Bills Committee on the Arbitration (Amendment) Bill 2016

Government's Response to the Issues Raised by the Bills Committee at the Meeting of 5 January 2017

At the Bills Committee meeting on 5 January 2017, the Government was requested to provide written responses on:

(a) The adequacy of the Arbitration (Amendment) Bill 2016 ("Bill") in safeguarding competition, including the views of the Hong Kong Competition Commission ("Competition Commission") on the confidentiality of the arbitration agreement and the arbitral award; and

(b) The suggestion of requiring parties to intellectual property right ("IPR") disputes to register their arbitral awards, if any, with the Intellectual Property Department ("IPD").

2. The Government is liaising with the Competition Commission so as to ascertain its position (if any) on whether the Bill has any competition law implications. Meanwhile, this paper sets out the Government's present views on the above issues.

Summary of the Government's Views

3. The Government's views on the above issues are detailed in **Annex A** of this paper. A summary is set out below.

A. The Bill does not give rise to competition law concerns

4. The Government is of the view that the Bill does not give rise to any real competition law concerns. In any event, competition concerns (if any) are adequately safeguarded under the current arbitration and competition law regimes. Specifically:

(a) Arbitration is a **competition-neutral** procedure. The use of arbitration or the confidentiality of arbitration and arbitral

awards is not, in itself, anti-competitive; nor does it, in itself, raise any issue of anti-competition under the Competition Ordinance (Cap. 619) ("CO"). The fact that the arbitration concerns IPR disputes does not alter the position.

(b) Whether competition concerns arise depends on the substance of the matter and the particular circumstances of the case, rather than the use of arbitration or its confidentiality. IPRs are not inherently anti-competitive and while competition issues can sometimes arise in relation to the use or exploitation of IPRs, they are not specific to the area of IPR. They can equally arise in other subject matters or business sectors and activities.

(c) Likewise, competition issues are not specific to confidential arbitration, and can equally arise in other types of confidential arrangements, including mediated or negotiated settlements or other confidential commercial arrangements.

(d) Moreover, competition issues (if any) arising in the context of arbitration may be addressed under the arbitration and competition law regimes, namely the Arbitration Ordinance (Cap. 609) ("AO"), as proposed to be amended by the Bill, and the CO:

(i) ***Third party rights preserved***: It is well established in law that an arbitral award only has *inter partes* effect. Third parties are free to challenge a registered IPR in arbitration, in court or before the IPR Registrar, or raise complaint with the competition authorities, as they see fit.

(ii) ***Arbitrability of competition issues***: There is an increasing body of opinion which considers that competition disputes are arbitrable and that the arbitrator can consider questions of competition as part of the substantive law applied by him in deciding the dispute before him.

(iii) ***Non-enforcement of awards giving effect to anti-competitive arrangements*:** If the court finds that an arbitral award gives effect to an underlying anti-competitive agreement, contrary to the CO, it may set aside the award or refuse to enforce it on the ground of public policy.

(iv) ***Competition Commission's investigation powers under the CO***: Documents relating to arbitration, including arbitral awards, are not immune from the statutory investigative powers of the Competition Commission.

B. Disclosure of IPR arbitral awards is a matter of policy requiring the balancing of different public policy considerations

5. As the use or confidentiality of arbitration (including arbitration on IPR disputes) does not itself give rise to questions of anti-competition under the CO, the question of whether disclosure of IPR arbitral awards should be required is a policy question to be carefully considered in light of wider public policy considerations. Among others, the following considerations are relevant:

(a) ***Special importance of confidentiality in Hong Kong's arbitration regime***: Confidentiality is, whether locally or internationally, one of the key features of arbitration. It is also one of the key reasons why parties prefer to use arbitration to resolve disputes (as opposed to court litigation). In the case of Hong Kong, such confidentiality is expressly provided for in section 18 of the AO. This demonstrates the importance of confidentiality in our arbitration regime. In the circumstances, unless there are compelling, if not overriding, reasons, such an important key feature of our arbitration regime should not be changed. Any erosion of confidentiality may prejudice Hong Kong's position as a leading international arbitration centre.

(b) ***Safeguards for third party interests exist*:** Apart from the safeguards identified in paragraph 4(d) above, third parties may seek to protect their interests by contract. The law of equity may also come in to protect a bona fide purchaser of legal interest without notice of the equitable encumbrance.

(c) ***Inter partes arbitral award finding against the registered IPR owner does not necessarily mean that there is defect in the IPR*:** Even if the arbitrator makes an adverse finding against the registered IPR owner, it cannot be assumed that the court or Registrar would come to the same view when deciding on the IPR *erga omnes* based on the evidence and materials before the court or Registrar and applying different procedural rules.

C. Prevailing international practice does not require the disclosure or recordal of IPR arbitral awards with *inter partes* effect

6. We have also considered the practice of 30 jurisdictions concerning the arbitrability of IPR disputes and the disclosure or non-disclosure of IPR arbitral awards. **Annex B** sets out a summary of our research findings thus far. According to our research, it appears that the general practice of those jurisdictions in which IPR disputes are arbitrated does not require the mandatory disclosure or recordal of IPR arbitral awards with *inter partes* effect. In this regard, IPR arbitral awards are treated similarly as other arbitral awards under their arbitration regimes.

D. Consistency with existing policy for recording entries on IPR registers maintained by IPD

7. We have also considered the non-disclosure or non-recordal of IPR arbitral awards in light of IPD's role and practice in discharging the functions and powers as Registrar under the relevant intellectual property ("IP") legislation. In effect, all entries that are currently recorded on the IPR registers maintained by IPD have *erga omnes* effect. By contrast, arbitral awards only have *inter partes* effect and are not binding on third parties. In line with the current policy, arbitral awards concerning IPRs

are currently not recorded on the IPR registers. This treatment of IPR arbitral awards also accords with our understanding of the prevailing practice of other jurisdictions according to our above-mentioned research.

Conclusion

8. For the above reasons, the Government is of the view that neither the arbitration regime nor the Bill gives rise to competition law concerns in Hong Kong. Nor are there sufficient or good reasons to make IPR arbitral awards an exception to the general rule that arbitral awards are confidential. Moreover, there are adequate safeguards in the existing arbitration and competition law regimes to cater for competition issues which may arise in the context of arbitration (including IPR arbitration), and to safeguard third party interests.

9. In view of this, and given Hong Kong's policy to maintain and enhance its status as a leading international arbitration centre,[1] and the special importance of confidentiality in Hong Kong's arbitration regime as a key feature for attracting parties to use arbitration to resolve their disputes, the Government, having considered all relevant matters, maintains the position that it is appropriate not to require the mandatory disclosure of IPR arbitral awards or their recordal with the IPR registries in Hong Kong. As explained above, the Government also notes that this is in line with the prevailing practice in other jurisdictions in which IPR disputes are arbitrated.

Department of Justice
Intellectual Property Department
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[1] According to the 2015 Survey "Improvements and Innovations in International Arbitration" conducted by Queen Mary University of London, Hong Kong is the third most preferred venue for international arbitration after London and Paris.

Annex A

The Government's detailed views on the competition implications of the Arbitration (Amendment) Bill 2016 ("Bill") and whether recordal of arbitral awards with the Intellectual Property Department ("IPD") should be provided

A. The arbitration regime and the Bill do not in themselves raise competition law concerns

(I) The use of arbitration or confidentiality of arbitration does not contravene the Competition Ordinance ("CO")

1. Arbitration is a form of alternative dispute resolution ("ADR") to litigation, whereby the parties agree to resolve their dispute through an independent third party (an arbitrator). Arbitration is therefore a creature of contract, a private dispute settlement process based on party autonomy[2], and is akin in nature[3] to mediation or agreed settlement between the parties in dispute.

2. Confidentiality is a key feature of arbitration and one of its major attractions. It concerns the obligation of arbitrators and arbitration parties not to divulge information relating to the existence of the arbitration, the content of the proceedings, evidence and documents, addresses, transcripts of the hearings or the award. Confidentiality protects, among others, confidential or sensitive business information and trade secrets from being publicly disclosed. A related aspect of the confidentiality of arbitration is the privacy of arbitration proceedings. Customarily, arbitration hearings are closed to the public and arbitral awards are not published.[4]

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[2] Thomas D Halket, *Arbitration of International Intellectual Property Disputes* (2012), p.437; Robert Argen, "Ending Blind Spot Justice: Broadening the Transparency Trend in International Arbitration," *Brooklyn Journal of International Law*, Vol. 40, No. 1 (2014) 207 at 216.

