Can Alternative Dispute Resolution Mechanisms Become the Default Method for Solving International Intellectual Property Disputes?

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CAN ALTERNATIVE DISPUTE RESOLUTION MECHANISMS BECOME THE DEFAULT METHOD FOR SOLVING INTERNATIONAL INTELLECTUAL PROPERTY DISPUTES?

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The challenges and difficulties of litigating international intellectual property (IP) disputes before domestic courts are well-known. This is particularly the case in Europe, as it is common to enforce the same European patent differently depending on the country at issue and the applicable local patent law. However, this...
may change due to the adoption of a European unified patent court system.\textsuperscript{3}

The complexity of litigating IP disputes in a cross-border context, which is connected to the principle of territoriality,\textsuperscript{4} can arise in all key aspects of private international law such as the jurisdiction,\textsuperscript{5} the governing law,\textsuperscript{6} and the enforcement of foreign court decisions.\textsuperscript{7} The enforcement of foreign court decisions on IP disputes can obviously


\textsuperscript{7} A French default judgment on a copyright infringement claim was to be enforced in New York, but the United States District Court for the Southern District of New York found that enforcing the French judgment would be repugnant to the public policy of New York because it would violate Viewfinder’s First Amendment rights. See Sàrl Louis Feraud Int’l v. Viewfinder Inc., 406 F. Supp. 2d 274, 284 (S.D.N.Y. 2005), rev’d on other grounds, 489 F.3d 474 (2d Cir. 2007).
be facilitated when regional regulations provide a framework under which the grounds for non-enforceability are narrowly construed.\textsuperscript{8}

The challenges of litigating international IP disputes before domestic courts and the diverging regulatory and judicial approaches, which have been adopted to address those challenges, explain and justify the efforts made by different groups of scholars to offer new visions and proposals to regulate the intricate field of private international IP law.\textsuperscript{9}

This essay will explore how the use of alternative dispute resolution (ADR) mechanisms can be promoted to solve international IP disputes. First, this essay will present the case of internet domain name dispute resolution and focus particularly on the Uniform Domain Name Dispute Resolution Policy (UDRP) and the way in which this policy has been adopted as a model by legislators. Second, it will analyze how, and under what conditions, other types of IP ADR systems can be developed in light of the UDRP, and will explore whether ADR systems can become the default method for solving international IP disputes.

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\textsuperscript{8} See, e.g., Case C-38/98, Renault v. Maxicar SpA & Orazio Formento, 2000 E.C.R. I-002973 (2000), available at http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:61998CJ0038:EN:HTML. In this case, the claimant (Renault) sought the enforcement of a decision by a French court in Italy that found the defendant guilty of forgery for having manufactured and marketed body parts for Renault cars. \textit{Id.} para. 2. The Court held that a judgment of a Contracting State’s court (a French Tribunal in Dijon) recognizing the existence of an IP right in body parts for cars, and conferring on the holder of those rights protection by enabling it to prevent a third party from trading, manufacturing, and commercializing such body parts in another Contracting State, cannot be considered to be contrary to public policy and would therefore to be enforced. \textit{Id.} para. 34. The court reached this conclusion even though the disputed car body parts, which were protected in France, were not protected in Italy. \textit{Id.} para. 24.

\textsuperscript{9} See \textit{A MERICAN LAW INST., I NTELLECTUAL PROPERTY: PRINCIPLES GOVERNING JURISDICTION, CHOICE OF LAW, AND JUDGMENTS IN TRANSNATIONAL DISPUTES} (2008); see also \textit{EUROPEAN MAX PLANCK GRP. ON CONFLICT OF LAWS IN INTELLECTUAL PROP., PRINCIPLES ON CONFLICT OF LAWS IN INTELLECTUAL PROPERTY} (2011), available at http://www.cl-ip.eu/files/pdf2/FinalText-1_December2011.pdf. \textit{See generally INTERANATIONAL LITIGATION IN INTELLECTUAL PROPERTY AND INFORMATION TECHNOLOGY} (Arnaud Nuyts et al. eds., 2008). This article does not address the new visions and proposals as they are outside the scope of this article.
II. The Use of ADR Methods for Solving International Intellectual Property Disputes

A. The Case of the UDRP

One of the best examples of a successful ADR system in solving international IP disputes is the UDRP, which was adopted by the Internet Corporation for Assigned Names and Numbers (ICANN) on August 26, 1999. ICANN is a “California Nonprofit Public-Benefit Corporation.” It is not a public state agency despite its contractual relationships with the U.S. government. It is worth noting that the UDRP was based on policy recommendations, which were prepared under the aegis of the World Intellectual Property Organization (WIPO). The UDRP has solved quite a phenomenal number of cybersquatting disputes (i.e., several thousand) since its adoption. In addition to the intrinsic quality of the UDRP’s design features, its success results particularly from the obligation imposed on all domain name registrars for generic Top Level Domains (gTLD) to be accredited with ICANN, whereby such accreditation obligates the

registrars to contractually require their clients, who register domain names, to submit to the UDRP. The same obligation applies to cases in which the registrars enter into agreements with third party re-sellers who ultimately contract with end-customers. Consequently, the submission of disputes to the UDRP is imposed on all internet domain name holders of gTLD in a hierarchical way, starting from ICANN (top) to the holder of a given domain name (bottom). In other words, a chain of mutual contractual obligations imposes the submission to ADR.

Even if the merits of a complaint under the UDRP depend on the complainant’s ability to show the ownership or control over a trademark based on regulations of the country or region where the trademark is registered or protected, the UDRP can generally be characterized by its delocalized nature, both in terms of geography and legal system. In other words, the UDRP applies regardless of the geographic localization of the parties in dispute, specifically the domicile of the owner of the disputed domain name. The UDRP is

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16. See Registrar Accreditation Agreement, ICANN, http://www.icann.org/en/registrars/ra-agreement-21may09-en.htm#3 (last visited June 29, 2012) [hereinafter ICANN] (“During the Term of this Agreement, Registrar shall have in place a policy and procedures for resolution of disputes concerning Registered Names. Until different policies and procedures are established by ICANN . . . under Section 4, Registrar shall comply with the Uniform Domain Name Dispute Resolution Policy identified on ICANN’s . . . website (www.icann.org/general/consensus-policies.htm).”).

17. See id. art. 3.12 (“If Registrar enters into an agreement with a reseller of Registrar Services to provide Registrar Services (“Reseller”), such agreement must include at least the following provisions. . . .”); see also id. art. 3.12.2 (“Any registration agreement used by reseller shall include all registration agreement provisions and notices required by the ICANN . . . Registrar Accreditation Agreement and any ICANN . . . Consensus Policies, and shall identify the sponsoring registrar or provide a means for identifying the sponsoring registrar, such as a link to the InterNIC Whois lookup service.”).

18. UDRP, supra note 10, art. 4a(i) (“[Y]our domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights.”).

also legally delocalized and essentially independent from any legal system because the substantive elements, on which the UDRP is based and decisions are rendered, are independent from any national or regional regulation, except for the existence and control of a trademark by the complainant. The substantive criteria of a decision by the UDRP essentially relates to the good or bad faith registration and the use of the relevant domain name by its holder. Consequently, the UDRP creates a corpus of autonomous rules for internet-related trademark disputes that can be compared to *lex electronic*.

