Cairo Regional Centre for

International Commercial Arbitration

Settlement of Intellectual Property Disputes

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SETTLEMENT OF INTELLECTUAL PROPERTY DISPUTES

Intellectual property disputes by their inherent nature are well adapted for determination by arbitration and other ADR techniques . The essence of arbitration is the agreement of the parties to choose their own tribunal and to select the powers of that tribunal and the proceedings to be followed . A carefully drafted arbitration agreement provides the opportunity to select the substantive law, the procedural law and the powers granted to the arbitral tribunal . This agreement can embody those special requirements of intellectual property disputes such as the powers of the arbitrators and the procedures . The WIPO precedents on the making of arbitration agreements designed distinctively for the singular nature of intellectual property disputes are extremely useful .

I - THE DRAFTING OF DISPUTES RESOLUTION CLAUSE IN INTELLECTUAL PROPERTY DISPUTES

The drafting of a dispute resolution clause resolution clause is always a dilemma .

Should we pick one of the ready-made clauses as they are proposed by certain arbitral institutions ? Or should we sit down and start our own drafting for something suitable for the case that may be more elaborate to avoid certain pitfalls in the future arbitration ?

Parties may have antagonistic views and preferences in this respect :

The commodity trader will dislike any long clause , preferring very short ones such as : Cairo London or Paris . This approach , risks to create numerous uncertainties .

The exaggerated cautious lawyer will dislike anything else but the most complete and scrupulously drafted clause.

his approach , however, might not be acceptable by the other party .

The cautions businessman chooses something between the two approaches :

However , a dispute resolution clause may be drafted by taking the Model Clause as proposed by the respective chosen institution , or a suitable Model Clause for ad hoc arbitration .

Usually , this Model Clause will be satisfactory and will be acceptable by the other party .

However, drafters should consider whether , under the specific circumstances of the case , more specific provisions in one or another direction are needed .

A check-list in respect of particular aspects, may be used . An evaluation of the elements should be added without making the arbitration clause too long , too complicated , and not acceptable by the other party .

II - SPECIFICS ABOUT INTELLECTUAL PROPERTY DISPUTES

What is special about intellectual property disputes ? Would they require a specialist arbitration institution or special arbitration rules ?

It is an accepted fact that arbitration and other techniques of dispute resolution are increasingly the preferred forums for dispute resolution in international commercial transactions of all kinds such as

Construction contracts , investment transactions , agency and distribution agreements , joint ventures , maritime , purchase and sale of goods and of course , license agreements .

However, there are some specific characteristics and needs of intellectual property disputes that require special attention . Some particular problems arise in intellectual property disputes that require dealing with the following issues :-

1 - Types of contracts that could give rise to an arbitration in intellectual property disputes
2 - Selection of arbitrators for these particular disputes .
3 - The important interim relief in these disputes .
4 - Confidentiality of proceedings .

The subject matter of these kinds of disputes involve one or more of the following aspects :-

License agreements
Know-how, technical assistance
Trade names and ensigns
Patent validity , infringement of other
Trademarks validity or other
Designs and models

copyright and audiovisual rights

Disputes involving intellectual property rights have many of common , general characteristics .

Three contracts usually involve intellectual property rights :

1 - License agreement :

According to this contract the owner of a particular intellectual property right grants permission or authority to another , to use , by way of manufacture , promotion and sale of the particular right . The most important of there rights are :

- the right to manufacture with the patent of another ;
  the right to affix trademarks of another to goods for sale in a particular market ;
- the right to use another's copyright in developing or expanding computer software , or to translate written materials into other languages or into stage and film productions.

Moreover, license arrangements may also be included in a joint venture contract where one party is contributing intellectual property rights, or in a turn-key contract , where plant and machinery are to be delivered under the contract. and this includes the right and in some

circumstances the obligation to use and trade, using certain specific intellectual property.

The disputes in these cases may involve royalties that are due or have to be paid . They may involve the protection , enforcement and development of intellectual property.

2- Corporate Acquisitions :

In may instances corporate acquisitions include some warranty about ownership of intellectual property . The said transactions may involve the extent of licenses, the status of patent and trademark registrations, and the capacity of know-how. Moreover, they may provide for a revision or determination of the price at a later stage. Post-acquisition disputes may arise in cases of differences between the parties .

