2023

Solving the Multi-National Patent Dispute Problem

Daniel Weiss

Table of Contents

I. INTRODUCTION

With the growth of multi-national corporations investing in technology and pharmaceuticals, patent disputes are becoming more complicated and international.[1] Increasingly, parties are implementing arbitration agreements to resolve international patent disputes.[2] Unfortunately, many countries restrict parties' abilities to arbitrate certain issues.[3] There is little harmony between countries on what patent disputes are arbitrable. Luckily, countries are moving towards a harmonization of the international patent arbitration system.[4] This reduces multi-national litigation issues and increases party autonomy.

Countries, such as the United States and Switzerland, allow patent arbitration through voluntary contract with minimal restrictions.[5] Other countries, such as China and France, limit patent arbitration to retain autonomy over their patent process.[6] Few countries, such as Portugal, required mandatory arbitration of specific disputes.[7] The different approaches reflect different public policy issues, including freedom to contract and retention of public grants.

---

[1] Thomas H. Lee, *Contemporary Issues in Int'l Arbitration and Mediation: The Fordham Papers* 214 (Arthur W. Rovine, ed., 2016).

[2] *Id* at 216; Thomas Legler and Andrea Schäffler, *A Look to the Future of International Arbitration,* IAM Media (Mar. 24, 2023, 6:55 PM), https://www.iam-media.com/global-guide/the-guide-ip-arbitration/1st-edition/article/look-the-future-of-international-ip-arbitration#footnote-078.

[3] *See* M.A. Smith et al., *Arbitration of Patent Infringement and Validity Issues World-Wide*, 19 Hav. J.L & Tech. 299, 334-45 (2006).

[4] Adam R. Tanielian, *Roles of Arbitration in International Intellectual Property Dispute Resolution* 1, 17 (2020)

[5] 35 U.S.C. § 294

[6] M.A. Smith et al, *supra* note 3, at 334-45

[7] *Marta A. Vieira,* The Patent Litigation Law Review 160 (Trevor Cook, ed., 5th ed. 2021).

The following showcases the need for greater worldwide harmony in voluntary arbitration and the value of a unifying treaty. The current patent arbitration system prevents many parties from using one of the most efficient dispute resolution techniques. Even when parties are not prevented, they encounter many hurdles for recognition and enforcement of the resulting arbitral award. A comparison of the different approaches and potential solutions highlights the need for a harmonization treaty. The treaty must account for worldwide needs and different values, while creating harmonization amongst the entire dispute resolution process.

II. BACKGROUND

Multi-national patent disputes arise because each nation individually assigns patents, leading to cases where multiple patents, across various countries, cover the same subject matter.[8]

A. MULTI-NATIONAL PATENT BACKGROUND

A patent is a negative right, which grants the patent-holder an exclusive right to exclude third-party use of their invention.[9] A patent's value is derived from the technology it protects.[10] Therefore, when multinational corporations use large amounts of resources to develop new technology, protection of their patent rights are valuable.[11] Since patents are domestic law, parties must file multiple patents in multiple countries to protect a single invention.[12] Patent offices' grant

[8] M.A. Smith et al, *supra* note 3, at 305.
[9] Christopher S. Gibson, *A look at the Compulsory License in Investment Arbitration: The Case of Indirect Expropriation*, Legal Studies Research Paper Series, Jul. 1, 2009, at 8-9.
[10] Thomas H. Lee, *supra* note 1, at 214.
[11] Thomas H. Lee, *supra* note 1, at 214.
[12] Thomas H. Lee, *supra* note 1, at 214.

rights on a country-by-country basis,[13] where each patent maintains legal independence.[14] Since treaties harmonize some of the patent process, an inventor may apply for a patent covering the same subject matter in multiple countries.[15] These treaties require most countries to follow a similar patent framework.[16] When parties dispute the same invention across multiple countries, parties may need to simultaneously litigate in multiple countries.[17]

B. INTERNATIONAL PATENT ARBITRATION BACKGROUND

Arbitration is a binding method of alternative dispute resolution (ADR).[18] Parties involved in the dispute agree to arbitrate, either before or after the dispute arises. The agreement outlines the procedure, seat, and applicable law.[19] Parties may use institutions, such as the World Intellectual Property Organization (WIPO) Arbitration and Mediation Center[20] or the ICC International Court of Arbitration.[21] Individual countries determine which subject-matter may be arbitrated in that

---

[13] *Thomas H. Lee*, *supra* note 1, at 214.

[14] Kerry J. Begley, *Multinational Patent Enforcement: What the Parochial United States Can Learn from Past and Present European Initiatives,* Cornell Int'l Law Journal. Vol. 40, issue 2 spring 2007, 522, 523.

[15] *See* Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter TRIPS Agreement] Art. 27; Patent Cooperation Treaty, June 19, 1970, https://www.wipo.int/export/sites/www/pct/en/docs/texts/pct.pdf. [hereinafter PCT]; Vivek Wadhwa et al., *U.S.-Based Global Intellectual Property Creation: An Analysis,* Kauffman Foundation Small Research Projects Research Paper Series (Oct. 2007).

[16] PCT FAQs, World Intellectual Property Organization (WIPO), (last visited May 5, 2023), https://www.wipo.int/pct/en/faqs/faqs.html; *Thomas H. Lee*, Supra Note 1, at 214.

[17] *Id.*

[18] Eric Ordway, *Int'l Arbitration: The Benefits and Drawbacks* 5 2007 WL 6082200.

[19] Eric Ordway, *supra* note 18, at 8.

[20] WIPO, wipo.int/amc/en/center/index.html (last visited May 4, 2023).

[21] ICC Int'l Court of Arbitration, https://iccwbo.org/dispute-resolution-services/icc-international-court-arbitration/ (last visited Mar. 24, 2023).

country, or under the laws of that country.[22] However, some countries' laws allow arbitrators the competence-competence doctrine, meaning the arbitrators decide whether they have jurisdiction.[23]

i. Types of Patent Dispute

There are four main types of patent disputes are licensing, ownership, infringement, and validity.[24] Licensing disputes occur when a patent-holder, or licensor, grants a third party, or licensee, permission to use their patent.[25] Typically, licensing disputes arise when a party violates the terms of a licensing agreement.[26] Ownership disputes arise when parties contest ownership of a patent right and multiple entities claim that right.[27] Infringement disputes occur when a patent-holder accuses another party of trespassing upon their patent right.[28] Validity disputes occur when a party asserts that a patent-holder's right is invalid.[29] While these disputes are unique, they are often interconnected.[30]

---

[22] *See, generally M.A. Smith et al*, Supra Note 3.
[23] Bhatty Saadia, Competence-competence, Jus Mundi, Feb. 13, 2023, https://jusmundi.com/en/document/publication/en-competence-competence (last visited May 5, 2023)
[24] Thomas H. Lee, *supra* note 1.
[25] *Id.*
[26] *Id.*
[27] *Id.*
[28] *Id.*
[29] *Id.*
[30] *See* M.A. Smith et al, *supra* note 3, at 345.