The adjudicatory power of experts appointed to decide a dispute under the UDRP is narrow in its scope; the decision can only grant the transfer or cancellation of the relevant domain name, or alternatively reject the UDRP complaint. The UDRP also provides for the

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20. It being noted that this independence may sometimes be problematic, particularly when the parties in dispute are located in the same country; decisions nevertheless refrain from importing national law into the UDRP. See Administrative Panel Decision, Covance, Inc. v. Covance Campaign, Case No. D2004-0206 (WIPO Apr. 30, 2004), http://www.wipo.int/amc/en/domains/decisions/html/2004/d2004-0206.html (“As a matter of principle, this Panel would not have thought that it was appropriate to import unique national legal principles into the interpretation of paragraph 4(c) of the Policy. This is so even if the effect of doing so is desirable in aligning decisions under the Policy with those emerging from the relevant courts and thus avoiding instances of forum shopping.”); see also Administrative Panel Decision, 1066 Housing Ass’n, Ltd. v. Mr. D. Morgan, Case No. D2007-1461 (WIPO Jan. 18, 2008), http://www.wipo.int/amc/en/domains/decisions/html/2007/d2007-1461.html (“This Panel would suggest that there is no real justification for such a local laws approach either in the Policy or the Rules and that such approach should be avoided wherever possible. It risks the UDRP fragmenting into a series of different systems, where the outcome to each case would depend upon where exactly the parties happened to reside. That way chaos lies.”).


23. UDRP, *supra* note 10, art. 4i (“The remedies available to a complainant pursuant to any proceeding before an Administrative Panel shall be limited to requiring the cancellation of your domain name or the transfer of your domain name
automatic enforcement of decisions that order a transfer or cancellation of the disputed domain name by notifying the registrar. This can only be avoided if the respondent, the holder of the relevant domain name, notifies the dispute resolution entity within ten business days of a lawsuit in the relevant jurisdiction.24 The party may notify the dispute resolution entity by filing appropriate evidence such as a copy of a complaint file-stamped by the clerk of the court.25

The UDRP consequently institutes and provides an autonomous dispute resolution mechanism for victims of unauthorized domain name registrations that they consider as an infringement of their trademark. It is essential to note that the UDRP is not imposed on victims who still have the option to resolve their disputes through domestic courts or other dispute resolution bodies. Such victims may have an interest in utilizing domestic courts or other dispute resolution systems rather than the UDRP if they wish to claim remedies that are not available under the UDRP,26 such as damages resulting from online trademark infringement activities.

In contrast, even if the UDRP provides that parties can litigate their disputes in other fora,27 the holders of disputed domain names—defendants in UDRP proceedings—are contractually obligated to registration to the complainant.

24. UDRP, supra note 10, art. 4k. The complaint must “[s]tate that Complainant will submit, with respect to any challenges to a decision in the administrative proceeding canceling or transferring the domain name, to the jurisdiction of the courts in at least one specified Mutual Jurisdiction.” Rules for Uniform Domain Name Dispute Resolution, ICANN art. 3(b)(xiii), http://www.icann.org/en/help/dndr/udrp/rules (last visited Oct. 13, 2012). “Mutual Jurisdiction means a court jurisdiction at the location of either (a) the principal office of the Registrar (provided the domain-name holder has submitted in its Registration Agreement to that jurisdiction for court adjudication of disputes concerning or arising from the use of the domain name) or (b) the domain-name holder’s address as shown for the registration of the domain name in Registrar’s Whois database at the time the complaint is submitted to the Provider.” Id. art. 1.

25. UDRP, supra note 10, art. 4k.

26. Id. art. 4i.

27. See id. art. 4k (“The mandatory administrative proceeding requirements . . . shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded.”).
submit to the UDRP if the UDRP is initiated against them by a third party trademark owner. The contractual obligation derives from the general terms and conditions of the domain name registrar. The registrar is, in turn, obligated to implement the UDRP based on its accreditation agreement with ICANN.28

Therefore, the UDRP institutes an asymmetrical dispute resolution system as it is mandatory for domain name holders to be subject to the UDRP, but it is only optional for complainants—victims of cybersquatting activities. The complainants instead can litigate their claims on other grounds such as an infringement of IP rights, a breach of contract, and/or an unfair competition claim in other fora. The UDRP is also asymmetrical because it can only be initiated by one category of stakeholders, the alleged victims of unauthorized registration of domain names. A domain name holder cannot initiate the UDRP proceedings to confirm the legitimacy of his or her entitlement to the relevant domain name.

B. The Use of the UDRP as a Model for Other ADR Systems for Domain Name Disputes

It is hardly disputed that the application of the UDRP has been extremely successful and that it probably is, as of today, the most accomplished example of an efficient global dispute resolution system for IP disputes.29 Therefore, it is not a surprise that the UDRP has been used as a model for designing dispute resolution mechanisms that involve domain names with national or regional extensions such as country code Top Level Domain Names (ccTLDs).

The following section of this article will analyze how the UDRP has been used as a regulator model by looking at the ADR systems that are derived from the UDRP. It will analyze the ADR systems


29. It must, however, be noted that the UDRP has sometimes been criticized as being too protective of the interests of trademark owners. See Michael Geist, Fair.com?: An Examination of the Allegations of Systemic Unfairness in the ICANN UDRP, 27 BROOK. J. INT’L L. 903 (2002) (providing the solution to the forum shopping and bias issues); Michael Geist, Fundamentally Fair.com? An Update on Bias Allegations and the ICANN UDRP, available at http://aix1.uottawa.ca/~geist/fairupdate.pdf (providing a statistical update and reinforcing the solution provided previously).
from the following two types of domain names: (1) “.eu” domain names from the European Union (“EU Policy”) and (2) “.ch” domain names from Switzerland (“Swiss Policy”).

The EU Policy, which applies to “.eu” domain names, is essentially based on a 2004 European Commission Regulation that established public policy rules concerning the implementation and functions of the “.eu” Top Level Domain and the principles governing registration.30 The Regulation states that “[t]he Registry should provide for an ADR procedure which takes into account the international best practices in this area and in particular the relevant WIPO recommendations, to ensure that speculative and abusive registrations are avoided as far as possible.”31 Furthermore, it provides that “ADR should respect a minimum of uniform procedural rules, similar to the ones set out in the Uniform Dispute Resolution Policy adopted by the Internet Corporation of Assigned Names and Numbers (ICANN).”32 These references show that the ADR process must follow “the international best practices” and that the UDRP, as an element of these best practices, provided a valuable guidance in defining the procedural rules that have been adopted under the EU Policy.