[3] I.e. the *inter partes* nature of arbitral proceedings which is underpinned by the respect for party autonomy.

[4] Gu Weixia, "Confidentiality Revisited: Blessing or Curse in International Commercial Arbitration?" *American Review of International Arbitration*, Vol. 15 (2005) 1 at 2. Also see Thomas D Halket, *Arbitration of International Intellectual Property Disputes* (2012), pp.27, 271, 275 and 277.

3. The CO contains three competition rules: (i) the first conduct rule ("FCR") which prohibits restrictive agreements and concerted practices; (ii) the second conduct rule ("SCR") which prohibits abuse of a substantial degree of market power; and (iii) the merger rule which prohibits anti-competitive mergers involving undertakings active in the telecommunications sector. Maintaining confidentiality in arbitration, in itself, does not raise any question of anti-competition under the CO, nor raise competition concerns more generally.

(1) FCR under section 6 of the CO

4. The FCR provides that:

> "*(1) An undertaking must not —*
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> *(a) make or give effect to an agreement;*
>
> *(b) engage in a concerted practice; or*
>
> *(c) as a member of an association of undertakings, make or give effect to a decision of the association, if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong.*"

5. An arbitration agreement, i.e. an agreement by the parties to submit a dispute (whether IPR-related or otherwise) to arbitration, is not, by itself, an agreement *having the object or effect of preventing, restricting or distorting competition* in Hong Kong, contrary to the FCR. An arbitral award, by itself, is not an agreement within the meaning of the CO.[5] Nor does an arbitral award *per se* constitute a "concerted practice"[6] or a "decision of an association of undertakings"[7] for the

[5] In *Genentech Inc v Hoechst GMBH* (C-567/14), the Court of Justice of the European Union (7 July 2016) held that an arbitral award itself does not constitute an "agreement" within the meaning of Article 101 of the Treaty on the Functioning of the European Union ("TFEU"), the EU equivalent of the FCR. For more details, see footnote 8.

[6] A concerted practice is a form of cooperation, falling short of an agreement, where undertakings knowingly substitute practical cooperation for the risks of competition. See the Guideline on the FCR issued by the Competition Commission, para. 2.27. (Guidelines issued by the Commission merely set out how the Commission intends to interpret and give effect to the conduct rules under the CO and have no binding legal effect.)

[7] Examples of associations of undertakings include trade associations, cooperatives, professional associations or bodies, societies, associations without legal personality, associations of associations etc. The Competition Commission considers a decision of an association of undertakings to include,

purposes of the FCR. Hence, maintaining confidentiality of arbitration agreement or arbitral award does not *per se* contravene the FCR.

6. It might be that in some cases, an arbitration agreement is linked to a wider anti-competitive agreement, e.g. where there is an anti-competitive settlement in secrecy and the arbitration or arbitration agreement is used as a "sham" to cloak this anti-competitive settlement between the parties.[8] Also, there might be cases where an arbitral award could give effect to an anti-competitive arrangement: see the recent decision of the Court of Justice of the European Union ("CJEU") in *Genentech Inc v Hoechst GMBH* (C-567/14), 7 July 2016.[9] However, we anticipate that in the normal situation, the parties would enter into an arbitration agreement in good faith with a view to resolving the disputes between them through arbitration. Besides, the court may set aside an arbitral award or refuse to enforce it on the ground of public policy if it finds that: (a) an arbitral award gives effect to an underlying anti-competitive agreement, contrary to the CO; or (b) the award arises from an arbitration agreement which is a "sham" used to cloak anti-competitive settlement between the parties.

(2) <u>SCR under section 21 of the CO</u>

7. The SCR provides that:

"An undertaking that has a substantial degree of market

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without limitation, the constitution of the association, rules of the association, resolutions, rulings, decisions, guidelines or recommendations of the association. See the Guideline on the FCR, paras. 2.34 and 2.35.

[8] Murray Lee Eiland, "The Institutional Role in Arbitrating Patent Disputes," *Pepperdine Dispute Resolution Law Journal*, Vol. 9: 2 (2009) 283 at 313.

[9] This case arose from an application for setting aside an arbitral award on the ground that the contractual payment of royalties under an IPR licensing agreement related to a revoked patent was incompatible with EU competition law rules. Genentech complained that it had been exposed to additional costs under the licence agreement as compared with its competitors due to the requirement to pay royalties notwithstanding the revocation of the patent. The CJEU was requested by the Paris Court of Appeal for a preliminary ruling on whether Article 101 of TFEU must be interpreted to preclude the imposition of such requirement on payment of royalties. The CJEU held that the patent licence agreement was compatible with Article 101 of TFEU, given that the licensee was able to terminate the licence agreement on reasonable notice. It rejected the contention that the payment of royalty undermined competition by restricting the freedom of action of the licensee or by causing market foreclosure effects, bearing in mind in particular that the licence may be freely terminated by the licensee. In his Opinion placed before the CJEU, the Advocate General stated that the aim of the EU competition rules was not to regulate commercial relations between undertakings in a general way, but to regulate agreements (or conducts) which harm competition.

power in a market must not abuse that power by engaging in conduct that has as its object or effect the prevention, restriction or distortion of competition in Hong Kong."

8. The SCR only applies where an undertaking with a *substantial* degree of market power in a market *abuses* that power by engaging in conduct that harms competition. The term "market power" is not defined in the CO. Market power exists where an undertaking has the ability profitably to raise prices over a period of time, or to behave analogously for example by restricting output or limiting consumer choice. [10]

9. It is difficult to see how arbitration or maintaining the confidentiality of arbitration and arbitral award as per the parties' agreement *per se* can be regarded as an abusive conduct for the purpose of the SCR. In this regard, it is pertinent to note that the Federal Supreme Court of Germany has held recently in *Pechstein v International Skating Union* ("ISU") [11] that the ISU did not abuse its market-dominating position in speed skating by requiring athletes entering a sports competition to sign an arbitration agreement.[12]

10. In the area of IPR, the conduct of bringing legal proceedings against third parties by the owner of an IPR which has been held invalid in arbitral proceedings does not *per se* fall foul of the SCR. This is because: "*Arbitration generally only affects the parties bound by the arbitration agreement. In the context of IPR, even if the IPR is declared invalid in an arbitral award, in most jurisdictions that declaration has inter partes effect only (and indeed most jurisdictions recognise and support the inter partes effect of such awards). As regards the rest of the world, including the state involved in the registration of the IPR, the*

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[10] See e.g. the Guideline on the FCR issued by the Competition Commission, paras. 3.22-3.24 and the Guideline on the SCR issued by the Competition Commission, para. 1.7.

[11] Bundesgerichtshof (German Federal Tribunal) KZR 6/15, 7 June 2016. See Press release by International Bar Association dated 12 December 2016 on *German Federal Court of Justice Ruling on Claudia Pechstein v International Skating Union*, June 2016 by Dr Dirk-Reiner Martens and Alexander Engelhard (http://www.publicnow.com/view/544F523017524CCF8027245E8FC27897187A57B3?2016-12-12-15:00:29+00:00-xxx256).

[12] The Federal Court of Germany found that the order of procedure of the CAS contains sufficient guarantees for the safeguarding of the athletes' rights, and the arbitration decisions of the CAS are subject to monitoring by the Swiss Federal Supreme Court. The court upheld the validity of the arbitration agreement.

rights remain intact. This is actually seen as a benefit by many IPR holders as it limits the risk that any single dispute will result in the loss of their rights altogether."[13]

11. Thus, as a matter of law, the owner of the IPR is still entitled to (a) make use of its rights by entering into licence agreements with third parties for the use of the IPR; and (b) enforce its rights by bringing proceedings against third parties who use the IPR without its consent. That in itself does not mean the owner is engaging in "abusive" conduct.

