We rarely see companies in the national courts today and we know that this is because arbitration is the preferred way to settle a dispute and/or because it has been recommended to them (usually by their lawyers). The time when states and judges of the courts looked upon arbitration with hostility is far gone. However, the issue of subject matter arbitrability, i.e. whether a certain disputing issue should be submitted to arbitration or a national court, is still subject for discussion. This article will examine the different directions states have taken in relation to subject matter arbitrability and patent law. My reflections intend to contribute to the otherwise quiet debate among Swedish scholars.

I. INTRODUCTION

Arbitration is a very well-reputed and widely-used settlement mechanism to solve disputes between commercial actors. By agreeing to arbitrate, the parties waive their right to a court procedure for the benefit of arbitration. This non-judicial trial procedure offers an opportunity to tailor the framework in a way that fits the parties’ needs and wishes. However, the parties’ freedom of contract is limited by inarbitrability, meaning that subject matters that are seen as inarbitrable cannot be submitted to arbitration regardless of the parties’ consensual agreement.

In the area of patent law, four very different approaches in respect to arbitrability, are available for adoption by countries. Under the most restricted approach, all patent issues are considered inarbitrable. The second approach divides private related issues from public ones, thus allowing the issue of infringement to be submitted to arbitration while the issue of validity is regarded as inarbitrable. All patent issues may be arbitrated according to the third and fourth approach. However, under the framework of the former, the award is only valid between the parties (inter partes), while under the latter, the rendered award is valid.
against everyone (erga omnes).

The article will examine the pros and cons of the four presented approaches and comment on whether Sweden should change its view in this matter. The practical issue of subject matter arbitrability will be illustrated by the International Chamber of Commerce (ICC) award involving patent rights, 6097 (1989), accompanied by a discussion on whether the arbitral tribunal rendered an appropriate decision.

The author’s conclusion is that the inter partes approach is the most appropriate since it meets the needs of the modern society and provides business parties with an ability to choose the way of settlement that suits them best. It provides the parties with a single arbitral proceeding without expanding the framework of arbitration. However, the author’s view is that the arbitration tribunal, in the presented ICC award, went too far when resolving the arbitrability issue in favour of the inter partes approach but against the German governing law.

2. ARBITRATION AS A FORM OF DISPUTE SETTLEMENT

Arbitration is a form of alternative dispute resolution which provides a binding award for adjudicating disputes. Significant to the arbitral proceeding is the requirement of consensus between the disputing parties. The recourse to arbitration is only open to parties who agreed that their dispute should be submitted to an arbitral tribunal. In much the same way, the parties have control over the process through the established freedom of contract doctrine.3 This doctrine provides party autonomy and reflects the entire process since both the substantive and procedural context can be designed by the parties. They may decide which rules shall govern the proceeding, which law shall be applied to the dispute and where the proceeding shall take place. The parties have an ability to choose a flexible, predictable, efficient and informal proceeding when deciding the time-frame, structure and procedural course of action.4

Arbitration offers great advantages and responds well to the needs of the business world. Confidentiality is one important factor to its popularity. The process is held in private and the award does not get published. International arbitration

also enables the parties to transcend geographical and cultural boundaries. Neutrality is here a key element. Potential hostility by foreign courts can be avoided but more importantly, arbitration will put the parties on an equal footing by getting the process out of the country of one of the parties and into a neutral venue. One or three arbitrators, possibly from third countries, are selected to sit in the panel. If a tripartite panel is used, the parties usually get to select one arbitrator each. Since the arbitrators do not need to be legal scholars, any kind of expertise can be brought into the proceeding, which is an advantage in technical fields like patent law. An arbitration proceeding is generally quicker and less expensive since the award is final, binding and normally not subject to appeal. An argument for the use of arbitration, especially in intellectual property (IP) disputes, is the fact that the award does not serve as a precedent. Areas where principles have not been fully developed and the pace of the technological process is rapid, may benefit from an award because it provides less far-reaching legal consequences.

2.1 ARBITRABILITY

United States (U.S.) federal judge Swygert once wrote:

“[Issues as patent validity and enforceability are] inappropriate for arbitration proceedings and should be decided by a court of law, given the great public interest in challenging invalid patents.”

Arbitrability refers to the question of which subject matters may be submitted to arbitration, i.e. the parties lack authority to submit inarbitrable subject matters to arbitration. The right to decide which matters that are inarbitrable and thus are barred from being settled outside the courts, lies in the discretion of the states.

Subject matters, which have elements of public interest or involve public law, have historically been seen as inarbitrable, such as criminal law, antitrust, bank-

5 Carbonneau, Cases and Materials on Arbitration Law and Practice, p. 11, 12, 18.
ruptcy laws, securities and consumer disputes, and IP.\textsuperscript{10} The question of arbitrability may be taken into account ex officio by the arbitral tribunal.\textsuperscript{11} If the dispute concerns a matter not admissible of settlement by arbitration, the arbitrators shall declare themselves as incompetent, either partially or entirely, and as a result, the arbitration agreement will be considered invalid in relation to the actual dispute or that part of the dispute that the arbitrators were incompetent to decide.\textsuperscript{12}

2.2 CHOICE OF LAW
The result of the arbitrability question will often depend on the outcome of the choice of law issue. An example will help to clarify. Country A does not allow patent validity claims to be arbitrable, but country B does. By applying the law of country A, the arbitration agreement will be regarded as invalid and the tribunal will lack authority to decide the dispute. However, if country B’s law governs the issue, the tribunal will be able to proceed and render a final award.

Answering the question, which law should govern the arbitrability issue, is not simple. The law governing the arbitration agreement is one option, although it is unusual that the parties have stipulated a law explicitly for the arbitration agreement. The law governing the main agreement, i.e. lex causae, or the law of the place of the arbitration, i.e. lex arbitri, are other laws that may be applied. However, even after determining that lex causae or lex arbitri will govern, it is not certain whether that means the choice of law rules of that country or its substantial law. Furthermore, mandatory law of the seat of the arbitration may also provide coercive applicability of domestic laws. Arbitrators may also apply the law of the place of performance and/or the law of the country where a potential enforcement is sought into consideration, even if they are not morally required to do so. Other rules that may be applied are the national laws of the disputing parties and common and fundamental principles of law, or a combination of laws mentioned above.\textsuperscript{13}

\begin{thebibliography}{9}
\bibitem{Youssef} Youssef, The Death of Inarbitrability. Arbitrability: International and Comparative perspectives, p. 50, 52.
\bibitem{Hanotiau} Hanotiau, Bernard, Objective Arbitrability- Antitrust disputes, Intellectual Property disputes, ASA Special Series No. 6, 1994, p. 27, 29.
\end{thebibliography}
3. ARBITRABILITY REGARDING PATENT LAW

