



East China University of Political Science and Law



# **ADVANTAGES and DISADVANTAGES for Settlement of Intellectual Property via Arbitration ——Based on the Characteristics of Arbitration**

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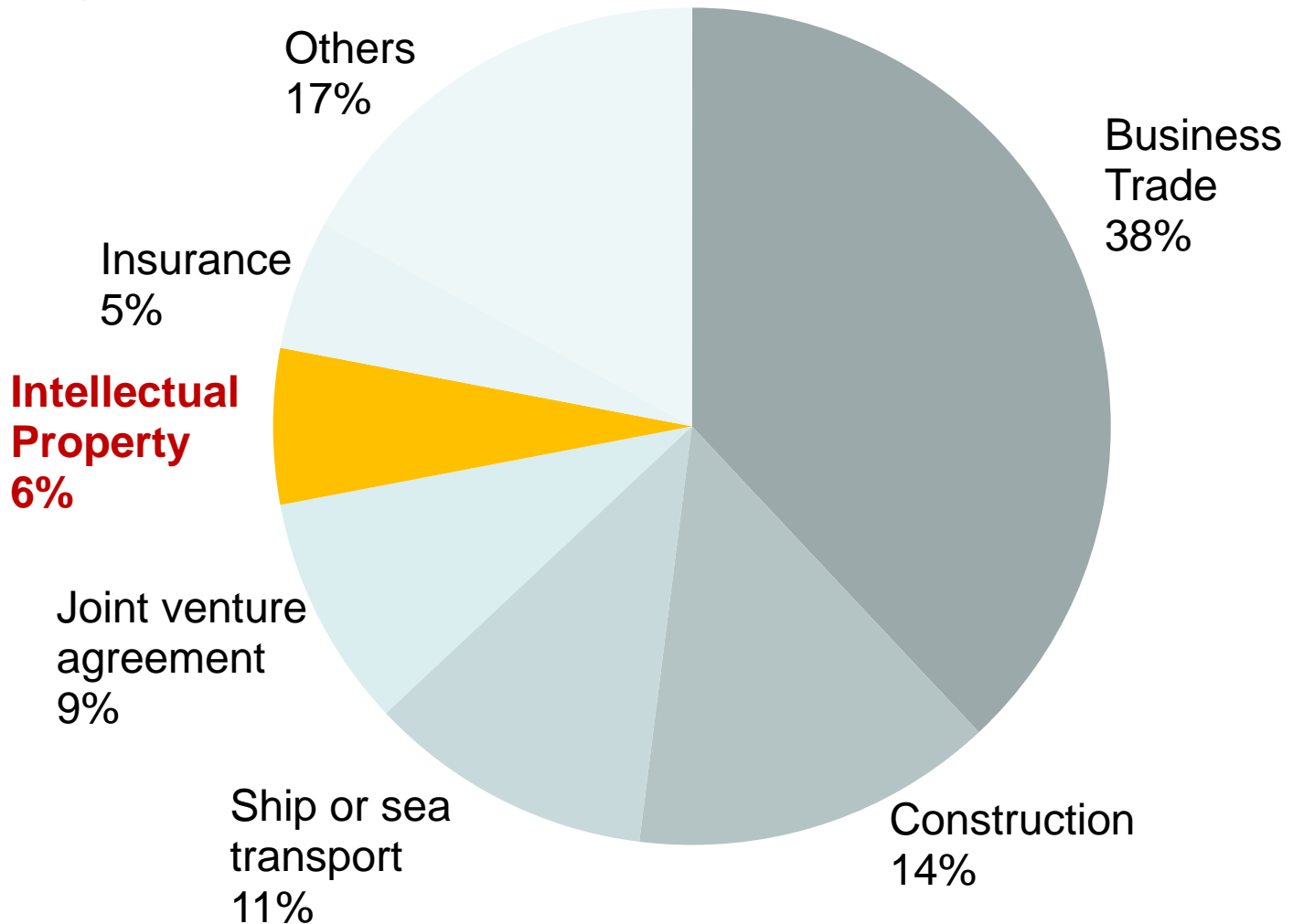