12. Further, if the party challenging the ownership of a registered IPR chooses not to seek an order for assignment of the registered IPR in his favour, or should the parties agree to limit the arbitrator's power to order specific performance (see proposed new section 103D(6) in the Bill), this would be a commercial decision as between the parties. In such a case, it is up to the successful challenger to arrange with the registered owner on the means of exploitation of the IPR (including the grant of third party licences and institution of proceedings against third party infringers). Exploitation and enforcement of the IPR by the registered IPR owner under such circumstances is not *per se* "abusive" conduct for the purpose of SCR.

13. In exceptional cases where the legal proceedings are brought as part of a plan to eliminate competition, or if the IPR owner initiates frivolous proceedings against others, this could constitute an abuse under the SCR.[14] However, it is not so much the confidentiality of the arbitral award but the bringing of such claims afterwards, which may be impugnable. As any arbitral award will only have *inter partes* effect, relevant third parties are not prevented from raising an anti-competition challenge or complaint with the competition authorities.

14. Where an arbitrator makes a finding on ownership or validity of a registered IPR which is inconsistent with certain registered information on the relevant IPR register e.g. a finding that the IPR is wholly or partially invalid or that it belongs to the successful challenger ("Contrary

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[13] Sophie Lamb and Alejandro Garcia, "Arbitration of Intellectual Property Disputes," in *Global Arbitration Review: The European & Middle Eastern Arbitration Review 2008, Int'l J. Pub & Private. Arb*. 1.

[14] *ITT Promedia NV v Commission of the European Communities* (T-111/96) [1998] ECR II-2937.

Finding"), the arbitrator may order an assignment or surrender[15] of the IPR as part of the relief granted in the arbitral award,[16] e.g. requiring the registered IPR to be assigned to the successful challenger or, as the case may be, requiring steps to be taken by the registered IPR owner to surrender the registered IPR. In such cases, there is simply no question of unfairness to third parties and no competition concern. It is because the order has the practical effect of procuring the IPR register (which reflects the legal position *erga omnes*) to be eventually amended accordingly upon the filing of a notice to register an assignment or a notice of surrender with the Registrar of the IPR, such that the information available on the IPR register would be consistent with the arbitral finding.

(3) Merger rule in Schedule 7 to the CO

15. The merger rule in Schedule 7 to the CO at present only applies where an undertaking that directly or indirectly holds a carrier licence within the meaning of the Telecommunications Ordinance (Cap. 106) is involved in a merger. Assuming that the arbitration agreement or arbitral award does not relate to a merger involving at least one carrier licensee, the merger rule is not directly relevant to the present discussion.

(II) IPRs not inherently anti-competitive; nor are competition concerns confined to the IPR context

16. Although IPRs constitute monopolies "in a very restricted sense" of the word, they are distinguishable from other "monopolies" which remove an activity from the public domain, because there was nothing in the "public domain" before the creation or disclosure of the IPR.[17] As recognized by the European Commission, there is no inherent conflict between IPRs and the European Union's competition rules since "*both bodies of law share the same basic objective of promoting consumer welfare and an efficient allocation of resources. Innovation constitutes*

[15] The extent of surrender would depend on whether the registered IPR is found to be wholly or partially invalid.

[16] Under section 70 of the AO, an arbitral tribunal may award any remedy or relief that could have been ordered by the court. This is subject to the parties' contrary agreement: see proposed new section 103D(6) of the Bill, as mentioned in paragraph 17 below.

[17] Trevor Cook and Alejandro I Garcia, *International Intellectual Property Arbitration*, Kluwer Law International (2010), 71.

an essential and dynamic component of an open and competitive market economy".[18] In other words, they are different means to achieve the same goals.[19]

17. It is well-established under EU competition law that mere existence or ownership of an IPR does not necessarily establish the existence of a dominant position.[20] Similar views are shared by the Competition Commission.[21]

18. There could be instances where the "exercise" of IPR / acts engaged by the IPR holder may give rise to competition concerns. However, as illustrated by some of the recent high profile case authorities as to the interface between IPR and competition law,[22] competition concerns arise or result from the *substance* of the underlying arrangements or conduct, which turns out to be anti-competitive, rather than solely because IPR is involved.

19. Indeed, it is well-established in the European Union that refusal by a dominant undertaking to license a third party to use a product covered by an IPR could not in itself breach Article 102 of the Treaty on the Functioning of the European Union ("TFEU") (the EU equivalent of the SCR).[23] It is only in exceptional circumstances that the exercise of the exclusive right by the IPR owner might give rise to such an abuse. The high standard of proof adopted is precisely to protect investment and

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[18] Para. 7 of the Guidelines on the application of Article 101 of the TFEU to technology transfer agreements (2014/C 89/03). See also R Whish & D Bailey, *Competition Law* (8th Ed), pp.812-813.

[19] R Whish & D Bailey, *Competition Law* (8th Ed), p.813.

[20] Joined Cases C-241, 242/91P *RTE & ITP v Commission* (the *Magill* case) [1995] ECR I-743, [1995] 4 CMLR 718.

[21] Para. 3.21 of the Guideline on the SCR issued by the Competition Commission provides that "*…IPRs…do not necessarily imply substantial market power as firms might well be able to invent around the relevant IPR*". Footnote 14 of the same paragraph states that "*…While an IPR might confer a legal monopoly, it does not follow that this legal monopoly confers market power in an economic sense or a substantial degree of market power under the Ordinance* [CO]".

[22] Namely, in relation to reverse payment or 'pay-for-delay' patent settlement agreements in the pharmaceutical sector (Case T-472/13 *Lundbeck v European Commission* (General Court decision of 8 September 2016)); refusal to license by a 'super-dominant' undertaking in the technology sector (Case T-201/04 *Microsoft v Commission* [2007] ECR II-3601); and technological standards setting, standard-essential patents ("SEPs") and 'fair, reasonable and non-discriminatory' ("FRAND") licensing concerning the technology/smartphone sector (Case COMP/38.636 *Rambus* [2010] OJ C30/17; Case COMP/C-3/39.985 *Motorola Mobility Inc* (Commission Decision of 29 April 2014) and Case COMP/C-3/39.939 *Samsung* (Commission Decision of 29 April 2014)).

[23] Case 238/87 *Volvo v Veng* [1998] ECR 6211; Joined Cases C 241/91 P and C 242/91 P The *Magill* Case; Case C 418/01 *IMS Health* [2004] ECR I-5039.

innovation incentives.[24]

20. Thus, whether competition concerns arise depends on the subject matter and the particular circumstances of a given case. The CO provides for a cross-sector competition law regime, and competition issues may arise in many different areas apart from IP, including without limitation sports, electricity sector, railways, procurement markets, road transport, telecommunications, banking and the pharmaceutical industry.

(III) Competition issues are not specific to confidential arbitration and can equally arise in other types of confidential arrangements

21. As mentioned above, it may be that in some cases, an arbitration agreement is linked to a wider anti-competitive agreement, or gives effect to an anti-competitive arrangement. The lack of transparency in these circumstances may be perceived as a "disadvantage" in arbitration from the competition perspective as parties are able to conceal their practice from the public eye. That said, it is important to bear in mind that any such anti-competition concern arises from the *substance* of the underlying anti-competitive agreement or arrangement, rather than the adoption of the arbitration procedure as such. As such, the risk of ancillary competition concern is no greater in the context of arbitration than in other forms of confidential out-of-court settlements or commercial transactions. Accordingly, there is no reason to treat arbitration or arbitral award differently.

22. Moreover, maintaining the confidentiality of arbitration and the ensuing award is also a major feature which attracts parties to use arbitration (and indeed other ADR processes) to resolve their disputes. Outside the context of dispute settlement, the protection of confidential or sensitive business information and trade secrets is also necessary and important for the normal functioning of the commerce world.

23. Confidentiality is particularly important in the IP context because

[24] See Case T-201/04 *Microsoft v Commission* [2007] ECR II-3601. The *Microsoft* case is considered as one of the most famous refusal to license cases in the EU. The litigation covered the span of a decade and addressed many forms of IPRs (e.g. patent, copyright, trade mark and trade secrets). The relationship between IPR protection, innovation, and competition featured prominently in this case. See also Anderman & Ezrachi, Intellectual Property and Competition Law: New Frontiers, Oxford University Press (2011 Ed), p.63.

the entitlement to a grant of IPRs (notably patents and registered designs) could be prejudiced by the pre-mature disclosure of the creation or invention. In this regard, one of the requirements for the grant of a patent or design registration is that the relevant invention or design must be "new". In other words, the invention or design should not be published or made available to the public before, broadly speaking, the date of filing of the application for grant or registration in Hong Kong or, in case of a standard patent application via the re-registration system, the designated patent office.[25] Otherwise, the new invention or design would no longer be patentable or registrable.