In modern economies, the importance of IP has increased, both economically and politically. Often, a business’ intangible assets are more valuable than any of its physical assets. The importance of intellectual property goes hand in hand with the fact that IP disputes also have increased in number and continue to increase. The arbitration institute of the ICC, for example, estimated in 2007 that 10-15 percent of its annual caseload involves an IP element.\(^\text{14}\)

The arguments for and against arbitrability in respect to patent law can be categorized into legal and public policy arguments.\(^\text{15}\)

3.1 LEGAL ARGUMENTS

A legal argument presents an obstacle to subject matter arbitrability of patent disputes, without attempting to decide whether the presence of the obstacle is desirable. Such an argument exists where the laws of a state give exclusive jurisdiction over certain types of patent disputes to a specific court or administrative agency. Depending on what the law stipulates, both infringement and validity issues can fall under that exclusive jurisdiction.\(^\text{16}\) If a public body is equipped with the exclusive authority to invalidate a patent, an arbitral tribunal would have no jurisdiction over the issue and the private parties would have no public authority that they could pass on in their arbitration agreement to the tribunal.\(^\text{17}\)

Another argument, which is similar to the first one, focuses on the sovereign nature of the patent grant. If a governmental body grants the patent rights, only the same body shall be able to extinguish those rights.\(^\text{18}\) However, according to most patent systems, the owner may voluntarily relinquish some of its rights, so long as unfair competition rules are not affected. Patent owners do this frequently, for example, when they license some of the rights to another party. The difference between being able to surrender granted rights and being able to equip an arbitrator with power to decide the disputed issues, and if required, relinquish the


owner’s patent rights, does not appear to be particularly strong. Furthermore, embedded in the policy favoring arbitration is the fact that the parties are able to form their own proceeding. This justifies a scenario where sophisticated parties want to waive or alter any legal rights that they might otherwise have through recourse to the judicial system. Thus, if the parties have agreed that patent validity could be made an issue in arbitration, even if the arbitral award could not invalidate the patent itself, their wish can arguably work as a counter-argument to the sovereign grant argument. However, it is true that it only is a state that initially has the power to extinguish patent rights. Thus, a state has to surrender some of its decision-making power if the arbitral tribunal shall be able to decide these issues. Still, this is something that applies to arbitration in general. Arbitral tribunals do not have authority until given so by the state, and until the state cooperated in enforcing the awards. Thus, it seems like the sovereign grant argument in reality is a public policy argument. The existence of public policy reasons would therefore be required to be able to distinguish patent arbitration from other types of commercial arbitrations.

A third argument concerns the arbitrators’ power. It is well established that their jurisdictional competence is limited to the parties who submitted and consented to arbitration and to the substantial matters designated by the parties. Thus, an award can only be binding between the parties, i.e. inter partes. However, if the arbitrators would try to invalidate a patent, the award would actually seek to operate erga omnes, i.e., in relation to everyone. A response to this argument is to explicitly define the award’s legal effect as inter partes. Another solution has been to give the award a broader effect, either by giving it preclusive effects in later proceedings or through third-party enforcement of the award.

3.2 PUBLIC POLICY ARGUMENTS
Public policy arguments often attack the advisability of the arbitration of patent disputes and call for the creation or maintenance of a legal obstacle to it. One reason behind a public policy argument is the desire to seclude public law from the private mechanism of arbitration. This creates a situation where countries al-

low infringement but not validity issues within the scope of arbitration. Some countries instead base their choice on the theory that IP disputes, or aspects of them, are inarbitrable per se, with the motivation that these types of disputes involve certain intrinsic features that require state involvement. However, what these intrinsic features are seems to be unclear.

A patent owner is granted a monopoly, although a restricted one. The monopoly consists of exclusive rights granted in return for the disclosure of something new. One argument is that any limitation to a granted monopoly must be made by courts or an equivalent state body, rather than by private tribunals. However, this argument is not watertight because countries are often very ambivalent in their attitude towards limitation of monopolies. It is commonly accepted that a patent owner may restrict its monopoly by entering into licensing agreements and pre-trial settlements.

The counter-argument is even stronger in relation to countries where the state, before granting a patent, does not carry out a substantive examination in order to examine if the subject matter complies with the stipulated requirements. If the state does not perform such an act before granting a monopoly to the applicant, it could be contradictory to say that only the state can relinquish the created rights as if they were the interests of the society. France and Greece are examples of countries where the granting act is based solely on a formal examination. However, in countries where a substantive examination prior to granting the exclusive rights is executed, e.g., in Sweden and in the United States, the statutory application procedure is used as a public policy argument in favor of exclusive jurisdiction by the national courts. The state assumes responsibility for ensuring that exclusive rights are not granted unless the statutory criteria are fulfilled. This task should be executed by the courts even at the stage of confirming or denying the rights in accordance with those criteria. A reasonable outcome of this argument would be that countries such as France, that does not perform such an examination, would treat validity issues as arbitrable. The national courts of France do not have the same responsibility at the granting stage and can therefore not with support from that argument require having it at any later stage. Since this

26 Gurry, Objective Arbitrability - Antitrust disputes, Intellectual Property disputes, p. 117.
is not the case, France does not allow patent validity issues to be arbitrable; it is questioned if this really can be a public policy argument.29

It should be noted that state-imposed responsibilities arise in many areas. The argument that the state grants the right and thus also should limit or eliminate them can be considered in the view of real property rights. Private property remains, since the feudal system and especially in common law countries, a form of state grant recorded in state registers; just like patent rights. However, the real property disputes do not in general raise public policy concerns and are thus arbitrable, including the issue concerning validity. Israel is one of few countries that still do consider the subject matter of real estate to be inarbitrable.30 Another argument relating to the public record of title is that it serves to inform the public of the existence of exclusive rights in respect of the subject matter of that title. A decision on the conformity to the statutory criteria for grant of title should therefore not be made privately. However, this argument faces the same responses mentioned above, namely the fact that states usually recognize license agreements and pre-trial settlements without registering them in the public record.31 A comment concerning these responses must however be made. A slight difference exists between agreeing to enter into a pre-settlement and to provide arbitrators with authority to settle the dispute. A possibility to attack the former alternative usually exists by general contract rules, which may invalidate or adjust the agreement. An arbitral award can, on the other hand, not be subject to a review based on material grounds.32

