



HKIARB and WIPO IP Mediation and Arbitration Training Programme

Module 7:

(i) Drafting an Arbitration Clause, (ii) Privilege (iii) Expert evidence

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AGENDA

- 1 Drafting an arbitration clause
- 2 Privilege
- 3 Expert evidence

- WIPO Model Clauses

- General Clause

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 referred to and finally determined by arbitration in accordance with the WIPO 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 shall be decided in accordance with the law of [specify jurisdiction].

- Submission agreement

We, the undersigned parties, hereby agree that the following dispute shall be referred to and finally determined by arbitration in accordance with the WIPO Arbitration Rules:

[brief description of the dispute]

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 shall be decided in accordance with the law of [specify jurisdiction].

- HKIAC Model Clause

Any dispute, controversy, difference or claim arising out of or relating to this contract, including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to it shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre (HKIAC) under the HKIAC Administered Arbitration Rules in force when the Notice of Arbitration is submitted.

The law of this arbitration clause shall be ... (Hong Kong law). The seat of arbitration shall be ... (Hong Kong).

The number of arbitrators shall be ... (one or three). The arbitration proceedings shall be conducted in ... (insert language).

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- Wide scope of arbitration
 - The parties are agreeing to arbitrate any and all disputes
 - whether contractual or non-contractual (that is, including, tort claims)
 - arising out of or relating to the contract.
 - In *Fiona Trust & Holding Corp v Privalov* [2007] UKHL 40, [2007] 4 All ER 951, it was held by the House of Lords that arbitration clauses are to be construed on the assumption that the parties intended any dispute to be resolved by the same tribunal
 - Followed in Hong Kong in, eg, *Giorgio Armani Spa v Elan Clothes Co Ltd* [2019] 2 HKLRD 313
 - Arbitration tribunals in Hong Kong have, applying these principles, held:
 - in patent license disputes, stand-alone patent infringement claims fall within the jurisdiction of a tribunal.
 - the principle allowed granting an anti-suit injunction prevent the filing of invalidation actions against patents that are the subject of a dispute.

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- There are two choices of laws that need to be decided by all parties to an arbitration agreement:
 - What law should govern the agreement to arbitrate?
 - What law should be applied to interpret the contract and govern any substantive dispute?
 - In an international IP arbitration, there is a third question to be decided:
 - What law will govern question of validity and infringement of IP rights?
 - Agreement to arbitrate
 - In the absence of express designation, the law governing the agreement to arbitrate is often the law of the chosen seat
 - By choosing the seat of arbitration, the parties are simply choosing which court will supervise the arbitration and the *lex loci arbitri* of the proceedings

- Substantive law of contract

- Substantive law of the contract does not have to be the same as agreement to arbitrate.

- In many cases, the parties choose that the same law govern both the agreement to arbitrate and the substantive contract.

- However, the parties are free to choose another law.

- For example, in a contract involving technology transfer to the Mainland of China, agree to the application of Mainland Chinese law

- or the law of the country of the transferor).

- Where the parties have not agreed a substantive law, the tribunal ‘shall apply the law determined by the conflict of laws rules which it considers applicable’ (AO, S.68)

- However, cannot contract out of mandatory provisions of law.

- Eg, if there are mandatory provisions of Mainland Chinese law that apply, such as in relation to technology transfer, tribunal should be told.

- Award in breach of a mandatory provision may not be enforceable

- Especially in the country that imposes that provision.

- International IP disputes and applicable law

- What law should be applied to determination of infringement and validity?

- Many license agreements are drafted on the basis that royalties are payable if a product infringes an IP right.

- If an IP right is invalid, by definition, it cannot be infringed.

- IP rights are territorial and if validity were to be determined by a national court, the court would apply domestic law

- If questions of validity and/or infringement are determined under a different law to that under which the IP right is registered, results may differ and lead to problems with enforcement, eg:

- whether there is any doctrine of equivalents and how it is to be applied varies from country to country.

- Prior publication in an obscure journal and obscure language may not be novelty destroying in some countries, but in others, it may be.

- Simplest solution is to provide in the agreement that the law of the place of registration/subsistence of an IP right will be used to determine validity and/or infringement.

