 53

The Tribunal may, where the parties so agree, determine that they shall jointly provide:

- (i) a technical primer setting out the background of the scientific, technical or other specialized information necessary to fully understand the matters in issue; and*
- (ii) models, drawings or other materials that the Tribunal or the parties require for reference purposes at any hearing.*

53.1 Similarly to Article 51, this provision is unique to the WIPO Rules. It is identical to Article 51 of the 1994 and 2002 versions of the WIPO Rules. In respect of the 1994 version of the WIPO Rules, one of its drafters indicated on this provision:

"Agreed Primers and Models (Article 51). Like Article 49, Article 51 is one which I have not seen in other arbitration rules. Consider that when you have a three-member Tribunal, the odds are that the arbitrators' expertise will be unequal. Hence, in the appropriate case, the notion of agreeing words or certain technical concepts or the basic presumptions under which parties are discussing technical matters might be very useful for the Tribunal in understanding the case and for counsel in presenting it. Thus one may establish nomenclature or a set of concepts which are common to everyone participating in the arbitration, and no one needs to worry that some novel understanding of nomenclature is only going to come up one day in deliberations without notice to the lawyers or to the parties."⁶¹

53.2 Probably the most significant value of this provision rests on the fact that the parties have to agree and jointly provide elements that will help the arbitral Tribunal resolve the dispute. Parties to IP arbitrations usually explain the technology in issue in their submissions and they unilaterally produce models that can assist their case. What is unique in this provision, which has been used in practice, is that the parties engage in finding and presenting common ground to explain the "nuts and bolts" of the background or underlying technology. In cases involving highly complex technical issues, having an arbitral Tribunal that understands the underlying background, can only help the proper resolution of a dispute.

⁶⁰ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010), emphasis in the original document.

⁶¹ *Ibid*, p.212, footnote 123, emphasis in the original document.

Disclosure of Trade Secrets and Other Confidential Information

Article 54

- (a) *For the purposes of this Article, confidential information shall mean any information, regardless of the medium in which it is expressed, which is:*
- (i) *in the possession of a party;*
 - (ii) *not accessible to the public;*
 - (iii) *of commercial, financial or industrial significance; and*
 - (iv) *treated as confidential by the party possessing it.*
- (b) *A party invoking the confidentiality of any information it wishes or is required to submit in the arbitration, including to an expert appointed by the Tribunal, shall make an application to have the information classified as confidential by notice to the Tribunal, with a copy to the other party. Without disclosing the substance of the information, the party shall give in the notice the reasons for which it considers the information confidential.*
- (c) *The Tribunal shall determine whether the information is to be classified as confidential and of such a nature that the absence of special measures of protection in the proceedings would be likely to cause serious harm to the party invoking its confidentiality. If the Tribunal so determines, it shall decide under which conditions and to whom the confidential information may in part or in whole be disclosed and shall require any person to whom the confidential information is to be disclosed to sign an appropriate confidentiality undertaking.*
- (d) *In exceptional circumstances, in lieu of itself determining whether the information is to be classified as confidential and of such nature that the absence of special measures of protection in the proceedings would be likely to cause serious harm to the party invoking its confidentiality, the Tribunal may, at the request of a party or on its own motion and after consultation with the parties, designate a confidentiality advisor who will determine whether the information is to be so classified, and, if so, decide under which conditions and to whom it may in part or in whole be disclosed. Any such confidentiality advisor shall be required to sign an appropriate confidentiality undertaking.*
- (e) *The Tribunal may also, at the request of a party or on its own motion, appoint the confidentiality advisor as an expert in accordance with Article 57 in order to report to it, on the basis of the confidential information, on specific issues designated by the Tribunal without disclosing the confidential information either to the party from whom the confidential information does not originate or to the Tribunal.*

- 54.1 Arbitration under the WIPO Rules is confidential, in the sense that the parties to proceedings are obliged not to disclose to third parties what has transpired in the arbitration. The principle of confidentiality as enshrined in those provisions protects the implicit understanding that those parties that submit a dispute to the WIPO Rules wish to have their dispute resolved away from the public eye. Those provisions are not specifically geared at protecting the parties' information on the basis of their potential intrinsic value. This is an aspect specifically addressed by Article 54 of the WIPO Rules, which protects information "of commercial, financial or industrial significance." This provision, which was innovatively introduced by the WIPO Rules of 1994, aims at protecting information with an intrinsic value

not only in respect of third parties but also from opposing parties and even the arbitral Tribunal itself.

54.2 Article 54 of the WIPO Rules empowers an arbitral Tribunal to order measures of protection in respect of information that it considers confidential for the purposes of the WIPO Rules. For those measures to apply, the arbitral Tribunal has to be satisfied that two basic requirements are met: (a) the information in issue must be confidential and (b) “[...] *the absence of special measures of protection in the proceedings would be likely to cause serious harm to the party invoking its confidentiality.*” The first requirement, in turn, requires the requesting party to establish to the arbitral Tribunal's satisfaction that the information in issue is:

- "(i) in the possession of a party;
- (ii) not accessible to the public;
- (iii) of commercial, financial or industrial significance; and
- (iv) treated as confidential by the party possessing it."

54.3 As to the first element (*i.e.* the information must be in the possession of a party), one would assume that this refers only to the moving party and not to both parties. Secondly, obviously, to claim confidentiality, the information must not be in the public domain. The third requirement (*i.e.* commercial, financial or industrial significance) reflects the purpose of protecting information that has an intrinsic value. Trade secrets are the archetypical example of this kind of information. However, other information, for example, on the accounting of a business can equally be sensitive. The party that possesses the information in issue – the requesting party – has to show that it treats the information as being confidential. This often would require explaining to the arbitral Tribunal the measures that the party employs to ensure that the information is not divulged.

54.4 For obvious reasons, the requesting party does not need to furnish with its application the information for which it seeks special measures of protection. Although the WIPO Rules do not indicate that the opposing party is to be given an opportunity to comment on the application, on the basis of the principle of due process, an arbitral Tribunal in all likelihood will give the other side a reasonable opportunity to make comments.

54.5 The WIPO Rules do not explicitly indicate whether the arbitral Tribunal is to have access to the information in issue to make a decision after an application has been filed. In light of the provisions dealing with a confidentiality adviser in the WIPO Rules (discussed below), it is possible to conclude that the arbitral Tribunal is indeed empowered to review the information to decide whether it can be considered confidential under the WIPO Rules. If the arbitral Tribunal were to make a decision on the sole basis of the summary set out in the application, the determination of this issue would ultimately depend on the characterization unilaterally made by the requesting party – particularly so in respect of the commercial, financial or industrial significance of the information. An arbitral Tribunal's review of the information can give rise to complications in practice as the requesting party could seek to make a disclosure to the arbitral Tribunal on an *ex parte* basis. In general, on due process grounds, *ex parte* exchanges between a party and the arbitral Tribunal are impermissible and can even lead to the setting aside or non-recognition of a resulting award. As such, it is suggested that an arbitral Tribunal should be careful to accept *ex parte* disclosures. A potential solution that might balance the concerns of the disclosing party and the imperative of observing the due process principle consists of limiting the disclosure of the information in issue to specific individuals acting on behalf of the opposing party, such as lawyers and experts. On the basis that a party's lawyers and experts need to take instructions it may be necessary to permit at least that one representative of the non-disclosing party have access to the information in issue. The disclosing party may of course wish that all individuals becoming privy to the information in issue conclude proper confidentiality agreements.

54.6 Instead of reviewing the documents itself and making a decision as to whether special measures of protection are required, the arbitral Tribunal can request the assistance of a third party, a “confidentiality advisor”. A confidentiality advisor can only be appointed in “exceptional circumstances” and after hearing the views of the parties. The appointment can be made by the arbitral Tribunal on its own volition or at the request of a party. The confidentiality advisor must enter into a confidentiality undertaking.

54.7 The confidentiality advisor mechanism in the WIPO Rules has influenced other rules. In particular, following the WIPO Rules, Article 3(8) of the IBA Rules on Evidence also provide for a kind of “confidentiality advisor”:

“[I]n exceptional circumstances, if the propriety of an objection can be determined only by review of the Document, the Arbitral Tribunal may determine that it should not review the Document. In that event, the Arbitral Tribunal may, after consultation with the Parties, appoint an independent and impartial expert, bound to confidentiality, to review any such Document and to report on the objection. To the extent that the objection is upheld by the Arbitral Tribunal, the expert shall not disclose to the Arbitral Tribunal and to the other Parties the contents of the Document reviewed.”

54.8 In relation to the usefulness of the “confidentiality advisor” mechanism, one of the drafters of the WIPO Rules of 1994 has stated:

“I can give you two reasons why [a confidentiality advisor] might be useful. The first is technical and the other one verges on the ethical. The technical reason might simply be that the arbitrator or the arbitral Tribunal, given the particular trade secrets or confidential information involved, may not feel equipped to deal with the claim of privilege and therefore wants to appoint a particularly competent person. The other reason – one is almost reluctant to imagine the case arising – would be found in a case of such intense mutual distrust that one party does not want the Tribunal to see the documents because it assumes that the other party has appointed an unscrupulous arbitrator who will be the source of a leak. This circumstance, which one ardently hopes will never arise, would be catered for by the appointment of a confidentiality advisor.”⁶²

54.9 It is submitted that arbitral Tribunals should be cautious when deciding to resort to a confidentiality advisor. Under the WIPO Rules a confidentiality advisor is to decide (a) whether a document is confidential and (b) the measures of protection that are to be taken. This could be considered as a delegation of the powers of the arbitral Tribunal to decide a dispute (or issues within a dispute). Arbitrators act in a personal capacity for the purposes of resolving a dispute and therefore they cannot delegate their decision-making powers. It is suggested that an arbitral Tribunal wishing to appoint a confidentiality advisor should secure the express consent in writing of all the parties to the proceedings ahead of this appointment.

54.10 Article 54(e) permits an arbitral Tribunal to appoint an existing confidentiality advisor as a Tribunal-appointed expert for the purpose of reporting on specific issues in respect of confidential information without disclosing the underlying information to the Tribunal or the opposing party. This provision is based on the assumption that a confidentiality advisor has been appointed and that he/she has made a decision confirming that there is confidential

⁶² Jan Paulsson, ‘The Conduct of Arbitral Proceedings under the Rules of Arbitration Institutions; The WIPO Arbitration Rules in a Comparative Perspective (Articles 48 to 58 and 73 to 76)’, Conference on Rules for Institutional Arbitration and Mediation, 20 Jan. 1995, Geneva, Switzerland.

information for the purposes of the WIPO Rules. To date, no Tribunal acting in a WIPO arbitration has availed itself of its powers under Article 54(e).

Hearings

Article 55

- (a) *If either party so requests, the Tribunal shall hold a hearing for the presentation of evidence by witnesses, including expert witnesses, or for oral argument or for both. In the absence of a request, the Tribunal shall decide whether to hold such a hearing or hearings. If no hearings are held, the proceedings shall be conducted on the basis of documents and other materials alone.*
- (b) *In the event of a hearing, the Tribunal shall give the parties adequate advance notice of the date, time and place thereof.*

- 55.1 Article 55 of the WIPO Rules sets out a general framework for arbitral hearings. Hearings are a common feature in the prevailing practice of international arbitration and, generally speaking, can serve two purposes: the taking of evidence (in particular, witness and expert testimony) and the delivery of oral arguments. Article 55 of the WIPO Rules expressly refers to these two purposes. In general, Article 55 refers to the principal hearing or sole hearing of an arbitration. In practice, there can be several hearings on discrete issues in an arbitration, for example, jurisdictional hearings and quantum hearings. Article 55 will apply *mutatis mutandis* to these specific hearings. For the avoidance of confusion, we refer to the hearing discussed in Article 55 as the “principal hearing”.
- 55.2 In practice, it is common for the principal hearing in arbitration to encompass both the taking of evidence and oral argument. The principal hearing in international arbitration is shorter (quite often a week or so) than a trial in a common law jurisdiction. Cross-examination tends to be focused on a number of narrow issues in international arbitration. Opening and closing statements at the hearing tend to be brief (and sometimes they are dispensed with altogether), as most arguments are developed by the parties by way of written submission. The relative brevity of a principal hearing is quite often the result of practical considerations: the longer the hearing, the more expensive the arbitration will be. This is not a petty consideration as the parties have to bear the cost of hearing rooms, accommodation, transcribers, and the fees of their fully-engaged lawyers and of the arbitral Tribunal when they charge on a time-spent basis, which is the case under the WIPO Rules. Further, when a dispute is submitted to a three member arbitral Tribunal, it is often difficult to block lengthy periods on the calendars of busy arbitrators.
- 55.3 From a civil law perspective, in general, a hearing lasting a week is perhaps rather long. However, due to the hybrid nature of international arbitration, there is more reliance on witness evidence and thus the examination of factual witnesses is accorded more relevance than in many civil law jurisdictions. Due to the attendant costs of hearings, keeping them as brief as possible is cost-efficient.
- 55.4 Under the WIPO Rules, an arbitral Tribunal is obliged to hold a hearing if at least one of the parties requests it. If no party requests a hearing, the arbitral Tribunal can decide to hold hearing(s) or resolve the dispute on the basis of the documents and other materials put forward by the parties.
- 55.5 The arbitral Tribunal must give the parties sufficient notice of any hearing. In practice, the schedule for an arbitration is often set in a backward fashion once the timing for the principal

hearing has been discussed between the arbitral Tribunal and the parties. In most cases, an arbitral Tribunal's directions on the hearing will be set out in a procedural order.