The public policies that support granting patents, and restricting third parties from making use of them, are the incentives to invent, invest and disclose. The patent system seems necessary in order to provide inventors with a motivation to create and commercially exploit their creations, as well as to encourage innovators to make innovations public which would otherwise be kept secret. Another public policy argument thus focuses on two of these incentives, namely invent and disclose. It is desired that there exists a balance between the costs of monopolies and the social benefits of inventions. There is a fear that this balance could be affected negatively if the actual upholding by the courts was not in a good correlation with the written law, i.e. if incorrect decisions frequently were

rendered. This argument brings us to the question of whether arbitrators are as capable as judges in resolving patent disputes. During the nineteenth century arbitration was treated with hostility in inter alia the U.S. Judges were unwilling to hand over their privileged work into the hands of arbitrators. The general view was that arbitrators lacked the skills needed to do justice. In the U.S. Beckman Instruments\textsuperscript{33} case it was resolved that arbitrators are as capable as judges to resolve patent disputes. The expertise of arbitrators has even suggested arbitration to be a better forum.\textsuperscript{34} Questions that arise in a patent dispute are also often of a subjective nature. Whether or not a filed invention consists of an incentive step, which is a required element in most jurisdictions, is a notoriously difficult question and the result will very much be based on a personal opinion. It is consequently fairly common that courts or agencies within a jurisdiction come to different conclusions on these types of issues. The presumption that arbitrators would have a negative affect on the balance seems therefore somewhat hollow.\textsuperscript{35}

Confidentiality may conflict with the public interest. The expenses involved for an accused infringer to prove invalidity may be high. If evidence from other proceedings is not public, the accused infringer's defense may be taken away from him if he cannot afford to prove it. These two concerns are other examples of arguments that are sometimes raised in an attempt to get patent disputes out of the private arena, or in an attempt to make it stay in the public sphere. However, indications are that the majority of patent disputes are merchant to merchant. Also, nothing indicates that the patentee usually is the party with the most resources in an unequal situation.\textsuperscript{36}

3.3 SPECIAL CONSIDERATIONS REGARDING THE OUTCOME OF AN AWARD

An award between a licensor and a licensee, which concludes that the patent is invalid, will have consequences that go beyond the parties although the award only has inter partes effect. If the licensor has another licensee that has been granted an exclusive license in a territory, then neither the licensor nor the exclusive licensee may prevent the former licensee who got the award, from acting within the exclusive territory. Oftentimes the licensee has inter alia made extensive investments because of the contractual rights and on the assumption that it would not have to deal with any competition. The ex-

\footnotesize{33 Beckman Instruments, Inc. v. Technical Develop. Corp., 433 F.2d 55, 63 (7 Cir. 1970).
36 Smith, et al., Arbitration of Patent Infringement and Validity Issues Worldwide, p. 311.}
exclusive licensee might be able to sue the opposite party for breach of contract but apart from that it will not get the advantages agreed to in the contract.\textsuperscript{37} An award with inter partes effect will furthermore give the licensee an advantage in comparison with the licensor. If the licensee in the arbitration proceeding fails to prove that the patent is invalid, it will have a second opportunity to try and invalidate the patent. The licensee may still have a chance to invalidate the patent erga omnes in a national court proceeding, since the arbitration clause or agreement covers the contractual aspects of the patent and not its status as such. However, the licensor is not given a similar second chance. The option of going to court to establish an infringement would not be available to the licensor, since the accused infringer would be protected, according to the prior award, from claims based on the patent.\textsuperscript{38}

3.4 POSSIBLE APPROACHES
The view of arbitrability is diverse and that makes the arbitral process more time-consuming and expensive, since the arbitrators have to familiarize themselves with every involved country’s approach to the arbitrability question.\textsuperscript{39} This remark is also important for the parties to bear in mind when drafting the arbitration clause and agreeing to inter alia governing law and seat of the arbitral tribunal. The consequences will vary enormously depending on whether the laws of a restrictive or a liberal country will be applied to the dispute.\textsuperscript{40} If legal research is not done, the parties will bear the risk of getting into a situation where their arbitration clause would be considered wholly or partially invalid.

3.4.1 ALL PATENT ISSUES ARE ARBITRABLE
Patent rights and all related issues are not suitable for arbitration. This is the content of the most restricted outlook. Thus, a country adopting it would restrict all aspects of a patent dispute from being settled by arbitrators, both infringement and validity issues.\textsuperscript{41} A rendered award will not be enforceable in that country and the national courts may refuse to refer the parties to arbitration even if an

\textsuperscript{38} Runesson, Licensavtalet, skiljeavtalet och immaterialrätten, p. 690.
\textsuperscript{39} Sundin, Per; Wernberg, Erik, The scope of arbitrability under Swedish law, The European Arbitration Review 2007, p. 63.
\textsuperscript{40} Blessing, Marc, Drafting Arbitration Clauses, American Review of International Arbitration, Vol. 5, 1994, p. 62 f.
arbitration clause exists between them.\textsuperscript{42} This approach is uncommon among countries today.\textsuperscript{43} However, South Africa is one country that still bars arbitration in this manner.\textsuperscript{44}

3.4.2 PUBLIC LAW ISSUES ARE INARBITRABLE

A country that adopts the second approach would separate a private law claim from one concerning public law. It would consider the issue of infringement as arbitrable, mainly because infringement addresses contractual rights and obligations, and also because no element of public record is involved.\textsuperscript{45} Validity issues would on the other hand be considered inarbitrable, because the possible arguments against arbitration are seen to weigh heavier than the parties’ wish for a private resolution.\textsuperscript{46} In most jurisdictions, the arbitrability of validity is very likely to be denied.\textsuperscript{47}

The applicability of this approach is fairly uncomplicated unless both infringement and validity issues are raised in the same proceeding. This would be the case if an accused infringer asserts that the patent is invalid as a defense against the accusation. The validity issue, depending on the country, would then have to be litigated in the proper court or agency. Thus, the arbitral tribunal would have to stay its proceeding until that issue has been decided. This would provide the parties with a less efficient way of settlement and increase the risk of bifurcation.\textsuperscript{48} Despite this, it is occasionally possible for the tribunal to examine the question of validity itself but without the consequence that the issue will receive res judicata effect, i.e., as a preliminary matter. After a judgment by the Court of Cassation, this is now the position taken in Italy. The question of validity may be arbitrated where the issue is merely ancillary to a central contractual issue of a different nature.\textsuperscript{49}