24. There is no suggestion that the confidential nature of arbitration *per se* renders the arbitration of IPR disputes anti-competitive. Rather than requiring disclosure of confidential arbitral awards (and other confidential settlements or commercial arrangements) across the board, safeguards already exist in the current arbitration and competition law regimes to deal with instances in which questions of anti-competition arise in the context of arbitration.

(IV) Competition issues may be addressed under existing arbitration and competition law regimes

(1) Third parties rights not affected by arbitration

25. Currently under the AO, unless the arbitration parties otherwise agree, an arbitral award is only binding on them and on persons claiming through or under them.[26] Third parties are at full liberty to challenge a registered IPR owner in arbitration, in court,[27] before the Registrar or even raise complaint with the competition authorities, as they see fit.

(2) Arbitrator may consider competition issues

26. While there is yet to be local judicial authority on the point, taking into account the growing trend in international arbitration in

[25] For example, sections 9A(1) and 9B of the Patents Ordinance (Cap. 514) as amended by the Patents (Amendment) Ordinance 2016 (not yet commenced); section 5 of the Registered Designs Ordinance (Cap. 522).

[26] Section 73 of the AO. See also proposed section 103E in the Bill.

[27] William Grantham, "The Arbitrability of International Intellectual Property Disputes," *Berkeley Journal of International Law*, Vol. 14:173 (1996) at 198-199.

accepting the arbitrability of competition disputes over the last few decades,[28] and having regard to sections 108 and 109 of the CO, an arbitrator who applies the substantive law in deciding the case before him arguably has power to take competition law into account.

(3) Non-enforcement of awards which give effect to anti-competitive arrangements

27. Under the AO, the court has power to set aside an award,[29] or refuse its enforcement,[30] if the award or its enforcement is contrary to the public policy of Hong Kong. In this regard, the Bill merely proposes that an arbitral award or its enforcement would not be regarded as contrary to the public policy of Hong Kong only because it relates to an IPR dispute. It leaves open the question of enforceability of award on a case-by-case basis if public policy ground can otherwise be shown.

28. In the European Union, it is now accepted that the court has power to annul an arbitral award which gives effect to an anti-competitive arrangement between undertakings.[31] Hence, if the court in Hong Kong finds that an arbitral award gives effect to an underlying anti-competitive agreement, contrary to the CO, it should have power to set aside the award or refuse to enforce it on the public policy ground.

(4) Competition Commission's investigative powers under the CO

29. The competition authorities are not barred from looking into

[28] See for example the US Supreme Court case of *Mitsubishi Motors v Soler Chrysler Plymouth* 473 U.S. 614, 105 S.Ct. 3346 (1985); the European Court of Justice in *Eco Swiss v Benetton International NV* (Case C-126/87 [1999] ECR I-3055), affirmed recently in *Genentech* C-567/14 (*op. cit.*); the Spanish case of *Camimalaga S.A.U. v DAF Vehiculos Industriales S.A. and DAF Truck N.V.* (Audiencia de Madrid (Court of Appeal of Madrid), Seccion 28, 18 Oct. 2013); the Swiss case of *Ampaglas S.p.A. v Sofia S.A.* (Swiss Courts Tribunal Cantonal Vaudois, Judgment of 28 October 1975). See also Julian D M Lew, "Chapter 12 – Competition Laws: Limits to Arbitrator's Authority" in Loukas A Mistelis and Starvis L Brekoulakis, *Arbitrability: International and Comparative Perspectives*, Kluwer Law International (2009); and Trevor Cook and Alejandro I Garcia, *International Intellectual Property Arbitration*, Kluwer Law International (2010), pp.72-73. Also see Thomas D Halket, *Arbitration of International Intellectual Property Disputes* (2012), p.84. But note, e.g., the author's arguments against non-arbitrability of antitrust claims in Robert Argen, "Ending Blind Spot Justice: Broadening the Transparency Trend in International Arbitration," *Brooklyn Journal of International Law*, Vol. 40:1 (2014) 207 at 234, 238 and 242.

[29] Section 81(2)(b) of the AO.

[30] Sections 86(2)(b), 89(3)(b), 95(3)(b) and 98D(3)(b) of the AO.

[31] In the CJEU case of *Genentech* (Case C 567/14) (*op. cit.*), the Advocate General in his Opinion confirmed that that the court must annul an arbitral award if it gives effect to an agreement between undertakings which infringes Article 101 of TFEU (the EU equivalent of the FCR).

problematic cases or complaints brought to their attention. Under the CO, the Competition Commission has investigation powers,[32] including power to issue notices requiring a person to provide documents, information and/or to give evidence before the Commission under sections 41 and 42.[33] Section 46 of the CO further provides that a person is not excused from providing to the Commission any information or producing any document to the Commission in respect of which an obligation of confidence is owed to another person. There is no CO provision excluding the disclosure of arbitral award or information relating to the arbitral proceedings from such powers of the Competition Commission. Similarly, such disclosure is permitted under section 18(2)(b) of the AO. In other words, the fact that the arbitration regime provides for confidentiality of documents relating to arbitration, including arbitral awards, does not immune these documents from the statutory investigative powers of the Competition Commission.

B. Whether IPR arbitral award should be disclosed to the public, e.g. by recording on the IPR registers maintained by IPD

(I) Disclosure of IPR arbitral award is a matter of policy requiring the balancing of different public policy considerations

30. As the use or confidentiality of arbitration (including IPR arbitration) does not itself give rise to questions of anti-competition under the CO, whether disclosure of IPR arbitral awards should be required is a policy question to be considered in light of wider public policy considerations, including the paramount importance of confidentiality in the context of arbitration and the safeguards available for third party interests.

(II) Confidentiality has special importance in Hong Kong's arbitration regime

31. Currently, the Bill does not require the public disclosure of IPR arbitral awards (including the recordal of such awards with the relevant

[32] See Part 3, Division 2 of the CO.
[33] Subject to CO section 39 including satisfaction of the CO section 39(2) reasonable cause threshold.

IPR Registrar in Hong Kong). This is consistent with the treatment of arbitral awards across the board under Hong Kong's arbitration regime. In formulating this policy, the Government and the Working Group on the Arbitrability of Intellectual Property Rights[34] have taken note of the special importance of confidentiality in Hong Kong's arbitration regime, as well as the practice of jurisdictions outside Hong Kong.

32. Confidentiality has long been a common feature in international arbitration and tends to be provided for in the rules of arbitration institutions. In the case of Hong Kong, confidentiality has special importance in our arbitration regime in that Hong Kong has seen fit to have incorporated an express provision on confidentiality in its arbitration legislation.[35] Section 18 of the AO, which provides for confidentiality of arbitration,[36] is a new provision which does not have a counterpart under the old Arbitration Ordinance (Cap. 341) or the UNCITRAL Model Law.[37] It was included in the Arbitration Bill 2009 with the clear policy intent of further safeguarding the confidentiality in arbitration, while recognizing the need for disclosure in exceptional circumstances.[38]

33. Generally speaking, given the private nature of arbitration as a means to resolve private disputes as between the parties, and given the *inter partes* nature of arbitral awards, third party rights are generally not affected by the outcome of arbitration. As noted in paragraph 25 above, regardless of the arbitrator's finding (including upholding the ownership or validity of a registered IPR, or upholding an existing IPR-related commercial arrangement), a third party remains free to challenge the IPR / IPR owner in court (or arbitration), or before the Registrar, and may

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[34] The Working Group comprised representatives from the Department of Justice, IPD, the Hong Kong International Arbitration Centre and legal practitioners with expertise in the area.

[35] John Choong and Romesh Weeramantry, *The Hong Kong Arbitration Ordinance: Commentary and Annotations* (2015, Sweet & Maxwell), p.94.

[36] Section 18(1) provides that unless otherwise agreed by the parties, no party may publish, disclose or communicate any information relating to the arbitral proceedings or arbitral award, subject to the exceptional circumstances where disclosure may be made, as set out in section 18(2).

[37] The UNCITRAL Model is silent on the issue of confidentiality.