3- Employment or Research Contract :

Many of the above mentioned contracts provide for employment for research , writing , or preparation of any product which may result in the development of new or improved intellectual property. The agreement should be clear about the ownership of the new product.

The fact that one party has paid the other to develop such rights will not necessarily clarify the ownership.

III. SELECTION OF ARBITRATORS , CONCILIATORS AND MEDIATORS IN INTELLECTUAL PROPERTY DISPUTES :

The selection of arbitrators, conciliators or mediators in these cases is one of the most important elements in these cases. A qualified , firm , neutral , and independent arbitrator will have the confidence of the parties. The management of the case and acceptance of procedural orders and an award from the arbitrators will be much easier to accept in these circumstances. However, this fact is equally relevant for every type of arbitration, regardless of the subject matter .

Disputes involving intellectual property issues may include difficult problems for determination or consideration such as meaning of the license, the intellectual property rights covered by the license, validity of a particular intellectual property right arbitrability ; royalty disputes; and rights of parties in the post-contractual period . These issues give rise to specific characteristics relevant to the intellectual

for the local court of enforcement to determine whether it will recognize such interim relief included in the award .

Generally speaking , arbitrators can make interim orders that govern the relations between two parties . Where one has a license agreement, an arbitrator may be asked to make an order that, pending the outcome of the arbitration a licensee should not, for example, use the trademark or patent of the licenser, sell products manufactured under the license, hold itself or one of its subsidiaries out as an authorized licensee for the products, give sub-license rights to third parties, or take any other action that could possibly affect the validity and value of the intellectual property right.

The UNCITRAL Arbitration Rules applied by the Cairo Regional Centre for Arbitration provide for the power given to arbitrators to make awards in respect of interim measures. Article 26 provides :

> " At the request of either party, the arbitral tribunal may take any interim measures it deems necessary in respect of the subject matter of the dispute, including measures for the conservation of the goods forming the subject matter in dispute, such as ordering their deposit with a third person or the sale of perishable goods."

This does not preclude either party making a request for interim measures to a judicial authority, and is not deemed to be a waiver of the arbitration agreement (Article 26 (3)) .

The Egyptian Law of Arbitration no. 27/1994 requires a special agreement between the parties to confer on the arbitrators the power of issuing interim measures. The normal arbitration clause which may not include clearly empowering the arbitrators to issue interim measures would not be enough. Following is provision 24/1 of the Egyptian Arbitration Law to that effect :

> "The parties to arbitration may agree that the Arbitral Panel can, pursuant to a request by one of them, order either party to take whatever provisional or conservatory measures it deems the nature of the dispute requires and that it demands the presentation of an adequate guarantee to cover the expenses of the measures it orders."

IV) Confidentiality of the Proceedings :

The question is whether : arbitration is private and confidential ? Are the parties entitled to inform third parties of the existence, nature and content of their dispute, how the arbitration is being conducted, who the arbitrators are , and what the ultimate award is ?

It is for the parties to decide how and to what extent they wish the arbitration to be a private procedure. In fact , this is not an issue that they normally address in the arbitration agreement .

Intellectual property disputes give rise to a particular characteristic in this regard . There may be secret and confidential information which parties would not want to be leaked . This would include the confidential know-how, the details of customer lists, challenges to intellectual property rights , difficulties with licensees l licensers . Also, a manufacturer and owner of intellectual property rights may like to preserve private and confidential the fact that there is a dispute arising out of a license agreement with one of its licensees.

According to their codes of ethics arbitrators and counsels have the duty of both privacy and confidentiality . Without the agreement of the parties , they cannot disclose the names and details of the arbitration . But do the parties equally have the same obligation .

License agreements usually contain provisions for confidentiality. These provisions are expected to continue in effect both during and after termination of the license . Thus , where certain confidential information is presented to an arbitration tribunal, the obligation on one or both of the parties to keep such information confidential will continue during the arbitration procedure .

It is advisable however , that licensers and owners of intellectual property rights may add to the arbitration clause a provision that provides , expressly, that the parties will keep fully confidential all details of the arbitration procedures . The existence of the arbitration procedure and the dispute , and the ultimate award may be also included in the clause to be kept confidential .