WIPO
ARBITRATION
AND
MEDIATION CENTER

Guide to WIPO Arbitration

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WIPO
WORLD
INTELLECTUAL PROPERTY
ORGANIZATION

Guide to WIPO Arbitration

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Introduction

Arbitration is probably the best known alternative to court litigation. It is a procedure in which a dispute is submitted, by agreement of the parties, to one or more arbitrators for a binding decision. In choosing arbitration, the parties opt for a private dispute resolution procedure instead of going to court.

While arbitration has become well established in international business, it has traditionally been used less frequently in intellectual property (IP) disputes. This may partly be due to deeply ingrained notions of national sovereignty and territoriality. IP has traditionally been regarded primarily as a means to exclude others from using certain protected subject matter - through court litigation if necessary.

The perspective has changed: for many companies, IP has become their essential business asset as well as a means of creating value. It is exploited on an increasingly international level in various forms of collaborative arrangements, such as licenses, technology transfer agreements, and research and development agreements. As a consequence, parties increasingly look for dispute resolution mechanisms that match their business requirements: private procedures which provide efficient and flexible means of settling international disputes without disrupting commercial relationships.

Arbitration can be an efficient alternative to court litigation. This does not mean that arbitration will be the best solution in each and every dispute; litigation and other alternatives, such as mediation, may well be preferable in certain situations. To be able to choose the procedure that best fits their needs, IP owners and their lawyers should, however, be familiar with all their dispute resolution options.

This booklet provides basic information on WIPO arbitration. It sets out the main benefits and limitations of arbitration in IP disputes, provides a practical explanation of the various stages and elements of a WIPO arbitration procedure, and describes how the WIPO Arbitration and Mediation Center can assist parties and arbitrators in the time and cost efficient management of their case. Additional information is available at the Center's web site or by email or telephone from the Center staff.

World Intellectual Property Organization (WIPO)

The WIPO Arbitration and Mediation Center is an independent part of the World Intellectual Property Organization (WIPO), an intergovernmental organization whose mandate is to promote the protection of intellectual property. A largely self-financed organization, WIPO is based in Geneva, Switzerland and has 184 Member States.

WIPO has a history of over 120 years, going back to 1883, when the Paris Convention for the Protection of Industrial Property was adopted, and to 1886, when the Berne Convention for the Protection of Literary and Artistic Works was adopted.

WIPO administers 24 multilateral intellectual property treaties, including the Patent Cooperation Treaty (PCT) and the Madrid System, which facilitate patent and trademark applications and registrations in different countries.

The WIPO Arbitration and Mediation Center

Based in Geneva, Switzerland, the WIPO Arbitration and Mediation Center was established in 1994 to promote the resolution of IP and related disputes through alternative dispute resolution (ADR). To achieve this objective, it developed – with the active involvement of ADR and IP practitioners and scholars – the WIPO Mediation, Arbitration, Expedited Arbitration and Expert Determination Rules and Clauses.

The Center is the only international provider specializing in technology, entertainment and IP disputes. Its services, however, are not limited to such disputes. Since its establishment, the Center has also administered arbitrations involving general contractual issues, financing transactions and employment contracts.

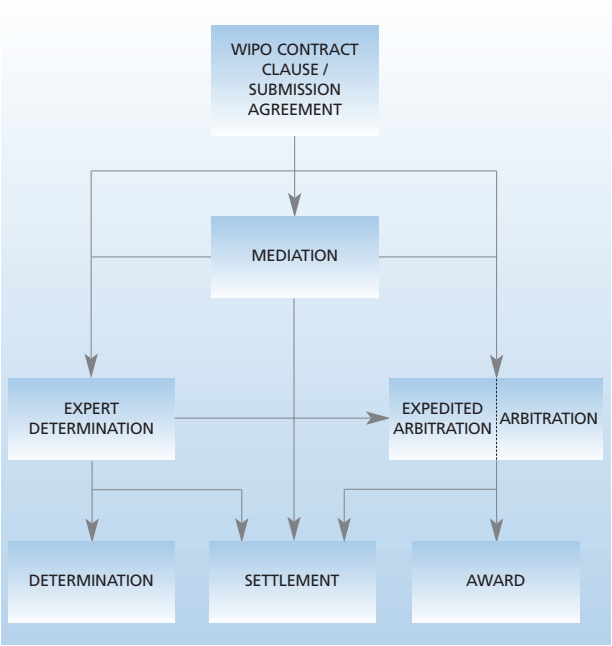
The Center maintains a detailed database of well over 1,500 outstanding IP and ADR specialists who are available to act as neutrals. The Center's extensive network of IP and ADR experts and its position as part of the World Intellectual Property Organization ensure that its procedures meet the specific needs of IP dispute resolution. The Center also plays a leading role in the design and implementation of tailor-made dispute resolution procedures, such as the Uniform Domain Name Dispute Resolution Policy (UDRP).

The Center's staff consists of highly qualified and multilingual legal professionals with expertise in intellectual property and ADR. Their detailed qualifications and contact details are available at http://www.wipo.int/amc/en/contact/.

WIPO Procedures

The WIPO Arbitration and Mediation Center offers rules and neutrals for the following procedures:

- *Mediation:* an informal procedure in which a neutral intermediary, the mediator, assists the parties in reaching a settlement of the dispute. (Depending on the parties' choice, mediation may be followed, in the absence of a settlement, by arbitration, expedited arbitration or expert determination.)
- *Arbitration:* a binding procedure in which the dispute is submitted to one or more arbitrators who make a final decision on the dispute. (Depending on the parties' choice, arbitration may be preceded by mediation or expert determination.)
- Expedited Arbitration: an arbitration procedure that is carried out in a short time and at a reduced cost. (Depending on the parties' choice, expedited arbitration may be preceded by mediation or expert determination.)
- *Mediation followed, in the absence of a settlement, by [expedited] arbitration:* a procedure that combines mediation and, where the dispute is not settled through the mediation, arbitration.
- *Expert Determination:* a procedure in which a technical, scientific or related business issue between the parties is submitted to one or more experts who make a determination on the matter. The determination is binding, unless the parties have agreed otherwise. (Depending on the parties' choice, expert determination may be preceded by mediation or followed by (expedited) arbitration.)



Where Does a WIPO Arbitration Take Place?

In a WIPO arbitration, meetings or hearings may take place anywhere in the world for the convenience of parties, arbitrators and witnesses, regardless of the chosen legal place of arbitration, which is not necessarily linked to the physical location of the proceedings. The tribunal's deliberations are also not limited to the place of arbitration or the venue of the hearing. (Article 39)

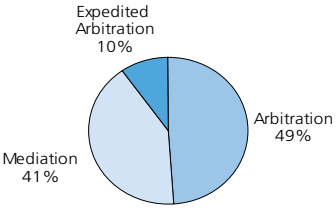
The WIPO Rules are appropriate for all commercial disputes. However, they contain provisions on confidentiality and technical and experimental evidence that are of special interest to parties to intellectual property disputes.

WIPO arbitration and mediation cases have included parties from a multitude of countries. These cases were administered in different languages and took place in venues around the world.

General up-to-date information on the WIPO Arbitration and Mediation Center's caseload is available at *http://www.wipo.int/amc/en/center/caseload.html.*

While neither party may unilaterally resort to court litigation once a dispute has been submitted to arbitration, arbitration can be combined with mediation, a non-binding procedure in which a neutral intermediary, the mediator, assists the parties in reaching a negotiated settlement of the dispute. In a growing number of cases, parties agree to first try to settle their dispute through mediation, and to resort to arbitration only if the dispute has not been settled within a certain period of time. Such clauses combine the flexibility of mediation with the binding force of arbitration should mediation fail to produce a settlement. The Center has developed model clauses and submission agreements which are reproduced in the back of this booklet. The following table provides an overview of the various dispute resolution options offered by the Center and their possible combinations. Whichever option parties choose, the Center aims for the process to be as fair and efficient as possible.

Cases Filed with the WIPO Arbitration and Mediation Center



Arbitration and Mediation Compared

While both arbitration and mediation are private dispute resolution procedures based on party agreement, they differ in a number of important aspects. Arbitration is an adjudicative procedure and in this respect resembles court litigation. Once the parties have submitted a dispute to arbitration, neither party can opt out unilaterally, and any decision rendered by the arbitral tribunal will be binding on both parties. Mediation, in contrast, is a voluntary process which depends on the continuing cooperation of both parties since either party can withdraw at any time. One might say that in arbitration the parties retain the services of a private decision-maker, while in mediation they hire a settlement facilitator.

	Arbitration	Mediation
Parties	Once the parties have validly agreed to submit a dispute to arbitration, neither party can unilaterally withdraw from the procedure.	Either party can unilaterally withdraw from the procedure (after a first meeting with the mediator).
Arbitrator/Mediator	The tribunal has the authority to render a final award.	The mediator functions as a "catalyst," a settlement facilitator, but cannot impose a settlement on the parties.
Basis	The tribunal addresses the parties' legal positions on the basis of the applicable substantive law.	Any settlement is agreed by the parties and is based on the parties' interests, which may be broader than their legal positions.
Outcome	Awards are binding on the parties, final and enforceable on a par with court decisions.	Any settlement agreement is binding between the parties as a matter of contract law.

The WIPO Arbitration Experience

Parties to WIPO arbitration proceedings have been based in different jurisdictions, including China, France, Germany, Hungary, Italy, the Netherlands, Panama, Spain, Switzerland, the United Kingdom and the United States of America. These proceedings have covered contractual as well as non-contractual disputes (e.g. infringement) involving a wide variety of IP and commercial issues. Amounts in dispute have varied between US$ 200,000 to Euro 90 million. The remedies claimed in arbitration proceedings have included damages, infringement declarations and specific performance.

