

RESEARCH ARTICLE

Cross-Border Patent Disputes: Unified Patent Court or International Commercial Arbitration?

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Currently, the enforcement of a patent that is registered in several countries involves the risk of getting different and conflicting decisions from the national courts. In 2013, 25 European countries entered in an agreement that aims to homogenise the patent system by creating the European patent with unitary effect and a Unified Patent Court (UPC). This article focuses on the UPC, which aims to have a single court proceeding for cross-border patent conflicts. Does the UPC system represent an advantage compared to the current litigation system? The paper argues that it does and explores what it considers to be the two main advantages of a UPC over the current system of cross-border litigation of patents: the ability to drag several conflicts to a single procedure and the neutrality of the decision makers. These advantages are consequently compared to the characteristics of arbitration. Then, an explanation is provided with regards to how the UPC system is going to work in terms of jurisdiction, preliminary injunctions, the choice of law and enforcement of decisions, comparing those same procedural aspects to arbitration. The article finds that arbitration involves many of the same advantages (as compared to the UPC) and that the procedural issues studied in both means are, so too, similar. Therefore, arbitration represents a viable alternative to the UPC when it comes to reducing the risks in solving cross-border patent conflicts.

Keywords: Unified Patent Court; Patents; Arbitration; Conflicts of Law; Intellectual Property; Jurisdiction; Enforcement

I. Introduction: Cross-Border Litigation of Patent Disputes and Their Problems

This paper was inspired by the conflict between Apple and Samsung, in which these international companies that have patents registered globally¹ for which they are business partners, entered into conflicts related to the same patents. An assumption is made that other companies with products holding patents and having a global trade activity, being business partners, are likely to have that type of conflicts. Given the territoriality of the registration and protection of patents currently, such companies have to litigate in each of the national courts where they want to protect and enforce their patents. Apple and Samsung have been referred to as 'Frenemies'² a conjunction of the words 'friends' and 'enemies', because of their high reliance on one another in developing products, all the while being locked in multiple conflicts with each other involving patents before different national courts. On one hand, according to the Bloomberg supply-chain analysis, 8.8% of Samsung revenue (ca. 7.5 million of US dollars) comes from Apple.³ Moreover, ahead of the launch of the iPhone in 2007, Apple asked Samsung to provide them with a microprocessor, making Samsung the manufacturer of the logic memory

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¹ See eg Jack Purcher 'Apple & Samsung Dramatically Secured More Patents in 2012' (*Patently Apple*, 10 January 2013) <<http://www.patentlyapple.com/patently-apple/2013/01/apple-samsung-dramatically-secured-more-patents-in-2012/>> accessed 11 March 2016; Laura Gaze and John Roderick, *Inside the iPhone Patent Portfolio* (Thomson Reuters IP Market Report 2012).

² See eg Nigam Arora, 'Apple May Pay Billions to Samsung for New iPad' (*Forbes Magazine*, 15 March 2012) <www.forbes.com/sites/greatspeculations/2012/03/15/apple-may-billions-to-samsung-for-new-ipad/> accessed 11 March 2016; Kartik Chillakanti, 'Apple and Samsung: Frenemies for Life' (*Huffington Post*, 24 July 2013) <www.huffingtonpost.com/fueled/apple-and-samsung-frenemi_b_3640858.html> accessed 11 March 2016.

³ Ian King and Adam Satariano, 'Apple Ties to Samsung in Sharp Contrast to Courtroom Clash' (*Bloomberg Magazine*, 7 August 2012) <www.bloomberg.com/news/2012-08-07/apple-ties-to-samsung-in-sharp-contrast-to-courtroom-clash/> accessed 11 March 2016.

chips which are at the heart of the iPhone and iPad.⁴ Hence about 20% of the iPhone is comprised of Samsung technology.⁵ On the other hand, despite having very strong business links, the companies sued each other in more than 10 jurisdictions.⁶ The extraordinary number of litigation procedures has been subject to a high level of coverage by the press, academic articles and general blogs which have referred to the dispute.⁷

It has been observed that due to the different approaches taken by different national courts to a single patent-right, and the vast possibilities that the current litigation system offers to the opponent parties, big enterprises have come to abuse it, without necessarily reaching an efficient solution to their dispute. Taking the example of the Apple-Samsung patent litigation, the companies did not reach a conclusive solution through the multiple national litigation actions, but ended up in negotiation outside of court.⁸

Given the observation that current cross-border litigation of a single patent right between the same parties may reach different conclusions, this paper aims to analyse on one side, the future Unified Patent Court (UPC) which represents an effort from several countries in the European Union (EU) to have a harmonised patent system. On the other side, the characteristics of the UPC will be compared with those of a commercial arbitration procedure, where parties can solve their cross-border patent conflict.

This paper will not address the issue of arbitrability of a patent dispute. It is considered that this has already been widely discussed; both in light of international arbitration as an *inter partes* procedure and due to the *erga omnes* effect of intellectual property rights (IPRs).⁹ It is understood that the biggest problem concerning the arbitrability of IPRs is related to adjudicating on the validity of the rights in a private procedure. On one hand, it is believed that even when arbitration is a private procedure, as long as the arbitrators are considered experts there is no reason why their decision would be any less appropriate than the Courts' decisions. However, for the arbitration award to be enforceable it would have to comply with the public policy of the respective country which opens up the risk that the national laws consider that the validity of patents cannot be arbitrated. In order to avoid this result, this paper agrees that the effect of the award is exclusively between the parties and that they may still enforce their rights against third parties.¹⁰

Hence, leaving aside the question of arbitrability in this kind of disputes, this article will discuss the origins and reasoning behind the UPC system. Part III submits that the UPC system's main advantages are the fact that it will consist of a single procedure that will decide cross-border conflicts all over Europe, as well as the neutrality of the decision makers. These two characteristics are considered face-to-face with characteristics of commercial arbitration that represent the same advantages.

In Part IV, procedural aspects of the UPC vis-à-vis arbitration will be analysed. These are considered of high relevance given that they answer the following issues of the cross-border conflicts of patents:

- Jurisdiction (where are the parties to a cross-border patent conflict going to take their action?);
- Preliminary injunctions (when a patent infringement takes place, it is extremely important for the affected parties to rely on the concession of injunctions);
- Choice of law (since cross-border disputes involve several jurisdictions, which law will remain applicable to a single procedure?); and
- Enforcement of the decision (how will a single decision be enforced in different jurisdictions?)

The article concludes that although UPC presents a very good alternative to tackle the issues surrounding a cross-border patent dispute, there is still uncertainty as to the procedure. Moreover there is the need for a more international solution, which can be reached by a single arbitration procedure.

⁴ *ibid.*

⁵ *ibid.*

⁶ *ibid.*

⁷ A Google search, using the term 'Apple vs Samsung' gives around 416 million results; see <https://www.google.co.uk/?gfe_rd=cr&ei=QThMU_LAH43R8geY9oHICQ#q=apple+vs+samsung> accessed 14 April 2014.

⁸ Apple and Samsung negotiated all patent procedures outside of the US, see Amid Chowdhry, 'Apple and Samsung Drop Patent Disputes Against Each Other Outside of the U.S.' (*Forbes Magazine*, 6 August 2014) <<http://www.forbes.com/sites/amitchowdhry/2014/08/06/apple-and-samsung-drop-patent-disputes-against-each-other-outside-of-the-u-s/#2b783eeca5e1>> accessed 20 March 2016.

