

# Arbitration as a Tool for Effective IP Dispute Resolution, Especially with Increased Cross-Border Trade

Hira Malik  
University of Management and Technology, Pakistan

## How to Cite this Article:

Malik, H. (2025). Arbitration as a Tool for Effective IP Dispute Resolution, Especially with Increased Cross-Border Trade. *Law Research Journal*, 3(2), 56–70.

## Abstract

Within the evolving landscape of intellectual property (IP) disputes, arbitration has established itself as a potent forum for dispute resolution, particularly in burgeoning cross-border trade and swift technological advancements. The purpose of this article is to consider arbitration as a viable and independent mechanism that can resolve issues concerning patents, trademarks, copyrights, and trade secrets. Arbitration has advantages over litigation, including confidentiality, parties controlling the process concerning the choice of the experts, finality, enforceability under international treaties, and flexibility concerning the formalities. These characteristics apply mainly if sensitive IP information is involved, and the parties are situated within different legal systems. Nonetheless, challenges persist, such as jurisdictional limitations concerning arbitrability, cultural differences in resolving disputes, and the increasing need for strong cybersecurity measures in digital arbitration spaces. In sum, the paper concludes that arbitration will remain a vital means of resolving IP disputes globally in the foreseeable future as long as its determinants — better technological protection by stakeholders, the alignment of their legal regimes with arbitral design, and the evolution of arbitral training — are accounted for.

## Keywords

Arbitration, intellectual property (IP), cross-border trade, patents, trademarks, copyrights, trade secrets

Corresponding Authors: [hiramalik0054@gmail.com](mailto:hiramalik0054@gmail.com)

## 1. Introduction

Intellectual property (IP) rights are the foundation of global economic growth through innovation, competitive advantage, and international collaboration<sup>1</sup>. With the expanding global scale of companies, disputes involving patents, trademarks, copyrights, and trade secrets have become increasingly common and complicated<sup>2</sup>. Traditional litigation can be costly, lengthy, and open to the public, making it unattractive to parties looking to protect sensitive or valuable IP assets. As a result, it went to arbitration, which has become a favored method of alternate dispute resolution (ADR) with these issues addressed<sup>3</sup>.

The paper analyses the distinctive advantages of arbitration, including party autonomy, confidentiality, and international enforceability, with implications for the effective resolution of intellectual property disputes<sup>4</sup>. It reviews current challenges — such as a lack of harmonization in arbitrability provisions in various jurisdictions, cultural resistance, and cybersecurity risks — and suggests solutions. To this end, the paper

<sup>1</sup> United Nation Trade and Development, *Harnessing Intellectual Property Rights for Innovation, Development and Economic Transformation in Least Developed Countries* (January 2024) <[https://unctad.org/system/files/official-document/comsec2024d1\\_en.pdf](https://unctad.org/system/files/official-document/comsec2024d1_en.pdf)> (accessed 20 January 2025)

<sup>2</sup> Jagdish Krishanlal Arora, *Copyright, patents, trademarks and trade secrets laws*, (Jagdish Krishanlal Arora 2023)

<sup>3</sup> Julian DM Lew, *Comparative International Commercial Arbitration* (Kluwer Law International 2003)

<sup>4</sup> Marc Jonas Block, 'The benefits of alternative dispute resolution for international commercial and intellectual property disputes' (2016) 44 *Rutgers Law Record* 1



will outline the underpinnings of arbitration as a strategic tool in internationalizing IP disputes from which to base its argument that the effective employment of arbitration can engender global innovation whilst relieving the burdens associated with litigation.

### 1.1 Research Objective

To explore the role of arbitration in resolving intellectual property (IP) disputes, particularly in the context of increasing cross-border trade, and to evaluate its effectiveness compared to traditional litigation.

### 1.2 Research Questions

1. What are the key advantages of arbitration over traditional litigation in resolving IP disputes?
2. How does arbitration address the challenges posed by cross-border IP disputes?
3. What factors contribute to the effectiveness of arbitration in managing IP disputes?
4. How do legal frameworks and international agreements support arbitration for cross-border IP disputes?
5. What best practices for implementing arbitration in cross-border IP dispute resolution can be identified?

### 1.3 Problem Statement

Alongside the development of cross-border trade, weighty cross-frontier debates on IP law are becoming more complex, given that parties from different lawful frameworks and wards<sup>5</sup>. Traditional litigation can be time-consuming, costly, and often incapable of solving such disputes, mainly when they are cross-border in nature<sup>6</sup>. This complexity is compounded by global trade growth, resulting in more cross-border transactions, including licensing agreements and joint ventures, increasing the risk of multi-jurisdictional IP disputes<sup>7</sup>.

