Where ADR fits in IP disputes

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Litigation remains the default, but Indian courts are steadily moving IP disputes towards ADR. The useful question is no longer "mediation or arbitration?" but "which forum fits which layer of the dispute?"

For years, IP disputes were assumed to be unfit for arbitration. Patents, trademarks and copyrights are statutory monopolies enforceable against the world, which made them look like textbook rights in *rem* (against a thing), a category Indian law has long treated as non-arbitrable.

In the past decade, Indian courts have taken a more discriminating view. Not every IP dispute puts the monopoly itself in issue. Many are really disputes about what two parties agreed to do with it.

Where arbitration's boundary lies

The legal test. The anchor is *Booz Allen & Hamilton v SBI Home Finance (2011)*, which distinguished rights in *rem* (generally non-arbitrable) from rights in *personam* (against a specific person: arbitrable). A subsequent judgment of *Vidya Drolia v Durga Trading Corporation (2021)* refined this into a four-part test. Accordingly, a dispute is non-arbitrable if it:

1. Relates to actions in *rem*;
2. Affects the rights of third parties;
3. Concerns inalienable sovereign or public-interest functions of the state; or
4. Is non-arbitrable expressly or by necessary implication.

What is arbitrable. Disputes arising from private, inter-party obligations generally include licensing, franchise, co-existence and settlement agreements, and infringement claims rooted in a contract. Where a party's use of intellectual property has been permitted by way of an agreement, the manner of that use is a matter to be adjuciated by the tribunal.

1. *Eros International Media v Telemax Links India (2016)*; Bombay High Court held that a dispute over how licensed IP was used under a contract as arbitrable.
2. *Hero Electric Vehicles v Lectro E-Mobility (2021)*; Delhi High Court held that passing-off claims were arbitrable since they could not be separated from the contractual allocation of brand

usage and goodwill.
3. *K Mangayarkarasi v NJ Sundaresan (2025)*; the Supreme Court left the parties to pursue their claims before the tribunal in accordance with their arbitration clauses in two assignment deeds, even though the validity of those deeds was contested.

What is not. Validity, subsistence, rectification and cancellation of registered rights remain with the courts, as do pure infringement, passing-off and counterfeiting claims with no contractual anchor. These are the public dimensions of IP.

The middle ground: Interim relief. Sections 9 and 17 of the Arbitration and Conciliation Act permit courts and tribunals to grant injunctions and preservation orders before or during arbitration proceedings. In *Golden Tobie v Golden Tobacco (2021)*, Delhi High Court preserved the status quo, pending arbitration, in a trademark licence dispute, reaffirming that contractual trademark disputes are arbitrable even though the validity of a trademark is not.

Similarly, in *Preeti Bhutani v Goyal Publishers (2026)*, Delhi High Court set aside an arbitral order refusing interim relief under section 17 of the act in a copyright dispute, holding that the arbitrator failed to apply settled principles governing interim injunctions in IP disputes.

Mediation: The value of settling early

Traditionally, trademark prosecution revolved around a series of procedures from the filing of applications, oppositions and counter statements to evidence, hearings and orders, which can hold up brand launches and expansion plans, and can unsettle investors, thereby becoming detrimental from the point of view of a competitive market.

A quieter parallel track has been observed to be emerging. The mediation initiative of the World Intellectual Property Organisation (WIPO) and the office of the Controller General of Patents, Designs and Trade Marks (CGPDTM) channels trademark opposition and rectification matters away from contested registry proceedings.

1. It looks forward. It suits future business interests such as co-existence terms, geographic or goods-based restrictions and licensing, rather than redressing past wrongs.
2. It preserves relationships. Today's competitor may be tomorrow's distributor, partner or licensee.
3. It is confidential. Branding strategy, expansion plans and licensing terms are often at stake in a trademark dispute.
4. It is fast and economical. Disputes are resolved in weeks or months, against years of administrative proceedings and subsequent appeals.

The stress test: SEPs

Standard essential patent (SEP) disputes show both the promise and the limits of ADR.