⁹ See eg Julian Lew, Loukas Mistellis and Stephan Kröll, *Comparative International Commercial Arbitration* (Kluwer Law International 2003); Trevor Cook and Alejandro Garcia, *International Intellectual Property Arbitration* (Wolters Kluwer 2010); Anne Martin and J Derek Manson, 'Arbitration: A Quick and Effective Means for Patent Dispute Resolution' (*Oblon*, December 2011) <<http://www.oblon.com/publications/arbitration-a-quick-and-effective-means-for-patent-dispute-resolution/>> accessed 11 March 2016; and Gari Born, *International Arbitration Law and Practice* (Kluwer Law International 2012).

¹⁰ This opinion is shared with Cook and Garcia (n 9); see also Thierry Calame and Martin Aebi, 'Enforceability' in Thomas D Halket (ed), *Arbitration of International Intellectual Property Disputes* (Juris Publishing 2012).

The main methodological approaches used in this article are qualitative research methods in the form of case studies, comparative approaches, literature review and experts' opinions gathered from attending conferences with academics and practitioners. The secondary sources of the paper were drawn from newspapers, technology magazines and IPRs blogs, given that they provided the latest updates on UPC.

It is known that qualitative research gives a deeper understanding of experiences of the law and its application.¹¹ With that in mind, and given that the UPC is not yet in force, the author analysed several articles and other material available on UPC's website. Moreover the author attended conferences with patent experts, where the UPC system was analysed and debated, and the most relevant findings are quoted throughout the paper. Given that the UPC system has not been ratified, the different issues in question remain a matter of opinion. Therefore the conversations, debates at conferences and one-on-one interviews, attended and carried out by the author, were critical in order to gather enough data to analyse and answer the research question. Information was gathered from a variety of experts and active contributors of the patent system in Europe, including patent lawyers,¹² patent chiefs of innovative companies,¹³ patent judges, professors and representatives of the European Patent Office (EPO).

II. European Approach to Cross-Border Conflicts of Patents: The Unified Patent Court

In 1949, after the Council of Europe had just been created, the French Senator Longchambon made a proposal for a regional patent system. While this proposal was rejected, the belief in the need for a patent office and supporting laws to facilitate integration found several supporters. Over the next years other proposals surged, which in combination helped to set the agenda for the creation of a European patent.¹⁴ The European Patent Convention (EPC) was signed in Munich in 1973, and became effective in 1977.¹⁵ The EPC established 'a system of law, common to the Contracting States, for the grant of patents for inventions'¹⁶ and a European Patent Organisation with administrative and financial autonomy;¹⁷ that is, a single procedure and office for what it is called the 'European patent'.

Even though it established a single procedure for the application for a patent, the system does not grant a unitary right, but rather a bundle of national patents that are subject to the laws of the contracting states in which protection is sought.¹⁸ The validity of the grant of the European patent is conditioned upon said patent being translated into the language of each Contracting Member State where the patent is to have effect.¹⁹ Hence, the European patent is a fragmented patent system, where each Contracting State's patent laws govern that State's fractional share of the European patent (*e.g.* the remedies are not addressed in the EPC).²⁰ In addition, when it comes to post-(patent)granting issues, such as amendment, revocation and infringement, litigation must take place at the national level.²¹ One must note, however, that the EPC was only intended to be the first step; a provisional tool which was to be followed by further harmonisation.

In February 2013, several European countries signed the Agreement on the Unitary Patent (which is part of the EU patent package). It will enter into force as soon as 13 states, including France, Germany and the United Kingdom have ratified it.²² The EU patent package establishes the creation of:

- A Unified Patent Court;
- The unitary patent or 'European patent with unitary effect', meaning a patent granted by the

¹¹ Qualitative research aims to understand the meaning of human action, relying on text data rather than numerical, it also asks open questions about the phenomena as it occurs in context. See Stacy Carter and Miles Little, 'Justifying Knowledge, Justifying Method, Taking Action: Epistemologies, Methodologies and Methods in Qualitative Research' (2007) 17 QHR 1316.

¹² Recognised patent lawyers in the EU, specialised in patent litigation.

¹³ From companies such as Nokia, Bayern and Caterpillar.

¹⁴ Justine Pila, 'The European Patent: An Old and Vexing Problem' (2013) 62 ICLQ 917.

¹⁵ Vincenzo Di Cataldo, 'From the European Patent to a Community Patent' (2002) 8 Colum J Eur L 19.

¹⁶ Convention on the Grant of European Patents [1973] 13 ILM 268 (European Patent Convention), art 1.

¹⁷ *ibid* art 4.

¹⁸ Pila (n 14).

¹⁹ European Patent Convention art 137(2b).

²⁰ Di Cataldo (n 15) 20.

²¹ Erika Ellyne, 'European Patent Law: A Foreseeable Future in the Wake of the European Court of Justice Opinion 1/09 on the Compatibility of the Draft Agreement Creating a Unified Litigation Patent System with the Founding European Treaties?' (2012) 2 QMJIP 345.

²² For recent updates on ratifying parties, see <<http://www.consilium.europa.eu/en/documents-publications/agreements-conventions/agreement/?aid=2013001>> accessed 10 March 2016.

EPO which, upon request of the patent holder, will have unitary effect for the territory of the 25 Contracting States participating in the Unitary Patent Scheme (UPS), and that will co-exist with national patents and the classical European patents.²³

This unitary system intends to end the different and sometimes contradictory decisions in the national courts under the current European patent system. In the following section, the characteristics of the system will be analysed against those of commercial arbitration.

III. Advantages of UPC and Arbitration

The UPC system will potentially solve the issue of having to litigate in several national courts in the EU when aiming to defend a single patent—registered in different jurisdictions—against a singular opponent. It intends to have a unitary patent abolishing the bundle system and it will also unify the procedure for the Signatory States.

This part of the essay will explain two advantages that the UPC system will offer in the case of a cross-border patent conflict: to be able to draw several conflicts into one single procedure, and the neutrality of the decision makers. Such advantages are considered similar to characteristics of Commercial Arbitration and hence they are explained as follows.

A. Single Procedure

The first characteristic to analyse is the fact that UPC will establish a single procedure for the same conflict between the same parties in several jurisdictions. First, this section describes the single procedure in the UPC, then, the arbitration procedure in the UPC and finally how commercial arbitration may work as a single procedure englobing a cross-border patent conflict.

1. Unitary Patent Court

According to the EPO, the fact that national courts and authorities of the contracting states of the EPC are the ones to decide on the infringement and validity of European patents gives rise to a number of difficulties when a patent proprietor wishes to enforce a European patent in several countries. Such problems may include high costs, risk of diverging decisions, and lack of legal certainty.²⁴ Overcoming these difficulties represents one of the justifications for the UPC.

