



# **WIPO GUIDE ON ALTERNATIVE DISPUTE RESOLUTION FOR MOBILE APPLICATION DISPUTES**

**2020**

## FOREWORD

Mobile applications have become an indispensable part of our lives. In all fields of economic, social and cultural activities, mobile applications facilitate interaction, business and entertainment. They are a symbol of growing innovation and present new opportunities for software developers and entrepreneurs in developing countries and around the world in general. The intellectual property system offers a variety of tools that can be instrumental for commercializing mobile applications and for providing a new set of income streams to developers. The efficient use of intellectual property in support of mobile applications remains a challenge in many emerging markets where developers often lack information and knowledge on which intellectual property tools are available and how to take advantage of them.

Against this background, the Member States of the World Intellectual Property Organization (“**WIPO**”) approved a specific project within the work of the Committee on Development and Intellectual Property (“**CDIP**”) to address the issues relating to the enhanced use of intellectual property in the software sector, with a particular focus on mobile applications.

Indeed, transactions in mobile applications are growing in number and complexity. Disputes in this area may be multi-faceted, with adverse effects on technology development, investment and consumer interests. When parties to transactions in mobile applications become involved in disputes, they must find the right mechanisms to settle their differences in a time- and cost-effective manner. Although mobile application disputes can be brought before national courts, litigation is not always well suited to deal with the particularities of this type of dispute because the conflicts are often complex and require specialized expertise. As an alternative, parties may choose out-of-court dispute resolution methods, such as mediation and arbitration. The WIPO Arbitration and Mediation Center’s experience demonstrates that mediation and arbitration also leave ample space for the parties to settle their case and limit disruption to their relationship.

WIPO wishes to thank Mr. Chung Nian Lam for preparing this Guide on the use of alternative dispute resolution mechanisms and is pleased to present this Guide to mobile application developers and other interested stakeholders in order to help achieve the main goals of the project, and to assist mobile application developers in identifying and managing their intellectual property in this complex area.

Geneva, September  
2020

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# 1. PREFACE

## 1.1 About this Guide

In recent years, there has been a consistent trend of growth internationally in the market for mobile applications (“**MA**”s) – usually known as mobile “apps” – attributable to the global increase in smartphone adoption, advances in the capabilities of these devices, as well as increased network speeds.<sup>1</sup> There is also evidence of heightened adoption of MAs across various industries, from banking to agriculture, as economies worldwide continue to experience digital transformation at an unprecedented scale and diversity, harnessing the increasing power of mobile devices to replace more functions traditionally performed on desktop computers.<sup>2</sup> With greater adoption of MAs in numerous sectors, worldwide MA downloads reached an all-time high in 2019 with 204 billion downloads, and the average user spent 35 per cent more time on mobile devices in 2019 than in 2017.<sup>3</sup>

Intellectual property (“**IP**”) rights play a significant role in establishing and protecting the commercial value of MAs, as this Guide will discuss in greater detail in the chapters below. These IP rights exist not only in relation to the software code comprised in MAs, but also in the content of MAs (for example, the media elements or content that may be embodied in an MA). As such, it is not just software developers who should be concerned with the protection of their IP in MAs: other significant stakeholders including content creators in the MA market, such as artists, illustrators, musicians and writers should also be keen to ensure that their IP rights are protected.

Furthermore, as the creation, exploitation and enforcement of IP rights internationalizes in tandem with the globalization of MA businesses and related industries, it is likely that MA disputes between various stakeholders will more frequently transcend borders and involve a complex mix of legal and technical issues.

For instance, MA disputes may arise in relation to cross-border MA commercial agreements such as joint investment agreements, MA software licensing agreements and commissioning agreements. Even in less commercially complex arrangements, the rise of the gig economy – where an international community of programmers and content creators from around the world may work on different aspects of the development of an MA – can equally give rise to disputes with a multi-jurisdictional flavor.

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<sup>1</sup> Committee on Development and Intellectual Property 22/8, “Revised Project Proposal on Enhancing the Use of IP in the Software Sector in African Countries Proposed by the Republic of Kenya” (2018), Table 2.1. Available at [https://www.wipo.int/edocs/mdocs/mdocs/en/cdip\\_22/cdip\\_22\\_8.pdf](https://www.wipo.int/edocs/mdocs/mdocs/en/cdip_22/cdip_22_8.pdf).

<sup>2</sup> *Ibid.*

<sup>3</sup> App Annie, “The State of Mobile in 2020: The Key Stats You Need to Know”. Available at <https://www.appannie.com/en/insights/market-data/state-of-mobile-2020-infographic/>.

Such MA disputes may involve matters relating to ownership, control, and/or commercialization rights in the various layers of IP in MAs, including copyright in the software architecture, trade secrets in algorithms, or the unauthorized use of content in MAs.

At the same time, there has been an increasing embrace of alternative dispute resolution (“**ADR**”) mechanisms all around the world. This has been driven by the recognition that ADR establishes a viable alternative to the traditional court system as a means for parties to resolve disputes.

In this regard, the customizability, flexibility and strong role of party autonomy in ADR procedures can be attractive to parties looking to resolve MA disputes efficiently and effectively, before a neutral with the appropriate expertise in the MA context. In addition, the availability of ADR as an alternative to the traditional route of resolving disputes via the national court system presents an opportunity for parties to resolve their disputes through less confrontational means, such as mediation, or for the parties to agree to resolve their disputes via arbitration. Through ADR, parties are able to adopt simplified procedural rules and resolve multi-jurisdictional disputes in a single proceeding, resulting in time and cost savings, which can be precious in light of the short market cycles typical of MA products.

In light of the significant value in recognizing the potential contribution of ADR to resolving disputes that can arise in the MA sector, this Guide has been written at a high level, with the objective of creating greater awareness of how ADR may provide MA stakeholders with practical alternatives to protect their rights and interests. The outline of this Guide is as follows:

- **Chapter 2** will provide an overview of recent developments in the MA sector, basic ADR concepts, the key IP rights that are typical in the MA sector, and some examples of common MA disputes.
- **Chapters 3 to 6** will discuss in greater detail the key advantages of ADR mechanisms over traditional court litigation (including key considerations when deciding among ADR mechanisms) in the MA context, as well as the WIPO experience in successfully providing ADR services.
- **Chapters 7 to 9** will explore the various stages of the ADR process and the application of WIPO ADR Rules, as well as discuss practical issues relating to ADR proceedings, including enforcement of ADR outcomes and ensuring confidentiality in ADR proceedings.

- **Chapter 10** will discuss relevant considerations in drafting ADR clauses in MA agreements and examples of WIPO Model ADR Clauses.
- **Chapter 11** will provide some concluding remarks on the use of ADR to resolve MA disputes, as well as a bibliography containing relevant references on ADR, which the reader may refer to.

This Guide, however, will not address in detail certain disputes such as those involving counterfeiting or piracy, where for example the challenges involved in identifying potential defendants may render the submission to mutually consensual procedures (which underpin ADR procedures) difficult.

In light of the proximity between software disputes and MA disputes in relation to their underlying transactions, we will also reference case studies relating to software-related disputes where relevant.

Ultimately, while this Guide is not intended to be exhaustive, it is hoped that it will function as a useful primer<sup>4</sup> for you – whether you are a researcher, MA developer, content creator, lawyer or policymaker – on the practical considerations of ADR mechanisms as advantageous and viable alternatives to court litigation in resolving MA disputes.

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<sup>4</sup> This Guide is for general information only and does not constitute legal advice. Please seek specific legal advice before acting on the contents set out herein.

## 2. INTRODUCTION

### 2.1 Recent developments in the mobile application sector

The MA sector is now one of the fastest growing sectors in the digital economy, especially in developing economies.<sup>5</sup> The factors contributing to such rapid growth in this subsector include the increase in smartphone penetration rates and improved Internet access.<sup>6</sup> Aside from the increasing number of MA downloads and time spent on mobile devices, consumer spending on MAs is also expected to increase from around USD 80 billion to USD 155 billion by 2022.<sup>7</sup> Consequently, demand for MA development and MA development-related roles has also increased. It is estimated that the MA economy generated over 2.2 million jobs in the United States in 2019, which was more than quadruple the figure in 2011.<sup>8</sup> Similar trends have been observed in India, where MA economy jobs increased 39 per cent from 2016 to 2019.<sup>9</sup> To satisfy this increase in demand, MA development is also increasingly being encouraged through the provision of financial support and training for MA developers, including in developing economies.<sup>10</sup>

The growth of the MA market thus provides an exciting economic proposition for developing economies as well. Tools for the development of MAs are relatively commonplace and easily accessible, and the ability to deliver and distribute code via international platforms allows MA programmers to work on software development projects from all around the world, and to readily address an international market.<sup>11</sup>

In this regard, a robust system of IP protection is crucial to the growth of the MA sector, and there is a discernible trend where legislative frameworks in developing economies are being enhanced to provide stronger protection for IP rights to encourage innovation and growth in this subsector.<sup>12</sup> Various initiatives have also been

<sup>5</sup> Dr. Noam Shemtov, “Scoping Study on Availability and Use of Intellectual Property Tools to Protect Mobile Applications in the three Beneficiary Countries Namely, Kenya, Trinidad and Tobago and the Philippines” (hereinafter referred to as “**Scoping Study**”), p. 7. Available at [https://www.wipo.int/export/sites/www/ip-development/en/agenda/pdf/scoping\\_study\\_mobile\\_apps.pdf](https://www.wipo.int/export/sites/www/ip-development/en/agenda/pdf/scoping_study_mobile_apps.pdf).

<sup>6</sup> OECD, “The App Economy”, OECD Digital Economy Papers, No. 230, (December 16, 2013), p. 5. Available at <http://dx.doi.org/10.1787/5k3tftlv95k-en>.

<sup>7</sup> Statista, “Worldwide consumer spending on mobile apps in 2017, 2018 and 2022, by region” (May 2018). Available at <https://www.statista.com/statistics/695104/worldwide-mobile-app-consumer-spend-by-region/>.

<sup>8</sup> Dr. Michael Mandel, Progressive Policy Institute, “U.S. App Economy Update” (May 2017). Available at [https://www.progressivepolicy.org/wp-content/uploads/2017/05/PPI\\_USAppEconomy.pdf](https://www.progressivepolicy.org/wp-content/uploads/2017/05/PPI_USAppEconomy.pdf); Dr. Michael Mandel and Elliott Long, Progressive Policy Institute, “The App Economy in India” (September 2019). Available at [https://www.progressivepolicy.org/wp-content/uploads/2019/09/PPI\\_IndianAppEconomy\\_V3-1.pdf](https://www.progressivepolicy.org/wp-content/uploads/2019/09/PPI_IndianAppEconomy_V3-1.pdf). The Progressive Policy Institute has also issued reports on Australia, Argentina, the European Union, Vietnam and other countries, and similar trends have been observed in the MA economy of such countries.

<sup>9</sup> *Ibid.*

<sup>10</sup> Scoping Study, *supra* note 5, pp. 10, 12, 23 and 55.

<sup>11</sup> United Nations Conference on Trade and Development, “Information Economy Report 2012: The Software Industry and Developing Countries” (2012), p. 11. Available at [https://unctad.org/en/PublicationsLibrary/ier2012\\_en.pdf](https://unctad.org/en/PublicationsLibrary/ier2012_en.pdf).

<sup>12</sup> Scoping Study, *supra* note 5, pp. 9, 67, 74.

implemented to increase the awareness of IP rights as a means for MA developers to protect their interests.<sup>13</sup>

At the same time, the opportunities for more internationalized exploitation of IP gives rise to a higher prospect of cross-border disputes, especially in the MA market, which is not predicated upon the delivery of physical goods. Indeed, WIPO studies have demonstrated that disputes are more likely to arise when parties are based in different jurisdictions compared to a single jurisdiction,<sup>14</sup> just as the trend of IP-related agreements becoming more international (with parties from different jurisdictions collaborating) is also being observed.<sup>15</sup>

Therefore, as the MA sector continues to experience rapid progression, it is likely that disputes in the MA sector will increase. For example, patent and trademark protection are increasingly being sought in multiple countries. For MA developers whose MAs are distributed in many countries, this means that MA-related IP disputes may no longer be confined to a single jurisdiction. The MA developer might need to obtain a copyright license in multiple jurisdictions in order to develop an MA or to incorporate media elements in the MA. Consequently, where a dispute arises over a breach of the terms of such a license, parallel proceedings may potentially be brought in multiple jurisdictions.

The adoption of ADR can be a more cost-effective means to resolve such “multi-theater” IP disputes, and provides both rights owners and users of IP more options to resolve their disputes effectively and efficiently. In tandem, countries have increasingly recognized such benefits of ADR and have established policies and programs to recognize the importance and role of ADR in IP disputes.<sup>16</sup>

## **2.2 Conventional dispute resolution: court litigation in mobile application disputes**

Apart from ADR, the national courts of a country (i.e. traditional court litigation) have long been perceived to be the conventional means by which parties to a dispute may seek a neutral determination of the matter, culminating in a judgment that would be formally recognized and enforceable in that country.

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<sup>13</sup> Scoping Study, *supra* note 5, pp. 12, 20.

<sup>14</sup> WIPO, “Results of the WIPO Arbitration and Mediation Center International Survey on Dispute Resolution in Technology Transactions” (hereinafter referred to as “**WIPO Dispute Resolution Survey**”) (March 2013). p. 18. Available at <https://www.wipo.int/export/sites/www/amc/en/docs/surveyresults.pdf>.

<sup>15</sup> *Ibid*, p. 14.

<sup>16</sup> Leandro Toscano and Oscar Suarez, WIPO Arbitration and Mediation Center, “An expanding role for IP offices in alternative dispute resolution” (February 2019). Available at [https://www.wipo.int/wipo\\_magazine/en/2019/01/article\\_0006.html](https://www.wipo.int/wipo_magazine/en/2019/01/article_0006.html).



In a conventional civil dispute, a claimant would need to commence a civil action in court in accordance with the applicable civil procedure rules, which can be complex and sometimes inflexible. If the court has jurisdiction to hear the dispute and the action proceeds to trial, the parties will present their cases before a judge and/or jury (as applicable), with parties taking an adversarial position vis-à-vis each other.

Thereafter, the court will deliver a judgment on the issues and order remedies within its powers. The party that is dissatisfied with the judgment may wish to appeal, but its right to appeal the judgment depends (among other things) on whether there is a superior court with jurisdiction to hear the appeal. In this way, the parties' dispute may be resolved by the courts via litigation.

While court litigation has been the usual or “default” mode of dispute resolution, resort to ADR mechanisms can provide several advantages, such as speed and simplified procedures that parties can agree upon. Indeed, while there are often summary procedures in court litigation for cases that are less complex, resorting to court litigation to resolve disputes is usually more time-consuming and expensive than ADR mechanisms.<sup>17</sup> By comparison, the WIPO experience reveals that the use of ADR mechanisms often translates into time and cost savings, including more frequent settlement outcomes.<sup>18</sup>

In addition, litigation processes can be long-drawn, and certain court systems may be overwhelmed by an overall backlog of cases. The local jurisdictional basis of the court system may also mean that, in the event that matters are litigated in multiple fora (as is increasingly typical of MA disputes), potentially inconsistent outcomes may arise. Conventional litigation, with its potential to generate multiple proceedings covering the same fact patterns in multiple jurisdictions, may therefore be unsuitable for international MA businesses that wish to commercialize, protect and enforce IP across jurisdictions in a coherent manner, and where consistency of outcomes is commercially important.

### **2.3 ADR mechanisms in mobile application disputes**

Some of the issues associated with traditional litigation processes described above have contributed in part to the global rise in popularity of ADR mechanisms, which can be less expensive and quicker in achieving resolution of disputes. The consensual nature of ADR mechanisms is also understandably attractive to parties who wish to maintain amicable business relations with each other, especially in the MA context,

<sup>17</sup> WIPO Dispute Resolution Survey, *supra* note 14, p. 6.

<sup>18</sup> WIPO Arbitration and Mediation Center, “Case Study: The Use of WIPO ADR for Software Disputes”.

where cross-border collaboration is becoming increasingly commonplace or even inevitable.

The section below provides a brief overview of the common ADR mechanisms (i.e. mediation, arbitration and expert determination). **Chapter 3** will discuss in greater detail how these ADR mechanisms can be viable alternatives to litigation in the context of MA disputes.

(a) Mediation

Mediation is a non-binding, confidential, and interest-based ADR procedure controlled by parties.<sup>19</sup> While there is no universally accepted definition of mediation, mediation may be described as:<sup>20</sup>

*“an informal consensual process in which a neutral intermediary, the mediator, assists the parties in reaching a settlement of their dispute, based on the parties’ respective interests.”*

As a starting point, if parties wish to submit an MA dispute to mediation, there must be a mediation agreement between the parties, as mediation is primarily a consensual process (although there may also be court-mandated mediation in some jurisdictions).

However, in the absence of a mediation agreement, parties may still seek the aid of established ADR centers, which can facilitate the process of initiating the mediation. For example, a party may submit a unilateral Request for Mediation to the WIPO Arbitration and Mediation Center (“**WIPO Center**”).<sup>21</sup> The WIPO Center may then assist the parties to – or upon request – appoint an external neutral to provide the required assistance. Indeed, parties in a number of cases have successfully used the unilateral request procedure of the WIPO Center to submit disputes to mediation, demonstrating the value of having the support of established ADR institutions to facilitate the ADR process.

In addition, the confidential nature of the mediation process provides the parties with a platform to openly discuss the issues in dispute. Confidentiality is especially valuable where the MA dispute relates to sensitive information or trade secrets. In this regard, a neutral mediator will be able to facilitate the ventilation of issues in the mediation process and assist in attempting to find a consensus based on the parties’ respective interests, rather than solely by

<sup>19</sup> WIPO Arbitration and Mediation Center, “What is Mediation?” Available at <https://www.wipo.int/amc/en/mediation/what-mediation.html>.

<sup>20</sup> WIPO Arbitration and Mediation Center, “Guide to WIPO Mediation” (2018) at 6. Available at [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_449\\_2018.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_449_2018.pdf).

<sup>21</sup> See **Chapter 7.2** for a discussion on the procedure to submit a unilateral request.

reference to strict legal rights. Consequently, the mediation process is generally less adversarial or confrontational compared to court litigation.

In contrast to litigation (where the court typically has the power within its jurisdiction to issue a binding judgment on the parties), the mediator has no authority to issue any binding decision on the dispute on his/her own account. The role of the mediator may be said to be “facilitative” or “evaluative”. In facilitative mediations, the mediator is less involved with the substance of the dispute and only facilitates the parties’ discussions. On the other hand, the parties may request the mediator in evaluative mediations to provide an assessment of the parties’ respective positions.

If the parties are able to come to an agreement during mediation, such resolution can be recorded as a settlement agreement which has contractual force. If a party does not comply with the settlement agreement, the other party may rely on the courts to enforce such agreement as a contract.

As will be discussed further in **Chapter 8**, international commercial settlement agreements resulting from mediation will have the possibility of being enforced in multiple jurisdictions under the United Nations Convention on International Settlement Agreements Resulting from Mediation (“**Singapore Convention**”) from September 12, 2020, depending on whether a particular State is a signatory to the Singapore Convention.

Moving forward, the international enforceability of settlement agreements will be valuable to globalized MA businesses seeking consistent outcomes in multi-jurisdictional disputes.

Mediation, by itself, does not generally exclude the possibility of subsequent arbitration or even litigation. If the parties are unable to reach a settlement during mediation, other avenues of dispute resolution remain available.

#### (b) Arbitration

Arbitration is a process where parties agree to submit their dispute to be determined by a neutral (i.e. a tribunal consisting of one or more “arbitrator(s)” able to issue binding and final decisions (known as “awards”)).

As arbitration is a consensual process, there must be an agreement between the parties to an MA dispute to submit the dispute to arbitration before arbitration can be initiated.

During the arbitration proceedings, the arbitral tribunal will hear submissions from the parties according to agreed procedures. Significantly, arbitration procedures can be more flexible compared to civil procedure requirements in court litigation, and parties in arbitration have the autonomy to decide on various aspects of the arbitration proceedings, including (among other things) the composition of the arbitral tribunal, the procedural rules that should apply, and even the geographical location of the arbitration.

For less complicated MA disputes and/or where timely resolution is of the essence, parties may agree to an “expedited arbitration”, which typically involves a sole arbitrator, and such proceedings are usually carried out at reduced time and cost.

Leading ADR institutions such as the WIPO Center have expedited arbitration rules to facilitate such procedures. **Chapter 7** will discuss arbitral procedures in greater detail.

After the arbitral tribunal has heard the parties’ submissions, it may issue a final and binding award. Arbitration normally excludes further court litigation on the same issue. However, if a party does not comply with the arbitral award, the other party may still seek a national court’s assistance to enforce the arbitral award.

As will be discussed in greater detail in **Chapter 8**, it is possible to enforce arbitral awards in multiple jurisdictions under the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (“**New York Convention**”). Such international enforceability of arbitral awards will be valuable to globalized MA businesses seeking consistent outcomes in cross-border disputes.

### (c) Expert determination

Expert determination is a consensual process whereby the parties agree to refer certain issues for determination by a neutral expert.<sup>22</sup> Hence, parties to an MA dispute may rely on expert determination to resolve issues that are more technical in nature, such as disputes over IP valuation or the royalties payable under an IP license.

<sup>22</sup> WIPO Arbitration and Mediation Center, “What is Expert Determination?”. Available at <https://www.wipo.int/amc/en/expert-determination/what-is-exp.html>.

Similar to mediation and arbitration, there must be an agreement between the parties to refer the dispute to expert determination. The expert determination agreement will usually contain the procedure for the expert determination, although parties may also decide to rely on institutional rules for expert determination.<sup>23</sup>

The agreement will also specify whether the expert determination is binding. If the parties do not agree that the expert determination is to be binding, it may still be useful, as parties may rely on it in subsequent negotiations/mediation or as evidence in subsequent arbitration or litigation proceedings, subject to the applicable rules of evidence and procedure governing the proceedings.

The expert determination process is less formal and usually quicker than arbitration or litigation, which can be valuable to parties seeking a quick determination on a straightforward matter or a specific issue. However, as it can be less structured than arbitration or litigation, it is likely to be less suitable for MA disputes involving complex questions of law and/or significant fact-finding.

## 2.4 Multi-tiered or “escalation” ADR mechanisms

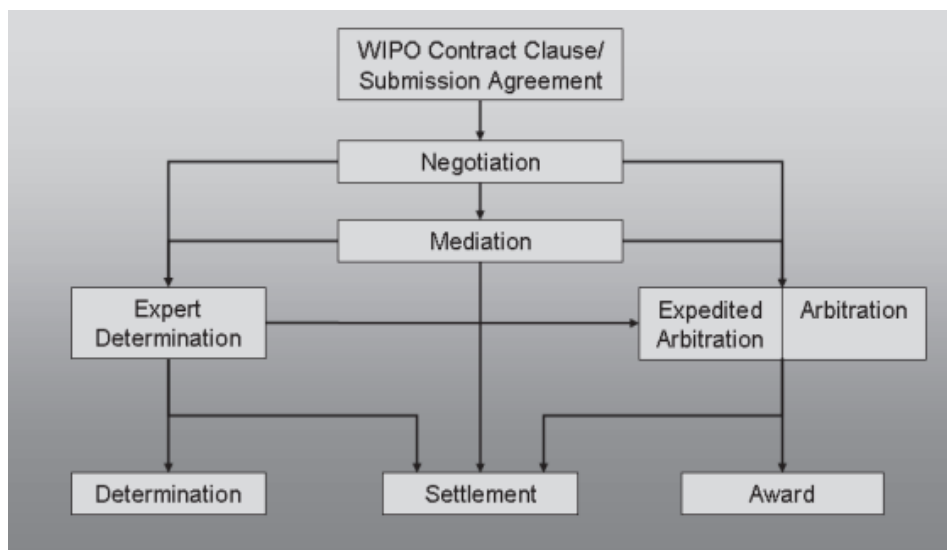


Figure 1: Multi-tiered ADR procedures available at the WIPO Center<sup>24</sup>

As ADR procedures are generally not mutually exclusive, the parties to an MA dispute are generally free to customize the dispute resolution process to best meet their respective commercial interests, e.g. time and cost efficiencies, preservation of amicable business relations, etc. In particular, ADR procedures may be combined

<sup>23</sup> See, for example, the WIPO Expert Determination Rules discussed in **Chapter 7.5**. Available at <https://www.wipo.int/amc/en/expert-determination/rules/index.html>.

