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Prof. (Dr.) Veer Singh
Vice-Chancellor

From the Vice-Chancellor's Desk

It gives me great pleasure to present in the hands of our esteemed readers sixth volume of the NALSAR Student Law Review (NSLR), a publication that is entirely a student initiative. The NSLR was started with a view to encourage scholarship among students. It stands out as the flagship journal of NALSAR and is known for being a premier peer-reviewed journal for legal and interdisciplinary writing. It is intended to serve as a medium through which students can express their views on contemporary legal and other issues. The Law Review eschews specialization in favour of a credible and rigorously quality-conscious platform for original thought among students. The reason for emphasizing on it is my belief that Student Law Reviews are a characteristic of a leading law school and they represents a significant milestone in the academic growth of an educational institution.

The NSLR is a periodic review conceived, managed, edited and published by a Board of Student Editors who are selected through an annual test. It has an eminent Advisory Panel, comprising of noted academicians, members of the judiciary and renowned jurists. Under their able guidance, I believe, the Student Law Review shall achieve new heights and live up to the reputation, which the first few issues of the Law Review had generated. I am sure, the culture of academic research and promotion of insightful articles, which provide a multi-dimensional viewpoint on various aspects of law, which the Student Law Review represents would only grow with time.

On behalf of the Board of Editors and as the Patron of the Law Review, I extend my sincerest gratitude for your readership and support. I have no doubt that the sixth volume of the Journal, which includes contributions from students from across the country, covering a wide range of issues, shall live up to the high standards set in the previous issues and will prove invaluable to academics and practitioners alike. I wish the Student Law Review and the Editorial Board a great success in all their endeavours and hope that they will keep up their good work.

VEER SINGH

FROM THE FACULTY ADVISOR

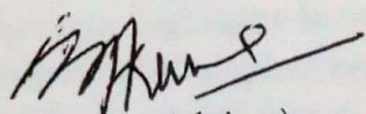
Nalsar Student Law Review is the University's flagship publication focusing on socio-legal, socio-political and socio-economic issues through a legal lens. NSLR was first launched in 2005 as a student initiative and was conceptualized to mirror the law school's commitment to student writing and research. Thus, its primary function is to provide a vehicle for academic publishing in the field of law by especially encouraging law students in this pursuit. And this aim we have construed broadly.

In its sixth year of existence, NSLR continued to provide a comprehensive platform to foster student scholarship. The editorial board significantly engaged with students at all levels - from reviewing research ideas, initiating serious research, to assistance in writing and familiarising with the Bluebook. 2010-11 was also the sophomore year of the Ashurst-NSLR Contract Drafting Competition. With a little over hundred entries showcasing the level of interest and commitment in the academics of transactional issues, this enterprise can be seen as highly successful for the editorial board and fruitful for the participants. Most importantly, it equips students with lifelong skills in *drafting*, which one may consider just another form of legal writing. This is one exceptional benefit of this carefully spun and scrupulously organised competition.

As law professor Erwin N. Griswold wrote of the *Harvard Law Review*: "Some people are concerned that a major legal periodical in the United States is edited and managed by students. It is an unusual situation, but it started that way, and it developed mightily from its own strength." Despite Griswold's confidence in student editors, criticism of this practice continues. Besides a few premier law schools, student-run law reviews are the exception rather than the norm. To dissuade this trend, the NSLR understands the significance of retaining its dual character as *for the students, by the students*.

Only through such commitment does NSLR stand as our *flagship journal*, in theory *and* practice. The editorial board thus carries an immense responsibility and challenge of taking forward the NSLR mettle and publishing exceptional student contributions selected over the year from a pool of manuscripts through painstaking selection, peer-review, editing and proofing. I have been privileged to share the editorial board's unrelenting efforts and values. I wish them the very best in the release of yet another fascinating compilation of student works in Vol. 6 of the NSLR.

Dr. Aruna B. Venkat



(Faculty Advisor)

EDITORIAL

The more sincere, the more dangerous; no marks were given for sincerity until the notion that there is more than one answer to a question – that is, pluralism – became more widespread.

Isaiah Berlin's value pluralism has overwhelming significance in scholarly pursuit. Value pluralism allows us to understand why someone, in given circumstances, would pursue different ideals. Relativism undercuts the notion of human understanding in advocating the policy of 'to each his own'; that if people pursued *A* or *B* goals, none could claim either to be right. On the other hand, Berlin's pluralism proposes finite objective values which humanity, while remaining human, can pursue whilst admitting the possibility that others could appreciate why such finite values exist and are sincerely pursued.