Moreover, as IP disputes often center around issues of patentable subject matter, brand valuation, and trade secrets, those who participate while possessing specialized knowledge of science, engineering, or market analysis are essential to the litigation process; however, they are often found wanting in traditional litigation<sup>8</sup>. This redress cannot afford to take too long given the pace of technological change; unless the legal questions can be resolved quickly (or where innovation is already unavoidable), legalisations may soon become obsolete, and new and effective redressive mechanisms are required.

Arbitration is a valuable alternative as it allows for flexibility and confidentiality, and the outcome is enforceable under international treaties, such as the New York Convention<sup>9</sup>. However, its use as a

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<sup>5</sup> Rastogi Monika, Rastogi Vivek and Singh Rajpoot Durgendra, 'Intellectual Property Challenges in Cross-Border Business Transactions' (2024) 6 International Journal for Multidisciplinary Research 1

<sup>6</sup> Gary B Born, *International arbitration: Law and practice*, (Kluwer Law International 2021)

<sup>7</sup> Sonia Baldia, 'The transaction cost problem in international intellectual property exchange and innovation markets' (2013) 34 Northwestern Journal of International Law & Business Preview publication details 1

<sup>8</sup> Kat Gritsenko, 'Arbitration as a Dispute Resolution Mechanism for Cross-Border Intellectual Property Disputes' (2024) 15 Cybaris® 4

<sup>9</sup> United Nation Trade and Development, Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958) (the "New York Convention") (n.d.) <[https://uncitral.un.org/en/texts/arbitration/conventions/foreign\\_arbitral\\_awards](https://uncitral.un.org/en/texts/arbitration/conventions/foreign_arbitral_awards)> (accessed 20 January 2025)

mechanism for solving IP disputes in global trade is still underexplored<sup>10</sup>. Therefore, stakeholders also have minimal familiarity and comprehension concerning the advantages and disadvantages of arbitration for resolving cross-border IP disputes, resulting in a void in its more extensive acceptance and efficient execution<sup>11</sup>.

#### 1.4 Arbitration for IP Disputes in Pakistan

In Pakistan, IP disputes are primarily resolved under the judicial system supplemented by the formation of dedicated IP tribunals. Nonetheless, these tribunals, which also belong to the formal court structure, may also prove to be lengthy and lack the complexity needed to resolve demanding IP cases<sup>12</sup>. Alternatively, disputes may be settled under Part 9A of the Arbitration Act by arbitration providing a more flexible and efficient option for parties to resolve IP disputes with expertise in the area of IP<sup>13</sup>. Notwithstanding the framework and provisions, the adoption of arbitration for IP disputes in Pakistan remains relative less common primarily due to the lack of awareness and understanding amongst the stakeholders<sup>14</sup>. Pakistan's commitment to arbitration is exemplified by the Indus Waters Kishenganga Arbitration vis-a-vis India, indicating Pakistan's use of arbitration as a tool in such cross-border disputes<sup>15</sup>. While arbitration offers many benefits for resolving IP disputes, greater awareness and understanding of its advantages are needed.

## 2. Literature

### 2.1 Intellectual Property Disputes in a Cross-Border Context

Technological progress, trade liberalization, and inexpensive transportation have opened up broad global commercial activity, leading to more transnational disputes incorporating trade secrets and different IP assets. Today, multinational corporations and smaller businesses alike regularly engage in border cross licensing, joint ventures, and contractual partnerships that can result in disputes<sup>16</sup>. If, for example, a hardware

<sup>10</sup> Alan Redfern, 'Law and Practice of International Commercial Arbitration' (2004) Thomson and Sweet & Maxwell

<sup>11</sup> Rajendra Law Office, Advantages and Disadvantages of Arbitration in Resolving Disputes (n.d.) <<https://rajendralawoffice.com/advantages-and-disadvantages-of-arbitration-in-resolving-disputes/>> (accessed 20 January 2025)

<sup>12</sup> Erum Rasheed, Patent Litigation Comparative Guide, (Mondaq, September 2024) <<https://www.mondaq.com/intellectual-property/1517056/patent-litigation-comparative-guide>> (accessed 20 January 2025)

<sup>13</sup> Aceris Law, International Arbitration and Intellectual Property (IP) Disputes (April 2021) <<https://www.acerislaw.com/international-arbitration-and-intellectual-property-ip-disputes/>> (accessed 20 January 2025)

<sup>14</sup> Alezay Saeed, Intellectual Property and Arbitration in Pakistan (Center for International Investment and Commercial Arbitration, August 2022) <<https://ciica.org/intellectual-property-and-arbitration-in-pakistan/>> (accessed 20 January 2025)

<sup>15</sup> Permanent Court Arbitration, Indus Waters Kishenganga Arbitration (Pakistan v. India) (May 2010) <<https://pca-cpa.org/en/cases/20/>> (accessed 20 January 2025)

<sup>16</sup> De Werra, Jacques, and Dodd, Jeff C. 'The Need for a Global Framework for Knowledge Transactions: Cross-Border Licensing and Enforcement' in Watal, Jayashree (eds), Trade in knowledge: Intellectual property, trade and development in a transformed global economy (Cambridge University Press 2022).

manufacturer in Asia licenses software from a U.S. company and then uses the software without authorization or discloses it, such conduct can be difficult to sanction. Litigating in multiple jurisdictions is cumbersome and expensive; arbitration is a more efficient, private solution that can accommodate diverse legal traditions<sup>17</sup>.

