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## RESOLVING INTELLECTUAL PROPERTY RIGHTS DISPUTES THROUGH MEDIATION

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### ABSTRACT

Mediation serves as an Alternative Dispute Resolution (ADR) mechanism, where a neutral third party facilitates discussions between disputing parties, helping them reach a mutually agreeable solution. In November 2023, the European Union (EU) Intellectual Property (IP) Office conducted a conference during which one of the panellist judges asserted that no IP dispute is beyond mediation. Additionally, the EU established a mediation center specifically providing free mediation services to disputing parties. In contrast, India lacks such organization to facilitate mediation and other ADR mechanisms. However, the Indian legislature promotes mediation through the Commercial Courts Act, 2015 and the Mediation Act, 2023, aiming to raise awareness about ADR mechanisms beyond litigation. Currently, mediation in IP disputes in India is governed by pre-institution mediation as mandated under the Commercial Courts Act. The article explores the efficiency of mediation in resolving Intellectual Property Rights disputes and aims to highlight the challenges possessed by it. The author concludes the discussion by suggesting a review of existing IP legislation and mediation laws to establish a more robust ADR mechanism for IP disputes.

### SUCCESS OF MEDIATION IN RESOLVING CONFLICTS

Mediation serves as an essential dispute resolution mechanism, wherein an impartial third-party facilitates discussion between conflicting parties, guiding them towards a mutually agreeable resolution<sup>1</sup>. As per section 2(h) of the Mediation Act, 2023<sup>2</sup>, it encompasses various forms of mediation, including conciliation, online mediation and pre-litigation mediation. In recent years, mediation has emerged as a compelling alternative to resolving conflicts. Its advantages lie in its cost-effectiveness, efficiency, confidentiality, and preservation of long-standing relationships

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<sup>1</sup>SUPREME COURT OF INDIA,

<https://main.sci.gov.in/pdf/mediation/MT%20MANUAL%20OF%20INDIA.pdf>, (last visited July 7, 2024).

<sup>2</sup> Mediation Act, 2023, § 2(h), No. 32, Acts of Parliament, 2023 (India).

between disputing parties<sup>3</sup>. The ambit of mediation has expanded beyond domestic disputes to encompass complex commercial disputes such as, insolvency disputes and technical Intellectual Property Rights ("IPR") disputes.

At the recent European Union Intellectual Property Office Conference, 2023 ("EUIPO") a panellist judge asserted that no IPR dispute is beyond mediation<sup>4</sup>. This proclamation further extends the applicability of mediation as a conflict resolution mechanism, even in highly technical patent and trademark cases. The conference aimed to raise awareness about the benefits of mediation in Intellectual Property ("IP") disputes. In November 2023, the European Union established an IP mediation center to offer free services to disputing parties<sup>5</sup>. This initiative will contribute to making mediation a mainstream dispute resolution mechanism. Additionally, it will ensure cost-effective and speedy trial of the cases, further ensuring the right to access quality justice to the society.

Although, unlike Europe, India lacks a specific mediation center or organization to provide cost-effective and accessible justice to everyone, still there are cluster of cases where the judiciary has referred parties to pre-institution mediation, proving it to be an effective conflict resolution mechanism. For instance, the Delhi High Court endorsed mediation by allowing parties in the Campus Activewear Ltd. v. Asian Footwears Pvt. Ltd.<sup>6</sup>, which involved trademark dispute to opt for mediation. Moreover, not only judges but also parties, through their counsels, recognize mediation as an effective tool for accessing justice and voluntarily opt for it to resolve conflicts. Additionally, the Supreme Court of India appointed a mediator in the Sahara India Real Estate Corp. Ltd. vs. Securities and Exchange Board of India<sup>7</sup> (SEBI) case to facilitate mediation between the parties and help them reach a settlement agreement.

The Alternative Dispute Resolution ("ADR") mechanisms, including mediation, have been mandated in India as pre-institution mediation under section 12A of Commercial Courts Act, 2015<sup>8</sup> ("CCA,

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<sup>3</sup> ADR Times, *Mediation vs. Litigation: What is the Difference?*, ADR TIMES, (July 7, 2024, 11.48 PM), <https://www.adrtimes.com/mediation-vs-litigation/#:~:text=Litigation%20is%20often%20more%20formal,discussion%20rather%20than%20a%20presentation>.

