Global Arbitration Review

# The Guide to IP Arbitration

Editors
John V H Pierce and Pierre-Yves Gunter

In association with

# The Guide to IP Arbitration

Editors
John V H Pierce and Pierre-Yves Gunter

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# Publisher's Note

Global Arbitration Review, in association with Intellectual Asset Management and World Trademark Review, is delighted to publish *The Guide to IP Arbitration*.

For those unfamiliar with GAR, we are the online home for international arbitration specialists; we tell them all they need to know about everything that matters. Most know us for our daily news and analysis service (you can sign up for our free headlines on www.globalarbitrationreview.com), but we also provide more in-depth content: books and regional reviews; conferences; and workflow tools. Visit www.globalarbitrationreview.com to learn more.

Being at the heart of the international arbitration community, we often become aware of gaps in the literature – topics yet to be fully explored. The intersection of IP and arbitration is one such area. Hitherto, the two fields have not mingled as well as one might expect. Large IP owners, such as banks, are known in arbitration circles as being sceptical about the medium. They shouldn't be. In many ways, international arbitration is perfect for them: a private, bespoke process, invented to bridge cultural divides. Above all else, it is internationally enforceable.

Recently, this antipathy towards arbitration has shown signs of fading. There are now IP owners who are international arbitration evangelists.

We are therefore delighted to publish the first edition of *The Guide to IP Arbitration*, in conjunction with two of our sister brands that cover the world of IP: Intellectual Asset Management and World Trade Mark Review.

This book is in five parts and will be of interest both to newcomers to arbitration and those who are already aficionados. Future editions will be expanded with the viewpoints of arbitrators and in-house counsel.

If you find it useful, you may enjoy other GAR Guides in the same series, which cover energy; construction; M&A disputes; advocacy; damages; mining; and challenging and enforcing awards. We are also very proud of our citation manual, UCIA (*Universal Citation in International Arbitration*).

Lastly, sincere thanks to our two editors, John V H Pierce and Pierre-Yves Gunter, for taking the idea that I pitched and running with it so well. I was on a skiing holiday at the time – my, those days seem a long time ago! And thank you to all of my Law Business Research colleagues for the elan with which they've brought our vision to life.

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# Obtaining Interim and Permanent Relief in International IP Arbitration

**Shaneen Parikh**[1]

## Introduction

*Ubi jus ibi remedium* (where there's a right, there must be a remedy) is an ancient but still relevant principle of Anglo-American tort law.[2] Intellectual property (IP) rights have been traced back by scholars to 500 BCE (about 1,700 years before the Magna Carta) when chefs in the Greek colony of Sybaris were granted limited year-long monopolies over certain recipes.[3] Modern institutions and systems of IP evolved over time to anchor rights to remedies in a more defined manner, notable examples of which in the modern context include the English Statute of Monopolies (1624) and the Statute of Anne (1710).[4]

IP disputes today are contested before a dizzying range of forums (often in parallel proceedings, spread over multiple jurisdictions): civil courts; criminal courts; statutory tribunals; administrative bodies; arbitral tribunals constituted under commercial contracts; panels established under the frameworks of the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO); investment tribunals constituted under

1 Shaneen Parikh is a partner at Cyril Amarchand Mangaldas. The author would like to acknowledge the contributions of Ifrah Shaikh, Purav Shah and Anand Mohan to this chapter.

2 Tracy A. Thomas, 'Ubi Jus, Ibi Remedium: The Fundamental Right to a Remedy Under Due Process' 41 *San Diego Law Review* 1633 (2004); also see *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 163-66 (1803); and 3 William Blackstone, *Commentaries On The Laws Of England* 23 (Dawsons of Pall Mall 1966) (1768).

3 Moore, Adam and Ken Himma, 'Intellectual Property', *The Stanford Encyclopedia of Philosophy* (Winter 2018 Edition), Edward N. Zalta (ed.).

4 ibid.

investor-state dispute settlement provisions contained in bilateral or multilateral treaties between sovereign states, etc.[5] Arbitration has rapidly gained ground as the preferred mode of resolution of IP disputes.[6]

This chapter aims to shed light on interim and final remedies in IP arbitrations, dealing not only with the legal but also the strategic aspects thereof that have become critical pressure points for international commerce today.

Article 17 of the UNCITRAL Model Law on International Commercial Arbitration 1985, as amended in 2006,[7] empowers the arbitral tribunal to grant 'interim measures', defined as being any temporary measure, whether in the form of an award or in another form, by which, at any time prior to the final award, and that may direct a party to:

- maintain or restore the status quo;
- take or desist from action that may or is causing harm or prejudice to the arbitral process;
- preserve assets that may be used to satisfy the future final award; or
- preserve evidence that may be material to the arbitration.

Legislation based on the UNCITRAL Model Law has been adopted in 84 states in a total of 117 jurisdictions,[8] and the power and scope of interim measures that may be granted by an arbitral tribunal are similar, as this chapter demonstrates.

## The importance of interim measures

Interim measures of protection during the course of a dispute help to ensure cohesion between the process of law and daily practicalities. Access to interim relief is proving increasingly critical to the integrity of the dispute resolution process in IP arbitrations, inter alia, by ensuring preservation of the subject matter of the arbitration, allowing equities to be balanced pending a potentially lengthy dispute, and permitting courts and tribunals to

5 Heike Wollgast, 'WIPO alternative dispute resolution - saving time and money in IP disputes', where it is stated that 'With the globalization of trade and the increasingly international creation and exploitation of IP, these disputes often span multiple jurisdictions and involve highly technical matters, complex laws and sensitive information. In these circumstances, parties often look for flexible dispute resolution processes that can be customized to their needs and that enable them to control the time and cost of proceedings', *WIPO Magazine* (November 2016).

6 WIPO Guide on Alternative Dispute Resolution Options for Intellectual Property Offices and Courts (July 2015), which notes that 'ADR is becoming an increasingly popular option for the resolution of intellectual property disputes. For example, the WIPO Center, which provides support services for ADR proceedings such as mediation, expert determination, arbitration and expedited arbitration, has seen an increase in the number of intellectual property disputes it has administered in recent years. Such disputes spanned a diverse range of legal areas and industries', at page 20.

7 See https://www.uncitral.org/pdf/english/texts/arbitration/ml-arb/07-86998_Ebook.pdf.

8 Status: UNCITRAL Model Law on International Commercial Arbitration (1985), with amendments as adopted in 2006, as available at https://uncitral.un.org/en/texts/arbitration/modellaw/commercial_arbitration/status.

stand firmly against mischief by a recalcitrant party to defeat the arbitral process.[9] The grant of interim relief can prevent irreparable harm or prejudice from being caused to parties, or the claim itself being frustrated, pending the outcome of the dispute.[10]

Interim measures are broadly classified into two categories based on the purpose they serve:[11] the first includes measures aimed at avoiding or minimising loss, damage or prejudice; and the second includes measures whose object is to facilitate the enforcement of an eventual award.[12]

The grant of an injunction or preservation of status quo would fall within the first category,[13] and may include orders for preservation of evidence related to the subject matter of the dispute, orders for the sale of perishable goods to minimise damages and orders ensuring confidentiality of information.[14]

Interim measures in the second category seek to ensure that a party does not precipitate action that might render any final award ineffectual, and may include orders for security for costs, attaching or freezing assets to prevent removal from the jurisdiction or depositing the assets that could be used to satisfy the award should it not be honoured.[15]

## Inter partes and erga omnes relief

A prominent feature in any case strategy for IP arbitration is often the issue of arbitrability – namely, whether a given dispute is capable of settlement through arbitration, including whether an arbitral tribunal is capable of granting the relief sought under the law of the seat as well as the jurisdiction where enforcement may be sought.[16]

In several jurisdictions, the validity or existence of IP rights may be regarded as not capable of being adjudicated through arbitration.[17] Questions regarding validity or existence of IP rights are treated in many jurisdictions as rights *in rem* enforceable against third parties and the world at large, over whom an arbitral tribunal has no jurisdiction, and may

9 Bernardo M. Cremades, 'The Need for Conservatory and Preliminary Measures', 27 *Int'l Bus. Law.* 226-27 (1999).

10 UNCITRAL Working Group on Arbitration, 'Possible Future Work: Court-Ordered Interim Measures of Protection in Support of Arbitration, Scope of Interim Measures that May be Issued by Arbitral Tribunals, Validity of the Agreement to Arbitrate, Report of the Secretary General', U.N. Doc. A/CN.9/WG.II/WP.111 (Oct. 12, 2000), at Para. 7.