- 55.6 The WIPO Rules leave it to the arbitral Tribunal and the parties to determine how the hearing is going to be conducted. In practice, this is done in accordance with the relevant procedural order or as agreed on in the pre-hearing conference call or meeting.⁶³ At the beginning of the hearing, the arbitral Tribunal and the parties will discuss any pending issue. The presiding arbitrator will normally open the hearing and give directions as to how it will be conducted. If envisaged in the arbitral Tribunal's directions, the parties' advocates deliver their opening speeches. It is customary for the Claimant's advocates to go first. Subsequently witnesses and experts are examined. It is also customary for the Claimant's witnesses to be examined first. Thereafter, if so agreed, the parties' advocates may deliver closing speeches. In practice, in an increasing number of arbitrations, closing speeches are delivered in writing, often at an interval after the end of the hearing in which case they are commonly referred to as "post-hearing submissions".
- 55.7 Pursuant to Article 55(c), third parties to the proceedings (such as members of the public) are not allowed to attend the hearing unless otherwise agreed to by all parties. In other words, the hearing, in principle, is private.
- 55.8 Under Article 55(d), the arbitral Tribunal is to determine whether there should be a recording of the contents of the hearing and, if so directed, its form. Invariably, the contents of a principal hearing will be recorded in one way or another. Quite often, a stenographic record would be the best method, albeit this can be expensive. An alternative consists of taping the contents of a hearing, and, subsequently, to produce a transcript. This is cheaper than resorting to a stenographic record, but at times it might be difficult to determine who said what on the basis of a tape. For hearings at which no evidence is taken, on occasion the secretary to the arbitral Tribunal (if any), may take a note, which is later circulated and possibly agreed with the parties.
- 55.9 Where hearing rooms are available at WIPO premises in Geneva, which upon sufficient notice will ordinarily be the case, the Center provides such facilities free of charge to the parties in WIPO arbitrations.
- 55.10 Where for any reason the hearing is not held at the WIPO premises and therefore expenses are to be incurred for it, these expenses would normally be paid by the Center from the deposits made by the parties. Article 73(a)(iv) treats such expenses as part of the expenses that may be subject to a costs award.

Witnesses

Article 56

- (a) *Before any hearing, the Tribunal may require either party to give notice of the identity of witnesses it wishes to call, whether witness of fact or expert witness, as well as of the subject matter of their testimony and its relevance to the issues.*
- (b) *The Tribunal has discretion, on the grounds of redundancy and irrelevance, to limit or refuse the appearance of any witness.*

⁶³ For a discussion on most aspects of the organization of a hearing, see s. 2 of this chapter.

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- (c) *Any witness who gives oral evidence may be questioned, under the control of the Tribunal, by each of the parties. The Tribunal may put questions at any stage of the examination of the witnesses.*
 - (d) *The testimony of witnesses may, either at the choice of a party or as directed by the Tribunal, be submitted in written form, whether by way of signed statements, sworn affidavits or otherwise, in which case the Tribunal may make the admissibility of the testimony conditional upon the witnesses being made available for oral testimony.*
 - (e) *A party shall be responsible for the practical arrangements, cost and availability of any witness it calls.*
 - (f) *The Tribunal shall determine whether any witness shall retire during any part of the proceedings, particularly during the testimony of other witnesses.*

56.1 Article 56 of the WIPO Rules provides guidance on the taking of evidence of both witnesses of fact and opinion (expert) evidence. The term “witness” as used in this provision, includes both fact witnesses and party-appointed experts. In this section of this commentary, unless the context indicates otherwise, the term witness is also employed in this broad sense. Under Article 56(a), an arbitral Tribunal has the power to request the parties to provide the name of any fact witness or party-appointed expert, a description of the subject matter of his/her evidence and its relevance. In light of the customary practice of international arbitration, all this information will be clear well ahead of any hearing on the merits. This is because in most cases, fact witnesses and party-appointed experts will submit part of their evidence in writing ahead of the hearing, in the form of witness statements or expert reports. These documents are used in lieu of the examination in chief (also referred to as direct examination) of the relevant witness. As such, the focus of the hearing will often be on cross-examination. Reflecting customary practice, Article 56(d) of the WIPO Rules entitles parties to submit their evidence in chief by way of witness statements or expert reports.

56.2 Article 56(b) reinforces the principle that the arbitral Tribunal has discretion in relation to evidentiary issues. The arbitral Tribunal has the power to limit or refuse the appearance of a witness or expert at the hearing on the grounds that the evidence is redundant and irrelevant. This would be the case, for example, of evidence being offered to establish a factual issue that is not in dispute or that falls outside the arbitral Tribunal's reference. In these cases, if the expert has produced a witness statement or an expert report, it is likely that these documents will be excluded from the record.

56.3 Article 56(c) provides for the foundation for the cross-examination of witnesses and party-appointed experts at the hearing. The main principle is that the arbitral Tribunal is the master of the proceedings and cross-examination is to be performed under the supervision of the arbitral Tribunal. By virtue of this power, an arbitral Tribunal, for example, may request that a party advocate's line of questioning change course or clarify the relevance of a line of inquiry. The arbitral Tribunal has the power to put questions to the witnesses at any stage of the examination. Arbitrators from the civil law tradition may normally adopt a more inquisitive approach to questioning. This is appropriate insofar as it seeks to clarify the evidence, but on occasion it might interrupt the flow of an advocate's cross-examination.

56.4 Article 56(d) reflects arbitration law practice. As discussed above, it is common for parties to submit witness statements and expert reports in lieu of direct evidence. The WIPO Rules give the arbitral Tribunal and the parties leeway to determine the specific form of written testimony. In respect of factual witnesses, in most cases, it would take the form of a witness statement, that is, a document setting out a witness evidence and signed by the witness. At the

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- commencement of the hearing, the relevant witness will be asked to recognize his/her signature and to confirm whether the contents of the witness statement are accurate. A party could file affidavits, which is a written statement signed and sworn before an officer who is authorized to take oaths.
- 56.5 An expert report will often be signed by the relevant expert who will be asked to recognize his/her signature and the accuracy of the expert report at an evidentiary hearing.
- 56.6 An arbitral Tribunal operating under the WIPO Rules may make the admissibility of the relevant testimony conditional upon the witnesses being made available for oral testimony. In such a case, if the relevant fact witness or expert is not made available, then the witness statement or expert report will be struck out from the record and will be accorded no probative value. The use of the term “made available” connotes that the admissibility of witness statements and expert reports does not depend on the witness being cross-examined but rather on being present at the hearing. If the opposing party chooses not to cross-examine a witness at all, the evidence will be added to the record.
- 56.7 In some common law jurisdictions, if the contents of a witness statement or expert report are not expressly challenged by the other side’s advocate, the relevant evidence might be considered undisputed. In international arbitration practice this rule is not strictly followed. As hearings tend to be condensed by common law standards, it is often difficult for an advocate to challenge all the evidence set out in a witness statement. Of course, when weighing the evidence before it, an arbitral Tribunal could take into account a party’s failure to challenge a vital part of a testimony.
- 56.8 Article 56(e) places upon the parties the duty to make any logistical arrangements and ensure the availability of any witness it calls. A party calling a witness will normally pay his/her expenses in relation to the delivery of evidence, subject to a costs order in the arbitration award.
- 56.9 Article 56(f) deals with what is often referred to as the “sequestration” of witnesses. With a view to avoiding that a witness changes his/her evidence on the basis of what another witness says at the hearing, arbitral Tribunals operating under the WIPO Rules are expressly empowered to direct a witness to leave the hearing room. The sequestration of witnesses will be rarely appropriate in respect of expert evidence given on a same issue. In such cases, it will indeed assist the resolution of a dispute if the experts have the opportunity to witness, and subsequently comment on, the evidence of the other side’s expert. The practice of concurrent evidence, sometimes referred to as “hot tubbing”, is a testament to the value of party-appointed experts interacting and giving evidence on the same issues.

Experts Appointed by the Tribunal

Article 57

- (a) *The Tribunal may, at the preparatory conference or at a later stage, and after consultation with the parties, appoint one or more independent experts to report to it on specific issues designated by the Tribunal. A copy of the expert's terms of reference, established by the Tribunal, having regard to any observations of the parties, shall be communicated to the parties. Any such expert shall be required to sign an appropriate confidentiality undertaking.*
- (b) *Subject to Article 54, upon receipt of the expert's report, the Tribunal shall communicate a copy of the report to the parties, which shall be given the opportunity to express, in writing, their opinion on the report. A party may,*

subject to Article 54, examine any document on which the expert has relied in such a report.

(c) At the request of a party, the parties shall be given the opportunity to question the expert at a hearing. At this hearing, the parties may present expert witnesses to testify on the points at issue.

(d) The opinion of any expert on the issue or issues submitted to the expert shall be subject to the Tribunal's power of assessment of those issues in the context of all the circumstances of the case, unless the parties have agreed that the expert's determination shall be conclusive in respect of any specific issue.

57.1 Article 57 deals with experts appointed by the arbitral Tribunal. As discussed above, Article 56 deals with both factual witnesses and party-appointed experts. The WIPO Rules expressly vest arbitral Tribunals with the power to appoint an expert that will report to the arbitral Tribunal. This is understandable given that many disputes resolved under the WIPO Rules involve highly complex technical issues, as to which the arbitral Tribunal may wish to seek expert input, often additional to that of the parties, but sometimes instead. Although the parties may be in a position to appoint an arbitral Tribunal with a specific background, this provision allows, in any event, the arbitral Tribunal to bridge any potential gaps in terms of expertise.

57.2 In practice, one of the most significant questions that the arbitral Tribunal and the parties may face is whether a Tribunal-appointed expert is to be appointed in lieu of or in addition to party-appointed experts. In fact, Article 57(d) recognizes that there will be situations in which both a Tribunal-appointed expert and party appointed-experts will be involved in an arbitration.

57.3 In many cases, particularly in large and complex disputes, parties tend to appoint their own experts. An expert working alongside a party and its legal advisers can often help a party understand the weaknesses and strengths of its case. As such, many parties may be reluctant not to appoint their own experts and instead let technical issues to be decided by an expert appointed by the arbitral Tribunal. This could be seen as too risky.

57.4 On the other hand, in smaller disputes where cost-efficiency is paramount, the appointment of an expert by the arbitral Tribunal can dramatically reduce the costs incurred by the parties. To an extent, however, the arbitral Tribunal and the parties might be relying on the opinion of a sole expert on factual issues of expertise that might be critical to the dispute.

57.5 If Tribunal-appointed experts are appointed in addition to party-appointed experts, costs in all likelihood would increase. Ultimately, under the WIPO Rules the decision would depend on whether the arbitral Tribunal considers that hearing the evidence of party-appointed experts would suffice.

57.6 Article 57(a) deals with the logistics of the appointment of an expert. The arbitral Tribunal is to discuss such an initiative with the parties and identify specific issues on which expert evidence is required. Any Tribunal-appointed expert is to sign a statement of impartiality and independence and a confidentiality undertaking, most likely prepared by the arbitral Tribunal with the input of the parties. Contractually, the relationship with a Tribunal-appointed expert will usually be between the Tribunal and the expert. The fees of the Tribunal-appointed expert will be paid by the arbitrators and would be part of the costs of the Tribunal, for which advance costs are requested from time to time. But the Tribunal and the parties are free to agree that the parties pay such an expert directly. The Center maintains a list of persons with specific technical knowledge biochemistry, machinery, chemical engineering, biology and ICT, and

therefore arbitral Tribunals may wish to consult the Center with a view to identifying a suitable expert.

- 57.7 Under Article 57(b), upon its receipt by the arbitral Tribunal, the expert report is to be shared with the parties, subject to protective measures for information that has an intrinsic value (Article 54). To ensure observance of the parties' right to be heard, the parties are entitled to put forward their views on the expert report. Further, a party may, subject to protective measures under Article 54 if necessary, review any documents upon which the expert relied in his/her report. It is submitted that any such document should be made available to all the parties in the proceedings, so as to avoid any procedural fairness concerns and any *ex parte* exchange between a party and the Tribunal-appointed arbitral Tribunal.
- 57.8 Under Article 57(c), Tribunal-appointed expert witnesses can be subject to questioning at a hearing if a party so requests. Given that the expert has been appointed by the Tribunal, the questioning is perhaps unlikely to be the usual cross-examination common law adversarial style. The second sentence of Article 57(c) envisages the possibility of a party appointed-expert to be questioned at the same hearing as party-appointed expert witnesses. This opens up the possibility of using modern techniques to examine expert witnesses, including the so-called "hot tubbing", whereby a Tribunal asks a specific question to all the experts, who answer it in turns.
- 57.9 Article 57(d) makes plain that, unless the parties agree otherwise (which would be rare), a Tribunal-appointed expert is not permitted to decide any issues in dispute. Any opinion by such an expert is subject to the general fact-finding and assessment powers of the arbitral Tribunal. So far, binding expert determination has not been chosen by parties involved in WIPO arbitrations. Under the WIPO Expert Determination Rules, the outcome of the determination is binding unless otherwise agreed by the parties although, as contrasted with arbitration, expert determination does not have *res judicata* effect.