To the appreciation of these objective values, some common, some different, we dedicate each volume of the *Nalsar Student Law Review*. Living in these times of prolific finite values, means that we create spaces which allow for serious appraisal of varied thoughts. Every year at the NSLR is dedicated to this enterprise. Vol. 6 of the NSLR, brings together articles, notes and case comments on the most contemporary and contentious issues in the Indian and global context.

In an insightful note on Article 142(1) of the Constitution of India, Rajat Pradhan examines whether the frequent invocation of this inherent power of the Supreme Court is guided by any coherent policy or principle. The central inquiry is investigated through several examples to learn if an extraordinary ruling can be delivered in the guise of Article 142(1) in derogation of a statutory provision.

Divya Suwasini and Shreya Bose have ventured into exploring some of the critical issues facing the enforcement of arbitral awards in India whilst highlighting the fine distinction between jurisdiction for enforceability of foreign awards and the jurisdiction in challenging. This is done in a backdrop explaining the general arbitration scenario in India, its implications and future.

In his note *The Dichotomy of Law and Politics*, Arjun Kapoor brings out the difficulties in reinforcing the dichotomy in the public international law space especially when done by the International Court of Justice. He explores this issue in the light of the recent advisory opinion in *Kosovo*, drawing both from jurisprudence and international law principles.

Ajey Sangai's comment on the *Suchita Srivastava* judgement highlights how the Supreme Court of India frittered away a significant opportunity of strengthening the rights discourse in Indian Constitutional theory and especially in regards persons with disabilities. In another comment, Prateek Andharia critically examines the

landmark decision in *Iridium India Telecom*, which elucidates the Indian legal position on corporate criminal liability.

Krishnaprasad K.V. has contributed a note which responds to Vidhu Gupta's case comment on the seminal decision of *Bhatia International*, published in Vol. 5 of the NSLR. In reaffirming and elaborating upon arguments undercutting the *Bhatia International* ruling, the note traces developments like *Dozco India* which help examine the course of judicial intervention in international commercial arbitrations.

This year, Vol. 6 presents a special section on the *Niche Developments in Intellectual Property Laws*. Indeed, intellectual property is one area which has continued to be in line of the emerging legal fields and has maintained an enviably significant place in both the academic world as well as transactional world. Vol. 6 presents this dynamic confluence in its special section in a truly global context.

Garima Budhiraja's article discusses the concept of publicity rights for celebrities in a pro-media world. She foregrounds the basis and importance of celebrity rights in different jurisdictions while contrasting the development of celebrity rights as image rights protected under the aegis of intellectual property laws.

In a fascinating comparative analysis, Varun Vaish presents a discussion on the Copyright Modernization Act, 2010 of Canada and the Copyright (Amendment) Bill, 2010 of India to unearth their underlying legislative policies for harmonising municipal laws with the international obligations of the countries.

Vatsala Sahay makes a comparative study regarding the treatment of non-conventional trademarks for sounds and scents in the Indian, American and English jurisdictions arguing that the registration of such trademarks is a desirable development.

Finally, Swaraj Paul Barooah brings to fore the debate over Section 3(d) of Patent Act, 1970. He argues that the provision which has been under the scanner is legally tenable when viewed from the standpoint of the object and purpose of the TRIPS Agreement.

In continuing our policy of dedicating the annual issue to student authors, we hope that Vol. 6 is well received as an earnest contribution to the legal developments of our contemporary era. And thus we remain committed towards preserving Berlin's idea to foster pluralist values, and encouraging one another to understand and appreciate those different ideals we seek to pursue.

Shreya Atrey
(Editor-in-Chief)

IRONING OUT THE CREASES: RE-EXAMINING THE CONTOURS OF INVOKING ARTICLE 142(1) OF THE CONSTITUTION

Rajat Pradhan*

ABSTRACT

In the light of the extraordinary and rather frequent invocation of Article 142(1) of the Constitution of India, this note expounds a constructive theory of perusing Article 142(1) by the Supreme Court. The central inquiry seeks to answer the contemporaneous question of whether Article 142 can be invoked to make an order or pass a decree which is inconsistent or in express conflict with the substantive provisions of a statute. To aid this inquiry, cases where the apex court has granted a decree of divorce by mutual consent in exercise of Article 142(1) have been examined extensively. Thus the note also examines the efficacy and indispensable nature of this power in nebulous cases where the provisions of a statute are insufficient for solving contemporary problems or doing complete justice.