11 UNCITRAL, Working Group II, 'Settlement of Commercial Disputes, Preparation of Uniform Provisions on Interim Measures of Protection, Note by the Secretariat', U.N. Doc. A/CN.9/WG.II/WP.119 (Jan. 30, 2002), at Para. 16.

12 ibid., at Para. 18.

13 ibid., at Para. 17.

14 Dana Renee Bucy, 'How to Best Protect Party Rights: The Future of Interim Relief in International Commercial Arbitration Under the Amended UNCITRAL Model Law', *American University International Law Review* 25, No. 3 (2010): 579–609.

15 ibid.

16 In this chapter, the term 'arbitrability' refers to objective arbitrability (i.e., whether the subject matter of the dispute is capable of being adjudicated by an arbitral tribunal) as opposed to subjective arbitrability, which generally refers to the capacity of the parties to refer the dispute to arbitration.

17 Trevor Cook and Alejandro Garcia, 'Arbitrability of IP Disputes' in *International Intellectual Property Arbitration* (Kluwer Law International, 2010) at page 50; Anna Mantakou, 'Arbitrability and Intellectual Property Disputes' (Chapter 13) in Loukas Mistelis and Stavros Brekoulakis (ed), *Arbitrability: International and Comparative Perspectives* (Kluwer Law International, 2009).

trigger public interest or public policy considerations (which may render the award null or incapable of enforcement).[18] This position is premised on the territorial nature of IP rights and on the fact that only the designated public authorities that granted the IP rights can decide upon their validity.[19]

The WIPO Arbitration and Mediation Center, however, considers arbitrability as 'generally a non-issue in most jurisdictions', perhaps because most jurisdictions also recognise the *inter partes* effect of arbitral awards in IP disputes, rendering concerns of any *erga omnes* effect academic in many cases.[20] An arbitral award would be said to have an *inter partes* effect when the decision binds only the parties to the arbitration, with no universal effect on the validity of the underlying IP.[21]

The United States Congress has enacted a law stating that disputes in relation to US patents can be arbitrated and that the award by the arbitrator shall be final and binding between the parties to the arbitration, although it shall have no force or effect on any other person.[22] Singapore law provides that the subject matter of an IP dispute is capable of settlement by arbitration as between the parties to the IP dispute.[23] Australia, Canada, France, Germany, Japan and the United Kingdom also allow arbitration of IP disputes and the arbitral award will have effect *inter partes*.[24] Belgian law provides that an arbitral award revoking a patent will have *erga omnes* effect,[25] while Swiss law is even more liberal and recognises the *erga omnes* effect of arbitral awards in IP disputes generally.[26] Concerns of arbitrability, therefore, while relevant, may generally render commercially uniform results across key jurisdictions.[27]

## Types of provisional remedies

### Preliminary injunction

Preliminary injunctions are among the most commonly sought provisional remedies in IP arbitrations. The questions for determination before the court or tribunal when deciding to grant (or deny) a preliminary injunction are: (1) whether the plaintiff has shown a serious

18 Marc Blessing, 'Arbitrability of Intellectual Property Disputes', 12:2 *Arbitration International* 191 (1996) at pages 198–199.

19 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) at page 1067.

20 WIPO Arbitration and Mediation Center – Update on the WIPO Arbitration and Mediation Centre's Experience in the Resolution of Intellectual Property Disputes, (LES Nouvelles 2009) at pages 49–54.

21 Trevor Cook, Alternative Dispute Resolution (ADR) as a tool for Intellectual Property (IP) Enforcement, WIPO/ACE/9/3 at page 4.

22 35 U.S.C. 294 (Voluntary arbitration).

23 Section 26B, International Arbitration Act.

24 Blessing, supra note 18 at pages 200–202; IAPIP Yearbook 1991/VI; Robert Briner, 'The Arbitrability of Intellectual Property Disputes with particular emphasis on the situation in Switzerland', at Para. 1.10.3.

25 Article 51(1), Belgian Patent Law.

26 Article 177, Swiss Federal Statute on Private International Law; Decision of the Swiss Federal Office of Intellectual Property dated 15 December 1975.

27 Cook, supra note 21 at page 4.

question to be tried; (2) whether the plaintiff is likely to suffer an injury for which damages are not an adequate remedy; and (3) whether the balance of convenience favours the grant of an injunction.[28]

Cross-border preliminary injunctions are not uncommon in IP disputes.[29] In *Google Inc v. Equustek Solutions Inc,* the Supreme Court of Canada upheld a worldwide interlocutory injunction ordering Google to delist the defendant (Datalink's) website worldwide.[30] Interestingly, Google itself was not a party to the proceedings but was considered a 'determinative player' that could prevent Datalink from causing irreparable harm to Equustek Solutions by continuing its infringing activity. While national courts may have the powers and inclination to pass wide orders of extraterritorial application, and against a non-party to the proceedings, an arbitral tribunal's jurisdiction is circumscribed strictly by contract and interim relief of such wide scope as may best be achieved with the assistance of courts.

## Anton Piller order

The *Anton Piller* order (so named after the eponymous English Court of Appeal case),[31] developed in English common law in the 1970s, is an *ad personam* order issued *ex parte* against the defendant, permitting a plaintiff to enter the defendant's premises (whether business or residence) to search, inspect and seize relevant material that may form evidence in the plaintiff's action. This type of interim measure was first introduced in 1974 in two unreported judgments involving multinational record companies alleging copyright infringement of certain audio and video recordings.[32] The Court of Appeal warned that such a far-reaching order lay at the extremities of a court's power and such powers were to be used sparingly and only in cases where it was necessary to prevent injustice to the plaintiff.[33]

## Mareva injunction

The *Mareva* injunction has, along with the *Anton Piller* order, been dubbed the 'nuclear weapon' of law.[34] A *Mareva* injunction is an interlocutory remedy that is granted against a defendant when 'there is a danger of his absconding, or a danger of the assets being removed out of the jurisdiction or disposed of within the jurisdiction, or otherwise dealt

28 *American Cyanamid Co. v. Ethicon Ltd* [1975] A.C. 396 (H.L.). The standards, however, vary in different jurisdictions. In the United States, for example, the Supreme Court in the case of *Winter v. Natural Resources Defense Council, Inc*, 555 U.S. 7 (2008), announced a four-part test for grant of preliminary injunctions: 'A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favour, and that an injunction is in the public interest.'

29 In the case of *Litecubes, L.L.C. v. N. Light Prods., Inc.*, No. 4:04CV00485, 2006 U.S. Dist. LEXIS 60575, the US District Court issued an injunction against the defendant on account of what it considered to be an infringement of the plaintiff's patent in the United States.

30 2017 SCC 34.

31 *Anton Piller K.G. v. Manufacturing Processes Ltd*. [1976] All ER 779.

32 *A. & M. Records Inc. v. Arum Darakdijan*, May 21, 1974 (unreported); E.M.I.V. Hazan, July 3, 1974. (unreported).

33 *Anton Piller*, supra note 31, per Ormrod L.J.: 'The proposed order is at the extremity of this court's powers. Such orders, therefore, will rarely be made, and only where there is no alternative way of ensuring that justice is done to the applicant.'