Default

Article 58

- (a) *If the Claimant, without showing good cause, fails to submit its Statement of Claim in accordance with Article 41, the Tribunal shall terminate the proceedings.*
- (b) *If the Respondent, without showing good cause, fails to submit its Statement of Defense in accordance with Article 42, the Tribunal may nevertheless proceed with the arbitration and make the award.*
- (c) *The Tribunal may also proceed with the arbitration and make the award if a party, without showing good cause, fails to avail itself of the opportunity to present its case within the period of time determined by the Tribunal.*
- (d) *If a party, without showing good cause, fails to comply with any provision of, or requirement under, these Rules or any direction given by the Tribunal, the Tribunal may draw the inferences therefrom that it considers appropriate.*

- 58.1 Article 58 of the WIPO Rules concerns a party's failure to participate as required in the arbitration proceedings. Paragraphs (a) and (b) deal with specific important instances of such failure, whilst paragraphs (c) and (d) apply more generally to failures to participate, but each lay down a different consequence of it. In its structure and requirements it bears a degree of similarity to the default provision of the current (2013) version of the UNCITRAL Arbitration

Rules, and to the latter's predecessors.

- 58.2 Many arbitration rules expressly enunciate a general obligation on the parties to proceed in good faith and expeditiously, but the WIPO Rules do not. This is not necessarily a *lacuna* in the WIPO Rules, as the requirements in Article 58 upon the parties -although expressed in more specific terms- will almost always entail that parties should participate in good faith in an arbitration and act with due expedition. At all events, many arbitration law systems foresee such general requirements in which case they would apply alongside the Article 58 requirements to the same effect.
- 58.3 The requirements of Article 58 of the WIPO Rules proceed from other Articles of the Rules and any direction given by the Tribunal - the latter which will have been made consistently with Article 37(c) of the WIPO Rules, requiring the Tribunal "[to] ensure that the arbitral procedure takes place with due expedition". These sources of obligation, although only expressly designated in paragraph (d) of Article 58, apply generally in the Article.
- 58.4 In general, Respondents will usually be under an incentive not to speed the arbitration along, and with it the day they may potentially be ordered to honor an award in favor of the Claimant. By contrast, Claimants generally wish the arbitration to advance as soon as possible to the day of an award against the Respondent. Nonetheless, there may be reasons for a Claimant to wish to delay, such as most usually where the Claimant needs extra time to secure finance for the arbitration.
- 58.5 Paragraph (a) of Article 58 relates to a Claimant's failure to submit the Statement of Claim contemplated in Article 41 of the WIPO Rules. It does not relate to a Statement of Claim submitted with the Request under Article 10 of the Rules since this is at the Claimant's option. The Statement of Claim is conceived under the Rules and in practice as containing the Claimant's entire case in writing. It is the Claimant's principal opportunity to make its case. Thus, a Claimant's failure to submit the Statement of Claim as scheduled "without showing good cause" is a sufficiently great breach of the WIPO Rules to justify the termination of the proceedings, as foreseen in Article 58(a) of the Rules.
- 58.6 The significance of a breach of these obligations by Claimant explains why it alone among Claimant breaches receives individual mention in this Article. The consequence of a Claimant's failing to submit its Statement of Claim as scheduled is that in the absence of the Claimant's showing good cause the Tribunal is obligated to terminate the arbitration. Good cause for not filing the Statement of Claim as scheduled must be a compelling reason, in view of the importance of efficiency in the arbitral proceedings and the adverse consequences of delay.
- 58.7 One might conceive the possibility of a rule entailing the severe consequence of dismissal of the claim only if the Claimant is given a second opportunity to submit its case and fails to do so. But the drafters of the WIPO Rules have not preferred this solution, on the basis that the Statement of Claim does represent the Claimant's fullest opportunity to express its case, and also that waiting to dismiss until later will invariably compound the inconvenience and cost to the Respondent.
- 58.8 There is a question as to whether upon such termination the Claimant may introduce the same claims in another, later arbitration. While nothing in the WIPO Rules prohibits this, the law of the place of arbitration will also apply to govern this question. It will be unusual to find any such impediment in arbitration law systems around the world. The determination will in practice be made by the Tribunal in the later proceedings who in the absence of any clear legal impediment or other compelling circumstances will ordinarily allow the renewed claim to proceed.

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- 58.9 As with Article 67(b) of the WIPO Rules, “termination” of the arbitration does not necessarily entail that the Tribunal issues an award declaring the arbitration terminated. Nonetheless, where a Respondent has incurred costs in defending itself up to the stage of the Statement of Claim, and notably where a Respondent has prepared and submitted an Answer to the Request, it will wish to have an award of costs in its favor against the defaulting Claimant. In such case, the Tribunal will ordinarily issue an award in relation to costs, and that award will usually record that the arbitration has been terminated, for the Claimant’s failure to prosecute it.
- 58.10 Article 58(b) is for Respondents the converse of Article 58(a) for Claimants. It is appropriate that individual regulation be provided for the Respondent’s failure to submit its Statement of Defense as scheduled since it is conceived under the WIPO Rules and in practice as containing the Respondent’s entire case in writing. It is the Respondent’s principal opportunity to make its case. However, a Respondent’s default is treated differently than a Claimant’s default to file its Statement of Claim. In the former case, the proceedings will simply become a “default” arbitration, which should be resolved on the merits.
- 58.11 The consequence of the Respondent’s failing to submit its Statement of Defense as scheduled “without showing good cause” is the same as that generally, in Article 58(c) of the WIPO Rules, namely the Tribunal is expressly empowered nonetheless to proceed with the arbitration and make the award. This identity of legal consequence of the failure to submit the Statement of Defense with any other failure to avail oneself of the opportunity to present one’s case underlines that it is an instance of this general category.
- 58.12 Article 58(c) expresses the principle operating in international arbitration and in procedural systems generally that the satisfaction of a party’s procedural rights does not require that the rights have been actually exercised, but rather that an appropriate opportunity has been given to the party to exercise them. The reason why opportunity and not actual exercise is relevant as regards rights of the Defense is that a party cannot be permitted to interfere with the efficient conduct and conclusion of an arbitration and then claim that its procedural rights were not protected.
- 58.13 Article 58(d) provides the consequence of the arbitration going forward despite the default, pursuant to Article 58(c), namely it empowers the Tribunal expressly “[to] draw the inferences therefrom that it considers appropriate”. The classical use of inferences in international arbitration is the adverse evidential inference drawn against a party that fails to honor an obligation to produce documents. This use is largely motivated by arbitrators’ lack of coercive powers, as opposed to the position enjoyed by State court judges. The threat of an adverse factual finding incentivizes parties to observe their document production obligations, and the drawing of an adverse inference is a legal consequence rationally connected to the violation which is in the arbitrators’ power to apply.
- 58.14 Whilst an adverse evidential inference is the classic case of an inference in international arbitration, this is not intended to be the only type of inference available to arbitrators under Article 58(d). To draw an inference, the arbitrators should satisfy themselves that i) it is rationally connected to the violation, ii) it is appropriate and proportionate in view of the violation, iii) there is no reasonable explanation for the violation, iv) the inference is not inconsistent with any other established element in the arbitration, and v) the party against whom the inference is to be drawn is forewarned or could reasonably expect that its violation will occasion the inference.⁶⁴ In view of this last element, it may be appropriate for a Tribunal

⁶⁴ See Jeremy K. Sharpe, “Drawing Adverse Inferences from the non-production of Evidence” in *Arbitration International*, vol. 22, n° 4, December 2006, p.549 at 551.

to set a further period of time for the satisfaction of the particular obligation and expressly articulate at that time the nature of the inference that will follow upon inobservance of the obligation.

Closure of Proceedings

Article 59

- (a) *The Tribunal shall declare the proceedings closed when it is satisfied that the parties have had adequate opportunity to present submissions and evidence.*
- (b) *The Tribunal may, if it considers it necessary owing to exceptional circumstances, decide, on its own motion or upon application of a party, to re-open the proceedings it declared to be closed at any time before the award is made.*

- 59.1 The arbitral Tribunal must determine when the parties have had the required opportunity to present their cases. See the commentary to Article 37 above for a discussion of the term “fair opportunity” and its suggested equivalence with the term “adequate opportunity” in Article 59 of the WIPO Rules.
- 59.2 At this point the arbitral Tribunal must declare the proceedings closed. What this means is that no further submissions and evidence from the parties will be admitted.
- 59.3 Article 59(b) provides, however, that the arbitral Tribunal may reopen proceedings upon the arbitral Tribunal’s motion or upon request of a party, at any time prior to the making of the award, in the presence of “exceptional circumstances”.
- 59.4 The term “exceptional circumstances” is clearly chosen to indicate that these circumstances will be rare, and extreme.
- 59.5 See paragraph 65.6 below for the application to proceedings reopened under Article 59(b) of the requirement under Article 65(a) that the award be rendered within three months of the closing of proceedings.

Waiver

Article 60

A party which knows that any provision of these Rules, any requirement under the Arbitration Agreement, or any direction given by the Tribunal, has not been complied with, and yet proceeds with the arbitration without promptly recording an objection to such non-compliance, shall be deemed to have waived its right to object.

- 60.1 Article 60 of the WIPO Rules provides that a party will be deemed to have waived any remedy in relation to a violation of its rights under the Rules or pursuant to any direction of the arbitral Tribunal if that party proceeds with the arbitration without promptly recording an objection to that non-compliance.
- 60.2 The party whose rights are violated must either know that these rights have been violated or should have known this to be the case. A party cannot rely on its failure to make ordinary enquiries.

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- 60.3 The party's objection must clearly identify the violation and should also identify the right violated. In that way the Tribunal can rectify the situation appropriately. Some arbitration systems require procedural objections to be rather vociferous, like Switzerland's. An aggrieved party should enquire as to the requirements of valid objections under the arbitration law and the law of enforcement of the arbitration award.
- 60.4 There is a question as to whether the objection must not just come before the party takes any other step in the proceedings, but whether it must also come promptly. The question is material where the proceedings are at a stage where the aggrieved party is not itself required to act for a certain period. The better view of the WIPO Rules is that there is in all situations a requirement on the party to act promptly, and at any rate prior to taking any further step in the arbitration. In this way the reliance of the other party is protected, especially where it is that other party which must take steps and further invest in the state of affairs after the violation but prior to the aggrieved party taking a step. Again, requirements of the arbitration and enforcement laws should be consulted.

V. AWARDS AND OTHER DECISIONS

Laws Applicable to the Substance of the Dispute, the Arbitration and the Arbitration Agreement

Article 61

- (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 laws 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 the 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.*
- (c) *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).*

- 61.1 Article 61 sets out the basic normative framework of an arbitration under the WIPO Rules. Article 61(a) deals with the law governing the substance of the dispute. Article 61(b) addresses the law governing the proceedings. Article 61(c) provides for the so-called "validation" principle.
- 61.2 The first sentence of Article 61(a) expressly enshrines the principle of party autonomy in respect of the parties' power to choose the law or rules of law that will govern a dispute. Subject to potential issues of mandatory law, parties have broad discretion.

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- 61.3 This freedom extends to disputes involving IP Rights. In general, parties have freedom to choose the law that will govern the contractual aspects of an agreement involving IP Rights. For example, in principle, the parties to a licence agreement involving patents granted say in Japan, Germany and the USA can agree that the licence shall be governed by German law.
- 61.4 It could be debated, however, whether the parties can validly agree that the laws of say Germany would govern non-contractual issues, such as the infringement, validity, construction and ownership of IPR registered in say Japan (a choice of what has been referred to as "foreign IP law").⁶⁵ Within the context of international arbitration, this is a question of applicable mandatory law, ultimately a public policy issue. Public policy constitutes the principal limit to party autonomy within the context of arbitration. Accordingly, the question in this respect is whether a choice of foreign IP law to govern non-contractual issues would offend against applicable mandatory rules. Within the international arbitration context, such rules include the peremptory rules of the law governing the merits and, in some cases, the law of the seat of the arbitration. Although this question should be resolved on a case-by-case basis considering applicable municipal law, it is suggested that the answer should be in the negative if the issue is to be decided by the laws of countries, such as France, that follow a restrictive approach to public policy within the context of international arbitration. Under this approach, only the most egregious conduct – often criminal – gives rise to public policy concerns.
- 61.5 Parties may not only choose the law that governs the substance of a dispute but they may also choose "rules of law". The latter term refers to the possibility of choosing particular rules within municipal legal systems, and also to the possibility of choosing non-municipal normative systems (for example, *lex mercatoria*, "general principles of international commercial law" and the UNIDROIT Principles of Contract Law). It will not normally be construed to include a choice of "rules" subjective to the individual arbitral Tribunal, such as "equity" or *ex aequo et bono*.
- 61.6 In most cases, it is advisable to choose a municipal law system to govern substantive issues because these are complete normative systems that also provide for mechanisms to fill potential *lacunae* (for example, the UNIDROIT Principles of Contract Law would have no answer to deal with non-contractual issues). When choosing municipal law, care should be taken in respect of countries divided into regions that may have different legal systems (for example, federated countries).
- 61.7 Reflecting modern practice, the second sentence of Article 61(a) makes it plain that a choice of municipal law refers to the substantive law of the relevant country to the exclusion of its conflict of laws rules. This provision seeks to avoid a situation in which the parties agree that an agreement is governed by the laws of country A, but by application of the conflict rules of this country, the agreement ends up being governed by the laws of country B.⁶⁶
- 61.8 In the absence of party agreement, the third sentence of Article 61(a) expressly gives an arbitral Tribunal the power to choose the law or rules of law that it determines to be appropriate. The fourth sentence of Article 61(a) gives some guidance. Although the Tribunal has a degree of leeway to determine what "appropriate" means in the circumstances, under the WIPO Rules, it shall consider the terms of the underlying contract and applicable trade usages. In any event, the way in which the choice is made should not be arbitrary (for

⁶⁵ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010), p.82.

