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## INTELLECTUAL PROPERTY DISPUTES AND INTERNATIONAL ARBITRATION

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International arbitration is widely enjoyed in international commercial disputes. Popular arbitral institutions are known for international commercial disputes. Moreover, academic papers generally analyse international commercial arbitration. However, intellectual property disputes are also resolved in arbitration. Therefore, WIPO set up arbitration and mediation institution in its body. Purpose of this paper is to emphasize that arbitration is also suitable alternative dispute resolution for intellectual property disputes.

**Key words:** *Intellectual Property Rights, Arbitrability, Intellectual Property Arbitration*

### 1. INTRODUCTION

Intellectual property rights are accepted to increase creative thinking by modern legal systems. Some creative-ideas are protected within the scope of intellectual property rights such as trademark, industrial design and patent rights. These rights are on company's balance sheet as an asset.

Arbitration is very popular alternative dispute resolution system which decision-makers are generally appointed by the parties of dispute. It is high speed and flexible but expensive process for parties. Its high speed feature makes it more attractive for resolving private law disputes and intellectual property disputes are also sometimes solved in arbitration like other private law disputes such as commercial, banking or insurance disputes. Therefore, WIPO Arbitration and Mediation Center was established in Switzerland in 1994 to solve intellectual property disputes through alternative dispute resolution. It focuses on intellectual property disputes extensively as a very popular arbitral institution. However, it is also possible to solve intellectual property disputes in other popular arbitral institutions such as ICC, LCIA, AAA and SCC.

## **2. ARBITRABILITY OF INTELLECTUAL PROPERTY DISPUTES**

Arbitrability means whether a private law dispute may be solved in arbitration or not. It is whole criteria of disputes which are capable to be solved in arbitration or not. Arbitrability has two important consequences. Firstly, non-arbitrability is a refusal reason in recognition and enforcement of foreign arbitral awards in New York Convention. Secondly, non-arbitrable disputes make arbitration agreement invalid. It is also refusal reason in recognition and enforcement of foreign arbitral awards in New York Convention. Both results are procedural public policy violations. They create problem in enforcement stage.

### **2.1. Arbitrability of Intellectual Property Infringements**

Arbitrability of intellectual property infringement disputes are generally allowed in many modern legal systems since intellectual property rights are private rights and intellectual property infringements create effect between infringer and right holders. It is *inter partes* effect of arbitration. It is liberal approach which reflects that intellectual property rights have economic value and are intangible and alienable assets of persons. However, some legal systems consider intellectual property infringements as non-arbitrable due to various reasons. For example, industrial property rights may be considered as non-arbitrable since industrial property rights are granted upon administrative act. It may be perceived as a public policy concern. There is effect of granting of administrative act. Resolution of intellectual property disputes falls on exclusive jurisdiction of courts in this view. Due to more various and different reasons, intellectual property rights may be regulated as non-arbitrable in some legal systems.

### **2.2. Arbitrability of Validity of Intellectual Property Rights**

Validity of industrial property rights is not generally accepted as arbitrable in many legal systems due to two main reasons. First of all, industrial property rights are kept in registry. Registry is open to public. It creates effect against third parties. It is *erga omnes* character of registry. However, arbitration agreement is binding on only its parties. It is not able to create effect against third parties. Therefore, an arbitral award cannot change industrial property registry. Secondly, industrial property rights are granted by an administrative act. These rights are granted by public institutions. They are not able to be invalidated by arbitrators since arbitrators are decision-makers as private official. As industrial property rights are granted by state, they can be cancelled by only state bodies. Invalidation of industrial property rights by arbitrators is against public policy. It causes two important reasons. First

of all, validity claims are dealt with as incidental subjects before arbitral tribunal.<sup>1</sup> It is unfamiliar to conduct parallel proceedings regarding validity and infringement in same forum and contractual dispute in another forum.<sup>2</sup> Secondly, industrial property ownership disputes are also non-arbitrable. Unlike industrial property ownership disputes, ownership of copyright disputes is arbitrable since copyrights are not subject to registration. It does not violate public policy.<sup>3</sup>