\textsuperscript{43} Blessing, Marc, Arbitrability of Intellectual Property Disputes, p. 200.
\textsuperscript{44} Gibson, Latent Grounds in Investor-State Arbitration: Do International Investment Agreements provide new means to enforce Intellectual Property rights?, p. 27.
\textsuperscript{45} Gurry, Objective Arbitrability - Antitrust disputes, Intellectual Property disputes, p. 118.
\textsuperscript{46} Mantakou, Arbitrability and Intellectual Property disputes, p. 270.
\textsuperscript{47} Youssef, The Death of Inarbitrability, p. 53.
3.4.3 AN AWARD WITH INTER PARTES OR ERGA OMNES EFFECT
When a country allows both infringement and validity issues to be arbitrated, it may give the final award an inter partes or an erga omnes effect. An award with inter partes effect is binding only between the parties but can apart from that be compared to a judgment. Thus, the parties can agree that the validity of a patent could be made an issue subject to arbitration even if the arbitral award could not invalidate the patent itself.\(^{50}\) The patent will remain valid because the state apparatus has not revoked it.\(^{51}\) This approach will, no matter the outcome in the arbitral proceeding, preserve the monopoly granted by the state.\(^{52}\)

An award that has effect erga omnes will not only be binding between the parties but also against third parties.\(^{53}\) The work of national courts and governmental agencies has effect erga omnes, an effect that is generally denied to an arbitral award.\(^{54}\) A country that has adopted this approach is thus giving the award full judicial effect. The country is letting the arbitral tribunal do the work of the national courts or agencies, with the result that the initially clear line between the public and private domain, appears to be less distinct.\(^{55}\)

4. INTERNATIONAL EXAMPLES
4.1 GERMANY
The issue of arbitrability is mainly determined by either the property nature of the claims brought to arbitration or the right of the parties to an arbitration agreement to freely dispose of the subject matter of the dispute. Germany follows the former model.\(^{56}\) Since 1998, section 1030 of the ZPO (Zivilprozessordnung, German Code of Civil Procedure) stipulates that any property of economic nature\(^{57}\) may be the subject of an arbitration agreement. An arbitration agreement which does not concern such matters is valid to the degree that the parties are entitled to reach a settlement over the issue at dispute. It is undisputed that an arbitration clause with respect to patent litigation most likely will be

\(^{50}\) Youssef, The Death of Inarbitrability, p. 53.
\(^{54}\) Freedberg-Swartzburg, Facilities for the Arbitration of Intellectual Property Disputes, p. 78.
\(^{56}\) Mantakou, Arbitrability and Intellectual Property disputes, p. 266. Switzerland follows the same model as Germany, while countries such as France, Greece, Italy and Spain follow the later model.
\(^{57}\) The German term is vermögensrechtliche Ansprüche.
enforced under German law because a patent is a property of economic nature. However, there is a distinction with regards to infringement and validity issues. Infringement is seen as a private law claim and validity as a public law question.\textsuperscript{58}

The concept of private versus public with respect to patents is found even in the court system, which is a bifurcated system. Infringement issues shall be submitted to special chambers within the regular civil courts in inter alia Munich, Düsseldorf, Frankfurt and Mannheim.\textsuperscript{59} In these proceedings the civil courts are bound to the registration of the patent since the courts do not have competence to rule on the validity matter. If an objection concerning the validity is made, that party would have to file a petition to stay the infringement action pending the outcome in the objected matter. A validity action on the other hand is being heard by a special patent court, where judges with a technical background will decide. The jurisdiction exclusively belongs to the Bundespatentgericht, the Federal Patent Court in Munich or, in opposition proceedings, to the Bundespatentamt, the Federal Patent Office.\textsuperscript{60} The appeal court is the highest court for civil matters, the Bundesgerichtshof.\textsuperscript{61}

The prevailing opinion is that, because of their private nature, infringement issues may be arbitrated without restrictions. The situation with the validity issue is however the opposite. It has traditionally been barred from arbitration and regarded as inarbitrable per se because the patent courts have, in a strict sense, exclusive jurisdiction over the question. By referring to §§ 65 and 81 of the German Patent Act, this is argued to be the case.\textsuperscript{62} The arbitrability article, § 1030 of the ZPO, does not expressly address the validity issue, but this is done in the Act’s explanatory section, which may have certain relevance when construing the article. With an express reference to patents, it notes that, if there are special courts for specific disputes relating to the revocation or nullity of rights that were granted through an act of government, such rights are excluded from the parties’ power of contractual disposition, wherefore a decision must be taken by the competent state court with effect erga omnes. This section of the explana-

\textsuperscript{62} Pagenberg, The Arbitrability of Intellectual Property Disputes in Germany, p. 48.
tory note has however been disputed in authoritative commentary literature. Regarding the exclusivity, the Bundesgerichtshof has rejected the exclusive jurisdiction of the Bundespatentgericht as a reason for restricting arbitrability in patent cases, albeit in matters other than patent validity.\(^6^4\) Invalidation of a patent raises public order concerns mainly because the public authority is performing the granting act and a substantive examination is conducted before.\(^6^5\) The parties are not entitled to reach a settlement over the disputing validity issue and can accordingly not be submitted to arbitration.\(^6^6\)

In recent times there has been a serious debate among legal scholars, which has challenged this restricted approach. The discussion is in favor of a change towards letting the arbitral tribunal rule on the validity, as between the parties to the arbitration.\(^6^7\) It seems like this point of view may accept that arbitrators avoid the problem by not focusing on the validity issue but instead by declaring the patent as unenforceable or by limiting the wording of the patent claim in view of identical prior art. The alleged patent infringer would in such cases prevail since no infringement would have been taken place. Some authors have also argued that it is not the courts’ discretion to declare a certain rule as being part of the public order. The courts may instead rule at the enforcement stage that the arbitral award may not be subject to enforcement. The courts should, according to this theory, only be able to refuse an award if they in an equivalent situation would be able to refuse enforcement of a foreign court judgment.\(^6^8\)

There is thus a broad controversy concerning arbitrability of validity issues in patent law. Since the publication of the cited works, no big changes have taken place. There has neither been any statutory change, nor has there been any reported case law relating to this issue. Germany’s approach thus remains unchanged.\(^6^9\)

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65 Pagenberg, The Arbitrability of Intellectual Property Disputes in Germany, p. 50.
69 Email from Dr. Ralph Pennekamp, Lawyer at the Law firm Bird & Bird in Düsseldorf, Germany (Feb. 23, 2010) (on file with author).
4.2 SWEDEN

Article 1(1) and 1(3) of the Swedish Arbitration Act governing the issue of arbitrability, read as follows:

“Disputes concerning matters in respect of which the parties may reach a settlement may, by agreement, be referred to one or several arbitrators for resolution. [...] Arbitrators may rule on the civil law effects of competition law as between the parties.”