INTRODUCTION

An exemplary provision, Article 142(1) of the Constitution of India envisages that the Supreme Court in the exercise of its jurisdiction may pass such enforceable decree or order as is necessary for doing ‘complete justice’ in any cause or matter pending before it. While the jurisprudence surrounding other provisions of the Constitution has developed manifold, rendering them more concrete and stable interpretations, Article 142(1) is far from tracing this trend. The nature and scope of power contemplated in Article 142(1) has continued to be mooted imaginatively. Most recently, the Supreme Court battled with tracing the contours of this provision in *National Insurance Co. Ltd. v. Parvathneni*¹ and *University of Kerala v. Council of Principals of Colleges, Kerala*.² The need for concretising the import of Article 142(1) has arisen out of decisions which have failed to demonstrate a unifying philosophy of the Supreme Court in doing ‘complete justice’. The provision was

* IV Year, B.A. LL.B. (Hons.), Dr. Ram Manohar Lohiya National Law University, Lucknow. The author would like to dedicate this note to his grandfather, Justice (Retd.) O.P. Pradhan, without whose constant guidance and support, this note would not have been possible.

1. (2009) 8 SCC 785, at 786 (A bench of KATJU and GANGULY JJ., referred a question to the Chief Justice of India for constituting a larger bench, with respect to the scope of Article 142 and if it permits the Court to create a liability where none exists.).
2. (2010) 1 SCC 353, at 362 (A bench of KATJU and GANGULY JJ., expressed its different opinions on the constitutionality of judicial legislation under the Constitution. Five questions were framed by KATJU J. to be referred to the Chief Justice of India to constitute a larger bench, for an authoritative decision. The fifth question was framed in the nature and scope of Article 142 of the Constitution and whether it allowed the judiciary to legislate and/or perform the functions of the Executive of the State.).

pressed into aid for creating *de novo* grounds for a decision in *Leila David v. State of Maharashtra*³ and *Anil Kumar Jain v. Maya Jain*.⁴ On the other hand, similar pleas invoking Article 142 for waiving a statutory requirement were rejected in *Manish Goel v. Robini Goel*⁵ and *Poonam v. Sumit Tanwar*.⁶ An extraordinary, yet nebulous provision, Article 142's invocation has been fraught with uncertainty which indicates the need for examining its true import.

This note attempts to answer the contemporaneous question of *whether Article 142 can be invoked to make an order or pass a decree which is inconsistent or in express conflict with the salutary substantive provisions of a statute*. Part I of the note examines the nature and scope of Article 142 in the context of this issue. It identifies three sorts of case law which have answered this question with distinct approaches. Part II reconciles the conflicting decisions which have invoked Article 142 to develop a constrictive theory of doing 'complete justice' using this extraordinary power. Part III discusses the issue of creating a fresh ground of divorce as 'irretrievable breakdown of marriage' by convoluting the established procedure of divorce by mutual consent in the guise of Article 142. The conclusion reemphasises the need of developing a more balanced jurisprudence and case law surrounding Article 142 as a matter of good legal and judicial practice.

I. RESTRICTED, BROAD AND HARMONIOUS INTERPRETATIONS OF ARTICLE 142(1)

The open-ended interpretation of Article 142(1) rendered by the Supreme Court has raised a significant query of the possibility of invoking Article 142 in situations where a decision may fall foul of substantive provisions of a statute. The Supreme Court's approach to this issue can be identified as chronologically falling into three phases of restricted, broad and harmonious interpretations given to Article 142. All three phases contain dynamic case law trying to justify its approach and possible reach. The following sections preview the approaches developed in these three phases.