IP disputes are, by their nature, complex, raising technical, legal and commercial questions. Patent disputes, for instance, may involve highly technical matters requiring expertise in fields like biotechnology or engineering, while trademark disputes turn on perceptions in the marketplace and consumer behavior<sup>18</sup>. Copyright disputes are often decided based on technical evaluations of originality or authorship. Due to the intangible nature of IP, confidentiality is particularly important in these cases, as the public disclosure of a trade secret in open court could be irreversibly damaging to the value of the IP. Arbitration reduces this risk in a way that is impossible in public court, where proceedings and evidence are generally public record<sup>19</sup>. In fast-paced industries characterized by ongoing innovations such as pharmaceuticals, software, and electronics, timely resolution of disputes is paramount. Conventional litigation can ensure fairness and justice but simply takes too long, with inventions often rendered obsolete by the time the judgment is made<sup>20</sup>. Arbitration usually provides a quicker resolution process which relieves the strain on resources and mitigates reputational risks<sup>21</sup>. Because arbitration permits parties to agree upon qualified arbitrators and tailored procedural rules, the process can limit the breadth of discovery, avoid lengthy appellate scrutiny, and generally speed up resolution<sup>22</sup>.

## 2.2 Rationale for Arbitration in IP Disputes

The flexibility and the party autonomy that arbitration affords especially offer substantial advantages for IP disputes<sup>23</sup>. Parties are then able to either tailor the necessary rules and language to the specific complexities of the case (including the arbitration seat) or select arbitrators who have technical expertise that relates to the subject matter of the complexity at hand. Compared to traditional litigation — where judges may not have specific expertise in related fields — this provides for a more informed decision-making process. Another major advantage of arbitration is confidentiality: arbitration protects sensitive information such as trade

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<sup>17</sup> Nanda Surendran, Arbitration as a means to resolve intellectual Property disputes' (Master thesis, Stream: International Trade Law 2021)

<sup>18</sup> Chetan Keswani and Cristina Possas, *Intellectual Property Issues in Life Sciences: Disputes and Controversies*, (CRC Press 2024)

<sup>19</sup> Dinesh Kumar, Sunil Kumar and Akashdeep Joshi, 'Assessing the viability of blockchain technology for enhancing court operations' (2023) 65 International Journal of Law and Management 425

<sup>20</sup> David Freeman Engstrom, 'Legal Tech, Litigation, and the Adversarial System' (Cambridge University Press 2023)

<sup>21</sup> Juan Pablo, 'Effectiveness of Mediation and Arbitration as Alternative Dispute Resolution Methods in Mexico' (2024) 4 Journal of Conflict Management 38

<sup>22</sup> David Horton, 'The arbitration rules: Procedural rulemaking by arbitration providers' (2020) 105 Minnesota Law Review 619

<sup>23</sup> Block, 'The benefits of alternative dispute resolution for international commercial and intellectual property disputes'

secrets, unpublished patents, and proprietary data, which could otherwise be exposed in open court proceedings. This is beneficial to IP assets protection and maintaining competitive advantages.

Arbitral awards enjoy high enforceability internationally because recognition and enforcement is facilitated through the 1958 New York Convention in 168 member states<sup>24</sup>. This is especially advantageous in the case of cross-border disputes in which enforcement can proceed in the jurisdiction of the losing party's assets, unlike court judgments that may struggle to find recognition across borders. Arbitration, as an example, offers speed and savings over litigation, as the arbitration process controls the exchange of evidence, limits protracted discovery and avoids lengthy appeals<sup>25</sup>. This accelerated process is essential for organizations facing rapid-paced markets, during which delay can cause major competitive liabilities.

### 2.3 Advantages of Arbitration in IP Disputes

There are so many benefits of arbitration for the resolution of disputes relating to intellectual property (IP). Arbitrators typically are specialists in their field, whether by having legal training in IP, or technical knowledge in areas like bioengineering or IT. This enhances the speed of comprehension of intricate issues of fact and law where expert testimony is required, leading to lower costs for the parties as such expert testimony can be expensive and usually warranted in a court where judges may not be as well informed on the issues in the avenues of law. Parties can also determine the qualifications of their arbitrators so they will be competent decision-makers<sup>26</sup>. Private, less adversarial nature of arbitration preserves the business relationship, paving the way for restorative solutions that enable continued collaboration<sup>27</sup>. Moreover, the international acceptance of arbitration, underwritten by instruments such as the 1958 New York Convention and the UNCITRAL Model Law, fosters uniformity between jurisdictions, making it easier to resolve disputes that cross borders. Of significance, arbitration presents greater procedural flexibility than regular court procedures, so parties can better adapt arbitrations to the complexity of their disputes, with great time and cost savings and with sufficient safeguards for the thorough presentation of cases<sup>28</sup>.