Similarly, the Swiss Policy, the basic principles of which are defined in a federal regulation,33 requires the Swiss domain name


32. Id. recital 17.

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registry\textsuperscript{34} to set up a dispute resolution system and organize the procedures for the “.ch” domain name.\textsuperscript{35} The regulation further indicates that the proceedings must be equitable and quick, and that rules of such proceedings shall be derived from the best practices in the field,\textsuperscript{36} implicitly referring to the UDRP. Even if the UDRP is nothing more than a private regulation imposed by contracts, the explicit reference in the EU Policy and implicit reference in the Swiss Policy to the UDRP as a model for dispute resolution services constitutes tangible evidence of the UDRP’s influence on legislators and regulators. These regulations thus show the process of incorporation (réception) of private best practice standards, as reflected in the UDRP, into public regulations. The UDRP itself essentially reflects the recommendations from a report that was drafted under the aegis of the WIPO, thereby showing that the distinction between the private best practices and the public regulations remains porous.\textsuperscript{37}


35. \textit{See} Jacques de Werra, \textit{Domain-Dispute.ch}, Le service de règlement des différends pour les noms de domaine “.ch” [Dispute Resolution Proceedings for “.ch” Domain Names], in \textit{REVUE DU DROIT DE LA PROPRIÉTÉ INTELLECTUELLE, DEL’INFORMATION ET DE LA CONCURRENCE} 149-59 (2005) (Fr.) (providing an overview of the system); \textit{see also} Ordonnance sur les ressources d’adressage dans le domaine des telecommunications, [Order on Addressing Resources in the Telecommunications], art. 14g (Switz.).

36. Ordonnance sur les ressources d’adressage dans le domaine des telecommunications, [Order on Addressing Resources in the Telecommunications], art. 14g, para. 2 (Switz.).

37. \textit{See, e.g.,} \textit{WORLD INTELLECTUAL PROP. ORG.}, supra note 13.
Although the substantive legal standards of decisions rendered under the UDRP are different from those under the EU Policy and the Swiss Policy, the influence of the UDRP is important and covers both the procedural and the substantive aspects of both EU and Swiss Policies. This is particularly the case in the EU Policy, which targets “speculative and abusive” domain name registrations.\footnote{Commission Regulation 874/2004 of 28 April 2004 Laying Down Public Policy Rules Concerning the Implementation and Functions of the .eu Top Level Domain and the Principles Governing Registration, art. 21, 2004 O.J. (L 162) 47 (EC), available at http://www.eurid.eu/files/ec20874_en.} It can thus be considered that the UDRP has shaped both EU and Swiss Policies from both procedural and substantive perspectives.

These domain name dispute resolution systems also follow an asymmetric model similar to the UDRP as they are mandatory for the domain name holders but optional for the victim-claimants.\footnote{See id. at 48 (“Participation in the ADR procedure shall be compulsory for the holder of a domain name and the Registry.”).}

Similar to proceedings under the UDRP, these domain dispute proceedings should not be considered as arbitral proceedings.\footnote{See PHILIPPE GILLIÉRON, LA PROCÉDURE DE RÉSOLUTION EN LIGNE DES CONFLITS RELATIFS AUX NOMS DE DOMAINE 26, para. 46 (Lausanne 2002).} The decisions rendered under the domain dispute proceedings are not enforceable in the same way as arbitral awards are, and these proceedings are not mandatory for the claimants.\footnote{See, e.g., Ordonnance sur les ressources d’adressage dans le domaine des télécommunications, [Order on Addressing Resources in the Telecommunications], art. 14g, para. 4 (Switz.) (“Une action devant un juge civil est réservée.”).} In addition, contrary to the principle of confidentiality that generally applies to ordinary arbitration proceedings, the decisions rendered under these policies are published as a matter of principle.\footnote{See, e.g., id. art. 14g, para. 5. The publication of the decisions is made on the website of the WIPO Arbitration and Mediation Center. See WIPO UDRP Domain Name Decisions (ccTLD), WIPO, http://www.wipo.int/amc/en/domains/decisionsx/index-cctld.html (last visited Nov. 8, 2012).}

Despite the similarities the EU Policy and the Swiss Policy share with the UDRP, an important element on which they noticeably differ is the nature of the rights that can be invoked by a complainant in such proceedings. While, as noted above, the UDRP only applies for the benefit of trademark owners, the EU Policy and the Swiss Policy are
significantly broader in their scope of protection. With respect to the EU Policy, the regulation provides for a broad definition of protectable rights and includes “registered national and community trademarks, geographical indications or designations of origin, and, in as far as they are protected under national law in the Member-State where they are held: unregistered trademarks, trade names, business identifiers, company names, family names, and distinctive titles of protected literary and artistic works.” These protectable rights are:

[S]ubject to revocation, using an appropriate extra-judicial or judicial procedure, where that name is identical or confusingly similar to a name in respect of which a right is recognized or established by national and/or Community law, . . . and where it: (a) has been registered by its holder without rights or legitimate interest in the name; or (b) has been registered or is being used in bad faith.

A similar approach is adopted in the Swiss regulation.

In comparison to the UDRP, these ADR systems have a broader scope of application as they also protect the owners or beneficiaries of other types of IP rights and even those with rights such as family names, which do not formally belong to IP rights.

C. Analysis

The EU Policy and the Swiss Policy illustrate a trend that can be of interest when considering potential shapes for ADR methods to be applied to other types of IP disputes.

First, these regulations integrate the acquis ("best practices") that result from the rule and application of the UDRP and make them a part of local regulations. These policies consequently and expressly adopt as normative standard rules that were first conceived under the aegis of a non-state entity (i.e., ICANN).

44. Id. art. 21.
45. See Swiss Regulation, supra note 33, art. 24 (c); see also Gallus Joller, Switzerland, in DOMAIN NAME LAW AND PRACTICE: AN INTERNATIONAL HANDBOOK 741-86 (T. Bettinger ed., 2005) (presenting the substantive criteria for decisions under the Swiss system).
Second, these dispute resolution policies provide an interesting example of how ADR mechanisms can potentially be imposed through a combined system of both regulatory and contractual measures. More precisely, the combined system is structured so that regulations addressed to one stakeholder (i.e., the registrars of domain names) require such stakeholders to impose ADR clauses in their agreements with their own clients. Under the combined system, the regulation, therefore, dictates the contract by imposing the ADR system that will be included in the domain name registration agreements between the relevant registrars and their end-customers so that these customers have the contractual obligation to submit to the ADR system.

Third, in terms of the substantive criteria on which the decisions must be made, the EU Policy and the Swiss Policy move away from the UDRP’s “delocalized” factors and localize the disputes by reference to the substantive legal IP principles resulting from the relevant national or regional laws. This indicates a process of localization of the substantive law on which the ADR proceedings are based by anchoring to the country or region associated with the registration of the relevant domain name. Therefore, these regulations show that these ADR systems are not necessarily obligated to apply transnational legal principles.

Fourth, the EU Policy and Swiss Policy extend the substantive scope of the relevant rules by allowing other prior rights to be invoked in addition to trademark rights. Thus, these regulations indicate that the set of legal rules and principles, which can be applied in these ADR systems, are not necessarily as limited as rules under the UDRP.

Fifth, ADR methods are imposed on all domain name registrants, some of which are private individuals who may potentially use the domain names for private or non-professional purposes, and thus, may qualify as consumers and be protected under certain consumer-protection regulations.46 However, the adoption of these ADR

methods has not raised any concerns about consumer protection, even though the claim has been made that such dispute resolution systems would be unfair, and therefore, are not binding on the clients, because these ADR systems are imposed through standard and non-negotiable contracts.