- If this has not been agreed in advance, the parties can agree on it once arbitration is commenced or ask the arbitrator to rule on the issue.

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- Arbitral tribunal will, in general, apply the procedural law of the seat where the rules agreed between the parties or the administering institutions rules do not deal with a matter.
 - However, much up to the discretion of the arbitrator
 - Tribunal's personal views and preferences will be very important
 - Some will require detailed pleading other not
 - Some arbitrators believe in broad discovery others in narrow disclosure

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- No. of arbitrators
 - Usually 1 or 3 - Pros and cons with both:
 - One arbitrator will usually be faster (and cheaper)
 - But at mercy of one individual with no appeal
 - May not have required expertise
 - Three arbitrators will mean two party appointed arbitrators
 - Will allow arbitrators to consult
 - Can ensure at least one arbitrator with expertise
 - Language
 - Can be English and other language
 - But if bilingual will limit choice of arbitrators
 - Evidence
 - Include reference IBA Rules on the Taking of Evidence in International Arbitration?
 - Can help with requiring document disclosure
 - Allow for Emergency Arbitration?
 - Default position now that emergency arbitration allowed unless carved out
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Privilege

- Privilege in international arbitration very complex issue
- Some countries do not recognise privilege at all (eg China)
- Matter complicated in international arbitration because:
 - Cases can involve multiple jurisdictions
 - Foreign lawyers and non-lawyers can appear and advise
- Most institutional rules do not provide for privilege
- Hong Arbitration Ordinance does not deal with privilege
- IBA Rules on the Taking of Evidence in International Commercial
 - arbitrators shall, at the request of a party or on their own motion, exclude from evidence or production any document, statement or oral testimony or inspection for any of the listed reasons, which include “legal impediment or privilege under the legal or ethical rules determined by the tribunal to be applicable”.

Privilege

- Hong Kong three main types of privilege:

- Legal Advice Privilege

- Advice given by barrister or solicitor in course of professional engagement
- In HK, includes in-house lawyer. *Citic Pacific Ltd v The Secretary for Justice* 2015 4 HKLRD 20
 - Different to UK (*Three Rivers*)
- No legal advice privilege in HK for patent or trade mark agents.
 - What about registered foreign lawyers?

- Litigation privilege

- communications between a client or his lawyer and third parties concerning on-going or contemplated litigation with dominant purpose for the creation of the document was to support litigation
- Considered to also cover arbitration

- Common Interest Privilege

- Sharing of information with persons with a common interest.
- Generally, the common interest must be so close that the parties could instruct the same lawyers to represent their interests.

Expert Evidence

- Experts can be very important in IP cases
 - Particularly involving patents and high technology
 - Normally technical experts
 - But can, very occasionally, be on law
 - Virtual hearings make it easier to use people from anywhere in world
- Follow similar procedures to those use in court
 - Except very common to use witness conference (“hot tubbing”)
- In technical case should instruct ASAP
 - Their help in drafting pleadings can be invaluable
- Agree issues to be covered with other side or seek ruling

Expert Evidence

- Procedural order should deal with expert evidence
 - The Parties and the Tribunal may, in all matters pertaining to evidence, be guided by the IBA Rules on the Taking of Evidence in International Arbitration (adopted by a resolution of the IBA Council of 29 May 2010) and the Chartered Institute of Arbitrators Protocol for the Use of Party Appointed Expert Witnesses in International Arbitration (the “CI Arb Protocol”).
- Some institutional rules also have some rules re expert evidence.
 - Eg WIPO rules, Rule 57 and HKIAC Rules, Article 27, deal with tribunal appointed experts
- Note: WIPO also has rules for expert determination.
 - This is not expert evidence but a decision by an expert on a narrow issues, eg, royalties to be paid or infringement.

Expert evidence

- IBA rules
 - Article 5 deals with party appointed experts
 - Provides for content of report
 - Very similar to those required by Rules of Court
 - Impartiality, instructions received etc
 - Tribunal may require expert conference prior to hearing
 - Article 6 deals with tribunal appointed experts
- CiArb Protocol
 - May be adopted in whole or in part
 - Mandatory provisions of law will override (Article 2(2))
 - Instructions not privileged but working papers are (Article 5)
 - Provides rules for form of evidence, testimony and declaration.

Discussion