34 As stated by Lord Donaldson in *Bank Mellat v. Nikpour* [1985] FSR 87 at Para. 92.

with so that there is a danger that the plaintiff, if he gets judgment, will not be able to get it satisfied.'[35] Several jurisdictions permit their domestic courts to grant worldwide freezing orders in support of arbitral proceedings, even when the arbitral seat is located outside the jurisdiction.[36]

## Security for costs and security for claims

Arbitral tribunals are generally empowered to order security for costs where they find there is a reasonable likelihood of the counterparty not being able to satisfy an adverse costs order.[37] Security for costs may be ordered when: the parties have themselves conferred upon the tribunal the power to do so; the arbitral law expressly allows the tribunal to do so; or the arbitral rules provide for the same.[38] Even where there is no express provision in the applicable law or rules for awarding interim measures or there exists a general provision for the grant of interim measures, arbitral tribunals have awarded security for costs on the basis that this measure is covered under the general power of the tribunal to grant interim relief and is necessary for preserving the integrity of the arbitral process.[39] While most national laws empower arbitral tribunals to grant security for costs, there is an increasing desire to delineate criteria that arbitrators should consider before allowing such an application.[40]

## Arbitral tribunals granting interim relief

The power of an arbitral tribunal to grant interim relief is recognised by most domestic laws and institutional rules. While the precise framework may vary across jurisdictions, the fundamental conditions in this regard tend to be relatively uniform in their substance, as illustrated by the examples considered herein.

As a general rule, an arbitral tribunal does not have the power to grant relief against or bind third parties that are not signatories (actual or deemed) to the arbitration agreement. For instance, if goods are under the control of a third party, thus necessitating orders against

35 *Prince Abdul Rahman Bin Turki Al Sudiary v. Abu Taha* [1980] 3 All E.R. 409 (C.A.).

36 See Section 44 of the Arbitration Act 1996 of England and Wales and Section 12A of the Singapore International Arbitration Act.

37 ICCA-QMUL TPF Task Force Report on Security for Costs and Costs dated 1 November 2015.

38 See Article 28 of the ICC Arbitration Rules; Article 25.2 of the LCIA Arbitration Rules; Article 24 of the HKIAC Administered Arbitration Rules; Article 24 of the ICDR Arbitration Rules; Article 26 of the Swiss Rules of International Arbitration; Article 32(2) of the SCC Arbitration Rules; and Article 26 of the UNCITRAL Arbitration Rules.

39 ICCA-QMUL TPF Task Force Report, supra note 37.

40 The International Arbitration Practice Guideline on Applications for Security for Costs by the Chartered Institute of Arbitrators. The Guidelines lay down the following considerations for arbitrators to take into account when deciding whether to make an order of security for costs: (1) the prospects of success of the claim and defence (Article 2); (2) the claimant's ability to satisfy an adverse costs award and the availability of the claimant's assets for enforcement of an adverse costs award (Article 3); and (3) whether it is fair in all of the circumstances to require one party to provide security for the other party's costs (Article 4). Also see Article 38(2) of the SCC Arbitration Rules, which sets out similar conditions to be satisfied while granting an order for security for costs: (1) the prospects of success of the claims, counterclaims and defences; (2) the claimant's or counter-claimant's ability to comply with an adverse costs award and the availability of assets for enforcement of an adverse costs award; (3) whether it is appropriate in all the circumstances of the case to order one party to provide security; and (4) any other relevant circumstances.

a party that is not a signatory to the arbitration agreement, only a court would be empowered to grant such relief (a tribunal seated in London, therefore, would not have the power to grant a *Mareva* injunction or an *Anton Piller* order).[41]

### *England and Wales*

In England and Wales, an arbitrator may issue an interim order for the preservation, storage, interim custody and sale of goods that are the subject of the arbitration, provided that the goods are under the control of one of the parties to the arbitration.[42] Relief may also be sought from the court in cases where the arbitral tribunal has no power or is unable, for the time being, to act effectively,[43] for instance, when the tribunal has not as yet been appointed or where an order is required against a third party.[44]

### *France*

France has not adopted the UNCITRAL Model Law. In France, the French Code of Civil Procedure empowers the arbitral tribunal to make an order for such provisional measures as it deems appropriate, save for conservatory attachments and judicial security as this power is available exclusively with the courts.[45] A French tribunal may also issue orders on an *ex parte* basis, although this carries the risk of being invalidated by the court for failure of the arbitral tribunal to ensure equality between the parties and uphold the adversarial principle.[46]

### *Germany*

In Germany, tribunals are entitled to grant interim relief, which may be enforced through a court.[47] Orders may include an obligation to post security.[48] A petition to permit enforcement of the interim relief so granted has to be filed with a court. German courts are entitled to modify the interim measures issued by the tribunal.[49]

41 Jan K. Schaefer, 'New Solutions for Interim Measures of Protection in International Commercial Arbitration: English, German and Hong Kong Law Compared', *Electronic Journal of Comparative Law*, Vol. 2.2 (August 1998).

42 Sections 38(4) and 38(6), English Arbitration Act 1996.

43 Sections 44(5), English Arbitration Act 1996; *Ikon International (HK) Holdings Public Co Ltd v. Ikon Finance Ltd* [2015] EWHC 3088 (Comm).

44 *Recydia Atik Yönetimi & Ors. v. Mr Richard Mark Collins-Thomas, Environmental Power International Limited & Ors.* [2018] EWHC 2506, where the English court upheld a without notice worldwide freezing order under Section 37 of the Senior Courts Act 1981, which had been granted by the court before the arbitral tribunal had been constituted.

45 Article 1468 of the French Code of Civil Procedure.

46 ibid., Article 1510.

47 Section 1041 (2), German Code of Civil Procedure.

48 ibid., Section 1041 (1).

49 ibid., Sections 1041 (2) and 1041(3).

*Hong Kong*

The Hong Kong Arbitration Ordinance is modelled on the UNCITRAL Model Law and gives effect to Sections 17 and 17A, thus empowering arbitral tribunals to grant interim relief in aid of arbitration,[50] similar to the powers of the Hong Kong courts.[51]

*India*

The arbitral tribunal has the same power to grant interim measures of protection that it deems just and convenient and the same power for making orders as the court has for the purpose of, and in relation to, any proceedings before it, until the time the award is passed (after which the tribunal becomes *functus officio*).[52] Parties may approach a court for interim relief before or during arbitral proceedings or at any time after making the arbitral award but before it is enforced. The court shall not, however, entertain any application for interim relief after the tribunal has been constituted, unless it finds that circumstances exist that may not render the remedy granted by the tribunal effective.[53]

*Singapore*

Under Singapore's Arbitration Act (for domestic arbitration)[54] and International Arbitration Act (for international arbitration),[55] the arbitral tribunal has extensive powers to grant interim measures of protection. These may include:

- security for costs;
- discovery of documents and interrogatories;
- giving of evidence by affidavit;
- the preservation, interim custody or sale of any property that is, or forms, part of the subject matter of the dispute;
- the preservation and interim custody of any evidence for the purposes of the proceedings
- securing the amount in dispute;
- ensuring that any award that may be made in the arbitral proceedings is not rendered ineffectual by the dissipation of assets by a party; and
- an interim injunction or any other interim measure.

Courts are empowered to grant the same interim relief as that available to the arbitral tribunal under both Acts;[56] note, however, that the International Arbitration Act specifically excludes the powers to grant security for costs and discovery of documents.[57] The court

50 Articles 35-42 and Article 56 of the Hong Kong Arbitration Ordinance [1 June 2011] L.N. 38 of 2011.

51 ibid., Article 45.

52 Section 17, Arbitration and Conciliation Act, 1996.

53 ibid., Section 9.

54 Section 28, International Arbitration Act

55 ibid., Section 12.

56 Section 12A(2), International Arbitration Act and Section 31(1), Arbitration Act.

57 Section 12A(2) read with Section 12(1)(a) and (b), International Arbitration Act.

can grant interim relief only if, and to the extent that, an arbitral tribunal has no power or is unable to do so for the time being.[58] The court shall have regard to any application and any order made before the arbitral tribunal.[59]

The Court of Appeal has held that parties should, when seeking interim relief, turn to the arbitral tribunal as the first port of call.[60]

Under the International Arbitration Act, the Singapore courts may grant interim relief in aid of arbitration, regardless of the seat of the arbitration.[61] The court will, however, grant interim relief only where the arbitral tribunal is unable to or in exceptional cases of urgency, and insofar as necessary for the preservation of evidence or assets.[62] If the matter is not one of urgency, an application to court for interim relief can be brought only with the permission of the arbitral tribunal or the agreement, in writing, of the other parties.[63]

### *South Korea*

The arbitration law in South Korea was aligned with the UNCITRAL Model Law through amendments that came into effect in 2016.[64] The amended Korean Arbitration Act empowers an arbitral tribunal to grant interim measures with the scope to:[65]

- maintain or restore the status quo;
- prevent action likely to harm or prejudice the arbitral process;
- preserve assets; or
- preserve evidence.