ii. Revocation

Patent revocation occurs when a proper authority revokes the patent holder's right.[31] Parties have several options when pursuing revocation, including litigation and patent office appeals.[32] Revocation is different than an arbitral invalidation.[33] An invalidating arbitral award is different may only apply to the parties involved.[34]

III. INEFFICIENCIES OF CURRENT THE PATENT DISPUTE RESOLUTION SYSTEM

When two parties dispute over patents that a party registered in multiple countries, they have two options for binding enforcement. First, they may litigate each patent, individually, in each country. Multi-national litigation can become difficult, complicated, and expensive.[35] Second, they may submit the dispute to arbitration.[36] However, many countries' laws disallow arbitration of certain patent disputes.[37] However, parties may decide to arbitrate anyways, either when the relevant laws permit it, parties attempt to contract around it, or arbitrators ignore it. The New York Convention governs international recognition and enforcement of arbitral awards. However, it has limitations and parties may exploit these limitations through forum-shopping.

---

[31] WIPO, *supra* note 20.
[32] *Id.*
[33] *See, e.g.,* 35 U.S.C. § 294(a)
[34] M.A. Smith et al., *supra* note 3, at 305 (generally, arbitral awards invalidating patents only have force within the parties involved to the arbitration, and the patent is still enforceable against other parties).
[35] Thomas H. Lee, *supra* note 1, at 214.
[36] *Id.* at 215
[37] *Id.* at 216-17

A. PROBLEMS WITH MULTI-NATIONAL LITIGATION

When international parties encounter a patent dispute, multiple, competing lawsuits may arise.[38] Multi-national litigation is problematic because it creates delays, contradictory results,[39] and enforceability issues.[40] Unfortunately, multi-national litigation is parties' only option in many situations.

Delays in resolution occur because litigation allows parties to appeal, statute of limitations may be different lengths in different countries, and trial speed varies from country to country. Litigation is not final, and parties have recourse to appellate courts.[41] When parties appeal, dispute resolution costs raise.[42] If the parties appeal in multiple countries, costs and waste of local court resources raises. Since the statute of limitations on infringement disputes is three years in Germany[43] and six years in the United States,[44] parties may file their suit in Germany first. If the lawsuits the same amount of time, the German courts may render an award before litigation commences in the United States. This option enables wealthier parties to take advantage of weaker parties, by surprising

---

[38] WL § 58:3. Preliminary Considerations – Problems with Litigating Int'l Disputes at 1. (Last visited Mar. 24, 2023)

[39] K. Begley, *supra* note 14, at 524.

[40] *See generally supra* note 38 at 1.

[41] E. Ordway, *supra* note 18, at 3.

[42] *See Id.*

[43] Daniel Eid & Cameron Ward, *IP Insight: Patent Litigation, Statute of Limitations for Damages*, Virtuoso Legal, https://www.virtuosolegal.com/insight/ip-insight-patent-litigation-statute-of-limitations-for-damages/ (Last visited May, 5 2023).

[44] 35 U.S.C. § 286

them with lawsuits worldwide and raising their litigation costs. Parties' entire dispute is not resolved until they receive final judgments in each relevant country.

Since multiple lawsuits occur, different courts may issue contradictory awards at different times. Therefore, if a party wins in Germany and later loses in the United States, the parties may end up exchanging damages back and forth. For a party to receive damages, they must be able to enforce the award. For international parties, the enforceability of a judgment is determined by the laws of the country where enforcement is sought.[45] The United States, for example, has not ratified any treaties for enforcement of foreign judgments.[46] Therefore, parties may struggle to enforce United States judgments abroad.[47] Enforcement depends on the location of parties' assets. In a situation requires exchanging damages back and forth, one country may enforce the judgment and the other may not. If one award is not enforced, and the other is, a victorious party may lose.

Since many conflicting lawsuits creates so many problems, a better situation is needed where the parties resolve their disputes and exchange damages in one proceeding. Sometimes, the costs are too high, and parties will agree to only litigate in one location, such as Apple and Samsung.

---

[45] *Supra* note 38, at 1.
[46] *Supra* note 38, at 1.
[47] *Supra* note 38, at 2.

i. The Apple-Samsung Problem

A prominent example illustrating the multi-national patent dispute problem occurred between Apple and Samsung over smartphone design infringement.[48] Litigation occurred in the United States, South Korea, Japan, Australia, the Netherlands, Germany, France, Italy, Spain, and the United Kingdom.[49] Their multi-state litigation was so expensive and complicated, so they agreed to drop all disputes outside of the United States.[50] While their dispute was solved by an agreement, it illustrates the vast issues of multi-national litigation.

B. WORLDWIDE DISHARMONY IN PATENT ARBITRATION LAWS

Since many countries retain exclusive jurisdiction or disallow arbitration over certain patent disputes,[51] parties may struggle to enforce arbitral awards because domestic laws grant patent rights. Therefore, arbitrators must evaluate the patent's validity under the granting law.[52] The New York Convention governs enforceability of foreign arbitral awards, permitting countries to deny recognition and enforcement of arbitral awards. Countries may deny recognition and enforcement when the subject matter is not arbitrable.[53] Since the laws are inconsistent, many parties may not

---

[48] Adam Satariano & Joel Rosenblatt, *Apple, Samsung Agree to end Patent Suits Outside U.S.*, Bloomberg, Aug. 6, 2014, https://www.bloomberg.com/news/articles/2014-08-05/apple-samsung-agree-to-end-patent-suits-outside-u-s-#xj4y7vzkg.

[49] John Ribeiro, *Apple, Samsung agree to settle patent disputes outside US*, PCWorld, Aug. 5, 2014, https://www.pcworld.com/article/440688/apple-samsung-agree-to-settle-patent-disputes-outside-us.html

[50] *A. Satariano & J. Rosenblatt*, *supra* note 48.

[51] *See* M.A. Smith et al, *supra* note 3, at 334-45

[52] *Thomas H. Lee*, Supra Note 1, at 220

[53] New York Convention (NYC), June 10, 1958, https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/new-york-convention-e.pdf

resolve multi-national disputes through arbitration. Even if the arbitrators ignore or the parties' contract around the subject-matter,[54] some countries may refuse enforcement. When parties have assets in multiple locations, the victorious party may forum-shop. These concerns warrant a major overhaul to the current multi-national patent dispute resolution system.

i. The New York Convention's Enforceability Limitations

The New York Convention, signed by 172 countries,[55] governs enforceability of international[56] arbitral awards. Article V of the New York Convention provides situations where a signatory country may deny recognition and enforcement of an arbitral award.[57] The permissive nature of Article V affords the enforcing countries and courts absolute discretion.[58] Relevant limitations on multi-national patent disputes relate to subject-matter arbitrability, public policy, and foreign judgements.[59]

---

[54] *See Thomas H. Lee*, Supra Note 1, at 220

[55] https://www.newyorkconvention.org/countries

[56] NYC, *supra* note 53, (Art. 1 restricts scope to international disputes, and does not impact domestic awards unless those domestic awards are not considered domestic by the state where enforcement is sought).

