

Use of Arbitration in the Settlement of Intellectual Property Disputes in Nigeria

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ABSTRACT

Intellectual Property (IP) protects exclusive ownership, use and/or exploitation of IP rights. The infringement of the said rights give rise to disputes which can be settled by Arbitration. Arbitration is an Alternative Dispute Resolution (ADR) Mechanism, which can be used in the settlement of Intellectual Property (IP) disputes by the agreement of the parties. This method of settling IP disputes is cheaper, faster, more confidential and encourages party autonomy than litigation. *Pima facie*, IP disputes are arbitrable, though in Nigeria there is no specific law on arbitrability of IP disputes, but there are instances or provisions within the Trademarks Act and Federal High Court Act which permit the deployment of Arbitration to such disputes. WIPO Arbitration and Mediation Centre has settled several mediation and arbitration disputes. The confidential nature of arbitral proceeding has made it particularly advantageous for settling IP cases owing to the delicate nature of the information and documents involved.

Key Words: Arbitration, Intellectual Property, Disputes, exclusive ownership.

INTRODUCTION

Alternative dispute resolution (ADR) mechanisms - negotiation, mediation, conciliation and arbitration are rapidly becoming popular and acceptable means of resolving disputes, not just in Nigeria but globally. Arbitration which is an ADR subject is used in contractual and non-contractual disputes, it is not only preferred in older areas of law, like contract, but it is gaining momentum in innovative and fast-changing areas of law as well, which no doubt includes intellectual property (IP).

Arbitration proceedings arises where there is an infringement of intellectual property rights, breach of contractual terms, ownership of intellectual property rights etc. and the parties agree to arbitrate. However, this paper is concerned with the use of Arbitration in settling IP disputes.

WHAT IS INTELLECTUAL PROPERTY

Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in

commerce.¹ It is also defined as legal rights which resulted from intellectual property activity in industrial, scientific, literary and artistic fields². To Bainbridge³, Intellectual Property is the area of Law which concerns legal rights associated with creative effort or commercial reputation and goodwill. Oyewunmi⁴ defined IP as “the legal rights conferred on those who engage in creative and promotional activities which have resulted in original, useful and other beneficial output”.⁵ Intellectual Property is a legal right that inures to those who engage in intellectual activities. It is an intangible, incorporeal right that must of necessity be protected.

IP rights are protected in law by, for example, patents, copyright, trademarks, designs which allow people to earn recognition or financial reward from what they invent or create.⁶ Establishing a correct dynamics between the interests of innovators and the wider public interest, the IP system strives to foster an atmosphere in which creativity and innovation can flourish⁷.

MEANING OF ARBITRATION

Arbitration is defined in S.57(1) of the Arbitration and Conciliation Act⁸ as “a commercial arbitration whether or not administered by permanent arbitral institution”. This definition is not encompassing or comprehensive, hence the meaning stated below.

Arbitration, a form of alternative dispute resolution (ADR) Mechanism, is a way to settle disputes whereby the parties agree to submit their dispute to a third party neutral for amicable settlement outside the courts and undertake to abide by the decision of the said third party. The dispute may be decided by one or more persons called arbitrator(s) and their decision is termed “arbitration award”. An arbitration decision or award is legally binding on the parties to the arbitration and enforceable in the courts unless all parties stipulate that the arbitration process and decision are non-binding. Arbitration is more frequently applied for the resolution of commercial disputes. But can also be applied to intellectual property disputes. In the words of Ajogwu⁹ arbitration is the fair resolution of a dispute between two or more parties by a person or persons other than by a court of Law. It is the reference of a dispute by parties thereto for settlement by a person or tribunal of their own choice, rather than a court with the consent of the parties.