⁶⁶ See *ibid*, p.129.

example, it has been said: “it would be inappropriate for an arbitrator to apply the conflict rules of his/her home country solely because he/she is familiar with them.”⁶⁷

- 61.9 Pursuant to the last sentence of Article 61(a), an arbitral Tribunal can only resolve a dispute solely on principles of equity (*amiable compositeur or ex aequo et bono*) if the parties have expressly authorized it to do so. This course is rarely advisable in complex IP Rights disputes.
- 61.10 Article 61(b) makes an express connection between the legal seat (or place) of arbitration and the law governing the arbitral proceedings. In other words, this provision makes it plain that the choice of a legal seat amounts to a choice of the law applicable to the proceedings, sometimes referred to as the “curial” law. The applicable curial law consists of the provisions dealing with international arbitration at the legal seat and not those provisions dealing with litigation (accordingly, the code of civil procedure of the jurisdiction of the seat insofar as it relates to domestic litigation, does not govern the conduct of an international arbitration).
- 61.11 Under this provision, if possible according to the laws of the seat, the parties may choose a law different from that of the legal seat to govern the conduct of the arbitration. In most cases, pursuing this avenue is not recommended. The interrelation between the laws of the seat and the laws of a different country can be complex and give rise to serious issues (for example, the courts at the seat and the courts under whose laws the proceedings are conducted could have overlapping jurisdiction in respect of a potential challenge against the award).
- 61.12 Article 61(c) of the WIPO Rules is one of the few arbitration rules that provides for the validation principle. Under it, an agreement to arbitrate would be valid if it is in turn valid under either the laws governing the substance or the laws governing the conduct of the proceedings. This is a useful provision as it gives a Tribunal some leeway to preserve the validity of the agreement to arbitrate from challenges.⁶⁸

Currency and Interest

Article 62

- (a) *Monetary amounts in the award may be expressed in any currency.*
- (b) *The Tribunal may award simple or compound interest to be paid by a party on any sum awarded against that party. It shall be free to determine the interest at such rates as it considers to be appropriate, without being bound by legal rates of interest, and shall be free to determine the period for which the interest shall be paid.*

- 62.1 Article 62(a) provides that awards may be expressed in any currency. Often there will be no question of the currency that may apply. The claim will be made in a certain currency and the Respondent will oppose the claim without challenging the currency. The arbitral Tribunal will therefore generally make the award including any award of interest in that same currency.
- 62.2 The award of costs will generally be in the currencies in which the parties’ costs were incurred and claimed. The costs of the arbitration will generally be expressed either in US dollars or in Euros since the Center works in these two currencies alone, and therefore arranges advances

⁶⁷ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010), p.101.

⁶⁸ See *ibid*, p.107-108.

on costs in one or other of these two currencies. Nonetheless, the Center also does accept payment in Swiss Francs and British Pounds.

- 62.3 Article 62(b) provides that the Tribunal has power to award interest. This is not to be construed as a request by a party for interest. By consequence, if the Tribunal awards interest without interest having been claimed by a party, or beyond what a party claimed in respect to any parameter, then the Tribunal decides *ultra petita* and risks seeing its award nullified or refused enforcement (or partial non-enforcement to the extent of the interest awarded but not claimed).
- 62.4 Article 62(b) makes clear that the Tribunal is not bound by legal rates of interest in the *lex causae* or the *lex fori*, but rather can set interest at rates and for periods in accordance with its own assessment, providing of course the award of interest does not surpass what has been claimed.
- 62.5 The law applicable to the determination of matters of interest can be the law of the debtor, the law of the creditor, the law of the money (*lex monetae*), the *lex causae* or the *lex fori*. Where the purpose of the interest is full compensation, since interest varies as a function of inflation on a currency, in international arbitration where strict rules of private international law do not generally apply, the *lex monetae* would seem to recommend itself for application.
- 62.6 Although not express, Article 62(b) empowers the arbitrator to award both or either pre-award and/or post-award interest. If an arbitrator does not expressly award post-award interest this does not necessarily mean that the sums awarded do not carry interest. An award of money is a debt, and therefore, arguably, sums awarded do carry interest. An enforcing court may grant post-award interest. There is a question whether any determination as to interest rate for pre-award interest should apply to post-award interest. There is no reason to suppose that it would not, although doubtless an enforcing court in dealing with post-award interest may feel at liberty to depart from what the arbitral Tribunal has determined in relation to pre-award interest.

Decision-Making

Article 63

Unless the parties have agreed otherwise, where there is more than one arbitrator, any award, order or other decision of the Tribunal shall be made by a majority. In the absence of a majority, the presiding arbitrator shall make the award, order or other decision as if acting as sole arbitrator.

- 63.1 Article 63 of the WIPO Rules foresees the possibility that a three-person arbitral Tribunal does not reach a unanimous decision. It therefore foresees that there may be dissent amongst the Tribunal. Thus far in WIPO arbitration, all awards have been unanimous but one, which was decided by a majority.
- 63.2 The rule in Article 63 is that if there is unanimity, the result adopted by the unanimous Tribunal is the award. If only two of the three arbitrators agree, it is the result adopted by the two concordant arbitrators that is the award. If, however, no arbitrator agrees with another, then it is the opinion of the presiding arbitrator that constitutes the award. In this way, there will always be an effective award, provided that enforcing courts accept that the parties can validly agree on a mechanism for deciding effectiveness in face of dissent amongst Tribunal members.

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- 63.3 Article 63 does not expressly permit a dissenting opinion to be written by an arbitrator, but there is nothing to prevent the dissenting arbitrator from issuing the dissent to the parties. Dissenting opinions have been rare in WIPO arbitration. However, if there is, and the Tribunal so wishes, the Center will append it to the award, indicating that it is the award that is of legal effectiveness and not the dissenting opinion.
- 63.4 The legal value of any such dissenting opinion is doubtful. Most arbitration systems do not permit appeals on law against arbitration awards. So the dissent cannot show the way to an alternative legal treatment by an appeal court. Moreover, awards under the WIPO Rules are not published as a rule. So the dissent does not aid in the development of a case law. Accordingly, it may be expected that dissenting awards will be rare. Often, unfortunately, a dissent will serve to show a losing party that the arbitrator whom it nominated was not only listening to its arguments, but also supported them in the deliberations, and preferred them. Sometimes dissents are as to the reasoning alone, and not the result. But in arbitration rarely will a dissenting opinion be rendered where there is no variant result advocated.

Form and Notification of Awards

Article 64

- (a) *The Tribunal may make separate awards on different issues at different times.*
- (b) *The award shall be in writing and shall state the date on which it was made, as well as the place of arbitration in accordance with Article 38(a).*
- (c) *The award shall state the reasons on which it is based, unless the parties have agreed that no reasons should be stated and the law applicable to the arbitration does not require the statement of such reasons.*
- (d) *The award shall be signed by the arbitrator or arbitrators. The signature of the award by a majority of the arbitrators, or, in the case of Article 63, second sentence, by the presiding arbitrator, shall be sufficient. Where an arbitrator fails to sign, the award shall state the reason for the absence of the signature.*
- (e) *The Tribunal may consult the Center with regard to matters of form, particularly to ensure the enforceability of the award.*
- (f) *The award shall be communicated by the Tribunal to the Center in a number of originals sufficient to provide one for each party, the arbitrator or arbitrators and the Center. The Center shall formally communicate an original of the award to each party and the arbitrator or arbitrators.*
- (g) *At the request of a party, the Center shall provide it, at cost, with a copy of the award certified by the Center. A copy so certified shall be deemed to comply with the requirements of Article IV(1)(a) of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, New York, June 10, 1958.*

- 64.1 Article 64(a) of the WIPO Rules states that the Tribunal may make “preliminary, interim, interlocutory, partial or final awards.”
- 64.2 The legal effect of an award is determined by the legal system at the seat of the arbitration in two ways. First, it affects what legal action may be taken to challenge the award and when. Second, it determines whether the award has *res judicata* effect in that legal system. *Res judicata* effect in the legal system of the seat will often affect the enforceability of the award

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- elsewhere. Article V(1)(e) of the New York Convention permits a refusal to enforce insofar as the award has not yet become binding in the law under which the award was made, which almost invariably is the law of the place of the arbitration.
- 64.3 The legal effect of the award is also directly relevant in enforcement actions where the decision does not qualify as an award under the New York Convention. This may occur, for example, if the award is not final.
- 64.4 The 2014 revision of the WIPO Rules created the express power for arbitral Tribunals to render awards at any time during the proceedings. It may be that such power was implicit in the predecessor of the 2014 WIPO Rules, and at all events would not have, and does not pose a problem under most arbitration law systems. With the introduction of the emergency arbitrator provisions and this express power to render awards at any time, the 2014 WIPO Rules reflect an enriched and more ramified understanding of arbitral jurisdiction.
- 64.5 The most frequent use of this express power to render awards at any time will doubtless be costs awards made before the final award. Immediate costs awards serve a two-fold function. First, such awards concretely sanction a party's conduct during the course of the arbitration, for example conduct contrary to procedural good faith as a requirement of the arbitration law (the WIPO Rules contain no express requirement of this nature). Secondly, such awards attenuate the financing load on a party, particularly on Claimants who have had to substitute for the Respondent's failure to pay its part of the deposit on costs.
- 64.6 There are fundamentally three categories of awards in international arbitration. First there are awards which finally determine the entirety of the questions submitted to the Tribunal. This may be referred to as a "final award". Secondly, there are awards which finally determine part of the questions submitted to the Tribunal. This may be referred to as a "partial award". The classic instance of a partial award is an award on jurisdiction accepting jurisdiction (an award declining jurisdiction is generally a final award since it determines all relevant questions [even if it does not mention costs, the inference is that the decision is that no costs are awarded]). These decisions may be limited to the determination of certain legal issues which themselves do not result in any legal consequences, but rather further decisions on different matters will be necessary for legal consequences to flow, for example, an award on applicable law. Thirdly, there are decisions which provisionally determine a legal matter or legal matters. Some legal systems do not treat these as awards at all. One can refer to these awards as preliminary, interim, or interlocutory. Perhaps the reason why these are referred to as awards at all is to distinguish between a decision on a substantive matter (including jurisdiction) and a decision on a procedural matter.
- 64.7 Article 64 lays down the formal requirements of an award. These requirements are rather extensive to ensure that the formal requirements under almost every arbitration law will be satisfied. Arbitration law systems will generally not permit parties to derogate from their formal requirements for an award, so a failure to satisfy them could imperil the effectiveness of the award. The concern is chiefly in relation to the law of the place of the arbitration where formal requirements can vary significantly, and at times appear fairly recondite. For example the law of the place of arbitration may require that the award be signed on every page by all arbitrators, or that the arbitrators "enter the award for judgment".
- 64.8 Thus, the award must be in writing and bear the date on which it was made, as well as the place of arbitration as agreed by the parties or set by the Center in accordance with Article 38(a). The award must also bear the signatures of all of the arbitrators whose consent, in accordance with the rules in Article 63 of the Rules, forms the basis of the award. Where not all of the arbitrators on the Tribunal sign the award, the award must mention the reason for the absence. Article 64(d) speaks of an arbitrator's failure to sign, but this "failure" may well be