[57] NYC, *supra* note 53.

[58] Talia Einhorn, *The Recognition and Enforcement of Foreign Judgments on International Commercial Arbitral Awards* 43, 47 (Sept. 11, 2011).

[59] NYC, *supra* note 53, at V (1) and (2).

If the subject matter is not arbitrable under the laws of the seat,[60] applicable law,[61] or laws of the recognizing and enforcing jurisdiction,[62] the enforcing court may deny recognition and enforcement. For subject matter issues with the law of the seat and applicable law, the party the award is being invoked against must raise the issue.[63] However, the enforcing court may deny enforcement if its own laws do not permit arbitrability.[64]

If the award is contrary to the public policy of the enforcing country,[65] the enforcing court may refuse enforcement. The enforcing court may raise the public policy exception, the parties do not have to.[66] Therefore, if an infringement arbitral award is rendered in Switzerland, applying Swiss law, the Netherlands may refuse to enforce this award because their law disallows infringement disputes. However, many countries view the public policy exception as extremely narrow.[67]

---

[60] NYC, *supra* note 53, at (V)(1)(a) ("Recognition and enforcement may be refused, at the request of the party against whom it is invoked, only if that party furnishes… proof that… the said agreement is not valid… under the law of the country where the award was made.")

[61] NYC, *supra* note 53, at (V)(1)(a) ("Recognition and enforcement may be refused, at the request of the party against whom it is invoked, only if that party furnishes… proof that… the said agreement is not valid… under the law which the parties have subjected it.")

[62] NYC, *supra* note 53, at (V)(2)(a) ("Recognition and enforcement… may also be refused if… the subject matter of the difference is not capable of settlement by arbitration under the law of [the country where recognition and enforcement is sought].")

[63] Einhorn, *supra* note 58, at 47.

[64] *Id.*

[65] NYC, *supra* note 53, at (V)(2)(b) ("Recognition and enforcement… may also be refused if… recognition or enforcement… would be contrary to the public policy of [the country where recognition and enforcement is sought].")

[66] Einhorn, *supra* note 58, at 47.

[67] Sherina Petit & Ewelina Kajkowska, *Issues relating to Challenging and Enforcing Arbitration Awards: Grounds to refuse enforcement*, Norton Rose Fulbright, August 2019, https://www.nortonrosefulbright.com/en/knowledge/publications/ee45f3c2/issues-relating-to-challenging-and-enforcing-arbitration-awards-grounds-to-refuse-enforcement.

When the seat's courts or the applicable law courts set aside an award, foreign courts may refuse enforcement.[68] The party which the award is being invoked against must raise this for enforcing courts to consider it.[69] Foreign courts may do this for many reasons, including lack of subject matter enforceability.

Since Article V of the New York Convention gives deference to the country enforcing the award, the enforcing court may ignore these issues. If the enforcing location is known for ignoring these, the parties may ignore the subject matter being non-arbitrable. Still, drafting lawyers should agree to arbitrate all arbitral subject matter and refer any non-arbitral subject matter to the local courts with proper authority.[70]

ii. Current Approach: Disallowing Arbitration

When countries disallow arbitration of a patent dispute, parties must use local courts or administrative proceedings for a resolution. Therefore, if one country's laws disallow arbitration, parties may lose the ability to resolve the dispute in one proceeding. Unfortunately, many countries disallow, or place significant restrictions upon, invalidity and infringement disputes.[71] Disallowing arbitration forces the parties into a multi-forum litigation and clogs up national court systems.[72]

---

[68] NYC, *supra* note 53, at (V)(1)(e) ("Recognition and enforcement… may be refused if… the award… has been set aside or suspended by a competent authority of the country in which, or under the law of which, that award was made"

[69] Einhorn, *supra* note 58, at 47.

[70] M.A. Smith et al, *supra* note 3, at 314.

[71] *See, generally,* M.A. Smith et al, *supra* note 3.

[72] *K. Begley*, supra note 14, at 523.

Some of the most arbitration-restrictive countries are China, France, and the Netherlands. Analyzing these countries approaches and considerations is necessary for a worldwide solution.

Countries disallow arbitration for public policy reasons, including third party[73] treatment and retaining a public law right to local patent offices.[74] In some countries that permit validity arbitration, such as Japan, if an arbitral tribunal invalidates a patent, the patent is still enforceable against third parties.[75] Therefore, if a third party cannot afford to dispute a patent's validity, they are at a disadvantage. Some countries prefer retaining authority over grants of public law.[76] This prevents inconsistencies between arbitral awards and local patent offices. Both approaches create different problems, so worldwide solutions must find a middle ground or permit deference to the countries.

Chinese and French law expressly disallows validity decisions by arbitral tribunals.[77] Frequently, parties defending infringement actions claim an invalidity defense.[78] In these countries, this disqualifies the dispute from arbitration.[79] In China, patent validity is an administrative decision, so parties are not allowed to arbitrate it.[80] Chinese courts are unlikely to enforce foreign arbitral awards regarding validity of Chinese patents.[81] If the party seeking

---

[73] *See* M.A. Smith et al, *supra* note 3, at 337.
[74] *See* M.A. Smith et al, *supra* note 3, at 335.
[75] *Id.* at 352.
[76] *Id.* at 335 (This represents the old German view).
[77] *Id.* at 333 and 345.
[78] *Id.*
[79] *Id.*
[80] *Id.*
[81] *Id.*

enforcement looks elsewhere, other countries may refuse enforcement because Chinese law governs Chinese patent validity. In China, infringement is arbitrable civil dispute.[82] However, when a party raises the invalidity defense, the dispute must continue in Chinese courts or administrative proceedings.[83] However, Chinese allows arbitration, and enforces foreign awards, regarding ownership and licensing disputes.[84]

France's approach is similar, but courts retain exclusive jurisdiction over validity cases.[85] French law considers patents a public grant and courts will deny enforcement of foreign arbitral awards on French patent validity.[86] France allows infringement, but this is rare in practice because of the invalidity defense.[87] French courts enforce foreign arbitral awards regarding patent licensing and ownership disputes if there is no ruling of infringement or validity in the decision.[88]

Dutch law states validity and infringement disputes are non-arbitrable.[89] The Netherlands allows the arbitration of licensing and ownership disputes,[90] however, it is uncommon in practice.[91] The 1995 patent act granted exclusive jurisdiction over patent disputes to the Court of First

---

[82] *Id.* at 346.
[83] *Id.*
[84] *Id.*
[85] *Id.* at 333.
[86] *Id.*
[87] *Id.*
[88] *Id.*
[89] *Id.* at 339.
[90] *Id.* at 339-40.
[91] Anne Marie Verschuur & Jeroen Boelens, *Patent Litigation in the Netherlands: Overview*, Thomson Reuters practical law, https://uk.practicallaw.thomsonreuters.com/7-621-9211?transitionType=Default&contextData=(sc.Default)&firstPage=true&comp=pluk (last visited May 5, 2023)