This shows that if sufficient policy reasons

47. See Council Directive 93/13/EEC of 5 April 1993 on Unfair Terms in Consumer Contracts, art. 3, 1993 O.J. (L 095) 29 (EC), available at http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31993L0013:en:HTML; see also id. annex (q) (“[E]xcluding or hindering the consumer’s right to take legal action or exercise any other legal remedy, particularly by requiring the consumer to take disputes exclusively to arbitration not covered by legal provisions, unduly restricting the evidence available to him or imposing on him a burden of proof which, according to the applicable law, should lie with another party to the contract may be considered as unfair.”).

48. The argument that the submission to an ADR system was mandatory under the standard contracts was also raised by certain respondents under the UDRP; however, it was not successful. See Deutsche Telekom AG v. Oded Zucker, WIPO Case No. D2004-0749 (2004), available at http://www.wipo.int/amc/en/domains/decisions/html/2004/d2004-0749.html (“The Respondent’s first contention, that the Complainant has failed to prove that the Respondent submitted to the Policy, is without merit. The Complaint expressly states that the registration agreement, pursuant to which the Domain Names were registered, incorporated the Policy. This has also been verified by the Registrar. Furthermore, all Registrars are contractually bound to the Internet Corporation for Assigned Names and Numbers (ICANN) to incorporate the Policy in their registration agreements. There is no evidence that the Registrar has failed to comply with this requirement. In these circumstances, the Panel is satisfied that the Respondent submitted to the Policy when he registered the Domain Names.

The Respondent’s next contention is that any submission by him to the Policy was invalid under the applicable law. The Respondent suggests that the applicable law was Israeli. The Panel is not satisfied that this is correct; it is more likely that the registration agreement was expressed to be governed by New York law. In any event, the Panel is wholly unpersuaded that the Respondent has made out any case of invalidity of the Policy or his submission to it under any law which might apply.

The Respondent is right to observe that the Policy consists of standard terms imposed on any registrant of a domain name in a generic top level domain (gTLD). However, this cannot be sufficient in itself to invalidate the Policy, since all legal systems recognize standard form contracts (and see also Inter-Power A.K. Corporation v. Entreprises Larry Inc., WIPO Case No D2004-0240 I <compressurquebec.com> to this effect). There must be some additional factor to
justify their adoption, the ADR systems can be imposed on weaker parties in the market such as consumers.

III. GENERALIZING THE USE OF ADR SYSTEMS FOR INTERNATIONAL INTELLECTUAL PROPERTY DISPUTES

A. Introduction

Before discussing potential ways to promote the use of ADR systems for international IP disputes, it must first be emphasized that not all types of international IP disputes can adequately be subject to ADR mechanisms. This is particularly true for large scale counterfeiting activities for which ADR systems may not necessarily offer the most adequate tools for redress because these activities may justify holding an agreement invalid. The only such factor identified by the Respondent is a contention that the Policy compels the referral of a dispute to a particular forum designated at the discretion of the party arranging the contract.

This contention is incorrect. The Panels which determine disputes under the Policy are composed of independent experts appointed by dispute resolution service providers accredited by ICANN. Furthermore, paragraph 4(k) of the Policy expressly provides that neither the registrant nor a complainant is prevented from submitting the dispute to a court of competent jurisdiction for independent resolution before or after an administrative proceeding under the Policy. Indeed, paragraph 3(b)(xiii) of the Rules facilitates the submission of the dispute to an appropriate court by requiring the complainant to submit in the complaint to the jurisdiction of a court at the location of the registrant or the principal office of the Registrar. Paragraph 4(k) of the Policy further provides that a determination of the Panel that a domain name should be transferred or cancelled will not be implemented if the registrant provides evidence to the Registrar within ten days of the determination that the dispute has been submitted to the relevant court. In the view of the Panel, these provisions are eminently fair to the registrant.

The Respondent has not put forward any other basis for impugning the Policy or its inclusion in the registration agreement. On the other hand, the Panel notes that the Policy is based on recommendations of the World Intellectual Property Organisation developed through an extensive process of international consultations in which a wide variety of internet stakeholders participated. The Policy addresses an important need to provide an efficient remedy against abuses of the system of allocation of internet domain names on a first-come, first-served basis. The Panel has no doubt that the Policy would withstand forensic scrutiny in any appropriate Court. The Panel unhesitatingly rejects the Respondent’s challenge to the validity of his submission to the Policy in the registration agreement.”).
call for criminal sanctions and involve the official entities in charge of prosecuting criminal charges.

At the same time, it is important to note that ADR methods, which can take multiple forms ranging from an informal process to a formalized (though flexible and adaptable by the parties) dispute resolution system conducted with the assistance of a third party such as an arbitral tribunal, are broadly viewed as useful alternatives for solving international IP disputes. However, this essay will not address the advantages that such systems may offer, particularly in terms of expertise, choice of governing law, global enforceability of decisions/awards, and confidentiality. In any case, certain conditions must be met in order to entrust private entities with the out-of-court resolution of intellectual property disputes.

49. This essay will not present the different types of proceedings.


52. The freedom of choosing the governing law in arbitral proceedings contradicts the strict principle of the lex loci protections that applies under the standard principles of private international law.

B. Conditions

The recourse to formal ADR systems, which are systems in which decision-making powers are granted to third parties such as arbitration, requires certain conditions to be satisfied. The question arises whether private arbitral tribunals have the power to decide on the issues that may fall under the exclusive jurisdictional power of domestic courts. This raises the issue of the objective arbitrability of the disputes. In addition, even if arbitral tribunals are recognized to have jurisdictional powers to decide on these types of disputes as a matter of principle, the relevant dispute resolution clauses must be drafted in an appropriate way.54

1. Objective Arbitrability of Intellectual Property Disputes

In order to adjudicate international IP disputes through ADR mechanisms, particularly through arbitration,55 it must be ensured that national or regional regulations do not subject these issues under their respective court system.56 This raises the issue of the conditions of objective arbitrability of IP disputes, which has provoked a relatively intensive scholarly debate that cannot be analyzed in this essay.57

54. See 3 de Werra, supra note 50, at 299-317, for more details in drafting relevant dispute resolution clauses.
55. It should be noted that the recourse to mediation or other informal ADR mechanisms is obviously less problematic to the extent that the third parties, which take part of the proceedings to solve disputes, do not have adjudicative power, and thus, do not impinge on the power of domestic courts.
As a matter of principle, it is adequate to consider that IP disputes should be broadly arbitrable. This liberal approach would indeed reflect the fact that IP rights, and more generally intangible assets, have become standard assets of business entities that can be disposed of. In fact, many national arbitration regulations define the condition of objective arbitrability on the criterion of whether the relevant matter can be freely disposed of by its owner. Therefore, it seems appropriate to consider that intellectual property rights are disposable, and therefore, should be fully arbitrable.

However, the issue is whether disputes about moral rights, which are generally held as inalienable, are also subject to arbitration. This should be admitted on the ground that the exercise of moral rights can be the object of contractual agreements, and thus, is at least partly disposable by the author of the relevant work. This approach can also be supported by the view that the exclusive moral rights and the exclusive economic rights, which belong to authors, are so closely interrelated (which is the view in line with the monist theory of copyright law), thereby providing economic value to the moral rights (i.e., the violation of moral rights can lead to the payment of monetary damages).