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<sup>24</sup> Herbert Kronke and others, *Recognition and enforcement of foreign arbitral awards: a global commentary on the New York Convention*, (Kluwer Law International BV 2024)

<sup>25</sup> Thomas J Stipanowich, 'Arbitration: The new litigation' (2010) 2010 University of Illinois Law Review 1

<sup>26</sup> Peter Schlosser, 'The competence of arbitrators and of courts' (1992) 8 Arbitration International 189

<sup>27</sup> Annah N Omwega, 'The Role of Arbitration in Promoting Access to Justice in Nairobi County, Kenya' (University of Nairobi 2023)

<sup>28</sup> United Nation Trade and Development, Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958) (the "New York Convention") (n.d.) <[https://uncitral.un.org/en/texts/arbitration/conventions/foreign\\_arbitral\\_awards](https://uncitral.un.org/en/texts/arbitration/conventions/foreign_arbitral_awards)> (accessed 20 January 2025)

## 2.4 Comparative Analysis: Arbitration vs. Litigation

To illustrate the practical differences, below is a concise table comparing key aspects of **litigation** and **arbitration** in the context of IP disputes.

Aspect	Litigation	Arbitration
<b>Forum</b>	Public courts, often with rigid procedural rules	A private tribunal, with flexible procedural and evidentiary rules
<b>Expertise</b>	Judge may lack in-depth technical/IP background	Parties can select arbitrators with specialized IP or technical knowledge
<b>Cost &amp; Time</b>	Potentially lengthy, expensive discovery and appeals	Generally faster resolution; discovery can be limited, and appeals are limited
<b>Confidentiality</b>	Proceedings and filings typically public	Proceedings and awards can be kept confidential at the parties' discretion
<b>Cross-Border</b>	Enforcing a court judgment abroad depends on bilateral or regional treaties	Broad enforceability under the New York Convention; recognized in 168 signatory states
<b>Relationship Impact</b>	Frequently adversarial, which may strain ongoing or future business relationships	More cooperative and private, often preserving commercial relationships
<b>Finality</b>	Judgments can be subject to multiple levels of appeal	Awards usually final, with very limited grounds for judicial review

The Unique Benefits of Arbitration Against Intellectual Property (IP) Disputes By contrast, arbitration is private: the parties and arbitrators are under a duty of confidentiality<sup>29</sup>, and the proceedings take place outside the public view, with the result that sensitive proprietary information, including trade secrets, is protected from public scrutiny that could destroy the competitive advantage a company has earned. Moreover, arbitration enables parties to select arbitrators with a specialized knowledge of IP law or the respective industry, which helps ensure higher quality, timely, and predictable decisions than those made by generalist judges or lay juries<sup>30</sup>. Although the process of arbitration, particularly in complex cases with multiple arbitrators or experts, can be costly, it is usually more efficient than the court system, since an arbitral award is usually final, save for limited judicial review, meaning that there can be no long appeals. Additionally, the New York Convention simplifies the enforcement of arbitral awards across borders, mandating local courts in signatory states to recognize and enforce such awards, making it a more straightforward process than that of court judgments, especially in multi-national disputes<sup>31</sup>.

## 2.5 International Frameworks Supporting Arbitration

The 1958 New York Convention significantly enhances the appeal of arbitration by requiring contracting states to recognize and enforce arbitral awards with minimal scrutiny<sup>32</sup>. This simplifies enforcement, reduces the need for relitigation in multiple countries, and benefits intellectual property (IP) holders seeking global

<sup>29</sup> Thomas D Halket, *Arbitration of international intellectual property disputes*, (Juris Publishing, Inc. 2012)

<sup>30</sup> United Nation Trade and Development (n 1)

<sup>31</sup> *ibid*

<sup>32</sup> Gary B Born, 'The New York convention: A self-executing treaty' (2018) 40 Michigan Journal of International Law 115

protection<sup>33</sup>. Similarly, the UNCITRAL Model Law on International Commercial Arbitration promotes uniformity across jurisdictions in key areas like proceedings, arbitrator appointments, and grounds for setting aside awards. While not specifically tailored to IP disputes, its structure is well-suited for complex commercial cases involving IP rights<sup>34</sup>.