The litigation picture. According to figures presented at the session, about 55% of SEP cases filed in India have concluded, and half of those were decided before trial. Only three have gone to trial: two involving Philips and one involving Ericsson.

Roughly 40 disputes covering more than 100 patents have been filed, most in the past three to four years.

Settlement at the interim stage takes two to three years on average because many issues branch out: the nature of interim relief, confidentiality and anti-suit injunctions. The Philips litigation, concerning DVD technology, was filed in 2010 and decided only after the patent term had expired.

Most SEP suits follow a licensee's unwillingness to negotiate or failure to make a counter-offer, and courts have laid down directions on when a party may approach them. Litigation also creates an interim arrangement that protects the SEP holder, and the pressure of proceedings pushes both sides towards resolution.

What courts are ordering. Courts increasingly prefer *pro tem* (for the time being) arrangements to outright injunctions: bank deposits or guarantees, and interim royalties calculated from global licences.

This pattern has appeared in the *Philips and Ericsson matters, and Ericsson v Best IT World (India)* led to negotiation of a global patent licence.

Court-set royalties typically rest on comparable licences, which requires confidentiality arrangements, and at the interim stage a mediated FRAND (fair, reasonable and non-discriminatory) or special arrangement between SEP holder and implementer is possible.

Competition law also plays a role: Chinese companies have approached the Competition Commission of India (CCI) alleging abuse of dominance, and where the CCI has ordered investigations, the High Court has allowed them to continue but barred the CCI from passing final orders.

What ADR can and cannot do. Arbitration cannot decide patent validity, essentiality or infringement, which stay with the courts. It works well once the parties agree on everything except the FRAND rate. Arbitrable issues include the FRAND rate itself, breaches of contract or confidentiality and interim arrangements with the implementer.

A real question remains: Can an arbitral panel set a FRAND rate without a deep economic

understanding of the licensor, the licensee and the relevant comparable licences? Arbitration offers legal sanctity, formal procedure and an enforceable award, yet ADR's potential in SEP disputes remains largely unexplored.

Pre-litigation mediation: A last resort

Pre-litigation mediation has so far been rare in SEP disputes, even though section 12A of the Commercial Courts Act makes it mandatory for commercial suits that do not seek urgent interim relief. Nokia Technologies is a notable exception as it availed itself of this provision, and its dispute was resolved within eight months.

More broadly, pre-litigation mediation is best understood as a critical preliminary gateway rather than just another method of dispute resolution. By institutionalising mediation before a lawsuit is filed, the legal framework encourages parties to treat litigation as a last resort rather than a default first step.

Unlike litigation, which is often adversarial and bound by procedural rules, pre-litigation mediation offers a flexible setting in which parties can explore mutually agreeable solutions. This early intervention prevents disagreements from escalating into costly, time-consuming court battles, and it preserves relationships that litigation might otherwise destroy.

In addition, any agreements reached in pre-litigation mediation can often be formalised into binding contracts or decrees, giving the parties inviolved a degree of legal certainty that most other ADR mechanisms do not offer.

Conclusion: A forum for each layer

India's IP-ADR landscape is no longer defined by exclusion. Courts safeguard the public dimensions of IP including validity, registration and rectification, while a fast-growing set of contract-centred disputes is finding a natural home in mediation and arbitration, from licensing, franchising and co-existence to cross-border collaboration and, increasingly, FRAND royalty setting.

1. Streamlined procedure. One neutral forum instead of parallel, inconsistent proceedings in several jurisdictions.
2. Privacy. Essential where trade secrets, licence terms or brand strategy are at stake.
3. Finality. Very limited grounds of challenge, unlike layered court appeals.
4. Party control. The parties choose the arbitrator, the seat and the rules of procedure.

There is one caveat. ADR mechanisms cannot deliver a public, precedent setting declaration, which only a court can grant.

Therefore, the question for rights holders is no longer “mediation or arbitration?”; it is “which forum fits which layer of the dispute?”

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