<sup>24</sup> Ignacio de Castro, Leandro Toscano, “Resolution of ICT Disputes through Mediation and Arbitration – Cost- and Time-Efficient Alternatives to Court Litigation” (2012). Available at <https://www.wipo.int/export/sites/www/amc/en/docs/crimay2012.pdf>.

strategically to resolve MA disputes effectively, and to help parties resolve their disputes in a manner that maximizes opportunities for maintaining their relationship.

It is also possible for parties to agree on multi-tiered processes to resolve disputes. This will typically involve parties layering ADR procedures by way of an “escalation” clause – e.g. mediation followed by arbitration (or, if so desired, expedited arbitration) if a settlement is not reached during mediation. Such escalation clauses may facilitate settlement while allowing parties the freedom to escalate at any stage.

Customizability features strongly in multi-tiered ADR procedures. For instance, depending on the agreement between the parties, the same person may be chosen as the mediator and the arbitrator if the dispute is escalated. This may be advantageous, because the arbitrator would already be familiar with the dispute, resulting in potential cost savings.

Practical considerations applicable to the drafting of multi-tiered ADR clauses will be discussed in greater detail in **Chapter 10**.

## 2.5 Key IP rights & common types of disputes in the mobile application sector

IP rights broadly refer to “legal rights which result from intellectual activity in the industrial, scientific, literary and artistic fields”,<sup>25</sup> and such rights are further defined by specific legal instruments in each jurisdiction.

International conventions in relation to IP rights were adopted as early as the late 1800s. The Paris Convention for the Protection of Industrial Property (“**Paris Convention**”) and the Berne Convention for the Protection of Literary and Artistic Works (“**Berne Convention**”) were adopted in 1883 and 1886 respectively. The Paris Convention concerns a broad range of industrial property including patents, trademarks and industrial designs, while the Berne Convention primarily relates to copyright protection. Collectively, the Paris Convention and Berne Convention established many basic principles (e.g. the principle of national treatment; the right of priority) on the protection of IP rights. The Berne Convention also specifies minimum standards of protection for literary and artistic works (e.g. the duration of copyright).

The Paris Convention and Berne Convention were administered by WIPO’s predecessor – the United International Bureaux for the Protection of Intellectual Property – until the adoption of the Convention Establishing the World Intellectual Property Organization (“**WIPO Convention**”) in 1967 in Stockholm. Under the WIPO Convention, the objectives of WIPO are to promote the protection of IP worldwide and to ensure administrative cooperation among IP Unions established by the treaties that WIPO administers. WIPO’s roles include the administration of international conventions such as the Paris Convention and Berne Convention.<sup>26</sup>

According to the WIPO Convention, IP rights include rights relating to: (a) literary, artistic and scientific works; (b) performances of performing artists, phonograms and broadcasts; (c) inventions in all fields of human endeavor; (d) scientific discoveries; (e) industrial designs; (f) trademarks, service marks and commercial names and designations; (g) protection against unfair competition, and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.<sup>27</sup>

In addition, WIPO’s contributions to the international development of IP frameworks notably includes the promotion of intergovernmental cooperation, such as WIPO’s agreement with the World Trade Organization whereby WIPO assists developing countries in the implementation of the Trade-

<sup>25</sup> WIPO, “Intellectual Property Handbook”. Available at [https://www.wipo.int/edocs/pubdocs/en/intproperty/489/wipo\\_pub\\_489.pdf](https://www.wipo.int/edocs/pubdocs/en/intproperty/489/wipo_pub_489.pdf).

<sup>26</sup> Articles 3 and 4 of the WIPO Convention. Available at <https://wipolex.wipo.int/en/text/283833>.

<sup>27</sup> Article 2(viii) of the WIPO Convention.

Related Aspects of Intellectual Property Rights (“**TRIPS**”) Agreement (which came into effect on January 1, 1995).<sup>28</sup>

The TRIPS Agreement is a significant legal framework adopted by many countries to establish IP rights.<sup>29</sup> It is a comprehensive multilateral agreement on IP rights, prescribing the minimum standards of protection of IP signatories (“**Member States**”) must provide, including the subject matter to be protected, the scope of rights conferred on owners, and the duration of protection. The TRIPS Agreement incorporated many principles and standards under existing conventions such as the Paris Convention and the Berne Convention, while also introducing new principles (e.g. the most-favored-nation principle) and standards.

The subject matter for which protection is mandated under the TRIPS Agreement includes: (a) copyright and related rights; (b) trademarks; (c) geographical indications; (d) industrial designs; (e) patents; (f) layout-designs (topographies) of integrated circuits; (g) protection of undisclosed information; and (h) control of anti-competitive practices in contractual licenses. However, the TRIPS Agreement specifies only the minimum standards of protection that Member States need to provide, and each Member State still has to enact its own laws giving effect to those obligations.

Other important international treaties and conventions on IP rights that are administered by WIPO include (without limitation):

- (a) the Madrid Agreement Concerning the International Registration of Marks (1891) and the Protocol Relating to the Madrid Agreement (1989);
- (b) the Trademark Law Treaty (1994);
- (c) the WIPO Copyright Treaty (1996);
- (d) the WIPO Performance and Phonograms Treaty (1996);
- (e) the Patent Law Treaty (2000); and
- (f) the Beijing Treaty on Audiovisual Performances (2012).

For more detailed information on international treaties and conventions on IP in general, and how these instruments may affect the expression of IP rights in your jurisdiction, please refer to Chapter 5 of the *WIPO Intellectual Property Handbook*<sup>30</sup> and *WIPO-Administered Treaties*.<sup>31</sup>

<sup>28</sup> World Trade Organization, “Overview: the TRIPS Agreement”. Available at [https://www.wto.org/english/tratop\\_e/trips\\_e/intel2\\_e.htm](https://www.wto.org/english/tratop_e/trips_e/intel2_e.htm).

<sup>29</sup> *Ibid.*

<sup>30</sup> WIPO Intellectual Property Handbook, *supra* note 25.

<sup>31</sup> WIPO, “WIPO-Administered Treaties”. Available at <https://www.wipo.int/treaties/en/>.



The key IP rights that are relevant to the MA sector have been comprehensively examined in the *WIPO Study on Intellectual Property and Mobile Applications*.<sup>32</sup> The discussion set out in the sections below will build on that study to highlight some disputes that may commonly arise in relation to such IP rights.

The IP rights that are especially significant to the protection of various aspects of MAs are copyright and related rights, patents, trademarks and unfair competition rights, industrial designs and the protection of confidential information.

In this regard, it is also important to distinguish between intangible IP and the tangible carrier embodying the IP. For example, the IP in the source code of an MA is distinct from the mobile phone that embodies other IP in, for example, the firmware or operating system of the mobile phone. The purchase of the mobile phone does not transfer ownership of the IP in the MAs, firmware or operating system to the purchaser of the mobile phone.

(a) Copyright and related rights in mobile applications

Given the broad range of subject matter that may be protected under copyright laws, copyright protection is very important for MA developers and content creators. To protect the interests of a copyright owner, copyright laws generally grant the owner the exclusive right to authorize reproduction and other uses of the protected work, thereby allowing the owner to prevent others from copying the work.<sup>33</sup>

Copyright protects creative expressions of authorship, which are also referred to in some legislations as *authors' works* – i.e. works that are created by a natural author that satisfy the requirement of originality in the copyright sense.<sup>34</sup> In addition, copyright also protects rights in *entrepreneurial works* or “related rights” such as rights in films and sound recordings, which are meant to protect the financial investments made in producing such works.

In this Guide, for convenience, “copyright” will be used in the broad sense to also include reference to “related rights” or “rights in entrepreneurial works”.

In the WIPO Convention, the areas mentioned as “performances of performing artists”, “phonograms” and “broadcasts” are usually referred to as “related rights” (i.e. rights related to copyright).<sup>35</sup> Similarly, the

<sup>32</sup> Dr. Noam Shemtov, “Intellectual Property and Mobile Applications” (hereinafter referred to as “IP and MA”). Available at [https://www.wipo.int/export/sites/www/ip-development/en/agenda/pdf/ip\\_and\\_mobile\\_applications\\_study.pdf](https://www.wipo.int/export/sites/www/ip-development/en/agenda/pdf/ip_and_mobile_applications_study.pdf).

<sup>33</sup> Article 9 of the Berne Convention; *Ibid*.

<sup>34</sup> IP and MA, *supra* note 32, p. 9.

<sup>35</sup> WIPO Intellectual Property Handbook, *supra* note 25.

language of the TRIPS Agreement also distinguishes between copyright and related rights.

Certain jurisdictions (e.g. the United Kingdom and the United States) do not refer to rights in entrepreneurial works as “related rights”. Instead, related rights in entrepreneurial works are simply described as “copyright” in entrepreneurial works.<sup>36</sup>

The categories of works that are protected under copyright laws include “literary and artistic works”, which are broadly defined and include musical compositions and adaptations of literary and artistic works.<sup>37</sup> Article 10 of the TRIPS Agreement also provides that computer programs are to be protected as literary works, regardless of whether they are written in source code or object code.<sup>38</sup>

For example, the source code of an MA may be protected as a literary work. Further, the artistic works contained in MAs can also receive copyright protection. For instance, the graphical user interface (“**GUI**”) of MAs may be protected as an artistic work.<sup>39</sup> The GUI includes (i) the overall interface; (ii) each individual component in the interface; and (iii) the transient features and various animations.<sup>40</sup> Music incorporated into the MA may also receive copyright protection as an original work while copyright may subsist in the sound recording of the performance of the music. Additionally, copyright may also subsist in videos or animations that are embedded in the MA.

To illustrate this point, where a developer of a mobile video game includes a video tutorial for beginners to learn the basics of the video game, copyright may protect various aspects of the MA.

For example, the source code of the MA may be a copyrighted literary work. Copyright may also subsist in the drawings of the characters and the GUI of the MA.

In addition, the video sequence comprised in the tutorial is an entrepreneurial work, and copyright may subsist in the video tutorial.

The video tutorial may also contain artistic works (e.g. drawings of the characters) and literary works (e.g. texts explaining the mechanics of

<sup>36</sup> World Trade Organization, “Module II: Copyright and Related Rights” at [2]. Available at [https://www.wto.org/english/tratop\\_e/trips\\_e/ta\\_docs\\_e/modules2\\_e.pdf](https://www.wto.org/english/tratop_e/trips_e/ta_docs_e/modules2_e.pdf).

<sup>37</sup> Article 2 of the Berne Convention.

<sup>38</sup> Article 10 of the TRIPS Agreement.

<sup>39</sup> IP and MA, *supra* note 32, p. 39.

<sup>40</sup> *Ibid*, p. 39.

the game). Copyright subsisting in these artistic works and literary works constitute distinct copyrights from that in the video tutorial.

- (i) Copyright disputes concerning third-party licenses in the development of mobile applications

In the development of MAs, developers may need to obtain third-party licenses in order to use existing IP belonging to third parties.

For example, MA developers may rely on software development kits (“**SDK**”) in the development of MAs. SDKs are software that typically includes compilers, debuggers and other tools to assist in the development of MAs. To use such SDKs, MA developers will need to obtain a license from the SDK publisher.

The terms and conditions of such licensing agreements may limit the purposes to which MA developers are allowed to use such development kits (e.g. not to use the SDK to develop MAs for other platforms) and may also contain contractual restrictions which prohibit decompiling, reverse engineering, disassembling, or attempting to derive the source code of the SDK. A breach of such third-party licenses could lead to disputes.

Further, an MA developer may incorporate free and open source software (“**FOSS**”) in the source code of its MA. FOSS is generally used to describe software where the source code is made available such that anyone can inspect, modify and redistribute the software, subject to the terms of the applicable FOSS license.<sup>41</sup> Hence, there is usually a large community of developers who contribute to the development of many FOSS projects, resulting in many high-quality libraries that MA developers can use.

FOSS licenses can be categorized as “permissive” or “copyleft” licenses. Permissive licenses typically do not impose restrictions on how the code can be modified or redistributed. In contrast, copyleft licenses usually require the modified code to be distributed under the same terms as the original copyleft license. As FOSS can be modified according to the applicable FOSS license, MA developers may sometimes customize the source code for specific purposes. Where the MA developer uses code subject to a copyleft license, it is often obliged to distribute its

<sup>41</sup> Catharina Maracke, “Free and Open Source Software and FRAND-based patent licenses – How to mediate between Standard Essential Patent and Free and Open Source Software” (2019), *The Journal of World Intellectual Property*, para 2.2. Available at <https://onlinelibrary.wiley.com/doi/abs/10.1111/jwip.12114>.

customizations of such code under the same terms as well, failing which disputes could arise.

A software company (“**Licensor**”) granted a financial services company (“**Licensee**”) a license under a Master Licensing Agreement (“**MLA**”) to use its software. While the MLA permitted only the Licensee and authorized contractors to use the software, the Licensee allowed unauthorized third parties to modify the software. The Licensor thus sued for breach of the MLA.

It later emerged that the Licensor’s software included third-party source code licensed under a copyleft license, and the Licensee counterclaimed that the inclusion of such third-party source code was in breach of the MLA.

Certain licensing agreements may subject MA developers to the exclusive jurisdiction of national courts and require that any dispute arising out of such agreements be resolved by litigation, thereby possibly precluding the use of ADR to resolve disputes.

(ii) Disputes concerning ownership of copyright

The issue of ownership and assignment of copyright may also lead to disputes, and in this regard, different jurisdictions have different rules relating to first ownership of copyright.

For example, common-law jurisdictions usually provide that first ownership of copyright belongs to the employer if the work is created in the course of employment.<sup>42</sup> The implication is that the MA employee developer would not own the copyright in various aspects of the MA even though the employee-developer is the author of the work. In contrast, the usual position in civil law jurisdictions is that first ownership of copyright will belong to the author.<sup>43</sup> Aside from rules relating to first ownership, MA developers should also be aware of assignment clauses that could operate to transfer the ownership of copyright to another party.

Disputes often arise in connection with employee work products. If issues of ownership and assignment of rights are not adequately addressed, they can lead to disputes as to who owns the copyright in the works.

<sup>42</sup> IP and MA, *supra* note 32, p. 10.

<sup>43</sup> *Ibid.*

A former employee of a company claimed that he owned the copyright in software written during and after his employment with the company. As there was no express agreement relating to ownership of copyright in the software, the former employee sought a declaration that there was an implied agreement that he owned the copyright in the software. On the facts of this case, the Australian Federal Court held that there was no implied agreement to that effect.

It should be noted that, while certain jurisdictions may have laws prohibiting arbitration of employment-related disputes, disputes relating to IP ownership in employment relationships may not always fall within the scope of such prohibitions.

(b) Patents and mobile applications

Patent protection may be relevant in the context of MAs in respect of software or computer-implemented inventions or business processes, or where the MA interoperates with other hardware. However, the law in this area is still evolving.

The patent system protects inventions, which may be a product or process that provides a “*new way of doing something, or offers a new technical solution to a problem*”.<sup>44</sup> Generally, for an invention to be patentable, it must therefore be new, non-obvious and capable of industrial application.<sup>45</sup>

An owner of a patent has the exclusive right to prevent others from exploiting the patented product or process, including making, using or selling the patented product or using a patented process.<sup>46</sup> In this way, the patent system complements copyright protection, as it allows for the protection of functional ideas, which is not permissible under copyright laws.

A MA developer may also patent a specific process contained within the MA instead of the entire MA. For example, in the United States, the Patent and Trademark Office has indicated that a method of rearranging icons on a GUI of a computer system might be a patentable process.<sup>47</sup>

Certain countries also offer protection for utility models, of which protection is not mandated under the TRIPS Agreement. The

<sup>44</sup> WIPO, “Patents – What is a patent?” Available at <https://www.wipo.int/patents/en/>.

<sup>45</sup> Article 27 of the TRIPS Agreement.

<sup>46</sup> Article 28 of the TRIPS Agreement.

<sup>47</sup> The United States Patent and Trademark Office, “Subject Matter Eligibility Examples: Abstract Ideas”. Available at [https://www.uspto.gov/sites/default/files/documents/101\\_examples\\_37to42\\_20190107.pdf](https://www.uspto.gov/sites/default/files/documents/101_examples_37to42_20190107.pdf).

requirements for the grant of utility models tend to be similar to that of patents, but the threshold for grant is generally lower.<sup>48</sup>

This Guide will not discuss utility models in detail.

- (i) Disputes concerning patent licenses and the development of mobile applications

In the development of MAs, an MA developer may also need to use a patented product or process and this will require the grant of a patent license from the patent owner. However, disputes may arise in relation to such licensing agreements.

For example, disputes in relation to royalty payments are fairly common disputes involving patent licenses.<sup>49</sup> In such disputes, parties usually disagree on the construction and interpretation of the terms of the license relating to royalty payments. Further, parties may also disagree as to what the licensee is authorized to do under the terms and conditions of the licensing agreement.

In 2011, a non-practicing entity (“**NPE**”) initiated an action against MA developers which had published MAs on an app store. The NPE alleged that the use of the in-app purchasing system on the app store infringed the NPE’s patents. The app store operator sought to intervene on behalf of the MA developers, as it was a licensee of the NPE’s patents and claimed that the license expressly permitted it to provide products and services embodying the NPE’s patents to MA developers. However, the MA developers had already settled the claims with the NPE before the app store operator could present its case, and the intervention was dismissed by the court.

MA developers may often also utilize IP licensed on “FRAND” license terms, i.e. licenses which are granted on terms that are “fair, reasonable, and non-discriminatory”. Standard-setting organizations will usually agree on specific industry-wide interoperability and technical standards. These standards may include, for example, communications protocols used in mobile phones or to achieve interoperability with hardware components. However, the implementation of such standards may

<sup>48</sup> IP and MA, *supra* note 33, p. 14.

<sup>49</sup> WIPO Arbitration and Mediation Center, “Resolving IP and Technology Disputes Through WIPO ADR” (2016), p. 5. Available at [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_799\\_2016.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_799_2016.pdf).

require the use of certain patents, which are referred to as standard essential patents (“**SEP**”s).

To avoid a situation where the owner of an SEP demands excessive royalties for a license to use the SEP, the owner is usually required to commit to granting SEP licenses on FRAND terms. Where an MA developer develops an MA to operate with a standard that includes an SEP, the MA developer may infringe the SEP if a license is not obtained or where the MA developer does not observe the terms of a license relating to the SEP. Disputes may also arise in connection with the grant of FRAND licenses, as there may be disagreements as to whether the patent is an SEP, or whether the terms of the license have been granted on FRAND terms.

ADR may be attractive to parties in resolving FRAND disputes where different jurisdictions may approach the issue of determination of FRAND licensing terms differently, resulting in a range of approaches and methodologies in FRAND determination.

In this regard, the WIPO Center has experience in facilitating cost- and time-effective FRAND determination by ADR, with adaptable procedures that have been developed with the benefit of comments made by some members and the Secretariat of the European Telecommunication Standards Institute (“**ETSI**”), as well as a series of consultations with leading patent law, standardization and arbitration experts across the world.

For more information on WIPO ADR for FRAND disputes, please refer to the *Guidance on WIPO FRAND Alternative Dispute Resolution*.<sup>50</sup>

### (c) Trademarks and unfair competition in mobile applications

The registered trademarks system and unfair competition laws generally protect against the use of a trader’s distinctive marks or signs that distinguish the trader’s goods or services from those of third parties.

A trademark is a sign that is capable of distinguishing the goods or services of one trader from other traders.<sup>51</sup> Trademark laws grant the owner of a trademark the exclusive right to prevent others from applying an identical or similar

<sup>50</sup> WIPO Arbitration and Mediation Center, “Guidance on WIPO FRAND Alternative Dispute Resolution”. Available at <https://www.wipo.int/export/sites/www/amc/en/docs/wipofrandadrguidance.pdf>.

<sup>51</sup> Article 15 of the TRIPS Agreement.

trademark to identical or similar goods or services where such use is likely to cause confusion.<sup>52</sup> Trademark laws will usually require registration before exclusive rights are conferred on an owner to prevent third parties from using the trademark.<sup>53</sup>

For MA developers, the brand elements of MAs (for example, the logo and brand name of the MA) can be protected under the registered trademark system. Trademark protection can also extend to other types of signs capable of graphical representation, such as game characters and other game properties. If the GUI is capable of serving as a badge of origin, it may also be registrable as a trademark. However, trademark protection cannot be relied on to protect functional or technical features of the GUI.

If the sign is unregistered, MA developers may still resort to unfair competition laws such as the law of passing off to prevent unauthorized use of certain distinctive features of the MA, including the GUI of the MA.<sup>54</sup>

(i) Disputes concerning trademark coexistence agreements

Where parties intend to use similar marks in non-competing businesses, there will usually be no overlap in the goods or services provided by the parties, and consumers should not be confused as to the origin of the goods and services. Parties may nevertheless decide to enter into a coexistence agreement in order to clearly delineate the rights of each party in relation to the use of the similar marks. Such coexistence agreements may contain geographical restrictions relating to each party's use of the similar marks or restrictions on the goods or services to which the similar marks may be applied.

However, parties may disagree over the interpretation of the terms and conditions of the coexistence agreement.

Parties to a coexistence agreement, which set out how each party may use a certain brand name and logo, disagreed as to whether one of the parties had the right to use the name and logo in connection with an online store. The English court held that such use of the trademark on the online store did not breach the coexistence agreement. The dissatisfied party initially intended to appeal the decision, but the parties eventually settled the dispute.

<sup>52</sup> Article 16 of the TRIPS Agreement.

<sup>53</sup> *Ibid.*

<sup>54</sup> IP and MA, *supra* note 32, p. 51.



## (ii) Disputes concerning trademark licenses

Similar to other IP rights, a trademark owner may also grant licenses to third parties to use the trademark. For example, MA developers may be interested in granting trademark licenses to further commercialize the trademark.

A common arrangement in the MA sector is to enter into merchandising agreements, which allow the trademark associated with the MA to be used on a wide variety of goods. However, disputes may also arise as to the terms of the licensing agreement, including the scope of the licensing agreement or the royalties payable under the agreement.

## (d) Designs / industrial designs in mobile applications

The designs rights system primarily protects the external appearance of a product, provided the design is new.<sup>55</sup> Protectable designs may include features of shape, configuration, pattern or ornament.