<sup>4</sup> EUROPEAN POLICY FOR INTELLECTUAL PROPERTY DISPUTES, [https://epip2023.confer.uj.edu.pl/documents/152401432/153462333/EPIP\\_abstracts/99c8ee99-2d8e-44c1-8324-d5dd6d665342](https://epip2023.confer.uj.edu.pl/documents/152401432/153462333/EPIP_abstracts/99c8ee99-2d8e-44c1-8324-d5dd6d665342) (last visited July 7, 2024).

<sup>5</sup> EUROPEAN UNION INTELLECTUAL PROPERTY OFFICE, <https://www.euipo.europa.eu/en/mediation-centre>, last visited July 7, 2024.

<sup>6</sup> Campus Activewear Ltd. v. Asian Footwears Pvt. Ltd. CS (COMM) 177/2022 & I.As.4488/2022, 8384/2022.

<sup>7</sup> Sahara India Real Estate Corp. Ltd. vs. Securities and Exchange Board of India (SEBI), Civil Appeal No. 9813 and 9833 of 2011.

<sup>8</sup> Commercial Courts Act, 2015, § 12A, No. 4, Acts of parliament, 2015 (India).

2015"). The primary legislative intent behind this provision is to raise awareness about efficient dispute resolution methods beyond litigation. Litigation, with its formality, protracted nature, public exposure, and time-consuming processes, often burden the courts and leads to case backlog. Consequently, affecting the financial capacity of parties and their market reputation<sup>9</sup>. By promoting effective mediation mechanisms, Adjudicating Authorities can alleviate their workload, ensure timely case disposal, and deliver quality justice to all.

### **MEDIATION IN IPR DISPUTES: CHALLENGES**

In India, mediation is a voluntary process with both advantages and disadvantages. Unlike arbitration and litigation, the settlement through mediation is non-binding on the parties<sup>10</sup>. Additionally, there exists a significant power imbalance in mediation process, often favoring the terms of stronger parties in the Mediation Settlement Agreements ("MSAs"). There are several more shortcomings of mediation mechanism in Indian commercial disputes regime. *Firstly*, none of the IPR legislations in India i.e., Copyright Act, 1957<sup>11</sup>; Trademark Act 1999<sup>12</sup>, Patents Act, 1970<sup>13</sup> provide a concrete mediation procedure. The absence of specific ADR mechanisms under these legislations, create complexities in determining which cases shall be referred to mediation and understanding compliance procedures. *Secondly*, although the section 12A of the CCA, 2015<sup>14</sup> mandates pre-litigation mediation, it also provides exception, i.e., "other than the matters requiring urgent relief<sup>15</sup>". Unfortunately, there are several instances where this exception has been misused by parties. For reference, in the case of Chandra Kishor Chaurasia v. RA Perfumery Works Pvt. Ltd<sup>16</sup>., the Respondent tried to sought urgent relief by filing a civil suit against the Defendant without exhausting the pre-institution mediation remedy. *Lastly*, the Indian mediation regime faces a shortage of mediators who can effectively resolve and comprehend the technicalities of IPR disputes<sup>17</sup>.

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<sup>9</sup> ADR Times, *supra* note 3.

<sup>10</sup> GOLDSMITH CHAMBERS, <https://www.goldsmithchambers.com/wp-content/uploads/2020/06/Intro-to-Mediation-and-Other-ADR-Mechanisms-Note.pdf>, Last Visited July 8, 2024.

<sup>11</sup> Copyright Act, 1957, No. 14, Acts of Parliament, 1957 (India).

<sup>12</sup> Trademark Act 1999, No. 47, Acts of Parliament, 1999 (India).

<sup>13</sup> Patents Act, 1970, No. 39, Acts of Parliament, 1970 (India).

<sup>14</sup> Commercial Courts Act, § 12A (India).

<sup>15</sup> Ivana Ervacanin, *Mediation in Intellectual Property Disputes*, ZMP ADVOCATES, (July 8, 2024, 12:18 AM), <https://www.zmp.eu/mediation-in-intellectual-property-disputes/>.

<sup>16</sup> Chandra Kishor Chaurasia v. RA Perfumery Works Pvt. Ltd., FAO (COMM) 128/2021.

<sup>17</sup> Laila Ollapally, *Can mediation be used to resolve intellectual property disputes in India?*, BAR AND BENCH, June 27, 2024, 7:18 PM, <https://www.barandbench.com/columns/can-mediation-be-use-to-resolve-intellectual-property-disputes-in-india>.

