International Arbitration as a Possible Means for Resolving IP Disputes

Dr. Klaus Grabinski,
Bundesgerichtshof (Federal Court of Justice)

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- **Arbitration agreement necessary**
  - An arbitration agreement is often the legal basis to resolve disputes in **a running contractual relationship** between two or more parties, e.g. to resolve a dispute in a running license agreement.
  - In disputes about the infringement of a patent (including SEPs) it takes **a common agreement of both parties** before the dispute can be resolved in arbitration proceedings.
  - Before entering into an arbitration agreement the patent (SEP) owner and the implementer have to consider whether this is the best option to resolve the pending dispute.

- **Upsides of arbitration**
  - Keep the dispute confidential.
  - Have a speedy proceeding.
  - Both parties may influence on who is going to be the arbitrators.
- **Downsides of arbitration**
  - No power to issue an injunction in case of a hold out.
  - No jurisdiction on patent validity *erga omnes*.
  - No transparent case record.

- **Arbitration as a complementary tool with regard to litigation?**
  - CJEU in Huawei ./. ZTE (16 July 2015), para 68:

    "... where no agreement is reached on the details of the FRAND terms following the counter-offer by the alleged infringer, the parties may, by common agreement, request that the amount of the royalty be determined by an independent third party, by decision without delay."

- Bringing the initial SEP case to a court and transferring the determination of the amount of royalties to arbitration.
  - If the SEP owner does not submit a FRAND offer the court may dismiss the action.
  - The SEP owner may obtain an injunction from the court if the implementer is unwilling to take a license.
  - The implementer may challenge the validity and the essentiality of the SEP.
  - Both parties may request that the amount of the royalty is determined in confidential arbitration proceedings.