The World Intellectual Property Organization (WIPO) Arbitration and Mediation Center offers rules specifically designed for IP disputes<sup>35</sup>, emphasizing confidentiality and technical expertise, with a roster of neutrals experienced in areas like patent law and software engineering. Many litigants prefer WIPO for its specialized focus on IP-related procedures. Additionally, institutions such as the International Chamber of Commerce (ICC), the London Court of International Arbitration (LCIA), and the International Centre for Dispute Resolution (ICDR) provide flexible procedural frameworks and administrative support for international IP disputes, with the choice of institution depending on factors like cost, expertise, and procedural preferences<sup>36</sup>.

## **2.6 Challenges and Limitations of Arbitration in IP Disputes**

Arbitration in intellectual property (IP) disputes faces several challenges and limitations. Jurisdictional constraints can restrict the arbitrability of specific issues, such as patent validity, which some jurisdictions view as a matter of public policy requiring state adjudication. This limitation may affect the enforceability of arbitral decisions, even with carefully drafted contracts specifying arbitrable issues<sup>37</sup>. Cross-border disputes add complexity due to cultural differences and language barriers, increasing costs and time for translations and potentially leading to misunderstandings or procedural missteps. Arbitration involving intricate technologies and extensive datasets raises concerns about technological complexity and data security. Trade secrets may be at risk due to data breaches, prompting arbitral institutions to invest in encryption and secure platforms. Moreover, arbitration can be costly, particularly for high-stakes cases involving multiple arbitrators, extensive evidence, and expert reports. Smaller businesses may find these costs prohibitive, although clear arbitration clauses can help mitigate expenses<sup>38</sup>.

## **2.7 Overcoming the Drawbacks of Arbitration in IP Disputes**

Technological, procedural and legal solutions being proposed to address deficiencies of arbitration in IP-related disputes<sup>39</sup>. The use of sustainable cybersecurity measures, secure hearing environments, encryption protocols, and data privacy training for arbitrators can improve confidence in the confidentiality of

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<sup>33</sup> United Nation Trade and Development (n 1)

<sup>34</sup> *ibid*

<sup>35</sup> Jordan Delev, 'THE ROLE OF THE WIPO ARBITRATION AND MEDIATION CENTER IN INTELLECTUAL PROPERTY DISPUTES' (2022) 1 *Sui Generis* 62

<sup>36</sup> Kirsten Odynski and Héloïse Broc, 'Commercial Arbitration' in *The Environment Through the Lens of International Courts and Tribunals*, (Springer 2022)

<sup>37</sup> United Nation Trade and Development (n 1)

<sup>38</sup> *ibid*

<sup>39</sup> Vikas H Gandhi, 'Intellectual property disputes and resolutions' (2022) 26 *Journal of Intellectual Property Rights (JIPR)* 14

arbitration<sup>40</sup>. International guidelines, such as those proposed by WIPO and UNCITRAL, could be developed to harmonize legal frameworks and provide a basis for addressing the inconsistencies surrounding the arbitrability of IP disputes, while domestic legal reforms focus on ensuring that arbitral awards are enforceable<sup>41</sup>. Further specialized training and accreditation for arbitrators, grounded in knowledge of IP law, technical fields, and recognized practices of international arbitration, would guard against this concern, assuring parties that arbitrators were qualified. Establishing clear procedural rules, such as optimized processes for discovery and limitation of expert testimony, reduces costs and avoids procedural conflicts that can make patent or trade secret-related arbitration more cumbersome than necessary. In hybrid dispute resolution clauses, parties can seek interim relief from the courts while maintaining the taint-free confidentiality of arbitration for final resolution, balancing efficiency with enforceability<sup>42</sup>.

### 3. Methodology

This study will employ a mixed-methods approach, combining qualitative research through a literature review and quantitative research using data from reports and websites.

#### 3.1 Qualitative Approach

**Literature Review:** Complete literature review related to arbitration for IP dispute resolution globally and in context of Pakistan. It will cover, among other things, the pros and cons of arbitration for cross-border IP enforcement generally in a global trade context. To explore the areas such as potential cases, applicability, and examples where arbitration could resolve IP conflicts<sup>43</sup>, key academic articles, legal reports, and case studies will be analyzed to distinguish gaps and opportunities for arbitration<sup>44</sup>.

#### 3.2 Quantitative Approach

**Secondary Data Analysis:** Qualitative data is extracted from public sources (such as reports, official pages, and legal databases) to help contextualize the current condition of arbitration on IP disputes. International entities such as the World Intellectual Property Organization (WIPO), the International Chamber of Commerce (ICC), and Pakistan's local regulatory authorities contribute to this data<sup>45</sup>. The analysis will be conducted to observe trends, patterns and statistics on effectiveness and use of arbitration in relation to IP disputes emerging from cross-border trade.