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- due to a deliberate decision of the arbitrator not to assent to the award. If an arbitrator signs an award without more, that signature may be construed as his/her assent to it. On the other hand, the arbitrator may be prepared to sign an award that indicates that he/she has dissented on some matter or other but agrees with the result. An arbitrator may even be prepared to sign an award that indicates that he/she disagrees with the result. In such a case, the signature will not indicate agreement with the result but rather agreement to disagree. If, however, an arbitrator signs an award without there being in that award any mention of the arbitrator dissenting, then clearly the signature will generally be taken to designate the arbitrator's agreement with the award and its result.
- 64.9 By Article 64(c), the award must contain reasons on which it is based, unless the parties have agreed that there be no reasons and the law applicable to the arbitration does not require the statement of reasons. Reasons for an award are often essential for forming challenges to the award and opposing its enforcement. But of equal importance, providing reasons serves the often crucial "cathartic" function of demonstrating to the parties that their legal grievance has been heard, that they have "had their day in court".
- 64.10 The Parties may agree to waive the reasons requirement for various reasons, such as a way to exclude or constrict challenges and opposition, or in a bid to lower the costs of the arbitration.
- 64.11 There is no reason to suppose that the parties' agreement to exclude reasons may not precede the arising of the individual arbitration, for example by including such a provision in their Arbitration Agreement.
- 64.12 Since the parties in principle have power to exclude all reasons, it must follow that in principle they have power to limit reasons, for example by stipulating that reasons will be summary.
- 64.13 Unless the Tribunal is certain that the law applying to the arbitration permits a valid award in the particular circumstances of the case to be without reasons, the Tribunal should scruple to provide reasons, even in face of party agreement that there be no reasons. Party agreement that there be no reasons can usually be construed by the Tribunal as a permission but not an obligation upon the Tribunal not to provide reasons. Even where the agreement is that obligatorily the Tribunal not provide reasons, it is likely that there will be no adverse legal consequence for the Tribunal's providing reasons. In an extreme case, perhaps the Center may decide not to pay the Tribunal for their work in providing reasons, but this would be highly unusual.
- 64.14 Article 64(e) provides that the Tribunal may consult the Center with regard to matters of form, especially to ensure the enforceability of the award. The Center is regularly consulted by Tribunals on matters of form and WIPO practice. This should not be understood in the sense that unless the Tribunal consults the Center then the Center cannot provide comment on matters of form. It is the Center that sends the award to the parties, thus, when the Center receives the award, it may notice some formal defect and bring it to the attention of the arbitral Tribunal.
- 64.15 Insofar as the matters are only matters of form, and they tend in particular to the enforceability of the award, there will generally be no objection as to any violation of the parties' right to be heard as a result of this consultation process.
- 64.16 In the usual case, what will happen is that the Tribunal will send the award to the Center in draft seeking its comments under Article 64(e) of the WIPO Rules. The Tribunal is well advised to avail itself of the expertise of the Center, at no further cost to itself or the parties. The Center will respond promptly, usually within two weeks. If there is a three-person Tribunal

this will often take the form of email communications. If there is a sole arbitrator, oral communications over the telephone may be favored.

- 64.17 By Article 64(f) of the Rules it is the Center that “formally” sends the award to the parties and to each of the arbitrators. This article provides that the Tribunal must provide the Center with the number of originals of the award required to provide one to each party, to each member of the arbitral Tribunal, and the Center.
- 64.18 At the same time the award is sent by secure, traceable means of physical delivery, the Center normally sends the award to the parties as a PDF attachment to an email.
- 64.19 There is a question as to whether the arbitral Tribunal may “informally” send the award to the parties itself, and what legal effect this will have. There is nothing in the WIPO Rules preventing the Tribunal from so acting. The legal effect of the Tribunal’s so acting may depend on the arbitration law at the place of arbitration. That arbitration law may require that awards be sent to the parties in accordance with their agreement for them to be effective. But that would be unusual. Hence, the Tribunal could send the award to the parties itself, prior to acquitting itself of its responsibilities to send originals to the Center. But clearly such a course of behavior should be disapproved in view of the uncertainty it would create concerning the date of the award’s effectiveness, upon which, among other things, deadlines for challenging the award will usually depend.
- 64.20 By Article 64(g) of the WIPO Rules, at the request of a party, the Center will provide it, at a cost, with a copy of the award certified as a true copy by the Center. Under Article 64(f) the Center receives an original and maintains it on file chiefly for the purposes of providing certified copies to parties upon request. This article also provides that such a certified copy shall be deemed to comply with the requirements of Article IV(1)(a) of the New York Convention, but that is a matter for the enforcement court. That article of the New York Convention admits that a “duly certified copy” of the original of an award can suffice for enforcement purposes, but the question is “certified by whom?” One can envisage enforcement systems that require the certification to be from an official at the place of the arbitration, such as a judge. In such a case the official will need to obtain the original from the Center (or less usually an arbitrator, or even less usually another party) in order to certify the copy.

Time Period for Delivery of the Final Award

Article 65

- (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.

- 65.1 Article 65 regulates the duration of the arbitration procedure and the period of time for rendering the arbitration award. There are two time requirements. First, Article 65(a) requires that the proceedings be declared closed within nine months of the establishment of the Tribunal or of the delivery of the Statement of Defense, whichever occurs the latest. The Statement of Defense will only precede the establishment of the arbitral Tribunal where it accompanies the Answer to the Request under Article 12. The nine-month requirement is for the entire period for hearing the parties on facts and law.
- 65.2 The second time requirement relates to the rendering of the final award. It is three months after the closing of proceedings, “wherever reasonably possible”. This latter wording does tend to attenuate the requirement. Unlike in relation to the period for the taking of evidence, the arbitrator has sole control over the time it takes for her to prepare the award, with the exception of course of any consultation with the Center and the formal sending of the award, which is effected by the Center. It is difficult to see why it would not be “reasonably possible” for the arbitrator to prepare the award and procure that it is formally sent to the parties within three months, however complex the dispute.
- 65.3 By agreement, the parties may derogate from either of the time limits in Article 65(a) or both.
- 65.4 Current statistics show an average duration of WIPO Arbitrations of 13 months from the filing of the Request for Arbitration. The statistics provided in the Results of the WIPO Arbitration and Mediation Center International Survey on Dispute Resolution in Technology Transactions⁶⁹ include a few cases that took exceptionally long as a result of party agreement. Thus, the two time durations in Article 65(a), 9 months and 3 months, are generally adhered to. Complex cases involving technologies protected by patents in multiple jurisdictions (sometimes involving lengthy evidentiary procedures) can take longer.
- 65.5 This duration requirement appears to relate only to the rendering of final awards, and not, for example, to partial awards. In the event that proceedings have been bifurcated to deal with only one or some issues there is, however, no reason to relax the expectation of an award on those issues within three months after the closing of proceedings, however informal, on those issues. Indeed, since the subject matter of the award will necessarily be limited, there is an even greater reason for parties to expect that the award will be out within three months. Arbitral Tribunals would be well advised to satisfy such expectations.
- 65.6 If the proceedings are closed and then re-opened according to Article 59(b) of the WIPO Rules then, depending on the circumstances of the re-opened proceedings, the three-month period can start anew from the closing of the re-opened proceedings.
- 65.7 The consequences of missing these time limits are not generally onerous, but do signal an irregularity. By Article 65(b), if the proceedings are not declared closed within the nine months (or such longer period as agreed by the parties), the Tribunal must send the Center and each party a status report. This must be repeated at the end of any further three-month period before which the proceedings are declared closed.
- 65.8 If the final award is not made within three months (or such longer period as agreed by the parties) of the closure of proceedings, the Tribunal must send the Center and each party an

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<http://www.wipo.int/export/sites/www/amc/en/docs/surveyresults.pdf>

explanation, and a further explanation at the end of each further month before the award is rendered.

Effect of Award

Article 66

- (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 64(f), second sentence.*

- 66.1 Article 66 states the parties' agreement to honor any award duly rendered under the WIPO Rules. Most arbitration awards are in fact voluntarily complied with without the award creditor having to initiate recognition and enforcement proceedings. This may be as much a reflection of the powerful enforcement mechanism provided by the New York Convention as it is a sign of acceptance of the legitimacy of the arbitration process.
- 66.2 Article 66 also purports to entail a party's waiver of any "right to any form of appeal or recourse to a court of law or other judicial authority" to the extent such a waiver may be made under applicable law.
- 66.3 The applicable law in relation to recourse against an arbitral award is the law of the place of arbitration. Generally speaking, this is the *lex arbitri* which determines the extent of available recourse against an arbitration award and almost invariably that recourse is before the courts of the place of arbitration.
- 66.4 The principal question arising from Article 66 of the Rules is whether the waiver language in it would suffice to remove recourse against an arbitration award in places like Switzerland where it is permitted, in certain circumstances⁷⁰, for parties to waive all recourse against an award, even where it is contrary to public policy. In Switzerland, this would almost definitely not suffice.⁷¹
- 66.5 Article 66(2) of the Rules concerns the date as of which the award is binding and effective. The bindingness and effectiveness of the award are in effect the same thing, since the award only binds the parties, and is therefore only effective *vis-à-vis* the parties.

⁷⁰ Under Article 192(1) of the Swiss Private International Law Act ("Swiss PIL Act") the parties may validly waive in writing any recourse against an arbitration award under that Act if they have no domicile, habitual residence or place of establishment in Switzerland.

⁷¹ Article 66 of the Rules probably does not suffice to exclude challenges to the award under Article 190 of the Swiss PIL Act since the Swiss Supreme Court interprets Article 192(1) of the Swiss PIL Act narrowly. For example, what is now Article 34(6) of the ICC Rules has been held by the Swiss Supreme Court not to be a waiver of recourse. See ATF 116 II 639, consid. 2c; decision of 15 February 2010, 4A_464/2009, consid. 3.1.2. Article 34(6) of the ICC Rules provides as follows: "Every award shall be binding on the parties. By submitting the dispute to arbitration under the Rules, the parties undertake to carry out any award without delay and shall be deemed to have waived their right to any form of recourse, insofar as such waiver can validly be made." Article 66 of the Rules is clearly of similar wording, and does not appear to be a better case for waiver under Swiss law.

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- 66.6 The fact itself that the award has become binding is of relevance for its enforceability under the New York Convention since Article V(1)(e) creates as a ground to resist the enforcement of the award that it has not yet become binding at the place of arbitration.
- 66.7 The fact that the award has become binding and the date of this are also usually relevant as starting points for any time periods for legal action to be taken on the award, such as an action for its interpretation, before the Tribunal or before a state court, or an action to set it aside before a state court.
- 66.8 Article 66(2) provides that the award is effective and binding as from the date it is communicated to the parties by the Center. The relevant date is therefore the date of receipt by the party concerned. Article 66(2) entails that the award must have been sent by the Center, and not, for example, by the arbitral Tribunal itself, even if the latter arrives before the award sent by the Center.
- 66.9 There is a question as to whether this provision may derogate from rules under the *lex arbitri* about the date and the means by which an arbitration award becomes binding. Most *leges arbitri* accept that the parties may validly agree on these matters, but there may be some that do not, or that may impose restrictions. One must therefore ensure that any such requirements of the *lex arbitri* are not operative.

Settlement or Other Grounds for Termination

Article 67

- (a) *The Tribunal may suggest that the parties explore settlement at such times as the Tribunal may deem appropriate.*
- (b) *If, before the award is made, the parties agree on a settlement of the dispute, the Tribunal shall terminate the arbitration and, if requested jointly by the parties, record the settlement in the form of a consent award. The Tribunal shall not be obliged to give reasons for such an award.*
- (c) *If, before the award is made, the continuation of the arbitration becomes unnecessary or impossible for any reason not mentioned in paragraph (b), the Tribunal shall inform the parties of its intention to terminate the arbitration. The Tribunal shall have the power to issue such an order terminating the arbitration, unless a party raises justifiable grounds for objection within a period of time to be determined by the Tribunal.*
- (d) *The consent award or the order for termination of the arbitration shall be signed by the arbitrator or arbitrators in accordance with Article 64(d) and shall be communicated by the Tribunal to the Center in a number of originals sufficient to provide one for each party, the arbitrator or arbitrators and the Center. The Center shall formally communicate an original of the consent award or the order for termination to each party and the arbitrator or arbitrators.*

- 67.1 Article 67(a) makes it clear that the Tribunal may suggest that the parties explore settlement at such times as the Tribunal may deem appropriate. No one could take objection to the Tribunal making such a suggestion at any reasonable time, as settlement is almost always in the general interest of the parties. It generally allows them to avoid the costs of the future arbitration proceedings, it exchanges a certainty for an uncertain result, and it facilitates reconciliation of the parties and favors positive future working relationships.