### **2.3. Arbitrability of Intellectual Property Rights in Some Countries**

#### **2.3.1. Germany**

In Germany, an arbitration disputes consisted of subject matter which the parties of dispute can settle in a private settlement contract.<sup>4</sup> It was undisputed idea that unregistered intellectual property rights were arbitrable. As patent rights are registered intellectual property rights, there were many discussions regarding arbitrability of patent rights.<sup>5</sup> After German arbitration act was amended, parties of dispute could make arbitration agreement free to choose arbitration for private rights of which parties dispose.<sup>6</sup> Parties may make arbitration agreement to solve also their industrial property rights based on amended provisions. Invalidation of industrial property rights is not possible by arbitral awards in Germany since it creates *erga omnes* effect and incompatible with German public policy.<sup>7</sup>

#### **2.3.2. France**

In France, private rights of which parties may freely dispose are arbitrable. Therefore, intellectual property disputes are arbitrable. It has *inter partes* effect. French Civil Code Article 2060 precludes all matters from arbitration ‘*which concern public policy*’. Public policy matters are not freely disposed of by parties and create effect on third persons. Therefore, an industrial property right cannot be

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<sup>1</sup> See T. Cook & A. I. Garcia, *International Intellectual Property Arbitration* 75 (Kluwer Law International: 2010) referring to *Liv Hidravlika D. O.O. v. S.A. Diebolt*, Paris Court of Appeal (28 Feb. 2008), 1st chamber, JurisData No. 2008-359055., VAN HOOFT Annet, *Brexit and the Future of Intellectual Property Litigation and Arbitration*, *Journal of International Arbitration*, Volume 33, Special Issue, 2016, page 541.

<sup>2</sup> *Ibid*

<sup>3</sup> Gurry, s. 119. , BOZKURT YÜKSEL Armağan Ebru, *Fikri Mülkiyet Uyuşmazlıklarında Tahkim, BATIDER, C. XXV, Sayı:2, Yıl:2009, sayfa 366.*

<sup>4</sup> *Zivilprozessordnung [ZPO] 1205.* See Jochen Pagenberg, *The Arbitrability of Intellectual Property Disputes in Germany*, in *WORLDWIDE FORUM ON THE ARBITRATION OF INTELLECTUAL PROPERTY DISPUTES*, supra note 66, at 83. , GRANTHAM William, *The Arbitrability of International Intellectual Property Disputes*, *Berkeley Journal of International Law*, Vol.14, 1996, page 207.

<sup>5</sup> BOZKURT YÜKSEL Armağan Ebru, *Fikri Mülkiyet Uyuşmazlıklarında Tahkim*, pages 372-373.

<sup>6</sup> BLESSING Marc, *Arbitrability of Intellectual Property Disputes*, *Arbitration International*, Vol.12, No.2, page 201.

<sup>7</sup> Schafer, s. 958, Pagenberg, s. 86. HUYSAL Burak, *Milletlerarası Ticari Tahkimde Tahkime Elverişlilik*, Vedat Kitapçılık, İstanbul, 2010, sayfa 240.

invalidated since it creates *erga omnes* effect.<sup>8</sup> It is incompatible with public policy. Infringement of intellectual property disputes is arbitrable since infringement is a legal problem between infringer and intellectual property right holder. Accordingly, infringement matter is not public concern since it does not affect the public and third persons directly.<sup>9</sup> However, Paris Court of Appeal ruled that arbitrators can solve matters involving the existence of IP rights, but only conditions where the problem is incidentally claimed and it has *inter partes* effect in one decision. This development was positively approached by practitioners. Its purpose is to deter parties from raising validity claim as a delaying tactic most importantly.<sup>10</sup> However, the Paris Court of Appeal overturned this approach later.<sup>11</sup>

### **2.3.3. Switzerland**

In Switzerland, parties may solve their dispute of which they may freely dispose in arbitration. Since intellectual property rights are private rights, they are freely disposable by parties. Parties may solve intellectual property disputes in arbitration in Switzerland.<sup>12</sup> Contractual or non-contractual infringement of intellectual property disputes may be solved in Switzerland. However, arbitrators may invalidate registered property right under the condition that invalidation of registered intellectual property right is subject to approval of court decision.<sup>13</sup> In this situation, the national courts "*have the last word*" over invalidation of registered intellectual property right.<sup>14</sup>

### **2.3.4. South Korea**

In South Korea, intellectual property rights are non-arbitrable because only commercial disputes are arbitrable there. Intellectual property disputes are not considered as commercial disputes under South Korean law.<sup>15</sup> Therefore, as non-arbitrability is refusal reason in recognition and enforcement of foreign arbitral award cases, an arbitral award covering intellectual property disputes is not recognized or enforced in South Korea.

