# IN CONVERSATION WITH DR. MICHAEL HWANG

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*This is the fifth part of a series of interviews that the Intellectual Property Students Association ("IPSA") has conducted with key players of the intellectual property ("IP") field in Singapore. These key players represent a diversity of views in the field of IP dispute resolution. The Singapore IP Strategy 2030 Report has highlighted that Singapore is currently seeking to strengthen its position as a dispute resolution hub for IP disputes.*[1] *The main purpose of these interviews is therefore to explore and discuss the various strategies that Singapore intends to employ towards advancing its goal as an IP dispute resolution hub.*

*On 18 November 2021, IPSA had the opportunity to interview Dr Michael Hwang SC, a Senior Counsel of the Supreme Court of Singapore and Chartered Arbitrator at the Singapore International Arbitration Centre ("SIAC"). He has over 50 years of practice experience and is a recognized expert in multiple areas of practice, including company, finance, banking, and most relevantly, IP law. As an accredited arbitrator of numerous international arbitration institutions, Dr Hwang has been involved in many arbitrations and mediations involving a host of countries in the Asia Pacific region and beyond. His experience makes him well-positioned to provide invaluable insights on the global arbitration landscape and its interactions with IP.*

## Q1: How do claims over IP rights arise as an issue to be decided in arbitration?

Dr Hwang noted that although parties usually submit to arbitration in the context of commercial contracts, the arbitration clause itself is often drafted in very broad terms. The typical way to draft an arbitration clause is that "any dispute arising under or arising out of this contract" shall be arbitrated. When the wording "arising out of" or "in connection with" is used, even a separate contract or tortious

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[1] Intellectual Property Office of Singapore, *Singapore IP Strategy (SIPS) 2030 Report*, (Singapore: Intellectual Property Office of Singapore, 2021), online: <https://www.ipos.gov.sg/docs/default-source/default-document-library/singapore-ip-strategy-report-2030-18may2021.pdf> (accessed 16 December 2021).

issue (typically an allegedly fraudulent misrepresentation inducing a contract) may be arbitrated so long as the issue is related to the contract containing the arbitration clause in some way.

Dr Hwang provided the following example: A manufacturer of branded goods may appoint a distributor cum licensee in a foreign country for his goods. If the distributer proceeds to register the trademark of the goods for himself in that foreign country, and this registration is impliedly or expressly prohibited by the contract, the matter may be resolved by arbitration if the contract includes an arbitration clause, although there may have to be a further application to court to remove the offending registration.

**Q2: Can parties arbitrate on IP disputes?**

Dr Hwang answered: "In principle, there should not be a barrier for IP rights to be heard by an arbitral tribunal." However, there was significant academic debate about whether IP rights are arbitrable. The traditional view in certain countries was that IP rights are not arbitrable. However, it is now broadly accepted that disputes relating to IP rights, like disputes relating to any other type of privately held rights, are arbitrable.[2] With regard to this concern, Dr Hwang commented that the only reason why many people think IP issues may not be arbitrated is that intellectual property rights are derived from public registries (e.g., trade marks and patents for registered designs). Many thus assume that related disputes should be resolved by these registries under the dispute resolution platform prescribed in the relevant legislation.[3]

Dr Hwang explained that this phenomenon of legal rights emanating from a registry is not unique to IP rights and can be observed in other areas of law. For example, land titles are derived from the Land Titles Registry. To resolve the apparent conflict, one simply has to look at the IP dispute in a different light, that is, as a breach of contract. This breach of contract could arise because one party

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[2] World Intellectual Property Organization, "Why Arbitration in Intellectual Property?", online: <https://www.wipo.int/amc/en/arbitration/why-is-arb.html> (accessed 18 December 2021).

[3] See e.g. *Trade Marks Act* (Cap 332, 2005 Rev Ed Sing), ss 22(5) and 23(5) which provide that an application for revocation or invalidation of registered trade mark "may be made either to the Registrar or to the Court."

wrongly registered a certain IP right. The claimant thus, in arbitration, seeks to obtain an order for the registered proprietor to remove his/her registered right from the registry. Dr Hwang observed that this is a more roundabout way of doing things but is certainly not impossible. In other words, while an arbitral tribunal cannot decide on the application for IP rights itself, they can decide on breaches of contract or even fiduciary duties.[4]

Commenting further on the current status of arbitrability of IP disputes, Dr Hwang noted that since 2001, Section 11 of Singapore's *International Arbitration Act* has stated that any dispute which the parties had agreed to submit to arbitration would be arbitrable unless it was contrary to public policy.[5] Thus, there was already a strong argument that IP disputes were arbitrable. However, in some countries, there is still adherence to the older view that IP disputes are not arbitrable.