WIPO clauses can be found in a wide variety of contracts involving IP, including patent, know-how and software licenses, franchises, trademark coexistence agreements, distribution contracts, joint ventures, research and development contracts, technology-sensitive employment contracts, mergers and acquisitions with important IP aspects, sports marketing agreements, and publishing, music and film contracts. WIPO clauses are found most frequently in agreements entered into by parties from different jurisdictions.

General up-to-date information on the Center's caseload is available at *http://www.wipo.int/amc/en/center/caseload.html.*

Case example: A WIPO Trademark Arbitration

A North-American software developer had registered a trademark for communication software in the United States and Canada. A manufacturer of computer hardware based elsewhere registered an almost identical mark for computer hardware in a number of Asian countries. Both parties had been engaged in legal proceedings in various jurisdictions concerning the registration and use of their marks. Each party had effectively prevented the other from registering or using its mark in the jurisdictions in which it holds prior rights. In order to facilitate the use and registration of their respective marks worldwide, the parties entered into a coexistence agreement which contains a WIPO arbitration clause. When the North-American company tried to register its trademark in a particular Asian country, the application was refused because of a risk of confusion with the prior mark held by the other party. The North-American company requested that the other party undertake any efforts to enable it to register its mark in that Asian country and, when the other party refused, initiated arbitration proceedings.

Following proposals made by the Center, the parties appointed a leading IP lawyer as sole arbitrator. In an interim award the sole arbitrator gave effect to the consensual solution suggested by the parties, which provided for the granting by the hardware manufacturer of a license on appropriate terms to the North-American company, including an obligation to provide periodic reports to the other party.

The WIPO Center's Priorities in Arbitration

The Center is committed to ensuring that WIPO procedures move forward as efficiently as possible without compromising fairness and due process. When administering arbitration cases, the Center is guided by the following priorities:

> *Flexible procedural framework:* The WIPO Arbitration and Expedited Arbitration Rules combine legal certainty with practical flexibility. The procedural framework can be amended by party agreement. The tribunal conducts the proceedings in consultation with the parties without bureaucratic intervention or time-consuming formalities.

> *Active case management:* Each case is actively managed by a Center lawyer who tracks deadlines, ensures optimal case communication, and provides procedural information and administrative assistance to the parties and the tribunal.

> *Efficiency:* Disputes should be handled with the same concern for efficiency and economy that characterizes the underlying business transaction. WIPO registration and administration fees are calculated on a non-profit basis and are therefore comparatively moderate. The Center's worldwide contacts enable it to help negotiate favorable arbitrator fee arrangements for parties. Moreover, in expedited arbitration proceedings, the fees are fixed where the value in dispute does not exceed US$ 10 million, thus offering the parties a high degree of certainty regarding their cost exposure.

> *Expertise:* The success of an arbitration depends to a large extent on the tribunal. Choosing and appointing the right arbitrator(s) is probably the most important step in any arbitration. The Center's network of experienced arbitration and IP specialists allows it to propose and appoint arbitrators who combine procedural expertise with knowledge of the relevant legal, technical or business areas of IP.

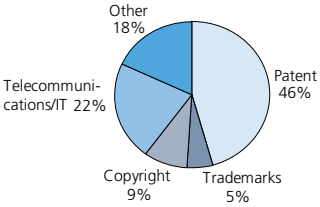
> *Integrity:* The Center monitors the overall integrity and fairness of WIPO arbitration procedures. The Center verifies the impartiality and independence of candidates before appointment and retains the authority to replace arbitrators when justifiable doubts arise as to their independence or impartiality. Awards rendered in a WIPO arbitration have the *imprimatur* of a respected international organization.

What Types of Disputes Can Be Arbitrated at WIPO?

WIPO arbitration may be used to resolve all types of commercial disputes. It is particularly appropriate for disputes involving IP or technology more generally, such as disputes arising from patent, trademark or copyright licenses, research and development agreements, software development contracts, distribution agreements, franchises, and trademark coexistence agreements.

The procedures are open to any person or entity, regardless of nationality or domicile, and may be held anywhere in the world, in any language and under any law chosen by the parties.

Subject Matter of Cases Filed with the WIPO Arbitration and Mediation Center



Case Example: A WIPO Copyright Mediation Followed by Expedited Arbitration

A publishing house entered into a contract with a software company for the development of a new web presence. The project had to be completed within one year and included a clause submitting disputes to WIPO mediation and, if settlement could not be reached within 60 days, to WIPO expedited arbitration. After 18 months, the publishing house was not satisfied with the services delivered by the developer, refused to pay, threatened rescission of the contract and asked for damages. The publishing house filed a request for mediation. While the parties failed to reach a settlement, the mediation enabled them to focus the issues that were addressed in the ensuing expedited arbitration proceeding.

Following the termination of the mediation, the publishing house initiated expedited arbitration proceedings. The Center appointed a practicing judge as sole arbitrator who had been agreed by the parties. The arbitrator conducted a one-day hearing in the course of which the parties expressed their desire to settle their case, asking the arbitrator to prepare a settlement proposal. The parties accepted the arbitrator's proposal and requested the arbitrator to issue a consent award. In addition to confirming the terms of the settlement, the consent award made reference to a press release to be published by the parties announcing the settlement of their dispute.

When Is Arbitration Appropriate in Intellectual Property Disputes?

When determining the appropriate means for resolving an IP or technology dispute, parties should consider the following characteristics of arbitration.

> *A single neutral procedure*
Many IP or technology disputes involve parties from different countries and relate to rights that are protected in several jurisdictions. In such cases, court litigation may well involve a multitude of procedures in different countries. Through arbitration, the parties can agree to resolve their dispute under a single law and in a single forum, thereby avoiding the expense and complexity of multi-jurisdictional litigation.

> *Party autonomy*
Because of its private nature, arbitration offers parties the opportunity to exercise greater control over the way their dispute is resolved. Depending on their needs, they can select streamlined or more extensive procedures, and choose the applicable law, place and language of the proceedings.

> *Neutrality*
Arbitration can be neutral to the law, language and institutional culture of the parties and thus avoid any home court advantage that one of the parties may enjoy in the context of court litigation, where familiarity with the applicable law and local processes can offer significant strategic advantages.

> *Expertise*
The parties can select arbitrators who have special expertise in the legal, technical or business area relevant to the resolution of their dispute.

> *Confidentiality*
The parties can keep the proceedings and any results confidential. This allows the focus to be kept on the merits of the dispute, and may be of special importance where - as often the case in IP or technology disputes - commercial reputations and trade secrets are at stake.

> *Finality of awards*
Unlike court decisions, which can generally be contested through one or more rounds of litigation, arbitral awards are not normally subject to appeal.

> *Enforceability of awards*
The Convention for the Recognition and Enforcement of Foreign Arbitral Awards of 1958, known as the New York Convention, provides for recognition of awards on a par with domestic court judgments without review on the merits. This

greatly facilitates the enforcement of awards across borders.

Arbitration may not be appropriate in every IP dispute. A party may wish to obtain a public precedent-setting decision from a national court. Where there is deliberate bad faith on the part of one party, such as in counterfeit cases, consensual procedures such as arbitration may also not be appropriate.

Traditionally, arbitrability, the question of whether the subject matter of a dispute may be resolved through arbitration, arose in relation to arbitration of certain IP disputes. As IP rights, such as patents, are granted by national authorities, it was argued that disputes regarding such rights should be resolved by a public body within the national system.

However, it is now broadly accepted that disputes relating to IP rights are arbitrable, like disputes relating to any other type of privately held rights. Any right of which a party can

Common features of many IP disputes	*Court litigation*	*Arbitration*
International	> *Multiple proceedings under different laws, with risk of conflicting results* > *Possibility of actual or perceived home court advantage of party litigating in its own country*	> *Single proceeding under the law determined by parties* > *Arbitral procedure and nationality of arbitrator can be neutral to law, language and institutional culture of parties*
Technical	> *Decision maker might not have relevant expertise*	> *Parties can select arbitrator(s) with relevant expertise*
Urgent	> *Procedures often drawn-out* > *Injunctive relief available in certain jurisdictions*	> *Arbitrator(s) and parties can shorten procedure* > *Arbitrators may render provisional measures, parties not precluded from seeking court injunctions*
Require finality	> *Possibility of appeal*	> *Limited appeal option*
Confidential/trade secrets and risk to reputation	> *Public proceedings*	> *Proceedings and awards are confidential*

dispose by way of settlement should, in principle, also be capable of being the subject of an arbitration since, like a settlement, arbitration is based on party agreement.

As a consequence of the consensual nature of arbitration, any award rendered will be binding only on the parties involved and will not as such affect third parties.

Case Example: A WIPO Arbitration of a Biotech/Pharma Dispute

A French biotech company, holder of several process patents for the extraction and purification of a compound with medical uses, entered into a license and development agreement with a large pharmaceutical company. The pharmaceutical company had considerable expertise in the medical application of the substance related to the patents held by the biotech company. The parties included in their contract a clause stating that all disputes arising out of their agreement would be resolved by a sole arbitrator under the WIPO Arbitration Rules.

Several years after the signing of the agreement, the biotech company terminated the contract, alleging that the pharmaceutical company had deliberately delayed the development of the biotech compound. The biotech company filed a request for arbitration claiming substantial damages.