The main characteristics of the UPC are the following:

- A Court of First Instance with local, regional, and central divisions located in the Contracting States;
- A Common Court of Appeal;
- A referral system to the Court of Justice of the European Union (CJEU) for preliminary rulings whenever a question of EU law requires interpretation;
- The UPC will have jurisdiction for both the new unitary patents and the non-unitary European patents which are currently granted by the EPO;²⁵
- The Court will have exclusive jurisdiction to hear *inter alia*, actions for infringement of patents and of supplementary protection certificates, counter-claims for revocation, revocation actions, actions for provisional and protective measures and injunctions, and actions against decisions of the EPO relating to unitary patents; and
- A possibility for the claimant to opt out and choose another forum during a 7-year transitional period (extendable).²⁶ This period was set to allow patent owners, experts and lawyers to learn and adjust to the new system.

Once the UPS starts working, it will give rise to four parallel patent systems in the EU, some of which will overlap:

- National patents based on national applications;
- National patents based on an EPO application within the UPC Agreement system;

²³ EPO, 'Unitary Patent and Unified Patent Court' (29 January 2015) <<http://www.epo.org/law-practice/unitary.html>> accessed 12 March 2016.

²⁴ EPO, 'The Unified Patent Court' (29 January 2015) <www.epo.org/law-practice/unitary/patent-court.html> accessed 11 March 2016.

²⁵ *ibid.*

²⁶ *ibid.*

- National patents based on an EPO application outside the UPC Agreement system (owing to non-ratification or in non-Member States); and
- European patents with unitary effect.

The UPC system also provides the possibility of having a single arbitration or mediation procedure. According to the Agreement on a Unified Patent Court (UPC Agreement or UPCA), the judge in the UPC may suggest to the parties of a conflict that instead of continuing with the litigation, they solve the conflict via the Arbitration and Mediation Centre (the Centre or Arbitration Centre).²⁷ The latter will have the capability of ruling over the conflict with the same unified effect as the UPC, hence providing alternative dispute resolution methods as a single procedure ruling over the unitary patent.

It is still in doubt how the Centre will operate during the transitional period of the UPC, given that the EPC system will coexist during this time, as explained above. Assuming that the patent is under the bundle system of the EPC, it is understood that if both of the parties agree to solve the conflict in the UPC Centre, they are giving their tacit consent for the award to be valid in all of the Contracting States of UPC.

Therefore, given the coexistence of the EPC with the UPC for the transitional period of 7 years, and the uncertainty of the relation between the two, it is possible to conclude that the UPC system by ways of litigation or arbitration, will not immediately achieve the unity that it is looking for, at least not until the transitional period has elapsed.

2. International Commercial Arbitration

Under the current system, if parties want to submit their cross-border patent conflict to a single arbitration procedure, it is possible to do so. To start an arbitration procedure it is necessary that the parties enter into an arbitration agreement. When the parties have a contractual relationship, *e.g.* a license contract, they can include in it an arbitration clause (agreement for future disputes). In that case, that clause will constitute the arbitration agreement.²⁸ If the parties enter into a dispute without having a previous contract relationship, it is also possible for the parties to sign a submission agreement for arbitration.²⁹

Both agreements for future disputes (*i.e.* the contractual arbitration clause) and submission agreements require that the parties to the conflict agree to take their dispute to arbitration, and through the arbitration agreement, the parties can specify the dispute that they want to submit to arbitration. A basic principle in international arbitration is that of party autonomy, endorsed by Article 19(1) of the UNCITRAL Model Law on International Commercial Arbitration.³⁰ The autonomy of the parties to the arbitration agreement is restricted by issues of public policy.³¹ The UPC system will allow a single procedure for a cross-border conflict of patents and therefore we can affirm that the agreement for arbitration for such type of conflicts will not be in prejudice of public policy. Hence, if the parties agree, it is possible that they submit to a single commercial arbitration for a patent conflict that involves several jurisdictions.

B. Neutrality of Decision Makers

1. Unified Patent Court

One of the important characteristics of the new system is the neutrality of the decision makers and the assurance that they will be knowledgeable in the respective patent field. In the UPC, the judges that will sit on the case will be chosen from a 'Pool of Judges' and it is considered that this measure will ensure the neutrality of the Court. According to the UPCA: '[t]he Pool of Judges shall be composed of all legally qualified judges and technically qualified judges from the Court of First Instance [(CFI)] who are full-time or part-time judges of the Court'.³² Moreover, according to Article 8(1) of the same agreement '[a]ny panel of the Court of First Instance shall have a multinational composition'. Having international decision-makers who are not known to the parties beforehand is positive from a neutrality point of view and negative from a practice point of

²⁷ Agreement on a Unified Patent Court [2013] OJ C175/1, art 52(2).

²⁸ Jacques De Werra, 'Can Alternative Dispute Resolution Mechanisms Become the Default Method for Solving International Intellectual Property Disputes?' (2012) 43 Cal W Intl LJ 39.

²⁹ See WIPO, 'Recommended Contract Clauses and Submission Agreements' <<http://www.wipo.int/amc/en/clauses/#4>> accessed 12 March 2016 (for an example of such a submission agreement).

³⁰ United Nations Commission on International Trade Law Model Law on International Commercial Arbitration (adopted 21 June 1985, amended 2006) 24 ILM 1302 (UNCITRAL Model Law) (reflecting a worldwide consensus on key aspects of the arbitration practice).

³¹ Alan Redfern and others, *Law and Practice of International Commercial Arbitration* (4th edn, Sweet & Maxwell Publishing 2004) 315.

³² UPC Agreement art 18(2).

view, mainly because practitioners will fear the unknown quality of the judges' decisions. The UPC Agreement tries to counteract such fear, since in Article 18(3) states that the allocation of judges shall take into account their legal or technical expertise, linguistic skills and relevant experience, in order to guarantee the same high quality as on all panels of the CFI.

At the time of writing there is still no regulation of the arbitration procedure of the UPC, but it is likely to work on the same basis as the CFI, with arbitrators chosen from a pool of experts.

2. International Commercial Arbitration

One of the advantages of arbitration is that the parties have the freedom to choose the arbitrators that are going to preside over their conflict. Thus, they can secure which experts will be analysing their case. In this part of the essay it will be examined very briefly how the arbitrators are appointed. There is vast literature regarding the rules to appoint arbitrators and the proven knowledge and ethics that are desirable for arbitrators. It is not the aim of this work to analyse this issue deeply, but only to provide an overview, in order to ascertain if the freedom of the parties to select arbitrators is an advantage when dealing with cross-border conflicts of patents. Subject to the applicable law and the chosen institutional rules, if any, the principle of party autonomy generally will govern the selection and nomination of the arbitral tribunal.

a) Number of Arbitrators

The principal factors that affect the decision on the number of arbitrators are the size, value, and complexity of the dispute.³³ In general, appointing a sole arbitrator for smaller cases is more appropriate. The greater the number of arbitrators appointed, the greater the delay and expense likely to be incurred during the proceedings.³⁴ Appointing a three-member tribunal may permit the parties to combine different types of experience, legal and technical expertise and linguistic skills.³⁵ In the field of patents, this would mean that it would be possible to appoint an arbitrator that has knowledge and skills in the technical field of the protection of the patent.