## Characteristics and Settlement Mode of IP Disputes

Characteristics of IP disputes	Litigation	Arbitration
Internationalism	Multiple procedures may lead conflicting results Local Protectionism	Single Procedure Neutrality
Technicality	The Judge or Jury may have no relevant technical knowledge	Technical experts in related areas can be appointed as arbitrators
Urgency	Long process easy to delay Injunctive Relief	the procedure is less time-consuming No direct temporary measures
Finality	Possibility of appeal	Appeal is limited
Confidentiality	open procedure	Confidential Procedures & results



## Type of international commercial arbitration



Source: Questionnaire by Queen Mary University of London in 2008



## PART 1

# Arbitral Awards are easy to be Recognized and Enforced in other Countries and Regions

The 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards

(The New York Convention of 1958)

156 Contracting states up to now;



## PART 2

# the Impaction of Contractual Feature of Arbitration on the IP Dispute Settlement

### A. Advantages

1. Neutral and Single Procedure;
2. Parties can choose the arbitrator;
3. Flexibility of the dispute resolution process and results;



**the main clauses the parties choose to agree in the intellectual property arbitration agreement:**

1	Way to select arbitrators
2	Quantity and qualifications of arbitrators
3	Venue of arbitration
4	Whether to get temporary relief
5	Option of arbitration procedure law or applicable law
6	The extent of disclosure of evidence
7	Main issues in the trial
8	Joint trials
9	Restrictions on relief
10	Time limit on arbitration procedure
11	Attorney fee reimbursement
12	Whether there is a reason for the arbitration award, etc.



## PART 2

# the Impaction of Contractual Feature of Arbitration on the IP Dispute Settlement

## B. Disadvantages

1. Arbitration cannot provide the injunction relief directly ;
2. There is no a third-party participation procedure ;



## PART 2

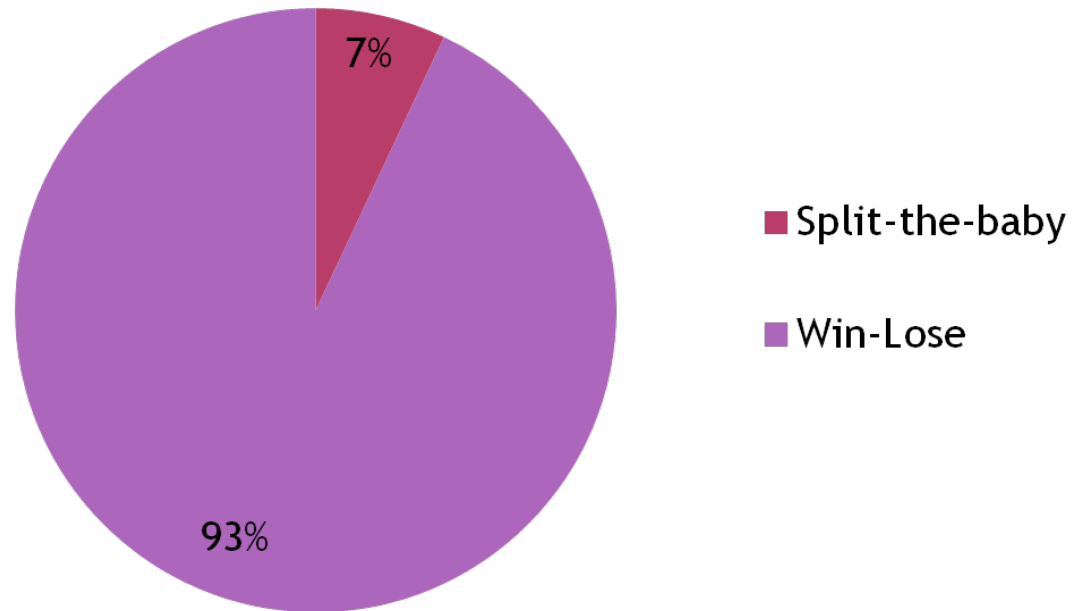
# the Impaction of Contractual Feature of Arbitration on the IP Dispute Settlement

## B. Disadvantages

3. Arbitral awards cannot be followed as precedents;
4. There is no detailed evidence rules in arbitration;
5. It is more possible that the disputes are solved by *split-the-baby* way.