The Center proposed a number of candidates with considerable expertise of biotech/pharma disputes, one of whom was chosen by the parties. Having received the parties' written submissions, the arbitrator held a three-day hearing in Switzerland for the examination of witnesses. This not only served for the presentation of evidence but also allowed the parties to re-establish a dialogue. In the course of the hearing, the arbitrator began to think that the biotech company was not entitled to terminate the contract and that it would be in the interest of the parties to continue to cooperate towards the development of the biotech compound.

On the last day of the hearing, the parties accepted the arbitrator's suggestion that they should hold a private meeting. As a result of that meeting, the parties agreed to settle their dispute and continued to cooperate towards the development and commercialization of the biotech compound.

The Legal Framework of an Arbitration Proceeding

Arbitration is a private mechanism, but does not take place in a legal vacuum. Typically, different systems of law interact, most notably the law governing the substance of the dispute, the law governing the arbitration process itself and the law governing the arbitration agreement.

Law Applicable to the Substance of the Dispute

In general, parties are free to choose for themselves the law applicable to the substance of the dispute. Under the WIPO Arbitration Rules, when the parties fail to agree on the choice of substantive law, the tribunal applies the law that it deems appropriate. The tribunal may also decide "in equity" (as *amiable compositeur* or *ex aequo et bono*), provided that the parties have expressly authorized it to do so. (Article 59)

Law Applicable to the Arbitration

The law applicable to the arbitration (*lex arbitri* or arbitral law) is the law that governs the procedural framework, such as whether a dispute is arbitrable, the availability of interim measures of protection, the conduct of the arbitration, and the enforceability of the award. Subject to such arbitral law, parties are free to designate a set of rules governing the conduct of the arbitration, such as the WIPO Rules.

The law applicable to the arbitration is usually the law of the chosen place of an arbitration. For example, if that place is Geneva, Switzerland, the arbitration will be subject to Swiss arbitration law.

Thus, in determining the place of arbitration, the parties select the arbitral law. If the parties fail to reach such an agreement, under the WIPO Rules, the Center decides the place of arbitration taking into consideration any observations made by the parties and the circumstances of the arbitration (Article 39). The arbitral law need not be the same as the law applicable to the substance of the dispute. A tribunal may, for example, be subject to the arbitral law of Switzerland, but may be required, by party agreement, to apply English law to the substance of the dispute.

It is important for parties to choose an arbitral law that:

- Provides support to the arbitration where necessary: examples may relate to taking of evidence or rendering of conservatory or interim measures;
- Does not unnecessarily interfere with the pending arbitration. Today, most arbitral laws contain only a limited number of mandatory provisions and generally give deference to the arbitration rules chosen by the parties.

Law Applicable to the Arbitration Agreement

The validity of the arbitration agreement is normally governed by the law applicable to the contract of which it forms part, or, more generally, the law applicable to the substance of the dispute. Under the WIPO Arbitration Rules, an arbitration agreement is effective if it conforms to the law applicable to the substance or to the law applicable to the arbitration. (Article 59(c))

The WIPO Arbitration and Expedited Arbitration Rules

The Center administers arbitration procedures under the WIPO Arbitration Rules and under the WIPO Expedited Arbitration Rules. By agreeing to submit a dispute to WIPO (expedited) arbitration, the parties adopt the WIPO (Expedited) Arbitration Rules as part of their agreement to arbitrate their dispute. The WIPO Rules have been designed to fit all commercial disputes. Furthermore, they contain certain provisions that specifically accommodate the characteristics of intellectual property disputes.

The WIPO Rules:

- *ensure that the arbitral proceedings are conducted expeditiously;*
- *empower the tribunal to issue interim measures of protection;*
- *provide streamlined procedures relating to the submission of scientific, technical or other specialized evidence;*
- *set out extensive provisions governing the confidentiality of the existence of the arbitration, disclosures made during the arbitration and the award;*
- *make specific provision for the protection of trade secrets in the context of an arbitration.*

Parties are free to modify the WIPO Rules in order to tailor the arbitration procedure to the requirements of their dispute.

Institutional or *Ad Hoc* Arbitration?

Arbitration can be "institutional" or "*ad hoc*." In an *ad hoc* arbitration, the parties and, after its appointment, the tribunal, administer the proceedings themselves. This requires sufficient cooperation among the parties as well as considerable experience on the part of the parties and the tribunal. When problems arise in an *ad hoc* arbitration, for example in initiating the arbitration, in constituting the tribunal or in dealing with challenges to arbitrators, the parties may require the assistance of a national court of justice at the place of arbitration. This, however, may well be cumbersome, time-consuming and costly.

In an institutional arbitration, the arbitral institution, such as the WIPO Arbitration and Mediation Center, provides a procedural and administrative framework for initiating and conducting the arbitration. This facilitates the parties' participation in the procedure and reduces any need for recourse to a national court of justice.

Typically the administering institution provides:

- a tested set of procedural rules,
- access to qualified arbitrators, and
- an administrative and supervisory infrastructure.

Thus, with institutional arbitration, the parties and the tribunal can focus their time and energy on resolving the dispute and lessen the burden of dealing with procedural concerns and administrative arrangements.

Some view institutional arbitration as being less flexible, more bureaucratic and more costly. Institutional arbitration can be as flexible and efficient as the arbitration rules and the institution chosen. The WIPO Arbitration and Expedited Arbitration Rules are entirely open to being modified by party agreement, while at the same time providing a firm procedural basis where the parties have not determined otherwise. In administering arbitrations, the Center leaves as much room for party input as possible, while making sure that the procedure moves ahead with due expedition.

While an arbitration institution will typically charge a separate fee, this fee covers services which would otherwise have to be performed, or hired, by the parties or the tribunal. For the relatively moderate fees charged by the WIPO Arbitration and Mediation Center, the parties receive a wide range of professional procedural and administrative services.

The WIPO Arbitration and Mediation Center as Administering Authority

To facilitate the resolution of commercial disputes, the WIPO Arbitration and Mediation Center:

- helps parties submit existing disputes to WIPO procedures in cases where they had not previously agreed on a WIPO clause;
- provides procedural rules which are particularly suited to IP, technology or entertainment disputes;
- assists in the selection of arbitrators from the Center's database of over 1,500 neutrals with relevant expertise;
- liaises with parties and neutrals to ensure optimal case communication and procedural efficiency;
- monitors the procedures so as to expedite the progress of the arbitration;
- sets the arbitrators' fees, after consultation with the parties and the arbitrators, and administers the financial aspects of the proceedings;
- can arrange meeting support services, including hearing rooms, party retiring rooms, recording equipment, interpretation and secretarial assistance. Where the procedure is held at WIPO in Geneva, the rooms are provided free of charge.

WIPO ECAF

Parties may elect to use the WIPO Electronic Case Facility (WIPO ECAF) to manage disputes filed under the WIPO Rules. With WIPO ECAF, parties, neutrals and the Center may securely file, store, search and retrieve case-related submissions in an electronic case file from anywhere in the world and at any time. When a submission is made, all parties receive an e-mail alert and may view the case file. The parties in some of the more complex of the Center's recent cases successfully opted to use WIPO ECAF, a customized version of which was further used for 35 disputes under the Jury procedure of the America's Cup high-tech yachting competition. Such experiences drive further improvements in the regular WIPO ECAF system, helping to confirm WIPO's position in the area of online dispute resolution.

WIPO Contract Clauses and Submission Agreements

The parties' agreement to arbitrate provides the legal foundation for the jurisdiction of the tribunal. Such agreement may relate to future or existing disputes, and may take the form of an arbitration contract clause or a separate submission agreement.

To facilitate party agreement, the Center provides model arbitration clauses and submission agreements. It is recommended that parties follow these models as closely as possible in order to avoid any uncertainty which might unnecessarily burden the arbitration proceeding. The WIPO model clauses essentially consist of two parts:

- *an unambiguous submission of future or existing disputes to arbitration or expedited arbitration under the WIPO Rules;*
- *a determination regarding a number of essential elements on which parties should, if possible, reach agreement before the arbitration is initiated, including: the applicable law, the place of arbitration, the number of arbitrators, and the language of the proceeding.*

The Center's recommended clauses are reproduced at the end of this booklet and may be downloaded from http://www.wipo.int/en/clauses/index.html.

If appropriate, the Center can assist the parties in adapting the model clauses to the circumstances of their contractual relationship. For example, special clauses can be drafted for commercial situations in which a limited number of companies are frequently involved in disputes with each other that concern overlapping IP rights.

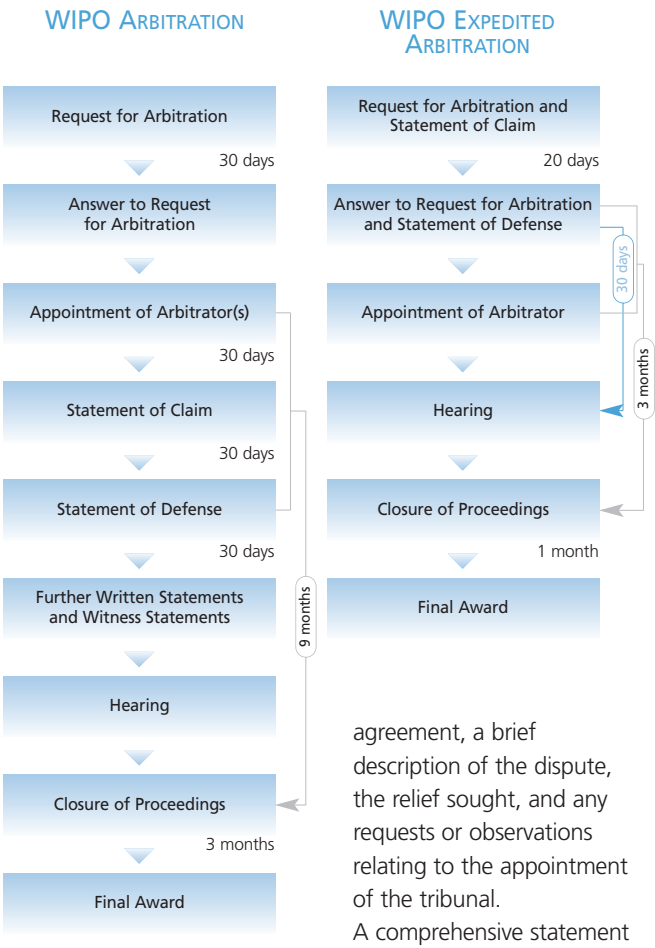
How It Works: the Principal Steps in WIPO Arbitration

The WIPO Arbitration Rules contain procedural rules for the conduct of the arbitration and lay down time limits for each stage of the procedure, seeking to bring about a timely closure of the proceedings and rendering of an award.