In Dr Hwang's opinion, the term "public policy" is reserved for specific issues such as criminal and family law issues. In relation to the common law world generally, Dr Hwang noted "the tide seems to be moving slowly, [we] just have to wait for the decisions [which raise arbitrability as an issue] to come to the right courts before the right judges." Alternatively, jurisdictions that subscribe to the older view that IP disputes are not arbitrable may be inspired by Singapore's legislation to similarly change their own legislation so as to clarify that IP rights are indeed arbitrable.

Dr Hwang cautioned that differences in judicial opinion may pose issues. Like the *IAA*, the New York Convention provides that the enforcing court can refuse recognition and enforcement of an award when they find that such recognition or enforcement would be contrary to its public policy.[6] This may occur if a foreign award is sought to be enforced in a country where "public policy" is interpreted to include IP issues as well.

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[4] In partnerships or joint ventures (especially in the technology industry), it is often possible to find a fiduciary relationship between the partners or joint ventures of a company or a project. See *Turf Club Auto Emporium Pte Ltd v Yeo Boong Hua* [2018] 2 SLR 655 at [43] for an elaboration of when fiduciary duties may arise.

[5] *International Arbitration Act* (Cap 143A, 2020 Rev Ed Sing) [*IAA*].

[6] Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 10 June 1958, 330 UNTS 38, art V(2)(b).

**Q3: Have you seen any recent trends in arbitration with cases involving IP? What do you think are the reasons for these trends, and where do you think these trends are headed in the future?**

Dr Hwang shared three trends. Firstly, the general trend he noticed was that parties focus on contractual grounds of argument even though their cases involve a breach of IP rights. He proffered two reasons why this may be so. First, there is a category of cases which ostensibly involve IP rights but the issue in dispute is actually wholly contractual in nature. These include breaches of licensing and franchising agreements. A recent arbitration trend in Singapore is the rise in disputes on video game rights. Second, parties may use contractual arguments because it is difficult to fit their case within the traditional IP remedies classification, such as remedies of injunctive relief. Dr Hwang elaborated on a case regarding the building of chemical plants. During a pitch meeting, a specialist in designing chemical plants ("the Designer") had shared information on how to build a chemical plant with a prospective chemical plant operator ("the Operator"). The Designer and the Operator entered into a widely drafted non-disclosure agreement covering all information and plans disclosed to the Operator during and after the pitch meeting. Two years later, the Designer (i.e., the Claimant) learnt that the Operator had built a chemical plant that was almost identical to the plans shown and information disclosed to the Operator at and following that pitch meeting without permission. Initially, Designer wanted to rely on breach of the non-disclosure agreement to obtain an injunction to halt the building of two further plants which the breaching party had planned to build. However, the Designer decided that the practicalities of enforcing an injunction in China where the breach occurred were too difficult. In the end, it chose to pursue damages and the tribunal awarded the Designer *Wrotham Park* damages, that is, damages measured by such a sum of money as might reasonably have been demanded as a *quid pro quo* for relaxing the restrictive term breached.[7] The award of these damages may not have been possible in a traditional cause of action under IP law.

The second broad observation pointed out by Dr Hwang was that a contractual cause of action does not mean that the tribunal and/or advocates would invariably forget about the background IP context. He illustrated with a case where a property owner had commissioned a world-renowned

[7] *Wrotham Park Estate Co Ltd v Parkside Homes Ltd* [1974] 1 WLR 798.

architect to design and build a one-of-a-kind property. The commissioning agreement included an unorthodox clause providing that the architect would not duplicate this design for another building. A few years later, an arbitral claim was brought for alleged breach of this clause when the architect was in the midst of designing another project. Dr Hwang shared that in deciding on the factual issue of whether the new building would reproduce the key architectural features of the commissioned building, he had to turn to the law of copyright for guidance. Otherwise, there would not have been any disciplined basis and criteria on which to make the factual finding of reproducing the essential design of the original building. Eventually, the tribunal heard expert testimony from both parties' architects to identify the similar and different features of the existing building and the yet-to-be-constructed building (based on the building plans), not unlike the inquiry for copying in copyright law.[8]

Thirdly, Dr Hwang drew our attention to a specific procedural norm which is often used in IP and trade secret disputes. This was the use of a protocol called "attorney-eyes only." Under this protocol, where there is a request for either side to produce relevant documents which the requesting party does not possess, the tribunal can make orders to preserve the commercial or technical confidentiality of these documents. Parties will disclose documents to the other side only for the purposes of arbitration, and only to very limited persons such as the external attorneys and external expert witnesses.