Most jurisdictions grant protection to designs under a registered designs system (or “design patents” in the United States), but certain jurisdictions may also recognize a narrower set of rights in unregistered designs.

However, the designs rights system does not generally protect designs that are essentially technical or functional in nature.<sup>56</sup> The designs rights system is thus not intended to overlap with the patents or utility model system. The designs rights system also complements the protection of trademarks by conferring protection on designs that may not function as trademarks.

However, there may be overlapping protection for designs under the copyright and designs rights system. Where there is an overlap, the treatment of overlapping protection varies in different jurisdictions – certain jurisdictions may reduce copyright protection for protectable designs or even exclude copyright protection completely, while other jurisdictions may allow for full overlapping protection under both systems.<sup>57</sup>

<sup>55</sup> Article 25 of the TRIPS Agreement.

<sup>56</sup> *Ibid.*

<sup>57</sup> WIPO, Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications 24, SCT/36/2 REV.2, “Compilation of the Replies to the Questionnaire on Graphical User Interface (GUI), Icon and Typeface/Type Font Designs” (hereinafter referred to as “**Compilation of the Replies to the Questionnaire**”), p. 24. Available at [https://www.wipo.int/meetings/en/doc\\_details.jsp?doc\\_id=348996](https://www.wipo.int/meetings/en/doc_details.jsp?doc_id=348996).

In recent years, many jurisdictions have allowed GUIs to be protected under the designs rights system.<sup>58</sup>

Certain jurisdictions also allow for animated designs to be protected.<sup>59</sup> Further, fonts and icons may also be protectable designs in many jurisdictions. Thus, the designs rights system will likely be of interest to MA developers to protect various ornamental features of MAs. However, as GUIs are intended to enable user interaction with the MA, certain features of GUIs that are more functional in nature may be excluded from protection under the designs rights system.

- (i) Disputes concerning development of mobile applications and designs licenses

The filing of design patents relating to GUIs is becoming very popular, as GUIs and other ornamental features of MAs can serve as important differentiating features.<sup>60</sup> Consequently, MA developers may need to obtain licenses to avoid infringement of protected designs.

Similar to the other IP rights discussed above, disputes may arise in relation to the terms and conditions of licenses granted in connection with protected designs. Additionally, there may be greater scope for conflict in jurisdictions where unregistered designs are protected as well, as MA developers would also need to consider the rights of third parties in unregistered designs.

- (e) Confidential information / trade secrets

The law relating to the protection of confidential information or trade secrets protects against unauthorized disclosure or use thereof. Information will usually be protected if it (1) is confidential; (2) derives commercial value from being confidential; and (3) has been subject to reasonable steps by the person in control of the information to keep it confidential.<sup>61</sup>

- (i) Disputes concerning development of mobile applications and confidentiality agreements

MA developers may be interested in ensuring the confidentiality of various aspects of their MAs. In particular, the source code of the MA may contain innovative features that add significant value to the MA.

<sup>58</sup> *Ibid.*, p. 4.

<sup>59</sup> *Ibid.*, p. 41.

<sup>60</sup> Beth Ferrill, Lauren Dreyer, Erik Dreyer, John Sanchez, TechCrunch, "Swipe To Patent: Design Patents In The Age Of User Interfaces" (August 4, 2015). Available at <https://techcrunch.com/2015/08/03/swipe-to-patent-design-patents-in-the-age-of-user-interfaces/>; Kilpatrick Townsend & Stockton, GreyB Services, "Should You File a Design Patent?". Available at <https://www.greyb.com/industrial-design-trends/#Patent-Filing-Trend-of-Industrial-Design-Category>.

<sup>61</sup> Article 39(2) of the TRIPS Agreement.

Additionally, it may be necessary to ensure that information remains confidential in order to obtain certain IP rights. When an MA developer intends to patent a product or process, the product or process must be “new”. However, if the product or process was previously disclosed to the public, it may no longer be new and would thus not be patentable.

In the development of MAs, it is also highly likely that MA developers will need to disclose confidential information to other collaborators or third parties. For instance, it may be necessary for MA developers to engage independent contractors or hire employees to assist in the development of MAs, and these third parties may come across confidential information. MA developers may also be required to disclose confidential information to attract investments from third parties.

To ensure third parties do not disclose confidential information, it is important for MA developers to enter into confidentiality arrangements with such third parties. This can be achieved by using confidentiality clauses (or non-compete clauses) with employees and non-disclosure agreements (“**NDA**”s) with third parties.<sup>62</sup> NDAs commonly feature in discussions or negotiations with potential investors.

However, disputes may arise if parties challenge the enforceability of confidentiality agreements or disagree as to whether there was a breach of such agreements.

A video game company alleged that a technology company used its trade secrets in breach of an NDA in the development of certain virtual reality products. A jury later found that the technology company breached the NDA and awarded a total of USD 500 million in damages to the video game company, of which USD 200 million related to the breach of the NDA.

## 2.6 Other (non-IP) mobile application disputes

Apart from IP disputes, disputes may also arise in relation to other commercial arrangements such as investment agreements, research and development (“**R&D**”) arrangements and merger and acquisition (“**M&A**”) agreements in the MA context.<sup>63</sup>

### (a) Disputes concerning investment agreements

<sup>62</sup> IP and MA, *supra* note 32, p. 25.

<sup>63</sup> WIPO Dispute Resolution Survey, *supra* note 14, p. 3.

As the development of MAs may be very costly, MA developers may need to raise additional capital to fund the development of MAs.<sup>64</sup> MA developers may seek funding from various sources, including seed capital or venture capital. However, where the terms and conditions of investment agreements are one-sided in favor of the investor instead of the entrepreneur, this may lead to disputes in the future.

(b) Disputes concerning Research & Development (R&D) arrangements

R&D is a process where activities are undertaken to innovate or introduce new services or products. R&D may be conducted as a collaboration between entities, and such an arrangement will likely include a wide range of agreements such as NDAs, assignments, licenses or other commercial agreements.<sup>65</sup> However, disputes may arise in relation to such R&D arrangements.

An R&D agreement to develop technological improvements to a phonetic recognition software was entered into between a public research center and a technology company, both based in Europe. However, a dispute arose when the company refused to make payments, alleging that the research center failed to meet certain targets and made unilateral decisions in breach of the R&D agreement.

(c) Disputes concerning agreements relating to Mergers & Acquisitions (M&As)

When a buyer intends to purchase a target company, the buyer and the seller will enter into agreement to acquire either the shares or the assets of the company. To protect the buyer in such an M&A transaction, the agreement will usually contain representations and warranties by the seller as to the state of the target company. The completion of the transaction is also subject to the fulfilment of condition precedents in the agreement. Disputes can arise as to whether the condition precedents have been satisfied or whether a party is in breach of the terms of the agreement.

## 2.7 Importance of having an effective dispute resolution framework

Given the multitude of situations in which disputes may arise, it is crucial that MA developers have effective options for dispute resolution. In this regard, ADR (e.g. mediation and arbitration) can be an attractive proposition for the resolution of MA

<sup>64</sup> Ben Lee, Crowdsourcing Week, "How to Get Funding For an App" (April 18, 2018). Available at <https://crowdsourcingweek.com/blog/how-to-get-funding-for-an-app/>.

<sup>65</sup> WIPO Arbitration and Mediation Center, "WIPO Alternative Dispute Resolution (ADR) in Research and Development/Technology Transfer". Available at <https://www.wipo.int/amc/en/center/specific-sectors/rd/>.

disputes in contrast to traditional court-based mechanisms, not least in terms of efficiency, confidentiality, finality, international enforceability and a myriad of other benefits, explored below.

In particular, the subsequent chapters will explore in greater detail the effective use of ADR mechanisms to resolve MA disputes. Indeed, with ADR, parties have more flexibility in the manner in which their dispute may be resolved, thanks to the various choices that the parties may agree upon in arriving at that resolution.

**PART I****OVERVIEW OF ADR OPTIONS  
IN MOBILE APPLICATION DISPUTES****3. SUITABILITY OF ADR FOR MOBILE  
APPLICATION DISPUTES**

As a conceptual starting point, ADR mechanisms are an attractive proposition for dispute resolution compared to traditional court mechanisms, because they are essentially based on a consensus of the parties to resolve their dispute by such a mechanism, rather than by the coercive power of the State.

Flowing from this consensus, parties have more flexibility in the manner in which their dispute may be resolved, deriving from various choices that the parties may agree upon in arriving at that resolution, which may include for example:

- the choice of the ADR mechanisms that the parties wish to apply in resolving the dispute – e.g. whether they should provide for opportunities to mediate their dispute before commencing litigation or arbitration;
- the choice of the mediator or arbitrator (whom the parties may select based on his/her having particularly relevant experience or perspectives to better understand their respective positions);
- the degree of formality and procedural requirements that the parties wish to impose on themselves in achieving a resolution of the matter; and
- the choice of law that will govern the ADR process and its validity.

The simplicity and attractiveness of the idea that parties should have the option of resolving their disputes by such consensus is borne out by the tremendous growth in the adoption of ADR internationally. Recent surveys have indicated that international arbitration is a growing choice of dispute resolution – for example, in 2018, 48 per cent of respondents in an international survey preferred stand-alone arbitration and 49 per cent preferred the use of arbitration in conjunction with other ADR mechanisms.<sup>66</sup> In 2016, in the context of

<sup>66</sup> White & Case LLP, Queen Mary University of London, “2018 International Arbitration Survey: The Evolution of International Arbitration”, p. 2. Available at <https://www.whitecase.com/sites/whitecase/files/files/download/publications/qmul-international-arbitration-survey-2018-18.pdf>.

telecommunications, media and technology disputes, a significant number of respondents also cited arbitration as their preferred mode of dispute resolution (43 per cent of respondents), followed closely by mediation (40 per cent of respondents).<sup>67</sup>

Many jurisdictions have recognized the numerous positive benefits of such party autonomy in dispute resolution and have implemented measures to support the growth of arbitration. Indeed, some jurisdictions have even integrated opportunities for ADR processes as part of the formal judicial process, recognizing the value of providing parties the opportunity to resolve their disputes privately, before the State bears down on a decision imposed upon them as necessitated by the traditional court model.

In the area of MAs, the position is no different. In the preceding chapter, we discussed the various contexts in which MA disputes may arise, and there is much to recommend the adoption of ADR in resolving MA-related disputes. In this Part, we will discuss in greater detail how ADR processes are particularly suited to MA disputes. These include:

- **The technical nature of mobile application disputes**

As a fast-growing, technology-based sector, many MA disputes will raise technical issues, and neutrals with relevant expertise may be better positioned to resolve disputes involving such issues.

- **The cross-border nature of mobile application disputes**

Since MAs tend to be distributed on international platforms, ADR is an attractive solution to allow disputing parties to resolve their disputes globally via the ADR process. Parties may avoid the risk of a multiplicity of proceedings in different national courts, which can be more costly and may also carry the prospect of differing outcomes across jurisdictions.

- **The rapidly evolving mobile application market**

ADR mechanisms can allow for faster resolution of disputes between parties, which may be better suited to addressing disputes in the MA market, which may evolve rapidly.

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<sup>67</sup> Pinsent Masons LLP, Queen Mary University of London, "Pre-empting and Resolving Technology, Media and Telecoms Disputes", p. 20. Available at [http://www.arbitration.qmul.ac.uk/media/arbitration/docs/Fixing\\_Tech\\_report\\_online\\_singles.pdf](http://www.arbitration.qmul.ac.uk/media/arbitration/docs/Fixing_Tech_report_online_singles.pdf).

## 4. ADVANTAGES OF ADR FOR MOBILE APPLICATION DISPUTES

This section discusses the various advantages of ADR for MA disputes.

### 4.1 Single forum

The use of ADR mechanisms can enable parties to resolve multi-jurisdictional disputes in a single action and avoid engaging in parallel litigation in multiple jurisdictions with the risk of a multiplicity of inconsistent outcomes. The ability to consolidate proceedings in a single forum will be an increasingly attractive feature in a world where the commercialization of IP is progressively cross-jurisdictional in nature, in particular in the MA space.

Conventionally, to enforce one's rights across multiple jurisdictions by way of court litigation, a party would need to commence legal action in each jurisdiction. This can lead to a multiplicity of parallel proceedings in numerous jurisdictions, which may be expensive and time-consuming. Further, multi-jurisdictional disputes are not uncommon in IP disputes for international businesses, as IP rights are generally territorial in nature. In this regard, the laws protecting IP rights may not be identical across jurisdictions, resulting in the possibility of a diversity of outcomes where a party succeeds in one jurisdiction but fails in another.

In a series of lawsuits between two global mobile-phone companies, the parties were involved in over fifty actions across numerous jurisdictions by mid-2012, and courts in different jurisdictions ruled in favor of different parties. One of the cases was also overturned and remitted to the lower courts. In commenting on the inconsistent outcomes in the litigation between the companies, it was observed that pursuing a single mediated settlement instead of multiple parallel proceedings (with appeals) may have had resulted in a more effective outcome for stakeholders.<sup>68</sup>

While the companies may have had the financial resources to engage in a multi-jurisdictional legal battle, the same may not hold true for less-resourced companies. Hence, the use of ADR mechanisms may be more suitable for international MA disputes, since parties may agree to consolidate a series of disputes across multiple jurisdictions to be resolved in a single ADR procedure (e.g. mediation or arbitration).

For MA developers, disputes are likely to be multi-jurisdictional in nature if the MA is distributed or marketed internationally. In addition, if the MA incorporates third-party IP in the development or operation of the MA, the MA developer would need to obtain

<sup>68</sup> Sophia Bonne, Théophile Margellos, et al., "Mediation: Creating Value in International Intellectual Property Disputes", (Kluwer Law International; Kluwer Law International 2018), p. 73.



licenses to use such IP in multiple jurisdictions in relation to each relevant field of use. In the same vein, the MA developer may also have granted a license to a third party to use the MA in multiple jurisdictions, and disputes may arise in connection with such multi-jurisdictional licenses.

It may therefore be more advantageous for MA developers to consider ADR, the mechanisms of which allow for disputes to be resolved in a single procedure (in a single forum). In this regard, leading ADR institutions may effectively assist disputing parties in advantageously consolidating multiple court proceedings into a single ADR procedure.

In one case, after litigating a dispute in connection with several patents in multiple jurisdictions, the parties entered into a submission agreement to arbitrate the dispute under the WIPO Arbitration Rules in order to avoid the expenses of pursuing litigation in parallel proceedings. The parties were able to resolve the dispute within four months after the parties entered into the submission agreement, when the arbitral tribunal issued the award.<sup>69</sup>

## 4.2 Party autonomy

In court litigation, parties are bound by the applicable civil procedure rules of the national courts. By comparison, parties in private ADR proceedings have the autonomy to shape the ADR proceedings to best fit the context of their disputes and commercial requirements.

### (a) Expertise of the neutral

First, parties in ADR may select an appropriate neutral with a particular expertise: this can contribute significantly to achieving quality outcomes in highly technical MA disputes. A suitably proficient neutral may also lend greater efficiency in the conduct of the proceedings. Indeed, a neutral having relevant domain knowledge relating to the subject matter of the dispute may have a lower learning curve relative to judges in litigation (who may not always have the specific technical proficiency in the relevant area). This may translate to savings in time and cost, as expert witness testimony may also be more focused.

In this regard, parties to an MA dispute may request the assistance of leading ADR institutions such as the WIPO Center to find a suitable neutral with relevant legal, technical and/or business specialization in the subject matter of the

<sup>69</sup> Ignacio de Castro and Panagiotis Chalkias, "Mediation and Arbitration of Intellectual Property and Technology Disputes: The Operation of the World Intellectual Property Organization Arbitration and Mediation Center", 24 SAclJ 1059 (2012), (hereinafter referred to as "**Mediation and Arbitration of IP and Technology Disputes**"), para. 25.

dispute. Currently, the WIPO Center has a list of over 2,000 independent WIPO arbitrators, mediators and experts.<sup>70</sup> This list includes practitioners with highly specialized areas of practice and experts with specialized knowledge in IP and other subject matter, as well as generalists with extensive experience in resolving commercial disputes.<sup>71</sup> Aside from technical concerns, the parties may also take into account other considerations such as the language spoken or other cultural factors in the appointment of the neutral.<sup>72</sup>

A dispute arose out of a software licensing agreement between a United States software developer and a European telecommunications service provider in relation to whether the license granted permitted affiliates of the licensee to access the software and whether additional license fees were payable for such access.

In light of the nature of the dispute, the WIPO Center proposed several mediators with experience in software licensing. The mediation was successful and enabled the parties to resolve some of the outstanding issues in dispute.

#### (b) Procedural flexibility

Second, parties may either devise their own rules to govern the ADR proceedings (i.e. “ad hoc rules”) or adopt the UNICTRAL Arbitration Rules, or more commonly, opt for rules of leading ADR institutions (i.e. “institutional rules”) to apply.

Institutional rules can have the advantage of drawing on the vast case experience of leading ADR institutions, which have established their institutional rules to address specific issues relevant to specialized disputes. For example, MA developers may find the WIPO Arbitration Rules to be useful, as there are provisions specially developed to cater to IP disputes such as the conduct of experiments, which may be relevant for disputes involving MA-related patents.<sup>73</sup>

More generally, parties benefit from greater procedural flexibility in shaping how ADR proceedings are to be conducted, including the mode of conducting sessions and even the language of proceedings. Again, institutional rules may be helpful to provide ready solutions.

<sup>70</sup> WIPO Arbitration and Mediation Center, “Guide to WIPO Arbitration”, p. 5.

<sup>71</sup> *Ibid.*

<sup>72</sup> Mediation: Creating Value in International IP Disputes, *supra* note 68, p. 183.

<sup>73</sup> Article 51 of WIPO Arbitration Rules.

To illustrate, parties have the flexibility to determine the physical location of mediation sessions or arbitration hearings administered by the WIPO Center, and may even opt for virtual meetings instead of physical meetings.<sup>74</sup>

In one case, the parties to a software licensing agreement were based in the United States and Europe. When a dispute arose in relation to the licensing agreement, the dispute was submitted to expedited arbitration at the WIPO Center.

Due to the geographical distance between the parties, they agreed to conduct the hearings (including the examination of witnesses) through videoconference facilities. The dispute was eventually resolved when the arbitral tribunal issued a final award.

Procedural flexibility can ultimately lead to cost and time efficiencies in ADR. Parties that may need to resolve time-sensitive disputes have autonomy to craft or select special mechanisms (e.g. a standby arbitral tribunal in arbitration) which can be activated at short notice to meet contingencies. “Fast-track” mechanisms are also available, such as expedited arbitration.<sup>75</sup>

In a dispute in relation to a trademark coexistence agreement, the parties submitted the dispute to WIPO arbitration. After the arbitral tribunal was constituted, the parties concluded a new agreement that permitted the tribunal to continue to act as a standby tribunal to arbitrate future disputes that may arise between the parties.<sup>76</sup>

For MA developers, where the average product life cycle of popular MAs is generally shorter than that of products in other industries, quick resolution of disputes is of great value to parties.

A United States company entered into an agreement to provide data processing software and services to an Asian bank. The agreement contained a clause that submitted disputes to arbitration under the WIPO Expedited Arbitration Rules.

<sup>74</sup> Guide to WIPO Mediation, *supra* note 20, p. 25; Guide to WIPO Arbitration, *supra* note 70, p. 20.

<sup>75</sup> See, for example, the WIPO Fast-Track Intellectual Property Dispute Resolution Procedure for Palexpo and SingEx Trade and/or Consumer Fairs, which provides exhibitors and non-exhibitors with a cost- and time-efficient legal mechanism to protect their IP rights and related commercial interests at a trade and/or consumer fair within 24 hours. An Expert Panelist with relevant expertise in the substance of the dispute renders a binding decision enforceable with immediate effect at the premises of the trade and/or consumer fair. More information is available at <https://www.wipo.int/amc/en/center/specific-sectors/tradefairs/singex/>.

<sup>76</sup> Trevor Cook and Alejandro I. Garcia, “International Intellectual Property Arbitration, Arbitration in Context Series, Volume 2” (hereinafter referred to as “**International Intellectual Property Arbitration**”) (Kluwer Law International; Kluwer Law International 2010), p. 32, paras. 2.3.3.2.

The parties further tailored this clause to suit their needs by specifying (i) time-limited procedures for the appointment of the arbitral tribunal; (ii) the expertise of persons appointed to sit on the arbitral tribunal; (iii) the scope of evidence that may be admissible; and (iv) the deadlines for the hearing and delivering of the arbitral award.

This enabled arbitration of the dispute to be completed within just three months after filing the request for expedited arbitration.<sup>77</sup>

Ultimately, ADR mechanisms allow short time frames, which parties may further customize, and bespoke procedures that take into account the commercial requirements of the parties. These can provide significant cost savings when compared with court litigation.

#### (c) Broader remedies

Third, parties in ADR are not necessarily bound by the limitations of the courts in respect of remedies, which are normally restricted by prescriptive statutory instruments in litigation. Indeed, ADR may lead to outcomes that are sensitive to the commercial interests of the parties.

For instance, in the mediation process, the informal nature of the proceedings allows parties to negotiate creative business-oriented solutions that can be: (i) broader than remedies normally provided under the law; and (ii) more aligned with the parties' respective interests. Such business-oriented solutions may then be recorded in a settlement agreement between the parties, and be enforced as a binding contract.

### 4.3 Neutrality of ADR proceedings

ADR can be structured to prevent the perception of any "home ground advantage" that either party may have in court litigation, leading to greater confidence in the outcome.

In addition to the concerns over the neutrality of the decision-maker, there may also be concerns over the language used or the geographical location of the dispute resolution forum in litigation before the courts.

For example, in the context of international IP licensing arrangements where licensors are based in jurisdictions with more complex procedures and remedies, and licensees are based in jurisdictions which may not provide the same, such licensees may not be inclined to litigate matters in the jurisdiction of licensors, and licensors may equally be

<sup>77</sup> Mediation and Arbitration of IP and Technology Disputes, *supra* note 69, para. 32.

uncomfortable having their disputes resolved in the licensee's jurisdiction.<sup>78</sup> In such situations, relying on ADR mechanisms, such as mediation or arbitration, may be an attractive solution, as parties have the autonomy to structure the proceedings to be neutral to the law, language and/or venue.

#### 4.4 Confidentiality of ADR proceedings

In litigation, proceedings are usually conducted in open court (save for limited exceptions) and court judgments are normally made available to the public; this may have an impact on the commercial reputation of parties. Parties may also be compelled to disclose information to each other by way of discovery procedures in the course of the litigation. While some jurisdictions recognize procedures for hearings to be *in camera* and judgments to be sealed to preserve confidentiality, the risk of disclosure of information remains of grave concern to parties, especially if valuable trade secrets, know-how and other confidential information might be referenced in the course of the dispute. Confidential information and trade secrets will likely feature strongly in IP-heavy MA disputes.

On the other hand, in ADR proceedings, the parties can opt for the proceedings (and outcomes) to be confidential in order to protect the commercial interests of the parties. The confidential nature of ADR proceedings is also likely to encourage more open discussions between the parties. In mediation proceedings, the disclosure of confidential information may assist the mediator in facilitating the parties' reaching a settlement. Further, the confidential nature of arbitral proceedings may also encourage parties to openly negotiate settlements during the arbitration process that may be recorded as consent awards.