If the parties decide to conduct the arbitration according to institutional rules, the different dispositions regarding the number of arbitrators are the following:

- The World Intellectual Property Organization (WIPO) Arbitration Rules specify in Article 14 that the Tribunal will consist of the number of arbitrators that has been agreed by the parties;³⁶
- Articles 10(1) and 10(2) of the UNCITRAL Model Law, provide that the parties are free to determine the number of arbitrators but failing such determination the number of arbitrators shall be three. Although Rule 7(1) adds that if the responding party fails to designate its choice for the second member, the appointing authority may designate a sole arbitrator;
- Rule 15 of the American Arbitration Association (AAA) Rules of Arbitration states that without agreement of the parties the default is one arbitrator, unless the administrator determines that three are appropriate because of the circumstances of the case. Three arbitrators will be the default if the claim amounts to one million dollars or more;³⁷
- Article 12(2) of the International Chamber of Commerce (ICC) Rules of Arbitration, establishes a presumption in favour of a sole arbitrator participation when the parties failed to agree upon the number of arbitrators, unless it appears that the dispute warrants three arbitrators;³⁸

In summary, a panel of three arbitrators is likely to be chosen by the parties of a cross-border conflict of patents, although the parties may decide to have more. This decision will, of course, have an impact in the cost of the procedure.

³³ James Bridgeman, 'Choice of Arbitrator' in Thomas D Halket (ed), *Arbitration of International Intellectual Property Disputes* (Juris Publishing 2012).

³⁴ Redfern and others (n 31) 221.

³⁵ Cook and García (n 9) 143.

³⁶ Arbitration Rules of the World Intellectual Property Organization (2014) <<http://www.wipo.int/amc/en/arbitration/rules>> accessed 5 September 2015 (WIPO Arbitration Rules).

³⁷ Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association (2013) <https://www.adr.org/aaa/ShowProperty?nodeId=/UCM/ADRSTG_004103&revision=latestreleased> accessed 5 September 2015 (AAA Rules of Arbitration).

³⁸ Rules of Arbitration of the International Chamber of Commerce (2012) <<http://www.iccwbo.org/products-and-services/arbitration-and-adr/arbitration/icc-rules-of-arbitration/>> accessed 11 March 2016 (ICC Rules).

b) Arbitrator Selection Procedures

It has been established that the parties to an arbitration will have the freedom to choose how many arbitrators they will want on the panel. In this part of the essay, we will address the way parties will be able to select them.

i. Appointment by the Parties

According to Cook and Garcia, in the IPR context this method is advantageous because the parties are able to appoint individuals who possess the technical and legal expertise needed to understand the particular facts and legal aspects of the case.³⁹ If the parties have decided to have a tribunal of three arbitrators and there are two parties in the procedure, normally each of them would appoint one arbitrator and they then would jointly appoint the third arbitrator.⁴⁰ If the parties cannot agree on the appointee, it is advisable that the parties agree on the methodology by which the Tribunal will be selected. Otherwise the parties will lose control over the characteristics of the tribunal itself.⁴¹

ii. Appointment in Institutional Arbitrations

When the arbitration is institutional and the parties do not agree on the arbitrators, the institution will usually be entitled to appoint the arbitrators:

- Under WIPO Arbitration Rules, Article 19, it is specified that when the parties fail to agree on the appointment of an arbitrator, there will be a special mechanism conducted by the WIPO Centre in order to find a person that would be suitable for both parties.⁴² In case the system fails, the WIPO Centre will then be authorised to appoint the sole or presiding arbitrator;⁴³
- UNCITRAL Rules point out in Article 11(3) that where the parties fail to appoint arbitrator(s), the appointment shall be made by the Court or another authority specified by the State that is enacting the Model Law;
- Rule 13 of the AAA Rules of Arbitration, specifies that where the parties do not appoint an arbitrator, either within a specific period to do so, or after a notice from the AAA to do so, then the AAA will make the appointment;
- Article 12(8) ICC Rules specifies that in the absence of a nomination, and when the parties are unable to agree on a method for the constitution of the arbitral tribunal, the Court will appoint the arbitrators and will designate one of them to act as president.

As stated above, the parties will typically have the freedom to choose the people that will arbitrate their conflict. Barring that, they are able to set up a mechanism to choose the arbitrators. According to Bridgeman,⁴⁴ the parties can also specify the qualifications they wish to be represented within the tribunal, for instance the profession and professional experience of arbitrators. It is said that among the personal characteristics of an arbitrator are courage, decisiveness and case management ability.⁴⁵

Even though the process to appoint arbitrators may be criticised for being long, if the arbitration is conducted under the ICC provisions, there is the possibility of having emergency arbitrators to grant interim relief before the Tribunal is constituted. This avoids the need of parties having to go to court to attempt to obtain such relief, since appointing an arbitrator will take two days.⁴⁶ In matters of intellectual property (IP) disputes it can be of key importance to obtain an urgent injunctive relief.⁴⁷ If the arbitration is being conducted by an institution, such as WIPO, it might be an assurance for the parties that they will have experts in IPRs on an international scale.

³⁹ Cook and García (n 9) 144.

⁴⁰ See UNCITRAL Model Law art 11(3); and ICC Rules art 12(5) (both suggesting that each party will appoint one arbitrator while the third one will be appointed by the Court).

⁴¹ Bridgeman (n 33) 235.

⁴² This mechanism, consist briefly in the following steps: The WIPO Centre sends to each party an identical list of a three candidates (such names will come from a list drawn from the WIPO Centre) then each party may delete the name of any candidate that they object to, and will leave the candidates in order of preferences, the Centre then will invite a person to be arbitrator.

⁴³ *ibid*; see also WIPO Arbitration Rules (n 36).

⁴⁴ Bridgeman (n 33) 240.

⁴⁵ Karen Fong, 'Arbitration of IP Disputes: Eyes Wide Shut' (*The In-House Lawyer*, 14 December 2009) <<http://www.inhouselawyer.co.uk/index.php/intellectual-property/7673-arbitration-of-ip-disputes-eyes-wide-shut>> accessed 12 March 2016.

⁴⁶ See ICC Rules art 29 and Appendix V.

⁴⁷ Katie McConnell and Nathan Searle, 'Would You Take a Patent Dispute to the ICC for an Arbitration?' (*PatLit*, 21 September 2011) <<http://patlit.blogspot.co.uk/2011/09/would-you-take-patent-dispute-to-icc.html>> accessed 12 March 2016.

In summary, both the UPC and Arbitration share the advantage that cross-border conflict of patents may be resolved by a single procedure, with the only difference being that in order to submit it to arbitration under UPC the parties have to sign an agreement. From the UPC perspective, it is considered a disadvantage to have a seven-year transition period, as explained in Part III (Section A), where four parallel patent systems remain. Regarding the neutrality of the decision-makers, the Pool of Judges system of the UPC seems to ensure that experienced and neutral experts will sit on the cases. In this regard, if the arbitration is administered by an institution, the selection of experts might be the same as in the UPC procedure, it will only make a difference if the parties wish to choose the arbitrators themselves.

IV. Procedures of UPC and Arbitration

After talking about the advantages that UPC and arbitration procedures will offer in contrast to current cross-border litigation, this section will analyse certain aspects of the procedures in order to assess whether these procedural elements will aid the type of conflicts in question.

A. Jurisdiction

This section will analyse which is the appropriate forum when having a dispute that involves several jurisdictions.