## AWARDS OF COMMERCIAL DISPUTES BY ICDR IN 2005

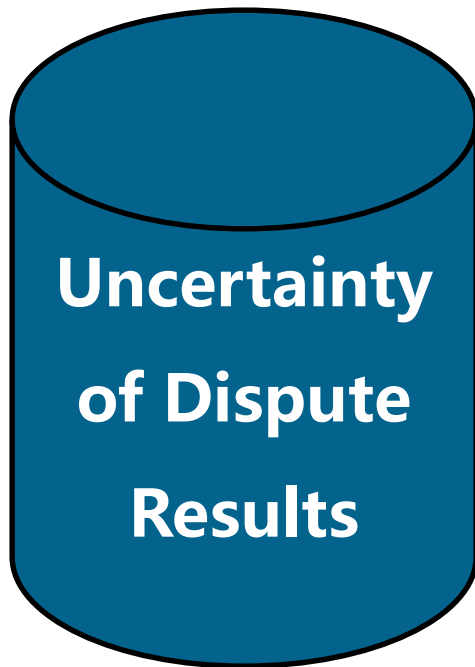


Source: AAA's sample survey of 111 commercial cases in 2005 by the International Centre for Dispute Resolution (ICDR)

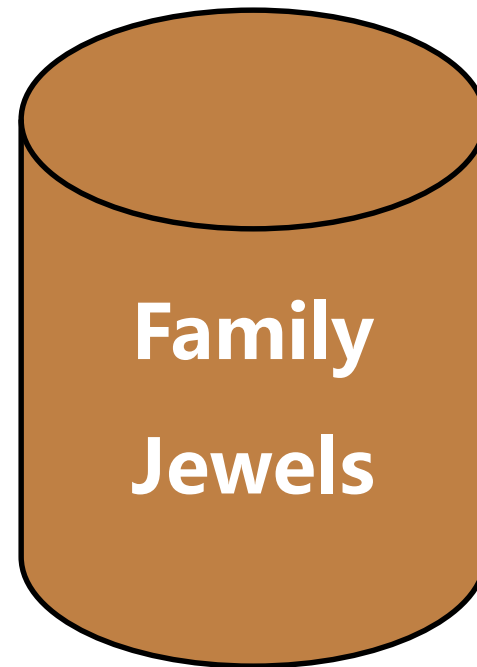


## PART 3

# The arbitral award is Final: Merit or Demerit ?



VS



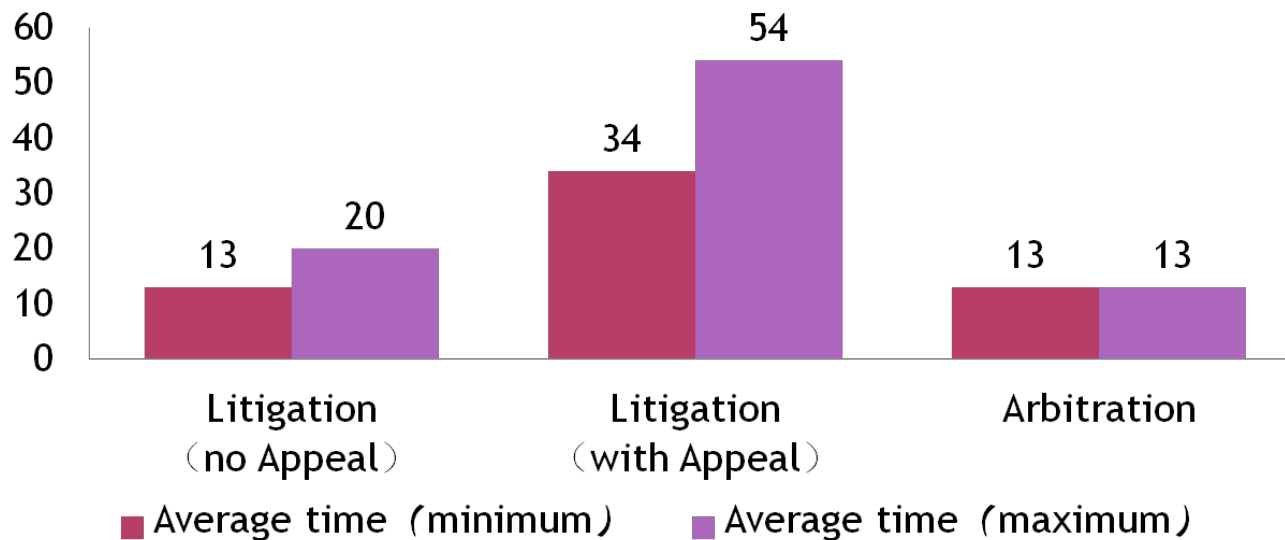
***Question : Does the arbitration needs an appeal mechanism?***