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- 67.2 Article 67(a) does not, however, grant the Tribunal the power to involve itself in settlement negotiations, for example as a mediator. There is a question as to whether the parties may nonetheless empower the arbitrator to act to facilitate settlement. The answer to this question is to be found not just by reference to the *lex arbitri* but to the law of the enforcement as well. Some legal systems, especially common law legal systems, are resistant to arbitrators acting in a settlement capacity in relation to the dispute before them. There is a concern that the arbitrator will lose objectivity by “descending into the arena”, and there is the concern about violations of the right to be heard inasmuch as in the settlement negotiations it may happen that the arbitrator may meet each of the parties alone.
- 67.3 Not all arbitrations finish with the arbitral Tribunal deciding the case in a final award. Article 67(b), (c) and (d) deal with those that do not. They envisage all of the potential cases: the parties settle and do not wish to have an award, the parties settle and do wish to have an award, the Claimant withdraws the case or the proceedings become unnecessary for some other reason, or it becomes impossible to continue the proceedings.
- 67.4 If the case is settled the question is whether or not the settlement should be recorded in an award. The advantage of this is chiefly that an award facilitates the enforcement of the claim if the Respondent does not honor the settlement agreement or if there is some dispute about the settlement agreement which causes the Respondent not to act as the Claimant believes it should. Thus, where the settlement agreement is not yet executed the Claimant will generally request the Respondent to agree to a consent award.
- 67.5 Article 67(b) requires the agreement of the parties for any consent award. Otherwise, the arbitrator will accept the withdrawal of the arbitration only after having ascertained that this is the wish of the Claimant. Article 67(b) provides that the arbitrator is not required to provide reasons for a consent award. It does not stipulate that this is so only inasmuch as the *lex arbitri* permits this, but none of the principal arbitration laws requires reasons in a consent award. It also appears to suggest that no reasons are required even if the parties request reasons. It is difficult to imagine a situation where the parties agree on the result but not the reasons, or the parties might wish the arbitrator to supply reasons for a result they have agreed to. On the other hand, one can imagine a situation where the parties wish the arbitrator to record both their agreed result in a consent award and the agreed reasons. In such a case, it would seem advisable for the arbitrator to record the reasons as well, despite the apparent suggestion otherwise in Article 67(b).
- 67.6 Article 67(d) provides that the same rules governing the signature of decided arbitration awards in Article 64 govern consent awards under Article 67. The arbitrator must provide the Center with as many originals, and it is the Center which sends each party and each arbitrator its original award, keeping one for itself.
- 67.7 Article 67(c) grants the arbitral Tribunal the power to discontinue the proceedings by issuing an order to this effect inasmuch as the continuation has become unnecessary or impossible for a reason other than the parties’ agreement to settle. If the continuation is clearly unnecessary or impossible it is of course only natural and proper that the Tribunal so act to discontinue proceedings. But the parties or a party may differ from the Tribunal’s assessment on this matter. Article 67(c) provides that prior to discontinuing the proceedings the Tribunal must inform the parties of its intention to do so. The Tribunal should in that notice to the parties stipulate a reasonable period for the parties to object to the discontinuation and provide their reasons for this.
- 67.8 The Tribunal may then terminate the proceedings unless it judges that a party has raised a justifiable ground for objection within a period determined by the arbitrator. A justifiable ground as regards the necessity of the arbitration should adequately be the Claimant’s view

however subjective that it wishes to maintain the arbitration. A justified ground as to the lack of impossibility of the arbitration, by contrast, will rightly be assessed against a more objective standard.

- 67.9 If before the arbitral Tribunal has been constituted, the parties request a consent award, the Center will generally be amenable of constituting the Tribunal to issue the consent award. This has happened in, some WIPO mediation followed by arbitration cases.

Correction of the Award and Additional Award

Article 68

- (a) *Within 30 days after receipt of the award, a party may, by notice to the Tribunal, with a copy to the Center and the other party, request the Tribunal to correct in the award any clerical, typographical or computational errors. If the Tribunal considers the request to be justified, it shall make the correction within 30 days after receipt of the request. Any correction, which shall take the form of a separate memorandum, signed by the Tribunal in accordance with Article 64(d), shall become part of the award.*
- (b) *The Tribunal may correct any error of the type referred to in paragraph (a) on its own initiative within 30 days after the date of the award.*
- (c) *A party may, within 30 days after receipt of the award, by notice to the Tribunal, with a copy to the Center and the other party, request the Tribunal to make an additional award as to claims presented in the arbitral proceedings but not dealt with in the award. Before deciding on the request, the Tribunal shall give the parties an opportunity to be heard. If the Tribunal considers the request to be justified, it shall, wherever reasonably possible, make the additional award within 60 days of receipt of the request.*

- 68.1 Since the jurisdiction of an arbitrator only exists for the resolution of a particular dispute submitted to him or her, it is extinguished with the resolution of that dispute, most commonly with the issuance of the final award.
- 68.2 Nonetheless, this jurisdiction may continue where it is conceived that the arbitrator has not completely resolved the dispute submitted to him or her. The power to correct an award must be conceived of as the power to complete the decision-making which will then exhaust the arbitrator's jurisdiction.
- 68.3 Often arbitral rules also foresee a power in the arbitrator to interpret the award. Such a power is again conceived of as within the existing grant of jurisdiction to the arbitrator, and in completion of the mission set for him/her. The WIPO Rules do not, however, foresee any power in the arbitrator to interpret his/her award.
- 68.4 Article 68 provides that within 30 days of receiving an award a party may request a correction of "any clerical, typographical or computational errors". These are errors in which the context or other cognizable reference point shows the designation to be inaccurate, and which usually shows what the accurate designation should have been.
- 68.5 It has not been a frequent occurrence in WIPO arbitration for arbitrators to agree to correct their award, but when this has occurred it has generally been because of a problem with numbers and calculations.

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- 68.6 The party must send the request to the Tribunal with a copy to the Center. If the Tribunal agrees that there has been such an error it must issue a memorandum correcting it within 30 days of its receipt of the request. By Article 68(a) that memorandum is to be treated as part of the award.
- 68.7 On its own initiative, the Tribunal may correct its own errors within 30 days of the date of the award, which is to be understood as 30 days from the date the arbitrator signed it. It should be understood that such corrections upon the Tribunal's own motion are also to be rendered in the form of a memorandum which is also to be treated as part of the award.
- 68.8 Within 30 days of receiving the award any party may request the Tribunal to decide on any claims submitted to the arbitrator but left undecided. The Tribunal must first hear the parties on the request but does not need to rehear the parties on the merits of the undecided claim inasmuch as the parties have already been heard on it. The arbitrators need only decide on this undecided claim if he/she "considers the request to be justified", which does not seem to be a determination amenable of much gradation. If the arbitrator finds that the request is in fact justified, he/she must decide on it within 60 days of receipt of the request "wherever possible."
- 68.9 There is no express provision in the WIPO Rules for paying the Center and/or the arbitral Tribunal for dealing with requests under Article 68, even abusive ones. It would appear that, since the sole criterion for the Center's administrative costs is the amount in dispute, no remuneration is foreseen under the Rules for the Center's activity in this regard. As for the arbitral Tribunal, since its members are remunerated as a function of the time spent, it would appear that no distinction should be taken between, on the one hand, the work of the Tribunal leading up to and including the producing of the final award, and, on the other, their activity in relation to Article 68 requests.
- 68.10 It would equally appear that a supplementary deposit may be demanded under Article 72(b) of the Rules to cover the Tribunal's expenses and fees in relation to Article 68 requests since it seems obvious that, not only for claims not dealt with in the award but also for correction, the Article 68 proceedings meet the "in the course of the arbitration" condition of Article 72(b).
- 68.11 There is no express provision in the WIPO Rules for the Tribunal to issue an interpretation of its award. In one instance, an addendum was issued to clarify the cost calculation in the award. This was effected under the Tribunal's Article 68 powers to correct the award.

VI. FEES AND COSTS

Fees of the Center

Article 69

- (a) *The Request for Arbitration shall be subject to the payment to the Center of a non-refundable registration fee. The amount of the registration fee shall be fixed in the Schedule of Fees applicable on the date on which the Request for Arbitration is received by the Center.*
- (b) *Any counter-claim by a Respondent shall be subject to the payment to the Center of a non-refundable registration fee. The amount of the registration fee shall be fixed in the Schedule of Fees applicable on the date on which the Request for Arbitration is received by the Center.*
- (c) *No action shall be taken by the Center on a Request for Arbitration or counter-*

claim until the registration fee has been paid.

(d) *If a Claimant or Respondent fails, within 15 days after a reminder in writing from the Center, to pay the registration fee, it shall be deemed to have withdrawn its Request for Arbitration or counter-claim, as the case may be.*

- 69.1 In accordance with Article 69(a), the Claimant must pay a non-refundable registration fee which should accompany the Request for Arbitration. The amount of this fee is set by the Schedule of Fees in force on the date that the Center receives the Request. Currently, the registration fee is USD 2,000.
- 69.2 Article 69(b) requires Respondents to pay the same registration fee if they wish to introduce a counter-claim.
- 69.3 Until the registration fee is paid, no action will be taken on the claim or counter-claim. If the Claimant pays its registration fee the claim will go ahead, in the absence of any counter-claim by the Respondent if the latter fails to pay its registration fee.
- 69.4 Where a registration fee has not been paid the Center will send the party in remiss a reminder in writing. If within 15 days of the reminder the registration has still not been paid the claim or counter-claim, as relevant, will be deemed withdrawn. It will be possible for that claim or counter-claim to be reintroduced subsequently, where again it will not go forward unless the registration fee is then paid.
- 69.5 If the registration fee is paid within the 15 days of the reminder, the date of the commencement of the arbitration will be the date of the Center's receipt of the Request for Arbitration provided for in Article 7 of the WIPO Rules and not the date the registration fee was received. If the registration fee is not paid within 15 days of the reminder the Request for Arbitration shall be deemed to have been withdrawn.
- 69.6 The non-refundable registration fee is not credited towards the party's deposits under Article 72 of the WIPO Rules nor to the defrayal of the costs to which these deposits relate.

Article 70

- (a) *An administration fee shall be payable by the Claimant to the Center within 30 days after the Claimant has received notification from the Center of the amount to be paid.*
- (b) *In the case of a counter-claim, an administration fee shall also be payable by the Respondent to the Center within 30 days after the Respondent has received notification from the Center of the amount to be paid.*
- (c) *The amount of the administration fee shall be calculated in accordance with the Schedule of Fees applicable on the date of commencement of the arbitration.*
- (d) *Where a claim or counter-claim is increased, the amount of the administration fee may be increased in accordance with the Schedule of Fees applicable under paragraph (c), and the increased amount shall be payable by the Claimant or the Respondent, as the case may be.*
- (e) *If a party fails, within 15 days after a reminder in writing from the Center, to pay any administration fee due, it shall be deemed to have withdrawn its claim or counter-claim, or its increase in claim or counter-claim, as the case may be.*

(f) *The Tribunal shall, in a timely manner, inform the Center of the amount of the claim and any counter-claim, as well as any increase thereof.*

- 70.1 Unlike under most other institutional arbitration rules, under the WIPO Rules it is the Claimant who in the first instance pays the entirety of the Center's administrative costs for the claim, and the Respondent who pays them for any counter-claim, subject to the arbitrator's decision at the end on apportionment under Article 73(c).
- 70.2 Administration fees vary as a function of the amount of the claim and the counter-claim.
- 70.3 It is the principal sum claimed (and counter-claimed) that represents the amount in dispute for the purposes of Article 70. The Center does not take into account interest claims for purposes of determining the amount of the administration fee (as well as the amount of the deposit, as per Article 72).
- 70.4 The Center will notify the relevant party of the amount of the administration fee as soon as the Center has had a chance to ascertain the relevant amount in dispute.
- 70.5 According to Article 70(f) the Tribunal is required to inform the Center "in a timely manner" of the amount of the claim and any counter-claim, as well as of any increases in them. Since the Center will receive copies of the Request and then Answer to the Request, it will generally already be informed of the original amount of the claim and any counter-claim. This information obligation on the Tribunal is chiefly aimed at providing the Center with timely notice of an event which may justify the increase in an administration fee.
- 70.6 The amount of the administration fee is set in the Schedule of Fees in force on the date of the commencement of the arbitration. Currently, where the amount in dispute is up to USD 2,500,000, the administration fee is USD 2,000. Where the amount in dispute exceeds USD 2,500,000, but does not exceed USD 10,000,000 the administration fee is USD 10,000. Where the amount in dispute exceeds USD 10,000,000 the administration fee is USD 10,000 plus 0.05% of the amount in excess of USD 10,000,000, but capped at a total maximum administrative fee of USD 25,000. If the claim cannot be quantified the Center will apply the minimum rate for fees and costs, subject to adjustment.
- 70.7 The Center does not charge VAT on its fees.
- 70.8 Where the amount in dispute is increased, the Center has a discretion to increase the administration fee to have it coincide with the amount it would have been if the increased amount in dispute had been the original amount.
- 70.9 The WIPO Rules do not expressly deal with the situation where the amount of the claim is reduced, or the counter-claim is reduced or withdrawn. In such circumstances the Center may consider reducing the administration fee, although it is not required to do so. The argument for a reduction in the administration fee in such circumstances is that the Center would have provided its services at the lower rate anyhow, so there is no detrimental reliance. A further argument in favor of a reduction is that the reduction is due to a narrowing of the issues, entailing less future work for the Center, if this is the case on the particular facts. Nonetheless, the bulk of the Center's work will often be at the beginning of a case, in connection with the establishment of the Tribunal and dealing with the financial aspects of the case.
- 70.10 The Schedule of Fees provides power for the Center to set off part or all of the value of the administration fee for WIPO mediation or expert determination against the administration fee

for WIPO arbitration. The Schedule of Fees also provides for reductions in fees if a party (or both parties) to the dispute is (are) named as applicant or inventor in a published PCT application, holders of international registrations under the Hague system or the Madrid system, or WIPO Green technology providers or seekers. The Center will apply these provisions of its own motion, and no application by a qualifying party is required.