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<sup>8</sup> See, e.g. the decision of the Cour d'appel de Paris of 3 February 1992, published in PIBD 1992 III 359. , Robert, op. cit. at p. 35; Bonet/Jarrosson, op. cit. at p. 67. , BLESSING Marc, Arbitrability of Intellectual Property Disputes, Arbitration International, Vol. 12, No.2, 1996, page 201.

<sup>9</sup> BOWES Theodore L., Arbitration of Patent Disputes, 18 PTC J. Res. & Ed. 49, page 51.

<sup>10</sup> FORTUNET Edouard, Arbitrability of Intellectual Property Disputes in France, Arbitration International, Vol.26, Issue:2, 2010, pages 281-282.

<sup>11</sup> Ibid 284-285.

<sup>12</sup> BOZKURT YÜKSEL Armağan Ebru, Fikri Mülkiyet Uyuşmazlıklarında Tahkim, page 371.

<sup>13</sup> Ibid 373.

<sup>14</sup> AY Yunus Emre, A Refusal Reason of Recognition and Enforcement of Foreign Arbitral Awards: Public Policy, Zbornik Radova Pravnog Fakulteta u Splitu, god.56. 2/2019, page 515.

<sup>15</sup> BENZI Nicola - CELLÌ Alessandro, Arbitration and Intellectual Property, European Business Organization Law Review, Volume:3, 2002, page 597.

### **2.3.5. Turkey**

There is no specific provision which regulates arbitrability of intellectual property rights in Turkish legislation. Arbitrability of intellectual property disputes is possible based on general provisions which regulate arbitrability of private law disputes. Pursuant to Turkish Civil Procedural Code Article 408 and International Arbitration Act Article 1, parties may solve their disputes which are free disposal of them in arbitration. There is no difference regarding arbitrability criterion in both legislations. Arbitrability criterion is same for national and international arbitrable disputes.

First of all, validity of industrial property disputes is non-arbitrable disputes in Turkey. Arbitration agreement is between parties and its results are not able to affect third parties. It is *inter partes* effect. Industrial property rights are recorded in registry. Invalidity decision of industrial property rights affect third parties since such rights are claimed against third person in the course of their protection duration. Other reason is that industrial property rights are granted upon administrative acts. An arbitrator cannot invalidate an administrative act which is result of public power as a private person. Therefore, validity of industrial property disputes fall on exclusive jurisdiction of courts in Turkey. Arbitration agreement is not *erga omnes*.

## **3. INTELLECTUAL PROPERTY DISPUTES IN ARBITRATION PROCESS**

### **3.1. Appointment of Arbitrators**

Arbitrators are generally appointed or selected by parties of dispute or institutional arbitration appoints arbitrators from the panel list of arbitrators. In contrast to arbitration system, parties cannot choose the decision-maker in court system. Therefore, parties may have more confidence against arbitrators than judges. If parties cannot choose the arbitrator, arbitral institution appoints sole arbitrator. If parties agree appointment of three arbitrators, each party appoint two arbitrators separately and then appointed arbitrators select third arbitrator. Arbitrators must be selected from independent and impartial persons.

Secondly, arbitrators may be appointed prior to the establishment of WIPO Arbitral Tribunal as an "emergency arbitrator" for urgent interim measure. The request for emergency relief includes the legal reasons of interim measure on an emergency basis. Upon receipt of the request for interim measure, the Arbitral Centre shall choose a sole emergency arbitrator as soon as possible promptly. The emergency arbitrator may issue any provisional measure it considers appropriate. The emergency arbitrator may conduct the arbitral proceedings in such manner as it deems appropriate taking into account of the nature of the interim measure. It may take form in accordance with the request of the requesting party. Upon request of one of the parties, the emergency arbitrator may modify the content of

the provisional measure. The emergency arbitrator must ensure that each party has fair opportunity to submit their claims in arbitration. Unless otherwise agreed by the parties, the emergency arbitrator is not empowered to act as an arbitrator. The authority of emergency arbitrator ends after the arbitral tribunal is established.<sup>16</sup>