This approach was confirmed in a landmark decision of the Supreme Court of Canada in a dispute between two coauthors of a
fictional character relating to (among other legal issues) the right of paternity.63 This case gave an opportunity to decide whether a dispute about moral rights (i.e., the right of paternity) can be subject to arbitration by reference to Article 2639 of the Civil Code of Québec, which provides that the parties “may not submit a dispute over a matter of public order or the status of persons . . . to arbitration.”64 In its decision, the Court held that the concept of public order had to be narrowly construed in the light of the objective of arbitration:

In interpreting and applying this concept in the realm of consensual arbitration, we must therefore have regard to the legislative policy that accepts this form of dispute resolution and even seeks to promote its expansion. For that reason, in order to preserve decision-making autonomy within the arbitration system, it is important that we avoid extensive application of the concept by the courts. Such wide reliance on public order in the realm of arbitration would jeopardize that autonomy, contrary to the clear legislative approach and the judicial policy based on it.65

The Court further held that the dispute relating to moral rights in its nature does not fall outside the jurisdiction of arbitration, and therefore, is not contrary to public order.66

It is interesting to note that the Canadian lawmakers, more precisely the Québec lawmakers, had established that, as a default rule, disputes between artists and promoters must be submitted to arbitration instead of being subjected to domestic courts.67 This was

64. Id. para. 51.
65. Id. para. 52.
66. Id. para. 56. Other courts have also expressed the similar position. See Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc., 473 U.S. 614, 631 (1985) (“[A] strong presumption in favor of enforcement of freely negotiated contractual choice-of-forum provision . . . is reinforced by the emphatic federal policy in favor of arbitral dispute resolution.”).
67. Éditions Chouette (1987) Inc., [2003] 1 S.C.R., para. 59 (“In s. 37 of the Act respecting the professional status of artists, the legislature has expressly provided that in the absence of an express renunciation, every dispute between an artist and a promoter shall be submitted to an arbitrator. Contracts between artists...
considered as critical by the Court as a regulatory sign evidencing the broad acceptability of arbitration in the Québec legal order so that this acceptability should not be contradicted by an overly broad definition of the public order.68 This approach essentially confirms the view expressed by another court that “there is no reason to think that arbitrators are more likely to err in copyright cases than state or federal judges are.”69

This trend of promoting the use of ADR mechanisms in IP disputes is also reflected in other legal systems. At the EU level, the Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM) launched IP mediation services in October 2011.70 The new IP mediation services offered by the OHIM result from a decision of the Presidium of the Board of Appeal of April 14, 2011, on an amicable settlement of disputes.71 The basic idea was to promote mediation among other dispute resolution mechanisms.72 The mediator must be chosen from a list provided by the OHIM, whereby all the mediators are staff members of the OHIM.73

and promoters systematically contain stipulations relating to copyright. It would be paradoxical if the legislature were to regard questions concerning copyright as not subject to arbitration because they were matters of public order, on the one hand, and on the other hand to direct that this method of dispute resolution be used in the event of conflicts relating to the interpretation and application of contracts that govern the exercise of that right as between artists and promoters.”).

68. Id.
69. Saturday Evening Post Co. v. Rumbleseat Press, Inc., 816 F.2d 1191, 1198 (7th Cir. 1987).
72. See id. recital 2 (“A friendly settlement should be easier to achieve with recourse to mediation, without prejudice to other alternative dispute resolution mechanism.”).
73. “The Office shall maintain a list of qualified members of its staff, who are suitably prepared to intervene in mediation proceedings in the sense of the present decision.” Id. art. 7 para. 1. See Mediators, OFFICE FOR HARMONIZATION IN THE INTERNAL MARKET (Oct. 21, 2011), http://oami.europa.eu/ows/rw/pages/CTM/regProcess/mediators.en.do, for the list of mediators.
Mediation is only available during the course of appeal proceedings and on relative grounds relating to conflicts between private rights of the litigants.\(^\text{74}\) However, it is not available on grounds of public policy such as absolute grounds for refusal of European trademarks or designs.\(^\text{75}\)

At the national level, the United Kingdom Intellectual Property Office also promotes and institutes ADR systems such as mediation service for certain types of IP disputes pending before administrative bodies.\(^\text{76}\)

This favorable trend towards ADR is certainly not limited to IP disputes. Instead, there is indeed a global trend to promote the use of ADR for settling various types of commercial and consumer-related disputes as well.\(^\text{77}\) In this respect, it should be noted that for consumer related disputes, the position seems to have changed from an ADR-opposed approach\(^\text{78}\) to a more ADR-friendly approach.\(^\text{79}\)

\(^\text{74}\) Decision on Mediation, supra note 71, art. 1, para. 1 (“The request for mediation proceedings may be presented, by a joint declaration from the parties, at any time following the lodging of an appeal.”).

\(^\text{75}\) Id. art. 1, para. 2.

\(^\text{76}\) See, e.g., Inter Partes Procedures, Intellectual Property Office, sec. 2.01 (July 2009), http://www.ipo.gov.uk/pro-types/pro-patent/p-law/p-manual/p-manual-hearing-content/chapter-2.htm#alternative (“Alternative Dispute Resolution may provide the best opportunity for resolving the issues quickly, less expensively and with an increased chance of an amicable settlement. . . . The Office provides ADR services; details of which can be found on our website under “Mediation.”); see also INTELLIGIBLE PROPERTY OFFICE, MEDIATION OF INTELLECTUAL PROPERTY DISPUTES, available at http://www.ipo.gov.uk/mediation.pdf. However, the dispute may not always be appropriately submitted to an ADR system.


\(^\text{78}\) See Council Directive 93/13/EEC of 5 April 1993 on Unfair Terms in Consumer Contracts, 1993 O.J. (L 095) art. 3, para. 1 (EC), available at http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31993L0013:en:HTML (“A contractual term which has not been individually negotiated shall be regarded as unfair if, contrary to the requirement of good faith, it causes a significant imbalance in the parties’ rights and obligations arising under the contract, to the detriment of the consumer.”); cf. id. annex (q) (“[E]xcluding or hindering the consumer’s right to take legal action or exercise any other legal remedy, particularly by requiring the consumer to take disputes exclusively to arbitration not covered by legal provisions,
However, the jurisdictional powers of private dispute resolution bodies may be problematic for disputes relating to the validity or nullity of industrial property rights (i.e., registered IP rights). The problem arises because the issue of whether an arbitral tribunal must have the power to decide on the validity or the nullity of registered IP rights with *erga omnes* effect is an unsettled and delicate subject in certain jurisdictions.\(^{80}\) Regardless, as national courts and authorities do not systematically examine the substantive conditions of protection of some IP rights, it is doubtful that national courts can claim exclusive jurisdiction over these issues.\(^{81}\) Thus, it has been argued that “disputes concerning the validity of [intellectual property rights] for grounds which have not been pre-examined by the state authority . . . should be considered as arbitrable.”\(^{82}\) This view may particularly apply to the substantive conditions of validity of registered IP rights (patents and designs), which are sometimes not examined at the time of filing.

Additional limits may also apply in other circumstances. For example, the relevant nation-state may claim that certain categories of

\[\text{unduly restricting the evidence available to him or imposing on him a burden of proof which, according to the applicable law, should lie with another party to the contract.}^{)}\]


80. For a discussion, see Hanotiau, *supra* note 58.


82. *See* Mantakou, *supra* note 60, at 269 (applying the particular approach to patents).
disputes must be subject to its national court system, and therefore, are non-arbitrable. This can be the case for labor disputes between employers and employees relating to IP rights generated by employees that may be subject to the exclusive jurisdiction of state courts, and therefore, would not be arbitrable.  

