The Swords and Shields of Arbitrating IP Disputes in California and Beyond

MCLE: 1 Hour

Thursday, March 14, 2024

Speakers:

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Conference Reference Materials

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California International Arbitration Week

March 11-14, 2024

LITIGATION

CALIFORNIA LAWYERS ASSOCIATION

California Arbitration

The Swords and Shields of Arbitrating IP Disputes in California and Beyond

Thursday, March 14, 2024 | 9:15AM

The Swords and Shields of Arbitrating IP Disputes in California and Beyond

- **Christina Hollander**, Vice President, Litigation and Competition, VISA
- **Reginald Holmes**, Arbitrator and Mediator, Holmes Law Dispute Resolution Services
- **Elena Rizzo**, Associate, DLA Piper
- **Mia Levi**, Vice President, CPR Dispute Resolution (as moderator)

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IP DISPUTES AND ARBITRATION

What causes parties to have disputes over IP?

- Copyright
- Trademark
- Patent
- Trade secret

Benefits of arbitration in IP disputes

Common features of many IP disputes	Court litigation	Arbitration
International	•Multiple proceedings under different laws, with risk of conflicting results •Possibility of actual or perceived home court advantage of party that litigates in its own country	•A single proceeding under the law determined by parties •Arbitral procedure and nationality of arbitrator can be neutral to law, language and institutional culture of parties
Technical	•Decision maker might not have relevant expertise	•Parties can select arbitrator(s) with relevant expertise
Urgent	•Procedures often drawn-out •Injunctive relief available in certain jurisdictions	•Arbitrator(s) and parties can shorten the procedure •WIPO Arbitration may include provisional measures and does not preclude seeking court-ordered injunction
Require finality	•Possibility of appeal	•Limited appeal option
Confidential/trade secrets and risk to reputation	•Public proceedings	•Proceedings and award [can be] confidential

Source: WIPO

When is arbitration used for IP disputes?

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 resolution.

When is arbitration used for IP disputes?

- Copyright: include disputes arising out of contractual licensing agreements.
- Trademark: include disputes arising from trademark assignments, licensing, franchising and distribution agreements.
- Patent: include disputes arising out of patent license agreements, collaboration agreements or joint ventures, or R&D agreements
- Trend: number of IP-related cases going to arbitration continues to grow

When is an IP dispute not suitable for arbitration?

- Where there is no contractual relationship, an arbitration cannot occur except by agreement after a dispute has arisen.
- An award that is binding on the parties to the arbitration will not be binding against the whole world – will not create binding precedent.

While litigation is still more prevalent than arbitration for many IP-related disputes, we need to be mindful of the benefits that the process can bring when compared to litigation and especially the flexibility offered by certain tools.

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CONFIDENTIALITY

How to ensure confidentiality

- Contractual provisions
- Institutional rules (note: most providers do not impose the duty of confidentiality on parties – exceptions include CPR, SCC, LCIA)
- Confidentiality agreement
- Ruling by arbitrator: protective orders, terms of reference

Parties should be aware that arbitration is *private* and can be, but isn't always, *confidential*. Only certain provider rules call for confidentiality on the institution, the arbitrators *and the parties*. Additionally, some institutional rules only cover the proceedings or the award, others cover both.

Rule 20: Confidentiality

Unless the parties agree otherwise, the parties, the arbitrators and CPR shall treat the proceedings, any related discovery and the decisions of the Tribunal, as confidential, except in connection with judicial proceedings ancillary to the arbitration, such as a judicial challenge to, or enforcement of, an award, and unless otherwise required by law or to protect a legal right of a party. To the extent possible, any specific issues of confidentiality should be raised with and resolved by the Tribunal.

[Source: CPR Administered Arbitration Rules, 2019]

Benefits of preserving confidentiality via arbitration

- Confidentiality is key in IP disputes - parties to preserve trade secrets
- Multiple tools parties can use
  - Protective orders
  - Staging disclosures
  - Use of confidentiality advisors

Can confidentiality be a burden on the parties?

- Desire to publicize ruling regarding IP owner
- Need to use confidential materials/rulings in a related arbitration
- Enforcement proceedings
- Middle ground?

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INTERIM MEASURES

Interim, provisional and conservatory measures are remedies that can be granted before the arbitrators hear the merits and render their final award. They are designed to protect parties during an arbitration to ensure a meaningful final adjudication on the merits.

How can interim measures protect party rights?

- Emergency arbitration (prior to the constitution of the tribunal)
- Interim relief (e.g. preventing distribution of copyrighted content)
- Injunctive relief (e.g. to prevent reputational risk in trademark disputes)
- Emergency awards (e.g. restricting transfer of patents or other IP in dispute)

Enforcement of interim measures

- Parties seeking interim measures may need to be aware of the type/form of relieve sought, to maximize enforceability
- Do interim awards within the scope of “enforceable awards”?
- Will injunctions be enforced if the enjoined party does not voluntarily comply?

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TECHNICAL EXPERTS

When might parties prefer arbitrators with technical expertise vs. generalists, supplemented by experts?

- May depend on type of dispute, number of arbitrators, etc.
- Tribunal will benefit from at least one subject-matter expert
- Single arbitrator may wish to rely on additional expertise
- Purely contractual issues may benefit from a generalist
- Certain disputes require technical expertise (e.g. patent dispute over a complex technology)

Because of rapid technological advancements, many international arbitrations hinge on technology-related issues, and each new tech “trick” increases the demand for countless specialized experts in arbitration.

How can experts best be used in IP proceedings?

- Complex matters may require even more specialization beyond that of the arbitrator
- Party-appointed experts can assist in presenting the party's case, may be impartial
- Tribunal-appointed experts may be necessary where the tribunal requires further (or more independent) expert evidence

How can experts best be used in IP proceedings?

Expert determination can be used to determine issues of a technical, scientific or related business nature. Expert determination may be binding or non-binding. Examples include:

- the valuation of an intellectual property asset or the establishment of royalty rates;
- the interpretation of the claims of a patent;
- the extent of the rights that are covered by a license.

CONCLUSION

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