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ARBITRATING INTELLECTUAL PROPERTY DISPUTES IN NIGERIA: LESSONS FROM HONG KONG AND SINGAPORE

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Arbitration is now being recognized globally as the preferred mode of resolving technology disputes. In this article, we examine the position in Nigeria, while considering the extant practices in Hong Kong and Singapore.

INTRODUCTION

Alternative dispute resolution (ADR) is fast becoming popular as a relatively easier method of resolving disputes across the world and intellectual property ("IP") is not an exception. This is apparent from the rising number of disputes handled by the World Intellectual Property Organisation (WIPO) Arbitration and Mediation Centre over the past few years, from 136 cases in 2017, to 155 in 2018, 178 in 2019 and 182 in 2020.[1]

EXISTING LIMITATIONS IN NIGERIA

However, despite the rise in arbitrating IP disputes, Nigeria appears not to have totally embraced this method in resolving IP disputes.

Perhaps, one of the reasons for such lethargy is the uncertainty surrounding the arbitrability of IP disputes. It is common knowledge that the parties to a contract can resort to arbitration where the contract between them contains an arbitration clause. However, in Nigeria, the freedom to arbitrate is limited by statute and case law, such that disputes arising from specific subject matters are not arbitrable.

By virtue of section 251 (1)(f) of the 1999 constitution (as amended) ('the constitution"), the Federal High Court has exclusive jurisdiction to hear IP disputes. Therefore, such disputes are exclusively within the jurisdiction of the Federal High Court to the exclusion of every other court or tribunal.[2]

Furthermore, arbitration mechanisms are not readily deployed to resolving IP disputes as IP rights are mainly exclusive rights against the whole world conferred on an entity or group by a state or country and the IP right in disputes are usually premised on the ownership of such right. Consequently, there is usually no middle ground to negotiate. Therefore, it is assumed that the right forum to determine the competing rights of the parties in IP disputes can only be a court.

We will however examine the situation in Hong Kong and Singapore and consider how some of the practices there compare with the scenario in Nigeria and what developments from those jurisdictions can be deployed in Nigeria.

[1] WIPO Caseload Summary, <https://www.wipo.int/amc/en/center/caseload.html>. Accessed online on 17 March 2021.

[2] Shell (Nig.) Exploration and Production Nigeria Ltd & 3 ors. v Federal Inland Revenue Service v FIRS Unreported Appeal No. CA/A/208/2012; delivered on 31st August, 2016; and Esso Petroleum and Production Nigeria Ltd & SNEPCO v NNPC Unreported Appeal No. CA/A/507/2012; delivered on 22nd July, 2016.

HONG KONG

Before 2018, Hong Kong did not have any legislation expressly addressing the arbitrability of IP disputes. However, with the amendment to their Arbitration Ordinance, which took effect from 1 January 2018 ("the Arbitration Ordinance"), the resulting uncertainty was resolved. The Hong Kong Arbitration Ordinance now clarifies that all IP disputes can be arbitrated, including those regarding the enforceability, infringement, subsistence, validity, ownership, scope or any other aspect of an IP dispute.[3] This is the position of the law regardless of whether the IP dispute is a main or incidental issue to the dispute.[4]

The Arbitration Ordinance also provides that it is not contrary to public policy to enforce arbitral awards involving IP rights. However, it provides that arbitral awards will not be binding against a third party, including licensees (unless that licensee is made a party to the arbitration). It is important to note that arbitral awards are not binding on courts or registries of the Intellectual Property Department in Hong Kong.

SINGAPORE

Singapore recently passed the Intellectual Property (Dispute Resolution) Act 2019 ("the IPDRA 2019") which came into force on the 21 November 2019.

[3] section 103C of Arbitration Ordinance (Cap. 609).
[4] section 103D (3) of Arbitration Ordinance (Cap. 609).
[5] section 2 IPDRA 2019, amending s 52A Arbitration Act 2001.
[6] section 2 IPDRA 2019, amending s 52D (2) Arbitration Act 2001.

The IPDRA 2019 amends Singapore's Arbitration Act and International Arbitration Act and now clarifies that IP disputes can be arbitrated, including those regarding enforceability, infringement, subsistence, validity, ownership, scope, duration or any other aspect of an IP right.[5]

The IPDRA 2019 also reinforced that an arbitral award is not deemed contrary to public policy solely on the basis that the subject matter relates to an IP rights dispute.[6]

In order to encourage the use of ADR, both Hong Kong and Singapore have also made provisions regarding funding for ADR proceedings.