Beyond this specific issue of the jurisdiction on determining the validity of certain registered IP rights, it is generally admitted that other aspects, such as the ownership and the transfer of IP rights, are arbitrable. Accordingly, the adoption of ADR systems to solve international IP disputes cannot be considered completely barred because such disputes are objectively outside the jurisdiction of ADR bodies, particularly arbitration panels.

2. Consent of Parties to Submit to ADR: The Scope of the ADR Clause

Another potential hurdle in using ADR systems is the requirement of consent from all parties in a dispute. It is unanimously accepted that “arbitration is a creature of contract.” The principle of mutual consent also generally applies to other ADR systems, and the absence of consent can prevent the recourse to ADR systems. Thus, it is critical to carefully draft the relevant dispute resolution clauses so that these clauses are effective and encompass not only purely contractual claims, but also IP infringement or invalidity claims.

83. See Hanotiau, supra note 58, at 174.
85. See Alexander Peukert, Contractual Jurisdiction Clauses and Intellectual Property, in 24 INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW 55, 57 (Josef Drexl & Annette Kur eds., 2005), for a similar issue with respect to the drafting of choice of jurisdiction clauses.
86. See, e.g., Rhône-Poulenc Spécialités Chimiques v. SCM Corp., 769 F.2d 1569 (Fed. Cir. 1985) (interpreting the scope of an arbitration clause). In the case at hand, the arbitration clause provided that “[a]ny controversy or claim arising out of or relating to this Agreement or the breach thereof, shall, unless amicably adjusted otherwise, be settled by arbitration in Florida in accordance with the rules of the International Chamber of Commerce . . . .” Id. at 1571. The Federal Circuit determined that “[a]lthough the dispute involves claim interpretation, it arises out of the agreement . . . [and] holds that the determination of the scope and infringement of the ‘485 patent are the quintessence of the agreement and that the parties intended such central determinations to be included within the scope of its broad arbitration clause.” Id. at 1572; see also Simula, Inc. v. Autoliv, Inc., 175 F.3d 716, 720-21,
C. Can the Use of ADR Be Generalized?

1. Introduction

When applying ADR systems to potential cases of international IP disputes, the need to obtain the consent of all parties in dispute to submit to ADR systems may raise difficulties.

However, the consent requirement would not be required if the submission to ADR systems is imposed by regulations. This is where the experience of domain name ADR systems, which are derived from the UDRP, becomes pertinent because the relevant policies, particularly the EU Policy and the Swiss Policy, precisely require the domain name holders to submit to ADR systems.

In order to impose the ADR systems that are similar to what is applied to domain name holders under the UDRP, it may be wondered whether applicants for certain categories of registered IP rights such as trademarks, patents, and designs should be required to agree to submit to an ADR mechanism in case of future disputes with third parties at the time of their application. This obligation could, for instance, be imposed in order to allow third parties to claim preferable rights over the IP rights for which the application has been filed.

However, this rather intrusive and radical approach can only be imposed through regulations provided that the rights of the relevant third parties (the beneficiaries of the prior rights) are considered sufficiently legitimate. By analogy, the UDRP, the EU Policy, and the Swiss Policy were adopted to fight blatant cases of abusive

723 (9th Cir. 1999) (finding the nondisclosure of trade secrets to be a key part of the relevant agreements and therefore subjecting all claims “arising in connection with” those agreements to arbitration).

87. The argument to make ADR compulsory has been developed by various authors without any reference to the UDRP. See Daoud A. Awad, Note, On Behalf of Mandatory Arbitration, 57 S. CAL. L. REV. 1039 (1984), for patent disputes; see also Steven J. Elleman, Note & Comment, Problems in Patent Litigation: Mandatory Mediation May Provide Settlements and Solutions, 12 OHIO ST. J. ON DISP. RESOL. 759, 778 (1997) (proposing to make mediation a mandatory process for all parties to a patent dispute); William Kingston, The Case for Compulsory Arbitration: Empirical Evidence, 22 EUR. INTELL. PROP. REV. 154-58 (2000) (proposing compulsory arbitration and explaining how it can be achieved).
registration of domain names that were committed by so-called cybersquatters. The need to protect trademark owners against cybersquatters was held sufficiently important and legitimate; therefore, it led to the adoption of the UDRP, and then to the EU and Swiss Policies.

As further illustrated by the domain name experience, ADR methods for solving IP disputes can be easily imposed by the relevant public entities provided that such entities can exert a certain control over the resource at issue. In the case of domain name disputes, the relevant public entities control the relevant resources in dispute—the domain name registration process—so that they can require, through regulations, any disputes arising out of such resources (i.e., the domain names that they control) to be submitted to ADR systems. Thus, one way for public entities at the national, regional or international level to impose ADR systems is by controlling the relevant resource from which future IP disputes may arise. Generally, the ability of governmental bodies to intervene will depend on their authority to regulate the relevant sector. With this in mind, the question arises under what circumstances imposing ADR systems on certain types of IP disputes, beyond the specific case of domain name disputes, is justified.

One potential situation where the adoption of an ADR system can be contemplated is the fight against biopiracy, where the interests of the stakeholders may indeed require the adoption of an appropriate dispute resolution system for the benefit of the victims, such as the holder of the relevant genetic resources and/or the associated traditional knowledge.88 This would enable them to effectively react against the unauthorized filing and exploitation of patents based on the relevant genetic resources and/or associated traditional knowledge.89

In situations involving the fight against biopiracy, a certain ADR mechanism can be imposed at the time a patent application is filed.90

89. Id.
90. It should, however, be noted that the filing of a patent application with the relevant administrative body does not necessarily lead to a contract with such administrative body. It should rather be considered that such patent filing
This reflects the system underlying the UDRP as the dispute resolution system is imposed at the time of the registration of a domain name in the general terms and conditions of the relevant registrars that the domain name holders must accept. In this case, the relevant authorities can potentially impose ADR systems because they control the relevant resource: the patent filing process. However, such ADR systems must be balanced and must not be developed into a tool that would deter innovation or affect the prosecution of legitimate patent applications.

The next question is whether such ADR systems should be structured in an asymmetric way similar to the UDRP, the EU Policy, and the Swiss Policy. This issue prompts to question the objective of the ADR systems and the parties that it must protect. In the case of domain name disputes, it appears that the asymmetry, which was adopted under the UDRP, aims to protect the third-party victims of abusive domain name registrations so that the victims have the exclusive right to decide whether they will initiate UDRP proceedings or go to domestic courts, while domain name holders do not have any right to initiate proceedings under the UDRP. The question of symmetry or asymmetry should thus be assessed anew when considering the adoption of ADR systems depending on the interests at issue. Beyond this specific issue of symmetry or asymmetry of the system, all other elements and features of the dispute resolution system should be carefully analyzed in terms of both the procedural and the substantive aspects of the proceedings in view of the relevant interests at issue.91

constitutes a unilateral act instead of a contract. From this perspective, it remains uncertain whether the applicant would be contractually bound to submit to an alternative dispute resolution process, as this is the case of domain name registration agreements.