### 3.2. Applicable Law

Applicable law is the law which solve intellectual property dispute in arbitration. The parties should determine applicable law at the contracting stage which substantive law they would like to apply in arbitration.<sup>17</sup> In this way, it becomes certain to determine or find out applicable law. It prevents disputes of determination of applicable law. According to WIPO Arbitral Rules, arbitral tribunal applies the rules or law chosen by the parties. If parties do not choose applicable law, the arbitral tribunal applies rules or laws that it determines appropriate with reference to contract or trade usage.<sup>18</sup> For example, given the territorial nature of intellectual property rights, an arbitral tribunal may apply the law of infringement of intellectual property rights.

### 3.3. Interim Measures

Interim measure is an urgent, proportional and provisional order against potential and irreparable harm of one of party. It may be issued after one party submits appropriate security. WIPO Arbitral Rules lays down following provision regarding interim measures:

*"WIPO Arbitral Rules Article 48*

*Interim Measures of Protection and Security for Claims and Costs*

- (a) At the request of a party, the Tribunal may issue any provisional orders or take other interim measures it deems necessary, including injunctions and measures for the conservation of goods which form part of the subject matter in dispute, such as order for their deposit with a third person or for the sale of perishable goods. The tribunal may make the granting of such measures subject to appropriate security being furnished by the requesting party.*
- (b) At the request of a party, the Tribunal may order the other party to provide security, in a form to be determined by the Tribunal, for the claim or counterclaim, as well as for costs referred to in Article 74.*
- (c) Measures and orders contemplated under this Article may take the form of an interim award.*

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<sup>16</sup> WIPO Arbitration Rules Article 49

<sup>17</sup> ADAMO Kenneth R., Overview of International Arbitration in the Intellectual Property Context, Global Business Law Review, Vol.2:7, page 23.

<sup>18</sup> WIPO Arbitration Rules Article 61

*(d) A request addressed by a party to a judicial authority for interim measures or for security for the claim or counter-claim, or for the implementation of any such measures or orders granted by the Tribunal, shall not be deemed incompatible with the Arbitration Agreement, or deemed to be waiver of that Agreement."*

Interim measures take two different forms –Anton Piller Order and Saise Contrafaçon-. Anton piller order is a form of civil search warrant which grants right to search to the plaintiff to inspect, remove or make copies of relevant documents or items in the defendant’s premises in case of generally intellectual property infringement disputes in common law systems. Saise Contrafaçon is a form of civil search procedure which allows intellectual property right holder to call upon a bailiff to record intellectual property infringement upon the authorisation of a judge in case of generally intellectual property disputes in civil law systems, especially in France. While Anton Piller Order reflects adversarial feature of civil procedural law character of common law systems, Saise Contrafaçon reflects inquisitorial feature of civil procedural law character of civil law systems taking into consideration of nature of both types of interim measures. Anton Piller Order is more suitable than Saise Contrafaçon in intellectual property arbitration process because arbitrators are not public officials and their decisions cannot create effect on third persons and bailiffs without court enforcement.

### **3.4. Confidentiality**

Confidentiality is one of most significant advantages of arbitration process for parties in the field of intellectual property disputes. It means that one of the parties of dispute or arbitrator is not able to express the existence of conflict of parties to third persons unilaterally in arbitration and post-arbitration process.<sup>19</sup> Therefore, confidentiality is very crucial in arbitration process for businesses operating in the technology field since court case affects the customer portfolio as well as the financial situation of corporations operating on the technology market. This negatively affects the signing of new contracts. Especially, newly established companies operating in the field of technology are negatively affected by the hearing of lawsuits. For instance, losing a court case may give rise to a sudden decrease in the value of the shares of a technology company.<sup>20</sup> Therefore, institutional arbitration rules lay down rules regarding confidentiality principle in arbitration process. While top institutional arbitral rules (ICC Arbitral Rules, LCIA Arbitral Rules, AAA Arbitral Rules) generally deal with confidentiality principle without detail, WIPO Arbitral

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<sup>19</sup> BUYS, Cindy G., "The Tensions Between Confidentiality and Transparency in International Arbitration", *The American Review of International Arbitration*, Vol.14, No. 1-2, New York 2003, page 129., BOZKURT YÜKSEL Armağan Ebru, *Patent Uyuşmazlıklarının Çözüm Yolları*, PhD Thesis, Dokuz Eylül University Institute of Social Sciences, page 243.