Starting the Arbitration

A WIPO arbitration is commenced by the claimant submitting to the WIPO Center a Request for Arbitration. The date of commencement of the arbitration is the date on which the Request is received by the Center. The Request for Arbitration should contain summary details concerning the dispute, including the names and communication details of the parties and their representatives, a copy of the arbitration

Principal Steps in WIPO Arbitration and Expedited Arbitration



agreement, a brief description of the dispute, the relief sought, and any requests or observations relating to the appointment of the tribunal.

A comprehensive statement of facts and legal arguments, including a statement of the relief sought, may be left to the Statement of Claim to be filed after the appointment of the tribunal.

Within 30 days of receipt of the Request for Arbitration, the respondent must file an Answer to the Request, which should contain comments on elements of the Request for Arbitration and may include indications of a counter-claim or set-off. If the claimant filed its Statement of Claim with the Request for Arbitration, the Answer to the Request may also be accompanied by the Statement of Defense. (Articles 6-13)

Establishing the Tribunal

The parties may choose the number of arbitrators on the tribunal. In the absence of agreement, the Center appoints a sole arbitrator, except in cases where the Center determines in its discretion that a tribunal of three arbitrators is more appropriate. A typical three-member tribunal consists of two party-appointed arbitrators and a presiding arbitrator appointed by the

two party-appointed arbitrators. More detailed information about the selection and appointment of arbitrators under the WIPO Arbitration Rules is provided on page 22. (Articles 14-36)

Conducting the Arbitration

The Statement of Claim must be filed within 30 days of the constitution of the tribunal and the Statement of Defense must be filed within 30 days of the receipt of the Statement of Claim. The tribunal may schedule further submissions. Soon after it has been established, the tribunal will hold preparatory discussions on, *inter alia*, case schedule, hearing dates, evidence and confidentiality stipulations. (Articles 41-47)

If a party requests, or by tribunal discretion, a hearing may be held for the presentation of evidence by witnesses and experts and for oral argument. If no hearing is held, the proceedings are conducted on the basis of submitted documents and other materials. (Articles 53-55)

When the tribunal is satisfied that the parties have had adequate opportunity to present submissions and evidence, it will declare the proceedings closed. This should happen within nine months of either the delivery of the Statement of Defense or the establishment of the tribunal, whichever occurs later. The final award should be delivered by the tribunal within three months of the closure of the proceedings.

The award becomes effective and binding on the parties as from the date it is communicated by the Center. International arbitral awards are enforced by national courts under the New York Convention. (Articles 57-66)

WIPO Expedited Arbitration

The WIPO Arbitration Rules require arbitrators to ensure that the procedure takes place with due expedition, and the Center actively monitors progress. In addition, the parties can agree to adjust the procedural framework in a way that is likely to expedite the proceedings by, for example, shortening deadlines or limiting the number of submissions by either party. Nevertheless, it can be difficult to predict how much time an arbitration will take. Its duration will typically depend on many factors, such as the complexity of the dispute and the willingness of the parties to cooperate.

Parties who place a premium on time-effectiveness can opt for the procedural framework established by the WIPO

Case Example: A WIPO Expedited Arbitration Relating to an Artistic Production Finance Agreement

A producer of artistic performances entered into an agreement with an insurance company to finance arbitration proceedings. The finance agreement included a WIPO expedited arbitration clause. The producer brought arbitration proceedings against an Asian entity in Singapore. The producer claimed the costs of the Singapore arbitration under its finance agreement. Faced with the financing company's apparent refusal to make such payment, the producer filed WIPO expedited arbitration proceedings indicating that, as a result of the deadline imposed by the arbitral tribunal in Singapore, it required a final award within six weeks of the commencement of the WIPO expedited arbitration. Following consultations with the parties, the WIPO Center appointed a sole arbitrator. After a one-day hearing, the sole arbitrator issued an award within five weeks.

Case Example: A WIPO Expedited Arbitration of a Trademark Coexistence Dispute

A European company had registered a trademark for luxury goods in different countries. An Asian manufacturer started to sell fashion products under a similar registered trademark. The Asian company filed a court case and administrative cancellation proceedings in two European countries alleging non-use by the European company of its trademark. After the court case went to appeal, the parties settled their dispute by concluding a trademark coexistence agreement which included a WIPO expedited arbitration clause. When the European company used its trademark in a trade fair, the Asian company initiated WIPO expedited arbitration proceedings claiming infringement of the coexistence agreement.

Following consultations between the parties and the Center, a European trademark specialist was appointed as sole arbitrator. After two rounds of pleadings, the arbitrator conducted a one-day hearing and issued an award six months after the commencement of the proceedings. Finding partial infringement of the coexistence agreement, the arbitrator granted the primary remedy claimed and ordered the European company to refrain from such infringing behavior.

Expedited Arbitration Rules. The WIPO Expedited Arbitration Rules condense the principal stages of a WIPO arbitration described above, allowing the procedure to be conducted in a shortened time frame and at reduced cost. Notably, there is, in principle, only one exchange of pleadings. There normally is a sole arbitrator, thus avoiding the potentially more lengthy appointment and decision-making process of three-member tribunals. Proceedings should be declared closed within three months, as opposed to nine months, of either the delivery of the Statement of Defense or the establishment of the tribunal.

WIPO expedited arbitration is particularly appropriate where the value in dispute does not justify the cost of more extensive litigation or arbitration procedures, or where parties urgently need a final and enforceable decision on a limited number of issues. WIPO expedited arbitration proceedings have been concluded with a final award in as little as five weeks. Expedited arbitration may be less suited for complex disputes that are likely to require extensive production of evidence, expert analysis or lengthy hearings.

Since the complexity of an arbitration can be hard to predict, it is important that expedited proceedings remain sufficiently flexible to ensure a full hearing of complex cases. While expedition is desirable, due process is paramount. The WIPO Expedited Arbitration Rules do not depart from the general principle, enshrined in Article 32(b), that each party must be given a fair opportunity to present its case. Hence, where necessary in exceptional cases, the tribunal has authority to extend deadlines, to accept or request additional written submissions, or to hold longer hearings, while at the same time taking account of the fact that the parties have, in principle, opted for an expedited framework.

WIPO Arbitration and Expedited Arbitration Compared

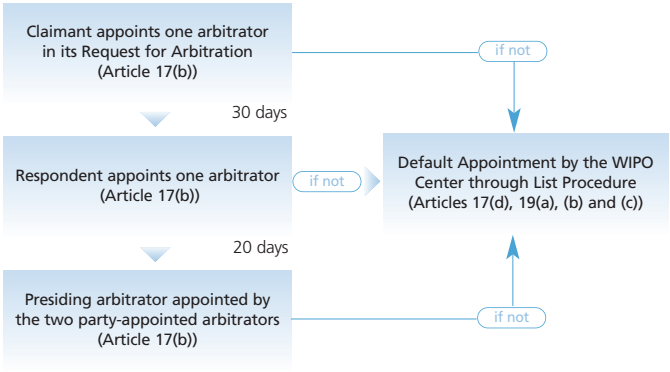
Procedural Stage	WIPO Arbitration	WIPO Expedited Arbitration
Request for Arbitration	*May be accompanied by Statement of Claim*	*Must be accompanied by Statement of Claim*
Answer to the Request	*Within 30 days of receipt of Request for Arbitration*	*Within 20 days of receipt of Request for Arbitration; Must be accompanied by Statement of Defense*
Arbitral Tribunal	*One or three arbitrators*	*One arbitrator*
Statement of Claim	*Within 30 days of notification of establishment of tribunal*	*Must accompany Request for Arbitration*
Statement of Defense (including Counterclaim)	*Within 30 days of notification of establishment of tribunal or Statement of Claim (whichever is later)*	*Must accompany Answer to the Request for Arbitration*
Reply to Counter-claim (if any)	*Within 30 days of receipt of Statement of Defense*	*Within 20 days of receipt of Statement of Defense*
Hearings	*Date, time and place to be set by tribunal*	*Within 30 days of receipt of Answer to the Request for Arbitration*
Closure of Proceedings	*Within 9 months of Statement of Defense or establishment of tribunal (whichever is later)*	*Within 3 months of Statement of Defense or establishment of tribunal (whichever is later)*
Final Award	*Within 3 months of closure of proceedings*	*Within 1 month of closure of proceedings*
Fees	*Fixed by Center in consultation with parties and tribunal*	*Fixed if amount in dispute is under US$ 10 million*

The Language Used in the Arbitration

The parties may decide the language of the arbitration. If they do not, under the WIPO Arbitration Rules, the language of the arbitration is that of the arbitration agreement, subject to the tribunal's power to determine otherwise having regard to observations of the parties and the circumstances of the case. The tribunal may order that documents submitted in languages other than that of the arbitration be accompanied by a translation into the language of the arbitration. (Article 40)

How Are WIPO Arbitrators Appointed?