1. Unified Patent Court

The international jurisdiction of the UPC is established by Regulation 1215/2012.⁴⁸ As a basic rule, the claimant may start the proceedings at the place where the alleged infringement has taken place. However, in a conflict (such as the one between Apple and Samsung) in which the infringement takes place in several Member States, the claimant will have to choose the jurisdiction where to start the proceeding. Article 33(2) of the UPC Agreement depicts the forum rules as follows:

- If there is an action between the same parties on the same patent, the division⁴⁹ first chosen will be competent for the whole case, and any division chosen later will declare the action inadmissible;
- If there is an action pending before a regional division and the infringement occurred in the territories of three or more regional divisions, the concerned division, at the request of the defendant, shall refer the case to the central division;
- In Article 33(5) it is specified that if an action for revocation is pending before the central division and there is an action for infringement between the same parties and related to the same patent, it may be brought before any division or before the central division.

Véron has pointed out that Article 33(2)(b) has puzzled numerous European lawyers that consider it an 'anti-regional division weapon'. The rule provides that as soon as a third division starts operating in the case, parties can transfer the case to the central division. This action will withdraw the case from the regional division which, in turn, will arguably bring some political play in action.⁵⁰

Article 33(1)(b) provides the claimant the option to bring the infringement action where the defendant has its residence. In the case of multiple defendants, it could be the place where one of the defendants has its residence or principal place of business, while bearing in mind that the action against multiple defendants may be brought only where they have a commercial relationship and the action relates to the same alleged infringement. All the rules can apply to non-EU defendants, as they can be sued at the place of infringement.

Finally, according to Article 33(7), in all cases it is possible that the parties of the conflict agree to bring the action before the division of their choice, including the central division. However, as Véron points out, this is rather exceptional and needs a certain degree of maturity and good connection between the parties.⁵¹

⁴⁸ Council Regulation (EU) 1257/2012 of 17 December 2012 on implementing enhanced cooperation in the area of the creation of unitary patent protection [2012] OJ L361/1.

⁴⁹ A division of the UPC will entail a first instance Court and they will be categorised in local, regional and central divisions. Every Contracting Member State may set up a local division (or more if needed). Contracting Member States that do not have much patent litigation may set up a regional division together. The central division is based in Paris, with sub-central divisions in London and Munich, which will each be assigned a specialty of the patent matter (eg technological, biological field). See EPO, 'What are the Main Features of the Unified Patent Court?' <www.epo.org/law-practice/unitary.html> accessed 12 March 2016.

⁵⁰ Pierre Véron, 'The Unified Patent Court Explained in Detail' (European Patent Reform Forum, Munich, 19 September 2013).

⁵¹ *ibid.*

According to Heusch (Head of Nokia's European litigation), the basic principle is that everybody should be sued at their domicile; the idea of suing *locus delicti* (the place of infringement) was first introduced in the EU by the Brussels Regulation to protect the claimant against foreign laws or courts.⁵² Nowadays, however, given the broader market and technological facilities, it is possible to offer a product online (protected by patent) all over the world, meaning that the claimant is free to choose the most favourable jurisdiction within which to sue. This situation is an unintended consequence of the Brussels Regulation.⁵³

It is important to point out that given the nature of the system, the judgment of one of the divisions will be binding in all the UPC Contracting States. This is in contrast to the EPO system, where a decision is only valid in the jurisdiction where the Court has its seat. It is therefore possible to assume that forum choice is likely to be made strictly based on cost efficiency for the parties. However, practitioners have identified other factors that are likely to play a role in the selection of the forum and these are:

Injunctions. It will have to be taken into account the place of manufacture, the main distribution facilities or larger markets of the products. In practice it is important to choose the forum that will be as instrumental as possible.⁵⁴ In the UPC system, every local division will be able to issue an injunction for all of Europe and assess damages on behalf of the Contracting States. Though some practitioners have expressed that having the same procedural rules does not secure that the courts will take the same approach, as they will be biased by their traditions: 'like different chefs following the same recipe, they will flavour the dish in a different way'.⁵⁵

Bifurcation. Practitioners would be concerned with either starting or abstaining from an action in different courts if they think that the judges are likely to bifurcate.⁵⁶ Jörg Thomaier, chief of patent litigation in Bayern, is of the opinion that having technical experts as judges is enough to improve the decisions in the system regarding infringement and validity, and he believes that the concerns of practitioners regarding bifurcation will be eradicated when there is a technical judge on the panel.⁵⁷

Taking of evidence. Even though the rules for taking evidence will be the same, it is believed that the application will be influenced by the traditions of the forums. Hence, depending on the need of the patents, practitioners will be tempted to go to one local division or another. For instance it is thought that UK courts are more open to taking witness testimonies than French courts.⁵⁸

Time efficiency of the decisions. According to Heusch, with the new courts the regional and local divisions will want to attract cases, in principle to justify their existence.⁵⁹ Because of this, litigants are afraid that there will be competition between courts to be the most patentee-friendly. Although this may involve timing issues, these are qualitative decisions as well. For this reason, Nokia and other companies proposed the addition of Rule 19B, suggesting that the court with the closest connection to the case should sit on it.⁶⁰ At the time of writing, 19B has not incorporated into the UPC Agreement.⁶¹

It is submitted then, that even when the substantive law is harmonised the different approaches will still play a role during the first years of the UPC and only when a balance is achieved the selection of the forum will be less important. A final point of concern is that regardless of the different 'local flavours' of the different divisions, they will all meet in the Court of Appeal (CoA) in Véron (n 50). It will be interesting to see

⁵² Clemens Heusch, 'Consultation Panel: Feedback and Ideas Regarding Draft Proposals for Rules of Procedure' (European Patent Reform Forum, Munich, 19 September 2013); Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters [2001] OJ L 12/1 (Brussels I Regulation) (that was later replaced by Regulation (EU) No 1215/2012).

⁵³ *ibid.*

⁵⁴ Jörg Thomaier, 'Inter-Industry Debate: International Litigation Considerations' (European Patent Reform Forum, Munich, 19 September 2013).

⁵⁵ Véron (n 50).

⁵⁶ UPC Agreement art 33(3) (clarifies that the local division has the discretion to either proceed with both the action for infringement with the counterclaim for revocation, or refer the counterclaim for revocation of decision to the central division and suspend (stay) or proceed with the action for infringement). The latter alternative is, at the moment, called 'bifurcation' in Germany—though it is uncertain which term will be applied in the future.

⁵⁷ Jörg Thomaier, 'Consultation Panel: Feedback and Ideas Regarding Draft Proposals for Rules of Procedure' (European Patent Reform Forum, Munich, 19 September 2013).

⁵⁸ Thomaier, 'Inter-Industry Debate' (n 54).

⁵⁹ Although, he also points out the fact that they will want to attract the big cases as a matter of prestige; see Heusch (n 52).

⁶⁰ *ibid.* For example, if 19% of the products are distributed in one or two countries, the dispute should not be brought before a minor market where there is only the presence of a webpage since that would not constitute a close (enough) connection.

⁶¹ See Rules of Procedure of the Unified Patent Court (17th draft, 31 October 2014) <http://www.unified-patent-court.org/images/documents/UPC_Rules_of_Procedure_17th_Draft.pdf> accessed 12 March 2016 (UPC Rules of Procedure) (containing a preliminary set of provisions for the UPC).

how this CoA will navigate the harmonisation here, and also begs the question of whether it will add its own local flavour. This issue will only be answered in the long run.