<sup>20</sup> Petrakis, pages 28-29., *ibid* 244

Rules lay down provisions regarding the principle of confidentiality in more detail for the special importance of confidentiality for intellectual property rights.

Confidentiality may be suspended under exceptional conditions. For example, if an arbitral tribunal may request interim measure from national courts, it necessary to explain the existence of arbitration. Moreover, it may be required to explain the content of arbitration process in any case, action or investigation process before courts or competent bodies. An explanation should not fall out the necessary of relevant knowledge related to arbitration.<sup>21</sup>

## **4. ADVANTAGES AND DISADVANTAGES OF ARBITRATION IN INTELLECTUAL PROPERTY DISPUTES**

### **4.1. Speed Resolution and High Cost**

National courts have high workload. It is clear fact that court trials are slower than arbitration. Resolving many disputes may take a lot of time before national courts. Whereas, arbitrators just deal with the dispute concerned. Reportedly, the U.S. President Abraham Lincoln said litigation of "*the nominal winner is often a real loser in fees, expenses and a waste of time.*"<sup>22</sup> *Time is money* in business world. Therefore, it seems more attractive to solve intellectual property disputes in arbitration than before national courts.

Cost of arbitration is higher than cost of courts in general. While judge gets his salary from a government, arbitrators get their fees from the parties of dispute. Therefore, arbitration is not widely enjoyed in small claim disputes. It is generally enjoyed in high claim disputes and the number of arbitrators may be three in such disputes. This means that costs of arbitration higher than costs of courts.

To solve a legal conflict within very short time, some institutional arbitral rules set a maximum time limit of rendering an arbitral award as a result of requirement of high speed for justice. Formulators of many arbitral rules knew that setting fixed or mandatory deadlines may be counter-productive and may cause one party delay proceeding intentionally for expiration of authority of arbitral tribunal before a decision is made.<sup>23</sup> Therefore, many arbitral rules contain expedited arbitral rules. It is faster procedure than normal procedure. However, it is not efficient for all type of disputes. It may be very useful for conflicts of simpler nature and small-scale companies.

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<sup>21</sup> SMIT, Confidentiality, s. 242; ÖZSUNAY, Mahremiyet page 93., ibid

<sup>22</sup> Metcalf, 2008; TANIPELLIAN Adam Richard, Roles of Arbitration in International Intellectual Property Dispute Resolution, PhD Thesis, Ramkhamhaeng University, 2013, page 75.

<sup>23</sup> CELLÌ Alessandro - BENZ Nicola, Arbitration and Intellectual Property, European Business Organization Law Review, Volume:3, 2002, page 603.



## 4.2. Confidentiality

Confidentiality is very important advantage in intellectual property disputes. For example, a secret know-how needs to enjoy protection in patent disputes.<sup>24</sup> Unless required by law or otherwise agreed by parties, arbitration proceedings are completely confidential and private. Nondisclosure requirements frequently extend to the nature and existence of the arbitration itself. Third persons have no access to relevant materials or any element of a claim to proceedings. Business interests have tendency to privacy because of potential risks that public exposure presents. Corporations may also prefer to solve their conflicts privately because public and third persons may interpret any involvement in a dispute as an unfavourable situation on an organization reputation.<sup>25</sup>

When commercial secrets are subject to arbitral proceedings, confidentiality is very crucial because "*industrial espionage has been achieved by watching trials in public courtrooms.*" Arbitration does not offer such a threat. A national court involved in interim or confirmation and enforcement stages may order proceedings confidential or closed to conserve the confidential character of arbitration. In any situation, unless otherwise agreed by parties, national courts will only make disclosure to the extent necessary.<sup>26</sup>

## 4.3. Flexibility and Consolidation

Party autonomy is very strong in arbitration system. It results in very flexible conditions. Parties can choose applicable law, the seat of arbitral tribunal, power of arbitral tribunal, the number of arbitrators and language of arbitration. Nationality of arbitrators can be different than nationality of parties because it may be perceived that one of the parties has more advantage in their home country before national courts.<sup>27</sup> It may be considered more neutral than national courts. Moreover, arbitration proceedings may be conducted as online form. Online arbitration is a result of flexibility of arbitration proceedings.