91. By way of example, the localized or delocalized nature of the governing law, and the definition of the substantive factors of decisions are defined. See analysis supra Part II.C.
2. Sectors of Application

Various sectors of IP disputes may be subject to ADR systems differently, which can be either imposed by the relevant authorities or at least promoted in an efficient manner.

Real life international IP disputes show the potential advantages of using ADR methods given that these methods would offer the opportunity to solve the disputes before a single dispute resolution body instead of having to conduct parallel litigation before different domestic courts. This section will illustrate the interests in using ADR systems in the following three situations: (a) publicly funded international joint research and development projects; (b) online copyright piracy; and (c) IP infringement in online social platforms and virtual worlds.

a. Publicly Funded International Joint Research and Development Projects

ADR systems can be best imposed if the relevant authorities can exert certain control over the resource at issue. The case of publicly funded international joint research and development projects is one example where the funding entities control the resource (i.e., the funds), and therefore, can make the use of such resource subject to certain conditions such as the submission to ADR systems.

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92. This can be illustrated by the dispute between a German manufacturer of industrial oil for motorcycles and its former distributor in the United States, which gave rise to lawsuits in Switzerland, Germany, and the United States about the ownership of the manufacturer’s trademark right in the relevant jurisdictions. See Tribunal fédéral [TF] [Federal Supreme Court] June 30, 2005, 131 ARRÊTS DU TRIBUNAL FÉDÉRAL SUISSE [ATF] III 581 (Switz.), for the case in Switzerland; Bundesgerichtshof [BGH] [Federal Court of Justice] Oct. 10, 2003, 2004 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR] 510 (Ger.); Bundespatentgericht [BPatG], Dec. 12, 2000, 2001 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR] 744 (Ger.), for the case in Germany; Chemie v. Gay, 208 F.3d 202 (2d Cir. 2000), for the United States case.

93. These examples, of course, do not represent all potential fields where ADR systems can be valuably used.


It could thus be conceived that regulations require participants in an international cooperation research and development project, which is sponsored by public funds, to resolve any dispute arising out of the course of the project by ADR mechanisms.95 It is relatively frequent that disputes are about the ownership or the conditions of use of IP rights that have been generated in the course of joint research and development projects.96 Therefore, the adoption of effective ADR systems for such international joint research and development projects, for which domestic courts may not provide a proper venue, should be considered.

Similar to the UDRP, which led to the adoption of the best practices in state regulations such as the EU Policy and the Swiss Policy, it can be considered that efficient ADR systems should be an element of the best practices adopted by public and private entities involved in international collaborative research and development activities. In this respect, public research institutions are increasingly required to manage their IP assets in an efficient manner and to adopt the best practices for that purpose. The best practices must also cover the conditions of licensing of IP rights and of research and cooperation agreements entered into with commercial partners.97


Even though the best practices have until now essentially focused on aspects of substantive law, particularly in the allocation and ownership of IP rights generated as a result of the relevant research and development activities, it would be appropriate to include ADR systems as an element of such best practices.

b. Online Copyright Piracy

Regarding disputes arising out of online copyright piracy, it can also be conceived that subscribers to internet services agree, under their agreement with the Internet Service Provider (ISP), to submit disputes about alleged online copyright infringement activities to ADR systems.98 It should be reminded that regulations in the telecommunications sector already promote, or at least favor the use of ADR methods. For example, the E-Commerce Directive provides that “[m]ember States shall ensure that, in the event of disagreement between an information society service provider and the recipient of the service, their legislation does not hamper the use of out-of-court schemes, available under national law, for dispute settlement, including appropriate electronic means.” 99

This ADR approach could potentially prove more appropriate than the relatively burdensome French regulatory system because it would be more expedient and less expensive. Unlike the ADR system, the French system requires online copyright piracy disputes to be submitted to domestic courts in order to decide whether subscribers will be disconnected from the internet as a result of their continued

intellectual property owned by the public research organisation and the granting of exclusive licences [1] should be carefully assessed, especially with respect to non-European third parties.”).

98. It may even be conceived that the dispute resolution system must not necessarily be limited to copyright infringement. Instead, it may also include other types of infringed rights beyond IP rights such as image rights or naming rights.

online copyright infringement activities. This system is known as a “three strikes you are out” system, or a graduated response.  

In an ADR model that would be essentially built on the model of the UDRP, the proceedings would start with the copyright owners or their agent identifying the IP address of the alleged infringer. Then, it would continue by notifying the relevant ISP of the suspected infringing activity. The ISP will, in turn, notify and warn its subscriber of the action initiated by the copyright owner without disclosing the copyright owner’s name at this stage of the proceedings. Should the subscriber not refrain from its infringement activity within the set deadline, the copyright owner, as a claimant, can file a complaint with the relevant ADR body, which will then decide on the merits of the copyright infringement claims. These proceedings preserve the anonymity of the subscriber so that the copyright owner does not obtain the subscriber’s identity until a decision is rendered that a copyright infringement activity has taken place.

In case of a success, the adjudicatory body is in the position to decide on the sanction such as cutting off internet connection of the relevant user. However, the sanction, which can be automatically and directly implemented by the ISP, may not be implemented until a certain period of time expires during which the internet subscriber may initiate legal proceedings before the relevant domestic court to prevent the enforcement of the decision made by the ADR body (by analogy to the UDRP).


102. This is essentially what can happen for domain name registrations, which are made under pseudonyms or even by using proxy services offering anonymity, whereby of course such anonymity will cease in case the defendant domain name holder shall challenge a decision of cancellation or transfer before national state courts.
c. Intellectual Property Infringement in Online Social Platforms and Virtual Worlds

ADR methods can also be adopted and promoted to resolve the infringement of IP rights, particularly copyright and trademarks, in virtual worlds or other online social platforms. In such cases, because of the difficulties in localizing the infringing activities and in defining the governing law, it is highly recommended to solve potential disputes between the relevant stakeholders, generally between two users of the virtual world, through ADR methods. This ADR system could be imposed on the users given that the access to the online world is generally based on the acceptance of the general terms and conditions of the platform operating the online world.

The terms and conditions of the company operating the virtual platform can provide for ADR methods. ADR systems are generally designed to apply to disputes between the users and the service provider, however, the systems can also apply to disputes between


104. See Gerald Spindler, Katharina Anton & Jan Wehage, Overview of the Legal Issues in Virtual Worlds, 40 UCMEDIA 189-98 (2009), at 7, available at http://proceedings.icstserver.org/ucmedia09cd/pdf/paper8300.pdf (“[A] virtual world platform combines all the advantages of Alternative Dispute Resolution (ADR) and combines it furthermore with the advantages of modern communication technologies. Therefore it is almost predestinated being a means to solve legal disputes.”).