Fees of the Arbitrators

Article 71

The amount and currency of the fees of the arbitrators and the modalities and timing of their payment shall be fixed by the Center, after consultation with the arbitrators and the parties, in accordance with the Schedule of Fees applicable on the date on which the Request for Arbitration is received by the Center.

- 71.1 By virtue of Article 71, the amount of the arbitrators' fees is fixed by the Center in accordance with the Schedule of Fees in force on the date on which the Request for Arbitration is received by the Center.
- 71.2 It is problematic under many arbitration law systems for the arbitrators themselves to set their own fees, thus the Center's power to do so is salutary.
- 71.3 The system of arbitrator remuneration under the Rules is based on an agreed hourly rate for time spent. The indicative range is from USD 300 to USD 600 per hour. The Center will consult with the parties and the arbitrator.
- 71.4 It is unusual to have differing rates between party-nominated members of the arbitral Tribunal. The signal is that legal authority is a function of the amount of the arbitrator's relative hourly rate, and such differential fee rates are otherwise disruptive of the collegiality of the Tribunal. This may be less of a problem where the presiding arbitrator is granted a higher rate than the two co-arbitrators, who are each on the same rate. Indeed the president's relevant experience will frequently substantially exceed that of the co-arbitrators.
- 71.5 Although the range of rates for arbitrators' fees is indicated in US dollars in the Schedule of Fees, there is no limitation on the currency in which the arbitrators' fees may be agreed and paid. It may be that concerns of unequal treatment between arbitrators can be avoided even if different currencies are applicable to different arbitrators provided that a strict value-equivalence can be assured at the time the hourly rate is established.
- 71.6 Factors relevant to the determination of the hourly rate are the experience of the arbitrator, the amount in dispute, rates for legal services in the arbitrator's home market, and perhaps less so rates for legal services where the parties operate.
- 71.7 For arbitrators' fees, the agreed rate normally is inclusive of VAT, otherwise it is communicated to the parties in advance.
- 71.8 In some instances the Tribunal proposed 30-30-40 or a 25-25-50 allocations based roughly on the aggregate hours worked by all three members of the Tribunal, and this was acceptable to the Center.
- 71.9 The Center consults with the parties and the Tribunal on the final amount of the arbitrators' fees and takes into account hourly or daily fees and maximum rates and other factors such as the complexity of the subject matter of the dispute and of the arbitration, the total time spent

by the arbitrator, the diligence of the arbitral Tribunal and the rapidity of the arbitration proceedings.

- 71.10 Article 71 also indicates that the “modalities and timing” of the payment of arbitrators’ fees are to be fixed by the Center upon consultation with the parties and the arbitrators.⁷² The Center renders interim accountings in large cases. The Center will be concerned to ensure that there are sufficient funds kept with it to cover the reasonably possible fees and expenses of the Tribunal, and to pay out to the Tribunal with an eye to ensuring it retains an incentive to finish its work in a proper and timely fashion.

Deposits

Article 72

- (a) *Upon receipt of notification from the Center of the establishment of the Tribunal, the Claimant and the Respondent shall each deposit an equal amount as an advance for the costs of arbitration referred to in Article 73. The amount of the deposit shall be determined by the Center.*
- (b) *In the course of the arbitration, the Center may require that the parties make supplementary deposits.*
- (c) *If the required deposits are not paid in full within 30 days after receipt of the corresponding notification, the Center shall so inform the parties in order that one or other of them may make the required payment.*
- (d) *Where the amount of the counter-claim greatly exceeds the amount of the claim or involves the examination of significantly different matters, or where it otherwise appears appropriate in the circumstances, the Center in its discretion may establish two separate deposits on account of claim and counter-claim. If separate deposits are established, the totality of the deposit on account of claim shall be paid by the Claimant and the totality of the deposit on account of counter-claim shall be paid by the Respondent.*
- (e) *If a party fails, within 15 days after a reminder in writing from the Center, to pay the required deposit, it shall be deemed to have withdrawn the relevant claim or counter-claim.*
- (f) *After the award has been made, the Center shall, in accordance with the award, render an accounting to the parties of the deposits received and return any unexpended balance to the parties or require the payment of any amount owing from the parties.*

- 72.1 Article 72(a) requires the Center to request from the parties an equal amount as an advance for the costs of arbitration.⁷³

⁷² T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010) at p. 166: “Although cancellation or commitment fees are not uncommon in international arbitration practice, they may be unacceptable in ‘some cultural environments. [...] This is an issue that the parties and the Tribunal may wish to discuss at the outset of the proceedings.’”

⁷³ *Ibid*, at p.167: Re deposits “In institutional arbitrations, the institution would look after such deposits. The Center’s procedures are illustrative of prevailing institutional practice in this regard.”

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- 72.2 The Center therefore must assess the costs of arbitration in setting this advance. The costs of arbitration are defined in Article 73 as:
- (i) the arbitrators' fees;
 - (ii) the properly incurred travel, communication and other expenses of the arbitrators;
 - (iii) the costs of expert advice and such other assistance required by the Tribunal pursuant to these Rules; and
 - (iv) such other expenses as are necessary for the conduct of the arbitration proceedings, such as the cost of meeting and hearing facilities.
- 72.3 The Center has power under Article 72(b) to request from the parties a supplement to the advance. It will do so where it takes the view that the elements of the costs of the arbitration identified in Article 73 appear to be greater than originally expected. Usually it will be the arbitrators who alert the Center to this fact. They have an incentive to do so since their fees and expenses are secured by this advance, and it will generally be most inconvenient for the arbitrators to seek any excess from the parties, usually the losing party, after the award has been rendered.
- 72.4 If there are multiple Claimants or Respondents, the usual rule is to apportion the Claimants' or Respondents' half among the member of the respective class such that each pays an equal amount, unless there is a clear discrepancy as to how much each is seeking or is defending against in the arbitration. In that latter case the Center may well decide to apportion the advance to take into account this discrepancy.
- 72.5 Article 72(c) provides that if one party does not pay the requested advance in full within 30 days of receipt of the request, the Center must inform all parties such that another may make the payment. Under Article 72(e), if within 15 days the defaulted payment is not made, the relevant claim or counter-claim is deemed withdrawn.⁷⁴
- 72.6 Payments are normally made by bank transfer, check or by deduction from an existing WIPO account. More information is available at <http://www.wipo.int/amc/en/arbitration/fees/>.
- 72.7 The treatment of supplemental deposits for the purposes of Article 68 requests for correction or completion of the award is addressed in paragraph 68.9 - 68.10 above.
- 72.8 Article 72(f) provides that the Center must render an accounting to the parties of the deposits received and return any unexpected balance to the parties, as determined in the award, or require the payment of any amount owing from the parties. No interest is credited to deposits.

Award of Costs of Arbitration

Article 73

- (a) *In its award, the Tribunal shall fix the costs of arbitration, which shall consist of:*
- (i) *the arbitrators' fees;*
 - (ii) *the properly incurred travel, communication and other expenses of the*

⁷⁴ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010) at p.216: "Under certain institutional rules, if a party fails to deposit the advance on costs as requested by the administering institution, the relevant claims or counterclaims may be considered as withdrawn (in such cases, the defaulting party would be able to reintroduce such claims or counterclaims in new proceedings)."

arbitrators;

(iii) the costs of expert advice and such other assistance required by the Tribunal pursuant to these Rules; and

(iv) such other expenses as are necessary for the conduct of the arbitration proceedings, such as the cost of meeting and hearing facilities.

(b) The aforementioned costs shall, as far as possible, be debited from the deposits required under Article 72.

(c) The Tribunal shall, subject to any agreement of the parties, apportion the costs of arbitration and the registration and administration fees of the Center between the parties in the light of all the circumstances and the outcome of the arbitration.

73.1 It is the Tribunal that fixes the costs of the arbitration which are defined restrictively to include only the following:

(i) the arbitrators' fees;

(ii) the properly incurred travel, communication and other expenses of the arbitrators;

(iii) the costs of expert advice and such other assistance required by the Tribunal pursuant to these Rules; and

(iv) such other expenses as are necessary for the conduct of the arbitration proceedings, such as the cost of meeting and hearing facilities.

73.2 In fact, the Tribunal does not fix its own fees, which are determinable in advance by taking the amount of hours and multiplying it by the hourly rate which the Center has fixed. The Tribunal does determine which of its expenses are "properly incurred". It also determines the amount of reimbursement for expert advice and such other assistance required by the Tribunal, and other expenses within the meaning of Article 73(a)(iv).

73.3 The Tribunal also determines the apportionment of these costs of arbitration, the registration and administration fees as between the parties. The Rules neither impose a method for determining the apportionment nor provide direct guidance. Nonetheless, in conformity with general arbitration practice and applying the rule on apportioning party representation costs by analogy, the Tribunal will almost always advert to the outcome of the arbitration as a circumstance heavily determining the apportionment. The Tribunal will also usually wish to take into account any procedural abuse by a party (especially where such abuse has attracted unnecessary expenditure of costs) in its apportionment determination, but will usually not grant it as much weight as the outcome of the arbitration.

73.4 Where the Claimant does not succeed in obtaining an award on the entirety of what it was seeking, or the Respondent does not succeed in obtaining the entirety of its counter-claim, or the Claimant succeeds in the claim and the Respondent succeeds on the counter-claim, the Tribunal will generally apportion the costs as a function of relative success. It may properly advert alone to the degree to which liability was assigned, and it may also properly advert to the difference between what was claimed or counter-claimed and what was awarded. It may also advert to other considerations.

73.5 It appears that the Tribunal is not bound by any agreement of the parties in apportioning the costs of the arbitration, but in practice the Tribunal will be well advised to take any such agreement centrally into account in this determination.

Award of Costs Incurred by a Party

Article 74

In its award, the Tribunal may, subject to any contrary agreement by the parties and in the light of all the circumstances and the outcome of the arbitration, order a party to pay the whole or part of reasonable expenses incurred by the other party in presenting its case, including those incurred for legal representatives and witnesses.

- 74.1 Article 74 gives the arbitrator power to award a party the reimbursement of “the whole or part of reasonable expenses incurred by the other party in presenting its case, including those incurred for legal representation and witnesses.”
- 74.2 This power is subject to any contrary agreement by the parties.
- 74.3 It is the arbitrator who must determine whether to make an award on the costs of representation. Article 74 states that in making this determination the arbitrator should have regard to “all the circumstances and the outcome of the arbitration”. This is a way of saying that the outcome of the arbitration is generally the principal circumstance to which the arbitrator will properly have regard, that is, costs follow the event, they are awarded to the successful party. A second important factor in determining who bears costs and in what measure may be settlement offers. If a party offers to settle at a certain stage at a certain point and this turns out to be equal to or less than what the offeree achieves in the award (including some account of the offeree’s costs to the time of the settlement offer) then it may be that the Tribunal will consider adverse cost consequences to the offeree.
- 74.4 Article 74 does not expressly require so, but the arbitrator will be well advised to follow any agreement of the parties identifying circumstances when representation costs are to be awarded, and how. If the parties can exclude the power altogether, they can fix the conditions of its exercise (“*omne maius continet in se minus*”). This is how arbitrators generally decide in practice.
- 74.5 Article 74 limits the amount of representation costs that an arbitrator may award in two ways: they must be “reasonable” and they must have been incurred in the presentation of the party’s case. It is the arbitrator who determines what is reasonable. Often arbitrators will compare cost levels to those of the other party in determining what is reasonable. One of the perils here is that the other party may have lost because it did not commit sufficient resources to making its case. Arbitrators will usually determine what a reasonable expense level for legal Defense is with an eye to how much is in dispute. Generally, the more in dispute the greater the reasonable expenses. On the other hand, great complexity of facts, law or some other feature in the case without high dispute value may equally justify a higher level of reasonable party costs.
- 74.6 Since the party costs under Article 74 must have been incurred in the making of a party’s case, it would appear that costs incurred prior to the arbitration, for example letters before action and settlement negotiations, and settlement negotiations in the course of the arbitration, are not covered.
- 74.7 Article 74 mentions the costs of legal representatives and witnesses as examples of costs. Parties should be aware that overly generous payments of witnesses’ costs, for example as including compensation for their time, may create the impression of bias of that witness towards the party who agreed to pay them so handsomely and at all events, in whole or more usually in part, may be treated as irrecoverable in a costs award as unreasonable.