The UPC Agreement has a positive list of the actions that fall within the jurisdiction of the courts.⁶² It is important to note that the current rules of jurisdiction of the UPC were inspired by the rules of the Brussels Convention, which has been in existence for more than 40 years and which gives a proper balance to the interest of the stakeholder.⁶³

2. Arbitration under the UPC

Article 35 of the UPCA indicates that a patent Arbitration and Mediation Centre shall have its seats in Ljubljana and Lisbon. According to De Werra, the decision of having two seats for the Centre was made from a political perspective, however, it raises questions regarding what would happen to the freedom of the parties to choose the arbitral seat.⁶⁴ Would the parties who wanted to use arbitration to solve their conflict over a European patent be obliged to use the facilities of the Centre? In terms of the seat of arbitration, would it be considered to be Lisbon or Ljubljana? Or elsewhere in Europe?

The selection of the arbitration seat impacts the costs of the proceedings, the applicable law, and potentially the enforcement of the award. In terms of disputing a European patent with unitary effect only, the question of applicable law would be solved, and the parties will not have to fear any potential application of the *lex fori*.

The answer to the above question may be found in the freedom of the parties to choose arbitration. The use of the UPC Arbitration Centre is just one option open to the parties. If the parties want to solve their patent dispute through arbitration they may choose any arbitration institution or even an *ad hoc* procedure to manage it. If they do want to go to this Centre it is clear that the sites will then be Lisbon and Ljubljana. This is not problematic as it is possible to have both the seat of the arbitration in one State and (for reasons of cost or location convenience) to have audiences in another State.

3. International Commercial Arbitration

If the arbitration is conducted by an institution and the parties do not agree on a seat, the administration will choose the location for them.⁶⁵ If, however, is an arbitration that is not subject to an institution (*ad hoc*) and the parties cannot agree on a seat, this complicates the procedure. The applicable procedural law of the *ad hoc* arbitration, depends upon the seat. But if a seat has not been decided by the parties, the arbitrator will have to apply procedural law in order to determine the appropriate seat. The question is then, which procedural law will the arbitrator apply in order to determine the seat?

Article 20 of the UNCITRAL Model Law states that the arbitral tribunal, taking into account the circumstances of the case and the convenience of the parties, will decide the place. Therefore, if the arbitrator follows the UNCITRAL Model law it will just need to evaluate the circumstance of the case, including convenience for the parties.⁶⁶ However, the application of this disposition will depend on whether the country where the award is going to be enforced follows the Model Law or not. For the parties it is important to take into consideration the law of the place where they are likely to enforce the award.⁶⁷

For cross-border conflicts of patents the ideal scenario would be for the parties to choose a place that is neutral to the countries where the award is going to be enforced. Taking into account that the aim would be to enforce the decision in several States it would be possible for the parties to choose a seat in any country they considered to be 'arbitration friendly'.⁶⁸ Alternatively, the arbitrators may prefer another jurisdiction to

⁶² UPC Agreement art 32.

⁶³ Véron (n 50).

⁶⁴ Gyooho Lee, Keon-Hyung Ahn and Jacques De Werra, 'Euro-Korean Perspectives on the Use of Arbitration and ADR Mechanisms for Solving Intellectual Property Disputes' (2014) 30 Arb Intl 91.

⁶⁵ See WIPO Arbitration Rules art 39; and ICC Rules art 18.

⁶⁶ A similar rule is followed by other non-UNCITRAL countries, eg the Swiss Rules of International Arbitration (2012) <https://www.swissarbitration.org/files/33/Swiss-Rules/SRIA_english_2012.pdf> accessed 10 February 2016 (Swiss Rules), art 16(1) (which reads '[i]f the parties have not determined the seat of the arbitration, or if the designation of the seat is unclear or incomplete, the Court shall determine the seat of the arbitration, taking into account all relevant circumstances, or shall request the arbitral tribunal to determine it').

⁶⁷ Thomas D Halket and Susan H Nycum, 'The Arbitration Agreement' in Thomas D Halket (ed), *Arbitration of International Intellectual Property Disputes* (Juris Publishing 2012).

⁶⁸ London and New York are the most preferred seats of arbitration specified in international arbitration clauses; see Norton Rose Fulbright, *11th Annual Litigation Trends Survey* (May 2015) <http://www.nortonrosefulbright.com/files/20150514-2015-litigation-trends-survey_v24-128746.pdf> accessed 12 March 2016, 70.

the countries where they will attempt to enforce the award, while ensuring that it is also a signatory party of the New York Convention (NYC).⁶⁹

B. Preliminary Injunctions

1. Unitary Patent Court

Article 32(c) states that the UPC will have competence over actions for provisional and protective measures and injunctions. At the time of writing the Rules of Procedure are yet to be approved. Rule 10 of the latest draft of the Rules of Procedure lays down the most important aspects of it to the extent that it is possible to conclude that in a single procedure there is a decision of the merits.

Article 62 of the UPC Agreement makes it clear that there is a possibility of obtaining a preliminary injunction against an infringer and that there should be some way of compensating the person against whom the injunction is granted. The court is meant to balance the interests of the parties and decide whether to grant the injunction or not. This seems to come from the Anglo-Saxon approach of considering injunctions without trying to decide whether the party is likely to be successful in an interim hearing.⁷⁰ Therefore, instead of focusing on the relative harm that each party would suffer if the injunction were granted, it is assumed that there is a dispute between the parties that will be determined at trial.

Under the EPC system, the CJEU in the cases *Gat v Luk* and *Roche v Primus*, decided that a cross-border injunction would only be granted when the defendant is based in the country of the court that is deciding on the injunction, and the validity of the patents is not disputed.⁷¹

2. International Commercial Arbitration

In respect of preliminary injunctions, Article 29 of the ICC Rules accounts for a procedure for the appointment of an emergency arbitrator which a party in need of urgent or conservatory measures can apply for. The process involves submitting an application for emergency measures to the Secretariat.⁷² An award made by the Centre will be enforceable *mutatis mutandis* according to the enforcement rules of the decisions of the UPC. Regarding injunctions, Article 83(2) establishes that '[w]here appropriate, the enforcement of a decision may be subject to the provision of security or an equivalent assurance to ensure compensation for any damage suffered, in particular in the case of injunctions.' This provision will facilitate the enforcement of an interim award if the parties decide to submit their dispute to the Centre. There are, however, several factors regarding the enforcement of awards in the UPC system that need to be taken into consideration and they are studied below in the enforcement section.

C. Choice of Law

1. Unified Patent Court

Article 24 of the UPC Agreement determines the law in which UPC should base its decisions on:

- Union law, including Regulation (EU) No 1257/2012 and Regulation (EU) No 1260/2012;⁷³
- The UPC Agreement;
- The European Patent Convention;
- Other international agreements applicable to patents and binding on all the Contracting Member States; or
- National law.

⁶⁹ The Convention on the Recognition and Enforcement of Foreign Arbitral Awards (adopted 10 June 1958, entered into force 7 June 1959) 330 UNTS 38 (New York Convention) (which applies to the recognition and enforcement of foreign arbitral awards and the referral by a Court to arbitration). For a complete list of signatories see <<http://www.newyorkconvention.org/contracting-states/list-of-contracting-states>> accessed 12 March 2016.

