



**HKIARB and WIPO IP Mediation and Arbitration Training Programme**  
**Module 6: Types of Intellectual Property Disputes & Situation,**  
**Considerations of Parties in Arbitration and Mediations**  
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# AGENDA

- 1 Mediation v Arbitration
- 2 Mediation
- 3 Types of arbitration cases
- 4 Advantages of arbitration
- 5 Practical Issues
- 6 Key Take Aways

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- Mediation

- “assisted negotiation”

- Voluntary

- may be contractually required as part of escalation clause

- Non-binding

- Mediator is not there to decide case

- Only reaches resolution if parties sign binding agreement

- Even if no successful can bring parties closer together or narrow issues

- Arbitration

- “private litigation”

- Binding under contract

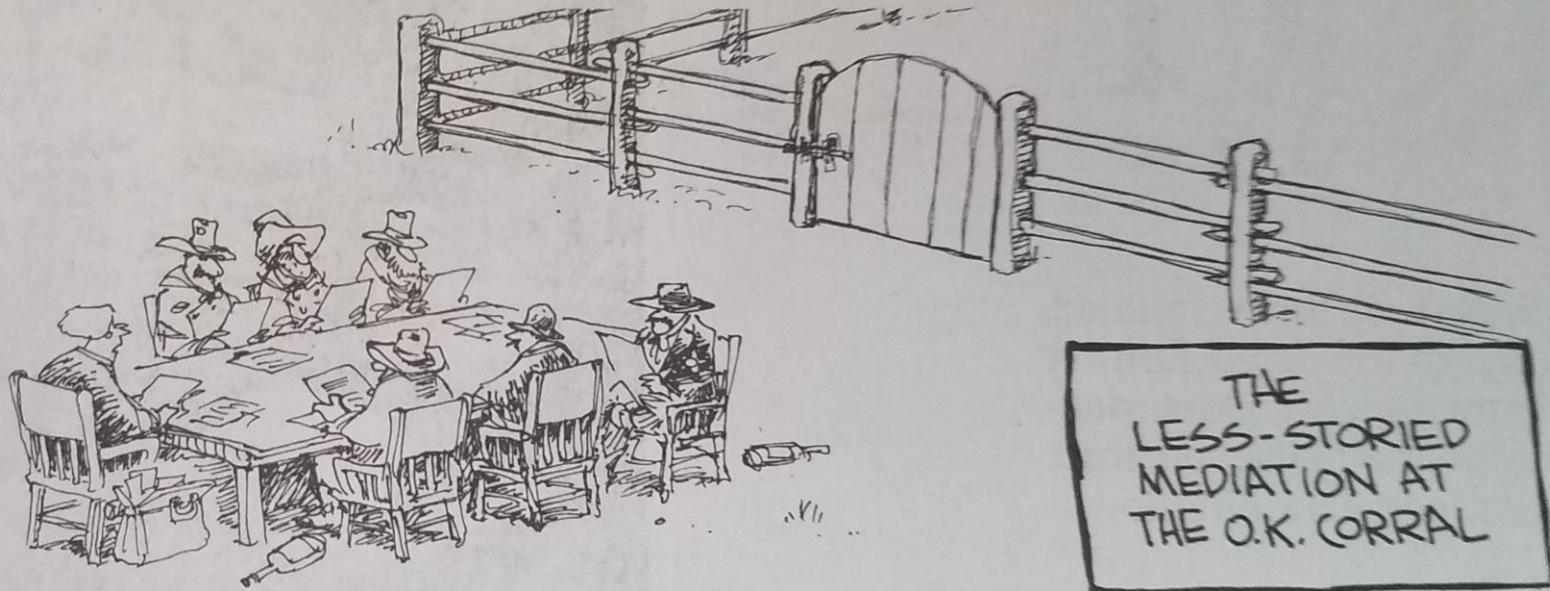
- Courts will enforce agreement to arbitration and any award of arbitrator



# Non-Sequitur

by Wiley Miller

YES, I KNOW YOU WERE SPEAKING FIGURATIVELY, BUT CAN WE ALL AGREE THIS TOWN IS LITERALLY BIG ENOUGH FOR BOTH OF YOU?



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- Mediator helps (should help) the parties to
    - Focus on commercial goals
    - Consider best and worst case scenarios
    - What will be the best possible negotiated solution?
  - Good mediator will always hold preparatory sessions with parties
    - Get to understand case
    - Question assumptions and goals
  - Mediator can hold joint sessions with parties or separate sessions
    - Mediator can shuttle back and forward with messages
    - Sometimes parties will never even meet
      - Surprisingly this can be very effective (particularly where strong emotions involved)

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- There are two types of mediation:
    - Facilitative and adjudicative
  - Facilitative most common
    - Requires mediator to facilitate discussions
      - But, not to give any views on merits of case
        - Can question parties' views on merits of cases in private session, but not give own views
    - Can be very effective in getting parties to communicate concessions they are not willing to make directly
  - Adjudicative
    - Mediator can give views on the case
    - BUT in the end mediation does not decide case and cannot force parties to settle

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# WHAT ARE THE MAIN TYPES OF CASES YOU SEE IN IP ARBITRATION?

