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IP Update:
Amendments to the Singapore Arbitration Act And International Arbitration Act to Clarify the Arbitrability of IP Disputes in Singapore

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*Amendments to the Singapore Arbitration Act ("**AA**") and the International Arbitration Act ("**IAA**") which clarify that disputes in relation to IP rights ("**IPR disputes**") are capable of being settled by arbitration in Singapore and that an arbitral award concerning IPR shall not be considered contrary to public policy have come into effect on 21 November 2019. Notably, IPR disputes were arbitrable in Singapore even before the amendments came into effect. Therefore, the amendments introduced to the AA and IAA do not change the position in Singapore, but are by way of clarification only.*

The need for clarification

In the past, there was uncertainty as to whether IPR disputes may be resolved through arbitration. There was a view that if the IP rights involved are granted by national authorities, then the dispute may only be resolved by the relevant national authority or the national courts. However, it is now generally accepted that IPR disputes are arbitrable. The amendments to the AA and IAA are intended to clarify this position.

To address any potential objections stemming from the concerns highlighted above, the amendments provide that an IPR dispute is not incapable of settlement by arbitration only because a law of Singapore or elsewhere (a) gives jurisdiction to decide the IPR dispute to a specified entity; and (b) does not mention possible settlement of the IPR dispute by arbitration. In particular, the amendments provide that the provisions of the Singapore Patents Act does not prevent a party from putting the validity of a patent in issue in arbitral proceedings. The amendments also clarify that an arbitral award concerning IPR shall not be considered contrary to public policy.

These clarifications are important because under the New York Arbitration Convention (which provides for the reciprocal recognition and enforcement of arbitral awards in 159 contracting states), an arbitral award may be refused enforcement on the ground that the subject matter of the arbitration is not arbitrable, or that the award is contrary to public policy for any reason. Whether this is the case is to be determined by the laws of the place of enforcement. The amendments will provide certainty on the position in Singapore.

Summary of key provisions

"IPR" to which the provisions apply is defined to include, *inter alia*, patents, trade marks, copyright, registered designs, the right to confidential information, trade secrets and know-how, and "any other intellectual property rights of whatever nature".

"IPR disputes" is non-exhaustively defined as including:

- a dispute over the enforceability, infringement, subsistence, validity, ownership, scope, duration or any other aspect of an IPR;
- a dispute over a transaction in respect of an IPR; and
- a dispute over any compensation payable for an IPR.

Under both the AA and IAA, an arbitral award is only binding on the parties and on any person claiming through or under them, and may only be relied upon by these persons, whether by way of defence, set-off or otherwise. The amendments provide that if an award deciding an IPR dispute is made, a third-party licensee or third-party holder of a security interest in respect of the IPR would not be considered a person claiming through or under a party to the arbitral proceedings. In other words, such third parties would not be entitled to rely on the arbitral award.

Arbitrating IPR disputes - Pros and cons

Arbitration is well-suited to IPR disputes, particularly for disputes involving multi-jurisdictional fights so that the parties may desire to have the rights of the matter determined by a single tribunal under the law of their choice rather than to run multiple parallel proceedings under different laws with the attendant high legal costs; patent disputes where the subject matter of the patent is highly technical; or where the parties' confidential information or trade secrets may have to be disclosed in the proceedings. While it is possible to apply to the court for appropriate sealing orders, confidentiality is automatically guaranteed in arbitration proceedings where both the proceedings and the award are confidential by default.

On the other hand, the fact that any arbitral award is binding only on the parties to the arbitration is one major downside to arbitrating rather than litigating IPR disputes. This means that even if the IPR is declared invalid by the arbitral tribunal, it remains valid and enforceable as against non-parties. Thus, if it is desired to obtain an award that can be relied upon also by third parties (for instance, a third-party licensee), litigation would still be the preferred option.

Note: These amendments were part of the Intellectual Property (Dispute Resolution) Bill which was passed on Parliament in August 2019 (read more here). The remaining amendments will be gazetted and come into force at a later date.

Authors

Alban Kang
Partner

Tel: +65 6428 9828
alban.kang@twobirds.com

Pin-Ping Oh
Counsel

Tel: +65 6428 9440
pin-ping.oh@twobirds.com