[8] In copyright infringement, the court undertakes a visual comparison of the copyright work and the alleged infringing work, noting the similarities and the differences, to judge whether the particular similarities relied on are sufficiently close, numerous or extensive to be more likely to be the result of copying than of coincidence: see *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2000] 1 WLR 2416.

**Q4: A survey published in May 2021 reported that Singapore was tied with London as the top arbitral seat in the world.[9] In your opinion, how can an institution distinguish itself as an ideal seat for international arbitration for IP disputes?**

Dr Hwang pointed out that the reporting and classification of caseload was an important factor that influenced whether parties and their lawyers choose to arbitrate at any given arbitration institution (e.g. SIAC). This is particularly so where disputes are increasingly more niche and specific, such as cryptocurrency disputes. Tracking and providing separate datasets for IP cases as opposed to lumping them under broader classifications, such as contractual or commercial disputes, may provide effective guidance for parties choosing their dispute resolution forum.

**Q5: You are known for proposing innovative changes to arbitration rules and legislation. Do you think there should be any reform in Singapore with regard to international arbitration law and IP disputes?**

Dr Hwang assured us that "the good news is that the reforms have already come." Apart from adopting a narrower reading of the public policy prohibition, Part IIA of the *IAA* makes Singapore much more well-positioned to hear IP disputes.[10] Part IIA was introduced in 2019 and provides a self-contained regime where parties can arbitrate to resolve an IP rights dispute as long as they have some form of a contract in which they agree to arbitrate any IP rights disputes.[11] Dr Hwang noted that this Part also has the effect of overriding other IP dispute resolution legislation.[12] Dr Hwang commented that there is probably no other jurisdiction which has arbitration legislation which is comparable to the breadth of the provisions in Part IIA, which are very widely drafted.

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[9] K.C. Vijayan, "Singapore clinches top spot as preferred arbitration hub for first time: Survey" *The Straits Times* (10 June 2021), online: <https://www.straitstimes.com/singapore/courts-crime/singapore-clinches-top-spot-as-preferred-arbitration-hub-for-first-time> (accessed 18 December 2021).

[10] *Supra* note 5.

[11] *IAA*, 26B(1) provides that an IP rights dispute is capable of settlement by arbitration as between the parties to the IP rights dispute.

[12] *IAA*, s 26B(3).

**Q6: One of the highlighted objectives of the Singapore IP Strategy 2030 is to build and promote Singapore as an IP Dispute Resolution Hub. Do you have any suggestions on what else can be done by the relevant stakeholders to promote the arbitration of IP disputes in Singapore?**

Dr Hwang expressed that he is very impressed by the enthusiasm of the Intellectual Property Office of Singapore ("IPOS"), related government officials, and the IP bar in pushing Singapore to become an IP dispute resolution hub. Dr Hwang recognized that IPOS has been active in promoting this goal to the lay public and professionals working with IP. For example, IPOS has recently been running a series of webinars on how to interest qualified professionals in becoming patent examiners or patent dispute expert witnesses. Dr Hwang noted that the slots for these webinars were quickly filled up. He suggested that it may be a good idea to pause and assess how the public responds to existing efforts before embarking on further initiatives.

**Q7: What advice would you give to law students aspiring to practice in international arbitration?**

Dr Hwang's advice was to start by going through SIAC web archives for free webinars on arbitration cases and to sign up for the mailing lists of other arbitration institutions. He added that one "could spend many hours educating yourself [with resources] from all over the world if you are really determined." In addition, he recommended interested students to peruse *The Principles and Practice of International Arbitration* by Margaret L. Moses, which he thinks is a relatively accessible text for beginners but contains a wealth of helpful information expressed in clear and readable language.