### *United States*

In the United States, arbitrators may grant any interim relief, including interim injunctions, as may be necessary. US courts are reluctant to intervene in cases where parties have referred the matter to arbitration, and where the power is perceived to have been effectively passed on to the arbitrators,[66] this being the general rule of reduced court intervention that is applied is most pro-arbitration jurisdictions.

## Scope of inquiry and evidentiary standards at the interim stage

Arbitral tribunals have, over time, exercised the discretion afforded to them and developed a jurisprudence constante defining the contours of the inquiry to be undertaken when deciding whether to grant interim relief, drawing from standards applied by the

58 Section 12 (A) (6), International Arbitration Act.

59 Section 31(3), Arbitration Act.

60 *NCC International AB v. Alliance Concrete Singapore Pte Ltd* [2008] 2 SLR(R) 565 at Paras. 40 and 41.

61 Section 12A(1) (a) and (b), International Arbitration Act.

62 Section 12A(4), International Arbitration Act; also see *NCC International AB v. Alliance Concrete Singapore Pte Ltd* [2008] 2 SLR(R) 565 at Paras. 28, 29, 34 and 41; *Front Carriers Ltd v. Atlantic & Orient Shipping Corp* [2006] 3 SLR(R) 854 at Para. 15.

63 Section 12A(5), International Arbitration Act.

64 See the Korean Arbitration Act, Act No. 14176, 29 May 2016.

65 ibid., Chapter III-2 Interim Measures.

66 Julian Lew, 'The Arbitration of Intellectual Property Disputes', at Part IV, Worldwide Forum on the Arbitration of Intellectual Property Disputes, held in Geneva on 3–4 March 1994, available at https://www.wipo.int/amc/en/events/conferences/1994/lew.html.

domestic courts of the seat of arbitration (*lex arbitri*)[67] or those prevalent under the law of the underlying contract between the parties (*lex causae*) (although this is used much more infrequently),[68] or international standards.[69] In cases where it was deemed appropriate, tribunals have also drawn from decisions of the International Court of Justice to inform the process of deciding an application of interim measures.[70]

There is a great degree of consensus among scholars and judicial authorities the world over that the following considerations should generally be examined when deciding on an application for interim relief:

- *prima facie* case on the merits;[71]
- likelihood of irreparable or at least serious harm if an injunction is refused, which cannot be adequately compensated for by damages;[72]
- no pre-judgment on the merits of a case;[73]
- urgency;[74] and
- proportionality.[75]

Some arbitral tribunals also consider whether they have *prima facie* jurisdiction over the dispute before granting any manner of interim relief.[76] In many cases, arbitrators have also invoked other equitable considerations such as the issue of 'clean hands' or delay and laches in approaching the tribunal for relief.[77]

## UNCITRAL Model Law – an attempt at standardisation

The lack of codified, uniform standards for arbitrators to follow while dealing with applications for interim relief and the consequent inefficiencies introduced into the arbitral process did not escape UNCITRAL's notice. UNCITRAL's Secretariat Note of January 2000 noted that the lack of specific, established international standards for interim measures 'may hinder the effective and efficient functioning of international commercial arbitration because

67 Mika Savola, 'Interim Measures And Emergency Arbitrator Proceedings', *Croatian Arbitration Yearbook*, Vol. 23 (2016): 73–97.

68 ibid., at page 81.

69 ibid.

70 Chester Brown, *A Common Law of International Adjudication*, Oxford University Press (2007).

71 Stephen Benz, 'Strengthening Interim Measures in International Arbitration,' *Georgetown Journal of International Law* 50, No. 1 (2018): 143–176, at page 154.

72 Savola, supra note 67 at page 82.

73 ibid.

74 ibid.

75 ibid.

76 In this regard, see Article 2 of the UK-based Chartered Institute of Arbitrators, which states that 'before considering whether to grant an interim measure, arbitrators should determine whether they have *prima facie* jurisdiction over the dispute.' However, the Article also posits that where arbitrators consider it absolutely essential to grant interim measures, they shall not be precluded from doing so only on account of a pending jurisdiction challenge. The threshold for showing of a *prima facie* jurisdiction is very low. In this regard, see Benz, supra note 71 at pages 152–153.

77 Savola, supra note 67 at page 82.

arbitrators might refrain from issuing those measures, which could result in unnecessary loss or damage to a party, a party avoiding enforcement of an award by hiding assets or other undesirable consequences.'[78]

Consequently, in 2006, in the revisions to the UNCITRAL Model Law, Article 17A was introduced, which laid down the conditions that must be satisfied before an arbitral tribunal can grant interim measures. These include:

> *(a) Harm not adequately reparable by an award of damages is likely to result if the measure is not ordered, and such harm substantially outweighs the harm that is likely to result to the party against whom the measure is directed if the measure is granted; and*
> *(b) There is a reasonable possibility that the requesting party will succeed on the merits of the claim. The determination on this possibility shall not affect the discretion of the arbitral tribunal in making any subsequent determination.*

Article 17A has been applied by arbitral tribunals in international arbitrations.[79] It is often applied even in those jurisdictions that have not incorporated it into their domestic legislation on account of the tribunal's preference to adopt international standards as opposed to domestic standards,[80] and when dealing with requests for preliminary orders (i.e., *ex parte* orders 'directing a party not to frustrate the purpose of the interim measure requested').[81] It is often referred to in emergency arbitrations, although the requirement of 'urgency' (not contemplated as a standard under the Article) is extrapolated by emergency arbitrators as being one of the integral standards required to be satisfied in applications for emergency arbitral relief.[82]

Article 17A is also applied when it has been adopted by a country in its domestic legislation[83] and when the language of the Article has been reproduced in arbitral institutional rules.[84]

78 UNCITRAL Secretariat Note - Possible Uniform Rules A/CN.9/WG.II/WP.108 (January 2000).

79 Sanchez, Jose F., 'Applying the Model Law's Standard for Interim Measures in International Arbitration' *Journal of International Arbitration* 37, No. 1 (2020): 49–86 at page 55.

80 Sanchez, supra note 79 at page 55; also see Gary B. Born, *International Commercial Arbitration* (2d ed. 2014), at pages 2464–2467.

81 Article 17B(1), UNCITRAL Model Law 2006; also see Sanchez, supra note 79.

82 Nathalie Voser and Christopher Boog, ICC Emergency Arbitrator Proceedings: An Overview, in Special Supplement 2011: Interim, Conservatory and Emergency Measures in ICC Arbitration (2011).

83 Australia, Bhutan, British Virgin Islands, Costa Rica, Florida (United States), Georgia, Hong Kong, Ireland, Kingdom of Bahrain, Mauritius, New Zealand, Rwanda and Singapore have all incorporated Article 17A in their domestic legislation.

84 UNCITRAL Arbitration Rules (as revised in 2010), Japan Commercial Arbitration Association, Commercial Arbitration Rules 2019, Rule 71.2 and Hong Kong International Arbitration Centre, 2018 Administered Arbitration Rules, Rule 23.4.