[38] See LC Paper No. CB(2)162/10-11 Report of the Bills Committee on Arbitration Bill to Council, at para. 37, http://www.legco.gov.hk/yr08-09/english/bc/bc59/reports/bc591110cb2-162-e.pdf . Section 18 implements para. 8.14 to 8.19 of the *Report of the Committee on Hong Kong Arbitration Law in 2003*, available at http://www.legco.gov.hk/yr08-09/english/bc/bc59/papers/bc590728cb2-2261-3-e.pdf. See also the *Consultation Paper on Reform of the Law of Arbitration in Hong Kong and Draft Arbitration Bill 2007*, at p.19, paras. 2.35 and 2.36, available at http://www.doj.gov.hk/eng/public/pdf/2007/arbitration.pdf .

even lodge a complaint with the competition authorities where there are competition concerns. Thus, generally speaking, third parties should not be concerned about the confidential nature of arbitration or arbitral awards.

34. That said, to the extent that the privacy of arbitration proceedings may give rise to concerns about whether the interests of third parties are being affected, safeguards for third party interests are available under the existing legal framework. Apart from the safeguards discussed in paragraphs 25 to 29 above, other safeguards for third party interests are available under our current legal regime more generally.

(III) Safeguards for third party interests

(1) Exceptions to the confidentiality of arbitration

35. Under the AO, confidentiality of arbitration can be waived by the agreement of the parties (section 18(1) of the AO). Moreover, section 18(2) of the AO sets out the exceptional circumstances in which disclosure of the arbitral award or information relating to the arbitral proceedings can be made by an arbitration party.[39] As noted above, this includes disclosure of information relating to the arbitral proceedings or the arbitral award to a public authority as required by law e.g. disclosure to the Competition Commission pursuant to the latter's investigative powers under the CO.

(2) Documents relating to arbitration not privileged from discovery

36. Furthermore, the confidentiality of IPR arbitral awards does not confer any privilege on documents relating to arbitral proceedings, including arbitral awards. In principle, these documents are not privileged from discovery in subsequent court proceedings between a party to the arbitration and a third party, provided that the documents are

[39] Section 18(2) permits the publication, disclosure or communication of information relating to the arbitral proceedings or the arbitral award by an arbitration party if the publication etc. is made (a) (i) to protect or pursue a legal right or interest of the party, or (ii) to enforce or challenge the arbitral award, in court or judicial proceedings in or outside Hong Kong; (b) to any government body, regulatory body, court or tribunal and the party is obliged by law to make the publication, disclosure or communication; or (c) to a professional or any other adviser of any of the parties.

relevant to the issue in the action.[40]

(3) Third parties may protect their interest by contractual arrangements

37. As far as registered IPRs are concerned, the IPR Register is prima facie evidence of the matters recorded therein,[41] including the identity of the registered proprietor of the IPR. Further, since IPRs are often used in the course of business, third parties e.g. prospective licensees and purchasers dealing with the registered proprietor would often conduct due diligence before entering into any transactions relating to the use or transfer of ownership of IPRs. They may also seek to protect their position in negotiations with the registered IPR owner by including suitable provisions to protect their interests, e.g. representations and warranties on title and ownership or right to authorize use of the IPR and no breach of any IPRs of any third party by use of the IPRs by licensees; and indemnity for breach of any such representations or warranties.

(4) Bona fide purchaser of legal interest without notice takes free of the equitable encumbrance

38. In the event that an arbitrator decides that a registered proprietor's title in the IPR is subject to the equitable interest of a third party, a bona fide purchaser of the legal interest in the IPR for value without notice of the potential equitable interest will take free of the potential encumbrance.[42]

(IV) Inter partes arbitral award with a Contrary Finding does not necessarily mean that there is "defect" in the IPR

39. An *inter partes* arbitral award which makes a Contrary Finding in respect of a registered IPR does not necessarily mean that there is a "defect" in the IPR.

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[40] *Shearson Lehman Hutton Inc. & Anr v Maclaine Watson & Co. Ltd.* (No. 3) [1988] 1 WLR 946.

[41] Section 79(1) of the Trade Marks Ordinance (Cap. 559), section 51(9) of the Patents Ordinance (Cap. 514) as amended by the Patents (Amendment) Ordinance 2016 and section 65(1) of the Registered Designs Ordinance (Cap. 522)

[42] The doctrine of the bona fide purchaser without notice applies to the determination of the priority of equitable interests affecting a right of legal ownership in personal property (see *Snell's Equity*, 33rd Edition, 2015, Sweet & Maxwell, at para. 4-019).

40. The outcome of an arbitration depends on the procedures adopted between the arbitration parties as well as the actual evidence or materials submitted by the parties to the arbitrator. Even if the arbitrator makes a Contrary Finding, it cannot be assumed that the court or Registrar would come to the same view when deciding on the IPR *erga omnes* in a different set of proceedings involving different parties, and based on the evidence and materials before the court / Registrar and applying different procedural rules.

41. Thus, an arbitral award which finds against the registered IPR owner should not be regarded as a "defect" in the IPR justifying disclosure to non-parties to the arbitration or to the public at large. Conversely, third parties are not prevented from initiating separate legal proceedings to contest the validity of an IPR, even if the validity of the IPR has been upheld in an arbitration.

42. Indeed, an IPR owner may arbitrate on the validity of an IPR with different parties in different sets of arbitral proceedings. The arbitrators may decide on the validity of the IPR differently. Mandatory recordal of these arbitral awards on the IPR registry could mislead or confuse the public as to the effect of these awards and the validity or invalidity of the IPR.

43. In fact, currently, owners of registered IPRs have no obligation to disclose any findings in technical or expert reports/opinion which expose any potential "defect" or "weakness" in the registered IPRs. An arbitral award is akin to an expert opinion which the arbitration parties decide to treat as binding as between themselves. Thus, there seems no reason why IPR arbitral awards should be singled out for disclosure.

C. <u>Prevailing international practice does not require the disclosure / recordal of IPR arbitral awards with *inter partes* effect</u>

44. We have researched into the law and practice of 30 jurisdictions with a relatively active arbitration practice and/or relatively high IP application volume concerning the arbitrability of IPR disputes and the

disclosure or non-disclosure of IPR arbitral awards in those jurisdictions. The research is conducted based on open-source legal materials and enquiries with relevant government authorities in those jurisdictions. **Annex B** sets out a summary of our research findings. According to our research:

(a) Whilst many jurisdictions have not expressly legislated for the arbitrability of IPRs in their laws, IPRs may, to varying degree, be considered arbitrable under the arbitration law of those jurisdictions. That said, in the absence of express legislative provision or decisive case authority on the issue, the exact legal position may not be entirely clear.

(b) In most cases, arbitral awards, including IPR awards, only have *inter partes* effect.

(c) Most of the surveyed jurisdictions do not require any form of public disclosure of IPR arbitral awards (including recordal of the awards with the IPR registry). The confidential nature of arbitration and requirement for consent of the arbitration parties is often cited as the rationale for this policy. IPR arbitral awards are not treated differently from other arbitral awards.

(d) In some jurisdictions, e.g. the Czech Republic and Mexico, arbitral awards (with or without anonymization) , may be published by the arbitration institutions or pursuant to law. This treatment reflects the general arbitration law and practice in those jurisdictions, or the general law regarding transparency of decisions made by an executive authority, and is not specific to IPR arbitral awards.[43]

(e) Some jurisdictions require certain arbitral awards relating to registered IPRs to be filed with the relevant IPR registry. Broadly speaking, the rationale for the recordal requirement appears to be as follows:

[43] Compare section 17 of the AO which also provides for the Court of First Instance to direct the publication of reports on judgments in respect of closed court proceedings under the AO (subject to the concealment of confidential information, including the parties' identity, as appropriate).

(i) Disclosure is required because the arbitral award has *erga omnes* effect or results in the change of registered information on the IPR register (e.g. Belgium, Portugal and Switzerland);

(ii) Disclosure is required for arbitral awards relating to specific subject matters, and reflects the specific IP or public policy considerations and priorities in those jurisdictions (e.g. domain name disputes (Chile); the working of patents and licensing of trade marks (India); medicines and generic medicines (Portugal); patents and registered vessel hull designs (United States)).

However, none of these jurisdictions applies the recordal requirement across the board to all arbitral awards relating to registered IPRs.