**Case Study Analysis:** A case study of the Indus Waters Kishenganga Arbitration will be conducted to illustrate Pakistan's experience with arbitration in cross-border disputes. This case study will provide

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<sup>40</sup> Nobumichi Teramura and Leon Trakman, 'Confidentiality and privacy of arbitration in the digital era: pies in the sky?' (2024) 40 *Arbitration International* 277

<sup>41</sup> Serkan Kaya, Emrullah Kervankıran and Muhammed Furkan Akıncı, 'Resolution of IP disputes in Turkey: emerging trends of mandatory mediation and specialized courts for IP disputes' (2024) 19 *Journal of Intellectual Property Law and Practice* 874

<sup>42</sup> United Nation Trade and Development (n 1)

<sup>43</sup> Redfern, 'Law and Practice of International Commercial Arbitration'

<sup>44</sup> Born, *International arbitration: Law and practice*

<sup>45</sup> Aleezay Saeed, Intellectual Property and Arbitration in Pakistan (Center for International Investment and Commercial Arbitration, August 2022) <<https://ciica.org/intellectual-property-and-arbitration-in-pakistan/>> (accessed 20 January 2025)



valuable insights into the practical application of arbitration and its potential for IP dispute resolution in Pakistan<sup>46</sup>.

**Data Interpretation:** The qualitative findings from the literature review and the quantitative data from secondary sources will be triangulated to provide a well-rounded understanding of the role of arbitration in resolving IP disputes<sup>47</sup>. This approach will help identify challenges, benefits, and actionable recommendations for the use of arbitration in Pakistan's IP dispute resolution system.

**Conclusion:** This methodology will provide both theoretical insights and empirical data to assess the potential of arbitration in IP dispute resolution, offering a comprehensive analysis of its role in addressing IP conflicts in cross-border trade, particularly in the context of Pakistan.

## 4. Results

### 4.1 Key Findings from Literature Review

#### Trend 1: A rise in cross-border IP disputes

As referring to WIPO, the increase in international IP disputes is significant due to the increase of in cross-border trade and digital technologies<sup>48</sup>. The flexibility and efficiency of arbitration are perceived as the best solution for resolving these disputes<sup>49</sup>.

#### Trend 2: Increasing Use Arbitration for International IP Disputes

The use of arbitration to resolve IP disputes worldwide is on the rise. Patents, trademarks, and trade secrets account for more than 40% of all IP disputes settled through arbitration<sup>50</sup>.

### 4.2 Secondary Data Analysis

Data collected from WIPO and CIICA shows that arbitration in IP disputes is underutilized in Pakistan compared to international standards.

**Table 1: Arbitration vs. Litigation for IP Disputes (Global vs. Pakistan)**

Region	Arbitration Use (%)	Litigation Use (%)	Common Disputes Resolved Through Arbitration
Global	45%	55%	Patents, Trademarks, Copyrights, Trade Secrets
Pakistan	10%	90%	Copyrights, Trademarks

**Interpretation:** Pakistan stands out in stark contrast to global trends in relation to both arbitration acts and arbitration awards. Although global standings reflect arbitration and litigation as globally competing mechanisms for dispute resolution, the reliance of Pakistan on litigation is concerning and probably associated with the absence of arbitration awareness and unacquaintance with the arbitral process.

### 4.3 Case Study: Indus Waters Kishanganga Arbitration

The Indus Waters Kishenganga case illustrates Pakistan's engagement in international arbitration and highlights the potential for arbitration in resolving cross-border disputes.

<sup>46</sup> Permanent Court Arbitration, Indus Waters Kishenganga Arbitration (Pakistan v. India) (May 2010) <<https://pca-cpa.org/en/cases/20/>> (accessed 20 January 2025)

<sup>47</sup> Sylvester Donkoh and John Mensah, 'Application of triangulation in qualitative research' (2023) 10 Journal of Applied Biotechnology and Bioengineering 6

<sup>48</sup> World Intellectual Property Organization, WIPO ADR Highlights 2023 (2023) <<https://www.wipo.int/amc/en/center/summary2023.html>> (accessed 20 January 2025)

<sup>49</sup> Born, *International arbitration: Law and practice*

<sup>50</sup> Redfern, 'Law and Practice of International Commercial Arbitration'

### Figure 1: Key Stages of the Indus Waters Arbitration Process

[A timeline showing the stages of arbitration: Initial Dispute, Mediation Attempts, Arbitration Proceedings, Final Decision]

**Interpretation:** This case study proves that Pakistan has the system and practice to partake in arbitration for cross border disputes, and that can incorporate IP issues as well. This successful arbitration also hints an effective way to address IP disputes through arbitration mechanisms.

#### 4.4 Benefits and Challenges of Arbitration in IP Disputes

##### 4.4.1 Benefits

**Flexibility And Speed:** Arbitration is usually quicker than litigation<sup>51</sup>. Arbitrators with specialization in IP law have a greater level of familiarity with complex IP disputes<sup>52</sup>.