### Prima facie case on merits

When judging whether an applicant has a *prima facie* case, arbitrators may consider the claimant's pleadings on a demurrer.[85] The tribunal may assess whether, considering the stage of the proceeding at which the applicant filed its request, the applicant has presented enough evidence to support that claim.[86] The UNCITRAL Secretariat has stated that the 'reasonable possibility of success on the merits of the claim will be assessed differently in view of the different information available to the arbitral tribunal at different stages of the arbitral proceedings.'[87] Most applicants show a 'reasonable possibility of success on the merits' by showing 'a reasonable chance' that the respondent breached the applicable underlying agreements.[88]

### Risk of irreparable or at least serious harm that cannot be adequately compensated by damages

In the international arbitration context, the standard of serious or irreparable harm appears to be lower than that followed by most national courts.[89] An applicant is not required to show that the harm would be literally irreparable in the absence of interim measures.[90] Nor will the mere availability of damages defeat an application for interim relief.[91] Arbitral tribunals have taken the view that a pedantic interpretation of irreparable harm severely limits the situations in which interim relief can then be granted.[92] It will suffice for the applicant to show that harm is likely to occur rather than proving that the harm will most definitely occur.

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85 In describing this criterion, the UNCITRAL tribunal in *Paushok v. Mongolia* (UNCITRAL), Order on Interim Measures, 2 September 2008, stated: 'The Tribunal need not go beyond whether a reasonable case has been made which, if the facts alleged are proven, might possibly lead the Tribunal to the conclusion that an award could be made in favor of Claimants. Essentially, the Tribunal needs to decide only that the claims are not, on their face, frivolous or obviously outside the competence of the Tribunal. To do otherwise would require the Tribunal to proceed to a determination of the facts and, in practice, to a hearing on the merits of the case, a lengthy and complicated process which would defeat the very purpose of interim measures.'

86 Sanchez, supra note 79 at page 75.

87 UNCITRAL Secretariat Note A/CN.9/WG. II/WP. 141 (5 December 2005).

88 See SCC Practice Note 2015–2016 at 13–14 (Case No. EA 2016/095) (arbitrator analysed Article 17A and held that 'there was a reasonable chance' that the respondent state breached the applicable BIT); SCC Practice Note 2015–2016 at 10 (Case No. EA 2016/067) (arbitrator analysed Article 17A and held that at least one of applicant's arguments that the respondent breached the applicable contract 'had a reasonable possibility of success'); SCC Practice Note 2010–2013 at 7 (Case No. EA 139/2010) (applicant '*prima facie* substantiated its objections to the Respondent's termination of the contract').

89 Benz, supra note 71 at page 156.

90 ibid.

91 *Paushok v. Mongolia* (UNCITRAL), Order on Interim Measures, 2 September 2008, at Para. 68 ('The possibility of monetary compensation does not necessarily eliminate the possible need for interim measures. The Tribunal relies on the opinion of the Iran-U.S. Claims Tribunal in the *Behring* case to the effect that, in international law, the concept of "irreparable prejudice" does not necessarily require that the injury complained of be not remediable by an award of damages.').

92 Born, supra note 80, writes: 'Obviously, it is difficult (and not infrequently impossible) to demonstrate truly "irreparable" harm that cannot be compensated by money damages in a final award; a literal "irreparable harm" requirement would limit provisional measures principally to cases where one party was effectively insolvent or where enforcement of a final award would be impossible. In reality, however, most decisions

In showing that harm is likely, it is not sufficient for the applicant to simply allege that fact – he or she must prove it. In one emergency arbitration, an applicant requested interim measures for 'prohibiting the respondent from transferring' its shares in certain companies or from causing those companies to transfer their assets.[93] The emergency arbitrator applied Article 17A and found the harm to the applicant not 'likely', as 'the evidence did not show that it was likely that the respondent was removing, or planning to remove, assets.'[94]

## No pre-judgment of the merits of a case

A core tenet of the law on interim relief in arbitration is that the object of such relief is to facilitate the arbitral process and preserve the subject matter of the dispute, and not to scuttle it. Expounding on this principle, Professor Gary Born explains that:

> *Properly analyzed, the 'no prejudgment' requirement stands for the fairly basic, but nonetheless important, propositions that (a) a grant of provisional measures may not preclude the tribunal from ultimately deciding the arbitration in any particular manner after the parties have presented their cases (e.g., provisional measures should not make it more difficult to render a decision in favor of one party or the other); (b) provisional measures have no res judicata or similar preclusive effect with regard to a decision on the merits; (c) a tribunal must take care to ensure that it does not, in considering and deciding an application for provisional measures, even partially close its mind to one party's submissions or deny one party an opportunity to be heard in subsequent proceedings; and (d) the same relief that is sought as final relief may ordinarily be issued on a provisional basis, subject to later revision (although it may also be issued as partial final relief prior to a final award).*[95]

## Urgency

The requirement of urgency assumes significance mainly in cases where failure to issue provisional measures would raise a risk of impairing a material right (i.e., where an action prejudicial to the rights of either party is likely to be taken before a final decision is taken).[96] The question of urgency is more of a factual than a legal consideration, allowing tribunals to weigh and assess the particular circumstances of a case.[97] Good faith in the conduct of the parties and assurances in respect of not adopting measures that might aggravate the dispute have been important considerations tribunals take into account in assessing whether there is an urgent need to adopt provisional measures.[98]

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which state that damage must be "irreparable" do not appear to apply this formula, but instead, require that there be a material risk of serious damage to the [Investor].'

93 SCC Practice Note 2014 (Case No. 2014/171).

94 ibid.

95 Born, supra note 80 at pages 2477–2478.

96 *Tokios Tokelés v. Ukraine*, ICSID Case No. ARB/02/18, Procedural Order No. 3, 18 January 2005; also see Born, supra note 80 at page 2476.

97 Francisco Orrego Vicuña, 'The Evolving Nature of Provisional Measures', in M. Á. Fernández- Ballesteros and David Arias (eds.), *Liber Americorum: Bernardo Cremades* 939 (2010), at pages 949–950.

98 ibid.

### Proportionality

Under the test of proportionality, arbitrators need to consider any harm likely to be caused to the party against whom the interim measure is to be granted. Any harm caused by granting the measure should be weighed against the likely harm to the applicant if the measure is not granted.[99] Even under Article 17A of the amended UNCITRAL Model Law, harm substantially outweighing the 'harm that is likely to result to the party against whom the measure is directed if the measure is granted' has been interpreted as a test of proportionality,[100] such that arbitrators must consider the financial position of the parties and the practical effects of granting the measure.[101]

## Strategies to obtain interim relief (in arbitration or in court)

IP disputes are rarely litigated through to a final decision and are often settled following a legal battle at the stage of interim relief. The party applying for interim relief must consider several factors before making any application in that regard:[102]

- Is the interim relief sought something that can be granted by an arbitrator?
- Should interim relief be sought through an application in arbitration proceedings or from a national court?
- What will a party have to establish to obtain interim relief?
- Is the party against which interim relief is sought a party to the arbitration agreement? What approach should be taken when interim relief is sought against an anonymous party?
- Particularly in the international context, will an interim order from a court or arbitral tribunal be enforceable and what obstacles will a party have to overcome to compel compliance with any interim relief that it did obtain?

An arbitral tribunal's power to grant interim relief also depends on the applicable institutional rules and procedural law of the jurisdiction in which relief is sought. Similarly, the power of courts to grant interim relief depends on the national legislation in various jurisdictions. These aspects are discussed more extensively below.

### Interim relief from arbitral tribunals

Where arbitrators are asked to grant interim measures of protection during the arbitral proceedings, two principal issues must be determined:[103]

99 Article 2 of the Chartered Institute of Arbitrator's International Arbitration Practice Guidelines on the Application of Interim Measures.

100 Sébastien Besson, 'Anti-Suit Injunctions by ICC Emergency Arbitrators,' *International Arbitration Under Review: Essays in Honour of John Beechey* 19 (2015), at page 13.

101 *Safe Kids in Daily Supervision Ltd v. McNeill et al.*, High Court Auckland, CIV 2010-404-1696, April 2010.

102 John Fellas and Benjamin Thompson, 'Provisional and Final Remedies' in Thomas Halket (ed), *Arbitration of Intellectual Property Disputes* (Juris Publishing, 2012), at page 480.

103 Final Report on Intellectual Property Disputes and Arbitration, ICC Commission on International Arbitration, (1997) at Para. 3.4.