Arbitrability

Arbitrability suggests whether a dispute is capable of being settled by arbitration. A dispute may be arbitrable or non arbitrable. If a dispute is not arbitrable, the arbitral tribunal is constrained in its jurisdiction and the claim must in its place be brought before courts. Even though arbitration is a private proceeding, the recognition and execution of a particular award

¹World Intellectual Property Organization(WIPO) “What is Intellectual Property?”<https://www.wipo.int/about-ip>. Accessed February 4, 2022

² WIPO, **Intellectual Property Handbook** 2nd ed WIPO Publication No 489(E) Geneva 2004

³ D. Bainbridge, **Intellectual Property** Pearson 2007 p.3

⁴ A.O. oyewunmi , **Nigerian Law of Intellectual Property**, University of Lagos Press and Bookshop Ltd 2015 p.3

⁵ A.O. oyewunmi , **Nigerian Law of Intellectual Property**, University of Lagos Press and Bookshop Ltd 2015 p.3

⁶*ibid*

⁷ WIPO, “What is Intellectual Property?”*op cit*

⁸ Cap A18 Laws of the Federation of Nigeria (LFN) 2004

⁹ F. Ajogwu, **Commercial Arbitration in Nigeria; Law and Practice**, Mbeyi and Associates Nig. Ltd, 2017, p.5.

may have an impact on any State involved.¹⁰ Matters of “public” rights and concerns, or interests of third parties may not be settled through arbitration. The non-arbitrability of a dispute makes an arbitration agreement invalid. As a result, the tribunal would not have jurisdiction.

The arbitrability of a dispute may differ from one country to another, primarily, because of different policy reasons and then, depending on how disposed the State is to arbitration¹¹. The general tendency in national laws is for a broader style of not permitting submission to arbitration of matters that have been traditionally outside of its scope, usually involving criminal law cases¹².

Arbitration in Intellectual Property

Nigeria appears to have not totally embraced arbitration as a method of settling Intellectual Property disputes, which may be due to uncertainty surrounding the arbitrability of IP disputes.¹³ But then *prima facie*, IP disputes are arbitrable and the rights enforceable. Arbitration, as a private and confidential procedure, is becoming an acceptable means of settling disputes involving intellectual property rights, especially in disputes where parties from different jurisdictions are involved. Intellectual property disputes have several characteristics, this makes it more appealing and better positioned to resolving disputes by arbitration than by litigation.¹⁴ Some of the main characteristics of intellectual property disputes that make its settlement more suited by arbitration are enumerated below.

In Nigeria there is no specific law on arbitrability of IP disputes, but there are instances or provisions which permit the deployment of Arbitration to such disputes and they are sections 13(3) of Trademarks Act Cap T13 Laws of the Federation of Nigeria (LFN) 2004 which provides that “where separate applications are made by different persons to be registered in respect of the same goods or description of goods ... the Registrar may refuse to register any of them until their rights have been determined by the court or **have been settled by agreement in a manner approved**”; and section 17 of Federal High Court Act Cap F12 LFN 2004 which provides that the court may facilitate amicable settlement of disputes before it.

Traditionally, disputes relating to IP rights are largely heard before the courts. This is evident in section 251(1) of the Constitution of the Federal Republic of Nigeria 1999(as amended) which provides for the exclusive jurisdiction of the Federal High Court in the settlement of IP disputes. However, in recent years there has been a substantial swing towards arbitration.¹⁵ The change in the direction of arbitration is because, arbitration is particularly suitable as a

¹⁰ P.Muchlinski, , F.Ortino and C.Schreuer (eds.), **The Oxford Handbook of International Investment Law**, Oxford University Press, 2008, p. 928.

¹¹ Aceris Law, “The Concept of Arbitrability in Arbitration” acerislaw.com accessed 4th April 2022

¹² Aceris Law, “The Concept of Arbitrability in Arbitration” acerislaw.com accessed 4th April 2022.

¹³ D. Oturu and O. Oluwasanya, “Arbitrating International Disputes in Nigeria: Lessons from Hong Kong and Singapore”, **International Bar association**.

¹⁴World intellectual Property Organization “Why Arbitration in Intellectual Property?”