Arbitrability is defined broadly in the Swedish Act; the only requirement being that the parties should be able to decide the matter themselves should the dispute be handled in an ordinary court. However, just because certain disputes are amenable to out of court settlement does not of necessity mean that they are arbitrable. A dispute that conflicts with a significant public policy or third party interest may still be non-arbitrable. Nevertheless, a commercial dispute is generally considered arbitrable when the parties are in control of the subject matter. A dispute where mandatory statutory provisions are to be applied, or where a dispute includes certain features on which the parties cannot freely decide, are circumstances that do not automatically lead to inarbitrability. The Act expressly mentions competition law as a subject matter capable of being arbitrated. Whether or not the parties may reach a settlement on the issue is thus insignificant in relation to a competition law dispute. Article 1(3) shall not be read conversely, i.e. to mean that any other public law issue cannot be submitted to arbitration.

The question of arbitrability regarding infringement and validity issues has, based on my research, not received much attention in Sweden, neither in the literature nor in the preparatory works to the latest Arbitration Act or Patent Act. The prevailing approach however, seems to be that arbitration is permissi-

71 Sw: Dispositivt tvistemål.
72 Madsen, Commercial Arbitration in Sweden, p. 54.
ble in relation to infringement issues but not in relation to questions concerning validity.\textsuperscript{77} The clear distinction that exists in Germany seems to be present also under the Swedish jurisdiction.

Support for this prevailing interpretation of the law is, however, hard to find. In the preparatory work to the Patent Act, it was declared that infringement disputes were disputes in which the parties may reach a settlement. It is thus unclear whether that written statement was intended to mean more than that the parties may freely agree to certain issues in the court proceeding.\textsuperscript{78} Even a question concerning patent validity may under Swedish law be considered to be an issue that the parties have at their disposal. Other aspects, such as the fact that a court judgment is binding against third parties and the fact that the disputing parties not are allowed to reword the patent claims, still distinguishes the validity issue.\textsuperscript{79}

According to § 65 of the Patent Act, the Swedish civil court of first instance in Stockholm is the forum for both infringement and validity issues. The statute prescribes exclusive jurisdiction for the civil courts. This does however not have to mean that arbitration as an alternative dispute resolution is excluded from the parties’ choice of settlement. If the parties still want to take advantage of the national court system, the Act prescribes where to go without necessarily declaring that they cannot refer their dispute to an arbitral tribunal.\textsuperscript{80} The same reasoning can be found in a few U.S. cases, inter alia, in the Pritzker\textsuperscript{81} case. The court in this case concluded that the fact that the Employee Retirement Income Security Act of 1974 (ERISA) confers jurisdiction on the federal courts, does not mean that ERISA claims are inarbitrable. The circuit court further declared that “such jurisdictional provisions speak only to the issue of which judicial forum is available and not to whether an arbitral forum is unavailable”.\textsuperscript{82} Other provisions in the Patent Act that may affect the question of arbitrability are the ones that concern publicity. In § 64, it is stipulated that a party who wants to make a claim regarding a patent validity is required to notify the Patent Office. In § 70, it is stated that the judgment shall be sent to the Patent Office for registration. These publicity requirements in favor of

\textsuperscript{78} Karnell, Patent och skiljedom, giltighets- och intrångsfrågor, p. 292.
\textsuperscript{79} Runesson, Licensavtalet, skiljeavtalet och immaterialrätten, p. 687.
\textsuperscript{80} Karnell, Patent och skiljedom, giltighets- och intrångsfrågor, p. 294.
\textsuperscript{81} Pritzker v. Merrill Lynch, Pierce, Fenner & Smith, Inc. 7 F.3d 1110 (3d Cir. 1993).
\textsuperscript{82} Pritzker v. Merrill Lynch, Pierce, Fenner & Smith, Inc., at 1118, 1119.
third parties, do not exist in an arbitration proceeding and might therefore be a reason for not letting validity issues be arbitrated.  

4.3 UNITED STATES

Before 1983, the United States' courts continued to rule that patent validity and enforceability issues could not be arbitrated. Today it is one of the most liberal countries with respect to patent law and arbitration. The U.S. statute provides that any type of patent issue may be submitted to arbitration by explicitly stating “[a] contract involving a patent or any right under a patent may contain a provision requiring arbitration of any dispute relating to patent validity or infringement arising under the contract.” Basically all possible defenses to a claim under a U.S. patent may also be raised in the arbitral proceedings and decided by the arbitrators. However, the patent shall be presumed valid. The patent arbitration proceedings will be governed by the Federal Arbitration Act (FAA).

The effect of the arbitral award is manifested in the statute by the language “an award [...] shall be final and binding between the parties to the arbitration but shall have no force or effect on any other person”. United States can therefore be categorized as illustrative of my third category, namely a country that recognizes the award with inter partes effect. As mentioned above, at least Runesson in Sweden seems to have some concerns regarding the publicity issue. United States has solved this issue through a provision which states that the award is unenforceable until a notice of the award has been submitted to the United States Patent and Trademark Office (USPTO). The notice will then be included in the USPTO’s patent file and available to the public. The arbitration process exists primarily for the parties, but this system has also made sure that it serves a secondary state interest, viz. protecting the integrity of the patent grant process. The registration with the USPTO will also minimize the number of proceedings that can be brought against the patent, e.g., the licensee

83 Runesson, Licensavtalet, skiljeavtalet och immaterialrätten, p. 687.
cannot challenge the invalidity again in a court. However, the statute also promotes uniformity, by giving the parties an option to agree that the arbitral award will be modified where a competent court later makes a final judgment which determines the patent either invalid or unenforceable.

4.4 SWITZERLAND

Switzerland was one of the first countries to accept arbitration in relation to patent law and is today one of the most arbitration friendly states. The issue started to get recognition as early as 1945. At that time the Federal Supreme Court decided that the jurisdiction over patents which was reserved to the State courts was not exclusive. It was not until 1975 however, that the real breakthrough occurred. The Federal Office of Intellectual Property declared that arbitral tribunals are empowered to decide on the validity of intellectual property rights. The statement further concluded that an award would subsequently be recognized as a basis for revoking registrations.

The question of arbitrability is found in article 177 of the Swiss International Private Law Statute of 1989 (PIL):

“The dispute involving property may be the subject matter of an arbitration”.