A. Restricted Interpretation

Article 142 of the Constitution received its first significant interpretation in a restricted, more balanced light. In *Prem Chand Garg v. Excise Commissioner, U.P.*⁷,

3. (2009) 10 SCC 337 (A three judge bench of the Supreme Court upheld the conviction for contempt which had been issued summarily in the exercise of Article 142 without following the mandate of § 14 of the Contempt of Courts Act, 1971).
4. (2009) 10 SCC 415 (In this case, the apex court granted a decree of divorce by mutual consent to the spouses even when the wife had withdrawn her consent. The fact that the wife did not intend to live with the husband prompted the Court to invoke Article 142 for granting a divorce decree in order to do what the justices saw as complete justice.).
5. (2010) 4 SCC 393.
6. (2010) 4 SCC 460.
7. AIR 1963 SC 996 [hereinafter *PC Garg*].

a Constitution bench was faced with the question of whether the Supreme Court could frame a rule or issue an order which would be inconsistent with any of the fundamental rights. GAJENDRAGADKAR, J. answered the question unambiguously as:

[T]hough the powers conferred on this Court under Article 142(1) are very wide, and the same can be exercised for doing complete justice in any case, this court cannot even under Article 142(1) make an order plainly inconsistent with the express statutory provisions of substantive law, much less, inconsistent with any Constitutional provision.⁸

This view was endorsed by a nine-judge Bench in *Naresb Shridhar Mirajkar v. State of Maharashtra*⁹ and was reiterated by a seven-Judge Bench in *A.R. Antulay v. R.S. Nayak*.¹⁰ This seemingly unambiguous and pragmatic declaration was amended and disputed in later judgements which signify a different approach to interpreting Article 142 of the Constitution.

B. Broad Interpretation

One of the first indications of a broad interpretation can be traced back to *K.M. Nanavati v. State of Bombay*.¹¹ Even as the case did not directly analyse the issue at hand, certain preliminary observations are insightful. SINHA, C.J. speaking for the majority held that Article 142 is the power to pass orders incidental or ancillary to the exercise of the power under Article 136, which gives the Supreme Court discretionary power to allow special leave to appeal from any judgment. The Court contrasting the phraseologies of Article 161, which gives the Governors power to grant pardons, reprieves, etc., and Article 142, held that:

Article 161 contains no words of limitation; in the same way, Article 142 contains no words of limitation and in the fields covered by them they are unfettered.¹²

In an eminent decision of a three-judge Bench decision in *Delhi Judicial Service Association v. State of Gujarat*¹³ the Supreme Court extolled its power to new heights by declaring Article 142 as a part of basic structure of the Constitution. K.N. SINGH, J. held that:

This Court's power under Article 142(1) to do 'complete justice' is entirely of different level and of a different quality. Any prohibition or restriction

8. *Id.* at 1003.

9. AIR 1967 SC 1, at 14-15.

10. (1988) 2 SCC 602.

11. AIR 1961 SC 112.

12. *Id.* at 122.

13. (1991) 4 SCC 406, at 452 [hereinafter *Delhi Judicial Service*] (The Supreme Court, inter alia, for the first time held that the power under Article 142 is a part of the basic structure of the Constitution).

*contained in ordinary laws cannot act as a limitation on the constitutional power of this Court...No enactment of Central or State Legislature can limit or restrict the power of this Court under Article 142 of the Constitution though while exercising power under Article 142 of the Constitution, the Court must take into consideration the statutory provisions regulating the matter in dispute.*¹⁴

Again, this line of argument was forthrightly forwarded in *Union Carbide Corporation v. U.O.I*¹⁵ even as the Constitution bench did not make any reference to the jurisprudence propounded in *Delhi Judicial Service*. The Supreme Court speaking through RANGANATH MISRA, C.J. added a rider circumscribing the power under Article 142 in the following manner:

*Prohibitions or limitations or provisions contained in ordinary laws cannot, ipso facto, act as prohibitions or limitations on the constitutional powers under Article 142...Perhaps, the proper way of expressing the idea is that in the exercise of the powers under Article 142 and in assessing the needs of 'complete justice'...take note of the express prohibitions in any substantive statutory provision based on some fundamental principles of public policy and regulate the exercise of the power and discretion accordingly.*¹⁶

Importantly, *Delhi Judicial Services* observed the restricted interpretation rendered in *Prem Chand Garg* and *A.R. Antulay* as obiter dicta and the principle of inconsistency with statutory provisions or fundamental rights as a limitation to the Constitutional power under Article 142 was said to be unnecessary.¹⁷

C. Harmonious Interpretation

A watershed development in Article 142 jurisprudence came with the five-judge bench decision in *Supreme Court Bar Association v. U.O.I*.¹⁸ The Court in this case rectified the error of *In Re, Vinay Chandra Mishra*¹⁹ by holding that the

14. *Id.* at 463 (emphasis supplied) (The interpretation of Article 142 as envisaged in *P.C. Garg* was diluted by the apex court. The rationale for the same was that as the issue involved in *P.C. Garg* was that of fundamental rights, the observations made therein as to the exercise of the power under Article 142 in relation to other provisions can have no bearing on subsequent cases (*see Zee Telefilms Ltd. v. U.O.I* (2005) 4 SCC 649, at 737)).