- Do the applicable rules of procedure, whether they are rules of a national system or those of an arbitral institution, contemplate and allow the arbitrators the powers that they are being asked to exercise?
- Even where such powers exist, do they conflict with the mandatory rules of the place of arbitration (the *lex arbitri*) or the place where the requested measure is to be enforced?

The laws of most jurisdictions and the rules of most arbitral institutions confer wide powers on the tribunal and empower arbitrators to order any interim or conservatory measure they deem necessary or appropriate.[104] This includes the power to issue injunctions, orders for preservation, storage, sale or disposal of any property or thing under the control of any party and relating to the subject matter of the arbitration as well as orders for the payment of money or provision of security to secure the amount in dispute.

Given the wide nature of the powers granted to arbitrators, parties may decide to approach the tribunal for interim or conservatory measures as opposed to national courts where:

- applications before courts are likely to be more time-consuming or expensive, or both;
- parties want to maintain confidentiality of proceedings;
- parties are apprehensive about the technical expertise and neutrality of national courts;
- the national courts may not entertain an application for interim relief if the parties are able to approach the arbitral tribunal for such relief, and may only entertain such an application if the relief granted by an arbitral tribunal is not effective;
- seeking interim measures from a tribunal may be more efficient (for instance, where IP rights subsist in various jurisdictions, it is likely to be more efficient for a party to directly apply to the tribunal for interim relief and thereafter enforce the order of the tribunal when required, rather than be required to make multiple applications across jurisdictions and satisfy the standards for granting interim relief in each of these countries); and
- interim measures granted by the tribunal will not conflict with the rules of the jurisdiction in which their enforcement is to be sought.

### Emergency arbitration (pre-constitution of tribunal)

It may not always be possible for parties to wait until a tribunal is constituted before seeking urgent interim relief. Traditionally, applications in such cases have been brought before the national courts. This is also the reason why most institutional rules provide that seeking interim relief from national courts or judicial authorities shall not be considered incompatible with the arbitration agreement between the parties.

104 Article 28, ICC Arbitration Rules; Rule 30, SIAC Arbitration Rules; Rule 37, AAA Arbitration Rules; Article 25, LCIA Arbitration Rules; Article 37, SCC Arbitration Rules; Article 23, HKIAC Administered Arbitration Rules; Article 23, CIETAC Arbitration Rules; Article 48, WIPO Arbitration Rules.

Emergency arbitration is becoming increasingly popular and there is a steady rise in the number of cases where parties are opting for emergency arbitration to seek interim relief prior to constitution of the tribunal.[105] This is likely because emergency arbitration proceedings are perceived as flexible and confidential, and as enabling parties to avoid specific legal systems.

Several arbitral institutions have incorporated emergency arbitration provisions in their rules.[106] Typically, a party seeking emergency interim relief is required to file an application in this regard prior to the constitution of the tribunal. The arbitral institutions appoint an emergency arbitrator within one to two days of receipt of the application. Most institutional rules allow parties to challenge the appointment of the emergency arbitrator, provided the challenge is made within one to three days of the appointment or of becoming aware of any circumstances giving rise to the challenge. Once appointed, the emergency arbitrator usually establishes a procedural schedule for the consideration of the application for emergency interim relief within two days of the appointment, giving each party a reasonable opportunity to present its case.

Under the rules of all the major arbitral institutions – including the International Chamber of Commerce, the Singapore International Arbitration Centre, the London Court of International Arbitration, the Hong Kong International Arbitration Centre and the China International Economic and Trade Arbitration Commission – the emergency arbitrator is required to decide the application within 14 to 15 days of the appointment. The Arbitration Institute of the Stockholm Chamber of Commerce goes even further and provides that the emergency decision on interim measures shall be made no later than five days from the date on which the application was referred to the emergency arbitrator. Other institutions, such as the American Arbitration Association and WIPO, do not specify any time limit for the emergency arbitrator's decision, but it is expected that the decision will be rendered as expeditiously as possible.

Emergency arbitrators are empowered, in a similar vein, to grant such relief as may be necessary. Given the wide powers and robust procedures that are in place, it may be advantageous for parties to approach emergency arbitrators as opposed to national courts, especially where parties are sceptical about the neutrality of national courts or their expertise, or are keen to maintain the confidentiality of the proceedings.

105 SIAC Annual Report 2019, available at https://www.siac.org.sg/images/stories/articles/annual_report/SIAC%20AR_FA-Final-Online%20(30%20June%202020).pdf; ICC celebrates case milestone, announces record figures for 2019, available at https://iccwbo.org/media-wall/news-speeches/icc-celebrates-25000th-case-milestone-and-announces-record-figures-for-2019/; HKIAC Statistics, available at https://www.hkiac.org/about-us/statistics; LCIA Annual Casework Report 2019, available at https://www.lcia.org/News/annual-casework-report-2019-the-lcia-records-its-highest-numbe.aspx.

106 Article 29 and Appendix V, ICC Arbitration Rules; Rule 30 and Schedule 1, SIAC Arbitration Rules; Rule 38, AAA Arbitration Rules; Article 9B, LCIA Arbitration Rules; Appendix II, SCC Arbitration Rules; Article 23 and Schedule 4, HKIAC Administered Arbitration Rules; Article 23 and Appendix III, CIETAC Arbitration Rules; Article 49, WIPO Arbitration Rules.

## Enforceability of interim awards and orders rendered by arbitrators and emergency arbitrators

Despite the rising popularity and perceived advantages of emergency arbitration, there is considerable uncertainty surrounding the enforceability of orders issued by emergency arbitrators. Singapore, Hong Kong and New Zealand are among the few countries with legislation expressly referring to emergency arbitrators and enforcing their decisions.[107] No such reference can be found in the national laws of Australia, Belgium, Brazil, Canada, China, India, Ireland, Italy, Russia, Spain, the United Arab Emirates, the United Kingdom and the United States.[108]

The doubts that have been expressed regarding the purported unenforceability of emergency arbitrator decisions stem from the fact that such decisions may be rendered in the form of an order rather than an award, and that the decision of an emergency arbitrator may be viewed as lacking the finality requirement under the New York Convention.[109] The consultation document prepared by the International Bureau on the proposed WIPO Supplementary Emergency Interim Relief Rules has also observed that 'there is great doubt about the enforceability of interim awards under the New York Convention'.[110] On occasion, and even in the absence of formal legislation for enforcement of emergency awards, courts have granted interim relief to parties on the basis of an emergency award granting such relief, observing that emergency awards ought to be considered to be of persuasive value while balancing equities.[111]

In the absence of a clearly defined and uniform mechanism for recognition and enforcement of emergency orders and awards, most parties still look to domestic courts for urgent relief before the constitution of a tribunal, even though the majority may be in favour of including emergency arbitration provisions in institutions rules.[112]

## Interim relief from courts

Parties often approach national courts for interim relief in support of the arbitration. They usually do so prior to constitution of the tribunal, or after constitution, where relief granted by the arbitral tribunal may not be effective.

Unless otherwise precluded by the arbitration agreement, an application for interim relief to a national court is permissible and is not deemed to be a waiver of the arbitration agreement. Indeed, this is expressly noted in the rules of various arbitral institutions.[113]

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107 ICC Commission Report, Emergency Arbitrator Proceedings (2019), at page 30.

108 ibid.

109 ICC Commission Report, supra note 107.

110 ibid., at page 22.

111 *HSBC PI Holdings (Mauritius) Ltd. v. Avitel Post Studioz Ltd & Ors*, Bombay High Court, 22 January 2014, Arbitration Petition 1062/2012; *Raffles Design International India Private Limited & Ors. v. Educomp Professional Education Limited & Ors*, (2016) 234 DLT 349.

112 Queen Mary University of London, '2015 International Arbitration Survey: Improvements and Innovations in International Arbitration', at pages 27–29.

113 Rule 30.3, SIAC Arbitration Rules; Article 28(2), ICC Arbitration Rules; Rule 37, AAA Arbitration Rules; Article 25.3, LCIA Arbitration Rules; Article 37(5), SCC Arbitration Rules; Article 23.9, HKIAC Administered Arbitration Rules; Article 48(d), WIPO Arbitration Rules.