For MA developers, maintaining confidentiality of information is important, because MA developers often rely on trade secrets to protect various aspects of MAs, especially source code, algorithms and business processes.<sup>79</sup> As the source code of MAs is not usually made available when MAs are downloaded, trade secrets are a primary mode of protection for such intangible assets, along with copyright.<sup>80</sup> Further, in SEP/FRAND disputes, confidentiality is crucial, as the proceedings may reveal confidential information relating to the parties' trade secrets, including the licensing practices of the licensor and the respective parties' business models.

As will be discussed in subsequent chapters, the rules of the leading ADR institutions are usually formulated with specific provisions to suit the needs of specialized disputes, and such special provisions constitute a core benefit of applying institutional rules to ADR.

<sup>78</sup> International Intellectual Property Arbitration, *supra* note 76, p. 29, para. 2.2.1.

<sup>79</sup> IP and MA, *supra* note 32, p. 25.

<sup>80</sup> *Ibid.*

For example, Article 54 of the WIPO Arbitration Rules directly addresses the disclosure of trade secrets and other information and provides a mechanism for the protection of confidential information during proceedings; this can be valuable in MA disputes.

As ADR proceedings can be structured to be confidential, such proceedings may be more sensitive to the commercial realities of the MA business, such as where, e.g. key aspects of MAs are protected via trade secrets or preservation of commercial reputation is critical to the parties. The confidentiality afforded by ADR proceedings may therefore be attractive for MA disputes where the parties wish to ensure that commercially sensitive information about them are not readily disclosed to the public.

## 4.5 Finality of ADR outcomes

In litigation, a party dissatisfied with the outcome of the proceedings may have a right of appeal. Appeals can be costly and will increase the length of the proceedings. The parties will therefore have to grapple with additional costs and the uncertainty as to the outcome of the appeal, pending its conclusion. This can affect the launch and marketing of MAs, which may not be ideal.

Where MA disputes are IP-heavy, they may be more susceptible to appeal, as there may be some subjectivity in determining key elements of liability, and the losing party may disagree with the conclusions of the judge in such matters.<sup>81</sup> Further, the quantum of damages awarded in IP disputes is usually quite substantial, which may also incentivize appeals.<sup>82</sup>

In contrast, ADR outcomes can have a greater degree of finality. For example, in arbitration proceedings, there is generally no right of appeal under most arbitration frameworks. Even if parties intend for the arbitral award to be appealable, not all jurisdictions recognize such a right of appeal. This allows the dispute to be resolved conclusively without incurring additional time and financial resources. Arbitral awards may, however, be challenged on narrow grounds unrelated to the merits of the award, such as whether the arbitration was conducted in accordance with basic rules of due process.

Similarly, as a mediation settlement is a contractual agreement, once the parties have agreed to the settlement, it forms a binding contract. Of course, such mediation settlements may be challengeable according to the usual contractual principles, e.g. the validity of the formation of the contract, or vitiating factors affecting the agreement.

<sup>81</sup> Kevin M. Lemley, "I'll Make Him an Offer He Can't Refuse: A Proposed Model for Alternative Dispute Resolution in Intellectual Property Disputes" (2004) *Akron Law Review*: Vol. 37 Issue 2, Article 7, p. 304. Available at <https://www.uakron.edu/dotAsset/727495.pdf>.

<sup>82</sup> *Ibid.*

## 4.6 International enforceability of ADR outcomes

A party which has successfully litigated disputes before the courts may wish to seek enforcement of the judgment in a foreign jurisdiction. However, the recognition and enforcement of foreign judgments in most jurisdictions often entails some degree of procedural complexity, and different courts may apply different rules as to recognition of the foreign judgment. For example, in jurisdictions where the courts are required to review the merits of a foreign decision relating to IP disputes, it is unlikely the judgment would be enforced.<sup>83</sup>

In comparison, arbitration awards and mediation settlements may be enforceable internationally with greater certainty.

At the time of writing of this Guide, 164 states recognize and enforce international arbitral awards pursuant to the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards (“**New York Convention**”).<sup>84</sup> The New York Convention generally requires Contracting States to enforce an arbitral award made in another state that is also a party to the New York Convention if the dispute is of a commercial nature.

As for international mediation settlements, the European Directive 2008/52/EU (“**EU Mediation Directive**”) on certain aspects of mediation in civil and commercial matters imposes obligations on Member States of the European Union to ensure the enforceability of certain cross-border mediation settlements.<sup>85</sup> In addition, the recent United Nations Convention on International Settlement Agreements Resulting from Mediation (“**Singapore Convention**”) requires Contracting Parties to enforce international mediation settlements.<sup>86</sup>

The issue of enforceability of ADR outcomes will be discussed in greater detail in **Chapter 8**.

## 4.7 Cost and time efficiency

The advantages of ADR mechanisms mentioned above usually result in cost and time savings for the parties involved.

<sup>83</sup> International Intellectual Property Arbitration, *supra* note 76, p. 24, para. 2.1.

<sup>84</sup> New York Convention, Contracting States – List of Contracting States (as at July 1, 2020). Available at [https://uncitral.un.org/en/texts/arbitration/conventions/foreign\\_arbitral\\_awards/status2](https://uncitral.un.org/en/texts/arbitration/conventions/foreign_arbitral_awards/status2).

<sup>85</sup> Directive 2008/52/EC of the European Parliament and of the Council of 21 May 2008 on certain aspects of mediation in civil and commercial matters, Article 6. Available at <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32008L0052>.

<sup>86</sup> Article 4 of the Singapore Convention. Available at [https://uncitral.un.org/sites/uncitral.un.org/files/singapore\\_convention\\_eng.pdf](https://uncitral.un.org/sites/uncitral.un.org/files/singapore_convention_eng.pdf).

In submitting multi-jurisdictional disputes to a single ADR proceeding where the ADR outcome is enforceable in multiple jurisdictions, parties can achieve further savings in time and costs by avoiding litigation in multiple jurisdictions. Procedurally, ADR proceedings are also more flexible and may be tailored to the needs of the parties, including expedited procedures. In arbitration proceedings, evidentiary hearings are also usually much shorter compared to litigation in common-law States.<sup>87</sup> Further, the finality of ADR outcomes also enables parties to avoid lengthy appeals on the merits of the ADR outcome, which is also likely to result in substantial time and cost savings.

ADR proceedings are for these reasons generally less expensive and may be completed in a shorter period.<sup>88</sup> WIPO studies have demonstrated that mediation may be completed in around 4 months,<sup>89</sup> while arbitration may require between 6 to 12 months.<sup>90</sup> These periods are much shorter compared to the duration of court litigation of technology-related disputes, which may require between 3 to 3.5 years to resolve.<sup>91</sup> The shorter duration of ADR proceedings generally results in significant cost savings compared to litigation.<sup>92</sup>

The diagram below contains a visual comparison of the relative time and costs of resolving disputes by ADR mechanisms and litigation in the context of technology transactions.

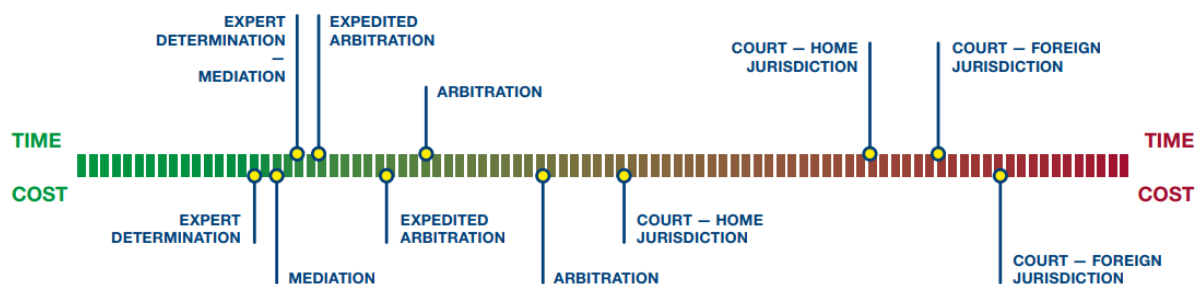


Figure 2: Comparison of ADR and litigation<sup>93</sup>

In summary, when deciding whether to opt for ADR in resolving an MA dispute, the following advantages of ADR mechanisms may be considered:

- (a) resolving multi-jurisdictional disputes in a single ADR action to avoid the risk of a multiplicity of inconsistent outcomes, e.g. in cases where the MA is distributed

<sup>87</sup> International Intellectual Property Arbitration, *supra* note 76, p. 43, para. 2.4.2.

<sup>88</sup> WIPO Dispute Resolution Survey, *supra* note 14, p. 30.

<sup>89</sup> *Ibid.*; see also Heike Wollgast, WIPO Arbitration and Mediation Center, “WIPO alternative dispute resolution – saving time and money in IP disputes” (November 2016).

<sup>90</sup> WIPO Dispute Resolution Survey, *supra* note 14, p. 32.

<sup>91</sup> *Ibid.*

<sup>92</sup> *Ibid.*

<sup>93</sup> WIPO, *Resolving IP and Technology Disputes Through WIPO ADR – Getting back to business*. Available at [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_799\\_2016.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_799_2016.pdf).



or marketed internationally, or when cross-border licenses have been granted to third parties in other jurisdictions;

- (b) autonomy in selecting an appropriate neutral with particular expertise (e.g. in IP or other technical proficiency), procedural flexibility (e.g. in choosing institutional rules, customizing fast-track mechanisms, etc.), as well as a broader selection of remedies in ADR suited to the context of one's commercial and/or policy considerations for MAs;
- (c) neutrality of ADR proceedings to minimize actual or perceived home-ground advantages in court litigation, such as when international IP licensing arrangements are involved;
- (d) confidentiality in ADR proceedings, especially with the benefit of institutional rules and mechanisms such as under Article 54 of the WIPO Arbitration Rules to address the disclosure of trade secrets and other sensitive information, which could be invaluable in IP-heavy disputes; and/or
- (e) finality and international enforceability of ADR outcomes, as well as the overall cost and time savings compared to litigation, weighed against one's commercial and/or policy considerations for MAs.

## 5. DECIDING BETWEEN ADR PROCEDURES IN MOBILE APPLICATION DISPUTES

### 5.1 When is mediation more suitable than arbitration?

#### (a) Cost savings

Generally, mediation is a more cost-effective method of dispute resolution than arbitration, as the mediation process can be completed in a much shorter time frame. In the context of MA disputes that are IP-heavy, arbitration cases generally take longer to complete compared to mediation.<sup>94</sup> Further, the financial resources required to resolve disputes via mediation are also generally much lower than with arbitration.<sup>95</sup>

#### (b) Party autonomy and control

In the mediation process, the parties are in control over the negotiations and the outcome of the proceedings. This is a significant advantage, as it enables the parties to take into account non-legal factors such as the business interests of the parties during negotiations. This allows the parties to preserve or develop their underlying business relationship. In contrast, the arbitration process is focused on the legal issues in dispute and may not take into account the business interests of the parties in the way that is possible with mediation.

Additionally, the less adversarial mediation process also enables parties to maintain amicable relationships. Hence, mediation may tend to be gentler on business relationships between parties compared to arbitration, which can be relatively more adversarial.

The possibility of continued collaboration post-mediation is a genuine prospect and should be taken into account by parties who intend to maintain amicable business relationships.

For example, in a dispute between companies based in the Middle East and the United States over a licensing agreement for the use of MAs, the parties submitted the dispute to mediation at the WIPO Center; the parties were able to resolve the dispute within two months of appointing the mediator, and they expressed an interest in continuing to collaborate.

<sup>94</sup> International Intellectual Property Arbitration, *supra* note 76, p. 362, para. 5.1.1.

<sup>95</sup> *Ibid.*, p. 363, para. 5.1.2.

Further, the mediation settlement may also include creative business-oriented solutions. For instance, in MA disputes over the terms of a licensing agreement, the parties may agree that the settlement agreement include a grant of a new license in view of the IP in dispute.

Between a European airline and a software company based in the United States, a dispute arose between the parties over an agreement for the development of a platform for managing the airline's ticket sales.

When the airline terminated the agreement between the parties, the software company alleged that the license to use the software was also terminated. The airline contended that it was entitled to use the software beyond the termination of the agreement.

The parties submitted the dispute to the WIPO Center for Mediation, which was successful and resulted in a new license granted by the software company to use the platform as a result of the mediation process.

In addition, during the mediation process, the parties are often encouraged to establish agreed factual positions, and this may result in the issues in dispute being more clearly identified. In contrast, in arbitration proceedings where the arbitral tribunal may have a certain degree of discretion to decide on the issues in dispute, there is greater uncertainty as to the potential determinations as to findings of fact, especially when the credibility of the witnesses is in issue or if there is uncertainty as to a point of law.<sup>96</sup>

(c) Freedom to withdraw from mediation

As the parties in mediation are in control of the proceedings and its outcomes, a party may decide to unilaterally terminate the mediation for various reasons, e.g. where the mediation seems ineffective or the process is not cost-effective.

In contrast, parties are usually not permitted to withdraw from arbitration unilaterally once it has been commenced. If a party fails to attend arbitration proceedings, the arbitral tribunal may issue a default award (see **Chapter 7.3** below on default awards).

<sup>96</sup> International Intellectual Property Arbitration, *supra* note 76, p. 369, para. 5.2(a).

## 5.2 When is arbitration more suitable than mediation?

### (a) Cooperation is impossible

As a successful mediation outcome depends on whether the parties are able to negotiate and come to an agreement on the issues in dispute, a certain degree of cooperation between the parties is required. In cases where either party is not willing to cooperate, it is unlikely that the parties will be able to reach a compromise on the issues in dispute (e.g. where the relationship between the parties has broken down). In such cases, it may be more appropriate for the parties to resort to arbitration instead, in which case the arbitral tribunal determines the outcome of the dispute.

### (b) Interim relief is required

Interim relief may be required for a variety of reasons, including for the preservation of evidence or the protection of assets. In MA disputes involving breach of IP licenses, an interim injunction may be sought pending resolution of the dispute, to prevent further unauthorized use of the IP by the party in breach, especially when the IP involves proprietary information or trade secrets.<sup>97</sup>

In arbitration, the arbitral tribunal is usually empowered to grant interim orders. However, as the mediator has no powers to bind the parties in mediation, the parties would need to mutually agree to an interim injunction in favor of one party, which is unlikely.

It should be noted that the interim relief that may be granted by an arbitral tribunal will be effective only between the parties, as the tribunal has no powers to bind third parties. If the parties require interim relief that is effective against third parties, such interim relief would have to be granted by the courts.

In a dispute between an Asian company and a European software developer, the software developer sought multiple interim awards from the arbitral tribunal. The dispute between the parties was over the performance of obligations under a licensing agreement, and the dispute was submitted to arbitration administered by the WIPO Center.

The Asian company managed to obtain an interim order from the courts to freeze the European software developer's bank account. In response, the software developer requested an interim award from the arbitral tribunal ordering the Asian company to discharge the freezing order. Further, the

<sup>97</sup> *Ibid*, p. 223, para. 9.2.2.1.

European software developer requested a bank guarantee from the Asian company to secure payment of the former's counterclaim.

While the arbitrator declined to make an order in relation to the freezing order made by the courts, the arbitrator granted an interim award for the Asian company to provide a bank guarantee.

### 5.3 Reliance on mediation and arbitration

While mediation and arbitration are distinct dispute resolution procedures, mediation may also be used in conjunction with arbitration to enable parties to resolve disputes more effectively. In recent years, parties have made use of innovative ADR processes such as sequential mediation-arbitration (“**med-arb**”) escalation procedures.<sup>98</sup> Additionally, parties may also commence mediation *during* arbitral proceedings.

#### (a) Med-Arb

In a typical med-arb arrangement, the parties first submit the dispute to mediation to explore any possibility of settlement, and if no settlement is reached, the dispute will be submitted to arbitration.

Such med-arb processes provide numerous advantages for the effective resolution of disputes between the parties. Even if the parties fail to reach a settlement during mediation, the process is still valuable, as it may assist in narrowing the issues in dispute, allowing for a quicker resolution in subsequent arbitral proceedings. The parties may also agree on certain procedural or substantive points, which may allow the parties to focus the arbitration proceedings on particular issues. For example, the parties may, during mediation sessions, agree for a certain method of computing damages to be adopted by the arbitral tribunal.<sup>99</sup>

In some instances, the mediator also acts as the arbitrator in subsequent arbitral proceedings. This may be advantageous, as the arbitrator would already be familiar with the issues in dispute and the arbitration may be conducted more efficiently. However, allowing the mediator to also act as the arbitrator may raise practical concerns – for example, parties may be less likely to negotiate openly, knowing that the communications may affect the arbitrator's decision. Hence, the arbitrator in disputes involving med-arb clauses resolved

<sup>98</sup> See WIPO Med-Arb clause discussed in **Chapter 10.3**. Available at [https://www.wipo.int/amc/en/clauses/med\\_arb/](https://www.wipo.int/amc/en/clauses/med_arb/).

<sup>99</sup> International Intellectual Property Arbitration, *supra* note 76, p. 381, para. 7.1.1.

at the WIPO Center is generally not the mediator, unless otherwise agreed to by the parties.<sup>100</sup>

(b) Mediation during arbitration

During the arbitration process, the parties may also commence mediation, either at the suggestion of the arbitral tribunal or on their own accord.<sup>101</sup> The mediation process may be concurrent or may take place while arbitration is suspended.

Having the option to mediate during arbitration is beneficial, as the position of the parties may change as the case progresses during arbitration. For example, the arbitral tribunal may decide that the evidence of certain key witnesses may not be admissible or reliable, which may alter the relative strength of the parties' cases. Or, when appropriate, the arbitrator may assist parties to reach a settlement.

It should also be noted that settlements arising out of mediation proceedings that are undertaken within arbitral proceedings may be recorded as a consent award, and such awards may be recognized and enforced under the New York Convention (see **Chapter 8**).

In a dispute between a software company and a publishing house on the development of a new web presence, the publishing house was dissatisfied with the deliverables by the software company and refused to make payments.

The parties initiated mediation before proceeding to expedited arbitration at the WIPO Center. During the arbitral hearing, the parties indicated a willingness to settle the dispute and sought a settlement proposal from the arbitrator, which was accepted by the parties and subsequently recorded as a consent award.

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<sup>100</sup> *Ibid*, p. 384, para. 7.2.

<sup>101</sup> See Art. 67(a) of the WIPO Arbitration Rules, which permits the arbitral tribunal to suggest that the parties explore settlement or mediation.

## 6. WIPO ADR SERVICES

### 6.1 WIPO Center

Institutional ADR services have the advantage of bringing cost effectiveness, experience and expertise, as well as technological support to ADR processes. ADR institutions have also developed tailor-made ADR procedures to meet specific commercial needs.

The WIPO Center is an example of a leading ADR institution that serves as an independent and non-profit dispute resolution provider of ADR options, including mediation, arbitration, expedited arbitration and expert determination.<sup>102</sup> In particular, the WIPO Center is recognized for resolving disputes relating to IP and technology.<sup>103</sup> Indeed, surveys have shown that the WIPO Center is a popular institution for resolving IP disputes.<sup>104</sup>

This section outlines the ADR services provided by the WIPO Center.

### 6.2 ADR services provided by the WIPO Center

#### (a) Administration of ADR

The WIPO Center provides administration services for the resolution of disputes using ADR mechanisms such as mediation, arbitration, or expert determination, including:<sup>105</sup>

- **Submission of disputes to ADR:** Where parties do not have an existing ADR agreement to submit the dispute to mediation or arbitration, the WIPO Center can assist parties with submitting disputes to WIPO procedures.
- **Selection of neutral:** The WIPO Center can assist with the selection of mediators, arbitrators or experts. There are more than 2,000 independent neutrals from around the world in the WIPO Center's database with expertise in IP disputes.<sup>106</sup>
- **Financial matters:** Financial aspects of the ADR proceedings, including administering the fees payable to the neutrals, will be handled by the WIPO Center.

<sup>102</sup> WIPO Arbitration and Mediation Center, "Alternative Dispute Resolution". Available at <https://www.wipo.int/amc/en/>.

<sup>103</sup> Mediation and Arbitration of IP and Technology Disputes, *supra* note 69, p. 2.

<sup>104</sup> Pre-empting and Resolving Technology, Media and Telecoms Disputes, *supra* note 67, p. 31.

<sup>105</sup> WIPO Arbitration and Mediation Center, "Role of the Center". Available at <https://www.wipo.int/amc/en/center/role.html>.

<sup>106</sup> Guide to WIPO Arbitration, *supra* note 70.

- **Procedural matters:** The WIPO Center will be able to liaise with the parties and the neutrals to handle procedural aspects of the ADR proceedings.
- **Logistical and technological support:** The WIPO Center is also able to provide logistical and technological support, including the booking of physical meeting rooms, online case administration tools, etc.

(b) Drafting of ADR clauses

The WIPO Center provides numerous model ADR agreements in the form of ADR contract clauses and ADR submission agreements.<sup>107</sup> There is also a WIPO ADR clause generator provided by the WIPO Center.<sup>108</sup> Such WIPO ADR agreements are also made available in numerous languages.<sup>109</sup>

In **Part II** of this Guide, the drafting of ADR clauses and submission agreements and their key elements will be discussed in greater detail.

(c) Good Offices services

The WIPO Center also provides procedural information and guidance to facilitate the resolution of disputes, and such services are rendered free of charge.<sup>110</sup> This may include information as to whether the dispute may be submitted to WIPO ADR proceedings and the procedural requirements to submit disputes to be administered by the WIPO Center.

(d) Development of tailored dispute resolution procedures

The WIPO Center also provides ADR services for specific sectors. The standard WIPO rules, fees and/or clauses may be tailored to suit the specific needs of certain sectors,<sup>111</sup> which include but are not limited to:

- information and communication technology;
- R&D / technology transfer; and
- SEPs.

The WIPO Center may assist in:

- drafting or reviewing ADR rules and ADR agreements which are relevant to the specific sector;
- facilitating the use of ADR;

<sup>107</sup> WIPO Arbitration and Mediation Center, "Recommended WIPO Contract Clauses and Submission Agreements". Available at <https://www.wipo.int/amc/en/clauses/>.

<sup>108</sup> WIPO Arbitration and Mediation Center, "WIPO Clause Generator". Available at <https://www.wipo.int/amc-apps/clause-generator/>.

<sup>109</sup> *Ibid.*

<sup>110</sup> WIPO Arbitration and Mediation Center, "WIPO Good Offices". Available at <https://www.wipo.int/amc/en/goodoffices/index.html>.

<sup>111</sup> WIPO Arbitration and Mediation Center, "WIPO Alternative Dispute Resolution (ADR) Services for Specific Sectors". Available at <https://www.wipo.int/amc/en/center/specific-sectors/>.



- establishing a panel of neutrals who are qualified to handle the dispute;
- providing case administration services, including receipt and payment of fees and costs appropriate for the specific sector;
- organizing training programs for potential users or neutrals; and
- providing other relevant technical assistance.

The WIPO Center has a tailored set of ADR services for SEP disputes. The model ADR submission agreements have been customized to apply to disputes over FRAND licensing, which facilitates the submission of disputes to mediation or arbitration administered by WIPO.<sup>112</sup> The WIPO Center also maintains a separate list of neutrals with specific expertise in patent standards.<sup>113</sup>

### 6.3 Institutional advantages

#### (a) Cost effectiveness

As a non-profit organization, the WIPO Center is able to charge relatively competitive rates for the administration of ADR services.<sup>114</sup> In a study of a series of 25 requests for mediation in relation to software disputes before the WIPO Center, the average duration of the WIPO mediation proceedings is three months, and the average administration and mediator's fees amounted to USD 1,500. The very low fees incurred by the parties in this study may be attributed to a high rate of settlement between the parties.