Flexibility offers also consolidation of multiple intellectual property disputes in single proceedings. Frequently, multiple parties take legal action as international intellectual property transactions. These relationships may cause separate arbitration requests or consolidation of multiple disputes into one arbitral process. Consolidation of separate arbitration processes relies on the consensual character of alternative dispute resolution(ADR) proceedings and strong party autonomy in arbitration. For example, WIPO Arbitration Center is able to assist the parties of dispute

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<sup>24</sup> Ibid 601.

<sup>25</sup> TANIPELLIAN Adam Richard, Roles of Arbitration in International Intellectual Property Dispute Resolution, pages 79, 80.

<sup>26</sup> Ibid 80.

<sup>27</sup> ADAMO Kenneth R., The Global Business Law Review, Vol:2, Issue:7, 2011, page 28.

involved in a situation of multiple conflicts to make a consolidation agreement.<sup>28</sup> The contractual aspect of such situations and cases was the following. A European software specialist concluded three different online licence agreements with several licensees from South America and Europe. These licenses contained an arbitration clause which offers possibility to solve disputes in accordance with the WIPO Expedited Arbitration Rules. All licensees filed a case for expedited arbitration rules, claiming defects of the software and breach of contract. On the same day, the software specialist submitted three separate requests against each licensee, claiming damages for breach of contract in accordance with expedited arbitration rules. The parties chose one of the candidates offered by the WIPO Center to act as sole arbitrator for disputes in each arbitration proceeding. Given the complex character and legal relationship between the four parallel arbitrations, the parties decided to consolidate all claims and software disputes before the sole arbitrator. The sole arbitrator delivered a final award within the year of the commencement of this consolidation of separate arbitral proceedings. This situation shows flexible character of arbitration proceedings as a consolidation.<sup>29</sup> Jacques De Werra explains challenges and difficulties of intellectual property disputes before national courts over European patents. According to his views, although European patents originate from the same international convention, it is enforced and practiced differently, depending on the law and practice of the country.<sup>30</sup> Therefore, consolidation of separate arbitral proceedings is very important result of flexibility to prevent conflicting results of cases. Consolidation is also important advantage of arbitration.

#### **4.4. Technical Nature of Disputes**

There is often considered approach that national courts do not have relevant technical knowledge to solve intellectual property conflicts which involve scientific arguments and highly technical evidence. The parties are able to choose arbitrators who have particular knowledge of technical specialization related to dispute. It is not necessary to be jurist to be arbitrator. Arbitrators can be relevant technical experts. For example, a software engineer can solve a dispute related to copyright protection of software. The WIPO Center keeps a list of experienced persons that can be advised as member of arbitral tribunal in an intellectual property dispute.<sup>31</sup>

In addition, Pursuant to WIPO Arbitral Rules Article 57, an arbitral tribunal is able to appoint at least one independent expert to report to it on specific matters after consultation with the parties. The parties are able to see a copy the terms of reference written by expert and his final report. The parties are able to express an

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<sup>28</sup> CHALKIAS Panagiotis, CASTRO Ignacio de, *Mediation and Arbitration of Intellectual Property and Technology Disputes: The Operation of the World Intellectual Property Organization Arbitration and Mediation Center*, Singapore Academy of Law Journal, Volume:24, page 1075.

<sup>29</sup> *Ibid* 1075, 1076.

<sup>30</sup> DE WERRA Jacques, *Arbitrating International Intellectual Property Disputes: Time to Think Beyond the Issue of (Non-)Arbitrability*, International Business Law Journal, 2012, page 299.