NIGERIA

In Nigeria, although there is no express legislation on arbitrability of IP disputes, there are scenarios which would allow arbitration mechanisms to be deployed in IP disputes. They are discussed subsequently.

Contractual ADR Provisions

Contractual ADR provisions are common in franchising, licensing or sponsorship agreements. Such agreements would typically provide for an ADR mechanism for resolving disputes arising out of the contract. For instance, agreements where a trademark, patent, or some other IP right is licensed to another party for his exclusive use in a particular territory.Disputes arising from such contracts are suitable for ADR mechanisms.

Regulator empowered by the statute to refer parties to explore ADR

From the provisions of section 13(3) of the Trademarks Act 1965, resolution of IP disputes other than by litigation is recognized by the Act as it provides that "Where separate applications are made by different persons to be registered in respect of the same goods or description of goods as proprietors respectively of trade marks that are identical or nearly resemble each other, 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 –***

a. by the Registrar; or
b. by the court on an appeal from the Registrar."

Court Ordered ADR

Section 17 of the Federal High Court Act provides as follows:

"In any proceedings in the Court, the Court may promote reconciliation among the parties thereto and encourage and facilitate the amicable settlement thereof. "

This provision therefore confers on the Federal High Court, the power to facilitate amicable resolution of disputes.

Similarly, section 24 of the High Court Laws of Lagos State 2003 provides that:

"In any action, the court may promote reconciliation among the parties thereto, encourage and facilitate the amicable settlement thereof."

This means that these courts can direct that parties resolve IP litigation through some form of ADR mechanism and report the outcome to the court.

Uniform Domain Name Dispute Resolution Policy (UDRP)

The Uniform Doman Name Dispute Resolution Policy is a process established by the Internet Corporation for Assigned Names and Numbers ("ICANN") for the resolution of disputes regarding the registration of internet domain names. ICANN in collaboration with WIPO developed the Uniform Dispute Resolution Policy ("UDRP") and the UDRP Rules.

The UDRP Rules provide a mechanism for rapid, cheap and reasonable resolution of domain name conflicts by avoiding the traditional court system for disputes and allowing cases to be brought to a set of bodies that determine domain name disputes. The Uniform Domain Name Dispute Resolution Policy (UDRP), provides trademark owners with an efficient framework for protection against the bad-faith registration and use of domain names corresponding to their trademark rights.[7]

[7] https://www.mondaq.com/nigeria/security/706866/cybersquatting-how-to-protect-your-domain-namewebsite-from-cybersquatters-in-nigeria

The UDRP Policy sets out the legal framework for the resolution of disputes between a domain name registrant and a third party (i.e., a party other than the registrar) over the abusive registration and use of an internet domain name in the generic top-level domains or gTLDs (e.g., .biz, .com, .info, .mobi, .name, .net, .org), and those country code top level domains or ccTLDs that have voluntarily adopted the UDRP.

The UDRP provides for the resolution of domain name disputes through mandatory administrative proceedings, which are in certain aspects similar to arbitration proceedings.

CONCLUSION

It is apparent that the framework for arbitrating IP disputes in Nigeria is less than developed. There are lessons to be learnt from Singapore and Hong Kong in this regard. The arbitration laws for example in Singapore and Hong Kong make specific provision for arbitration of IP disputes. Therefore, there is no ambiguity as to the arbitrability of IP disputes in these countries. These laws specifically provide that arbitration of IP disputes is not against public policy. Issues concerning enforceability of IP disputes are also not clouded and are specifically provided under their arbitration laws. Funding may sometimes deter interested persons from opting for ADR as a preferred method of resolving IP disputes. Singapore is congnisant of this fact and has therefore made provisions in its law to plug this gaping hole.

In 2018, the Nigerian Arbitration and Conciliation Act (Repeal and Re-Enactment) Bill 2017 ("the Bill") was passed by the Nigerian Senate. Although, the Bill contains provisions on third party funding, there is no provision on arbitration of IP disputes. The Bill has now been sent back to the Senate for redrafting.

While it is apparent that there is still much work to be done in terms of legislation, Nigerian courts are enjoined to exercise the powers conferred upon them to refer IP disputes to ADR based on existing legislation. It is hoped that in years to come there would be more receptiveness towards adopting ADR processes in IP disputes.

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