15. (1991) 4 SCC 584 [hereinafter *Union Carbide*] (The central question in this case was whether an offence can be compounded or the criminal proceedings be quashed by invoking Article 142(1) in case of a statutory prohibition to the contrary.).

16. *Id.* at 635 [emphasis supplied].

17. *Delhi Judicial Service*, *supra* note 13, at 462.

18. (1998) 4 SCC 409 [hereinafter *Supreme Court Bar Association*].

19. (1995) 2 SCC 584.

suspension of an advocate can only be done by the Bar Council of India under the Advocates Act and the Supreme Court cannot usurp this statutory power to suspend an advocate by invoking Article 142.²⁰ A.S. ANAND, J., speaking for the court held:

It, however, needs to be remembered that the powers conferred to the court by Article 142 being curative in nature cannot be construed as powers which authorise the court to ignore the substantive rights of a litigant while dealing with a case pending before it...Article 142, even with the width of its amplitude, cannot be used to build a new edifice where none existed earlier, by ignoring express statutory provisions dealing with a subject and thereby to achieve something indirectly which cannot be achieved directly.²¹

This indicates that Article 142 is available to supplement the salutary substantive law and not to supplant it. The opinion expressed by the apex court reconciles the restricted and broad interpretations of Article 142 thus:

The very nature of the power (under Article 142) must lead the court to set limits for itself within which to exercise those powers and ordinarily it cannot disregard a statutory provision governing a subject, except perhaps to balance the equities between the conflicting claims of the litigating parties by “ironing out the creases” in a cause or matter before it.²²

This interpretation of Article 142 (1) highlights the notion that although Article 142(1) is not abated by the statutory provisions, the same is an ancillary power and can be used when it is not expressly in conflict with the substantive provisions of law and when the Supreme Court is of the opinion that circumstances merit its invocation to avert miscarriage of justice.

II. RECONCILING ARTICLE 142(1) JURISPRUDENCE

A careful marshalling of the decisions invoking Article 142(1) reveals that this power has been employed by the Supreme Court for two purposes: *first*, to by-pass or to give a go-by to the procedural technicalities mandated by the statute; *second*, to bring finality to a cause or matter by invoking Article 142 at the time of passing a decree or making an order. Some commentators observe that Article 142(1) is

20. The Court suspended the license of a practising advocate who had been guilty of contempt of court, by invoking Article 129 read with Article 142 of the Constitution. The said punishment can only be given by the State Bar Councils and the Bar Council of India as mentioned in the Advocates Act, 1961. The Court in this case erroneously held *P.C. Garg* to be “no longer a good law”, however the error was later rectified by the court in *Supreme Court Bar Association*.

21. *Supreme Court Bar Association*, *supra* note 18, at 431-432.

22. *Id.* at 432.

only available for procedural purposes.²³ However, others are of the opinion that the provision has been practically raised by the Supreme Court to the status of a new source of substantive power.²⁴ On a careful perusal of case law it emerges that the power has been resorted to for both procedural and substantive purposes. In the first category are cases which demonstrate that adherence to procedural technicalities may have adverse results, and the same can be given a go-by by invoking Article 142.²⁵ In the second category are those cases where the apex court has passed appropriate orders to fill in the gaps where there is a vacuum in law.²⁶ The substantive use of inherent power by the Court has met with criticism from all quarters. This assumption of role of ‘super legislature’ or ‘super executive’²⁷ is observed as a transgression from the principle of separation of powers.²⁸ Thus, it becomes imperative to analyse the contours of Article 142 in both these circumstances to do ‘complete justice’ to this provision.