Instance in the Hague, so there is no guarantee these awards will be valid.[92] However, the Dutch Constitution gives treaties precedence over national laws.[93]

While these countries have different approaches, in most situations validity and infringement disputes are not arbitrable. Parties may attempt to contract around this by applying patent arbitration friendly laws to determine arbitrability, but these countries will likely not enforce the award for public policy concerns. To create a solution to the multi-national patent dispute issue, the public policy considerations of these countries must be considered. These countries will likely refuse entire awards if it contains rulings on one of their patents, therefore, parties must engage in forum-shopping when attempting to enforce these awards.

iii. Recognition and Enforcement's Forum Shopping Problem

Since the New York Convention gives deference to the enforcing country, the enforcing country's treatment of the award is all that matters. Therefore, parties seeking enforcement may attempt to enforce it in any country where the losing party has assets. Of the three issues, countries are most likely to deny awards based on subject matter arbitrability. While Article V's permissive language creates a potential loophole,[94] it also reduces clarity in the process of settling multi-national patent disputes through arbitration. In arbitration proceedings, there is a doctrine called competence-competence. This doctrine grants an arbitral tribunal the right to decide disputes

---

[92] *M.A. Smith et al*, supra note 3, at 339-40.
[93] Verschuur, *supra* note 91.
[94] Thomas H. Lee, *supra* note 1, at 220. (specifying matters of arbitration are decided under U.S. Law).

regarding its own jurisdiction.[95] The United States and Switzerland uphold this doctrine, making them two of the friendliest locations for enforcing arbitral awards.

In the United States, courts "favor granting recognition and enforcement…."[96] The Supreme Court upheld the doctrine of competence-competence, or the arbitrator's ability to determine whether the subject-matter is valid.[97] Therefore, if an arbitrator determines the subject-matter is arbitrable, U.S. courts will probably enforce the award.[98] The Supreme Court held the substantive review of arbitral awards is minimal.[99] In Switzerland, the Federal Tribunal held arbitrators do not need to consider whether the enforcement is likely in the enforcing state.[100] This ruling may permit arbitrators to evaluate a patent's validity under Chinese law while applying U.S. law to the entire dispute. If a party seeks enforcement of a multi-national patent dispute in the U.S. or Switzerland, it may be upheld, even if other countries do not allow their patents to be submitted to arbitration.

The United States will only deny public policy if it offends the "forum state's most basic notions of morality and justice."[101] In Switzerland, the Federal Tribunal identified narrow reasons

---

[95] *B Saadia, supra* note 23.

[96] Rohullah Azizi, *Grounds for Refusing Enforcement of Foreign Arbitral Awards under the New York Convention*, 4, 10 (Aug. 4, 2010, rev. June 24, 2021) (*citing* Ramona Martinez, *Recognition and Enforcement of International Arbitral Awards under the United Nations Convention of 1958: The "Refusal" Provisions.* 24 Int'l Law. 487, (Summer 1990). P. 507)

[97] *Id.* at 24; *see* Prima Paint Corp. v. Flood & Conklin Mfg., 388 U.S. 395 (1967) (holding arbitrators have authority to determine if an arbitration agreement was invalid due to fraudulent inducement).

[98] R. Azizi, *supra* note 96, at 27.

[99] Einhorn, *supra* note 58, at 52 (*citing* Mitsubishi Motors Corporation v. Soler Chrysler-Plymouth, Inc., 473 US 614 (2.7.1985)).

[100] Einhorn, *supra* note 58, at 51.

[101] R. Azizi, *supra* note 96, at 28 (*citing* Gaitis. *Parsons & Whittemore Overseas Co v Societe Generale de L'Industrie du Papier (RAKTA)*, 508 F.2d 969, 974 (2d Cir. 1974); *Somportex, Ltd v Philadelphia Chewing Gum Corp*,

for denial of an award based on public policy.[102] The award must "violate[] fundamental principles of law to the point of not being reconcilable with a judicial order of basic values…."[103] These principles include good faith, sanctity of contract, and discrimination.[104] Therefore, it is unlikely the United States and Switzerland will deny awards on public policy, without some major issues with the tribunal.

Countries approach foreign judgments on arbitral awards differently. German and French law ignore foreign awards and only review the arbitral award.[105] The United States and Israel consider foreign judgments on arbitral awards.[106] In the United States, a confirming judgment may extend the time frame a party can request enforcement.[107] The Israeli Supreme Court "held that judgments on arbitral awards are entitled to recognition and enforcement."[108] However, they did not specify the manner or significance of these awards.[109] When the seat of arbitration annuls the award, many courts in England, France, and the United States still recognize the awards.[110]

---

453 F.2d 435, 443 (3d Cir. 1971)) Enforcement of arbitral awards in United States: overview, Practical Law Country Q&A 4-619-6131

[102] Einhorn, *supra* note 58, at 50 (*citing* X SpA v. Y Srl, BGE 132 III, 389 (8.3.2006) (English translation brought in VÁRADY T. et al., International Commercial Arbitration – A Transnational Perspective, 4th ed. (West 2009), pp. 791ff.).

[103] *Id.*

[104] *Id.*

[105] Einhorn, *supra* note 58, at 45.

[106] *Id.*

[107] *See* 9 U.S.C. § 207 (three-years to enforce a foreign arbitral award); Commissions Import Export v. Republic of the Congo, 757 F.3d 321 (D.C. 2014) (time frame to enforce a foreign judgment is longer, therefore the foreign judgment confirming the award was enforced, not the award itself)

[108] Einhorn, *supra* note 58, at 45 (citing Société PT Putrabali Adyamulia v. Société Rena Holding, Cass. Civ., 29 June 2007 (translation available at 24 Arb. Int'l 2008, 292); cf. PINSOLLE PH.,"The Status of Vacated Awards in France: the Cour de cassation decision in Putrabali", 24 Arb. Int'l 2008, 277.)

[109] Einhorn, *supra* note 58, at 45.

[110] Petit, *supra* note 67.

Besides the forum-shopping issue, lack of judicial control and oversight can be a bad thing. In Belgium, parties to international arbitrations cannot appeal procedural issues in any circumstances.[111] Creating an opportunity for arbitrators to act irresponsibly with no judicial recourse for the affected party.[112] In practice, parties dislike using Belgium as a seat of arbitration because of this.[113]

Multi-national patent disputes, by nature, involve multiple countries. Since the location of the losing party's assets is where the award will be enforced,[114] parties seeking enforcement may engage in forum shopping.[115] While this paper advocates for countries to enforce arbitration, it is worth noting how unfair situations may arise. For example, a Chinese party has patents registered in multiple countries, including countries who disallow arbitration, and accuses a U.S. party of infringement in multiple countries. The parties enter arbitration, and the U.S. party asserts the invalidity defense. If the Chinese party wins, they may enforce this award in the U.S. with relative ease. If the U.S. party wins, they will have trouble enforcing the award. Since arbitration requires mutual consent, the U.S. party should not agree to validity disputes everywhere.[116]

---

[111] Jay R. Server, *The relaxation of Inarbitrability and public policy checks on U.S. and Foreign Arbitration: Arbitration out of control?,* 65 Tul. L. Rev. 1661 (1991), (accessed at https://www.tulanelawreview.org/pub/volume65/issue6/the-relaxation-of-inarbitrability-and-public-policy-checks-on-us-and-foreign-arbitration).