There have been successful instances where mediation is proven as a potential ADR mechanism, as in the case of Capital Foods Pvt. Ltd. v. N.N. Food Production<sup>18</sup>, the dispute was resolved through pre-litigation mediation and the court passed MSA arrived by the parties. Similarly, in the cases of Microsoft corporation v. Rakesh Rajput<sup>19</sup>; HT media v. Adhir Kumar Saxena<sup>20</sup> and Vinod Snacks & Confectioneries v. Vinod Multifood Products<sup>21</sup>, the disputes were successfully resolved through mediation. The issues in these cases were related to simple IPR infringement such as copyright. In cases involving complex matters like trademark and patent infringement, mediation outcomes have not consistently favored the parties. For trademark disputes, mediators must consider minor similarities dissimilarities, and both relative and absolute grounds of refusal. Similarly, in patent infringement cases, mediators assess novelty, utility, inventorship, and market existence of prior art. Hiring mediators with technical expertise and thorough knowledge of IPR is significant to address these issues.

In order to expand the scope of mediation and incorporate it into complex IPR cases, a critical review of existing IPR legislation is necessary, along with the introduction of separate ADR mechanisms. Furthermore, to address discriminatory issues that may arise from mediation settlements, such as power-imbalances, parties can facilitate open and exhaustive communication. Additionally, compensating for negotiation skills such as providing efficient negotiators for both parties can help mitigate these challenges<sup>22</sup>.

### **EXISTING LEGAL FRAMEWORK & FUTURE TRENDS**

In Indian legislative regime, the ADR mechanisms gained prominence after the Supreme Court highlighted the significance of dispute resolution mechanisms and the kinds of matters which can be referred to arbitration and mediation in the case of Afcons Infrastructure Ltd. v. Cherian Varkey Construction Co. Pvt. Ltd.<sup>23</sup>. Furthermore, the existing legal frameworks in India i.e., the Mediation Act, 2023<sup>24</sup>; the pre-litigation mediation mandate in section 12A of CCA, 2015<sup>25</sup>; the ADR mechanism

<sup>18</sup> Capital Foods Pvt. Ltd. v. N.N. Food Production CS(OS) 3555/2014 & IA No.23097/2014.

<sup>19</sup> Microsoft corporation v. Rakesh Rajput, 2015 SCC Del 12703.

<sup>20</sup> HT media v. Adhir Kumar Saxena, 2015 SCC Del 11155.

<sup>21</sup> Vinod Snacks & Confectioneries v. Vinod Multifood Products, 2022 SCC Del 3436.

<sup>22</sup> A M Davis & R A Salem, *Dealing with Power Imbalances in the Mediation of Interpersonal Disputes*, NCJRS VIRTUAL LIBRARY, (July 8, 2024, 12:32 AM) <https://www.ojp.gov/ncjrs/virtual-library/abstracts/dealing-power-imbalances-mediation-interpersonal-disputes>.

<sup>23</sup> Afcons Infrastructure Ltd. v. Cherian Varkey Construction Co. (P) Ltd., (2010) 8 SCC 24.

<sup>24</sup> Mediation Act, 2023, No. 32, Acts of Parliament, 2023 (India).

<sup>25</sup> Commercial Courts Act, § 12A (India).

provided under section 89 of Code of Civil Procedure, 1908<sup>26</sup>; establish an extensive mediation mechanism for resolving disputes. In most commercial disputes; parties are required to engage in pre-litigation mediation as mandated by section 12A of the CCA, 2015<sup>27</sup>. Additionally, the section 5(1) of the Mediation Act, 2023<sup>28</sup>, stipulates that pre-institution mediation in commercial matters must align with CCA, 2015. Although, it is a mandatory provision, it provides for exception i.e., unless the matters require "urgent interim reliefs". The determination of the 'urgency' depends upon the facts and circumstances of the case and is subject to judicial scrutiny.

The Indian judiciary, while determining the genuine urgency of the IP cases, has granted urgent interim reliefs entreated at *ex parte* stage, allowing parties to be exempted from pre-institution mediation as adjudged in the case of Chandra Kishore Chaurasia v. RA Perfumery Works Pvt. Ltd.<sup>29</sup> Additionally, the Apex Court, in the case of Yamini Manohar v. TKD Keerthi<sup>30</sup>, emphasized that courts should assess the matrix, subject matter, cause of action and nature of the case before entertaining requests for urgent reliefs. The prayer for urgent interim reliefs must not be disguised and masked to wriggle out for the sake of using it as a general exception to exhaust the remedy of pre-institution mediation. This approach aims to prevent misuse of the exception provision in pre-institution mediation. The determination of the urgent interim reliefs in IP cases highly depends upon the case-to-case basis and it is at the sole discretion of judiciary to decide whether it is suitable to grant exemption. In the Yamini Manohar case<sup>31</sup>, the court denied to entertain the case for urgent interim relief on the basis of merits and examining the facts of case on the basis of three principles namely, prima facie case; irreparable harm and injury; and balance of inconvenience. This approach limited the scope for the exception further opening grounds for the use of ADR as an effective dispute resolution mechanism.