<sup>31</sup> CELLÌ Alessandro and BENZ Nicola, *Arbitration and Intellectual Property*, page 600.

opinion in written and have an opportunity to ask a question to the expert at the hearing. It is also possible to accept expert's opinion as a conclusive in respect of a specific issue. Moreover, Articles 51 to 53 of the WIPO Arbitral Rules regulates the evidence that the Arbitral Tribunal may collect. These provisions are specifically laid down for intellectual property disputes. For instance, Article 51 deals with the results of experiment as evidence. The party wishing to submit experimental results must give notice to the Arbitral Tribunal and the other party indicating the purpose of the experiment and providing a precise summary of the method conducted and the conclusion. One of the parties is able to request the arbitral tribunal repeat the experiment. Pursuant to WIPO Arbitration Rules Article 52, the Arbitral Tribunal may inspect any site, facility, production line, machinery, model, film, material, product or process at the request of one party or on its own motion as it deems appropriate. One of the parties may request the Arbitral Tribunal inspect at any reasonable time prior to any hearing. If the Arbitral Tribunal accepts such a request, it shall determine the time of the inspection. Finally, Article 53 of WIPO Arbitral Rules, allows the arbitral tribunal, with the common consent of parties, to require them to provide models, primers, drawings or other reference materials to provide assistance the arbitral tribunal to analyse and understand the technical background of the case with together. The purpose of these provisions is to provide the arbitral tribunal with the scientific background and the technical information which it is necessary to reach a proper decision on a conflict.<sup>32</sup> Therefore, it is very important advantage to resolve of intellectual property disputes in arbitration due to technical nature of intellectual property disputes.

#### **4.5. Weak Interim Measures**

Arbitral interim measures are weaker than interim measures issued by national courts. As arbitration agreement is valid between its parties, it cannot create effect against third persons. For example, after fake brands that violate trademarks or pirated book that violates copyright are put into market in a dispute, arbitral interim measures are solely ineffective to collect or confiscate them from third persons. However, these kinds of things can be collected from third persons through interim measure issued by court to prevent ongoing infringement of intellectual property rights. Therefore, arbitral interim measures are very weaker than interim measures issued by courts.

#### **4.6. Widely Enforceable Awards**

The recognition and enforcement of foreign arbitral awards is widely facilitated by the broad number of countries which ratified New York Convention (1958)

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<sup>32</sup> Ibid 601.

at international level. Under New York Convention, An enforcement of foreign arbitral award may be denied on the following conditions:

- Invalid arbitration agreement
- Improper notice of appointment of arbitrators by parties
- The subject matter of dispute outside the arbitration agreement
- Non-arbitrability of dispute
- Non-final or non-binding arbitral award
- Arbitral award against the public policy<sup>33</sup>

Clearly, this is a very precise and limited number of refusal reasons in which enforcement may be blocked. In contrast to this situation, there is no multilateral treaty regarding recognition and enforcement of foreign court judgments. Moreover, recognition and enforcement of foreign court judgments is cumbersome and subject to reciprocity, various bilateral treaties or domestic laws.<sup>34</sup> Therefore, it is easier to recognize and enforce foreign arbitral award than foreign court judgment.

## 5. CONCLUSION

Arbitration is widely enjoyed for commercial disputes. However, considering that advantages of arbitration outweigh disadvantages of arbitration for intellectual property rights, arbitration is very effective and efficient alternative dispute resolution system for intellectual property disputes. It offers attractive dispute resolution mechanism to intellectual property disputes efficiently. Therefore, international scholars should examine intellectual property arbitration in their publications more than ever.

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<sup>33</sup> BENTON Gary L. and SCHMIDTBERGER Paul S., Intellectual Property Disputes under the Amended AAA International Rules, International Business Lawyer, September 1998, Volume:26, page 363.

<sup>34</sup> Ibid 363.

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13. WIPO Arbitration Rules
14. Turkish International Arbitration Act
15. Turkish Civil Procedural Code

## **SPOROVI O INTELEKTUALNOM VLASNIŠTVU I MEĐUNARODNA ARBITRAŽA**

Međunarodna arbitraža široko se uživa u međunarodnim trgovačkim sporovima. Popularne arbitražne institucije poznate su po međunarodnim trgovačkim sporovima. Štoviše, akademski radovi općenito analiziraju međunarodnu trgovačku arbitražu. Međutim, sporovi o intelektualnom vlasništvu rješavaju se i arbitražom. Stoga je WIPO u svom tijelu osnovala instituciju za arbitražu i posredovanje. Svrha ovog rada je naglasiti da je arbitraža također prikladno alternativno rješavanje sporova u sporovima o intelektualnom vlasništvu.

**Ključne riječi:** *prava intelektualnog vlasništva, arbitraža, arbitraža intelektualnog vlasništva*