- IP arbitration mainly in relation to commercial contracts, especially:
  - Licensing disputes
  - Technology transfer disputes
- However, in such cases, arbitrators will often have to decide :
  - Whether an intellectual property right is:
    - Infringed or valid
    - Eg, if licensed right is not valid, may be no need to pay royalties
- However, underlying dispute remains a breach of contract claim
  - Occasionally parties will agree to arbitrate infringement disputes

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# WHAT ABOUT IP INFRINGEMENT DISPUTES?

Infringement less often subject to arbitration.

- Very hard to get parties to agree to arbitrate once dispute has started

Litigation often preferred by at least one party:

- May have home court or other litigation advantage
- Situation can change during course of case

Some IP infringement disputes are now being arbitrated:

- Settlement agreement from previous disputes provides for arbitration
- Competition authorities encouraging arbitration (particularly for disputes involving standard essential patents)
- Parties want to avoid cross border litigation



# WHICH ARE SOME OF THE ADVANTAGES OF ARBITRATION?

(Some may see them as disadvantages)

## SECRECY

Many laws and rules provide for secrecy  
HK and Singapore – Arbitration is confidential under statute and rules(China?)  
Parties can agree to secrecy

## SPECIALIST PANEL

Can have specialist panel decide case.

## COSTS

Can be cheaper than litigation - Even though need to pay costs of arbitration

## TIME

Can be much faster than arbitration

## IS IT POSSIBLE TO GET AGREEMENT TO ARBITRATE AFTER DISPUTE ARISE?

- Many of the advantages of arbitration favour the rights holder
  - Party accused of infringement will want to use risk of invalidating IP right and publicity as bargaining chip.
    - Can even bring multiple invalidity actions in other countries for leverage
  - Accused party may wish to have non-specialist tribunal
- Case may be weak. Accused party may, however, be concerned with:
  - Financial exposure to damages
  - Impact of injunction
- Rights holder can offer as an incentive to arbitrate:
  - Worldwide resolution of disputes
  - Cap on damages
    - May be high/low – that is, arbitrator will determine damages in a range
  - License to use technology if found to infringe
    - Terms may be set in advance
    - Or, arbitrator can be asked to set some terms, eg royalty rate

# INTERIM RELIEF IN ARBITRATION

- In IP disputes very often need to apply for injunction
  - Stop production
  - Freeze assets
  - Anti-suit injunction
- Can apply to arbitrator, if appointed, or directly to courts
- Interim relief may be applied for from Chinese courts for HK seated arbitrations
  - HKIAC has issued over 60 letters of request
  - Major Issues:
    - Does not apply to ad hoc arbitrations.
    - Need to file arbitration – other side will have notice of arbitration and could hide assets
    - Need notarized and legalized POA to Chinese law firm
    - Chinese courts still finding their way to utilize system

## PRACTICAL TIPS FOR HANDLING IP ARBITRATION

- Picking arbitrator(s) with appropriate knowledge
  - May have to determine issues under a number of different laws
    - Eg China, USA, EU
- What language(s) to be used
- Seat of arbitration
  - Can affect ability to get interim relief/challenge award
- Location of sittings
  - How much will technology change the world of arbitration?
- Are all issues arbitrable for each jurisdiction?
  - For example, validity of patents not arbitrable in China.
    - Will this impact enforcement
- What is attitude to discovery of arbitrators
  - Full discovery, limited discovery, none?

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## PRACTICAL TIPS FOR HANDLING IP ARBITRATION

- Tribunal should give specific guidance on pleading in patent cases
  - pleading should require claim charts
- If dispute covers multiple jurisdictions
  - May require counsel from a number of jurisdictions to make submissions on their laws and practices
  - May require experts from from multiple jurisdictions on law
    - Technical experts should be able to cover all jurisdictions



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## CHINESE PARTIES AND ARBITRATION

- Chinese parties have often agreed to arbitration in Hong Kong or Singapore.
- Has some big problems for Chinese parties
  - Procedures are not the same as civil litigation in China:
  - Pleadings are very important
  - Document production will be ordered
  - Witnesses will be cross-examined
  - Tribunals will draw adverse inferences
- Many Chinese parties treat arbitration like Chinese court proceedings
  - Do not engage fully
  - Defend on the basis Claimant has to prove case
  - Find themselves losing when they may have had good case.
  - Award will be often be enforceable against them.

## KEY TAKE-WAYS

- Arbitration can be a good method for resolving disputes
- But parties need to be aware of the advantages and pitfalls
  - Not just when a dispute arises
  - But when drafting the arbitration clause
  - Or even when deciding to arbitrate
- Seat of arbitration can be important
  - What is court's attitude to review of awards
  - What are procedural rules?

Arbitrating validity of IP rights can create problems particularly in China

Need to consider what you want arbitrator to decide.

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# Discussion