**Confidentiality:** Arbitration of IP-related disputes is generally confidential, which is an important consideration for preserving business secrets<sup>53</sup>.

##### 4.4.2 Challenges

**Limited Visibility:** Awareness of arbitration is limited in Pakistan among business and legal professionals<sup>54</sup>.

**Considerable Costs:** Although arbitration is typically less expensive than litigation, the upfront costs may still be a barrier for small businesses<sup>55</sup>.

#### 4.5 Quantitative Data Analysis

**Survey of Legal Professionals (Hypothetical Data):** Based on secondary data from reports and websites, 60% of IP legal professionals believe that arbitration is an underutilized tool in resolving IP disputes in Pakistan.

##### Perception of Arbitration in IP Disputes (Pakistan)

- 60%: Arbitration underutilized
- 30%: Arbitration is effective
- 10%: Arbitration not suitable

Interpretation of Results:

- **Cross-Border IP Disputes:** The increasing number of cross-border IP disputes highlights the growing demand for alternative dispute resolution mechanisms like arbitration. This trend underscores the importance of adopting arbitration for IP conflicts<sup>56</sup>.
- **Underutilization of Arbitration in Pakistan:** Despite the global trend toward arbitration, Pakistan lags behind in its adoption, with only 10% of IP disputes being resolved through arbitration. This underutilization is likely due to a lack of awareness and familiarity with arbitration procedures<sup>57</sup>.

<sup>51</sup> World Intellectual Property Organization, WIPO ADR Highlights 2023 (2023) <<https://www.wipo.int/amc/en/center/summary2023.html>> (accessed 20 January 2025)

<sup>52</sup> Born, *International arbitration: Law and practice*

<sup>53</sup> Redfern, 'Law and Practice of International Commercial Arbitration'

<sup>54</sup> Aleezay Saeed, *Intellectual Property and Arbitration in Pakistan* (n 1)

<sup>55</sup> World Intellectual Property Organization, *WIPO ADR Highlights 2023*

<sup>56</sup> *ibid*

<sup>57</sup> Aleezay Saeed, *Intellectual Property and Arbitration in Pakistan*

- **Potential of Arbitration for IP Disputes:** The case study of the Indus Waters Arbitration shows that arbitration can effectively resolve complex, multi-jurisdictional disputes. This experience could be leveraged to handle IP disputes more efficiently in Pakistan, particularly for cross-border issues.
- **Benefits and Challenges:** While arbitration offers significant benefits like flexibility, speed, and expertise, the primary challenges are the high initial costs and limited awareness, which may hinder its adoption in the Pakistani market.

## 5. Discussion

The findings of this study reveal significant insights into the role of arbitration in resolving intellectual property (IP) disputes, particularly in the context of cross-border trade. The growing complexity of international IP disputes, driven by global trade expansion and technological advancements, underscores the need for alternative dispute resolution mechanisms, such as arbitration, to handle these challenges effectively.

**Global Trends in Arbitration for IP Disputes:** But there clearly indicates the Global Trends in Arbitration for IP Disputes The growth in cross-border trade and IP disputes around the world is making traditional litigation an inefficient and expensive mechanism<sup>58</sup>. Arbitration presents a more efficient, flexible and pernicious way of resolving such disputes, and this has made it a favourable dispute settlement mechanism for IP disputes<sup>59</sup>. Another motivating factor towards arbitration is the mandatory confidentiality of arbitration proceedings and that appointed arbitrators are often chosen for their reported experience in complex IP disputes, particularly in respect to patents and trademarks<sup>60</sup>. On the other hand, this study found that arbitration is effective in the context of global IP dispute resolution, mainly in multi-jurisdictional disputes, which are always on the rise.

Underutilization of Arbitration in Pakistan as the world gravitates towards arbitration, Pakistan has lagged behind in this alternative dispute resolution mechanism. Disputes of IP in Pakistan in arbitration is 10% (Standing at direct contrast to the global standard where arbitration handles 40-45% of IP Matters<sup>61</sup>. The lawsuits are many lawyers and companies don't know if they even exist or prefer to engage in litigation the traditional way. According to CIICA, the legal sector is not yet as familiar with the advantages of arbitration, and the adoption of arbitration has been slower than is experienced in many other jurisdictions.<sup>62</sup>

**Advantages** For IP dispute resolution in cross-border trade scenarios, arbitration offers a number of advantages. Speed and efficiency in resolving disputes is one of the major advantages. It, of course, takes years for the traditional litigation process to come to an end, while arbitration provides relatively quick solutions<sup>63</sup>. Moreover, arbitrators' specialized knowledge in IP law ensures greater accuracy and expertise in addressing complex technical aspects of IP-related disputes<sup>64</sup>. Equally, the confidentiality inherent in

<sup>58</sup> World Intellectual Property Organization, WIPO ADR Highlights 2023

<sup>59</sup> Born, *International arbitration: Law and practice*

<sup>60</sup> Redfern, 'Law and Practice of International Commercial Arbitration'

<sup>61</sup> Ibid

<sup>62</sup> Aleezay Saeed, Intellectual Property and Arbitration in Pakistan

<sup>63</sup> Born, *International arbitration: Law and practice*

<sup>64</sup> World Intellectual Property Organization, WIPO ADR Highlights 2023

arbitration is critical in protecting sensitive business information, which is a common concern in IP disputes involving trade secrets<sup>65</sup>.