#### (b) Technological support

The WIPO Center also utilizes technology to assist in the process of dispute resolution with a view to offering time and cost-efficient ADR procedures. Parties may, at no extra cost, make use of the online case administration tools provided by the WIPO Center, such as the "WIPO eADR" case management tool.<sup>115</sup>

WIPO eADR is an online docket that allows the parties and the mediator or arbitrator to submit electronic communications securely. Case information is encrypted to protect the confidentiality of any information submitted. First introduced in 2005 and regularly upgraded, parties have to date used WIPO

<sup>112</sup> WIPO alternative dispute resolution – saving time and money in IP disputes, *supra* note 89.

<sup>113</sup> WIPO Arbitration and Mediation Center, "WIPO ADR for FRAND Disputes". Available at <https://www.wipo.int/amc/en/center/specific-sectors/ict/frand/>.

<sup>114</sup> Mediation and Arbitration of IP and Technology Disputes, *supra* note 69, para. 9.

<sup>115</sup> WIPO Arbitration and Mediation Center, "WIPO Online Case Administration Tools". Available at <https://www.wipo.int/amc/en/eadr/index.html>.

eADR facilities in some 30 per cent of WIPO Arbitration and Expedited Arbitration cases. The main features of WIPO eADR include:<sup>116</sup>

- **Security:** All information stored in WIPO eADR is firewall-protected and encrypted. Every time a user accesses WIPO eADR, the user will be authenticated through its username, password and one-time passcodes furnished via a mobile device app. WIPO eADR as well as the Center's other IT systems are ISO/IEC 27001 (Information Security Management) certified.
- **Case communications:** WIPO eADR allows parties and neutrals in a WIPO case to securely submit communications electronically into an online docket. Such submissions may be made in different formats and may be uploaded into WIPO eADR as stand-alone files or into a hierarchical filing structure. Users receive email alerts of any such submission being made and may access the online docket at any time during the proceedings.
- **Search facility:** Communications submitted in WIPO eADR can be searched and are sortable by certain categories, including free text search.
- **Message Board:** Users may post messages in the Message Board. Once a message has been posted, a notification will be sent by e-mail to all users in the case.
- **Case Overview:** The Case Overview function provides at-a-glance basic information about the case, including case number, parties' names, case status, type of dispute resolution clause, governing law and place of arbitration (where applicable), as well as case notes.
- **Confidentiality and protection of personal data:** The WIPO Center maintains confidentiality with regard to WIPO cases in accordance with confidentiality requirements in the WIPO Rules.<sup>117</sup>
- **Free of charge:** The WIPO Center makes available eADR to parties in WIPO ADR proceedings at no cost.

If the parties and the mediator or arbitrator are based in different locations, it may also be possible to hold virtual meetings or hearings through videoconferencing or telephone calls. In this regard, the WIPO Center provides a number of videoconferencing solutions, which may be suitable for the parties to rely on.<sup>118</sup>

<sup>116</sup> WIPO Arbitration and Mediation Center, "WIPO eADR". Available at <https://www.wipo.int/amc/en/eadr/wipoeadr/>.

<sup>117</sup> In relation to the protection of personal data in proceedings under the WIPO Rules, including data included in submissions via eADR, see WIPO Arbitration and Mediation Center, "Protection of Personal Data". Available at <https://www.wipo.int/amc/en/arbitration/filing/#pd>.

<sup>118</sup> WIPO Online Case Administration Tools, *supra* note 115.

In a dispute over a license agreement for the use of MAs between companies based in the Middle East and the United States, the mediation sessions administered by WIPO were conducted entirely over telephone conversations, and a settlement was reached within two months of appointment of the mediator.

(c) Experience and expertise

The WIPO Center handles a broad range of disputes in connection with various commercial arrangements. The following diagram illustrates the types of disputes that the WIPO Center handles, which include disputes in relation to various IP rights.

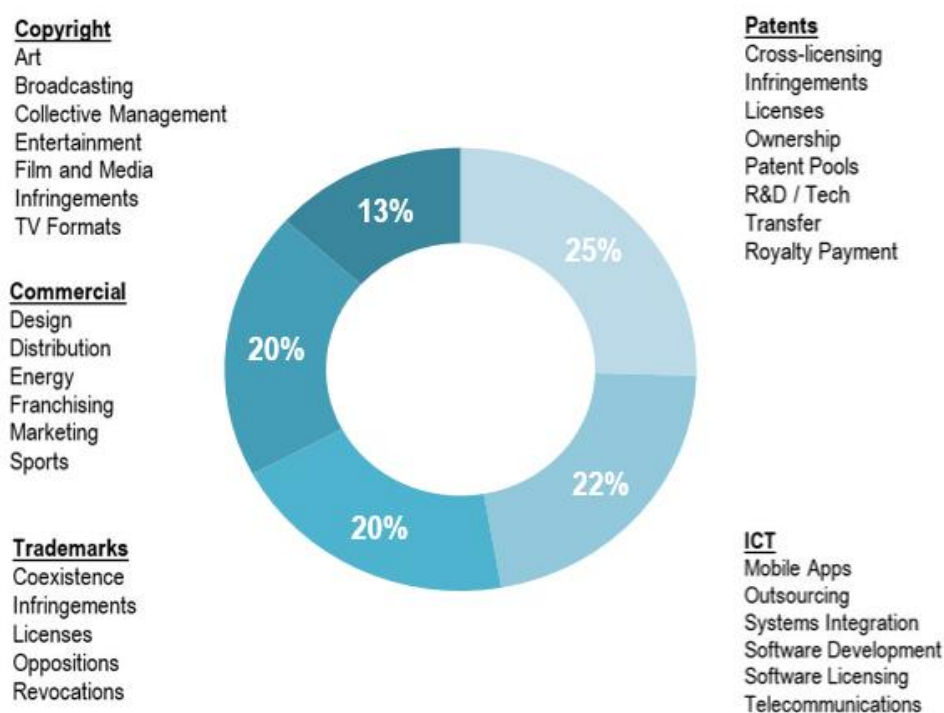


Figure 3: Types of disputes handled by the WIPO Center<sup>119</sup>

As outlined in **Chapter 2**, MA disputes may also involve disputes over IP licenses, coexistence agreements, collaborative R&D agreements or M&A agreements involving MAs. If parties are involved in such disputes, the experience and expertise of the WIPO Center may help such MA disputes to be resolved more efficiently and effectively.

<sup>119</sup> WIPO Arbitration and Mediation Center, "WIPO Caseload Summary: WIPO Mediation, Arbitration, Expert Determination Cases and Good Offices Requests". Available at <https://www.wipo.int/amc/en/center/caseload.html>.

**PART II****PRACTICAL CONSIDERATIONS  
IN ADR PROCESSES FOR  
MOBILE APPLICATION DISPUTES****7. WHAT TO EXPECT IN THE ADR PROCESS**

This section of the Guide provides a practical overview of what parties to MA disputes can expect in mediation and arbitration proceedings.

**7.1 Threshold issues of the recognition of parties' autonomy to use ADR**

Before deciding to rely on ADR to resolve MA disputes in a particular jurisdiction, a party should consider two broad threshold issues. First, whether the jurisdiction recognizes the freedom of the parties to enter into ADR agreements to resolve disputes. Second, whether the subject matter of the MA dispute is capable of resolution by ADR mechanisms under the laws of that jurisdiction.

If a jurisdiction does not permit resort to ADR mechanisms to resolve disputes and/or does not recognize the parties' autonomy to enter into ADR agreements, a party may not be able to rely on ADR mechanisms to resolve MA disputes in that jurisdiction.

In mediation agreements, the recognition of party autonomy is crucial, since mediation generally affords more autonomy to the parties, who retain the right to determine the outcome.<sup>120</sup> Hence, the recognition of parties' autonomy and the courts' support of the mediation process and mediation settlements are also crucial for parties to be able to rely on mediation to resolve disputes.<sup>121</sup> Generally, jurisdictions do not enact specific legislation to recognize mediation agreements, and the validity of such agreements is usually governed by the general contract law of the relevant jurisdiction.<sup>122</sup> Agreements to mediate are generally valid and enforceable if such agreements are sufficiently certain.<sup>123</sup>

<sup>120</sup> Quek Anderson, Dorcas, "Supporting party autonomy in the enforcement of cross-border mediated settlement agreements: A brave new world or uncharted territory?" (2019). Privatizing dispute resolution: Trends and limits. 18, 349-392, para. 2.

<sup>121</sup> *Ibid.*

<sup>122</sup> Maryam Salehijam, "Mediation Clauses – Enforceability and Impact" (2019) 31 SAclJ 598, paras. 3, 6.

<sup>123</sup> *Ibid* para. 8; Nadja Alexander, "International and Comparative Mediation, Global Trends in Dispute Resolution, Volume 4" (Kluwer Law International; Kluwer Law International 2009), p. 25, para. 5.1.

In the context of arbitration, the principle of party autonomy also underpins the ability of parties to submit disputes to arbitration. However, if the jurisdiction does not recognize the parties' freedom to enter into arbitration agreements and does not provide effective judicial mechanisms to support the enforcement of such agreements, resort to arbitration is not recommended. For example, the enforcement of arbitration agreements may be required if a party to the arbitration agreement decides to initiate court proceedings instead of submitting the dispute to arbitration. If the jurisdiction is hostile towards the use of arbitration to resolve disputes and does not have effective mechanisms to stay court proceedings pending arbitration or to compel the parties to arbitrate the dispute, the arbitration agreement would essentially be ineffective.

Nevertheless, it has been observed that more jurisdictions have been supportive of arbitration and have enacted legislation to recognize the arbitral process in recent years.<sup>124</sup> The legislation of jurisdictions that are supportive of arbitral processes is generally modelled on the main concepts of the New York Convention,<sup>125</sup> which requires Contracting Parties to recognize and enforce arbitration agreements.

If there is any uncertainty as to whether the subject matter of the dispute is capable of resolution by ADR mechanisms under applicable laws, independent legal advice should be sought by the parties.

## 7.2 Mediation



Figure 4: The mediation process

The mediation process will normally involve the following stages, though the precise contours of the process will largely be shaped by parties' agreement, including the institutional rules to be applied (if any):

- initiation of mediation;
- appointment of mediator(s);

<sup>124</sup> Gary B. Born, "International Commercial Arbitration (Second Edition)", 2nd edition (Kluwer Law International; Kluwer Law International 2014), p. 167.

<sup>125</sup> *Ibid*, p. 129.

- preliminary meeting;
- mediation meeting(s); and
- settlement / termination of mediation.

(a) Initiation of mediation – agreement to mediate

To initiate the mediation process, the parties need to submit the dispute to voluntary mediation, i.e. there must be an agreement to mediate between the parties.

The requirements to initiate mediation may be prescribed by the parties or the institutional rules chosen to govern the mediation.

Leading ADR institutions may also be able to facilitate unilateral initiation (or “unilateral requests for mediation”), even where there was no prior agreement to mediate between the parties.

Under the WIPO Mediation Rules, a party may initiate mediation by submitting a Request for Mediation in writing to the WIPO Center and a copy of the Request to the other party.<sup>126</sup>

In the absence of an agreement to mediate between the parties, the WIPO Mediation Rules also allow a party to submit a unilateral Request for Mediation to the WIPO Center.<sup>127</sup> The WIPO Center will assist the other party in understanding the Request for Mediation, and the other party may decide to enter into an agreement to mediate the dispute.<sup>128</sup>

For MA disputes in particular, unilateral requests for mediation may be useful when there is no pre-existing contractual arrangement between the parties and the dispute relates to infringement of IP rights. For instance, consider the case in which an MA developer finds that there are other MAs containing works that were substantially copied from the MA developer’s own MA. In such a case, the MA developer may intend to pursue claims for copyright infringement against the other MA developers. Even without a pre-existing contractual relationship between the parties, the MA developer may, under the WIPO Mediation Rules, still submit a unilateral Request for Mediation to the WIPO Center, which will be

<sup>126</sup> Article 3(a) of the WIPO Mediation Rules.

<sup>127</sup> Article 4 of the WIPO Mediation Rules.

<sup>128</sup> Guide to WIPO Mediation, *supra* note 20, pp. 16 and 20.

able to assist the other party in considering mediation and in understanding the mediation procedure.

In a dispute concerning manufacturing companies based in Asia and North America, there were allegations that certain patents used in the manufactured product by the North American company infringed the Asian company's patent rights.

As the parties did not have a pre-existing contractual relationship, the Asian company submitted a unilateral Request for Mediation to the WIPO Center. After the submission of the request, the parties recommenced negotiations, and the North American company agreed to stop the sale of the manufactured product in certain territories.

At (or before) this initial stage, if mediation is being considered, it should also be considered whether it is desirable to engage lawyers to participate in the mediation process. While legal issues are not the primary consideration in mediation, lawyers play an important role in guiding their clients and protecting their clients' interests throughout the mediation process. For example, lawyers may assist in explaining the issues or highlighting potential weaknesses in a party's claims. It is also important for lawyers to advise on any unintended legal consequences of following through with the terms of the settlement agreement under negotiations.

(b) Appointment of mediator(s)

After mediation is initiated, the next step would be for the parties to appoint a mediator.

The mediation agreement may expressly specify the identity of the mediator and/or the procedure for the appointment of a mediator. If the mediation agreement is silent as to such provisions, the mediator will usually be appointed in accordance with the rules governing the mediation process, such as the chosen institutional rules.

Under the WIPO Mediation Rules, the WIPO Center will send a list of candidates to the parties based on the suitability of the candidates to act as the mediator,<sup>129</sup> and the WIPO Center will appoint a suitable mediator based on the preferences of the parties.<sup>130</sup>

<sup>129</sup> Article 7(i) of the WIPO Mediation Rules; Guide to WIPO Mediation, *supra* note 20, p. 22.

<sup>130</sup> Article 7(iv) of the WIPO Mediation Rules.

The list of candidates will include information on the candidates' qualifications,<sup>131</sup> and each party may object to any shortlisted candidate and may rank the candidates in their order of preference.<sup>132</sup> The factors taken into account may include the subject matter of the dispute, the location of the mediation, the language needs of the parties, and the nationality of the parties.<sup>133</sup>

In the appointment of a mediator, one may wish to consider matters such as:

- (i) whether facilitative or evaluative mediation is more appropriate, insofar as the nature of the mediation is a factor in identifying the mediator. For example, if an evaluative mediation is preferred, the parties may wish to appoint a mediator with greater experience or expertise in the subject matter of the dispute so as to be able to evaluate the dispute;
- (ii) the neutrality (e.g. nationality, impartiality and independence) or the cultural and linguistic background of the mediator; and
- (iii) in disputes that are more complex, whether it would be appropriate to appoint multiple mediators with different skillsets. In such instances, having a mediator who is familiar with the legal and technical issues relating to the dispute may enable the mediator to facilitate the discussions more efficiently and effectively.

For MA developers, the appointment of a mediator with specific legal or technical expertise may be required in some instances. For example, mediation of disputes over MAs in the financial technology (“**FinTech**”) sector may benefit from the appointment of a mediator with specific expertise in this field.

In an agreement between a public research center and a technology company based in Europe, the parties agreed to conduct further R&D to develop improvements to a phonetic recognition software. However, a dispute arose when the company alleged that the research center failed to meet certain targets and made unilateral decisions while the agreement was still in force.

The parties submitted the dispute to the WIPO Center for mediation. A lawyer with experience in technology contracts was appointed as the

<sup>131</sup> Article 7(i) of the WIPO Mediation Rules.

<sup>132</sup> Article 7(ii) of the WIPO Mediation Rules.

<sup>133</sup> Guide to WIPO Mediation, *supra* note 20, p. 22.



mediator, and the parties managed to reach a settlement after negotiations.

(c) Initial discussions

After appointing the mediator, the parties normally have the opportunity to discuss and agree on certain preliminary issues with the mediator, including:

- the venue for mediation, including whether the mediation is to be conducted virtually;
- a timetable for mediation;
- the mediation process (e.g. the procedural framework of the mediation);
- fee arrangements;
- confidentiality obligations;
- the documents that need to be submitted and the timeline for such submission; and
- the nature of the dispute, including the history of the dispute, the issues in dispute and areas of agreement between the parties.

Institutional rules may also pre-empt such issues and provide a ready framework for parties to consider. For example, if the mediation is administered by the WIPO Center, the mediator will usually initiate contact with the parties to discuss such issues by telephone conference.<sup>134</sup> When the WIPO Mediation Rules apply, there are provisions governing confidentiality and fees of the mediation, and it may not be necessary for the parties to discuss these issues from scratch.<sup>135</sup>

(d) Mediation meetings

To kick off the mediation sessions, the mediator will begin with an opening statement that will usually outline the mediator's role, the roles of the parties and the ground rules for the mediation. It may also address confidentiality issues, as well as the capacity and authority of the parties to enter into a settlement.

Thereafter, the parties will be invited to give their opening statements, which will briefly describe the issues and the viewpoints of the parties. After the parties have delivered their opening statements, the discussions will proceed towards

<sup>134</sup> Guide to WIPO Mediation, *supra* note 20, p. 23.

<sup>135</sup> See Articles 22, 23 of the WIPO Mediation Rules on fees, and Articles 15 to 18 on confidentiality.

setting an agenda. The agenda enables the parties to define the issues in dispute and will facilitate the overall mediation process.

After the agenda has been established, the parties will engage in discussions on their respective interests. The mediator will facilitate the exploration of interests through joint sessions with both parties or private sessions (caucuses) with each party separately.

As joint sessions enable all parties to participate in the discussions, these sessions promote transparency and efficiency.<sup>136</sup> However, a party may not be comfortable disclosing relevant information to the other party if such disclosure may be prejudicial to its position. In this regard, the mediator may convene private sessions with each party to allow the party to disclose information that it would otherwise not disclose in joint sessions. Such private sessions enable the mediator to have a greater understanding of the parties' respective interests, and the mediator will be in a better position to identify potential solutions that may be agreeable to both parties.

Throughout the mediation process, the parties will participate in the negotiations of any potential solution.

(e) Settlement / termination of mediation

If, through the mediation sessions facilitated by the mediator, the parties are able to reach an agreement on the issues in dispute, the terms of the settlement may be recorded as a settlement agreement.

As the settlement agreement is a contractual agreement between the parties, the parties should ensure that the agreement fulfils the formal and substantive requirements to be a valid contract under applicable laws. Legal advice may need to be sought in this regard.

However, if the parties are unable to settle on the issues in dispute (or if it is unlikely that the parties will reach a settlement), the mediator may decide to terminate the mediation, subject to the applicable institutional rules. For example, under the WIPO Mediation Rules, mediation may be terminated if: (i) the mediator determines that further efforts are unlikely to lead to a resolution; or (ii) by written declaration of any party.<sup>137</sup>

<sup>136</sup> Mediation: Creating Value in International IP Disputes, *supra* note 68, p. 200.

<sup>137</sup> Article 19 of the WIPO Mediation Rules.

### 7.3 Arbitration

The arbitration process will normally take parties through the following stages, though the precise contours of the process will be shaped largely by parties' agreement, including the institutional rules to be applied (if any):



Figure 5: The arbitration process under the WIPO Arbitration Rules

## (a) Request for arbitration and answer to request for arbitration

To submit a dispute to arbitration, there must be an arbitration agreement between the parties. Generally, the procedural requirements to commence arbitration depend on the laws governing the arbitration and the agreement to arbitrate. The institutional rules chosen by the parties may also prescribe certain requirements to facilitate the initiation process.

Arbitration proceedings may be “ad hoc” or “institutional”. Ad hoc arbitration takes place without institutional support. By comparison, in institutional arbitration, the arbitration will be administered by an arbitral institution of the parties’ choice.

If there is no pre-existing agreement to arbitrate, the parties may enter into a submission agreement to submit the dispute to arbitration.

Under the WIPO Arbitration Rules, a party (“**Claimant**”) can commence arbitration by transmitting a Request for Arbitration to the WIPO Center and to the other party (“**Respondent**”).<sup>138</sup> The date on which the WIPO Center receives the Request for Arbitration is the date of commencement of the arbitration.<sup>139</sup> Within 30 days of the date of receipt of the Respondent’s receipt of the Request for Arbitration, the Respondent shall send an Answer to the Request to the WIPO Center and the Claimant.<sup>140</sup> The Answer to the Request shall include comments on the Claimant’s case and may include any counterclaim or set-off.<sup>141</sup>

## (b) Appointment of arbitrator(s)

Arbitrators may be appointed in accordance with the procedure as prescribed by the parties’ agreement or under the rules of arbitral institutions. In particular, parties may agree on the number of arbitrators, as well as on how the arbitrators should be appointed. For example, parties may agree that the arbitral tribunal shall comprise only arbitrators that are nominated by both parties. In the absence of any agreement on the procedure for the appointment of arbitrators, the applicable institutional rules will usually govern the procedure for such appointment.

If a party fails to comply with the procedure for the appointment of arbitrators, whether by the parties’ agreement or under the applicable institutional rules, the

<sup>138</sup> Article 6 of the WIPO Arbitration Rules.

<sup>139</sup> Article 7 of the WIPO Arbitration Rules.

<sup>140</sup> Article 11 of the WIPO Arbitration Rules.

<sup>141</sup> *Ibid.*

arbitrators will be appointed in accordance with any applicable fallback mechanism. However, if there is no fallback mechanism in the parties' agreement or the applicable institutional rules, the parties may have to rely on the law governing the arbitration (i.e. the *lex arbitri*) to appoint the arbitrator. In this regard, relying on *lex arbitri* may not be ideal, as it may lead to additional delays, and the national courts may not always appoint a suitable arbitrator for the dispute.<sup>142</sup>

Under the WIPO Arbitration Rules, the parties may agree on the number of arbitrators to be appointed to the arbitral tribunal.<sup>143</sup> If there is no such agreement, the arbitral tribunal shall comprise a sole arbitrator, unless the WIPO Center deems that it is appropriate to have three arbitrators.<sup>144</sup>

If any arbitrator is not appointed within the applicable time period, there will be a default appointment based on the WIPO Arbitration Rules.<sup>145</sup> The WIPO Arbitration Rules has two different default appointment procedures – one for the appointment of co-arbitrators and another for the appointment of sole or presiding arbitrators.

When a co-arbitrator is not nominated within the applicable time period, the WIPO Center will appoint the co-arbitrator.<sup>146</sup> When a sole or presiding arbitrator is not nominated within the applicable time period, the WIPO Center will send an identical list of candidates containing information as to the candidate's qualifications. Each party has the right to object to any candidate. The party is to rank the remaining candidates in order of preference and return the list within 20 days of receipt, and the WIPO Center will appoint the arbitrators based on the parties' preferences.<sup>147</sup>

The WIPO Arbitration Rules also allow the parties to agree on the nationality of the arbitrators. If no such agreement was made, the nationality of the sole or presiding arbitrator will usually be of a nationality different from the countries of the parties.<sup>148</sup>

If a party has justifiable doubts as to an arbitrator's impartiality or independence, the party may challenge the appointment of the arbitrator under the WIPO Arbitration Rules.<sup>149</sup> However, a party may not challenge an arbitrator whom it has nominated, or in whose nomination it was involved, unless the party became aware of the grounds of challenge only

<sup>142</sup> Blackaby Nigel, Constantine Partasides, et al., "Redfern and Hunter on International Arbitration (Sixth Edition)", (hereinafter referred to as "**Redfern and Hunter on International Arbitration**") 6th edition (Kluwer Law International; Oxford University Press 2015), p. 240, para. 4.35.