[112] *Id.*

[113] *Id.*

[114] Einhorn, *supra* note 58, at 59.

[115] *Id.* at 60.

[116] *A. Tanielian,* supra note 4, at 92.

IV. COMPARING SOLUTIONS

After seeing the impact of these multi-national litigation or unclear enforcement through the New York Convention, countries need to resolve this problem. Two solutions are presented: Arbitration and Common Courts. A treaty is necessary for proper implementation; however, countries may implement arbitration without a treaty.

A. TREATIES

Treaties are required for an effective long-term solution to multi-national patent disputes. Countries have used treaties to simplify the patent system for over 50 years.[117] An analysis of the Patent Cooperation Treaty (PCT) of 1970[118] and the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement of 1995[119] showcases the benefits of patent treaties. The success of previous patent treaties indicates countries' willingness to enter them.

The World Intellectual Property Organization (WIPO) created the PCT, which boasts 157 contracting states.[120] The PCT allows inventors to apply for worldwide patent protection with one international application.[121] Once an inventor files and is approved, their priority right is protected in each of the contracting states.[122] Before widespread adoption of the PCT, parties had to file directly with each country.[123] Parties may also apply with their local patent office and then file

---

[117] *Wadhwa,* supra note 14, at 6.
[118] *Id.*
[119] *Thomas H. Lee*, Supra Note 1, at 214.
[120] WIPO, https://www.wipo.int/pct/en/pct_contracting_states.html (last visited May 4, 2023).
[121] *Wadhwa,* supra note 14, at. 6.
[122] WIPO, *supra* note 16.
[123] *See* WIPO, *supra* note 16.

with the PCT within 12 months.[124] PCT applications have increased significantly,[125] representing an increased registration of patents covering the same subject matter. The PCT still requires approval by national patent offices.[126]

The World Trade Organization created the TRIPS agreement to unify the world's patent rights.[127] To unify these rights, the TRIPS agreement covers the most important patent items, including patentable subject matter, [128] exclusivity of patent rights,[129] and sufficient disclosure.[130]

The TRIPS agreement is adopted by all 164[131] WTO members.[132] Developing and under-developed countries were given special extensions for adoption.[133] To account for developing countries' needs, the TRIPS agreement allows members to exclude animals, plants, and biological processes from patentable subject-matter. [134]

The widespread adoption of these agreements signifies the worldwide willingness to simplify the patent system beyond local patent offices. The PCT solved the issue of needing to apply for

---

[124] WIPO, *supra* note 16.
[125] *Wadhwa,* supra note 14, at 6.
[126] https://www.mewburn.com/law-practice-library/international-pct-patent-applications-the-basics
[127] Thomas H. Lee, *supra* note 1, at 214.
[128] TRIPS, *supra* note 15, at Art. 27.
[129] *Id.* at Art. 28.
[130] *Id.* at Art. 29.
[131] *Members and Observers,* World Trade Organization (WTO), July 29, 2016, https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm (last accessed May 5, 2023)
[132] *Frequently asked questions about TRIPS [trade-related aspects of intellectual property rights] in the WTO*, WTO, https://www.wto.org/english/tratop_e/trips_e/tripfq_e.htm#:~:text=The%20TRIPS%20Council%20comprises%20all,with%20their%20obligations%20under%20it (last accessed May 5, 2023)
[133] *Id.*
[134] Bhavya Nain, *Trips: Impact on Developing Countries* at 5 (Oct. 18, 2007); TRIPS, *supra* note 15.

patents simultaneously in every country where protection is sought.[135] While the TRIPS agreement unified the rights and content of the applications. However, countries remain protective over their patent offices. The PCT showcases countries' desire to retain the right for ultimate approval, and only protects priority.[136] The TRIPS agreement establishes the minimum requirements for patentability, countries retain many of the rights.[137] Therefore, it is unlikely that countries will give up validity disputes in a treaty or common court. Fortunately, treaties are flexible and this can be contracted around through stays or halting litigation in a common court if a country needs to retain that.

B. ARBITRATION

Multi-national patent disputes intensify international arbitration's benefits over litigation.[138] General arbitration has many benefits, including finality and predictability. Multi-national patent arbitration creates a winner-takes-all situation that solves the competing judgments problem.[139] Also, it does not clog unnecessarily clog national courts.[140] This solution is being slowly implemented already with more countries accepting patent dispute arbitration.[141] Countries that allow arbitration may either permit or mandate it.

---

[135] WIPO, *supra* note 16.

[136] *International (PCT) Patent Applications – The Basics*, Mewburn Ellis, https://www.mewburn.com/law-practice-library/international-pct-patent-applications-the-basics (last accessed May 5, 2023)

[137] TRIPS, *supra* note 15.

[138] Kap-you Kim & Umaer Khalil, *The Procedural Benefits of Arbitrating Patent Disputes,* 26 JL. Of Arb. Studies 51 (Sept. 1, 2016).

[139] Thomas H. Lee, *supra* note 1, at 216

[140] Alexandre Pereira, *Mandatory Arbitration for Patents v. Generics in Portuguese Law*, Med Law 525 (2016).

[141] *A. Tanielian,* supra note 4, at 5.

i. Voluntary Arbitration

Voluntary arbitration is the best short-term solution for multi-national patent disputes. It allows one tribunal to adjudicate the entire dispute, reduces local court waste, and creates harmony within the patent system. The current drawbacks include the arbitral award's effect on third parties and countries disallowing voluntary arbitration. Voluntary arbitration occurs when countries allow parties to bring patent disputes to arbitration if the parties consent, or have previously consented, to it. Countries, such as the United States, allow parties to voluntarily arbitrate each of the types of patent disputes.[142] However, countries, such as China and France, expressly disallow validity decisions by an arbitral tribunal. [143] These legal inconsistencies lead to problems with arbitration agreements.

