

## RESORTING TO ARBITRATION IN INTELLECTUAL PROPERTY: A STRATEGIC DECISION?

The resolution of disputes concerning intellectual property issues is a matter under the jurisdiction of Commercial Courts.

In the Commercial Court of Lisbon, about 80% of the cases relate to insolvency and business reorganization, which are naturally treated as priority.

Presently, this Court has about 12 000 still pending cases, to a total of thirty officers, five judges and four public prosecutors.

This situation seriously obstructs the processing of other cases within the jurisdiction of the Commercial Courts, including those regarding intellectual property (IP), which for not having an urgent nature are delayed in time.

The new judiciary chart released in 2008 (Law 52/2008, of the 28th August, as amended by Decree-Law 25/2009, of the 26th January) provided the establishment of courts with specialized jurisdiction, including the Intellectual Property Courts.

This is certainly a major legislative step, which is absolutely necessary in as much as IP disputes are increasing.

In 2009, a new arbitration institution was created, named "ARBITRARE – Arbitration Centre for the Industrial Property, Domain Names, Firms and Corporate Names" (Ordinance 1046/2009, of the 15th September), which aims at promoting the resolution of IP litigation. It is also clear that the National Institute of Intellectual Property (I.N.P.I.) and the Institute of Registries and Notarial Services will be legally subject to the ARBITRARE's jurisdiction.

The creation of ARBITRARE confirms that arbitration in IP matters is something already usual in our legal environment.

Subsequently, Law 46/2011, of the 24th June, was published to regulate the jurisdiction and functioning of the Intellectual Property Courts. However, these Courts are not yet working and nobody seems to know when it will happen: so, the problem remains with regard to the delays occurring with disputes on trademarks, patents, industrial designs, etc.

In this context, the use of alternative dispute resolution, namely arbitration, is a strategic path to consider.

Voluntary arbitration (under Law 31/86, of the 29th August, which was recently submitted to profound alterations that are just awaiting publication), means that the Parties may agree to accept the decision of the arbitrators chosen by them, on the condition that the dispute is not exclusively assigned to a judicial court and does not respect to "undisposable" rights.

For this purpose, it is sufficient for the Parties to include a provision in the contract, called **arbitration clause**, providing that any disputes related thereto will be subjected to arbitration.

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A different situation is the **arbitration commitment** ("compromisso arbitral"): Whether an arbitration clause is foreseen in the contract or not, the Parties even before starting court proceedings or while such proceedings are already pending, may reach an agreement in writing, stipulating that their case will be submitted to arbitrators appointed by them. (This alternative includes appeals to arbitration courts from I.N.P.I.'s decisions, according to article 48 of the Industrial Property Code).

Among other possibilities, the following disputes may be solved through arbitration:

- Refusal and cancellation of registrations/IP infringements;
- Patents time limits;
- Exploitation and licensing of patents;
- Expiration of trademarks;
- Licensing of trademarks;
- Know how/Technical assistance/license agreements;
- Franchising;
- Outsourcing.

The advantages of arbitration are obvious:

- **Simplicity**, because the procedure is less bureaucratic when compared to court proceedings;
- **Celerity**, because, as a consequence of the above referred simplicity, it is possible to solve the dispute in a timely manner, in fact considering the real interests of the Parties;
- **Security**, because an arbitration decision is as efficient as a Court decision;
- **Confidentiality**, because decisions are not public, only the Parties have access to their contents;
- **Independency** in the selection of the arbitrators, to the extent that the Parties are completely free to appoint them;
- **Specialization of arbitrators**, because the parties can appoint experts in their specific areas of interest.

In conclusion, it is advisable to use arbitration to settle disputes on IP matters, inserting special clauses for such purpose, the drafting of which should consider the peculiar requirements of each type of contract and negotiating framework. 

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