National laws usually confer wide powers on courts to grant interim relief,[114] although such powers may not always be exercised by the court in cases where the tribunal has already been constituted. Parties should consider applying for interim relief to courts where:

- interim relief is required before constitution of the tribunal (although most institutions provide for emergency arbitration, there is uncertainty surrounding the enforceability of emergency orders and awards);
- court proceedings are cheaper and quicker;
- the party requires *ex parte* relief (arbitral tribunals are typically required to provide the opposite party with a chance to present its case and, therefore, may not be able to issue *ex parte* orders); and
- the arbitral tribunal does not have the power to grant the relief sought. For instance, as noted previously where parties are seeking a *Mareva* injunction, an *Anton Piller* order or another order that might affect third parties, they would need to approach the national courts as granting such relief has been found to be outside the power of the tribunal.

## Final and permanent remedies in IP arbitration

Part III of the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS), titled 'Enforcement of Intellectual Property Rights', sets out the nature of remedies that Member States may provide for under domestic law in relation to IP disputes. Despite the fact that standards for assessment and grant of final relief in IP disputes tend to vary across jurisdictions, the recognised forms of permanent and final remedies in IP matters tend to be more or less analogous the world over, and in line with Part III of TRIPS.[115]

### Remedies under IP law, remedies under contract and the issue of privity

Depending on the nature of the IP at issue, as well as the injury complained of, remedies available to a claimant may include monetary relief (i.e., the grant of monetary damages or compensation based on an account of profits generated from wrongful acts), equitable and injunctive relief, declaratory relief, delivery up and grant of costs of legal proceedings.[116] The power of arbitral tribunals to award such remedies is circumscribed by the position in relation to arbitrability in a given jurisdiction in relation to *inter partes* and *erga omnes* relief (discussed in 'Inter partes and erga omnes relief' above).

Given that arbitration is a creature of contract, it arises overwhelmingly in IP-related cases out of written contracts (such as licensing arrangements, franchise agreements, technology transfer agreements, M&A agreements, and research and collaboration agreements) where arbitration, rather than litigation, tends to be the chosen mode of dispute

114 Section 44, Arbitration Act 1996 (United Kingdom); Section 12A, International Arbitration Act (Singapore); Section 9, Arbitration and Conciliation Act 1996 (India); Article 183, Swiss Federal Statute on Private International Law; Section 1051, German Code of Civil Procedure; Article 1449, French Code of Civil Procedure.

115 Christopher Heath and Thomas F. Cotter, 'Comparative Overview and the TRIPS Enforcement Provisions'; also see Kenneth R. Adamo, 'Overview of International Arbitration in the Intellectual Property Context', 2 *Global Bus. L. Rev.* 7 (2011).

116 *WIPO Intellectual Property Handbook: Policy, Law and Use*, 2nd Edition (2008 Reprint).

resolution.[117] Such cases are often moulded as actions in contract law (as claims for damages, specific performance, injunctive relief, etc.) rather than any specific IP statute or tort, even though the underlying subject matter of the dispute may involve IP.

Consequently, claims for breach of representations, warranties, confidentiality terms and other terms of contract frequently form the basis for IP arbitrations. Actions for infringement under IP statutes, for passing off under common law, or proceedings challenging the grant or validity of IP, continue to primarily be litigated before domestic courts and forums, first because privity of contract between disputing parties is usually wanting, and second because adjudicating issues of validity or ownership of underlying IP (which is the most commonly invoked defence in such cases) cannot be adjudicated by a private arbitral tribunal in many jurisdictions. Rights holders frequently also seek broad relief against third parties that are or may be exploiting the IP in question and that may have a commercial relationship with the principal infringer but are not parties to a binding arbitration agreement.

## Injunction, delivery up and destruction of infringing goods

Injunctive relief to restrain infringers from engaging in wrongful acts is the most commonly sought final remedy in IP disputes.[118] Injunctive relief is typically discretionary rather than automatic in common law countries, but while an injunction may be refused where an infringer successfully demonstrates that it would suffer significantly disproportionate harm or prejudice as a result of the injunction being granted or that the grant of the injunction would be contrary to the public interest, the burden is a lofty one and an injunction is ordinarily granted in the vast majority of cases upon a finding of infringement.[119]

In a landmark ruling in *eBay Inc v. MercExchange, LLC*, the United States Supreme Court upheld the traditional four-factor test applied by courts of equity when considering whether to award permanent injunctive relief to a prevailing plaintiff in patent cases, and that no automatic presumption of irreparable harm would follow upon a finding of infringement.[120] This principle has since been extended to disputes involving other forms of IP including copyright, trademarks and trade secrets.[121]

The test laid down in *eBay* requires a plaintiff to demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law are inadequate to compensate for that injury; (3) that considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. The Court, while laying down the law that the grant of an injunction was discretionary, nevertheless cautioned against entirely discarding the general practice of granting permanent injunctive relief upon a finding of infringement.[122] Post-*eBay*, US courts reportedly award injunctions to prevailing patent owners approximately 75 per

117 ICC Commission Report, supra note 103 at Para. 3.4.

118 Heath and Cotter, supra note 115.

119 *HTC Corporation v. Nokia Corporation* [2013] EWHC 3778 (Pat).

120 *eBay Inc. v. MercExchange, L.L.C.* 547 U.S. 388, 391 (2006) (hereinafter *eBay*).

121 Heath and Cotter, supra note 115 at page 80.

122 'The Supreme Court – Leading Cases', *Harvard Law Review*, Vol. 120:125 (2006) at pages 333–341.

cent of the time, with non-practising patent holders (commonly dubbed 'trolls' or 'asserting entities') being among the plaintiffs who are most likely to be refused a permanent injunction.[123]

Article 46 of TRIPS stipulates that the judicial authorities of Member States shall have the authority to order delivery, disposal or destruction of infringing goods and related material so as to provide an 'effective deterrent to infringement' subject to considerations of proportionality.[124] This is in line with the practice in common law jurisdictions where, to prevent future infringement, the grant of a permanent injunction is often coupled with an order for the delivery up or destruction of the infringing goods, especially in copyright matters.[125] Arbitral tribunals in Japan may award damages and injunctions, as well as the destruction of infringing products.[126]

## Monetary compensation

A claimant may be entitled to monetary compensation upon proving to, the satisfaction of the arbitral tribunal, that it has suffered a legal injury that has resulted in loss and damage that can be reflected in monetary terms.[127] A plaintiff who proves infringement of its IP must choose between a claim for damages or account of profits and will generally not be entitled to claim both under most domestic legislation.[128]

In calculating its claim based on the accounts for profits, the plaintiff may use either losses wrongfully incurred by it, or the profits wrongfully made by the defendant, as the basis for quantifying its claim, but not both, in line with traditional principles of preventing double recovery.[129] Where the plaintiff opts for an account for profits, it will ordinarily be entitled to an inspection of the books of accounts of the infringer.[130] Mere difficulty in assessment or measure of damages is not ordinarily considered a sufficient ground for denying the grant of damages.[131] In patent disputes, where the patentee manufactured, sold or licensed out its invention in the market, courts have ascertained damages on the basis of the reduction in sales and anticipated profits from sale or the loss of royalty.[132]

In Europe, Article 13 of Directive 2004/48/EC on the enforcement of intellectual property rights and interpretations thereof by national courts in Europe and the Court of Justice of the European Union lays the foundation for a harmonious approach for

123 Yixin H. Tang, 'The Future of Patent Enforcement after eBay V. MercExchange', *Harvard Journal of Law & Technology*, Vol. 20, No. 1 Fall 2006; *z4 Techs., Inc. v. Microsoft Corp.*, 434 F. Supp. 2d 437 (E.D. Tex. 2006); Heath and Cotter, supra note 115.

124 Article 46, TRIPS.

125 *WIPO Intellectual Property Handbook*, supra note 116 at Para. 2.256.

126 Patent Law (Japan), Law No. 121 of 1959, Chapter 4, Part 2, Section 100, translated in the WIPO Database of Intellectual Property Legislative Texts.