The United States allows for arbitration of all patent disputes.[144] The United States allows parties agree to arbitrate before or after the dispute arises.[145] However, an involved party in an infringement or validity arbitration must submit notice of the arbitral award to the United States Patent and Trademark Office (USPTO) before U.S. Courts will enforce the award.[146] The USPTO will publicize the notice of the award.[147]

---

[142] *Thomas H. Lee*, Supra Note 1, at 216-17; *M.A. Smith et al*, supra note 3, at 320; 35 U.S.C. § 294(a).
[143] *M.A. Smith et al*, supra note 3, at 333 and 345.
[144] *Thomas H. Lee*, Supra Note 1, at 216-17; *M.A. Smith et al*, supra note 3, at 320; 35 U.S.C. § 294(a).
[145] 35 U.S.C. § 294(a).
[146] *M.A. Smith et al*, supra note 3, at 320; 37 CFR § 1.335 (only applies to arbitrations pursuant to 35 U.S.C. § 294, or voluntary arbitration)
[147] *M.A. Smith et al*, supra note 3, at, 320.

A drawback to the United States arbitrability model is its effect on third parties. While U.S. law provides a patent arbitration cannot affect third parties,[148] U.S. courts have not determined how these awards will affect future proceedings.[149] Technically, if an arbitral award invalidates the patent, this binds the party to the patent being invalid.[150] Therefore, some question the effects on third parties, even with the statute states it does not.[151] However, third parties may introduce the award as evidence in future proceedings.[152] This unknown may incentivize parties to voluntarily arbitrate to negatively impact third-parties.

Swiss law follows a similar pattern as the United States, allowing all forms of patent dispute, including validity,[153] with a requirement that the proper party registers a validity dispute with the Swiss Institute for Intellectual Property.[154] Arbitral awards deciding pure infringement and validity are uncommon, but when those issues arise in licensing disputes, the arbitral tribunal is allowed to decide.[155] When tribunals invalidate, the arbitral award has the same effect as a judgment, therefore, tribunals may revoke patent rights.[156]

---

[148] 35 U.S.C. § 294(c)

[149] les Nouvelles, *Arbitration: A Quick And Effective Means For Patent Dispute Resolution*, December, 2011 https://www.oblon.com/publications/arbitration-a-quick-and-effective-means-for-patent-dispute-resolution

[150] *Id.*

[151] *Id.*

[152] *Id.*

[153] *W. Grantham*, The Arbitrability of Int'l Intellectual Property Disputes. At 211

[154] Verschuur, *supra* note 91.

[155] *Id.*

[156] *Id.*

Japanese law allows arbitration all four types of patent disputes.[157] However, the Japanese Patent Office (JPO) retains the exclusive right to revocation.[158] Therefore, the law is clear that the resulting arbitral award is only enforceable against parties to the arbitration. If a party wants to revoke a Japanese patent, they must appeal to the JPO in an administrative action.[159]

As of May 5th, 2021, Germany's District Court of Munich recognized the arbitrability of German and Swiss patent validity disputes.[160] Prior to this ruling, Germany was one of the most patent arbitration restrictive countries.[161]

After reviewing different countries approaches to allowing voluntary arbitration of all four types of disputes, the Japanese and Swiss models are the best because they clarify the effects on third parties. However, more countries need clear laws for arbitration of multi-national disputes to be effective. Voluntary arbitration's biggest downside its limited application to specific countries. Widespread adoption reduces the New York Convention's limiting factors.

ii. Mandatory Arbitration

Mandatory arbitration is an option for domestic disputes, but not a good option for multi-national patent disputes. Mandatory arbitration, in the context of patent disputes, occurs when a

---

[157] *M.A. Smith et al*, supra note 3, at 352.
[158] *Id.*
[159] *Id.*
[160] Marc Labgold & Megan Labgold, *Should I arbitrate my dispute?*, Nov. 29, 2022, https://arbitrationblog.kluwerarbitration.com/2022/11/29/should-i-arbitrate-my-patent-dispute/#:~:text=On%20May%205%2C%202021%2C%20the,both%20German%20and%20Swiss%20law.
[161] *M.A. Smith et al*, supra note 3, at 334.

country requires parties to arbitrate certain disputes.[162] However, the New York Convention requires the parties' mutual assent to arbitrate,[163] while mandatory arbitration does not. This limits enforceability and party autonomy. Some countries, such as Portugal and India, have implemented mandatory arbitration for domestic patent disputes.

Portugal used mandatory arbitration for specific healthcare infringement disputes.[164] The Portuguese government had two public policy goals. First, reducing public spending on healthcare by encouraging use of generics, and second avoiding national court clogging.[165] To accomplish this, the Portuguese legislature passed Law No. 62/2011.[166] This law required disputes between patent holders of medicinal products and generic manufacturers to arbitrate their infringement dispute.[167] Seven years later, the Portuguese legislature amended the law to permit voluntary arbitration, instead of requiring arbitration.[168] When defending parties raised an invalidity defense, the proceedings were halted and the defending party brought the validity dispute to Portugal's Intellectual Property Court.[169] Portugal allowed the patent-holder to submit these disputes to

---

[162] *See e.g.,* A. Pereira, *supra* note 140; Alexandre Pereira, *No Revocation of Patents in Mandatory Arbitration Concerning Generic Medicines*, 69 Med Law (2017); *M. Viera,* supra note 7.

[163] NYC, *supra* note 53, at Art. (II) ("Each Contracting State shall recognize an agreement in writing under which the parties undertake to submit to arbitration all or any differences which have arisen or which may arise between them….")

[164] A. Pereira, *supra* note 140.

[165] *Id.* (*citing* Law. No. 62/2011).

[166] A. Pereira, *supra* note 140.

[167] A. Pereira, *supra* note 140, at 529.

[168] *M. Viera,* supra note 7, at 160.

[169] A. Pereira, *supra* note 140, at 532 and 536 (Portugal's highest could held Law No. 62/2011 does not permit validity decisions because Portuguese courts have exclusive jurisdiction); A. Periera, *supra* note 162, at 75.

institutions or non-institutional arbitrators.[170] Therefore, there is no mutual assent in the Portuguese disputes, and awards would not qualify for enforcement under the New York Convention.

Portugal's regime is statutory, while India's is court ordered.[171] India's High Court governs disputes between patent holders and the Central Government.[172] The High Court is permitted to send the dispute to arbitration,[173] creating a court-ordered mandatory arbitration. These cases include validity disputes.[174] It is unknown how this is used in practice.

Implementing mandatory arbitration to solve multi-national disputes creates several problems. First, the New York Convention does not apply, so enforcement requires a new treaty. Second, Constitutional questions arise in many countries, including the United States.[175] Third, countries are hesitant to give up patent validity rights. Finally, arbitral awards typically do not have binding force on third parties,[176] creating a huge public policy dilemma.

C. COMMON COURTS

A potential solution to the problem is establishment of an international court that handles patent disputes. A treaty is required for proper implementation of a worldwide common patent court. The European Union's Unified Patent Court will be the perfect case study to determine effectiveness.

---

[170] A. Pereira, *supra* note 140, at 529-30.
[171] Indian Patent Act § 103(5)
[172] Indian Patent Act § 103
[173] *M.A. Smith et al*, supra note 3, at 340; Indian patent Act 103(5) (current).
[174] *M.A. Smith et al*, supra note 3, at 340.
[175] *See* U.S. Const. amend. 9.
[176] *M.A. Smith et al*, supra note 3, at 323.