45. Separately, it is pertinent to note that the World Intellectual Property Organization's arbitration rules (reflecting general acceptance of arbitrability of IPR) contain detailed provisions prescribing the confidentiality of the existence of the arbitration, confidentiality of disclosures made during the arbitration, and confidentiality of the award.[44] The general position is that IPR arbitral awards shall be treated as confidential and may not be disclosed to a third party unless the arbitration parties consent, or the award falls into public domain as a result of action before the domestic court or other competent authority, or it must be disclosed in order to comply with a legal requirement, or to establish or protect a party's legal rights against a third party.[45]

46. In other words, while some jurisdictions have adopted the approach of disclosing all (anonymized) arbitral awards, or some types of IPR arbitral awards (including by recordal with the IPR registry), the prevailing general practice in most surveyed jurisdictions in which IPR disputes are arbitrated is to treat *inter partes* IPR arbitral awards similarly as other *inter partes* arbitral awards in their arbitration regimes. These awards are generally treated as confidential and not disclosed to the public without the parties' consent, or they are otherwise not subject to

[44] WIPO Arbitration Rules Arts 54 and 75-77.
[45] WIPO Arbitration Rules Art. 77.

mandatory disclosure requirement. In short, the prevailing international practice does not require the mandatory disclosure or recordal of IPR arbitral awards.

D. Consistency with existing policy for recording entries on IPR registers maintained by IPD

47. We have also considered the non-disclosure or non-recordal of IPR arbitral awards, in light of the role of the IPD in discharging the functions and powers as Registrar of the relevant IPRs under the Patents Ordinance (Cap. 514), the Trade Marks Ordinance (Cap. 559) and the Registered Designs Ordinance (Cap. 522) and their respective subsidiary legislation. Under the above laws, the Registrar is required to conduct examination of the applications for registration/grant of IPRs in accordance with the detailed statutory provisions therein. Any third party who wishes to oppose, invalidate or revoke the registration/grant of an IPR could initiate proceedings before the court or the Registrar. The decisions of the court or the Registrar have effect against all parties (*erga omnes* effect) and such decisions are required by law to be recorded on the relevant IPR register. Further, certain prescribed transactions such as IPR assignments and licences and the grant of security interest over an IPR have to be recorded on the relevant IPR register in order to be effective against third parties.

48. In effect, all entries that are currently recorded on the IPR registers have *erga omnes* effect. By contrast, arbitral awards only have *inter partes* effect and are not binding on third parties. In line with the current policy, arbitral awards concerning IPRs are not recorded on the IPR registers. This treatment of IPR arbitral awards also accords with our understanding of the prevailing practice of other jurisdictions according to our above-mentioned research.

Annex B

Summary Table of Arbitration of Intellectual Property Rights ("IPRs") in Different Jurisdictions

Jurisdiction	Arbitrability of disputes over IPRs	Effect of IPR arbitral award	Mandatory requirement for disclosure/recordal of IPR arbitral awards	Rationale behind the disclosure/ non-disclosure treatment (if known)
Asia and Australasia				
Australia	IPR disputes are arbitrable.[1]	*Inter partes* effect.	No.	Consistency with other arbitration arrangements.
China (Mainland)	Disputes involving copyright are arbitrable.[2] Disputes relating to patents and trade marks (except those concerning their validity) are also arbitrable.[3]	*Inter partes* effect.	No.	Similar treatment as other civil or commercial arbitral awards.
India	IPR disputes may be arbitrated by the parties' agreement or as directed by the court.[4]	*Inter partes* effect.	Generally speaking, no. However, awards relating to specific subject matters (i.e. a licence by the patentee, or a licence allowing others to use the registered trade mark) may be caught by Indian IP law and be	Indian patent law currently requires a patentee/licensee to submit information/annual statement to the Patent Office stating the extent to which the patent is being commercially worked.[6]

[1] International Arbitration Act 1974 (Commonwealth) and Uniform Commercial Arbitration Acts in most state and territory jurisdictions.

[2] Article 55 of the Copyright Law of the People's Republic of China ("PRC").

[3] Thomas D. Halket, *Arbitration of International Intellectual Property Disputes* (2012, JurisNet), p.94; Jingzhou Tao, "Arbitration Law of the PRC, Chapter 1, Article 3 (Definition of non-arbitrable disputes)" in Loukas A. Mistelis ed., *Concise International Arbitration* (2015, 2nd ed, Kluwer Law International), p. 913. See also Articles 45 and 46 of the Patent Law of the PRC; Articles 44 and 45 of the Trademark Law of the PRC.

[4] India Arbitration and Conciliation Act 1996.

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Jurisdiction	Arbitrability of disputes over IPRs	Effect of IPR arbitral award	Mandatory requirement for disclosure/recordal of IPR arbitral awards	Rationale behind the disclosure/ non-disclosure treatment (if known)
			required to be disclosed to the IP Registrar.[5] The disclosed information is also published in the official website.	Indian trade mark law requires the registered proprietor and the proposed registered user to jointly make an application to the Registrar together with, *inter alia*, the agreement in writing or a duly authenticated copy thereof, between the registered proprietor and the proposed registered user with respect to the permitted use of the trade mark.[7]
Japan	Civil disputes that can be settled by the parties (such as infringement) are arbitrable. There is literature suggesting that patent validity disputes appear to be arbitrable.[8]	*Inter partes* effect.[9]	No.	Confidentiality of arbitration.
Korea	IPR disputes are arbitrable in principle.[10]	*Inter partes* effect.[11]	No.	Not disclosed because the arbitral awards are only binding between the parties.

[6] Section 146 Indian Patent Act 1970 (as amended).
[5] Patents Act 1970 (as amended) and Trade Marks Act 1999 (as amended).
[7] Section 49 of the Indian Trade Marks Act 1999.
[8] Thomas D. Halket, *op. cit.*, p. 95.
[9] Ibid.
[10] Arbitration Act.
[11] Article 35 Arbitration Act.

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Jurisdiction	Arbitrability of disputes over IPRs	Effect of IPR arbitral award	Mandatory requirement for disclosure/recordal of IPR arbitral awards	Rationale behind the disclosure/ non-disclosure treatment (if known)
Malaysia	All types of IPR disputes are arbitrable.[12]	*Inter partes* effect.[13]	No.	Confidentiality of arbitration.
Singapore	There appears to be no specific law addressing the question. There is literature suggesting that section 58(6) of the Patent Act indicates that the question of validity may be arbitrable in limited circumstances and with specific sanction of the court.[14]	*Inter partes* effect.[15]	It appears that there is no disclosure/recordal requirement.	
Thailand	All aspects of IPR disputes are arbitrable.[16]	*Inter partes* effect.	No.	Importance of confidentiality of arbitration. No disclosure of award unless parties agree.
Africa and Middle East				

[12] Arbitration Act (646 of 2005), Kuala Lumpur Regional Centre for Arbitration (KLRCA) Arbitration Rules (revised 2013); UNCITRAL Arbitration Rules (as revised in 2010).

[13] Arbitration Act (646 of 2005).

[14] Ankur Gupta, "Arbitrability disputes concerning validity and infringement of IPRs" (available at http://www.lawgazette.com.sg/2010-04/feature2.htm); Thomas D. Halket, *op. cit.*, p.95.

[15] Section 44(1) of Arbitration Act and section 19B(1) of the International Arbitration Act provide that "[a]n award made by the arbitral tribunal pursuant to an arbitration agreement shall be final and binding on the parties and on any person claiming through or under them..."

[16] Arbitration Act B.E. 2545 (2002) and Ministry of Commerce Regulation on IPR Arbitration of 2002.