<https://www.wipo.int/amc/en/arbitration/why-is-arb.html> accessed February 5, 2022

¹⁵Kim, Hwan/DeFosse, Jonathan/Szlarb, Natalia: “ The Growing Importance of International Arbitration for Intellectual Property Disputes”, **The National Law Review**, 13 March 2020, <https://www.natlawreview.com/article/growing-importance-international-arbitration-intellectual-property-disputes>(accessed February 4, 2022)

more effective process in solving IP disputes.¹⁶ Arbitration is a confidential proceeding, which is particularly advantageous for IP cases owing to the delicate nature of the information and documents involved. In addition, specialist knowledge is often required to resolve technical disputes efficiently, which can be achieved by the appointment of qualified and experienced arbitrators.

Ordinarily, arbitration cannot take place in the absence of a valid arbitration agreement, which generally results from a contractual relationship.¹⁷ However, in the absence of a contract, parties may still enter an arbitration agreement after a dispute has occurred. In some instances, disputes over ownership or infringements of IP rights are normally handled by the Federal High Court. Also many countries reserve disputes about the validity of IP rights for the courts and, therefore, do not recognise arbitral awards on validity¹⁸. Nevertheless, this does not mean that the validity of IP rights cannot be decided by arbitral tribunals. Rather, arbitral tribunals may address this issue not by declaring the IP right to be invalid, but by obliging the owner to withdraw its IP right from the respective registries or by ensuring that the established invalidity has inter parties' effect only.¹⁹

In litigation, the judge might lack relevant expertise and experience. It is not always that a judge has expertise in a field of dispute brought before him. Even the use of experts may not cure this defect completely as experts may lie or simply favour the person who brought them to the Court. So, with litigation, we may have an impartial but highly inexperienced judge. But in arbitration the parties can select arbitrator(s) with relevant expertise and experience.

Intellectual property on its own is fast evolving, technical subject, so a non-expert may not be able to catch up with the trends. It is expedient to state that the disputes arising from it may involve the technicalities which will be alien to a non-expert. Therefore, it is better to use an Arbitrator who has specialised knowledge of Intellectual Property in resolving disputes arising from it. This is even more so when technical issues like computer programs, satellite and cable broadcast, Industrial designs, trademarks, patents etc. are being contested. Parties choose arbitrators that possess the necessary technical knowledge and the law to govern them.

The unassailability of any decision or award is largely reliant upon the quality of the trial judge or the arbitrator. While in litigation the judge is assigned by the court without input from the parties. Consequently, arbitration gives the parties the ability to select their judge. Party autonomy is a very important characteristics of arbitration, where the parties determine the time, place, language, venue and even the law etc to apply in arbitration, which is completely lacking in court litigation.

¹⁶ "Pre-empting and Resolving Technology, Media and Telecoms Disputes," **International Dispute Resolution Survey**, Queen Mary University of London 2016

http://www.arbitration.qmul.ac.uk/media/arbitration/docs/Fixing_Tech_report_online_singles.pdf (accessed February 6, 2022).

¹⁷ T. Legler, "Arbitration of Intellectual Property Disputes", ASA Bulletin, 2019, pp. 289–304 (291).

¹⁸ Thomas Legler and Andrea Schäffler "A Look to the Future of International IP Arbitration" Global Arbitration Review <https://globalarbitrationreview.com/guide/the-guide-ip-arbitration/first-edition/article/look-the-future-of-international-ip-arbitration#footnote-070> Accessed on February 6, 2022

¹⁹ Thomas Legler and Andrea Schäffler "A Look to the Future of International IP Arbitration" Global Arbitration Review <https://globalarbitrationreview.com/guide/the-guide-ip-arbitration/first-edition/article/look-the-future-of-international-ip-arbitration#footnote-070> Accessed on February 6, 2022

Procedure in litigation is often time consuming. With litigation, a dispute can linger for years and at the end the subject matter may become dissipated and old fashioned. On the other hand, arbitrator(s) and parties can shorten the procedure and time. So instead on focusing on technicalities that have no bearing on the dispute, the arbitrator and the parties can focus solely on the dispute instead. In disputes litigated, an otherwise good case may be lost on a mere not too relevant technicality; either a condition precedent is not followed, or a document is not signed. All these or some of them may be waived by arbitration, therefore, making for a smooth dispute settlement. WIPO Arbitration may include provisional measures and does not preclude seeking court-ordered injunction.²⁰

In court, judge's decisions are hampered by statutory and case law and the conduct of the trial is governed by established rules of evidence. In contrast, an arbitrator has significant elasticity to consider any evidence he deems relevant and may issue an award based upon perceptions of fairness or equity and not essentially on the rules evidence.