However, the EU is situated better to a Unified Patent Court because the rest of their patent system is Unified. Each problem encountered in Europe will be exacerbated to a world-wide level.

i. European Unified Patent Court (UPC)

Many European Union (EU) countries are implementing a common court, called the European Unified Patent Court (UPC), to create unity in their patent dispute procedures.[177] The European UPC is an international court dealing "with the infringement and validity of both Unitary Patents and European patents, putting an end to costly parallel litigation…."[178] The European UPC replaces the national court's jurisdiction, creating a central authority for patent litigation proceedings and setting the standard.[179] Unfortunately, the UPC is scheduled to open in June, 2023,[180] many of its practical benefits and drawbacks are unknown. The follow addresses concerns regarding creation and future predictions.

The European UPC has obvious benefits. A single forum to adjudicate entire patent disputes, reduction of multi-state litigation, and harmonization of the patent system. However, it took too long to implement. The UPC has been proposed numerous times. The European Patent Litigation Agreement first proposed the UPC in 1999.[181] The UPC was proposed again in 2011.[182] This

---

[177]EPO https://www.epo.org/applying/european/unitary.html

[178] *Id.*

[179] *See generally,* The European Unified Patent Court: Assessment and Implications of the Federalisation of the Patent System in Europe (p. 247)

[180] EPO, *supra* note 177.

[181] *K. Begley*, supra note 14, at 557.

[182] Jam Smits & William Bull, *European harmonisation of intellectual property law: towards a competitive model and a critique of the proposed Unified Patent Court*, Maastricht Euro. PLI Working Paper No. 2012/16 at 2.

proposed the UPC and a supervisory body, that is scheduled to open 24 years later. The agreement to create a unified court was signed by 25 EU member states in 2013.[183]

Drawbacks of the European UPC include each of the signatories are independent nations with a variety of economic capacities.[184] States with different economic capacities have different goals in regulating patents.[185] Since all these states are independent nations, the system escapes democratic control by an elected legislature.[186] In 2012, the Deloitte studied the impact on Poland and determined it could be more costly to join the UPC.[187] The UPC can adjudicate infringement and revocation actions.[188] Some critics believe the UPC creates an overpowered monopoly over patent disputes.[189]

When countries adopt the UPC, they remove their exclusive jurisdiction. This showcases countries' willingness to remove exclusive jurisdiction to in favor of treaties and common agreements. However, the UPC relies on the unified European patent system and the comparative uniformity of EU member countries. Worldwide cultures are vastly different than the general European Cultures.

---

[183] D. Xenos, *The European Unified Patent Court: Assessment and Implications of the Federalisation of the Patent System in Europe*, Journal of Law, Tech., and Society at 247 (Sept. 12, 2013)
[184] *Id.* at 275.
[185] *Id.* at 254.
[186] *Id.*
[187] *Id.* at 266-67.
[188] *Id.* and *K. Begley*, supra note 14, at 557.
[189] *D.* Xenos, *supra* note 183, at 275.

ii. A Worldwide Patent Court is Difficult to Create

Two prime reasons govern the difficulty. First, the world would need a unitary patent system. Second, certain major countries, like the U.S. and China are unlikely to give up their jurisdiction. The U. S. takes a conservative approach towards foreign judgments.[190] In particular, they have not ratified any treaties enforcing foreign judgments.[191] Therefore, it is unlikely they would agree to a treaty creating a common patent court. In general, China is protective over its own patent process, and is unlikely to give up their entire authority to a common court.[192]

V. WHICH SUBJECT MATTER IS SUITED FOR ARBITRATION

For international patent disputes, parties are increasingly turning to arbitration as a resolution method.[193] There are four main types of patent disputes: licensing; ownership; infringement; and validity.[194] Unfortunately, some countries have laws that disallow arbitration of infringement and validity disputes.[195] Most countries allow parties to submit ownership and licensing disputes to arbitration. [196] Some countries allow patent infringement claims arbitrated.[197] Few countries permit patent validity claims to go to arbitration.[198] When countries permit arbitration of validity

---

[190] *K. Begley*, supra note 14, at 524.
[191] *Supra* note 38, at 1.
[192] *See M.A. Smith et al*, *supra* note 3, at 345.
[193] *Thomas H. Lee*, Supra Note 1, at 216.
[194] *Thomas H. Lee*, Supra Note 1, at 214.
[195] *See, e.g., Thomas H. Lee*, *supra* note 1, at 216,
[196] *Thomas H. Lee*, *Supra* note 1, at 216-17.
[197] *Thomas H. Lee*, *Supra* note 1, at 217.
[198] *Id.*

and infringement disputes, they reduce the likelihood of interconnectivity problems. However, validity arbitrations are the least suited to arbitration, and require complex legal overhauls to maintain the integrity of the patent system. Since many countries view licensing and ownership disputes as contractual disputes, further discussion on these issues is not warranted.

A. VALIDITY DISPUTES

Validity disputes are the most difficult to arbitrate because they require balancing of interests of other parties and the local country's patent system. When a court or administrative proceeding invalidates a patent, the patent-holder's exclusionary right is revoked.[199] The Swiss and Japanese approaches are to revocation under arbitral awards represent clarified versions the two extremes. While the United States approach attempts a middle ground, the lack of clarity creates issues for third parties.[200] Since a patent is a public grant, retaining the patent right creates public policy issues.

Two approaches cover the public policy concerns while preserving the integrity of the arbitration. First, taking the U.S. approach further and after the party submits the award, the relevant patent office reviews the award and determines whether they agree with it. If they disagree, it will remain binding upon the parties to arbitration. This approach protects third-party

---

[199] *M.A. Smith et al*, supra note 3, at 323.

[200] *See* M. Reed, et. al, *Arbitrability of IP Disputes*, IAM, https://www.iam-media.com/global-guide/the-guide-ip-arbitration/1st-edition/article/arbitrability-of-ip-disputes#:~:text=In%20other%20words%2C%20an%20arbitral,binding%20arbitration%20of%20copyright%20disputes.

interests. Second, countries, like China, may issue laws permitting stays of arbitration to evaluate validity. This approach retains the public grant approach and protects third-party interests. Additionally, countries should reject disputes that are entirely related to validity. This creates too much potential for inter-party abuse.