The provision in PIL is a broad notion of arbitrability, providing any type of property, as long as it has a financial value, to be arbitrated. The Swiss Federal Tribunal has further stated, in a case from 1992, that article 177 PIL is of substantive nature, meaning that the question of arbitrability shall be regulated by lex arbitri, i.e. PIL. The opinion of the court clarified that it would be the governing law “irrespective of possibly stricter provisions contained in the lex causae or the national law of the parties”. The reason behind this conclusion

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92 Karnell, Patent och skiljedom, giltighets- och intrångsfrågor, p. 300 f.
93 35 U.S.C. § 294(c).
95 Blessing, Arbitrability of Intellectual Property Disputes, p. 201.
96 Briner, The Arbitrability of Intellectual Property Disputes with particular emphasis on the situation in Switzerland, p. 37 f. Chapter 12 PIL govern international arbitrations if the arbitral tribunal has its seat in Switzerland, while the Swiss Concordat govern domestic arbitrations. However, a provision in the PIL allows the parties to choose the Concordat instead of Chapter 12 PIL, even in an international arbitration. In regards to the matter discussed here, the choice does not really matter since both set of rules provide for the arbitrability of intellectual property disputes. Still, the focus will be on PIL since it rarely seems to occur that the parties choose the Concordat.
was to eliminate uncertainties related to the conflict of law method. A party may make an objection regarding this approach with the ground that the rendered award would not be enforceable when submitted to a foreign court, because that country would hold the subject matter inarbitrable. The Swiss court has approached this issue and declared that such an objection shall not be considered, either by Swiss courts or by an arbitral tribunal having its seat in Switzerland.97

Switzerland has thus empowered arbitral tribunals with the same authority as the national public authorities by permitting them to decide over all types of patent law claims, both infringement and validity. However, Switzerland has taken a rather unique standpoint by providing the arbitral awards with erga omnes effect. If the award is accompanied by a certificate of enforceability issued by a Swiss court with jurisdiction over the seat of arbitration, the decision will be entered in the federal intellectual property register according to article 193 PIL.98 The certificate provided by the competent court, does not involve a review of the merits of the award.99

This ICC award100 concerns an international dispute between a Japanese company and a (West) German company involving license agreements and patent rights. The Japanese company had entered into two license agreements with the German company regarding industrial patents. The contract in question contained a broad arbitration clause, which stipulated that the ICC rules should be applied on the procedure together with the Swiss Intercantonal Arbitration Convention of 1968 (Concordat)101 and that the seat of the arbitration proceedings should be Zurich, Switzerland. Regarding the question of which law should be applied to the dispute, the parties agreed on a dual settlement. Their contracts should be interpreted (i.e. contractual issues) according to Japanese law and the laws in force in the Federal Republic of Germany should be ap-

100 Interim Award in Case Nr. 6097 (1989), the ICC International Court of Arbitration Bulletin Vol. 4, Nr. 2, Oct 1993, p. 76-79.
101 The Swiss Concordat governed both domestic and international arbitrations before PIL was enacted. PIL entered into force on January 1, 1988. See e.g. Grantham, The arbitrability of International Intellectual Property Disputes, p. 188.
plied to the question of infringement of industrial property rights and any resulting legal and contractual consequences.  

The claimant, i.e., the licensor, alleged inter alia breach of contract and patent infringement by the licensee. The licensee claimed patent invalidity as a defense against the infringement allegations. In this interim award the ICC arbitration tribunal had to decide if the dispute could be arbitrated. There was an issue concerning both contractual and subject matter arbitrability. The former arbitrability issue was answered, after analyzing the issue, by the tribunal which inter alia stated that by having agreed on an arbitration clause with a very broad scope, the parties’ intention was that the dispute in its entirety was to be decided by the arbitral tribunal.

5.1 OPINION OF THE ARBITRAL TRIBUNAL

When deciding the arbitrability of the contractual claims, i.e., breach of contract and patent infringement, the tribunal considered Japanese and German law, as well as Swiss law. The arbitration panel noted that according to article 5 of the Swiss Concordat, these claims were capable of submission to arbitration. Neither Japanese nor German law restricted the parties’ ability to provide a tribunal with authority to decide these issues. The arbitration tribunal further declared that none of the last two applicable national laws above granted sole jurisdiction over such disputes to national courts of law. In the analysis it was declared that “the validity of arbitral jurisdiction over patent infringement cases is generally accepted under German law”. The conclusion drawn was thus that the tribunal had authority to rule on the contractual issues.

The defendant’s defense was largely based on the invalidity claim and the argument that the requirement of novelty was not met. When analyzing whether the tribunal itself could rule on the validity issue it considered the two applicable laws, Swiss and German law. It concluded that article 5 of the Swiss Concordat did not provide any obstacles against a positive answer to the presented question. However, it noted that the obstacles were to be found in laws in force in Germany, which were supposed to govern the patent issues. It discussed the provisions and principles under German law and declared that the law did not allow an arbitral tribunal to invalidate a patent. A patent must be recognized as valid unless it has been declared null and void by the specialized court or the

102 Interim Award in Case Nr. 6097 (1989), p. 76 f.
103 Interim Award in Case Nr. 6097 (1989), p. 76 f.
104 Interim Award in Case Nr. 6097 (1989), p. 78.
105 Interim Award in Case Nr. 6097 (1989), p. 78.
highest civil court. The tribunal however also called attention to the discussion among the legal scholars who criticized this restrictive view. The tribunal declared that it supported the view of the legal scholars. The arbitral tribunal finally came to the conclusion that it could decide the question of validity. It noted that the situation in this case was different somehow and that the broad arbitration clause, the Japanese principles in favor of arbitration and the parties’ intention to confer broad jurisdiction upon the arbitral tribunal would all be neglected by a contrary inference. Parallel proceedings, with a possible five year delay or even more, were not the intentions of the parties. The tribunal continued:

“The Arbitral Tribunal in this case shares [the view which is presented by the legal German scholars], but as already made clear, it in no way claims such jurisdiction; it merely believes itself to be entitled to confirm whether the Claimant can substantiate the allegations based on its patents despite Defendant’s objections, or whether Defendant can prove that the material covered by the patents in question was not in fact patentable.”

The arbitral tribunal supported its findings by stipulating what a patent owner may do with its patent; that he may transfer the rights to the same degree as those of any other property. Thus, there is no “legal obstacle that bars an Arbitral Tribunal […] to rule, as a preliminary matter, on the material validity of a patent”. Despite the fact that the tribunal from the above excerpt seems to be somewhat unclear on the status of the validity decision, whether it is binding inter partes or if it is only confirming, and thus rules on the issue as a preliminary matter, it decided that the arbitral tribunal may rule on the dispute in its entirety. The award’s last sentence, “it can arbitrate the issue raised by Defendant’s challenge […] and issue a ruling on this question that is binding inter partes” seems however to be an advantage of the former view.