Given the broad authority of arbitrators, the choice and appointment of the tribunal is probably the single most determinative step in an arbitration. Parties should, therefore, be able to exert as much influence as possible on the establishment of the tribunal. At the same time, the appointment process should not give an uncooperative party the opportunity to obstruct the arbitration proceedings. The provisions on the composition and establishment of the tribunal in the WIPO Arbitration Rules (Articles 14 to 36) strike a balance between efficiency and party autonomy.



Parties can agree on such issues as

- the appointment procedure,
- the number of arbitrators to be appointed,
- any required qualifications of the arbitrators, including their nationality,
- the person(s) to be appointed as arbitrators (regardless of whether they are on the WIPO List of Arbitrators or not).

Only where the parties fail to reach an agreement within a certain deadline will the Center step in and make the necessary determination by default, as follows:

- *Number of Arbitrators*
  If the parties have not agreed on the number of arbitrators, the tribunal shall generally consist of a sole arbitrator, unless the Center decides in exceptional cases that a three-member tribunal is warranted (Article 14(b)). Under the WIPO Expedited Arbitration Rules (Article 14(a)), the tribunal is always composed of a sole arbitrator.

- *Appointment of Sole Arbitrator*
  Appointment will be made in accordance with the list procedure described in Article 19 of the WIPO Arbitration Rules (see page 23). Under the WIPO Expedited Arbitration Rules, Article 14(b), in the absence of party

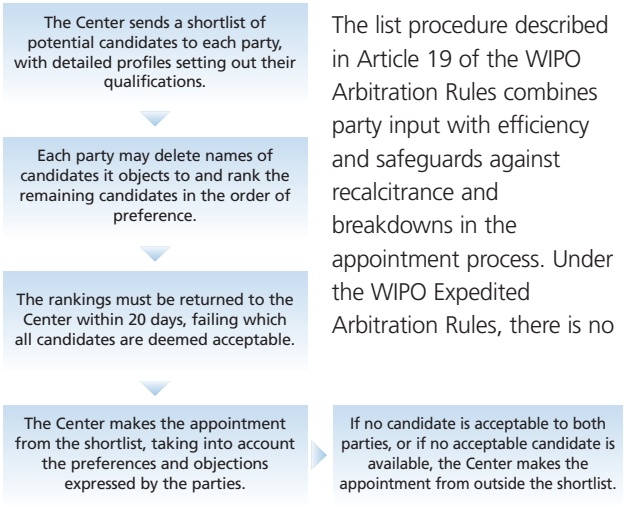
appointment of the arbitrator within 15 days of the commencement of the arbitration, the Center will appoint the sole arbitrator directly.

> *Appointment of Three-Member Tribunal*

If the parties have not agreed on an appointment procedure (or on all three arbitrators to be appointed), a two-step process will be followed:

First, each party is required to appoint one arbitrator (Article 17(b)). If either party fails to do so, the Center will directly make that appointment (Articles 17(d) and 19(a)). The two arbitrators thus appointed shall jointly appoint the presiding arbitrator. If the presiding arbitrator is not appointed within 20 days, appointment will be made in accordance with the list procedure (Article 17(b), (c)). Article 18 contains special appointment provisions for cases involving multiple claimants or respondents.

Appointment of Arbitrators through the List Procedure



The list procedure described in Article 19 of the WIPO Arbitration Rules combines party input with efficiency and safeguards against recalcitrance and breakdowns in the appointment process. Under the WIPO Expedited Arbitration Rules, there is no list procedure and in the absence of party agreement, the Center directly appoints the sole arbitrator. The parties may, however, request the list procedure if they so wish.

How Many Arbitrators Should Be Appointed?

Typically, in order to avoid deadlocks, the arbitral tribunal will consist of either one or three arbitrators. When deciding between these two options, parties will have to weigh considerations of cost and efficiency against the weight and complexity of the dispute.

Parties may feel that the finality of awards calls for more than one decision maker. A three-member tribunal may more easily bridge potential differences in the legal, cultural and economic backgrounds of the parties since each can select an arbitrator from a similar background.

Moreover, complex cases may benefit from the greater variety of perspectives, experience and qualifications present on the tribunal.

On the other hand, reasons of efficiency may call for a sole arbitrator: fees and expenses will invariably be lower, meetings and hearing can be scheduled more easily, and the decision-making process should be shorter. In many cases, a sole arbitrator will be entirely adequate to deal with the dispute, especially where the arbitrator is experienced and familiar with the subject matter to be arbitrated.

Where the parties have not determined the number of arbitrators, the WIPO Arbitration Rules provide that the tribunal shall consist of a sole arbitrator, except where the Center determines that, in view of all the circumstances of the case, a three-member tribunal is warranted (Article 14(b)). Under the WIPO Expedited Arbitration Rules, Article 14(a), there shall always be a sole arbitrator.

As indicated in the diagram included in the introductory section, 10% of the cases administered by the WIPO Center follow the WIPO Expedited Arbitration procedure and, as a result, a

Who Are the WIPO Arbitrators?

The success of an arbitration depends to a large extent on the quality of the arbitrator(s). In the case of IP or technology disputes, the challenge lies in finding candidates who combine arbitration skills and experience with specialized knowledge of the disputed subject matter. The Center has invested considerable effort in identifying potential arbitrators with first-hand knowledge of the various legal, technical and business areas typically involved in IP, technology or entertainment disputes.

The Center keeps detailed profiles containing extensive information on each candidate's qualifications, including professional experience in dispute resolution and IP. Where necessary in individual cases, the Center will use its worldwide contacts to identify additional candidates with the required background.

sole arbitrator is appointed in those cases. Out of the cases under the WIPO Arbitration Rules, the parties agreed to appoint a sole arbitrator in 71% of cases whereas the appointment of a three-member Arbitral Tribunal had been agreed in the remaining 29% of cases.

How Is the Impartiality and Independence of WIPO Arbitrators Safeguarded?

The Center places great value on the professional integrity of its arbitrators. Under the WIPO Arbitration Rules, Article 22, each arbitrator, including any party-appointed arbitrator, is required to be impartial and independent. Both standards are related and aim to ensure that the dispute is decided objectively on the basis of the arguments and evidence submitted. Independence means that the arbitrator has no relationship with a party, financial or otherwise, that might influence his or her assessment of the dispute. Impartiality requires absence of bias in favor of or against any of the parties, or in relation to the issues in dispute.

A prospective arbitrator must, before accepting appointment, disclose any matter that might give the appearance of partiality or lack of independence, and this duty continues throughout the course of the arbitration. Before appointing an arbitrator, the Center requires a declaration disclosing any circumstances that might cast doubt on the candidate's impartiality or independence, or confirming that no such circumstances exist.

If circumstances arise that give rise to justifiable doubts as to an arbitrator's impartiality or independence, either party may challenge the arbitrator at any time during the procedure. To avoid obstruction, a party which has appointed the arbitrator or concurred in the arbitrator's appointment can only bring a challenge for reasons of which the party has become aware after the appointment (Article 24). Challenges are decided upon by the Center. Where both parties agree on the challenge or the concerned arbitrator withdraws voluntarily, the latter is replaced without implication that the grounds for the challenge are valid.

What Are the Powers of the Tribunal?

The powers of an arbitral tribunal are those which the parties have conferred to it in the arbitration clause and rules. The parties expect the tribunal to render a comprehensive, final and enforceable decision of the dispute, and to do so fairly and efficiently. Article 38 of the WIPO Arbitration Rules authorizes the tribunal to "conduct the arbitration in such manner as it considers appropriate." This wide authority is subject to Article 3 of the WIPO Arbitration Rules which provides that the arbitration shall be conducted in accordance with the WIPO Arbitration Rules, in the form adopted by the parties, and the mandatory provisions of the arbitral law. This is important with a view to the enforceability of the award.

Article 38(b) and (c) of the WIPO Arbitration Rules provides guidelines for the exercise of the tribunal's authority. The tribunal must respect due process and ensure each party is given a fair opportunity to present its case, leading to an enforceable award. At the same time, the tribunal should ensure that the arbitral procedure takes place with due expedition. For example, it should extend deadlines only in exceptional cases.

Certain powers of the tribunal are explicitly listed in the WIPO Arbitration Rules:

- to hear and determine objections to its own jurisdiction, and to determine the existence or validity of any contract of which the arbitration agreement forms part (Article 36(a) and (b))
- to determine the language of the arbitration in the absence of party agreement (Article 40)
- to determine the applicable substantive law in the absence of party agreement (Article 59(a))
- to set the schedule of the proceedings, to extend deadlines (Article 38(c)), to allow or require further written statements (Article 43), to accept amendments to claims or defenses (Article 44), to organize a preparatory conference (Article 47)
- to order interim measures of protection and security for claims and costs (Article 46)
- to determine the admissibility and relevance of evidence, and to order a party to produce certain documents or other pieces of evidence under its control (Article 48)

WIPO Center Web Site and Publications

The Center's web site contains the WIPO Rules and Clauses in different languages, as well as guides and models for the procedures administered by the Center. It also offers up-to-date information on the Center's activities. Other features include the full text of all domain name decisions rendered by WIPO panelists as well as a searchable legal index to such decisions. Interested parties can use the web site to register for Center events or to subscribe to the Center's electronic newsletters. The Center's site, which also includes full contact details of its staff, may be accessed at http://www.wipo.int/amc.