⁷⁰ Alex Wilson, 'The Unified Patent Court Explained in (European Patent Reform Forum, Munich, 19 September 2013).

⁷¹ Timothy Siaw, 'The Netherlands' in Massimo Sterpi and Thierry Calame (eds), *Patent Litigation: Jurisdictional Comparisons* (2nd edn, Sweet and Maxwell 2012) 300; Case C-4/03 *Gesellschaft für Antriebstechnik mbH & Co. KG v Lamellen und Kupplungsbau Beteiligungs KG* [2006] ECR I-6509; Case C-539/03 *Roche Nederland BV and Others v Frederick Primus and Milton Goldenberg* [2006] ECR I-6535.

⁷² ICC Rules Appendix V.

⁷³ Regulation 1257/2012 (n 48) (containing provisions concerning the effect, exhaustion, licenses on the unitary patent, and rules over the administrative tasks of the patent office); Council Regulation (EU) 1260/2012 of 17 December 2012 on implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements [2012] OJ L361/89 (taking into account the official languages of the UPC).

Article 24(3) opens the possibility that the law of Non-Contracting States apply when designated by application of the rules referred to in Paragraph 2, which regulates the application of national laws in the UPC.⁷⁴

2. International Commercial Arbitration

It is a principle of international arbitration that the parties in conflict are free to choose the legal system they want the tribunal to base the decision on. However, if the parties do not agree on the choice of law then they can decide that the tribunal will choose for them. This raises the question what the rule should be to determine the applicable law. In international arbitration literature this has been discussed extensively.

Similarly, when the parties decide on an institutional arbitration, the procedural rules of the institution will provide for the rules to choose the substantive law. This essay focuses on matters that would be considered in a cross-border patent conflict. One of the limitations to the freedom of the parties to choose a substantive law has to do with public policy. The parties cannot choose a legal system in which the application will affect the public policy of the place of enforcement. In matters of patent disputes, the importance of such policy materialises generally in matters of competition law. Nevertheless, even the EU competition authority has suggested arbitration as a means to solve conflicts related to European patents.⁷⁵

With the increasing harmonisation of national IP laws through multilateral agreements such as the TRIPS Agreement,⁷⁶ and now the UPC, it may often be fair and reasonable for the court to presume that affected State(s)' norms are the same as those of the State of arbitration.⁷⁷ Nevertheless, in the field of patents it is perceived that there is reluctance by practitioners to break the territoriality of the substantive law protecting the patents.⁷⁸ Therefore, in order to maintain the territoriality of the substantive laws applicable to a patent conflict, it may be suggested that all of the national laws related to the conflict will apply. This approach is known as a 'mosaic of national laws'. It resembles the approach taken in *Actavis v Lilly EWHC 1511*. (Pat) where a UK judge took into account the national laws of all of the jurisdictions involved in the dispute (e.g. France, Spain among others).⁷⁹ This case shows that where there is a cross-border conflict over the same patent, it is possible to apply the laws of all of the countries that were involved in the dispute. The author is of the opinion that in terms of substance, the European laws that deal with IPRs are more or less homogenised;⁸⁰ the slight differences that may exist between them, are a result of the interpretation of the law by the decision makers, rather than an objective difference.

It is recommended that the mosaic approach should be followed in regard of applicable law in the case of an arbitration of cross-border patent disputes, in order to include the different interpretations of the law. This approach will have more acceptability as long as it does not involve a decision on the validity of the patent.

D. Enforcement

1. Unitary Patent Court

Article 82 of UPC states that the decisions and orders of the court will be enforceable in any Contracting State. The order for enforcement will be appended to the decision. Therefore it is possible to conclude that the enforcement of the decisions under the UPC will come automatically with the judgment. This represents an advantage over the EPC system, where the enforcement of foreign national judgments is not mandatory. In the case of injunctions, under the UPC the enforcement of a decision may only be subject to the provision of security or an equivalent assurance to ensure compensation for any damage suffered.

The enforcement procedures shall be governed by the law of the Contracting State where the enforcement takes place.⁸¹ Moreover, any decision of the court shall be enforced under the same conditions as a decision

⁷⁴ See UPC Agreement art 24(2)-(3). When the conflict involves UPC Agreement arts 25-26 (on the right of the patent owner to prevent the direct or indirect use of an invention), art 27 (on the limits of the effect of the patent), or art 28 (on the right based on prior use of the invention); the application of national laws is allowed. National laws will also be applicable during the procedure when there are questions concerning the burden of proof (arts 54-55); corrective measures in infringement procedures (art 64); award of damages (art 68); and the period of limitation for bringing an action (art 72).

⁷⁵ See Commission, 'Antitrust: Commission Accepts Legally Binding Commitments by Samsung Electronics on Standard Essential Patent Injunctions' (29 April 2014) <http://europa.eu/rapid/press-release_IP-14-490_en.htm> accessed 12 March 2016.

⁷⁶ Marrakesh Agreement Establishing the World Trade Organization (adopted 15 April 1994, entered into force 1 January 1995) 33 ILM 1144, Annex C, Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).

⁷⁷ American Law Institute, *Intellectual Property, Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes* (American Law Institute 2008).

⁷⁸ See eg David Caron, 'The World of Intellectual Property and the Decision to Arbitrate' (2003) 19 Arb Intl 451.

⁷⁹ See *Actavis UK Limited and others v Eli Lilly & Company* [2014] EWHC 1511 (Pat) (Judgment on the merits).

⁸⁰ Ever since the TRIPS Agreement entered into force, the standards provisions have the same effect in all of the countries that took part in it.

⁸¹ UPC Agreement art 82(3).

made in the Contracting State where the enforcement takes place. This is called 'automatic enforcement' and it intends to be mandatory. Article 82(4) states that if a party does not comply with the terms of an order of the court, that party may be sanctioned with a penalty. The individual penalty shall be proportionate to the importance of the order to be enforced and shall be without prejudice to the party's right to claim damages or security.

2. Arbitration Award and Its Enforcement

First, to obtain recognition and enforcement of an international arbitral award, it is necessary that both the agreement to arbitrate and the award exist.⁸² The NYC establishes the formal proof of the existence of the foreign awards in its Article IV: 'A party seeking recognition and enforcement of an award must supply (a) the duly authenticated original of the award or a duly certified copy thereof, and (b) the original arbitration agreement or a duly certified copy thereof'.

Fulfilling the requirements described above will constitute *prima facie* evidence of the entitlement of the applicant to enforcement of the award.⁸³ There will be no need to start an enforcement procedure if the parties comply with the award voluntarily. However, if they do not, the interested party will have to go to a national court to ask for enforcement. There is vast regulation and experience regarding the enforcement of international awards under the NYC in different national courts, which is not considered necessary to reproduce for the purposes of this article.

a) Enforcement of Arbitration Award under the UPC System

Article 35 of UPC provides for the formation of a patent Arbitration and Mediation Centre, and Paragraph 2 states that '[...] Article 82 shall apply mutatis mutandis to any settlement reached through the use of the facilities of the Centre, including through mediation [...]'. The provisions of Article 82 are for the enforcement of decisions and orders. Therefore, it can be inferred that either the settlement outcome from a mediation or the arbitral award will be enforced in the same way as formal decisions rendered by the UPC.⁸⁴ This means that the award will be labelled with the status of a sentence and will achieve the character of *res judicata*. This would be a clear advantage of the arbitration over the court procedure as there would be no appeal and hence a potentially faster procedure.