5.2 REFLECTIONS ON THE AWARD
In respect to the first matter, i.e., infringement, it was a fairly uncomplicated case. The parties had selected German law to govern the patent issues and German law does not have any objections to letting infringement issues be the
subject of arbitration. For arbitrators sitting in a panel, it is usually desirable that their rendered award gets recognized and enforced by a national court in the country where enforcement is sought, which is why the tribunal in this case also considered all, of their knowledge, potential applicable laws. In my opinion that is a well-reasoned and recommended study since it prevents, as far as possible, enforcement issues. The tribunal thus, as a precautionary step, declared that neither Swiss nor Japanese law take a more restricted approach than Germany, before it gave its approval to allow the question of infringement to continue through to a material law analysis and stay the course of arbitration.

On the question of validity, my view is that the arbitral tribunal went too far in reaching its conclusion. Patent validity issues are not capable of being arbitrated under German law, because a specified court has been given exclusive jurisdiction in these matters. Even if this view is criticized by some scholars, the tribunal ought to have followed the law. Apparently the tribunal did not agree with the German approach and it obviously really wanted to decide this dispute. In my view the arbitral tribunal thus created its own jurisdiction. The arbitral tribunal should have ordered the parties to bring the validity issue to the decision-making power of the German Patent court, and addressed the remaining issues itself, after the court judgment had been rendered.

It is true that my proposition encourages parallel proceedings and parallel proceedings are not in the best interest of the disputing parties. The tribunal emphasized in its reasoning that such a bifurcation of jurisdiction would be contrary to the meaning and purpose of the arbitral proceeding in this case and the parties’ expressed intent.110 If you exclude the hopefully rare number of parties who only want to delay a process, parallel proceedings ought to always be contrary to the parties’ intention. However, I do not believe that the parties’ wish in this situation should transcend the law. The parties’ will is not decisive, but instead the state’s approach in this matter is. An arbitral tribunal has gotten its jurisdiction through the parties who have provided it with authority to rule in the actual matter, but this would mean nothing unless the states had recognized arbitration as a form of dispute resolution, including the arbitration agreement and the arbitral award.111 Thus, the power of the arbitral tribunal originates from the states who have surrendered their exclusive jurisdiction on dispute resolution in favor of the arbitral tribunal. By letting the parties’ intention prevail, i.e., by deciding something that the states have not waived their

110 Interim Award in Case Nr. 6097 (1989), p. 77.
111 Carbonneau, Cases and Materials on Arbitration Law and Practice, p. 739.
exclusive rights to, the arbitral tribunal will not only damage its reputation, but also threaten its existence.

6. ANALYSIS
In this section my considerations will focus on the advantages and disadvantages on each adoptable approach by discussing the policies behind arbitration and the presented arguments. The arguments often overlap in regards to their applicability upon the different approaches; however, from a pedagogical point of view, I believe that clear distinctions ought to be maintained which will explain the disposition in a particular case.

6.1 ALL PATENT ISSUES ARE INARBITRABLE
A country’s legislative body and/or courts will have to weigh the importance of reserving matters of public interest to the exclusive jurisdiction of the national courts against the interest in encouraging arbitration of patent issues. In order to legitimize this approach of complete invalidity per se, the arguments in favour of it must be stronger than the ones against it. Arbitration was created especially to meet the needs of the business world. The disputing parties’ consensual agreement is required before the door to arbitration opens and the door to litigation closes. Referral to arbitration is thus the result of a conscious choice of wanting inter alia a neutral, efficient, flexible, faster and inexpensive way of settlement with whatever expertise wanted in the proceedings. On the other hand there are essentially no specified arguments why patent issues should be inarbitrable. When considering the two positions, it is thus clear in my view that the arguments for the encouragement of patent arbitration are stronger.

6.2 PUBLIC LAW ISSUES ARE INARBITRABLE
One argument, favoring the two most restricted approaches currently in force in South Africa and in Germany and Sweden, is the argument that focuses on the monopoly granted by state officials. This argument is however fairly similar to the legal argument that focuses on the sovereign nature of the patent grant, which explains why the following reasoning can be applied to both these arguments.

States provide patents with exclusive rights in order to give the inventors economic incentives to invent. The underlying meaning of these two arguments is that since the state grants the exclusive rights, it should also be the state that relinquishes them. It is an understandable argument against allowing patent validity issues to be arbitrated. As presented, there are existing counter-arguments, which focus mainly on the fact that the licensor may freely dispose of the patent rights in several different ways and therefore should the licensor also
be free to empower an arbitral tribunal to rule on the issue of validity. However, to some extent, I do not agree with this counter-argument because I think that there is a difference between inter alia selling and licensing the rights to a third party, as compared to the invalidation process.

What the state does in the granting procedure is to empower the specific invention with exclusive rights. Thus, the rights are attached to the invented object or method, rather than attached to the inventor, who is merely the owner of the invention and the attached rights. Thus, it is all about where to put the focus, which in my meaning should be on granting the property with rights, as separated to granting the inventor with the rights. However, the scenario where the patent owner stops paying the annual fees and thus loses the rights through negligent or voluntary behavior is harder to distinguish, which is why the counter-argument is stronger in relation to this aspect. I cannot see which public policy reason would differentiate the situation where the patent rights are relinquished by the state, from the situation where the rights are voluntarily given up.

A negative aspect, which is found only in relation to this approach, is the fact that it does not encourage the speedier and more flexible process that arbitration is advocating. If the question concerning validity is brought up as a defense by the defendant, it will result in parallel proceedings in two different forums. The procedure will consequently be less efficient since the arbitral tribunal will have to stay its proceeding while waiting for the court’s decision. Unfortunately it seems likely to assume that the invalidity defense is raised in almost every infringement action, why this is a real concern.

It is hard to draw a line between the public and the private sphere. The drawing of such line could possibly, per se, be a public policy concern, which a pragmatic arbitral tribunal would not attempt to cross. Instead, the tribunal will try to find a way of fulfilling the wishes of the parties to resolve their dispute by arbitration, while at the same time avoiding the pitfall of appearing to usurp the powers of the state. It does not appear unusual that the arbitral tribunal steps around the pitfall by framing the involved issues and its resolution in a manner that prevents that. It has been discussed how arbitral tribunals have evaded validity issues by focusing on other aspects, such as the framing of the wording of the patent claim. If it is framed to contain a more narrow scope, the tribunal may find the accused infringer not guilty without having to touch upon the validity status of the patent. An apparent example on a pragmatic approach taken by arbitrators is the presented ICC case where the tribunal without claiming real power still decided that it was capable of considering
the issue of invalidity. These examples show that this approach is untenable. When both the disputing parties and the arbitrators want to avoid the scenario stipulated by law, it is clear that the approach is not in accordance with the development of the society.