105. See, e.g., Terms of Service, SECOND LIFE (Dec. 15, 2010), http://secondlife.com/corporate/tos.php (providing the parties with a neutral and cost-effective means of resolving the dispute through binding non-appearance-based arbitration); see also id. (“A party electing arbitration shall initiate it through an established alternative dispute resolution (“ADR”) provider mutually agreed upon by the parties. The ADR provider and the parties must comply with the following rules: (a) the arbitration shall be conducted, at the option of the party seeking relief, by telephone, online, or based solely on written submissions; (b) the arbitration shall not involve any personal appearance by the parties or witnesses unless otherwise mutually agreed by the parties; and (c) any judgment on the award rendered by the
users. This is analogous to the system under the UDRP, where the
domain name holders agree with the domain name registrars to submit
to ADR systems in case of disputes with a third party (i.e., trademark
owners claiming rights over the domain names). Even if the operator
of the relevant platform is primarily in charge of setting up ADR
systems, it is possible that legislators may feel the necessity to
intervene at some point and regulate these issues. 106

3. Analysis

These examples show that there are ways to develop ADR
methods to resolve international IP disputes. They also confirm that
policies can be implemented by different regulatory measures taken at
the national or regional level, such as within the EU, to promote or
even to impose the recourse to ADR systems. The ability to follow
this approach will depend on the potential control over the relevant
resources, or more generally, on the ability and readiness of the
relevant authorities to step in and regulate a field, which will
otherwise remain in the private autonomy of contracting parties.

IV. INSTITUTIONALIZING THE USE OF ADR SYSTEMS FOR
INTERNATIONAL INTELLECTUAL PROPERTY DISPUTES

Beyond the specific situations for which ADR methods for IP
disputes can be introduced by local regulations, the following question
remains: what potential steps and measures can be taken into
consideration at the international level in order to promote the use of
ADR methods?

Interestingly, it is worth noting that the general use of ADR
methods, particularly arbitration, to resolve international business
disputes has been evoked in various circles, making arbitration the
default dispute resolution system. 107 From this perspective, the

106. See generally Michael Risch, Virtual Rule of Law, 112 W. VA. L. REV. 1
(2009); Jacob Rogers, Note, A Passive Approach to Regulation of Virtual Worlds,

107. See, e.g., Gilles Cuniberti, Beyond Contract—The Case for Default
Arbitration in International Commercial Disputes 46 (Univ. of Lux. Law, Working
The evolution of ADR systems based on the UDRP from a contract-based ADR system to a regulatory-imposed solution is interesting because it is in line with the policy position that promotes the broad scale adoption of arbitration as a default system for resolving international business disputes.

Furthermore, the recourse to ADR mechanisms for solving specific intellectual property disputes has already been imposed under certain regional or bilateral treaties. For example, the United States and Singapore expressly agreed to subject internet domain name disputes to ADR systems in their Free Trade Agreement. Specifically, the Free Trade Agreement provides as follows:

Each Party shall require that registrants of domain names in its ccTLD are subject to a dispute resolution procedure, modeled along the same lines as the principles set forth in ICANN Uniform Domain Name Dispute Resolution Policy (ICANN UDRP), to address and resolve disputes related to the bad-faith registration of domain names in violation of trademarks.

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108. See, e.g., ASEAN Framework Agreement on Intellectual Property Cooperation, art. 3.6(b), Dec. 15, 1995, available at http://www.aseansec.org/5179.htm (last visited Jun. 30, 2012) (“Cooperative activities under this Agreement shall include . . . the possibility of . . . [p]roviding arbitration services or other alternative dispute resolution mechanisms for the resolution of intellectual property disputes.”).

It should be reminded that the most favored nation clause, which can apply in the framework of these bilateral treaties, provides that any contractual obligation imposed on a given State under a bilateral treaty can potentially benefit other countries, which would then expand the obligation to submit to ADR systems. However, the most favored nation clause will not have any effect if the obligation imposed under the relevant treaty is designed to benefit all parties irrespective of their nationality. For example, in the U.S.–Singapore Free Trade Agreement, the obligation to submit registrants of domain names in its ccTLD to a given ADR procedure is an example of a most favored nation clause without any effect.

In any case, this type of provision in a bilateral free trade agreement is highly relevant because it adds a new twist to the system of promoting ADR systems for international IP disputes from a policy perspective. As seen above, national or regional regulations such as the EU Policy and the Swiss Policy can indeed require contracts to contain regulatory ADR methods. With provisions contained in international agreements that impose the setting up of ADR systems for certain types of IP disputes, a new brick is added to the ADR pyramid by requiring a nation-state to set up an ADR system under which private entities having registered a domain name shall submit to such an ADR system.

This multi-level system thus confirms the mutual interaction between regulatory measures and contractual measures. It further shows that even if the regulators, which implemented the model of the UDRP, transformed a purely contract-based solution into a regulatory-imposed dispute resolution system, the mechanisms of bilateral free trade agreements can add a new contractual level to it.

These bilateral agreements thus appear to open new perspectives for future developments in the global ADR systems for IP disputes. It can therefore be conceived that future bilateral treaties may include...
more sophisticated provisions relating to the resolution of IP disputes beyond the specific cases of domain name disputes.

If this were to happen, it can be expected that the inclusion of ADR systems in bilateral treaties should be less contentious than provisions relating to the increase in the level of substantive protections of IP rights. No stakeholders should indeed have any legitimate reasons to complain about setting up global ADR methods for international IP disputes in such treaties, provided that such methods are equitable and not biased.

In this context, it should not be forgotten that the entities, which are in charge of offering ADR services for IP disputes at the global or regional level, may have a critical role to play. The experience confirms once again by reference to the UDRP, and its implementation and use over the years since its launch in 1999, that institutions which have managed disputes under the UDRP (and most prominently the WIPO Arbitration and Mediation Center), have been instrumental in the success, growth, improvement, and sustainability

111 of the dispute resolution system as well as in the continual adaptation of such systems in an evolving environment.

112 It is thus clear that such institutions can significantly contribute to the development of specific dispute resolution systems, in view of the critical role that they can play in identifying and developing best practices in various sectors and industries.


112 This is evidenced by the initiative of the WIPO towards paperless UDRP proceedings. See WIPO Launches Paperless UDRP Proceedings, WIPO (Dec. 11, 2009), http://www.wipo.int/pressroom/en/articles/2009/article_0057.html. WIPO’s paperless UDRP proceedings prompted the adoption of the new updated UDRP rules, which were approved by ICANN. Id.; see also Announcement Regarding Implementation of Modification to Implementation Rules for Uniform Domain Name Dispute Resolution Policy, ICANN (Dec. 7, 2009), http://www.icann.org/en/announcements/announcement-07dec09-en.htm.

113 See WIPO Alternative Dispute Resolution (ADR) Services for Specific Sectors, WIPO, http://www.wipo.int/amc/en/center/specific-sectors (last visited Oct. 6, 2012) (“Specific areas of intellectual property transactions may benefit from targeted adaptations to the standard WIPO ADR framework, for example in relation to rules, fees and clauses. Such adaptations promote efficiency gains through ADR processes that reflect legal and business standards and needs of the area. The WIPO
In any case, it is important that all the key actors join forces to ensure that any ADR policies, which could be adopted at the international level for solving IP disputes, meet the expectations and needs of all stakeholders for protection, and provide appropriate ways to render equitable justice. Under these conditions, there is no doubt that ADR mechanisms can constitute valid alternatives to litigation in settling international IP disputes. In fact, these ADR systems can even constitute the default method in solving certain types of IP disputes, as the UDRP successfully achieved with respect to international internet domain names disputes.

Center, drawing upon its experience under the standard WIPO Rules, as well as the WIPO-initiated Uniform Domain Name Dispute Resolution Policy (UDRP) and related policies, focuses significant resources on designing and establishing such adapted ADR procedures."