<sup>143</sup> Article 14(a) of the WIPO Arbitration Rules.

<sup>144</sup> Article 14(b) of the WIPO Arbitration Rules.

<sup>145</sup> Article 19 of the WIPO Arbitration Rules.

<sup>146</sup> Article 19(a) of the WIPO Arbitration Rules.

<sup>147</sup> Article 19(b) of the WIPO Arbitration Rules.

<sup>148</sup> Article 20 of the WIPO Arbitration Rules.

<sup>149</sup> Article 24(a) of the WIPO Arbitration Rules.

after making the nomination.<sup>150</sup> This effectively operates as a waiver of the right to challenge an arbitrator whom a party has nominated, or in whose nomination it was involved, if it was aware of any grounds of disqualification.<sup>151</sup>

After the constitution of the arbitral tribunal, preparatory conferences may be conducted to provide an opportunity for the parties and the arbitral tribunal to agree on procedural aspects of the arbitration. Certain institutional rules may also *require* the parties to participate in such preparatory conferences.

Examples of matters that may be discussed at a preparatory conference include applications for interim relief, the production of evidence, the timeline for the arbitral hearings, fees, and other procedural issues. Institutional rules that are incorporated by parties' agreement may already address some of these issues.

Under the WIPO Arbitration Rules, the arbitral tribunal will usually convene a preparatory conference within 30 days after its establishment.<sup>152</sup> During the preparatory conference, if there are important matters that require the parties' agreement at this stage, the parties may discuss whether it is necessary to create a constitutional document.<sup>153</sup> For example, parties may wish to address issues relating to whether the dispute falls within the scope of the arbitration agreement, to avoid future challenges to the arbitral tribunal's jurisdiction.

The WIPO Arbitration Rules also contain provisions relating to the fees for the administration of the arbitration by the WIPO Center.

### (c) Written submissions and witness evidence

Various documents will be exchanged in the course of the proceedings. The claimant will issue a "statement of claim" and the respondent, a "statement of defense". If the respondent has a counterclaim or set-off against the claimant, the respondent may also rely on such claims. The purpose of these documents is to enable the arbitral tribunal and the other party to be informed of each party's case.

<sup>150</sup> Article 24(b) of the WIPO Arbitration Rules.

<sup>151</sup> Phillip Landolt and Alejandro García, "Commentary on WIPO Arbitration Rules" (2017), para. 24.1. Available at <https://www.wipo.int/export/sites/www/amc/en/docs/2017commentrulesarb.pdf>.

<sup>152</sup> Article 40 of the WIPO Arbitration Rules.

<sup>153</sup> Commentary on WIPO Arbitration Rules, *supra* note 151, para. 40.4.

Institutional rules may prescribe requirements on the contents of documents to be exchanged and how such submissions should be exchanged between the parties.

Under the WIPO Arbitration Rules, the Claimant shall communicate a Statement of Claim to the Respondent and the arbitral tribunal, unless the Statement of Claim has already been communicated alongside the Claimant's Request for Arbitration.<sup>154</sup> The Statement of Claim should also be accompanied by the evidence that is relied on and a schedule of such evidence.<sup>155</sup>

The Respondent shall, in turn, communicate its Statement of Defense to the Claimant and the tribunal.<sup>156</sup> The contents of the Statement of Defense shall reply to the particulars of the Statement of Claim, and should also be accompanied by the evidence that the Respondent relies on in its case together with a schedule of such evidence.<sup>157</sup> If the Respondent intends to make any counterclaim or set-off, such claims should also be made in the Statement of Defense.<sup>158</sup>

The evidence that parties may present during arbitration include: (i) documentary evidence and (ii) witness evidence (statements of factual and expert witnesses).

Where parties do not voluntarily produce relevant documents or other evidence, the institutional rules or other specific rules may contain provisions as to how a party may request such evidence from the other party, as well as the powers of the arbitral tribunal to order the production of such evidence. However, if a party

<sup>154</sup> Article 41(a) of the WIPO Arbitration Rules.

<sup>155</sup> Article 41(c) of the WIPO Arbitration Rules.

<sup>156</sup> Article 42(a) of the WIPO Arbitration Rules.

<sup>157</sup> Article 42(b) of the WIPO Arbitration Rules.

<sup>158</sup> Article 42(c) of the WIPO Arbitration Rules.

does not comply with an order to produce evidence, usually permit the arbitral tribunal to draw an adverse inference against the party.<sup>159</sup>

Under the WIPO Arbitration Rules, the arbitral 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.<sup>160</sup> The arbitral tribunal has the discretion to decide what documents should be produced and how they should be produced. However, the general approach is to grant orders to produce documents that specifically identify the documents to be produced, to avoid “fishing expeditions”.<sup>161</sup>

However, as the arbitral tribunal does not have powers to bind third parties, it will not be able to order the production of documents that are in the possession of third parties. In this case, a party may seek assistance from the national courts if the applicable laws contain mechanisms that allow the party to compel third parties to provide evidence in arbitral proceedings.

If parties intend to provide witness evidence (including witness statements of factual witnesses and expert reports of expert witnesses) in written form, the parties will also need to produce such evidence before the hearing according to the applicable rules.

The WIPO Arbitration Rules require parties to produce witness evidence alongside the written submissions. The arbitral tribunal and the parties may decide on the form of witness statements and expert reports.<sup>162</sup> Such witness statements and expert reports may be in the form of a signed statement or an affidavit.<sup>163</sup>

#### (d) Hearing

The parties will present evidence and oral arguments at the hearing.

As there are generally no detailed rules on how the arbitration hearing should be conducted, the rules may be agreed by the parties or determined by the

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<sup>159</sup> Article 58(d) of the WIPO Arbitration Rules.

<sup>160</sup> Article 50(b) of the WIPO Arbitration Rules.

<sup>161</sup> Commentary on WIPO Arbitration Rules, *supra* note 151, paras. 50.19, 50.20.

<sup>162</sup> *Ibid*, para. 56.4.

<sup>163</sup> Article 56(d) of the WIPO Arbitration Rules.



arbitral tribunal. Nevertheless, most arbitral proceedings are conducted along the following lines:

- The hearing will usually begin with each party's opening statements, which usually contain a summary of each party's case.
- Thereafter, there will be an examination of each party's factual and expert witnesses. In practice, as the evidence of most witnesses and experts are presented in writing before the hearing, the examination stage will usually be limited to cross-examination and re-examination of the witnesses and experts.<sup>164</sup>
- After the completion of cross-examination, the parties will proceed to make closing submissions. In practice, it is also common for the parties to agree to submit their closing submissions in writing.<sup>165</sup>

If a party is in default and does not participate in the proceedings, the arbitration can still proceed without the defaulting party, and the arbitral tribunal may still issue an award. However, the defaulting party may challenge the enforcement of default awards on the basis that it was not given proper notice of the appointment of the arbitrator or that it was unable to present its case.<sup>166</sup> The issue of enforcement of default awards will be discussed in more detail in **Chapter 8**.

Hearings conducted under the WIPO Arbitration Rules also share a similar structure to that outlined above. Under the WIPO Arbitration Rules, hearings shall be held only if requested by either party; if no request is made, the arbitral tribunal has the discretion to determine whether to hold any such hearing.<sup>167</sup> If no hearings are held, the arbitral tribunal may resolve the dispute based on the documents and other materials submitted by the parties.<sup>168</sup> As it relates to the presentation of witness evidence, witnesses and experts may provide their evidence in person during the hearing or in the form of written statements before the hearing.<sup>169</sup> If a party is in default and fails to attend an arbitration without good cause, the WIPO Arbitration Rules provide that the arbitral tribunal may proceed with the arbitration and issue the award.<sup>170</sup>

<sup>164</sup> International Intellectual Property Arbitration, *supra* note 76, p. 213, para. 5.2.7.

<sup>165</sup> Redfern and Hunter on International Arbitration, *supra* note 142, p. 409, para. 6.188.

<sup>166</sup> Article 5(b) of the New York Convention.

<sup>167</sup> Article 55(a) of the WIPO Arbitration Rules.

<sup>168</sup> *Ibid.*

<sup>169</sup> Article 56(d) of the WIPO Arbitration Rules.

<sup>170</sup> Article 58(c) of the WIPO Arbitration Rules.

Interim measures of protection and security for claims and costs /  
Emergency relief proceedings

After the arbitral tribunal has been constituted, parties may apply for interim relief to protect their interests pending resolution of the dispute. Subject to parties' agreement or any applicable laws to the contrary, the arbitral tribunal usually has broad powers to grant interim relief. For example, under the WIPO Arbitration Rules, the arbitral tribunal may make any interim orders it deems necessary at the request of a party before the arbitral tribunal makes a final award.<sup>171</sup> Such interim orders may include injunctions or measures for the conservation of goods.<sup>172</sup>

For MA disputes, interim injunctions may be particularly useful, for example, to prevent the other party from continuing to use licensed software following termination of a licensing agreement. This is crucial, as many software companies rely heavily on the IP owner's rights to control use of the IP, and unauthorized use of an IP owner's copyrighted code may lead to irreparable harm in the market.<sup>173</sup>

Another example is the case of a dispute over a trademark licensing agreement where the licensee had continued to use the licensor's trademark after the termination of the agreement, and the licensor had sought an interim order for the licensee to transfer the goods to the licensor pending completion of arbitration. This relief was granted by the sole arbitrator.<sup>174</sup>

A party may also request the arbitral tribunal to make an interim order for the other party to provide security for the expenses to defend the claim or the counterclaim under institutional rules, such as under the WIPO Arbitration Rules or WIPO Expedited Arbitration Rules.<sup>175</sup> For instance, in a dispute that arose between a European software developer and various licensees over several online gaming license agreements, the parties had submitted the dispute to expedited arbitration under the WIPO Expedited Arbitration Rules and applied for security for reasonable legal costs. The sole arbitrator granted relief and issued the order for security for costs to one of the parties, which was covered by means of a bank guarantee.<sup>176</sup>

In exceptional circumstances when urgent interim relief is required *before* the constitution of the arbitral tribunal, institutional rules may contain provisions for the grant of such urgent interim relief. In this regard, the WIPO Arbitration Rules also enable parties to submit requests for

<sup>171</sup> Article 48(a) of the WIPO Arbitration Rules.

<sup>172</sup> *Ibid.*

<sup>173</sup> See *Accusoft Corporation v. Quest Diagnostics, Inc.*, 2012 U.S. Dist. LEXIS 54216 (D. Mass. Apr. 18, 2012), in which the court discussed how unchecked distribution of software code may lead to market disadvantages that cannot be corrected.

<sup>174</sup> Mediation and Arbitration of IP and Technology Disputes, *supra* note 69, para. 29.

<sup>175</sup> Article 48(b) of the WIPO Arbitration Rules.

<sup>176</sup> Mediation and Arbitration of IP and Technology Disputes, *supra* note 69, para. 28.

emergency relief to the WIPO Center, which will be assessed by an emergency arbitrator.<sup>177</sup> The WIPO Center will usually select an emergency arbitrator from its existing list of arbitrators, which will enable urgent decisions to be made quickly.<sup>178</sup> The emergency arbitrator will have no powers to make any order once the arbitral tribunal is constituted, and any orders made by the emergency arbitrator may be modified or terminated by the arbitral tribunal.<sup>179</sup>

(e) Close of proceedings

In general, once proceedings are closed, parties may no longer make further submissions unless leave has been granted by the arbitral tribunal.

Under the WIPO Arbitration Rules, once the arbitral tribunal is satisfied that the parties have had an adequate opportunity to present their submissions and evidence, the tribunal shall declare the proceedings closed.<sup>180</sup> Once proceedings have closed, the parties may not submit further evidence or submissions. However, the arbitral tribunal retains discretion to re-open the proceedings before making an award, either on its own motion or upon application by a party.<sup>181</sup> The proceedings should, wherever reasonably possible, be declared closed within nine months after the arbitral tribunal has been established or the delivery of the Statement of Defense, whichever is later.<sup>182</sup>

(f) Final award

Once the arbitral tribunal issues a final award, the tribunal will no longer have any jurisdiction to hear the case. However, institutional rules may allow the arbitral tribunal to correct certain errors in the award. In this regard, institutional rules may specify the time period for the final award to be made.

The WIPO Arbitration Rules provide that the final award should be made within three months after the close of proceedings where reasonably possible.<sup>183</sup> If such final award is not made within this period, the arbitral tribunal will need to issue a written explanation to the WIPO Center and

<sup>177</sup> Article 49 of the WIPO Arbitration Rules; Commentary on WIPO Arbitration Rules, *supra* note 151, para 49.1.

<sup>178</sup> Commentary on WIPO Arbitration Rules, *supra* note 151, para 49.2.

<sup>179</sup> Article 49(m) of the WIPO Arbitration Rules.

<sup>180</sup> Article 59(a) of the WIPO Arbitration Rules.

<sup>181</sup> Article 59(b) of the WIPO Arbitration Rules.

<sup>182</sup> Article 65(a) of the WIPO Arbitration Rules.

<sup>183</sup> Article 65(a) of the WIPO Arbitration Rules.

the parties, and further written explanations every month until the final award is issued.<sup>184</sup>

The WIPO Arbitration Rules then permit parties to submit a request to correct any clerical, typographical or computational errors within 30 days of receipt of the award.<sup>185</sup> If the arbitral tribunal considers such request to be justified, the tribunal may issue a correction in a separate memorandum, which shall form part of the award.<sup>186</sup>

## 7.4 Arbitration vs. expedited arbitration

As discussed earlier in this Guide, where MA disputes are time-sensitive and require urgent resolution, the parties may find expedited ADR procedures to be suitable for resolving their disputes.

In the arbitration context, one of the ways in which parties may expedite the arbitration process is to opt for arbitration under rules of ADR institutions that allow for expedited procedures.

The WIPO Expedited Arbitration Rules are an example of procedural rules drafted to allow parties to resolve disputes more quickly.

Compared to the WIPO Arbitration Rules, there are some key procedural differences, including expedited timelines and simplified procedures under the WIPO Expedited Arbitration Rules in relation to: (a) the Request for Arbitration; (b) the answer to the request; (c) the reply to counterclaim; (d) conduct of hearings; (e) closure of proceedings; and (f) final award.<sup>187</sup>

Aside from the expedited timelines, the WIPO Expedited Arbitration Rules also require disputes to be resolved by a sole arbitrator. As there is no need for deliberation between multiple arbitrators comprising the arbitral tribunal, decisions by sole arbitrators may be issued quicker. These factors enable awards for arbitration proceedings under the WIPO Expedited Rules to be issued around six months after the commencement of arbitration. Such expedited procedures are highly useful for parties who need to settle time-sensitive disputes.

<sup>184</sup> Article 65(c) of the WIPO Arbitration Rules.

<sup>185</sup> Article 68(a) of the WIPO Arbitration Rules.

<sup>186</sup> *Ibid.*

<sup>187</sup> WIPO Arbitration and Mediation Center, "WIPO Arbitration and Expedited Arbitration Compared". Available at <https://www.wipo.int/amc/en/arbitration/expedited-rules/compared.html>.

The parties may also consider customizing the expedited arbitration rules, by agreement, to enhance the efficiency of the dispute resolution process. However, as every contractual relationship is unique, one should determine whether an expedited arbitration process is suitable for one's specific needs and whether the advantages of an expedited arbitration process outweigh the potential disadvantages of an expedited process.

## 7.5 Expert determination

Expert determination is better suited for determining narrow issues that are more technical in nature.

Generally, the law on expert determination is not as well developed as other ADR mechanisms, and the expert determination process is largely dependent on the parties' agreement. As such, the discussion in this section will be for illustrative purposes only, using the WIPO Expert Determination Rules as the contextual background.

### (a) Initiation

As with other ADR mechanisms, there must be an agreement to submit the dispute to expert determination between the parties.

To initiate the expert determination process, the parties may file a Request for Expert Determination jointly. Alternatively, a party may submit a Request for Expert Determination to the WIPO Center. A copy of the Request for Expert Determination should also be sent to the other party.

Under the WIPO Expert Determination Rules, if there is no agreement to submit the dispute to expert determination, a party may also submit a unilateral request to the WIPO Center, which may assist the parties in considering the Request for Expert Determination.<sup>188</sup>

If the Request for Expert Determination was not filed jointly, the other party that did not initiate the proceedings may submit an Answer to the Request within 14 days of commencement of the expert determination.<sup>189</sup> The Answer to the Request shall reply to the particulars of the Request for Expert Determination, and shall be accompanied by any additional documents or other information that the party deems relevant.<sup>190</sup>

<sup>188</sup> Article 6 of the WIPO Expert Determination Rules.

<sup>189</sup> Article 8 of the WIPO Expert Determination Rules.

<sup>190</sup> *Ibid.*

## (b) Appointment of expert

The parties may agree on the number of experts to be appointed, but if no such agreement was made, the WIPO Center shall appoint a sole expert unless the WIPO Center determines that, in view of all relevant circumstances, more than one expert is appropriate.<sup>191</sup>

If the parties had already agreed on the identity of the expert, the WIPO Center will proceed to appoint the expert upon receipt of the Answer to the Request or the lapse of the time period for the submission of such Answer.<sup>192</sup>

If the Request for Expert Determination is jointly filed by the parties, and the parties did not agree on the appointment of the expert, the WIPO Center will proceed to appoint the expert upon receipt of the Request for Expert Determination.<sup>193</sup> Unless the parties have agreed on the procedure for appointing the expert, the WIPO Center will make such appointments after consultation with the parties.

## (c) Description of the matter

After the appointment of the expert, the expert will prepare, with the assistance of the parties, a description of the dispute referred to expert determination. The expert may, if necessary or if the parties agree, hold:

- a teleconference, videoconference, web conference, or a conference by other means of simultaneous communication between the expert and the parties; or
- a meeting between the expert and the parties.

The expert may also, on his/her own motion or at the request of the party:

- require or allow further submissions of documents or any other information;
- require statements or appearances by party witnesses; or
- inspect or require the inspection of any site, property, product or process as he/she deems appropriate.

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<sup>191</sup> Article 9(b) of the WIPO Expert Determination Rules.

<sup>192</sup> Article 9(a) of the WIPO Expert Determination Rules.

<sup>193</sup> *Ibid.*

(d) Determination

Unless the parties agree otherwise, the determination is binding on the parties.<sup>194</sup> The form of the determination shall:<sup>195</sup>

- be in writing;
- include a description of the matter referred to expert determination;
- state the reasons on which it is based;
- indicate the date on which it was made; and
- be signed by the expert.

The international enforcement of expert determinations, however, may be challenging, as there are generally no specific means of enforcement of such determinations under international conventions. Hence, a determination will need to be enforced as part of the contract between the parties, and parties should consider the ease of international enforcement of such contracts before relying on expert determination to resolve cross-border disputes.

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<sup>194</sup> Article 17(f) of the WIPO Expert Determination Rules.

<sup>195</sup> Article 17(c) of the WIPO Expert Determination Rules.

## 8. PRACTICAL ISSUES IN INTERNATIONAL ADR OUTCOMES

In previous sections of this Guide, the broad international recognition and enforceability of ADR outcomes (e.g. arbitration awards or mediation settlement agreements) were highlighted as key advantages of relying on ADR mechanisms in resolving disputes.

Domestic (i.e. national) laws generally govern the domestic recognition and enforcement of ADR outcomes within any particular jurisdiction. At the same time, international conventions (e.g. the New York Convention and the Singapore Convention) facilitate the consistency of recognition and enforcement of ADR outcomes across jurisdictions, by establishing common approaches that the signatory countries to these conventions should adopt in the domestic recognition and enforcement of ADR outcomes.

This section will outline some of the practical considerations relating to international ADR outcomes for MA disputes in light of the increasing internationalization of MA businesses, including recognition and enforcement mechanisms.

“Recognition” and “enforcement” of ADR outcomes are distinct concepts:

- A party seeking *recognition* of an ADR outcome usually does so defensively, in order to prevent the other party from re-litigating a dispute that has been resolved by an ADR process on the same issues. For example, a party may request the court to dismiss the proceedings by recognizing that an ADR outcome had already resolved the dispute before the court, thereby prohibiting re-opening of the same issues in that forum.
- On the other hand, a party seeking *enforcement* of an ADR outcome is requesting the court to recognize the ADR outcome, *and further* to order the other party to comply with the terms of the ADR outcome.

### 8.1 Mediation outcomes

- (a) Reaching a settlement: the international mediation settlement agreement

If the parties to an international MA dispute resolve their dispute and reach a settlement during mediation, the terms of such an outcome may be recorded



by way of a settlement agreement, i.e. an international mediation settlement agreement.

As a contractual document which records the agreed terms of the settlement between the parties, the mediation settlement agreement may be enforced as a contract so long as it satisfies the requirements for such contract to be valid under the law applicable to the contract, which can be selected by parties (e.g. via an express governing-law clause).

For certainty and completeness, the mediation settlement agreement should therefore clearly identify the parties bound by the settlement, set out its specific terms (accurately reflecting the respective parties' intentions, especially in relation to IP rights relevant to the dispute), as well as address obligations of confidentiality,<sup>196</sup> to minimize disputes over the terms of the settlement later on. Practical concerns relating to confidentiality under the WIPO Mediation Rules will be discussed in greater detail in **Chapter 0**.

In addition, the mediation settlement agreement should also provide a clear structure for cost allocation, having regard to applicable institutional rules, in order to minimize disputes on costs. Relevant items of costs to be addressed may include legal fees, institutional fees, mediator's fees and other expenses incurred in connection with the dispute. The WIPO Mediation Rules provide that the administration fees, fees of the mediator and expenses of the mediation shall be borne in equal shares by the parties.<sup>197</sup> If the parties intend for any variations to be made to such costs, the terms of any variation should be recorded in the mediation settlement agreement.

When possible, the parties should also consider preparing a draft mediation settlement agreement containing the terms that are not in dispute before attending mediation. This may facilitate efficient drafting of the final mediation settlement agreement if the parties eventually come to a settlement. Indeed, even if some terms of the draft mediation settlement agreement are not ultimately accepted, such a draft could still be useful in helping the parties narrow the issues in dispute in the mediation process.<sup>198</sup>

#### (b) Recognition and enforcement of mediation settlement agreements

In the event a party does not comply with the terms of a mediation settlement agreement, the other party may seek to enforce the mediation settlement agreement. In the context of cross-border MA disputes, the need to seek formal

<sup>196</sup> Mediation: Creating Value in International IP Disputes, *supra* note 68, p. 204.

<sup>197</sup> Article 25 of the WIPO Mediation Rules.

<sup>198</sup> Michael McIlwrath and John Savage, "International Arbitration and Mediation: A Practical Guide", (Kluwer Law International; Kluwer Law International 2010), p. 222.

enforcement of mediation settlement agreements may be significant if parties do not have a high level of trust between each other, e.g. where they each come from different legal and cultural backgrounds.<sup>199</sup>

Parties may seek formal enforcement of mediation settlement agreements by relying on: (i) the Singapore Convention; (ii) the domestic laws on the recognition and enforcement of mediation settlement agreements; or (iii) the New York Convention on the enforcement of consent awards (if the mediation resulting in the mediation settlement agreement was concluded as part of arbitration).