It is submitted that Article 142(1) does not confer a fresh source of power to the Supreme Court for creating new law nor does it create an independent basis of jurisdiction. The primary function of Article 142(1) is to help effectuate Articles 32 and 136 of the Constitution of India. Article 142(1) infuses life and blood in these two provisions by providing a mandate that the orders and decrees passed by the Court in pursuance of Article 32 or 136 (which are independent jurisdictions) or other jurisdictions (Articles 129, 131, 132, 133, 137, 138) shall be enforceable throughout the territory of India. This argument is further bolstered if we look at the positioning of Article 142 in the Constitution of India. The said provision appears in the Constitution after Article 32 and 136, i.e. the Constitution first confers jurisdiction on the Court through Article 32 and 136 and then provides a mechanism by which the letter of law pronounced by the highest Court is to be followed in spirit by enforcing it.

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23. See R. Prakash, *Complete Justice Under Article 142*, (2001) 7 SCC (J) 14, 16 (“Article 142 is an article which deals with procedural aspects and the two words ‘complete justice’ cannot enlarge the scope of the article.”).
 24. M.P. JAIN, *INDIAN CONSTITUTIONAL LAW* 262 (5th ed. 2008) (“The creative role that the Supreme Court has assumed under Article 142 of the Constitution is much wider than a court’s creative role in interpreting statutes and is plainly legislative in nature.”); G.P. SINGH, *PRINCIPLES OF STATUTORY INTERPRETATION* 26 (11th ed. 2008) [hereinafter SINGH, *PRINCIPLES*].
 25. *Laxmi Morarji v. Bherose Darab Madan*, (2009) 10 SCC 425, at 432-433; *Hidayatkhan Bismillakhan Pathan v. Vajjnath*, (2009) 7 SCC 506, at 513.
 26. *Vineet Narain v. U.O.I.*, (1998) 1 SCC 226, at 264; *B.P. Achala Anand v. S. Appi Reddy*, (2005) 3 SCC 313, at 329; *Prakash Singh v. U.O.I.*, (2006) 8 SCC 1, at 13. See also *Adithya Reddy, Judicial Activism or Overreach*, (2009) 6 SCC (J) 29.
 27. *Somnath Chatterjee, Democracy and Judiciary*, in *HIGH COURT OF MADHYA PRADESH, GOLDEN JUBILEE 1956-2006 – A REMEMBRANCE BY ADVOCATE GENERAL* 7, 8 (2007)
 28. SINGH, *PRINCIPLES*, *supra* note 24, at 279. Perhaps the proper way of exercising powers in this regard is that the Supreme Court can make a recommendation to the legislature as to the desired changes to be brought in law, and it is for the latter to act upon the same as was done in *Naveen v. Neelu Kohli* (2006) 4 SCC 558, at 578, 583. However, the prompt implementation of such recommendations is doubted.

The purpose of Article 142(1), which is of immense significance, is to do complete justice in any cause or matter pending before the Court. The phrase ‘complete justice’ signifies the possibility of invoking this provision in myriad situations.²⁹ Article 142(1) is a repository of unenumerated power which has been left ‘undefined and uncatalogued’ so that ‘it remains elastic enough to be moulded to suit the given situation.’³⁰ This inherent power of the Court signifies our commitment to justice as a nation.

As has been held by the Supreme Court, Article 142 is a power of equity which is wielded by the Court in appropriate circumstances³¹ i.e. where rigidity is considered inappropriate.³² This flexibility in Article 142 is not because of the supremacy of the Court, but due to the fact, that no matter how imaginative or vigilant law makers may be, it is not a rational expectation that it will frame a statute which is capable of answering all the future disputes. It is when *hard cases* arise that the demands of justice go further than what is already carefully settled by law or convention.³³ The spirit of our dynamic Constitutionalism ensures that the Supreme Court is not forced to fold its hands in despair, pleading its inability to pass necessary orders where the existing laws cannot tackle a dispute effectively.