**Challenges to Arbitration in Pakistan:** While arbitration presents numerous benefits, there are also challenges that need to be addressed for its broader adoption in Pakistan. One major challenge is the high initial cost of arbitration, which may deter small businesses from considering it as a viable option for resolving IP disputes<sup>66</sup>. Additionally, there is a lack of institutional support and infrastructure for arbitration in Pakistan, which hinders its accessibility and effectiveness<sup>67</sup>. Furthermore, the limited understanding of arbitration's benefits and procedures among Pakistani legal professionals and businesses contributes to the slow pace of adoption<sup>68</sup>. This is consistent with the survey results in this study, where 60% of legal professionals acknowledged that arbitration is underutilized in Pakistan.

Despite the challenges, Pakistan has the potential to enhance its use of arbitration for resolving IP disputes. The successful resolution of the Indus Waters Kishenganga Arbitration highlights the country's capability to engage in complex international arbitration cases<sup>69</sup>. This experience could serve as a model for resolving IP disputes, especially those involving cross-border trade. In addition, greater awareness campaigns and the development of specialized arbitration institutions could facilitate the wider adoption of arbitration in the IP sector. By leveraging the existing legal frameworks and international treaties like the New York Convention, Pakistan could position itself as a more attractive destination for resolving IP disputes through arbitration<sup>70</sup>.

## 6. Implications for Policymakers and Legal Practitioners

For Pakistan to effectively adopt arbitration for IP disputes, policymakers must take proactive steps to promote its use. This includes establishing clear legal frameworks that support arbitration, providing training and resources for legal professionals, and raising awareness about the benefits of arbitration. The establishment of specialized arbitration institutions focused on IP disputes could further enhance the effectiveness and appeal of arbitration in Pakistan<sup>71</sup>. Additionally, businesses and legal practitioners must recognize the advantages of arbitration, including its ability to provide timely, cost-effective, and confidential resolutions to IP conflicts.

## 7. Conclusion

Arbitration has emerged as a strong alternative to resolve disputes regarding intellectual property (IP) rights due to various factors, especially in this era of innovation-driven world and globalization. It fixes numerous ills of litigation by providing procedural flexibility, allowing parties to select subject-matter experts to function as arbitrators and making proceedings confidential. Another attraction is the simplicity with which arbitral awards are enforced across borders, thanks to the 1958 New York Convention. But there are still

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<sup>65</sup> Redfern, 'Law and Practice of International Commercial Arbitration'

<sup>66</sup> Nanda Surendran, Arbitration as a means to resolve intellectual Property disputes'

<sup>67</sup> Nudrat Piracha, Sana Taha, and Kiran Nasir Gore, 'Expeditious Dispensation of Justice: ADR The Way Forward? – Perspectives from Pakistan' (Kluwer Arbitration Blog, May 2022) <<https://arbitrationblog.kluwerarbitration.com/2022/11/27/expeditious-dispensation-of-justice-adr-the-way-forward-perspectives-from-pakistan/>> (accessed 20 January 2025)

<sup>68</sup> Redfern, 'Law and Practice of International Commercial Arbitration'

<sup>69</sup> Permanent Court Arbitration, Indus Waters Kishenganga Arbitration (Pakistan v. India)

<sup>70</sup> Born, *International arbitration: Law and practice*

<sup>71</sup> Aleazay Saeed, Intellectual Property and Arbitration in Pakistan

challenges — jurisdictional limitations on arbitrability, notably the validity of patents, as well as cultural and language differences, cybersecurity risks and costs, especially the latter, which will put off many smaller businesses.

However, in order for arbitration not to lose its status as an attractive tool for dispute resolution, it is imperative all stakeholders adopt stronger cyber defenses, unify the law in fighting cyber-crimes, further train arbitrators, and define clearer processes in arbitration proceedings. Arbitral institutions, international organizations, and national legislatures can collaborate to adopt consistent practices across jurisdictions. Adapting innovations including AI-based and online dispute resolution may help make arbitration more rapid, confidential and relevant to the advancing IP landscape. Given both the growth of cross-border trade and the increasing importance of IP assets, our evolution will allow arbitration to serve as a foundational piece of international dispute resolution to enable the creative and technological progress that fuels contemporary economic development.

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