First, parties may seek enforcement of mediation settlement agreements in signatory countries to the Singapore Convention where the requirements therefor are met – e.g. the settlement agreement must be “international”, relate to a “commercial” dispute, not be contrary to domestic public policy, not have already been recorded as a court order or a consent award, not be excluded pursuant to reservations by Contracting States, and formality requirements are satisfied. Under the Singapore Convention, enforcement of the mediation settlement agreement may be refused if the party resisting enforcement is able to prove that a ground of refusal applies.

As the domestic laws of the state of enforcement in relation to the Singapore Convention may differ, parties should seek independent legal advice when attempting to enforce mediation settlement agreements under the Singapore Convention.

Prior to the introduction of the Singapore Convention, there was no harmonized framework for the recognition and enforcement of mediation settlement agreements internationally. The Singapore Convention fills this lacuna by requiring each state which is a Contracting Party to the Singapore Convention to (i) enforce mediation settlement agreements; and (ii) allow a party to invoke a mediation settlement agreement to prove that a matter has already been resolved (i.e. recognition of mediation settlement agreements),<sup>200</sup> in accordance with the requirements of the Singapore Convention.

The Singapore Convention comes into force on September 12, 2020,<sup>201</sup> and is a relatively recent development in international ADR laws at the time of writing of this Guide. At the time of writing, there are already 52

<sup>199</sup> Eunice Chua, “Enforcement of International Mediated Settlements without the Singapore Convention on Mediation” (March 30, 2019). Singapore Academy of Law Journal, 2019, para. 1.

<sup>200</sup> Article 3 of the Singapore Convention.

<sup>201</sup> United Nations Commission on International Trade Law, “Status: United Nations Convention on International Settlement Agreements Resulting from Mediation”. Available at [https://uncitral.un.org/en/texts/mediation/conventions/international\\_settlement\\_agreements/status](https://uncitral.un.org/en/texts/mediation/conventions/international_settlement_agreements/status).

signatories to the Singapore Convention,<sup>202</sup> and more are likely to join over time, as it is the only international instrument that provides a harmonized framework for multi-jurisdictional recognition and enforcement of mediation settlement agreements.

Second, parties may seek formal recognition and enforcement of mediation settlement agreements by relying on domestic laws. For example, the EU Mediation Directive requires Member States of the European Union to enact legislation to recognize and enforce certain cross-border mediation settlement agreements.<sup>203</sup>

Alternatively, domestic laws may also permit mediation settlement agreements to be recorded as a foreign judgment. However, such an approach may give rise to similar challenges as those faced with international enforcement of foreign judgments described earlier in this Guide (see **Chapter 4.6**). Further, as the laws in each jurisdiction on the recognition and enforcement of foreign judgments are different, there may be greater uncertainty as to a coherent outcome in pursuing international enforceability of mediation settlement agreements as foreign judgments.

Third, if the mediation resulting in the mediation settlement agreement was concluded as part of an arbitration and recorded as part of the award by consent, parties may seek formal enforcement of the mediation settlement agreement as embodied in the award by relying on the New York Convention. As discussed earlier in this Guide (see **Chapter 5.3** above), mediation settlements concluded during the arbitration process may be recorded as a consent award and enforced under the New York Convention if certain requirements are met – see **Section 0** below.

Parties should also ensure that: (i) the mediation settlement agreement was concluded *after* the initiation of arbitration, as enforcement of consent awards under the New York Convention generally requires that the award be made pursuant to a live dispute between the parties; and (ii) the issues contained within the mediation settlement agreement falls within the jurisdiction of the arbitral tribunal.

<sup>202</sup> *Ibid.* Note that the Singapore Convention will still be subject to ratification, acceptance or approval by the signatories (Article 11(1)).

<sup>203</sup> EU Mediation Directive, *supra* note 85.

## 8.2 Arbitration outcomes

If the parties to an international MA dispute have chosen to resolve their dispute by arbitration, the arbitral tribunal will determine the dispute by issuing an award and granting remedies.

### (a) Types of arbitral awards

While the term “award” is not defined in international conventions such as the New York Convention, arbitral “awards” generally refer to decisions by the arbitral tribunal that determine the substantive issues in dispute. By comparison, decisions by the arbitral tribunal relating to procedural issues are usually referred to as procedural “orders” or “directions”.

The arbitral tribunal may issue different types of awards – final awards, partial awards, default awards and consent awards, summarized as follows:

- **Final awards** are awards that render the arbitral tribunal *functus officio* – i.e. the tribunal will no longer have jurisdiction to make any further decisions on the dispute.
- **Partial awards** are decisions that finally resolve only some of the issues in dispute. This may be desirable if early resolution of some issues (e.g. resolving issues of jurisdiction of the tribunal at the outset)<sup>204</sup> would help to save costs and time.
- **Default awards** are awards issued where a party fails or refuses to participate in arbitral proceedings. As discussed in **Chapter 7.3**, the tribunal may be able to issue a default award in certain situations.
- **Consent awards** are awards made by the arbitral tribunal to record a settlement made between the parties during arbitration proceedings. The practical issues relating to the enforcement of consent awards are discussed in **Chapter 8.1** above.

### (b) Remedies granted by the arbitral tribunal

The range of remedies that may be granted by the arbitral tribunal may depend on the arbitration agreement between the parties and the applicable laws. As arbitration agreements do not usually specify the specific remedies that may be granted, the provisions in the institutional rules and applicable laws could be helpful to scope the relevant remedies. Remedies that arbitral tribunals are

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<sup>204</sup> Redfern and Hunter on International Arbitration, *supra* note 142, p. 508, para. 9.19.

commonly empowered to grant include damages,<sup>205</sup> specific performance or injunctions,<sup>206</sup> declaratory relief,<sup>207</sup> interest,<sup>208</sup> and costs.<sup>209</sup>

The applicable law that governs the power of the arbitral tribunal to grant remedies is usually the substantive law of the main agreement. However, in certain situations, the law of the proceedings (i.e. the *lex arbitri*) may also be relevant (depending on applicable conflict of laws rules).

It should be noted that, even if the arbitral tribunal is *empowered* to award certain remedies, the *enforcement* of such an award may not be possible if the jurisdiction in which enforcement is sought does not *recognize* such remedies as enforceable. This enforceability of arbitral awards will be discussed in greater detail below.

### (c) Finality and appeals

As discussed in **Chapter 0** of this Guide, one of the significant advantages of arbitration is the finality of the arbitral award – arbitral awards are not normally amenable to appeal or review, in the sense that the merits of the award cannot be reconsidered by another tribunal or by the national courts, save in limited circumstances.

Nevertheless, the parties may, by agreement, provide that the merits of the award may be appealed or reviewed by another arbitral tribunal or a national court. However, depending on the *lex arbitri*, an agreement for the courts to review the award on the merits may not always be upheld.<sup>210</sup>

<sup>205</sup> Depending on the applicable substantive law, not all forms of damages may be available. For example, damages under certain laws may be only compensatory and would preclude a claim for an account of profits (see International Intellectual Property Arbitration, *supra* note 76, p. 286, para. 2.4.2).

<sup>206</sup> An injunction is a remedy that requires a party to perform an act (mandatory) or to refrain from performing an act (prohibitory). Specific performance is a type of injunction that requires a party to perform the obligations under a contract. Depending on the applicable substantive law, the requirements for the grant of injunctions may be more stringent. For example, specific performance of contractual obligations is less likely to be granted in common-law states than in civil-law states (see International Intellectual Property Arbitration, *supra* note 76, p. 288, para. 2.4.4.1). Specific performance or injunctions can be useful remedies in the context of MA disputes involving IP rights. For example, an injunction may be required to prevent the other party from disclosing valuable trade secrets or to require the other party to return the IP.

<sup>207</sup> A declaratory relief is a declaration of the parties' rights (e.g. whether a party breached the contract). In the context of MA disputes involving claims of IP infringement or invalidity, the parties may sometimes seek a declaration on the validity of the IP rights or as to whether there was infringement. As a claim for declaratory relief in itself may not provide the aggrieved party with any compensation, such claims are usually made alongside claims for monetary compensation. However, declaratory relief may also be useful as standalone relief where the parties merely intend to clarify their rights without affecting their business relationship (see Redfern and Hunter on International Arbitration, *supra* note 142, p. 524, para. 9.62).

<sup>208</sup> As a practical matter, the parties should ensure that both the applicable substantive law, the *lex arbitri* and the law of the place of enforcement do not prohibit the grant of interest awards. Most States do not prohibit the grant of interest, and may also contain express provisions which empower arbitral tribunals with the discretion to determine the interest to be awarded (see Redfern and Hunter on International Arbitration, *supra* note 142, pp. 527 and 531, paras. 9.72 and 9.80-9.82). In this regard, institutional rules may also contain provisions relating to the grant of interest. For example, the WIPO Arbitration Rules expressly provide that the arbitral tribunal may award simple or compound interest if it considers appropriate: Article 62(b) of the WIPO Arbitration Rules.

<sup>209</sup> The applicable laws and institutional rules may contain provisions relating to how the arbitral tribunal may allocate costs between the parties and/or how costs should be awarded. For example, under the WIPO Arbitration Rules, unless otherwise agreed by the parties, the arbitral tribunal may award costs in light of all the circumstances and the outcome of the arbitration: Articles 73 and 47 of the WIPO Arbitration Rules.

<sup>210</sup> International Intellectual Property Arbitration, *supra* note 76, p. 40, para. 2.3. See also **Chapter 4.5** above.

(d) Recognition and enforcement of arbitral awards

One of the main attractions of relying on arbitration to resolve disputes is the relative ease of international recognition and enforcement of arbitral awards, compared to court judgments. Indeed, international instruments relating to the recognition and enforcement of arbitral awards have been accepted by many States internationally.

The New York Convention is the main international instrument for the recognition and enforcement of arbitral awards. A Contracting Party to the New York Convention has to enact local laws to recognize and enforce an award made in any other state (“**foreign arbitral award**”) as long as the conditions for recognition and enforcement are satisfied.<sup>211</sup>

Under the New York Convention, the court may nevertheless refuse recognition or enforcement of an award if a party is able to prove certain grounds of refusal, e.g. a party was under some incapacity, the arbitration agreement is invalid, there was a lack of proper notice, a party was unable to present its case, the award falls outside the scope of submission, the arbitration procedure was not in accordance with the parties’ agreement, the subject matter is not arbitrable, or the award conflicts with public policy of the State where recognition and enforcement is sought.<sup>212</sup>

### 8.3 ADR outcomes and public policy issues

Under both the Singapore Convention and the New York Convention, enforcement of ADR outcomes may be refused if the subject matter is not arbitrable or if the award conflicts with public policy. In the context of IP disputes, there may be limited circumstances in which public policy concerns may arise in the enforcement of ADR outcomes. For example, ADR generally cannot bind third parties outside of the ADR proceedings, save for limited exceptions under some national laws, and so there have been some concerns that arbitral tribunals cannot declare that an asserted patent is (in)valid, since such a declaration would alter the registration of the patent that was granted by the state and affect third parties.

However, such concerns are not common in practice, as many IP disputes that have been submitted for arbitration do not involve challenges to the validity of IP rights per se. Instead, most IP disputes are disputes over contractual arrangements involving IP rights,<sup>213</sup> such as commercial agreements, licensing agreements, or assignment

<sup>211</sup> Article I(1) of the New York Convention.

<sup>212</sup> Article V of the New York Convention.

<sup>213</sup> International Intellectual Property Arbitration, *supra* note 76, p. 52, para. 1.3.

contracts. The arbitrability of such IP disputes is uncontroversial in most jurisdictions.<sup>214</sup>

Further, the practical experience of established ADR institutions such as the WIPO Center<sup>215</sup> demonstrates that this concern may be overstated – parties may validly submit disputes in respect of issues of IP (in)validity where the award on such (in)validity claims is only intended to be effective as between the parties. In most cases, an award that is only valid as between the parties will be sufficient to protect the claimant's interests. For example, where a licensee submits an invalidity claim as a defense to failing to perform certain obligations under a licensing agreement, an award declaring that the patent is invalid as between the parties would be sufficient to preserve the licensee's ability to rely on such a claim.

On balance, it is therefore unlikely that the issue of unenforceability of ADR outcomes (by reason that the subject matter is not arbitrable or against public policy) will arise in most MA disputes involving IP rights.

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<sup>214</sup> *Ibid.*

<sup>215</sup> Mediation and Arbitration of IP and Technology Disputes, *supra* note 69, para. 16.

## 9. OTHER PRACTICAL ISSUES

### 9.1 Ensuring confidentiality in ADR

One of the key advantages of ADR processes is the confidentiality of the proceedings and their outcomes. In this regard, parties should always be careful to ensure that confidentiality obligations are expressly provided for in the agreement between the parties, as obligations of confidentiality in ADR proceedings may not always be implied.

#### (a) Mediation

Confidentiality in mediation is generally governed by the parties' agreement and any applicable national law. In most mediation proceedings, mediators and parties are required to enter into confidentiality agreements before the commencement of mediation proceedings.<sup>216</sup> Such confidentiality agreements ensure that any information relating to or obtained during mediation remains confidential.

Applicable laws may require disclosure of confidential information despite the presence of confidentiality agreements in certain situations. A significant concern is whether the communications made during mediation are "privileged" such that the communications may not be admitted as evidence in subsequent litigation or arbitration. The fact that such communications are confidential may not be sufficient to prevent disclosure in subsequent proceedings. For example, the need for disclosure may outweigh the parties' right to confidentiality where there are allegations of criminal activities.<sup>217</sup>

Nevertheless, overriding such confidentiality obligations is likely to be the exception rather than the norm.<sup>218</sup> As different States take different approaches towards whether such communications are privileged, parties should, with regard to disclosure of communications made in mediation proceedings, ensure that they seek specific legal advice on the applicable laws relating to privilege in the relevant jurisdictions.

Certain institutional rules may also require parties to enter into confidentiality undertakings before participating in mediation.

<sup>216</sup> International Arbitration and Mediation: A Practical Guide, *supra* note 198, p. 206, para. 4-081.

<sup>217</sup> Mediation: Creating Value in International IP Disputes, *supra* note 68, p. 179.

<sup>218</sup> *Ibid.*



For mediations administered by the WIPO Center, the WIPO Mediation Rules provide specific rules to safeguard confidentiality of the mediation process.

For example, parties are not permitted to make recordings of any meetings with the mediator.<sup>219</sup> Further, prior to the mediation, each person involved in it is required to sign a confidentiality commitment not to disclose any information concerning the mediation or obtained in its course to any outside party.<sup>220</sup> Additionally, parties are required to return any materials provided by the other party upon termination of the mediation, and any notes taken concerning the meeting shall also be destroyed.<sup>221</sup>

In relation to mediation privilege, the WIPO Mediation Rules require the mediator and the parties to agree *not* to introduce the following as evidence in any judicial or arbitral proceedings:<sup>222</sup>

- (i) any views expressed or suggestions made by a party with respect to a possible settlement of the dispute;
- (ii) any admissions made by a party in the course of the mediation;
- (iii) any proposals made or views expressed by the mediator;
- (iv) the fact that a party had or had not indicated willingness to accept any proposal for settlement made by the mediator or by the other party; and
- (v) any settlement agreement between the parties, except to the extent necessary in connection with an action for enforcement of such agreement or as otherwise required by law.

However, as discussed earlier, the applicable laws may nevertheless require confidential information to be produced in subsequent proceedings, and specific legal advice should be sought on the applicable laws relating to privilege in the relevant jurisdictions on the issue of disclosure in subsequent proceedings.

<sup>219</sup> Article 15 of the WIPO Mediation Rules.

<sup>220</sup> Article 16 of the WIPO Mediation Rules.

<sup>221</sup> Article 17 of the WIPO Mediation Rules.

<sup>222</sup> Article 18 of the WIPO Mediation Rules.

## (b) Arbitration

The confidentiality of arbitral proceedings will depend on the precise terms of parties' agreement, including institutional rules that are incorporated into the agreement, as well as the applicable laws. If there are no agreements on confidentiality between the parties, the confidentiality obligations of the parties will depend on the applicable laws. However, the laws of different jurisdictions may differ significantly on this issue.

Thus, to avoid any uncertainty or inconsistency in the confidentiality of the proceedings and outcomes, as a practical matter, parties should always expressly agree to confidentiality obligations prior to the commencement of arbitration. In this regard, institutional rules may facilitate confidentiality in arbitration.

The WIPO Arbitration Rules contain fairly comprehensive provisions relating to confidentiality of the proceedings and the outcome.<sup>223</sup> For example, Article 75(a) provides that a party may not disclose any information relating to the existence of an arbitration to a third party.<sup>224</sup> This obligation is subject to three exceptions:

- (i) First, if a party needs to disclose the names of the parties to the arbitration and the relief sought, the party may do so only if such disclosure is required to satisfy any obligation of good faith or candor owed.<sup>225</sup>
- (ii) Second, disclosures that are necessary in connection with a court challenge to the arbitration or an action for enforcement of the award are also permitted.<sup>226</sup>
- (iii) Third, disclosures that are required by law or a competent regulatory authority may also be permitted.<sup>227</sup>

In addition, the WIPO Arbitration Rules also provide for the confidentiality of disclosures made during the arbitration. This includes any evidence that may be given by a party or a witness, and such information shall not be used or disclosed to any third party without consent.<sup>228</sup> Further, the arbitral award

<sup>223</sup> Commentary on WIPO Arbitration Rules, *supra* note 151, para. 75.1.

<sup>224</sup> Article 75 of the WIPO Arbitration Rules.

<sup>225</sup> Article 75(b) of the WIPO Arbitration Rules.

<sup>226</sup> Article 75(a) of the WIPO Arbitration Rules. See also the extent of disclosure permitted and the obligations of the disclosing party under Article 75(a)(i) and (ii).

<sup>227</sup> *Ibid.*

<sup>228</sup> Article 76 of the WIPO Arbitration Rules.

is also confidential under the WIPO Arbitration Rules, and may be disclosed to third parties only under limited circumstances.<sup>229</sup>

The WIPO Center and the arbitrator are also obliged to maintain the confidentiality of the arbitration, the award and any other document or evidence disclosed during the arbitration.<sup>230</sup>

In addition to the measures above, parties may also rely on other practical measures to restrict access to confidential information in arbitral proceedings.<sup>231</sup>

For example, if disclosure is inevitable, parties may request that the disclosure be made *ex parte* in the absence of the other party. As discussed in the context of mediation, a party may engage in a private session with the mediator to avoid disclosing confidential information to the other party. However, while *ex parte* disclosures may occasionally be permitted by the arbitral tribunal, such disclosures may raise issues relating to procedural fairness,<sup>232</sup> so one should carefully consider such measures before attempting to rely on them to protect confidential information.

Access to confidential information may also be restricted by protective orders granted by the arbitral tribunal or by redaction.

In a WIPO expedited arbitration relating to disputes arising out of an exclusive license agreement, the respondent was concerned that the claimant was negotiating a license with third parties and would misuse the respondent's trade secrets. The respondent sought a protective order to prevent the other party from accessing certain documents which disclosed its trade secrets, which was granted by the arbitrator.<sup>233</sup>

It is generally open to parties to challenge whether the redaction of documents or the grant of protective orders is justified in each case, and the arbitral tribunal will make the determination. Institutional rules such as the WIPO Arbitration Rules may also allow the arbitral tribunal to appoint an independent adviser to determine whether certain information is confidential and, if so, how such confidential information may be disclosed.<sup>234</sup>

<sup>229</sup> Article 77 of the WIPO Arbitration Rules.

<sup>230</sup> Article 78 of the WIPO Arbitration Rules.

<sup>231</sup> See also International Intellectual Property Arbitration, *supra* note 76, p. 263, para. 3.3.

<sup>232</sup> *Ibid.*

<sup>233</sup> Ignacio de Castro and Andrzej Gadkowski, "Confidentiality and Protection of Trade Secrets in Intellectual Property Mediation and Arbitration" (2020), p. 89. Available at <https://www.wipo.int/export/sites/www/amc/en/docs/confidentialitytradesecrets.pdf>.

<sup>234</sup> Article 54(d) of the WIPO Arbitration Rules.

In some cases, the arbitral tribunal may also request the assistance of lawyers to ensure that confidential information that was the subject of a protective order will not be disclosed during the arbitral proceedings.<sup>235</sup>

In an arbitration at the WIPO Center involving trade secrets, the lawyers representing both parties were asked to determine whether the award contained any confidential information that was the subject of a protective order issued. The award was released to the parties only after the lawyers determined that there was no confidential information that the parties should not have access to.<sup>236</sup>

## 9.2 Other practical issues in arbitral proceedings

### (a) Joinder and consolidation

In arbitration, the parties may decide to add to the proceedings a third party that is also related to the dispute. If there are multiple proceedings in connection with substantially similar facts, a consolidation of arbitral proceedings may also be desired. By adding a third party to the dispute or consolidating multiple disputes to be resolved in a single proceeding, the parties may be able to resolve the dispute more efficiently.

Whether such a “joinder” or consolidation is possible depends on the parties’ agreement and applicable laws. Generally, joinders and consolidations are permitted only if all parties consent. Under the WIPO Arbitration Rules, joinder may be ordered by the arbitral tribunal only if all parties, including the third party, agree to the joinder.<sup>237</sup> Similarly, consolidation may be ordered only if all the parties involved and the arbitral tribunal agree to such consolidation.<sup>238</sup>

### (b) Limitation periods

Many legal systems impose time limits for commencing legal proceedings, and parties may also agree on contractual limitation periods. Hence, it is necessary to ensure that arbitration is not time-barred under applicable laws and commence arbitration within such applicable limitation periods.

In addition, if one decides to commence mediation before arbitration (e.g. under a med-arb clause), it is advisable to ensure that the dispute may still be submitted to arbitration within the limitation period in the event the mediation

<sup>235</sup> International Intellectual Property Arbitration, *supra* note 76, p. 265, para. 3.3.6.

<sup>236</sup> *Ibid.*

<sup>237</sup> Article 46 of the WIPO Arbitration Rules.

<sup>238</sup> Article 47 of the WIPO Arbitration Rules.

does not conclude in a settlement. In this regard, one should review the applicable laws – e.g. certain laws may provide that the commencement of mediation causes the limitation period to be suspended pending mediation.<sup>239</sup>

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<sup>239</sup> See the Article 8 of EU Mediation Directive, *supra* note 85, in which Member States should ensure that their rules on limitation and prescription periods do not prevent the parties from going to court or arbitration if the mediation does not result in a settlement.

## 10. DRAFTING ADR CONTRACT CLAUSES AND SUBMISSION AGREEMENTS: CONSIDERATIONS AND SPECIFIC ISSUES

As discussed earlier in this Guide, ADR mechanisms are usually consensual in nature, and the parties will need to agree to the use of ADR mechanisms to resolve disputes. An ADR agreement should thus be drafted to suit the needs and reflect the intentions of the parties.

It is crucial for the ADR agreement to be drafted clearly, without any ambiguity or inconsistencies. If the ADR agreement is vague or unclear, the ADR agreement may be “defective” (or “pathological” for defective arbitration agreements). The consequences of a defective ADR agreement depend on the extent of the defect and the jurisdiction in which the enforceability of the ADR agreement is challenged. In some instances, the defect may be serious enough to result in a challenge to the ADR process, or lead to disputes over its interpretation.

One should therefore apply care in drafting the ADR agreement.