6.3 INTER PARTES
The inter partes approach does not extend as far as the erga omnes approach and it stays within the boundaries of the jurisdiction of the arbitral tribunal, in that it does not affect a third party. One comment about the inter partes approach, in relation to allowing validity issues to be arbitrated as a preliminary matter like in Italy, is that the result from the two situations must be the same, apart from a res judicata effect in the earlier case. For this reason, both situations will be referred to as inter partes. I see no reason for not allowing inter partes and instead accepting a preliminary ruling on the issue. A preliminary decision will only encourage unnecessary proceedings between the same parties and thus eliminate the presented benefits of arbitration. The only reason why a country would adopt this approach would be because of the idea that a judgment rendered via litigation would be more reliable than one rendered via arbitration. This argument will be discussed further below.

In my view, only two relevant arguments exist against the inter partes approach. Firstly, the fact that the approach may still affect third parties. One existing potential situation is where a validity question is decided in favor of the licensee, who thus may be able to act in the territory designated for another exclusive licensee without breaching any contractual obligations. Secondly, this approach precludes uniformity. It gives rise to a strange and complicated situation where the patent of a licensor will be valid against some of the licensees but invalid against other licensees.

Lastly, I will respond to the consideration against the inter partes approach, raised by Runesson concerning the fact that the licensor and the licensee is not being treated alike. Runesson states that the licensee is getting two chances to try and invalidate the patent, firstly in an arbitral proceeding and then secondly in a national court proceeding. In my view, this reasoning would only hold if the country where the case is brought, does not allow a question of validity to be decided by arbitrators. In this situation, the national court might disregard the earlier rendered award and legitimize its doing upon the reason that the arbitral tribunal acted without jurisdiction. In all other situations, I assume that

112 Runesson, Licensavtalet, skiljeavtalet och immaterialrätten, p. 690.
a reasonable court would rule that it is incompetent to try the question either because it is an issue for an arbitral tribunal and therefore compel arbitration or because the issue already has been tried by a panel of arbitrators. Thus, if it is not a country like Germany or Sweden, a licensee will most likely not get a second chance. However, if it is a country that allows an issue of infringement to be arbitrated but not a question of validity, a licensor might receive a similar benefit. If the patent would be held invalid by the arbitral tribunal, the licensor would probably be able to get a declaratory judgment on the status of the patent, because the national court would most likely disregard the award for the same reason as mentioned above.

6.4 ERGA OMNES
The most solid argument in my view is the argument that focuses on the power of the arbitral tribunal. However, this argument aims only against the erga omnes approach, since this approach goes a step further than arbitration in general do. One of the basic features of arbitration is that the competence of the arbitral tribunal only affects the parties to the arbitration. The reasoning of the argument is thus that an arbitral award cannot go beyond that limit. I agree with the argument in that the elements of arbitration should not be extended, not even by legislation. In the long run, I am afraid that such extension would impair the importance of arbitration since it does not support arbitration, but instead something that goes beyond the arbitral framework.

Like the argument above, almost all of the conveyed arguments are reasonable in relation to the erga omnes approach. In my view, this is the most controversial approach. The argument that invalidity should not be decided privately because the public record of title serves to inform the public of the existence of exclusive rights, is only one of many examples of arguments against erga omnes. This concern can however be solved, as it has been done, for example, in Switzerland. Swiss law allows an arbitral award together with a court’s certificate to establish a right to remove the patent from the patent register, an action that thus removes the invalidity decision from the private sphere.

6.5 MISCELLANEOUS ARGUMENTS
One consideration, which is important to make before deciding or amending the approach taken on arbitrability, is the question of whether the country values being an attractive location for arbitration or not. A country with a narrow scope of inarbitrability will most likely be considered as a more attractive location for arbitrations, since the parties will be more certain of the fact that their arbitration agreement will be enforceable. Predictability is simply an important factor in the parties’ consideration of a suitable forum.
Another presented argument, which no longer is a tenable argument, is the one that presents a concern that arbitrators are not as appropriate as judges to decide patent or other IP issues. In this highly technical area I think that arbitration provides a very modern solution, by giving the parties an opportunity to choose an adjudicator with more specific experience and knowledge than a judge may possess. The questions raised are also of such a subjective nature that it is impossible to say who may decide them better or more appropriately, a person trained in law or a person trained in technology. Instead of being an argument against arbitration, it is in my mind, an element that the parties should get the benefit of deciding. They know their case best and thus are the best actors in deciding which knowledge that is more suitable in order to receive a fair outcome.

Confidentiality is a feature of arbitration, and if it would be a public policy argument it would be incompatible with arbitration in general. This argument can thus not only be upheld against IP or patent disputes. Also, the fact that an accused infringer might lose its defense because it could not afford producing evidence in favor of invalidity, is not merely a concern in patent disputes. Also as has been declared, there exists no evidence that this is actually the case, i.e. that the accused infringer usually is the party whom is least well-off. However, if this would be the case, a better way for the party would probably be to attack the arbitration agreement as either a contract of adhesion or a claim concerning invalidity of a consumer arbitration clause if a consumer is involved, instead of arguing that patent law disputes should be inarbitrable because of this presented reason.

6.6 CONCLUSION
There are arguments disfavoring all four presented approaches. No approach is perfect. Pros and cons must therefore be balanced against each other when reaching a conclusion on the most suitable approach. It is my conclusion that the most appropriate approach is the inter partes approach. It has disadvantages with the lack of uniformity but overall, it manages to serve the parties wishes as to why they selected arbitration without expanding the meaning of the forum, which I think the erga omnes approach wrongly does.

Although I recommend the inter partes approach, I do not think that the arbitral tribunals should use it merely for the reason that it is most appropriate. Neither the wish of the parties nor the arbitral tribunal ought to be followed exclusively; instead, the viewpoint of the country should be decisive and the arbitrators must adhere to the laws of that country. In this divided area, I would highly recommend an international concept of arbitrability to be ac-
cepted, however, in the meantime I hope that as many countries as possible would adopt the inter partes approach. It would help to minimize the problem concerning governing law of arbitrability and in its entirety provide a less time-consuming, inexpensive and more predictable process. Until then, it is incumbent on the parties to ensure that the arbitrators have jurisdiction according to applicable laws to adjudicate an award that will cure their dispute.

As for Sweden, my recommendation is to adopt the inter partes approach. It would accordingly be good to start a discussion on the issue as soon as possible, especially since it is not favourable to have a standpoint that is unclear and difficult to obtain knowledge about. Most likely, this affects Sweden’s attractiveness as a forum for arbitrations. An amendment, preferably in the Arbitration or Patent Act, would, therefore be recommended in order to provide a clearer system.