In a nutshell, it can be said that Article 142 is that extraordinary arrow in the quiver of the Supreme Court, which is to be taken out, when the other arrows (powers) fail to resolve the dispute or the relevant statutory provisions provide no guidance in that regard. But when the Supreme Court is faced with bad law or conflicting laws, it must overrule those on *legal* and existent grounds rather than merely invoking Article 142 to render a desired result. Even though Article 142 keeps alive the natural law element in our Constitution, if this salutary provision is pressed to aid where contrary legal grounds exist and the Court overlooks those without explaining its rationale, Article 142 will be reduced to a self-serving principle. At times, the apex court has passed orders quoting phrases like “in the interests of justice” or “to do complete justice”, without making a reference to Article 142. In

29. Ashok Kumar Gupta v. State of U.P., (1997) 5 SCC 201, at 250.

30. Delhi Development Authority v. Skipper Construction Co., (1996) 4 SCC 622, at 634.

31. Sandeep Subhash Parate v. State of Maharashtra, (2006) 7 SCC 501; Ministry of Defense v. A.V. Damodaran, (2009) 9 SCC 140, at 147, 151.

32. Justice J.S. Verma, B.N. Datar *Centenary Endowment Lecture: New Dimensions of Justice*, (1997) 3 SCC (J) 3,4 (“The Constitution of India by Article 142 expressly confers on the Supreme Court plenary powers for doing complete justice in any cause or matter before it. Such power in the court of last resort is recognition of the principle that in the justice delivery system, at the end point attempt must be made to do complete justice in every cause, if that result cannot be achieved by provisions of the enacted law. These powers are in addition to the discretionary powers of courts in certain areas where rigidity is considered inappropriate.”).

33. See RONALD DWORKIN, *LAW’S EMPIRE* (1986).

such cases it is not clear whether the Supreme Court had invoked its inherent powers under Article 142(1) consciously or impliedly.³⁴ It becomes a quandary for the subsequent benches dealing with a matter arising out of such orders, as it is difficult to ascertain that in pursuance of which power was the order made.³⁵ This covert invocation of Article 142 is neither comprehensible nor just. Hence it is humbly submitted that whenever the Court deems fit to invoke its power under Article 142 the same should be made patent and legally perusable.³⁶

Thus, a word of caution needs to be formulated that Article 142 cannot be pressed into service to achieve something which is against the cardinal principles of well-settled law or the substantive law.³⁷ The judicial process is well developed to allow for overruling or disagreement but this must be done through the process itself and not by fiat of Article 142. For example, Article 142 cannot be used by a judge sitting in a two-judge Bench to pass directions, when the other judge disagrees to the same. It has to be exercised in concurrence by a majority of judges in a Bench.³⁸

The nature of this extraordinary power has been summed up in an exhaustive and authoritative manner thus:

*The plenary powers of this Court under Article 142 of the Constitution are inherent in the Court and are complementary to those powers which are specifically conferred on the Court by various statutes though are not limited by those statutes. These powers are of very wide amplitude and are in the nature of supplementary powers.*³⁹

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34. See RAJU RAMCHANDRAN & GAURAV AGARWAL, B.R. AGARWALA'S SUPREME COURT PRACTICE AND PROCEDURE 264 (6th ed. 2002).
 35. M.S. Ahlawat v. State of Haryana, (2000) 1 SCC 278, at 284 (A three judge bench of the Supreme Court assumed that the previous bench had issued the order of conviction under Article 142. For cases where the court impliedly invoked Article 142 without making reference to it, see Punjab & Haryana High Court Bar Assn. v. State of Punjab, (1994) 1 SCC 616, at 624 which was followed in the same manner in Rubabbudin Sheikh v. State of Gujarat, (2010) 2 SCC 200, at 209, 216; Shiv Pujan Prasad v. State of Uttar Pradesh, (2010) 1 SCC 517, at 520).
 36. For a similar view, see Indian Bank v. ABS Marine Products Pvt. Ltd., (2006) 5 SCC 72, at 87.
 37. Nahar Industrial Enterprises Ltd. v. Hong Kong & Shanghai Banking Corpn., (2009) 8 SCC 646, 707 (as adequate remedy was available in law the apex court declined to invoke Article 142); Delhi Development Authority v. Skipper Construction Co., (1996) 4 SCC 622, at 635 (it was held that even under Article 142 the court cannot reopen the orders and decisions of the courts which have become final); Rumi Dhar v. State of W.B., (2009) 6 SCC 364, at 372 (the Court held that in exercise of Article 142 it would not direct quashing of a crime against the society, particularly when the subordinate courts had made out a prima-facie case against appellants).
 38. Gaurav Jain v. U.O.I, (1998) 4 SCC 270, at 275-276 (Article 142 cannot be inconsistent with Article 145(5) which says that no judgment of the Court will be delivered save with the concurrence of the majority of judges).
 39. Supreme Court Bar Association v. U.O.I., (1998) 4 SCC 409, at 431.