Arbitration is often less expensive than court litigation. Parties participate in arbitration proceedings only by agreement and any party necessary for comprehensive relief, must have agreements requiring such involvement or must consent to be joined in the proceedings. In contrast, in court proceedings, all persons and entities involved in a dispute typically can be joined as parties. An arbitration award is final and binding and, in many jurisdictions, there is a restricted right of appeal and Nigeria is not an exception. Under the Arbitration and Conciliation Act Cap A18 Laws of the Federation of Nigeria 2004, sections 29 and 30 is to the effect that an arbitration award can only be set aside on grounds of exceeding scope of submission to arbitration or misconduct or improper procurement of award.

A distinctive benefit of arbitration is that it is held in private. Having said this, privacy is not absolute, as information about the dispute could still be published or otherwise leaked. Especially in the internet and social media era, where information spread rapidly. Companies may sometimes find that the best option is to proactively seek measures to maintain confidentiality and privacy of vital information. For standing intellectual property, this is especially true. Arbitration ensures confidentiality between parties. IP disputes may involve trade secrets and commercial benefits. These are beneficial if confidentiality is maintained in order to avoid being exploited by the public.

Arbitration also ensures that parties' trade is protected, and this is a commercial benefit. Disclosure, for instance, will potentially destroy a business, leaving the owner of a trade secret with no real enforceable right. Fearing that this might happen, parties might want to keep an arbitral proceeding as private as possible. A dispute involving trade secret heard in the open court, may expose the secret to everyone who cares, including business competitors.

Challenges and Shortcomings

Regardless of the global increase in settling IP disputes through ADR mechanisms particularly arbitration, Nigeria is yet to fully accept the use of this method of dispute resolution. So many reasons may be responsible for the apathy and especially the misgiving surrounding the

²⁰*Op Cit.*

arbitrability of IP disputes. Generally, parties to a contract may resort to arbitration if an arbitration clause is enshrined in their agreement. The right to arbitrate in Nigeria, however, is limited by statute and case law, for example, Section 251(1)(f) of the Constitution of the Federal Republic of Nigeria 1999(as amended), provides that the Federal High Court has exclusive jurisdiction to hear IP disputes.

Also, the rights protected or sought to be protected by IP rights are exclusive ownership, use or exploitation of intellectual property. A dispute arising from this area may not be amenable to arbitration generally by its very nature or the right owner may not be open to arbitration because consent of the parties is strictly required. There is no specific legislation on arbitrability of IP disputes in Nigeria.

CONCLUSION AND RECOMMENDATION.

Intellectual Property is an important aspect of the Nigerian economy and IP rights should be adequately protected, enforced and implemented. Developed countries have given IP needed attention and this has consequently boosted their economy and enhanced development. It has been shown that state authorities increasingly acknowledge and enforce arbitral awards relating to IP disputes.

A crucial method of ensuring these rights are enforced and disputes are efficiently resolved is to resort to Arbitration and establish specialised IP tribunals. Relevant legislation should be amended to meet up with dynamic trends in Intellectual Property, to provide resort to ADR especially Arbitration. Many Special Courts and Tribunals like the Multi Door Court Houses should be established in all jurisdictions to ensure speedy and effective trial of IP disputes. Since IP arbitration is on the increase and becoming more universal and acceptable, it is important that Nigeria enacts special legislation regulating settlement of IP disputes by arbitration.

Arbitration should be used to settle IP disputes for it is faster, cheaper, confidential and ensures party autonomy.

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WIPO 2017 = 36, 2018 = 155, 2019 = 178 and in 2020 = 182. (Source WIPO Caseload Summary; WIPO Mediation, Arbitration, Expert Determination Cases and Good Offices Requests <https://www.wipo.int/amc/en/center/caseload.html>).

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