In addition, it is possible to order publications about the Center, its services, and IP ADR, including more detailed explanations of WIPO arbitration as well as a Guide to WIPO Mediation. These are listed at http://www.wipo.int/amc/en/publications/.

- to order site visits and inspections (Article 50)
- to classify certain information as confidential and to order protective measures (Article 52)
- to hold hearings (Article 53), and to decide upon their venue (Article 39(b))
- to supervise witness evidence (Article 54), and to appoint experts (Article 55)
- to close and to reopen the proceedings (Article 57)
- to render a final binding award (Articles 59 *et seq.*)

Evidence in WIPO Arbitration Proceedings

The tribunal determines the admissibility, relevance, materiality and weight of evidence before it; it is not bound by any rules of evidence, unless the parties have expressly provided otherwise (Article 48).

The WIPO Arbitration Rules do not provide for automatic discovery of evidence. The availability and extent of discovery is entirely in the hands of the tribunal if the parties have not agreed otherwise. Pursuant to Article 48(b), the tribunal may, at the request of a party or on its own motion, order a party to produce evidence under its control where the tribunal considers this to be "necessary or appropriate." If the party fails to comply with such an order without showing good cause, the tribunal may draw adverse inferences therefrom (Article 56(d)).

In order to facilitate the taking of technical evidence, the WIPO Arbitration Rules include specific provisions on certain types of evidence, such as experiments (Article 49), site visits (Article 50), or agreed primers and models (Article 51). The WIPO Arbitration Rules also specifically address the protection of trade secrets or other confidential information (see page 29).

Article 54 of the WIPO Arbitration Rules deals with witnesses. It specifies that the tribunal may ask the parties to provide a witness list setting out the witnesses each party wishes to call as well as the nature and relevance of their testimony. It grants the tribunal the authority to refuse or limit the appearance of individual witnesses on the grounds of redundance and irrelevance. At the hearing, witnesses may be questioned by the tribunal as well as, under the tribunal's control, by each party. At the discretion of the party relying on the witness or as directed by the tribunal, parties may also submit written witness statements. In this case, the tribunal may request such witnesses to be made available for oral testimony, in particular for cross-examination.

Since the dispute may concern matters of a specialist or technical nature for which the tribunal lacks the required expertise, Article 55 of the WIPO Arbitration Rules gives the tribunal authority, in consultation with the parties, to appoint one or more experts to report on specific issues. Unless the parties have agreed otherwise, such reports will not be binding on the tribunal. The parties will be given an opportunity to comment on the report and, on their request, to question the expert, subject to any confidentiality protection provided under Article 52 of the WIPO Arbitration Rules (see page 29).

How Is Confidentiality Maintained in a WIPO Arbitration?

Confidentiality is easier to maintain in a private procedure, such as arbitration, than in litigation in a public court. Although claimants may sometimes have an interest in obtaining a published judgment - because of its deterrent effect or in order to set a precedent - in many cases parties will prefer to settle their dispute in private. This can be particularly important in IP and technology disputes.

The WIPO Rules offer a comprehensive and balanced treatment of all aspects of confidentiality, including:

- the existence of the arbitration as such,
- any disclosures made during the arbitration, and
- the award.

The confidentiality provisions of the WIPO Rules are binding on the parties by virtue of the arbitration agreement, on the arbitrator by virtue of his or her appointment under those Rules, and on the Center as designated administering authority. Third parties, such as witnesses, experts, or the confidentiality advisor provided for in Article 52 of the WIPO Arbitration Rules, will have to sign a separate confidentiality undertaking.

Article 76 requires the Center and the arbitrators to keep the existence of the arbitration, any disclosures made during the arbitration, and the award confidential. They may disclose any of these aspects only:

- with the consent of the parties,
- to the extent disclosure is necessary in connection with a court action relating to the award, or
- if disclosure is otherwise required by law.

Confidentiality of the Existence of the Arbitration

Article 73 of the WIPO Arbitration Rules requires the parties to keep the existence of the arbitration confidential, i.e. not to disclose information regarding the parties and the disputed subject matter. Disclosure is permitted only:

- with the other party's consent,
- to the extent it is necessary in connection with a court challenge to the arbitration or an action for enforcement of an award,
- to the extent it is required by law or by a competent regulatory body (provided that the disclosing party informs the other party and, if the arbitration is still pending, the tribunal), or
- for the purpose of satisfying a duty of good faith or candor (e.g. in the context of a joint venture, a merger or an acquisition).

Confidentiality of Disclosures Made During the Arbitration

Pursuant to Article 74 of the WIPO Arbitration Rules, no party may use or reveal to a

third party information that it has gained access to only by virtue of its participation in the arbitration proceeding, except:

- with the other party's consent,
- pursuant to an order of a competent court, or
- to the extent it is necessary to prepare a witness for testimony (subject to appropriate confidentiality safeguards).

Confidentiality of the Award

Article 75 requires parties to keep the arbitral award confidential. The award may be disclosed only:

- with the other party's consent,
- if the award has fallen in the public domain as a result of an action before a court or other competent authority, or
- if disclosure is legally required or necessary to protect a party's legal rights.

Disclosure of Trade Secrets and Other Confidential Information

IP and technology disputes often turn on sensitive technical or business information. Article 52 of the WIPO Arbitration Rules provides a special protection mechanism for trade secrets and other confidential information during the arbitration proceeding:

- A party may make a substantiated application to the tribunal that certain information which it is required to, or intends to, submit in the arbitration be classified as confidential.
- If the tribunal finds that disclosure, to the other party or even to the tribunal itself, is likely to cause serious harm, it may classify the information as confidential and order appropriate protection mechanisms.
- In exceptional circumstances, the tribunal may, on request of a party or on its own motion, designate a confidentiality advisor to make these determinations.

The tribunal may also appoint the confidentiality advisor as an expert in order to report on specific issues on the basis of the confidential information without disclosing this information to the parties or to the tribunal. However, in view of the obligation of the tribunal to respect due process, this procedure would normally be limited to facts which, while being highly sensitive, are only of secondary importance for the subject matter in dispute. Similarly, the terms of reference for the confidentiality advisor should be as clearly circumscribed as possible, and the tribunal should, when weighing the evidence, take account of the fact that access to the information in question was limited and not subject to examination by the other party or the tribunal.

Article 52 of the WIPO Arbitration Rules (Article 46, WIPO Expedited Arbitration Rules) provides a procedure whereby a party can apply to the Arbitral Tribunal in order to obtain a determination that certain information which it wishes or is required to submit in the arbitration shall be classified as confidential. This procedure has been used by parties in WIPO arbitration who have obtained such protective orders from the Arbitral Tribunal in situations in which a party objected to the disclosure of trade secrets to a competitor. In such situations the Arbitral Tribunal limited access to that confidential information to the lawyers of the party alleged of being a competitor.

The WIPO Center's experience in the application of the confidentiality provisions of the WIPO Arbitration Rules shows that these provisions are sufficiently flexible to prevent the risk of public disclosure of sensitive information involved in many intellectual property and technology related disputes.

WIPO Arbitration Workshops

The WIPO Arbitration Workshops are designed for lawyers, patent and trademark attorneys and others wishing to familiarize themselves with the international arbitration process and to receive training as arbitrators or party representatives. The Workshop is organized once a year and provides practical instruction in international commercial arbitration law and practice, with particular emphasis on the conduct of arbitration proceedings under the WIPO Arbitration and Expedited Arbitration Rules. The faculty consists of leading international arbitrators with experience in WIPO cases. Program and registration information is made available on the Center's web site.

Is Interim Relief Available?

The availability of interim relief can be important in IP or technology disputes. In Article 46, the WIPO Arbitration Rules provide two options for obtaining such measures. A party may request interim relief

- from the tribunal itself, or
- from courts in the country or countries where the need for interim relief arises.

The advantage of requesting interim relief from the tribunal is that such relief can be obtained "centrally" in one neutral and confidential forum. Under the WIPO Rules, the tribunal has wide authority to "issue any provisional orders or take other interim measures it deems necessary" at the request of a party. The provision explicitly mentions "injunctions and measures for the conservation of goods" without limiting the tribunal to such measures. The tribunal may require the requesting party to furnish appropriate security as a condition for granting the interim relief. The security may be required to cover the interim relief itself as well as any resulting damage to the other party.

The requested relief may be granted in the form of an interim award which, in many jurisdictions, enjoys a higher degree of enforceability. In most cases however, parties will comply with the tribunal's directions voluntarily. In addition, the tribunal may, when rendering the final award, draw adverse inferences from a party's non-compliance with any tribunal order.

In some situations, interim relief from an arbitral tribunal may not be available or sufficient. This may be the case where the need for interim relief arises before the tribunal has been constituted, or where such relief involves third parties not subject to the tribunal's authority. The WIPO Rules therefore state that a party has the right to request interim relief from a national court at any time and that such requests shall not be deemed incompatible with the arbitration agreement.

Case example: A WIPO Arbitration of an IT/Telecom Dispute

In a WIPO arbitration involving a dispute under a joint venture and software license agreement, after the appointment of the sole Arbitrator, the Claimant obtained from a national court in a European jurisdiction the attachment of the Respondent's bank account pursuant to Article 46(d) of the WIPO Arbitration Rules. Following a request from the Respondent, the sole Arbitrator issued a procedural order requesting the Claimant to provide a bank guarantee in order to secure payment of the Respondent's counter-claim pursuant to Article 46(b) of the WIPO Rules. The Claimant provided the bank guarantee as ordered.

What Types of Decisions Can an Arbitral Tribunal Take?