### 10.1 Key concepts

#### (a) Separability of ADR agreements

In most jurisdictions, ADR agreements, including ADR clauses in the main agreement between the parties, are generally treated as separable from the main agreement.<sup>240</sup> In other words, even if the main agreement between the parties is terminated or becomes void (e.g. on account of illegality), the ADR agreement may still be enforceable, since the validity of the ADR agreement would be separately assessed. This is also known as the “doctrine of separability”.

#### (b) Party autonomy

As discussed in previous chapters, a key foundation of mediation and arbitration is the concept of party autonomy. Consequently, it has generally been recognized that parties have the freedom to decide on many aspects of the ADR proceedings, including the choice of the neutral third party (e.g. the mediator or arbitrator), the procedures applicable in respect of the ADR proceedings, or the applicable laws.

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<sup>240</sup> Redfern and Hunter on International Arbitration, *supra* note 142, p. 106, para. 2.111; Mediation Clauses – Enforceability and Impact, *supra* note 122, para. 4.

The following section will discuss some of the relevant considerations in drafting ADR agreements.

## 10.2 Drafting considerations

In general, unless parties have the time and resources to negotiate and draft their own ADR agreements, it is suggested that parties rely on model clauses, which have been proven to be effective. However, even in adopting model clauses, parties will still need to ensure the elements of the model clause are tailored to suit the needs of the parties.

### (a) Scope of the ADR agreement

Parties should first determine what disputes should be submitted to ADR.

Where the parties are drafting ADR submission clauses in relation to future disputes, the scope of such agreements is usually drafted very broadly, since parties would not be able to predict the disputes that may arise in the future. Conversely, where there is an existing dispute, the parties would be able to provide a description of the dispute in the agreement to submit the dispute to ADR.

It is important to ensure the scope of the ADR agreement is broad enough to suit parties' needs, and for it to apply to the disputes that they intend to submit to ADR:

- In relation to mediation agreements, if the scope of the mediation agreement is not drafted broadly enough to include the dispute, a party would not be able to rely on the mediation agreement to compel the other party to participate in mediation. While compelling a party to mediate a dispute may seem counter-intuitive, mediation frequently leads to settlements even in situations where the parties were not willing to settle.<sup>241</sup>
- For agreements to arbitrate, the dispute that is submitted to arbitration must fall within the scope of such agreement. As the arbitral tribunal's jurisdiction to arbitrate the dispute depends on the agreement to arbitrate, if the dispute falls outside the scope of such agreement, the arbitral tribunal would not have jurisdiction to issue an award in relation to the dispute. Under the New York Convention, the recognition and enforcement of awards that do not fall within the terms of the arbitration agreement may be refused.<sup>242</sup>
- Further, the scope of ADR agreements should also be drafted broadly enough to include tortious or statutory claims, if that is the intention of

<sup>241</sup> Mediation Clauses – Enforceability and Impact, *supra* note 122, p. 17.

<sup>242</sup> Article V(1)(c) of the New York Convention.

parties. For example, in the *WIPO Mediation – Sample Submission Clause* below, the reference to “*non-contractual claims*” is intended to thereby allow the parties to also seek tortious or statutory claims.

Where there is already an existing dispute, the parties need only ensure that the existing dispute falls within the scope of the ADR agreement. While the abovementioned principles apply similarly to submission agreements, the description of the dispute will usually be more detailed in the case of submitting an existing dispute to ADR.

### **WIPO Mediation – Sample Submission Clause / Agreement**<sup>243</sup>

<u>Future dispute</u>	<u>Existing dispute</u>
Any dispute, controversy or claim arising under, out of or relating to this contract and any subsequent amendments of this contract, including, without limitation, its formation, validity, binding effect, interpretation, performance, breach or termination, as well as non-contractual claims, shall be submitted to mediation in accordance with the WIPO Mediation Rules.	We, the undersigned parties, hereby agree to submit to mediation in accordance with the WIPO Mediation Rules the following dispute:  [ <i>brief description of the dispute</i> ]

The place of mediation shall be [*specify place*]. The language to be used in the mediation shall be [*specify language*].

### **WIPO Arbitration or Expedited Arbitration – Sample Submission Clause / Agreement**<sup>244</sup>

<u>Future dispute</u>	<u>Existing dispute</u>
Any dispute, controversy or claim arising under, out of or relating to this contract and any subsequent amendments of this contract, including, without limitation, its formation, validity, binding effect, interpretation, performance, breach or termination, as well as non-	We, the undersigned parties, hereby agree that the following dispute shall be referred to and finally determined by arbitration in accordance with the WIPO [ <i>Expedited</i> ]* Arbitration Rules:  [ <i>brief description of the dispute</i> ]

<sup>243</sup> Recommended WIPO Contract Clauses and Submission Agreements, *supra* note 107.

<sup>244</sup> *Ibid.*



contractual claims, shall be referred to and finally determined by arbitration in accordance with the WIPO [ <i>Expedited</i> ]* Arbitration Rules.	
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The arbitral tribunal shall consist of [*a sole arbitrator*][*three arbitrators*].\* The place of arbitration shall be [*specify place*]. The language to be used in the arbitral proceedings shall be [*specify language*]. The dispute, controversy or claim shall be decided in accordance with the law of [*specify jurisdiction*].

*\*Note: If parties opt for expedited arbitration under the WIPO Expedited Arbitration Rules, the arbitral tribunal shall consist of a sole arbitrator.*

(b) Ad hoc or institutional ADR

In drafting ADR agreements, parties need to determine whether ADR proceedings are to be conducted ad hoc or conducted institutionally (i.e. administered by an ADR institution).

Ad hoc ADR proceedings are conducted without the advantage of the support of any ADR institution. Such proceedings enable the parties to decide the rules and conduct of ADR proceedings with a high level of autonomy. However, parties conducting ad hoc proceedings will usually refer to an established set of rules, such as the UNCITRAL Arbitration Rules.<sup>245</sup>

By comparison, institutional ADR is administered by an ADR institution in accordance with the rules of that ADR institution. The support of an established ADR institution can be very valuable for disputes involving specialized areas such as IP and technology, including MA disputes. Indeed, institutional ADR rules are usually formulated with specific provisions to suit the specialized needs of certain types of disputes. For example, the WIPO Arbitration Rules / WIPO Mediation Rules have additional provisions relating to confidentiality and interim relief that may be required in the context of IP or ICT disputes as discussed in **Chapter 7**.

Further, with the support of an established ADR institution, administrative matters (e.g. securing a venue, appointing the neutral, etc.) relating to the ADR proceedings can be handled by the ADR institution, with the benefit of its resources and experience. As discussed in **Chapter 0**, the WIPO Center has a panel of neutrals with relevant expertise in many specialized areas.

<sup>245</sup> Redfern and Hunter on International Arbitration, *supra* note 142, p. 42, para. 1.141.

## (c) Place or seat of arbitration

In the context of arbitration, the parties also need to consider the law of the “place” (or seat) of arbitration (*lex arbitri*).

As discussed in **Chapters 7 and 8**, the *lex arbitri* is significant, as it governs the conduct of the arbitration, including certain procedural aspects of the arbitration. In addition, the *lex arbitri* may also affect where the award is made – i.e. the “nationality” of the award. In some jurisdictions, the *lex arbitri* expressly provides that an award is deemed to be made at the place of the arbitration.<sup>246</sup> This is important, as parties to the New York Convention may declare that they do not recognize and enforce awards that are not made in States that are likewise parties to the New York Convention (i.e. the “reciprocity reservation”).<sup>247</sup> Although many States are currently parties to the New York Convention, the place where the award is made may still have an impact on recognition and enforceability in limited situations.

Even though the “place” of arbitration is usually a geographical location, the “place” of arbitration is not necessarily the actual physical *venue* where the arbitral proceedings are to be held; such proceedings may still be held in physical locations other than the designated “place” of the arbitration.

Rather, the “place” of the arbitration is usually that selected by the parties for the purposes of determining the applicable law for the conduct and procedure of the arbitration, i.e. for the purposes of defining the *lex arbitri*. If the place of arbitration is not specified by the parties, the institution administering the arbitration or the arbitral tribunal may have to determine such place of arbitration. For example, under the WIPO Arbitration Rules, the WIPO Center shall determine the place of arbitration, taking into account the views of the parties and the circumstances of the arbitration.<sup>248</sup>

When deciding on the place of the arbitration, it is advisable to consider whether the chosen place would determine a suitable *lex arbitri*, e.g.:

- the extent of judicial support for arbitration in the place of the arbitration, including whether the courts may stay proceedings pending arbitration or whether the courts may enforce interim orders made by the arbitral tribunal; and
- whether the dispute is arbitrable under the *lex arbitri*, as the place of arbitration may have different laws relating to subject-matter arbitrability. As discussed earlier, certain IP claims may not be arbitrable under the laws of

<sup>246</sup> See Section 53 of the English Arbitration Act 1996, where it states that where the seat of the arbitration is in England and Wales or Northern Ireland, any award in the proceedings shall be treated as being made there.

<sup>247</sup> Article I(3) of the New York Convention.

<sup>248</sup> Article 38(a) of the WIPO Arbitration Rules.

certain states, and parties should also ensure that MA disputes involving IP claims are arbitrable under the *lex arbitri*.

(d) Applicable law

The parties should include a choice-of-law clause to expressly specify the law that is intended by parties to be applicable to:

- the ADR agreement per se (e.g. the agreement to mediate, agreement to arbitrate, etc.); and
- the underlying agreement (“**main contract**”), which contains the substantive issues in dispute between the parties (“**substantive law**”).

Flowing from the doctrine of separability, the applicable law governing the ADR agreement per se can be distinct from the substantive law governing the underlying agreement.

Having an express choice of law clause in both the ADR agreement and the main contract would avoid any dispute over which laws should be applicable, and can avoid prolonging proceedings and incurring additional time and costs by parties.

(i) ADR agreement

The choice of law clause in the ADR agreement will determine issues relating to the validity and construction of the ADR agreement.

Therefore, to avoid any uncertainty on the applicable law of the ADR agreement, the parties should always include an express choice of law in the ADR agreement as far as possible.

If the ADR agreement does not contain a choice of law clause, the applicable law to the ADR agreement would need to be determined by the courts or the arbitral tribunal (in the case of arbitration).

For instance, in relation to arbitration agreements, if the agreement does not contain an express choice of law clause, factors such as the implied choice of the parties based on their intentions at the time of contracting, or the system of law with which the arbitration agreement has the closest and most real connection, may be taken into account to determine the applicable law.<sup>249</sup>

<sup>249</sup> *Sulamérica Cia Nacional de Seguros SA and others v Enesa Engenharia SA and others* [2013] 1 WLR 102.

## (ii) Main contract

The choice of substantive law of the main contract will be applied to determine the substantive issues in dispute.

If the parties did not agree on a choice of law clause in relation to the main contract, the arbitral tribunal would need to determine such substantive law. While national legislation may contain rules on how the arbitral tribunal should determine the substantive law, states may differ in the approach towards such determination, which may lead to uncertainty as to the applicable substantive law.<sup>250</sup>

Institutional rules may also contain fallback positions on the choice of substantive law. For example, the WIPO Arbitration Rules provide that the arbitral tribunal shall have the discretion to apply the substantive law that it deems appropriate to resolve the substance of the dispute.<sup>251</sup> In determining the appropriate substantive law, the arbitral tribunal shall take into account the terms of any relevant contract and applicable trade usages.<sup>252</sup>

Despite the availability of fallback mechanisms to determine the substantive law of the main contract under national legislation or institutional rules, reliance on such mechanisms is not ideal, as the determination of the substantive law would require parties to incur additional costs and time. Thus, to minimize uncertainty, parties should expressly specify the substantive law in the main contract.

## (e) Appointment of the neutral(s)

In ADR agreements, the parties may by agreement specify the identity of the neutral, the number of neutrals to be appointed and the procedure for the appointment of the neutrals.

- For mediation agreements, the parties may specify the identity and the number of mediators to be appointed. The parties may also rely on the procedures for appointment of the mediator in accordance with institutional rules. The procedure for the appointment of mediators under the WIPO Mediation Rules has been discussed in **Chapter 7**.
- In relation to arbitration, the agreement to arbitrate should specify the number of arbitrators. Generally, an odd number of arbitrators is preferred to avoid deadlocks. A panel for three arbitrators may be more suitable if the

<sup>250</sup> International Intellectual Property Arbitration, *supra* note 76, p. 98, para. 3.2.3.

<sup>251</sup> Article 61(a) of the WIPO Arbitration Rules.

<sup>252</sup> *Ibid.*

dispute is more complex or is of higher value.<sup>253</sup> If the parties are unable to decide on the number of arbitrators, institutional rules may contain fallback mechanisms to decide on the number of arbitrators to be appointed. For example, the WIPO Arbitration Rules will default to a sole arbitrator, unless the WIPO Center determines that an arbitral tribunal comprising three arbitrators is appropriate (see discussion in **Chapter 7** above).<sup>254</sup>

While the parties may specify the identity of the neutral to be appointed, such an approach might not be ideal since the ADR clause may be rendered incapable of being performed if the specified individual is unable to mediate / arbitrate the dispute (as the case may be). Alternatively, parties may agree that the neutral should have certain experience, expertise or qualifications. As far as possible, such requirements should be objective, to minimize satellite disputes over whether the neutral is qualified.

(f) Language

ADR agreements may also specify the language of ADR proceedings. In the absence of any agreement between the parties, institutional rules may also permit the arbitral tribunal to determine the language of the proceedings.

For example, the WIPO Arbitration Rules provide that unless otherwise agreed by the parties, the language of the arbitration shall be that of the arbitration agreement, subject to the arbitral tribunal's final decision.<sup>255</sup> Nevertheless, the arbitral tribunal may still order documents to be submitted in languages other than that of the arbitration.<sup>256</sup>

(g) Finality of arbitral awards

As discussed in previous chapters, one of the advantages of arbitration is that the award is usually final – i.e. it may not be appealed nor be reviewed on the merits. Under certain institutional rules, the right to appeal the award before the courts is also waived by the parties.<sup>257</sup> For example, the WIPO Arbitration Rules provide that the parties “*undertake to waive their right to any form of appeal or recourse to a court of law or other juridical authority, insofar as such waiver may be validly made under the applicable law*”.<sup>258</sup>

However, parties may also agree for the award to be appealable or reviewable “on the merits” by national courts, if the laws permit such review. In such situations, the agreement should expressly state that such appeal or review procedures are permitted. The parties should further ensure that such

<sup>253</sup> International Intellectual Property Arbitration, *supra* note 76, p. 131, para. 3.7.1.

<sup>254</sup> Article 14(b) of the WIPO Arbitration Rules.

<sup>255</sup> Article 39(a) of the WIPO Arbitration Rules.

<sup>256</sup> Article 39(b) of the WIPO Arbitration Rules.

<sup>257</sup> Certain arbitral institutions may not administer arbitration to resolve appeals.

<sup>258</sup> Article 66 of the WIPO Arbitration Rules.

mechanisms are permitted under the relevant institutional rules and national courts, while also ensuring that all issues relating to the appeal or review process are adequately addressed in the arbitration agreement such that the arbitration agreement may be performed.<sup>259</sup> If the arbitration agreement does not adequately address such issues, parties run the risk that the arbitration clause may be pathological and unenforceable.

### 10.3 Multi-tiered ADR mechanisms

As highlighted earlier, parties may rely on multi-tiered ADR agreements to resolve disputes. For example, med-arb agreements require the parties to attempt mediation prior to escalating the dispute to arbitration.

Multi-tiered ADR agreements should clearly provide for *when* the dispute may be escalated to the next stage of the ADR – otherwise, there may be a risk of the clause being pathological.

For example, in drafting a med-arb ADR agreement, the agreement must satisfy the certainty threshold and clearly indicate that the parties intend to be bound by the obligation to mediate.<sup>260</sup> Hence, the multi-tiered clause should specify the time limit for the parties to commence mediation or to settle the dispute by mediation, failing which the dispute will be submitted to arbitration. In this regard, the model WIPO Med-Arb clause provides that if the dispute is not settled within 60 or 90 days (as parties may agree) of the commencement of mediation, the dispute may be submitted to arbitration.

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<sup>259</sup> International Intellectual Property Arbitration, *supra* note 76, p. 122, para. 3.2. An appeal procedure may raise many other issues that would also need to be addressed in the arbitration agreement. For example, an issue may arise as to whether the appellate tribunal has jurisdiction to make finding of facts in the dispute, or would such issues be remitted to the tribunal of first instance.

<sup>260</sup> Mediation Clauses – Enforceability and Impact, *supra* note 122, para. 8.

**WIPO Med-Arb – Sample Submission Clause / Agreement**<sup>261</sup>

Any dispute, controversy or claim arising under, out of or relating to this contract and any subsequent amendments of this contract, including, without limitation, its formation, validity, binding effect, interpretation, performance, breach or termination, as well as non-contractual claims, shall be submitted to mediation in accordance with the WIPO Mediation Rules. The place of mediation shall be [*specify place*]. The language to be used in the mediation shall be [*specify language*].

If, and to the extent that, any such dispute, controversy or claim has not been settled pursuant to the mediation within [60][90] days of the commencement of the mediation, it shall, upon the filing of a Request for Arbitration by either party, be referred to and finally determined by arbitration in accordance with the WIPO [*Expedited*]\* Arbitration Rules.

Alternatively, if, before the expiration of the said period of [60][90] days, either party fails to participate or to continue to participate in the mediation, the dispute, controversy or claim shall, upon the filing of a Request for Arbitration by the other party, be referred to and finally determined by arbitration in accordance with the WIPO [*Expedited*]\* Arbitration Rules.

The arbitral tribunal shall consist of [*a sole arbitrator*][*three arbitrators*].\* The place of arbitration shall be [*specify place*]. The language to be used in the arbitral proceedings shall be [*specify language*]. The dispute, controversy or claim referred to arbitration shall be decided in accordance with the law of [*specify jurisdiction*].

*\*Note: If parties opt for expedited arbitration under the WIPO Expedited Arbitration Rules, the arbitral tribunal shall consist of a sole arbitrator.*

## 10.4 WIPO model clauses

In addition to the model clauses highlighted above, there are other model WIPO Contract Clauses and Submission Agreements available at the WIPO Center.<sup>262</sup> Such clauses and agreements are also available in multiple languages, including Chinese, French, German, Japanese, Korean, Russian and Spanish.<sup>263</sup> Reliance on model clauses should be considered if parties do not have the time or resources to draft or adapt clauses to suit their specific needs.

The WIPO Center also makes available a WIPO Clause Generator, which enables the parties to build their own ADR agreement.<sup>264</sup> The WIPO Clause Generator allows parties to generate ADR agreements and submission agreements, including multi-tiered ADR agreements. Further, the WIPO Clause Generator may allow parties to

<sup>261</sup> Recommended WIPO Contract Clauses and Submission Agreements, *supra* note 107.

<sup>262</sup> *Ibid.*

<sup>263</sup> *Ibid.*

<sup>264</sup> WIPO Clause Generator, *supra* note 108.

amend additional elements relating to the ADR process, including the time period of delivery of the final award.



## CONCLUDING REMARKS

### 11. LOOKING AHEAD

It is hoped that this Guide has been useful for readers to appreciate how various ADR mechanisms may be used to resolve a wide range of MA disputes. This Guide has been structured to provide an overview of the MA sector and common MA disputes, the key advantages of using ADR mechanisms to resolve MA disputes, the ADR process and institutional rules, as well as practical considerations in drafting ADR agreements.

Of course, some disputes are likely to remain unsuitable for resolution by ADR, for example in cases where the alleged wrongdoer is unlikely to agree to submit to ADR, or in relation to end user related MA disputes where national consumer protection laws may restrict the use of ADR mechanisms. Nevertheless, as discussed in **Chapter 3**, a broad range of MA disputes are amenable to the use of ADR for effective resolution, and ADR increasingly presents effective alternatives to conventional court litigation.

Indeed, with the assistance and dedicated resources of the established ADR institutions, parties today need not be highly sophisticated or particularly resourceful in order to enjoy the benefits of ADR resolution of their MA disputes. Throughout this Guide, we have highlighted the broad experience, specialized services and practical resources of the WIPO Center that are readily available to support the resolution of MA disputes by ADR, including the ADR services administered by the WIPO Center, the WIPO ADR Rules (e.g. WIPO Mediation Rules, WIPO Arbitration Rules and WIPO Expert Determination Rules), the WIPO ADR clause generator, as well as technological tools.

Looking ahead, as the use of smartphones and MAs continues to evolve in scope and nature, it is likely that international disputes in the MA industry will also trend upward. The MA sector is expected to continue to feature as one of the fastest growing sectors in the digital economy for years to come, and developing economies will certainly begin to reap a harvest of benefits from progressive digital transformation. In tandem, cross-border MA development will likely continue to attract significant demand so long as global MA spending continues to rise worldwide.

As MA disputes become progressively complex and specialized in the future, appreciating the suitability and advantages of ADR mechanisms will be valuable for

stakeholders, so that they are aware of the range of options available to them in the resolution of disputes. With the rapid growth of technological development and globalization of markets, recourse to robust dispute resolution procedures that are effective and cost-efficient will be critical. ADR procedures have certainly come of age, and now provide a sophisticated, international and yet flexible alternative to court-based litigation.

All stakeholders in the MA ecosystem, whether developers, content creators, users, lawyers, researchers or policymakers, would benefit from giving serious consideration to the adoption of ADR in resolving disputes in the field.

## BIBLIOGRAPHY

As this Guide is meant only to be a primer on the use of ADR mechanisms to resolve MA disputes, we have included in this section various resources that have been referenced in this Guide. These resources range from practical guides to academic writings, which should provide the interested reader with more detailed perspectives on ADR.

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*For further resources, see also the materials generally available at WIPO Arbitration and Mediation Center, “Bibliography on Intellectual Property ADR”, available at <https://www.wipo.int/amc/en/center/bibliography/index.html>.*

## ABOUT THE AUTHOR

**LAM Chung Nian** is admitted to the Singapore Bar and to the Roll of Solicitors of England & Wales, and is also a registered patent agent in Singapore. He is a Fellow of the Chartered Institute of Arbitrators and has been appointed as an IP Adjudicator empowered to hear disputes before the Intellectual Property Office of Singapore (“**IPOS**”). He has also been appointed to the Singapore International Arbitration Centre’s Panel of Arbitrators for Intellectual Property Disputes, the WIPO Panel of Film and Media Mediators, Arbitrators and Experts, and the panel of mediators for the IPOS-WIPO initiative for Mediation for Proceedings Instituted in IPOS. He is the Vice Chair of the Asian Patent Attorney Association (Singapore Chapter) and the Intellectual Property Committee of the Law Society of Singapore, and a former Co-Chair of the International Bar Association Communications Law Committee.

As the Head of the *Intellectual Property, Technology & Media, Telecommunications and Data Protection* Practices at a leading law firm in Singapore, he handles both contentious and non-contentious matters in the areas of intellectual property, media, information technology, data protection and telecommunications law, and has extensive experience working on regulatory, transactional, enforcement and advisory projects in these areas, counting among his clients multinational companies, listed corporations and government regulators.

He has established himself as one of Singapore’s leading practitioners in his areas of expertise, having won many awards and accolades, including the Lawyer of the Year award for Information Technology Law for Singapore in the 2020 edition of Best Lawyers and was named by Who’s Who Legal as one of the “15 most highly regarded individuals in the world” for Telecoms & Media in 2014.

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