## PART 4

# Advantages over Time and Cost?

### A. Time



Source of average time of litigation : a survey by us Harness, Dickey & Pierce law firm

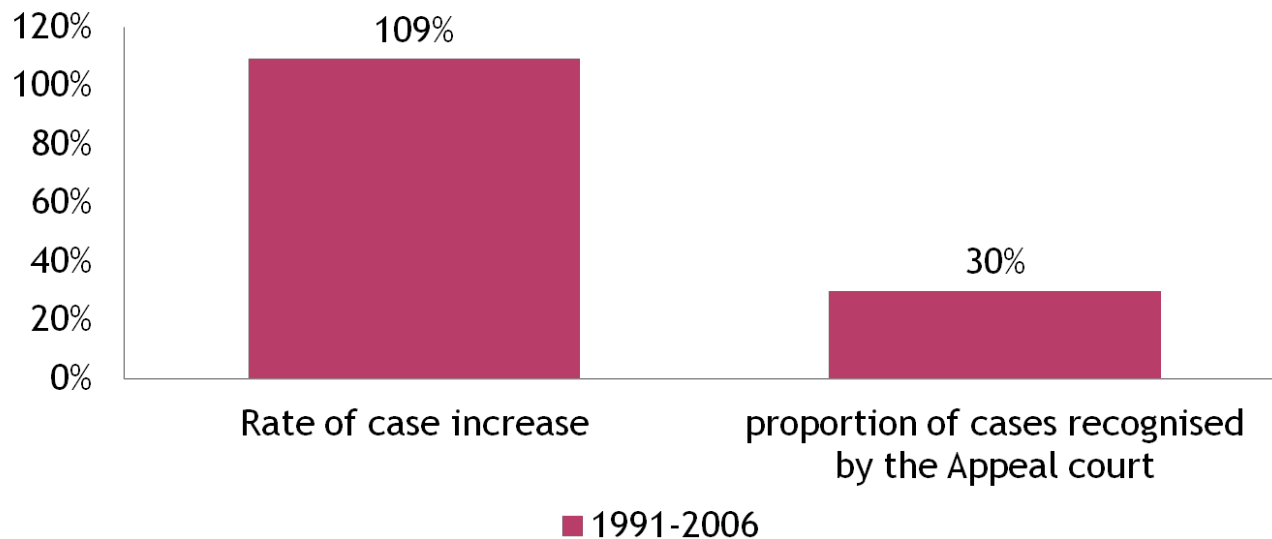
Source of average time of arbitration : a survey by AAA



## PART 4

# Advantages over Time and Cost ?

### B. Cost



Source: Patent and Trademark Damages Study published by Price Waterhouse Coopers (PWC) in 2006