Orders and Awards

Decisions of an arbitral tribunal are typically taken in the form of orders or awards. Awards are rendered to finally dispose of one or more of the issues that were submitted to arbitration with binding effect on the parties involved (*res judicata*). Orders typically concern procedural matters which are of limited relevance beyond the arbitration itself, such as the decision to set or to extend a deadline, to order payment of a deposit, or to appoint an expert. Orders may, however, extend to substantive issues. A tribunal may, for example, issue interim measures of protection in the form of an order (Article 46), or it may order the termination of the arbitration (Article 65(c)).

The main difference between orders and awards lies in their enforcement. Only arbitral awards benefit from facilitated recognition and enforcement mechanisms under arbitral law or the New York Convention (see page 35), whereas non-compliance with an order is typically addressed by the tribunal itself, for example by drawing negative inferences from non-compliance (Article 56(d)) or by ordering a party to bear the additional costs caused by its non-compliance.

Types of Awards

Article 62(a) of the WIPO Arbitration Rules provides that the tribunal may render "preliminary, interim, interlocutory, partial or final awards." A final award settles all of the issues that were submitted to arbitration with the consequence that the tribunal ceases to have jurisdiction over the dispute, except for the purpose of correcting errors or supplementing the award within a limited time (Article 66).

Preliminary, interim, interlocutory or partial awards determine one or more matters that can be decided during the course of the proceeding without finally and completely disposing of the dispute. Such determinations settle particular issues and allow the tribunal and the parties to turn their attention to the remainder of the dispute. Examples are decisions on:

- the jurisdiction of the tribunal or the validity of the arbitration agreement, if contested by a party,
- interim measures of protection,
- security for the claim and for the costs of the arbitration,
- liability, before the amount of damages is determined,
- an order for specific performance, while retaining authority to award damages in case of non-compliance.

Parties who have reached a settlement in the course of an arbitration may wish to have the terms of their settlement confirmed in the form of a consent award,

which will be easier to enforce than a mere contract between the parties. This option is expressly recognized in Article 65 of the WIPO Arbitration Rules.

Remedies

As a general matter, if they have not provided otherwise, the parties can be assumed to have given the tribunal authority to order any suitable remedy to finally dispose of the dispute. Typically, however, the tribunal can only grant the remedies that are provided for under the law applicable to the substance of the dispute. In addition, the tribunal should take account of any mandatory provisions of the applicable arbitral law or at any likely place of enforcement.

Most awards concern the payment of money and as such do not present special enforcement issues. Available remedies generally include:

- monetary compensation, including damages, interest (Article 60) and costs (Articles 71 and 72),
- injunctions as between the parties, but not with regard to third parties,
- declaratory relief, with binding effect between the parties,
- specific performance, where available under the applicable substantive law.

Alternatively, the tribunal may render an interim award ordering specific performance and retain the authority to order damages in case of non-compliance.

Can an Award Be Appealed?

Unless the parties have expressly provided otherwise, an award is final. Such finality is generally perceived as one of the advantages of arbitration and is also emphasized in Article 64 of the WIPO Arbitration Rules which states that "by agreeing to arbitration under these Rules, the parties undertake to carry out the award without delay, and waive their right to any form of appeal or recourse to a court of law or other judicial authority, insofar as such waiver may validly be made under the applicable law."

A party can, however, challenge the award in the courts at the place of arbitration in order to have the award declared invalid, or "set aside." Under the arbitral laws of most countries, the grounds for setting aside an award are limited. An appeal on the merits is usually not possible. In most countries, including those that have adopted the UNCITRAL Model Law on International Commercial Arbitration (text available at http://www.uncitral.org*), the grounds for setting aside an award are largely the same as the limited grounds for refusing enforcement enumerated in Article V of the New York Convention (see page 35).*

How Can an Arbitral Award Be Enforced?

Most arbitral awards are implemented voluntarily. Article 64 of the WIPO Arbitration Rules states that "by agreeing to arbitration under these Rules, the parties undertake to carry out the award without delay." Where enforcement proves necessary, parties need to have recourse to national courts in those countries where they wish the award to be enforced. If a national court recognizes the award, it will grant a title (*exequatur*) which is enforceable like a final judgment rendered by such court.

Recognition and enforcement of domestic awards, i.e. awards rendered under the arbitral law of the country in which enforcement is sought, is subject to the national law of the country concerned. For foreign arbitral awards, i.e. awards sought to be enforced in a state other than the state of the place of arbitration, parties can rely on the uniform international legal framework established by the New York Convention, which has been ratified by more than 140 states worldwide. The text of the Convention, as well as a list of its contracting parties, is available on the Center's web site at *http://www.wipo.int/amc/en/arbitration/ny-convention/index.html*.

A key feature of arbitral awards is that a court is normally prevented from examining the award as to the merits. Recognition and enforcement may only be refused on the basis of one or more of the following grounds enumerated in Article V of the New York Convention:

- invalidity of the underlying arbitration agreement,
- violations of due process, in particular where the losing party was not given proper notice of the arbitration or was otherwise unable to present its case,
- the award decides issues that are outside the scope of the arbitration agreement,
- the arbitral tribunal was constituted in violation of a provision in the arbitration agreement or, failing such provision, in violation of a mandatory provision of the applicable arbitral law,
- the award is not yet binding or has been suspended or set aside under the applicable arbitral law (see page 34),
- the subject matter of the arbitration is not arbitrable under the law of the country where enforcement is sought, or
- the recognition or enforcement of the award would be contrary to the public policy of the country where enforcement is sought.

What Does WIPO Arbitration Cost and Who Pays?

The Center believes that arbitration should be cost effective. A well-managed procedure can offer cost advantages over court litigation.

Costs

Since arbitration is a private procedure, the parties bear the costs. These include:

- the fees of the Center and the arbitrator(s), as explained below,
- the expenses incurred in the course of the arbitration (such as the arbitrators' travel expenses, costs of expert advice or of meeting and hearing facilities), and
- the legal costs and other expenses of each party.

In the final award, the tribunal will apportion these costs among the parties, including all or part of the reasonable expenses incurred by the other party. In so doing, the tribunal will take account of all circumstances of the case, including the outcome of the arbitration (Articles 71 and 72).

Fees

In consultation with parties and arbitrators, the Center ensures that all fees charged in a WIPO arbitration are appropriate in light of the circumstances of the dispute. Three types of fees apply in a WIPO arbitration proceeding:

- the registration fee (Article 67),
- the administration fee (Article 68), and
- the arbitrators' fees (Article 69).

The Center administers arbitrations on a non-profit basis. Its fees are therefore comparatively moderate (see the WIPO Schedule of Fees). Regardless of the value in dispute, the registration fee amounts to US$ 2,000 in WIPO arbitrations or US$ 1,000 in WIPO expedited arbitrations. It must first be paid by the claimant. A respondent who asserts a counter-claim is required to pay a separate registration fee. If the arbitration follows a WIPO mediation, the Center may set-off all or part of the fee it has received in that mediation.

The administration fee must also be advanced by the claimant. A respondent asserting a counter-claim is required to pay a separate administration fee. The amount of the administration fee depends on the value in dispute and is calculated within a range of lump sums which, in the case of WIPO expedited arbitration, are reduced by 50%.

The arbitrators' fees are not directly linked to the value of the case but determined by the Center, in consultation with the parties and the arbitrator(s), on the basis of hourly rates. When determining these rates, the Center will take into consideration such factors as the applicable rates at

the location of the parties and the arbitrator(s), the required qualifications of the arbitrator(s), the complexity of the case and the amounts in dispute. The parties and the arbitrator(s) may also agree to calculate the fee on a lump-sum basis. With its established contacts, the Center will often be in a position to help negotiate favorable fee arrangements for the parties. In the case of WIPO expedited arbitration, the parties normally pay a flat fee where the value of the case does not exceed US$ 10 million. Where the value in dispute is greater than that amount, the fee calculation is the same as that which applies to a standard WIPO arbitration.

WIPO Schedule of Arbitration Fees

Type of Fee	*Amount in dispute*	*WIPO Expedited Arbitration*	*WIPO Arbitration*
Registration Fee	*Any amount*	*US$1,000*	*US$2,000*
Administration Fee	*Up to US$2.5m*	*US$1,000*	*US$2,000*
	Over US$2.5m and up to US$10m	*US$5,000*	*US$10,000*
	Over US$10m	*US$5,000 +0.05% of amount over US$10m up to a maximum fee of US$15,000*	*US$10,000 +0.05% of amount over US$10m up to a maximum fee of US$25,000*
Arbitrator(s) Fees	*Up to US$2.5m*	*US$20,000 (fixed fee)*	*As agreed by the Center in consultation with the parties and the arbitrator(s)*
	Over US$2.5m and up to US$10m	*US$40,000 (fixed fee)*	
	Over US$10m	*As agreed by the Center in consultation with the parties and the arbitrator*	*[Indicative rate(s) US$300 to US$600 per hour]*

Recommended WIPO Contract Clauses and Submission Agreements

The following pages contain recommended contract clauses (for the submission of future disputes under a particular contract) and submission agreements (for the submission of an existing dispute) for the procedures administered by the WIPO Arbitration and Mediation Center. (The diagram on page 3 of this booklet provides a graphic outline of these procedures.)

Mediation
Arbitration
Expedited Arbitration
Expert Determination
Mediation Followed, in the Absence of a Settlement, by [Expedited] Arbitration
Mediation Followed, in the Absence of a Settlement, by Expert Determination
Expert Determination, Binding Unless Followed by [Expedited] Arbitration

Future Disputes

Mediation

"Any dispute, controversy or claim arising under, out of or relating to this contract and any subsequent amendments of this contract, including, without limitation, its formation, validity, binding effect, interpretation, performance, breach or termination, as well as non-contractual claims, shall be submitted to mediation in accordance with the WIPO Mediation Rules. The place of mediation shall be [specify place]. The language to be used in the mediation shall be [specify language]."