However, it is noticeable that Article 35 quoted above only talks about 'settlement' and not specifically about 'award'. An arbitration decision is not a settlement *per se*, it is a decision taken by a third party (arbitrator). It is questionable whether the intention of the legislator was that the Centre would be exclusively used by the parties to reach an agreement (and not to arbitrate their dispute), and perhaps this is why the word 'settlement' is continuously used. One can hope that this does not cause confusion in the future, when parties ask for the enforcement of an award rendered by the Centre.

In this respect, the ICC Rules, in Article 32, recognise that if the parties reach a settlement and they transmit⁸⁵ it to the arbitral tribunal, then this settlement will be recorded in the form of an award made, if the parties so wish. Therefore, from the experience of other arbitration institutions, it is possible to convert a settlement into an arbitration award. The advantage of converting a settlement into an award is that, if in the future one of the parties refuses to comply with the settlement, the other party can make the award enforceable.

According to De Werra, the provision in Article 35 of UPC leaves the question open about whether the parties will be able to submit a dispute regarding a European patent with unitary effect to another arbitration service provider. Even though this is an issue that will have to be clarified to ensure the successful implementation of the Alternative Dispute Resolution methods used for solving European patent disputes, he is of the mind that the parties will be free to choose the arbitration institution they prefer.⁸⁶ It is proposed then, that this theory finds confirmation when taking into account that the basis of the arbitration is the consent of the parties, and therefore they should be able to choose the institution that will be more efficient for them.

Given this scenario, if the parties choose another institution different to the UPC Centre, the enforcement of the arbitral award begs the question: Are the parties going to be able to enforce the award according to the UPC scheme/rules?

⁸² Calame and Aebi (n 9).

⁸³ *ibid.*

⁸⁴ Lee, Ahn and De Werra (n 65) 120.

⁸⁵ ICC Rules art 16 (which requires the transmission of a settlement to pass by the Secretariat of the ICC as part of the administrative procedures of the aforementioned organisation).

⁸⁶ Lee, Ahn and De Werra (n 65).

It is important to take into account that the award deals with a patent registered in the EU, either a European patent or a European patent with unitary effect. And it is also important to note that during the transitional period, the parties can opt out of the scheme of UPC and choose the forum where they want their action to be heard (Article 83(1) of UPC).⁸⁷ Then, if the contended patent is a European patent (without unitary effect) and the owner opts out of the UPC system, the answer to the question is straightforward as the parties to the arbitration will be able to enforce their award, based on the mechanism of the NYC.

According to Article 83(1) of UPC, during the transitional period actions may be brought before the national courts. As such, it can be concluded that the parties can use the national courts to enforce the arbitration awards if they so wish, regardless of whether the patent has unitary effect or not. It remains in question whether an award not rendered at the Centre would be enforceable under UPC. In order to answer this, it is necessary to analyse Article 82 of UPC and the enforcement-related articles at the current draft for Rules of Procedure.

Article 82 specifies that the decisions (and orders) shall be enforceable in any Contracting State. This means that UPC's will not have jurisdiction to enforce their decisions. Hence our question is defined a little bit more by the following: is it possible that an award that deals with a European patent with unitary effect be levelled up to a decision of the UPC court, even considering that the award was not rendered by a UPC institution, but rather another arbitration institution?

Rule 354 of the draft for Rules of Procedure reads:⁸⁸ '[s]ubject to Rule 118.9 and Rule 352 decisions and orders of the Court shall be directly enforceable from their date of service in each Contracting Member State. Enforcement shall take place in accordance with the enforcement procedures and conditions governed by the law of the particular Contracting Member State where enforcement takes place'. It is submitted that this provision rules out decisions taken by other institutions that are not part of the UPC scheme. Consequently, the awards provided by arbitration institutions (*e.g.* WIPO, ICC) that relate to an EU patent with unitary effect will have to be enforced by means of the institutions' rules and the NYC.

On the other hand, if the parties have an award from the UPC Centre, can they enforce it outside of the EU? It is submitted that if the award was rendered by the UPC Arbitration Centre, but the parties wish to enforce it outside of the EU, the fact that the Centre has dealt with the arbitration would be regarded as if any other arbitration institution had administered it. The award will then be enforced as well by virtue of the NYC. Initially, the seat of those arbitrations would be either Portugal (Lisbon) or Slovenia (Ljubljana) and both of the countries are part of the mentioned convention.⁸⁹

V. Conclusion

This paper elaborates on the submission that the current litigation system of cross-border conflicts of a single patent between the same parties, in different jurisdictions, results in an abuse of the litigation system by the parties and results in different and sometimes contradictory decisions. This submission was stated after following the multijurisdictional litigation between Apple and Samsung. Hence, the paper studies the possible solution of using a single procedure to resolve these types of conflicts; the decision of which can be enforced in the different jurisdictions where the parties market their products. It is submitted that the European efforts to achieve a single procedure has finally come to reality with the creation of the UPC. It represents a single procedure and it will ensure the neutrality of the decision-makers. Nevertheless this paper shows that commercial arbitration can be advantageous as it harbours the possibility of a wider effect of the award (beyond the EU).

Furthermore, this paper analysed four elements of procedure in the new UPC vis-à-vis those same elements in commercial arbitration. First, with regard to jurisdiction, the new UPC system will be defined by rules that at the time of writing are still not definitive. On the other hand, several arbitration institutions have definitive rules that would help the parties to decide a forum for their dispute and provide flexibility to the convenience of the parties.

Concerning the Preliminary Injunctions procedures in arbitration it is stated that the parties can rely on this method. This is particularly the case when the parties had a previous contract where they agree to arbitrate the disputes regarding IPRs because the arbitral tribunal can help in rendering an express award if it is considered to have found an infringement.

⁸⁷ UPC Agreement art 83(1) (stating that '[d]uring a transitional period of 7 years [...] an action for infringement or revocation of a European patent [...] may still be brought before national courts [...]').

⁸⁸ See UPC Rules of Procedure (n 61).

⁸⁹ See (n 70).

Regarding the applicable law, it is submitted that a mosaic approach would be suitable for cross-border patent conflict. This consists of taking into account all of the applicable laws that are relevant and decide under each of the laws the different decisions of the conflict. An example of this approach is seen in the *Actavis* case. It is submitted that if such an approach is possible in litigation, the practice is also viable for arbitration.

Finally, regarding the enforcement of international arbitration awards, it is recognised that the NYC provides for a mechanism of enforcement regardless of the award involving a EU patent with or without unitary effect and that, if the parties so wish, it can be enforced outside Contracting States of the UPC. On the other hand, if the parties opt to take their dispute to the UPC Arbitration Centre, the award will be enforced in the EU in the same way as a decision made by the UPC. Outside of the EU, this award might also be enforced under the terms of the NYC. Therefore, it is submitted that although the UPC represents an extraordinary procedure that will bring a special advantage to cross-border patent conflicts, its limitations, given that it only has effect within the EU signatory parties, and the present uncertainties in the proceedings, opens the possibility for reliable institutional commercial arbitration to fill the gaps during these types of disputes.

Competing Interests

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