A. INFRINGEMENT DISPUTES

More countries allow parties to arbitrate infringement disputes than validity disputes.[201] However, if an alleged infringer claims the patent-holder's patent is invalid, the country's subject-matter arbitration rules on validity impacts infringement's arbitrability.[202]

More countries allow arbitration of infringement disputes because of arbitration's benefits and the lack of public grant concerns. When drafting an agreement, the lawyers should agree to arbitrate all arbitral subject matter and refer any non-arbitral subject matter to the local courts with proper authority.[203] Therefore, infringement disputes may be arbitrated, and validity disputes may be referred to proper authority. However, some places, such as China, do not have clear laws whether this is allowed.[204]

B. Interconnectivity and Defenses

Each type of dispute should be arbitrable because of their interconnectivity and potential for abuse. For example, a licensor and licensee enter an arbitral dispute. If the licensee determines

---

[201] *Thomas H. Lee*, Supra Note 1, at 214.
[202] *Id.*
[203] *M.A. Smith et al*, supra note 3, at 314.
[204] *Id.* at 345.

local courts are more advantageous, they may claim invalidity to remove the process from arbitration. If two parties are arbitrating ownership, one party may assert the other infringed upon their patent. In an infringement dispute, the alleged infringer may assert invalidity as a defense. Sometimes, a tribunal will stay the proceedings and get a court ruling, but then the dispute requires multi-national litigation. Since laws related to stays are unclear in some countries, the entire dispute may be non-arbitrable.

VI. PROPOSED SOLUTION: VOLUNTARY ARBITRATION AND TREATIES

Currently, countries have not signed any treaties allowing or mandating the use of arbitration to resolve multi-national patent disputes. Unfortunately, each solution requires a balancing of the interests of a country. Developed countries advocate for harmony in patent disputes, whereas non-developed countries may limit the scope of patentability to allow for greater local innovation.[205] Currently, voluntary arbitration is a valuable short-term option in certain situations. However, a treaty creating minimum standards for arbitration of patent disputes is the most effective solution to resolving these disputes.

A. SHORT-TERM OPTION: PERMITTING ARBITRATION

When dealing with international patent disputes, the largest issues are multi-forum litigation and enforceability. Worldwide, countries' views on arbitration are becoming more liberal,[206] so

[205] *Thomas H. Lee*, *supra* note 1, at 215.
[206] J. Server, *supra* note 111.

recognition and enforcement through the New York Convention is likelier. Countries may consider these two approaches for encouraging harmony in voluntary arbitration proceedings. First, clarifying when local courts will enforce foreign arbitral awards. Second, permitting voluntary arbitration over entire multi-national patent disputes. Unfortunately, these approaches only solve the issue in countries that change their laws. Also, treaties more effectively create uniformity amongst countries' laws.

i. Clarifying Enforcement of Arbitral Awards

Since Article V is permissive, countries may approve awards in a different fashion than others. Countries should adopt laws that clarify their acceptance of arbitral awards regarding multi-national patent disputes. For example, if multi-national patent arbitration occurs, the award will be enforced if the law governing arbitrability permits these awards. Therefore, a contract using Swiss law to determine arbitrability may apply Chinese law to evaluate the validity of the Chinese patent and courts will enforce it. If countries do not take this approach, they should allow arbitral tribunals to stay while a proper local proceeding determines validity. If laws take the second approach, the dispute will be multi-national, but the competing judgments issue is no longer present.

ii. Allowing Voluntary Arbitration

Individual countries can amend their laws to allow parties to arbitrate all patent disputes. For example, when Germany's rule changed, a dispute involving patents in the U.S., Japan, and Germany became arbitrable. While this does not create the same harmony as a treaty, every country that adopts these laws furthers harmonization of the process.

B. LONG-TERM SOLUTION: ARBITRATION UNDER A NEW TREATY

A worldwide treaty governing multi-national patent disputes resolves the issue in the clearest manner. Implementing this agreement through voluntary arbitration allows parties to enforce awards under the New York Convention. However, the treaty must balance the interests of different countries, involved and third parties, and clarify the process of enforcement.

i. Types of Disputes and Treatment of Validity

The treaty should require all patent disputes to be arbitrable because of their interconnectivity. However, countries must retain the right of revocation for public policy issues and compliance with TRIPS.[207] For this treaty, validity disputes should be limited to the validity defense. Otherwise, a party could use invalidity as a sword to join in on the other party's monopoly. Countries may adopt the United States or Swiss model requiring an involved party to submit arbitral awards to the local patent office.

ii. Mandatory vs. Voluntary Arbitration

Voluntary arbitration is better than mandatory arbitration because it requires a contract between the parties. Mandatory arbitration removes the parties' mutual assent and would require a governing body with oversight. Mandatory arbitration also removes parties' rights to judicial review under the TRIPS agreement.[208] Mandatory arbitration creates many issues that common

[207] TRIPS, *supra* note 15, art. 32 (Requires an opportunity for judicial review of revocation)
[208] TRIPS, *supra* note 15, art. 32 (Requires an opportunity for judicial review of revocation)

courts create, except there is no unitary patent system required. Additionally, most countries would not approve mandatory arbitration for public policy reasons.

iii. Treatment of Involved and Third Parties

The treaty should require clarity on the treatment of involved and third parties. This overcomes the current ambiguities. The treaty should require countries to adopt one of three options. First, the Japanese approach where awards do not revoke patent rights. Second, the Swiss approach where awards revoke patent rights. Third, a modified U.S. approach where the proper authority reviews the award and determines the award's impact on third parties. The treaty should mandate the award is binding on involved parties. These approaches permit countries to retain revocation rights, while clarifying the impacts on involved and third parties. Unfortunately, the Japanese approach does not protect weaker third parties. However, countries should retain autonomy over public policy because the world is composed of many different value systems and countries are more likely to adopt less restrictive treaties.

iv. Common Courts are too Complex

While a common court seems like a great solution and may be considered in the future, it will be too difficult and complicated to create. An arbitration treaty allows for countries to retain significant deference, while allowing a single forum for multi-national patent disputes. A worldwide common court requires countries to subscribe to a single, defined, standard. Many countries would disfavor a single standard. However, treatment of involved and third parties is clear and uniform in common courts. The European Union is a loose confederation of independent

nations, but it has a unified patent system.[209] TRIPS and the PCT unify certain processes of the patent system, but both allow countries great deference. Also, a common court must address enforceability concerns. When the UPC issues a judgment, parties may enforce that judgment in countries subscribing the UPC, but other countries' enforcement of UPC judgments is unknown. Since parties may enforce voluntary arbitration awards through the New York Convention, voluntary arbitration is a better option.

If possible, creation of a worldwide common court would take too long to develop. Multi-national patent disputes rise as technology becomes more international. So, these disputes require quicker solutions. First, a worldwide patent system would take a long time to implement. That is, if countries even adopt it. Second, the UPC's formation took over 20 years from idea to practice. If this timeline is brought to a worldwide scale, it raises exponentially. A common court may work in the future, but the world needs to see the UPC's successes and failures before considering this further. An arbitration treaty implements the powers of the New York Convention, while allowing countries to maintain their own standards of patentability.

VII. CONCLUSION

Multi-national patent disputes raise large concerns, both internationally and domestically. Harmonization of international arbitration laws on patent disputes reduces these concerns. A treaty allows proper harmonization while attending to potential signatory countries' needs.

---

[209] European Patent Office, https://www.epo.org/index.html (accessed May 5, 2023)