Arbitration

"Any dispute, controversy or claim arising under, out of or relating to this contract and any subsequent amendments of this contract, including, without limitation, its formation, validity, binding effect, interpretation, performance, breach or termination, as well as non-contractual claims, shall be referred to and finally determined by arbitration in accordance with the WIPO Arbitration Rules. The arbitral tribunal shall consist of [three arbitrators][a sole arbitrator]. The place of arbitration shall be [specify place]. The language to be used in the arbitral proceedings shall be [specify language]. The dispute, controversy or claim shall be decided in accordance with the law of [specify jurisdiction]."

Expedited Arbitration

"Any dispute, controversy or claim arising under, out of or relating to this contract and any subsequent amendments of this contract, including, without limitation, its formation, validity, binding effect, interpretation, performance, breach or termination, as well as non-contractual claims, shall be referred to and finally determined by arbitration in accordance with the WIPO Expedited Arbitration Rules. The place of arbitration shall be [specify place]. The language to be used in the arbitral proceedings shall be [specify language]. The dispute, controversy or claim shall be decided in accordance with the law of [specify jurisdiction]."

Expert Determination

"Any dispute or difference between the parties arising under, out of or relating to [describe scope of the matter referred to expert determination] under this contract and any subsequent amendments of this contract shall be referred to expert determination in accordance with the WIPO Expert Determination Rules. The determination made by the expert shall [not] be binding upon the parties. The language to be used in the expert determination shall be [specify language]."

Mediation Followed, in the Absence of a Settlement, by [Expedited] Arbitration

"Any dispute, controversy or claim arising under, out of or relating to this contract and any subsequent amendments of this contract, including, without limitation, its formation, validity, binding effect, interpretation, performance, breach or termination, as well as non-contractual claims, shall be submitted to mediation in accordance with the WIPO Mediation Rules. The place of mediation shall be [specify place]. The language to be used in the mediation shall be [specify language].

If, and to the extent that, any such dispute, controversy or claim has not been settled pursuant to the mediation within [60][90] days of the commencement of the mediation, it shall, upon the filing of a Request for Arbitration by either party, be referred to and finally determined by arbitration in accordance with the WIPO [Expedited] Arbitration Rules. Alternatively, if, before the expiration of the said period of [60][90] days, either party fails to participate or to continue to participate in the mediation, the dispute, controversy or claim shall, upon the filing of a Request for Arbitration by the other party, be referred to and finally determined by arbitration in

accordance with the WIPO [Expedited] Arbitration Rules. [The arbitral tribunal shall consist of [a sole arbitrator][three arbitrators].]* The place of arbitration shall be [specify place]. The language to be used in the arbitral proceedings shall be [specify language]. The dispute, controversy or claim referred to arbitration shall be decided in accordance with the law of [specify jurisdiction]." *(* The WIPO Expedited Arbitration Rules provide that the arbitral tribunal shall consist of a sole arbitrator.)*

Mediation Followed, in the Absence of a Settlement, by Expert Determination

"Any dispute or difference between the parties arising under, out of or relating to [describe scope of the matter referred to expert determination] under this contract and any subsequent amendments of this contract shall be submitted to mediation in accordance with the WIPO Mediation Rules. The place of mediation shall be [specify place]. The language to be used in the mediation shall be [specify language].

If, and to the extent that, any such dispute or difference has not been settled pursuant to the mediation within [60][90] days of the commencement of the mediation, it shall, upon the filing of a Request for Expert Determination by either party, be referred to expert determination in accordance with the WIPO Expert Determination Rules. Alternatively, if, before the expiration of the said period of [60][90] days, either party fails to participate or to continue to participate in the mediation, the dispute or difference shall, upon the filing of a Request for Expert Determination by the other party, be referred to expert determination in accordance with the WIPO Expert Determination Rules. The determination made by the expert shall [not] be binding upon the parties. The language to be used in the expert determination shall be [specify language]."

Expert Determination, Binding Unless Followed by [Expedited] Arbitration

"Any dispute or difference between the parties arising under, out of or relating to [describe scope of the matter referred to expert determination] under this contract and any subsequent amendments of this contract shall be referred to expert determination in accordance with the WIPO Expert Determination Rules. The language to be used in the expert determination shall be [specify language].

The determination made by the expert shall be binding upon the parties, unless within [30] days of the communication of the determination, the matter referred to expert determination is, upon the filing of a Request for Arbitration by either party, referred to and finally determined by arbitration in accordance with the WIPO [Expedited] Arbitration Rules. [The arbitral tribunal shall consist of [a sole arbitrator][three arbitrators].] * The place of arbitration shall be [specify place]. The language to be used in the arbitral proceedings shall be [specify language]. The dispute or difference referred to arbitration shall be decided in accordance with the law of [specify jurisdiction]." *(* The WIPO Expedited Arbitration Rules provide that the arbitral tribunal shall consist of a sole arbitrator.)*

Existing disputes

Mediation

"We, the undersigned parties, hereby agree to submit to mediation in accordance with the WIPO Mediation Rules the following dispute:

[brief description of the dispute]

The place of mediation shall be [specify place]. The language to be used in the mediation shall be [specify language]."

Arbitration

"We, the undersigned parties, hereby agree that the following dispute shall be referred to and finally determined by arbitration in accordance with the WIPO Arbitration Rules:

[brief description of the dispute]

The arbitral tribunal shall consist of [three arbitrators][a sole arbitrator]. The place of arbitration shall be [specify place]. The language to be used in the arbitral proceedings shall be [specify language]. The dispute shall be decided in accordance with the law of [specify jurisdiction]."

Expedited Arbitration

"We, the undersigned parties, hereby agree that the following dispute shall be referred to and finally determined by arbitration in accordance with the WIPO Expedited Arbitration Rules:

[brief description of the dispute]

The place of arbitration shall be [specify place]. The language to be used in the arbitral proceedings shall be [specify language]. The dispute shall be decided in accordance with the law of [specify jurisdiction]."

Expert Determination

"We, the undersigned parties, hereby agree to submit to expert determination in accordance with the WIPO Expert Determination Rules the following matter:

[brief description of the matter referred to expert determination]

The determination made by the expert shall [not] be binding upon the parties. The language to be used in the expert determination shall be [specify language]."

Mediation Followed, in the Absence of a Settlement, by [Expedited] Arbitration

"We, the undersigned parties, hereby agree to submit to mediation in accordance with the WIPO Mediation Rules the following dispute:

[brief description of the dispute]

The place of mediation shall be [specify place]. The language to be used in the mediation shall be [specify language].

We further agree that, if, and to the extent that, the dispute has not been settled pursuant to the mediation within [60][90] days of the commencement of the mediation, it shall, upon the filing of a Request for Arbitration by either party, be referred to and finally determined by arbitration in accordance with the WIPO [Expedited] Arbitration Rules. Alternatively, if, before the expiration of

the said period of [60][90] days, either party fails to participate or to continue to participate in the mediation, the dispute shall, upon the filing of a Request for Arbitration by the other party, be referred to and finally determined by arbitration in accordance with the WIPO [Expedited] Arbitration Rules. [The arbitral tribunal shall consist of [a sole arbitrator][three arbitrators].]* The place of arbitration shall be [specify place]. The language to be used in the arbitral proceedings shall be [specify language]. The dispute referred to arbitration shall be decided in accordance with the law of [specify jurisdiction]." *(* The WIPO Expedited Arbitration Rules provide that the arbitral tribunal shall consist of a sole arbitrator.)*

Mediation Followed, in the Absence of a Settlement, by Expert Determination

"We, the undersigned parties, hereby agree to submit to mediation in accordance with the WIPO Mediation Rules the following matter:

[brief description of the dispute or difference between the parties]

The place of mediation shall be [specify place]. The language to be used in the mediation shall be [specify language].

We further agree that, if, and to the extent that, any such matter has not been settled pursuant to the mediation within [60][90] days of the commencement of the mediation, it shall, upon the filing of a Request for Expert Determination by either party, be referred to expert determination in accordance with the WIPO Expert Determination Rules. Alternatively, if, before the expiration of the said period of [60][90] days, either party fails to participate or to continue to participate in the mediation, the dispute or difference shall, upon the filing of a Request for Expert Determination by the other party, be referred to expert determination in accordance with the WIPO Expert Determination Rules. The determination made by the expert shall [not] be binding upon the parties. The language to be used in the expert determination shall be [specify language]."

Expert Determination, Binding Unless Followed by [Expedited] Arbitration

"We, the undersigned parties, hereby agree to submit to expert determination in accordance with the WIPO Expert Determination Rules the following matter: [brief description of the matter referred to expert determination]

The language to be used in the expert determination shall be [specify language].

We further agree that the determination made by the expert shall be binding upon the parties, unless within [30] days of the communication of the determination, the matter referred to expert determination is, upon the filing of a Request for Arbitration by either party, referred to and finally determined by arbitration in accordance with the WIPO [Expedited] Arbitration Rules. [The arbitral tribunal shall consist of [a sole arbitrator][three arbitrators].] * The place of arbitration shall be [specify place]. The language to be used in the arbitral proceedings shall be [specify language]. The dispute or difference referred to arbitration shall be decided in accordance with the law of [specify jurisdiction]." *(* The WIPO Expedited Arbitration Rules provide that the arbitral tribunal shall consist of a sole arbitrator.)*

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