## PART 4

# Advantages over Time and Cost ?

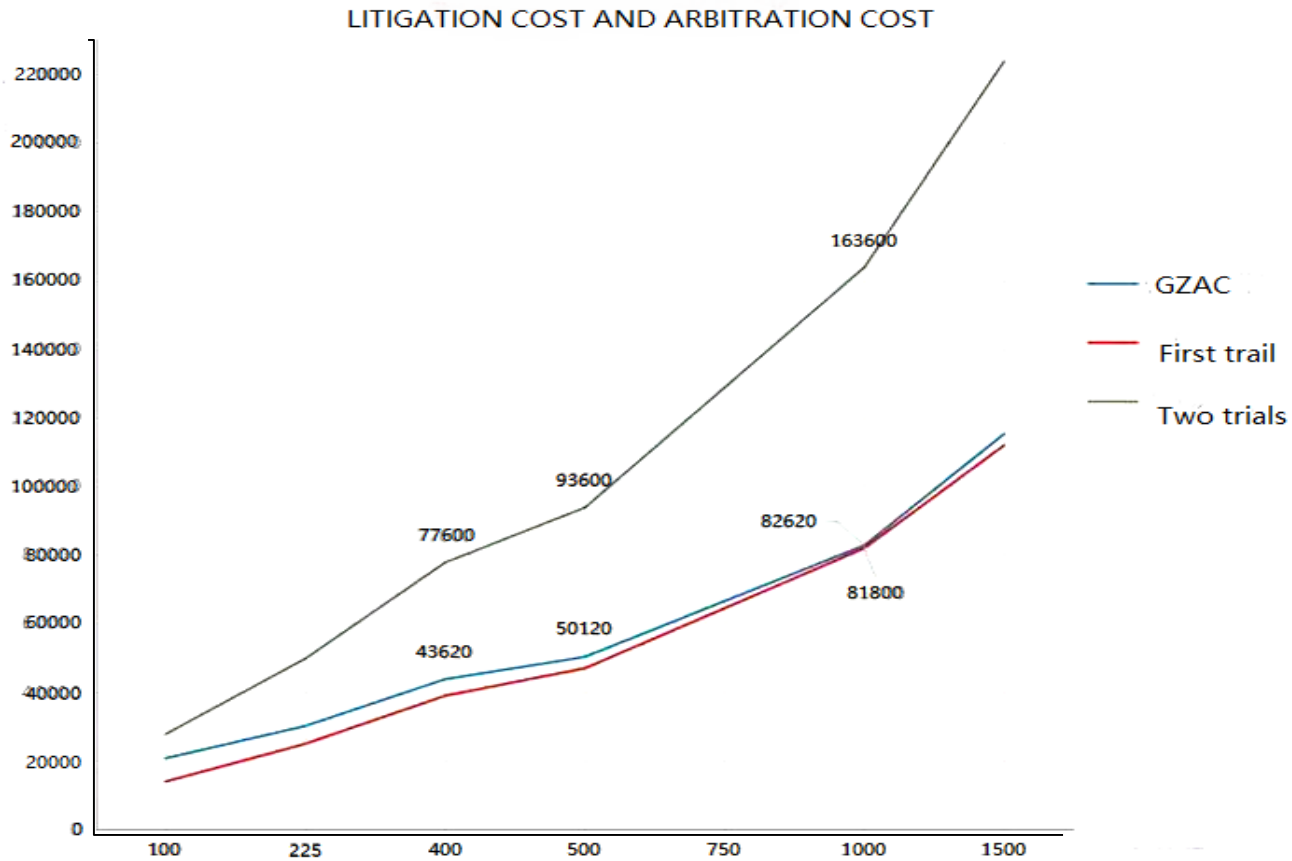
### B. Cost

Amount of Claim	Litigation Cost	Ratio of litigation cost to the amount of claim
Less than one million dollars	916,000 dollars	Over 90%
More than 25 million dollars	6 million dollars	Under 25%

Source: a survey by the American Intellectual Property Lawyers Association (AIPLA) in 2011



## The costs of litigation and arbitration in mainland





## Techniques of Controlling Time and Costs in Arbitration

1	Adopt the arbitration clause recommended by the arbitration organization
2	Be careful in drafting the terms of the mixed arbitration
3	Appoint a sole arbitrator
4	Set less qualifications of arbitrators
5	Choose a single language instead of bilingualism
6	The case shall be heard only in written documents without trial

Source: : ICC Report (2007)



## PART 5

# Arbitration is Self-Confidentiality ?

Arbitration Organization	Procedure	Files & Papers	Arbitrators	Witnesses	Arbitral Award
<b>ACICA</b>	Yes	Yes	Yes	Yes	Yes
<b>BANI</b>	Matters involving arbitration	Yes	Yes		Yes
<b>CIETAC</b>			Yes	Yes	
<b>HKIAC</b>	Yes	Yes	Yes		Yes
<b>ICC</b>	Not self-confidential. But the tribunal has the power to make such order.	Not self-confidential. But the tribunal has the power to make such order.	Tribunal and secretary are bound by confidentiality.	Not self-confidential. But the tribunal has the power to make such order.	Not self-confidential. But the tribunal has the power to make such order.
<b>ICSID</b>			Yes		Yes
<b>JCAA</b>		Yes	Yes		
<b>KCAB</b>		Yes	Yes		
<b>KLRCA</b>	Matters involving arbitration		Yes		Yes
<b>SIAC</b>	Yes	Yes	Yes		Yes
<b>WIPO</b>	Yes	Yes	Yes	Yes	Yes



**THANK YOU**



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