127 Articles 41 (General Obligations), 44 (Injunction), 45 (Damages), 46 (Other Remedies, which includes destruction of infringing goods) and 47 (Right of Information) of TRIPS.

128 *Jodie Aysha Henderson v. All Around the World Recordings Ltd* ([2014] EWHC 3087); *Fero Spa v. M/s Ruchi International* (CS(COMM) 76/2018), 2 April 2018.

129 *Srimagal v. Books (India)* AIR 1973 Mad 49; *Pillalamari Lakshikantam v. Ramakrishna Pictures* AIR 1981 AP 224.

130 Articles 45 and 47 of TRIPS; *Mishra Bandhu v. Shivaratanlal* AIR 1970 MP 26; *Samsung Electronics Company Limited and Another v. G. Choudhury and Anr.* 2007 (136) DLT 605.

131 *Chaplin v. Hicks* (1911) 2 KB 786.

132 ibid.; P. Narayanan, *Patent Law* (4th Edition (rep), Eastern Law House 2010), at page 624.

assessment of damages to an injured party in IP cases. It provides for remedial damages to be quantified, taking into account 'all appropriate aspects' for cases of wilful as well as non-wilful infringement, including factors such as the negative economic consequences (including lost profits) that the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the right holder by the infringement.[133] This is in line with considerations that common law courts take into account when quantifying damages.[134] As held in the landmark case *Hadley v. Baxendale*, the principle underlying an award of damages is restitution – namely, to place the prevailing party in a position as if the contract been performed, and to that extent, in general, damages are intended to be remedial.[135] Plaintiffs may also be entitled to additional damages at the court or tribunal's discretion, apart from general damages to which a plaintiff may be entitled.[136] Multiple damages, including double and treble damages, are particularly common in the United States where about 50 per cent of the reported patent infringement cases between 1985 and 1995 resulted in multiple damages awards.[137]

Insofar as punitive damages are concerned, common law courts have most commonly been inclined to award such relief when the plaintiff can demonstrate that the defendant has 'willfully calculated to exploit the advantage of an established mark' (adopted by US courts), the defendant satisfies the test of the 'dishonest trader' (adopted by UK courts) or the defendant's conduct has been flagrant (adopted by the Australian courts).[138] The New York Court of Appeals, deciding a copyright royalty dispute under New York law, declared that '[a]n arbitrator has no power to award punitive damages, even if agreed upon by the parties' because:

> *Punitive damages is a sanction reserved to the State, a public policy of such magnitude as to call for judicial intrusion to prevent its contravention. Since enforcement of an award of punitive damages as a purely private remedy would violate strong public policy, an arbitrator's award which imposes punitive damages should be vacated*.[139]

The New York Appellate Division confirmed this position by finding that arbitration agreements in New York remain subject to 'the overriding public policy against an award of punitive damages by an arbitrator'.[140] Punitive damages, therefore, while evidently not without precedent, must be pursued after careful consideration of the law of the seat of arbitration as well as the law of the jurisdiction where enforcement may eventually be pursued.

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133 Trevor Cook, 'Damages in Intellectual Property Arbitrations', *The Guide to Damages in International Arbitration*, 3rd Edition, GAR.

134 *Syed Zakirali v. Syed Zahidali and Ors.* 2018 SCC Online Bom 1465.

135 [1854] (1) Exch. 340.

136 Cook, supra note 133; UK Intellectual Property (Enforcement,) Regulations 2006.

137 Carl G. Love, 'The Risk/Reward Factors of U.S. Patents', findlaw.com (January 1996), available at http://library.findlaw.com/1996/Jan/1/128053.html.

138 *Cartier International Ag & Others v. Gaurav Bhatia & Ors.* (2016) 65 PTC 168 (Del) 18; (2006) 32 PTC 117 (Del) 182; 3.MIPR 2007 (1) 72.

139 *In Garrity v. Lyle Stuart, Inc.*, 40 N.Y.2d 354, 356, 386 N.Y.S.2d 831, 832, 353 N.E.2d 793 (1976).

140 *Dreyfus Service Corp. (Kent)*, 183 App.Div.2d 446, 584 N.Y.S.2d 483, 484 (1st Dept. 1992).

### Timelines and practical considerations

From a practical standpoint, the significance of permanent relief in an IP dispute is often defined by the timelines and efficiency of the dispute resolution regime in the jurisdictions concerned. In jurisdictions where judicial delays and other factors lead to protracted litigation, IP disputes are primarily fought and often won (at least in effect) at the interim stages.[141] Patent litigations can last over 10 years in US courts, with cases known to have taken as long as 25 years to be finally decided.[142] The Supreme Court of India has observed time and again that IP cases remain pending for several years before national courts and the dispute is therefore mainly fought between the parties over temporary injunction – something the apex court has deemed 'a very unsatisfactory state of affairs'.[143]

This position also aligns with sectoral trends in IP disputes around the world, where even disputes under relatively specialised and streamlined processes offered by WIPO are frequently settled (usually on the basis of the outcome of the proceedings for interim or temporary relief), rather than proceeding to final judgment.[144] Proceedings for challenging arbitral awards are usually more abridged in terms of timelines than original suits to be tried by courts at first instance. However, even these abridged timelines are not nearly expeditious enough to disrupt the disproportionate emphasis on interim relief and early case strategy in deciding the final outcome of an IP dispute.[145]

## Conclusion

With growing awareness of the benefits of institutional arbitration, increased emphasis on the need for technical expertise in IP disputes and stricter timelines for completion of arbitration proceedings (imposed by law or adopted as a matter of global best practice in case management), it is likely in the near future that more IP disputes will be arbitrated to a final award, and that a determination on merits (aided by timely access to effective interim relief) will play a greater role in the final outcome of such disputes.

141 *Shree Vardhman Rice & Gen Mills v. Amar Singh Chawalwala* (2009) 10 SCC 257; also see Kevin R. Casey, 'Alternative Dispute Resolution and Patent Law', 3 Fed. Cir. B.J. 1 (1993).

142 Wei-hua Wu, 'International Arbitration of Patent Disputes', 10 *J. Marshall Rev. Intell. Prop. L.* 384 (2011) (citing Murray Lee Eiland, 'The Institutional Role in Arbitrating Patent Disputes', 9 *Pepp. Disp. Resol. L.j.* 283, 283 (2009) at page 284; and *Hughes Aircraft Co. v. United States*, 140 F.3d. 1470 (Fed. Cir. 1998) (noting that the case was filed in 1973)).

143 *Bajaj Auto Ltd. v. TVS Motor Company Ltd* (2009) 9 SCC 797.

144 Heike Wollgast, 'WIPO alternative dispute resolution – saving time and money in IP disputes', *WIPO Magazine* (November 2016), which states that '70 percent of the mediation procedures administered by the WIPO Center have been settled. And even for arbitration, which can be more complex, around 37 percent of WIPO cases settle before any tribunal award is issued.'

145 *WIPO Intellectual Property Handbook*, supra note 116 at page 29, Para. 2.93.

# Appendix 1

## The Contributing Authors

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Shaneen Parikh has over two decades of experience [in arbitration]. She is qualified to practise as an advocate and solicitor in India, and is also qualified as a solicitor in England and Wales.

Shaneen focuses on arbitration (both domestic and international) and has represented clients in disputes administered by various international arbitral institutions as well as ad hoc arbitrations. She also handles commercial litigation in disputes relating to commercial contracts, shareholder issues, infrastructure, power and construction projects, financial and structured products, infrastructure, power and construction projects and white-collar crime. She has represented clients in various courts and tribunal across India, including the National Company Law Tribunal, high courts and the Supreme Court of India.

Shaneen is a member of the SIAC Court of Arbitration and the LCIA Users' Councils. She also serves as an ambassador for the Asia Pacific Arbitration Group of the International Bar Association.

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Until recently, large IP owners were hesitant about international arbitration – it was too scary (no prospect of appeal, etc.). Now, many are changing their minds.

This timely book sets out how arbitration can be tailored to meet the needs of IP owners and dispels some of the myths surrounding its use. It is in five parts that mirror the life cycle of disputes and will be of interest to newcomers and aficionados alike.

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