The main contention behind parties opting for such exceptions and loopholes is the lack of awareness about the effectiveness of ADR mechanisms such as mediation in resolving disputes. So, it is the responsibility of the Indian legislature, judiciary and National and State Legal Services Authority to spread awareness about the benefits of mediation and its effectiveness in reaching an alternative remedy. This will not only ensure that justice is served to each and every section of

<sup>26</sup> Code of Civil Procedure, 1908, § 89, No. 5, Acts of Parliament, 1908 (India).

<sup>27</sup> Commercial Courts Act, § 12A (India).

<sup>28</sup> Mediation Act, 2023, § 5(1), No. 32, Acts of Parliament, 2023 (India).

<sup>29</sup> Chaurasia v. RA Perfumery Works Pvt. Ltd., 2022 SCC Del 3529 : (2022) 295 DLT 276 : (2023) 93 PTC 445.

<sup>30</sup> Yamini Manohar v. TKD Keerthi, DHC:3086, 2023.

<sup>31</sup> *Id.*



society but also will help in generating interest of young lawyers and students in seeing a potential career as a mediator.

Internationally, jurisdictions like the United Kingdom and Australia have established extensive ADR mechanisms within their IP laws. For example, Australia's Copyright Act, 1968<sup>32</sup> includes comprehensive provisions for mediation in sections 169A<sup>33</sup> and 169B<sup>34</sup>. Moreover, section 169C of the Act,<sup>35</sup> specifies the terms of settlement agreements. In India, although there are several concrete mediation mechanisms, there is still room for improvement to make mediation a reliable ADR mechanism. In the context of other commercial disputes, such as insolvency and bankruptcy matters, the Insolvency and Bankruptcy Board of India (IBBI) formed an expert committee to review current laws and propose a comprehensive mediation framework<sup>36</sup>. Similarly, in technical areas like IPR, there is a need to revisit existing ADR mechanisms and introduce specific dispute resolution methods within IPR laws. These efforts can enhance the existing mediation frameworks and make them more comprehensive.

## CONCLUSION

Mediation is a dispute resolution mechanism that involves a neutral third-party facilitating discussions between disputing parties and help them reaching a mutual agreement. Recently, mediation has gained prominence, with various jurisdictions organizing workshops and conferences to raise awareness about its benefits. Notably, the European Union Intellectual Property Office (EUIPO) held a conference in October 2023, during which a panellist judge asserted that no IP dispute is beyond mediation. This interpretation has broadened the scope of mediation to include highly technical cases involving trademark and patent infringement, challenging the traditional view that mediation is effective only for simple copyright infringement cases. In India, the Mediation Act of 2023 requires commercial dispute mediation to align with the pre-litigation mediation provision mandated in the Commercial Courts Act, 2015. Despite its success, mediation faces challenges such as power imbalances, a shortage of IP expert mediators, and frequent failure to reach settlements. The exception for 'urgent interim relief' sometimes undermines mandatory pre-institution mediation.

<sup>32</sup> *Copyright Act, 1968 (Cth).*

<sup>33</sup> *Copyright Act, 1968 (Cth), § 169A.*

<sup>34</sup> *Copyright Act, 1968 (Cth), § 169B.*

<sup>35</sup> *Copyright Act, 1968 (Cth), § 169C.*

<sup>36</sup> INSOLVENCY & BANKRUPTCY BOARD OF INDIA, <https://ibbi.gov.in/uploads/whatsnew/1256aa8a9e2c89bd09d8186dae2e6019.pdf>, last visited July 8, 2024.

To address these challenges, there is a need for the Indian legislature to review the current IPR and mediation laws, examine the concrete applicability of the Mediation Act of 2023 in IPR cases, and establish an extensive mediation framework for highly technical IP disputes. Additionally, conducting mediation workshops to incorporate more IPR experts as mediators, similar to those conducted in the EU, would be beneficial. A similar study conducted by the Insolvency and Bankruptcy Board of India (IBBI) thoroughly examined India's insolvency laws and existing mediation framework, recommending a structured-mediation provision for insolvency cases. These studies not only aid in revising current legislation but also refine laws based on feedback from competent stakeholders. Furthermore, to mainstream mediation as a conflict resolution procedure, India should consider adopting an approach similar to Australian IP laws, which provide an extensive ADR mechanism for resolving conflicts in its IPR legislation.