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Jurisdiction	Arbitrability of disputes over IPRs	Effect of IPR arbitral award	Mandatory requirement for disclosure/recordal of IPR arbitral awards	Rationale behind the disclosure/ non-disclosure treatment (if known)
Mauritius	IPR disputes are arbitrable.[17]	*Inter partes* effect.	No.	Confidential nature of arbitration.
South Africa	Disputes concerning copyright, patents and designs[18] are arbitrable. Trade marks disputes cannot be arbitrated.[19]	*Inter partes* effect.	No.	Arbitration proceedings are used to resolve private disputes between the parties. IPRs are considered private rights. Further, parties choose arbitration because they do not want sensitive information to be made public.
The Americas				
Canada	All IP issues arbitrable.[20]	*Inter partes* effect.	No.	Confidentiality of arbitration. No disclosure unless parties consent or pursuant to exceptions under the law.
Chile	Disputes regarding industrial property rights and domain names are arbitrable. However, validity of IPRs are not arbitrable as it falls	*Inter partes* effect.	No, except for arbitral awards concerning domain name disputes, which are uploaded onto the online arbitral system website of NIC Chile	Article 644 of the CPC is not a disclosure / publication requirement but a record keeping requirement. It applies to all arbitral awards and not

[17] Subject to the Code of Civil Procedure, Articles 1003 to 1027-9.
[18] South African Patents Act No. 57 of 1978 and South African Designs Act No. 195 of 1993.
[19] The Tribunal of the Registrar of Trade Marks is an alternative forum to High Court for resolving trademarks disputes (Trade Marks Act 194 of 1993).
[20] *Desputeaux v Editions Chouette* (1987) Inc., 1 S.C.R. 178 (Can. 2003). The Supreme Court of Canada held that "[t]he parties to an arbitration agreement have virtually unfettered autonomy in identifying the disputes that may be the subject of the arbitration proceedings."

Jurisdiction	Arbitrability of disputes over IPRs	Effect of IPR arbitral award	Mandatory requirement for disclosure/recordal of IPR arbitral awards	Rationale behind the disclosure/ non-disclosure treatment (if known)
	within the exclusive competence of INAPI (Instituto Nacional de Propiedad Industrial).		and accessible by the public. In addition, Article 644 of the Civil Procedure Code ("CPC") requires the case file of all arbitrations to be filed with the office which has custody of court trial records once the arbitral award has become final and binding.	just IPR awards.
Colombia	There is no specific provision on the arbitrability of IPR disputes.[21] However, disputes over IPRs for which parties have the right to dispose (e.g. ownership, infringement, contracts etc.) may be arbitrable. Validity of IPRs is arbitrable as between the arbitration parties (i.e. *inter partes*).	*Inter partes* effect.[22]	No.[23]	Arbitration normally confidential. No special treatment for IPR awards.
Mexico	Copyright disputes are arbitrable.[24] Civil IPR disputes could be	*Inter partes* effect.	Yes.	Disclosure made by public authorities pursuant to general law on access to public information.[26] The requirement

[21] Statute of National and International Arbitration and other provisions (Law 1563 of 2012).

[22] However, arbitral awards in Columbia may in some cases apply to other persons: see Article 36 etc. of Law 1563 of 2012.

[23] However, the arbitration award must be submitted to the Industrial Property Registry if it is intended to be used as an evidence document within an administrative procedure that generates a change in or otherwise affects such Registry.

[24] Articles 219-228 Federal Law of Copyright; Articles 143-155 Regulations of the Federal Law of Copyright.

Jurisdiction	Arbitrability of disputes over IPRs	Effect of IPR arbitral award	Mandatory requirement for disclosure/recordal of IPR arbitral awards	Rationale behind the disclosure/ non-disclosure treatment (if known)
	submitted to arbitration by agreement.[25]			applies mainly to decisions made by agencies of the executive branch of government but it is broad enough to include arbitral awards issued by or under the auspices of the executive agencies.
United States	Yes. Specifically, disputes relating to the validity and/or infringement of patents; [27] copyright; [28] trade marks;[29] and infringement dispute relating to a registered vessel hull design,[30] are arbitrable.	*Inter partes* effect.[31]	Yes for awards concerning a US patent or a registered vessel hull design. Notice of the award to be given to the Director of the US Patent and Trademark Office ("USPTO") or the Register of Copyrights (as the case may be). For patents, a copy of the award has to be filed with the USPTO. The award is unenforceable until notice is given or received by the relevant authority.[32] There appears to be no	The filing and notification requirement (for patents) ensures that the public may become aware of the substance of the award and any limitations it may impose on the patent grant.[33] Difference in recordal requirements between different types of IPRs - reasons unknown.

[26] Article 70, section XXXVI of the General Law on Transparency and Access to Public Information (DOF 5 May 2015).
[25] Article 227 Industrial Property Act.
[27] 35 U.S.C. section 294 expressly provides, *inter alia*, that disputes relating to patent validity or infringement can be settled by arbitration.
[28] *Saturday Evening Post Co. v Rumbleseat Press Inc.* 816 F. 2d 1191 (7th Cir. 1987).
[29] *Alexander Binzel Corp. v Nu-Tecsys Corp.* 1992 WL 26932 (N.D. III. 1992); *Daiei, Inc. v US Shoe Corp*, 755 F. Supp. 299 (D. Hawaii 1991).
[30] 17 U.S.C. section 1321(d). The Vessel Hull Design Protection Act (codified at Chapter 13 of 17 U.S.C.) provides *sui generis* protection for original designs of vessel hulls and decks.
[31] 35 U.S.C. section 294(c).
[32] 35 U.S.C. section 294(d), (e) and 37 C.F.R.l. 335(a); 17 U.S.C. section 1321(d).
[33] Thomas D. Halket, *op. cit.*, p. 89.

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Jurisdiction	Arbitrability of disputes over IPRs	Effect of IPR arbitral award	Mandatory requirement for disclosure/recordal of IPR arbitral awards	Rationale behind the disclosure/ non-disclosure treatment (if known)
			disclosure/recordal requirement for awards relating to other types of IPRs.	
Europe				
Austria	Any claim involving an economic interest which lies within the jurisdiction of the courts can be subject to arbitration.[34] Hence, disputes concerning IPR licences and IPR infringement are arbitrable. However, the following disputes in respect of patents and trade marks are not arbitrable: grant or refusal to grant the IPR; revocation/cancellation; abandonment; issue of compulsory licence in respect of the IPR.[35]	*Inter partes* effect.	No.	Arbitration is usually confidential. Arbitral awards are not disclosed unless the parties otherwise agree.
Belgium	Any disputes regarding any type of intellectual property right as long as such dispute can legally be the subject of an agreement.[36] In particular, disputes concerning the	Normally *inter partes* effect. However an arbitral award	A final arbitral award concerning invalidity of patents has to be presented to the Registrar of Patents and entered in its database.	The recordal requirement applies to awards on invalidity of patents which have *erga omnes* effect. Disclosure serves to inform the public.

[34] Section 582(1) of the Austrian Civil Procedural Code.
[35] Section 57(1) of the Austrian Patent Code and section 35(1) of the Austrian Trademarks Code.
[36] Article 1676 of the Belgian Judicial Code.

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Jurisdiction	Arbitrability of disputes over IPRs	Effect of IPR arbitral award	Mandatory requirement for disclosure/recordal of IPR arbitral awards	Rationale behind the disclosure/ non-disclosure treatment (if known)
	ownership, validity, infringement, compensation for infringement and licensing (other than compulsory licensing) of patents are arbitrable.[37]	which decides that a patent is invalid has effect against all parties (*erga omnes* effect).[38]	It appears that other arbitral awards need not be disclosed.	
Czech Republic	All IPR disputes are arbitrable. However, IPRs may not be revoked or limited in arbitration proceedings.[39] Validity of IPRs cannot be arbitrated.	*Inter partes* effect.	No legal requirement for publication of arbitral awards (including IPR awards). However, fundamental arbitral awards (anonymised) may be published on the website of the Arbitration Court[40].	Similar treatment as other arbitral awards.
Denmark	Infringement and licensing disputes on IPR are arbitrable. Validity of registered industrial property rights is not arbitrable.	*Inter partes* effect.	No mandatory requirement for disclosure / recordal.	Similar treatment as other arbitral awards.

[37] Article XI.337 of the Belgian Code of Economic Law.
[38] Article XI.59(1) of the Belgian Code of Economic Law.
[39] Act No. 216/1994 Coll., on Arbitration Proceedings and Enforcement of Arbitral Awards, as amended.
[40] i.e. the Arbitration Court attached to the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic. Consent of the Board of the Arbitration Court is required for publication but consent of the parties is not required.