VII. CONFIDENTIALITY

Confidentiality of the Existence of the Arbitration

Article 75

- (a) *Except to the extent necessary in connection with a court challenge to the arbitration or an action for enforcement of an award, no information concerning the existence of an arbitration may be unilaterally disclosed by a party to any third party unless it is required to do so by law or by a competent regulatory body, and then only:*
- (i) *by disclosing no more than what is legally required; and*
 - (ii) *by furnishing to the Tribunal and to the other party, if the disclosure takes place during the arbitration or to the other party alone, if the disclosure takes place after the termination of the arbitration, details of the disclosure and an explanation of the reason for it.*
- (b) *Notwithstanding paragraph (a), a party may disclose to a third party the names of the parties to the arbitration and the relief requested for the purpose of satisfying any obligation of good faith or candor owed to that third party.*

75.1 The WIPO Rules contain the most comprehensive regime protecting the confidentiality of the arbitral proceedings and relevant evidence of any leading institutional rules.⁷⁵ This is no coincidence given that confidential information is often at the heart of IP disputes. A comprehensive confidentiality regime is not superfluous. Under the majority of legal systems it is unclear whether arbitration in itself imposes upon the parties the obligation to keep confidential the information disclosed and evidence produced in an arbitration.⁷⁶

75.2 Unique amongst the leading institutional rules, Article 75 of the WIPO provides that the parties to a WIPO arbitration are not able to disclose to third parties the existence of the arbitration. This obligation logically encompasses more specific information about the arbitration, for example, the cause of action, remedies sought, IP Rights in issue (where applicable) and the composition of the arbitral Tribunal.

75.3 Under Article 75, this confidentiality obligation is subject to three exceptions:

- (a) Disclosures in respect of the existence of the arbitration are allowed if they are necessary in respect of a court challenge to the arbitration (for example, an anti-arbitration injunction) or for enforcement of the award.
- (b) Such disclosures are permissible too if the party is required to disclose information by law or by a regulatory body. In those cases, the amount of disclosed information is also limited. Under the WIPO Rules, the disclosee should disclose no more than what he/she is legally required to reveal. Furthermore, the WIPO Rules impose upon the disclosee a duty to inform. If the disclosure takes place during the course of the

⁷⁵ Confidentiality of arbitration, understood as the obligation of the parties to keep secret information disclosed in an arbitration, should be distinguished from the term “privacy”. In general, it is said that arbitration is “private” in the sense that third parties to the proceedings are not able to attend to the evidentiary hearing.

⁷⁶ For a detailed analysis of the issue of confidentiality within the context of IP arbitration, see T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010), p.229 to 272.

arbitration, the disclosee should inform the arbitral Tribunal and the other side of the disclosure and the reasons for it. After termination of the arbitration, the disclosee only needs to furnish this information to its opposing party. The way in which the duty to inform is couched suggests that the information does not need to be provided before the disclosure takes place. In some patent-related WIPO arbitration cases parties notified regulators or auditors in the EU/US of the arbitration proceedings as they had an impact on the valuation of the company. The other party and the Center were informed of such notifications.

- (b) In addition, to satisfy contractual obligations of good faith or candor, a party to a WIPO arbitration may disclose to a third party the names of the parties to the arbitration and the relief requested.

Confidentiality of Disclosures Made During the Arbitration

Article 76

- (a) *In addition to any specific measures that may be available under Article 54, any documentary or other evidence given by a party or a witness in the arbitration shall be treated as confidential and, to the extent that such evidence describes information that is not in the public domain, shall not be used or disclosed to any third party by a party whose access to that information arises exclusively as a result of its participation in the arbitration for any purpose without the consent of the parties or order of a court having jurisdiction.*
- (b) *For the purposes of this Article, a witness called by a party shall not be considered to be a third party. To the extent that a witness is given access to evidence or other information obtained in the arbitration in order to prepare the witness's testimony, the party calling such witness shall be responsible for the maintenance by the witness of the same degree of confidentiality as that required of the party.*

- 76.1 Article 76 of the WIPO Rules deals with the confidentiality of evidence produced in a WIPO arbitration. This provision does not deal with a situation in which a disclosing party seeks to prevent its adversary from having access to its confidential information, which is dealt with by Article 54 of the WIPO Rules. Instead, Article 76 deals with disclosures to third parties to the proceedings.
- 76.2 Under Article 76(a) the adversary to a party that produced evidence in an arbitration is prevented from disclosing the evidence to third parties unless (a) the information contained in the evidence was in the public domain; (b) the adversary was previously privy to the information in issue; (c) the party that produced the evidence agrees to such disclosure; and (d) a court having jurisdiction orders the disclosure of the evidence. There has not yet been any case of such a court disclosure order in a WIPO arbitration.
- 76.3 For the purposes of confidentiality, Article 76(b) states that witnesses (factual and experts), should not be treated as third parties. This means that witnesses are automatically entitled to have access to information and evidence that would otherwise be restricted by application of Articles 75 and 76(a) of the WIPO Rules. Article 76(b) imposes upon the party calling the witness the obligation to ensure that he/she complies with the confidentiality envisaged by the WIPO Rules. In practice, this means that the party calling a witness needs to ensure that proper confidentiality agreements are in place. In practice, the opposing party and possibly the arbitral Tribunal may wish to recall this duty to the other party and even seek to see copies of such confidentiality agreements.

Confidentiality of the Award

Article 77

The award shall be treated as confidential by the parties and may only be disclosed to a third party if and to the extent that:

- (i) the parties consent; or*
- (ii) it falls into the public domain as a result of an action before a national court or other competent authority; or*
- (iii) it must be disclosed in order to comply with a legal requirement imposed on a party or in order to establish or protect a party's legal rights against a third party.*

- 77.1 Pursuant to Article 77 of the WIPO Rules, in general, parties cannot disclose arbitral awards to third parties to the arbitration. This provision complements the scope of protection afforded by Articles 75 and 76. In light of Article 77, the award ceases to be confidential in four circumstances, namely, (a) as a result of party agreement; (b) as a consequence of disclosure of the award in proceedings before national courts or other competent authorities; (c) disclosure is needed to comply with a legal requirement imposed on a party; or (d) the disclosure is necessary to establish or protect a party's legal right against a third party to the arbitration.
- 77.2 The exceptions at (b) to (d) above make practical sense. Confidentiality should not be used to thwart legitimate actions by a party, in particular a Claimant seeking to enforce a favorable arbitral award. The standards (c) and (d) are open-ended and thus their content needs to be determined on a case-by-case basis by the relevant decision-maker. The practice of leading arbitral jurisdictions dealing with similar criteria could be considered. For example, a criterion similar to that at (d) above has been discussed by an English Court.⁷⁷
- 77.3 Given that after delivery of a final award an arbitral Tribunal ceases to exist (subject to Article 68 of the WIPO Rules and similar rules under applicable arbitration law), questions might arise as to who should resolve an allegation of a breach of Article 77. The same applies to breaches of Articles 75 and 76 after the making of a final award. The answer depends on the scope of the agreement to arbitrate. A broadly-worded agreement to arbitrate is likely to encompass post-award disputes on confidentiality thus necessitating the commencement of a fresh arbitration.

Maintenance of Confidentiality by the Center and Arbitrator

Article 78

- (a) Unless the parties agree otherwise, the Center and the arbitrator shall maintain the confidentiality of the arbitration, the award and, to the extent that they describe information that is not in the public domain, any documentary or other evidence disclosed during the arbitration, except to the extent necessary in*

⁷⁷ *Emmott v Michael Wilson & Partner Ltd* [2008] 1 Lloyd's Rep.616.

connection with a court action relating to the award, or as otherwise required by law.

(b) Notwithstanding paragraph (a), the Center may include information concerning the arbitration in any aggregate statistical data that it publishes concerning its activities, provided that such information does not enable the parties or the particular circumstances of the dispute to be identified.

- 78.1 Article 78(a) seeks to marry up the obligations of the parties under Articles 75 to 77 with specific obligations imposed upon an arbitral Tribunal and the Center. Specifically, under Article 78(a), an arbitral Tribunal and the Center shall maintain the confidentiality of (a) the existence of the arbitration; (b) evidence produced during the arbitration (provided that the underlying information is not in the public domain); and (c) arbitral awards.
- 78.2 This duty of confidentiality has three exceptions: (a) consent of the parties; (b) a disclosure necessary in relation to a court action relating to an arbitral award; and (c) disclosure required by law. Although the second exception only refers to arbitral awards, one could assume that the exception also extends to evidence produced in the arbitration that is relevant to the court action.
- 78.3 Article 78(b) expressly allows the Center to publish statistical data on arbitral proceedings administered by it under the proviso that the information should not lead third parties to learn of the existence of the dispute or the parties to it. The Center makes available anonymized arbitration cases, examples at <http://www.wipo.int/amc/en/arbitration/case-example.html>.

VIII. MISCELLANEOUS

Exclusion of Liability

Article 79

Except in respect of deliberate wrongdoing, the arbitrator or arbitrators, WIPO and the Center shall not be liable to a party for any act or omission in connection with the arbitration.

- 79.1 Article 79 purports to restrict all liability of the arbitrators, WIPO and the Center towards a party to an arbitration under the Rules except in the case of deliberate wrongdoing. The important purpose of this provision is to prevent parties disappointed with their WIPO arbitration from effectively challenging the result by initiating proceedings against the arbitrators, but also, albeit less so, against WIPO and the Center.⁷⁸
- 79.2 WIPO is a specialized agency of the United Nations established in 1976 under the WIPO Convention. Under Article 12(1) of the WIPO Convention WIPO is conferred legal capacity. According to Article 12(3) of the WIPO Convention signatories to the WIPO Convention may enter into agreements “with a view to the enjoyment by the Organization, its officials, and representatives of all Member States, of such privileges and immunities as may be necessary for the fulfilment of its objectives and for the exercise of its functions”. It also enjoys immunity

⁷⁸ T. Cook and A. I. Garcia, *International Intellectual Property Arbitration* (Alphen aan den Rijn: Kluwer Law International, 2010) at p.169: “With a view to ensuring that a Tribunal’s decisions are not influenced by the threat of potential liability, under many arbitration rules and national statutes, arbitrators enjoy varying degrees of immunity from civil liability.”

from jurisdiction under customary public international law.⁷⁹ Thus claims against WIPO in relation to any of its actions or omissions in an arbitration are likely to be precluded even without Article 79 of the Rules.

- 79.3 The Center was created by a resolution of the WIPO General Assembly in 1993.⁸⁰ It is doubtful that it has legal personality under any relevant legal system, as an unincorporated branch of WIPO does not have legal personality as a matter of public international law. Thus, any actions aimed at the Center will need to be directed at WIPO itself.
- 79.4 Agreed restrictions of liability are often partly or wholly ineffective under applicable law. Restrictions on the liability of arbitrators, however, may not be subject to this treatment under applicable law, which may have exceptions for judges, and may extend this favorable treatment to arbitrators in their adjudicative function.
- 79.5 The law applicable to the liability of the arbitrators, WIPO and the Center may well vary. The arbitrators will have a contract with the parties. The *lex contractus* will therefore apply to the arbitrator's contractual liability to the parties, and depending on the law applicable to non-contractual liability, any choice of contract law may or may not extend to non-contractual liability, or may even absorb or exclude any non-contractual liability.
- 79.6 It may be that the applicable law will construe a contract between the parties and WIPO. As regards common law systems, the fact that the Center takes registration and administration fees would ordinarily satisfy the requirement of consideration.
- 79.7 There is a question as to the liability of persons involved in arbitration under the Rules not named in Article 79, such as Center/WIPO employees, translators and stenographers hired by the parties or WIPO/the Center or the arbitrators. WIPO employees who have diplomatic status will in principle be protected by diplomatic immunity, but many employees will not enjoy this status. Some applicable laws will ascribe employees' actions in the course of their employment to their employer, under *respondeat superior* doctrines and the like, and have the effect of deflecting liability away from the employee.

Waiver of Defamation

Article 80

The parties and, by acceptance of appointment, the arbitrator agree that any statements or comments, whether written or oral, made or used by them or their representatives in preparation for or in the course of the arbitration shall not be relied upon to found or maintain any action for defamation, libel, slander or any related complaint, and this Article may be pleaded as a bar to any such action.

- 80.1 Article 80 seeks to prevent statements by the parties or the arbitrators from being relied upon in actions for defamation, libel, slander and the like. It is couched in language which might suggest that such a person might not use its own statements in the arbitration in relation to such actions, but what it really means is that it may not use the statements of others for such purposes.

⁷⁹ Philippe Sands & Pierre Klein, *Bowett's Law of International Institutions*, 6th ed. (London: Sweet & Maxwell, 2009), p.515-16.

⁸⁰ Document WO/GA/XIV/1 and 4.

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- 80.2 The purpose of this provision is to remove the disincentive to speaking freely in an arbitration and testifying freely, which is the threat of defamation or like legal action. Like Article 79, Article 80 also serves to prevent disappointed parties from seeking to undermine the result of an arbitration by follow-on actions for defamation or the like.
- 80.3 Article 80 only covers statements made “in preparation for or in the course of the arbitration”. This would seem to require that the statement must have been made in connection with the arbitration, pending or contemplated, to benefit from the protection. It would therefore not cover statements made in settlement negotiations. It would also clearly not cover any settlement negotiations conducted after the course of the arbitration, that is, after the award has been rendered.
- 80.4 Statements made in the course of arbitration as binding dispute resolution will generally also enjoy protection from defamation and similar actions under various bases in applicable law, notably the functional equivalents of privilege, truth, good faith, and no third party injury.