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Jurisdiction	Arbitrability of disputes over IPRs	Effect of IPR arbitral award	Mandatory requirement for disclosure/recordal of IPR arbitral awards	Rationale behind the disclosure/ non-disclosure treatment (if known)
France	IPR disputes are arbitrable under the following circumstances: - IPR disputes are arbitrable to the extent they relate to rights which can be freely disposed of, except for matters concerning public policy. [41] - Patent validity issues raised incidentally in a contractual dispute may be arbitrated.[42]	*Inter partes* effect.[43]	It appears that there is no disclosure/recordal requirement.	It appears that since the effect of the arbitral award is only *inter partes*, there is no recordal or disclosure requirement.[44]
Finland	Any dispute in a civil or commercial matter which can be settled by agreement between the parties may be arbitrable. [45]	*Inter partes*.	No.	Arbitral awards are confidential.
Germany	Any claim under property law may be arbitrable. Non-pecuniary claims may be arbitrable insofar as the parties to the dispute are entitled to conclude a settlement regarding the subject matter of the dispute.[46]	*Inter partes* effect.[47]	No.	Confidential nature of arbitration. No disclosure unless parties agree.

[41] Articles 2059 and 2060 of the French Civil Code.
[42] *Liv Hidravlika D.O.O. v S.A. Diebolt*, Paris Court of Appeal, 28 February 2008.
[43] E. Fortunet, "Arbitrability of Intellectual Property Disputes in France", *Arbitration International*, Vol. 26, No. 2 (2010): 281-299, p. 290.
[44] Ibid.
[45] Act on Arbitration (Finland) 1992.
[46] Section 1030(1) German Code of Civil Procedure.
[47] Section 1055 of the German Code of Civil Procedure.

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Jurisdiction	Arbitrability of disputes over IPRs	Effect of IPR arbitral award	Mandatory requirement for disclosure/recordal of IPR arbitral awards	Rationale behind the disclosure/ non-disclosure treatment (if known)
Italy	Disputes over negotiable rights are arbitrable, including ownership and infringement of IPRs and generally, decisions with *inter partes* effect. On the other hand, disputes over non-negotiable rights (e.g. validity and, more generally, judgments with *erga omnes* effect), cannot be arbitrated, except where validity is raised as a defence/counterclaim.[48]	*Inter partes* effect.	No, unless in the case of enforcement of the arbitral award by the court. In such case, on a request basis, the clerk of court may provide a copy of the award to the applicant (subject to such restrictions as the court may impose).	Similar treatment of IPR awards as other arbitral awards.
Netherlands	Parties may agree to submit to arbitration disputes arising out of a defined legal relationship, whether contractual or not, including the validity of IPRs as between the arbitration parties (i.e. *inter partes*). Arbitrators do not have the power to directly revoke or nullify registered IPRs. [49]	*Inter partes* effect.	No.	Confidentiality of arbitration.

[48] Article 806 of the Civil Procedure Code (Royal Decree 28 October 1940, no. 1443); Articles 122 and 123 of the Industrial Property Code (Legislative Decree 10 February 2005); *Giordani v Battiati*, Court of Cassation, 3 October 1956, no. 3329; *Scherk v Grandes Marques*, Court of Cassation, 15 September 1977, no. 3989 and *Quaker-Chiari & Forti S.p.A. v. Europe Epargne s.r.l*, Court of Cassation, 19 May 1989, no. 2406.

[49] Article 1020(3) Dutch Code of Civil Procedure.

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Jurisdiction	Arbitrability of disputes over IPRs	Effect of IPR arbitral award	Mandatory requirement for disclosure/recordal of IPR arbitral awards	Rationale behind the disclosure/ non-disclosure treatment (if known)
Norway	There is no specific provision on the arbitrability of IPR disputes. However, IPR disputes are arbitrable based on general principle of freedom of contract under Norwegian law.	*Inter partes* effect.	No.	Arbitral awards only have *inter partes* effect. It is up to the parties to decide whether or not to disclose.
Poland	Copyright issues, including both economic and moral rights, are arbitrable except that the Copyright Commission has exclusive competence to approve the remuneration tables of collecting management organisations ("cmo") and to indicate the appropriate cmo for the rightholder not represented by any cmo. Contractual and licensing disputes relating to industrial property rights are also arbitrable.	*Inter partes* effect.	No.	Confidential nature of arbitration. Arbitral awards not published unless parties agree otherwise.
Portugal	All disputes involving economic interests are arbitrable unless the court has exclusive jurisdiction over the disputes.[50]	*Inter partes* effect.	Generally no, but Portuguese arbitration law allows (but not mandates) arbitral awards to be published if anonymised, unless an arbitration party objects.[53]	Arbitral awards concerning appeals from INPI's decisions may be published as this concerns changes to the IP Register.

[50] Article 1 of the Portuguese Law on Voluntary Arbitration 2011 (Law No. 63/2011 (14 December 2011)).
[53] Article 30(6) of the Portuguese Law on Voluntary Arbitration 2011.

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	Moreover, disputes concerning decisions of the Portuguese Institute of Industrial Property (INPI) may be subject to arbitration as an alternative to judicial appeal.[51] In addition, industrial property right disputes concerning medicines and generic medicines are subject to compulsory arbitration.[52]		In arbitral proceedings concerning the decisions of INPI, the arbitral tribunal may decide to publish the arbitral award (anonymised) in the Portuguese Industrial Property Bulletin.[54] Arbitral awards concerning industrial property right disputes concerning medicines and generic medicines must be published in the Portuguese Industrial Property Bulletin, with confidential information redacted if the parties so wish.[55]	Disputes concerning medicines and generic medicines used to be resolved in court. These disputes were made subject to compulsory arbitration by Law No. 62/2011 to expedite the resolution of the disputes.
Sweden	No express provision on arbitrability of IPR disputes. However, disputes concerning matters in respect of which the parties may reach a settlement are arbitrable. [56] This would include disputes of a contractual nature and	*Inter partes* effect.	No.	Arbitration is a method for parties to resolve their disputes. Importance of confidentiality in arbitration.

[51] Articles 48-50, Industrial Property Code 2003 (as amended).
[52] Law No. 62/2011 (12 December 2011).
[54] Articles 35(3) and 48(3) of the Industrial Property Code 2003 (as amended).
[55] Law No. 62/2011 (12 December 2011).
[56] Swedish Arbitration Act (SFS 1999:116).

Jurisdiction	Arbitrability of disputes over IPRs	Effect of IPR arbitral award	Mandatory requirement for disclosure/recordal of IPR arbitral awards	Rationale behind the disclosure/ non-disclosure treatment (if known)
	also ownership and infringement of IPRs.[57] Uncertain: validity of IPRs may be inarbitrable.[58]			
Switzerland	All issues of IPRs including the validity of patents, trade marks and designs are arbitrable, except administrative proceedings concerning the filing, granting and registration of IPRs.[59]	*Inter partes* effect (including awards concerning infringement of IPRs). However, awards over disputes on validity of IPRs have *erga omnes* effect.	No, except that where any changes to the IP register are made as a result of the arbitral process, the award must be submitted to the Institute of Intellectual Property and it will become part of the dossier which is available for public inspection under certain conditions.	
United Kingdom	There is no express legislative authority on the arbitrability of IPRs but it is generally believed that the English courts have accepted that IPR disputes are arbitrable. [60] There is literature	*Inter partes* effect.	No.	Same treatment as other arbitral awards. Confidentiality of arbitration is usually maintained.

[57] William Grantham, *op. cit.*, at 219.
[58] William Grantham, *op. cit.*, at 219.
[59] Decision made by the Swiss Federal Office of Intellectual Property dated Dec 15, 1975 published in the Swiss Review of Industrial Property and Copyright, 36-38 (1976); Article 177 of the Swiss Federal Statute on Private International Law (Chapter 12); Article 354 of the Code of Civil Procedure of Switzerland.
[60] Trevor Cook & Alejandro I. Garcia, *op. cit.*, p.51; Final Report on Intellectual Property Disputes and Arbitration issued by the ICC Commission on International

Jurisdiction	Arbitrability of disputes over IPRs	Effect of IPR arbitral award	Mandatory requirement for disclosure/recordal of IPR arbitral awards	Rationale behind the disclosure/ non-disclosure treatment (if known)
	suggesting that this includes validity of IPRs.			

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Arbitration, *The ICC International Court of Arbitration Bulletin* Vol.9, No.1 (May 1998): 43; Thomas D. Halket, *op. cit.*, p.90.