III. INVOKING ARTICLE 142 IN MATRIMONIAL DISPUTES

Matrimonial disputes, specifically those of divorce by mutual consent are perhaps the best example to take our discussion forward in tracing the contours of Article 142. It directly deals with the issue of whether Article 142 can be pressed into aid for rejecting the mandate of a statutory provision. Section 13B(2) of the Hindu Marriage Act, 1955⁴⁰ mandates the grounds of divorce under Hindu law and it mentions the procedure for seeking a decree by mutual consent. The essential ingredient of sub-section (2) is that ‘both the parties (spouses) must apply to the Court not earlier than six months from the presentation of the divorce petition and not later than eighteen months after that date the petition may be heard and decree dissolving the marriage may be granted.’⁴¹ Thus, this ingredient contemplates two aspects: *first*, it provides a period of *interregnum* i.e. a minimum of six months and the maximum of eighteen months, which has been envisaged to enable the spouses to introspect before seeking divorce; *secondly*, it requires that the motion should be made by *both* the parties, at the time of presenting a petition of divorce and also at the time of divorce decree being granted.

Now, the question arises as to whether the procedure specified in Section 13B(2) of the Act is mandatory or directory in nature.⁴² Lately, a two-judge bench of the apex court in *Neeti Malviya v. Rakesh Malviya*⁴³ has referred this question to a three-judge bench, that whether the period prescribed in Section 13B(2) of the Act can be waived or reduced by the Supreme Court in exercise of its jurisdiction under Article 142 of the Constitution. In fact, the Supreme Court has previously invoked Article 142(1) to give a go-by to the procedure in Section 13B(2) of the Act in both situations of:

First, when the Court grants a decree of divorce by mutual consent or directs the subordinate Court for the same, by waiving the period of interregnum as mentioned in S. 13B(2) of the Act.⁴⁴

Secondly, when one of the parties has withdrawn the consent or revoked it within or after the period of interregnum as mentioned in Section 13B(2) of the Act.⁴⁵

40. The Hindu Marriage Act, 1955(Act No. 25 of 1955) [hereinafter the Act].

41. II S.A. DESAI (ED.), MULLA PRINCIPLES OF HINDU LAW 166 (20th ed. 2008).

42. A bare reading of the provision does not lead to any conclusion in this regard. Majority of the authors are of the opinion that the procedure prescribed is directory in nature and the Courts need not follow the same. For a contrary view, see RAMESH CHANDRA NAGPAL, MODERN HINDU LAW 255 (2008).

43. (2010) 6 SCC 413, at 417.

44. Anita Sabarwal v. Anil Sabarwal, (1997) 11 SCC 490; Anjana Kishore v. Puneet Kishore, (2002) 10 SCC 194.

45. Ashok Hurra v. Rupa Bipin Zaveri, (1997) 4 SCC 226; Anil Jain v. Maya Jain, (2009) 10 SCC 415.

By overstepping the statutory limitations contained in Section 13B(2) of the Act, the apex court has used its inherent powers for granting a decree of divorce by mutual consent, relying on the doctrine of irretrievable breakdown of marriage.⁴⁶ The position in this regard has been summed up by the Supreme Court in *Anil Kumar Jain v. Maya Jain*⁴⁷ as:

[A]lthough irretrievable breakdown of marriage is not one of the grounds indicated whether under Sections 13 or 13B of the Hindu Marriage Act, 1955, for grant of divorce, the said doctrine can be applied to a proceeding under either of the said two provisions only where the proceedings are before the Supreme Court. In exercise of its extraordinary powers under Article 142 of the Constitution the Supreme Court can grant relief to the parties without even waiting for the statutory period of six months stipulated in Section 13B of the aforesaid Act. This doctrine of irretrievable breakdown of marriage is not available even to the High Courts which do not have powers similar to those exercised by the Supreme Court under Article 142 of the Constitution...⁴⁸

Subsequent to this case, two unsuccessful attempts were made in *Manish Goel v. Robini Goel*⁴⁹ and *Poonam v. Sumit Tanwar*⁵⁰ to seek divorce decrees based on the supposed additional ground of irretrievable breakdown of marriage. The Supreme Court has also faced pleas for waiving the statutory period in Section 13B(2) of the Act, in exercise of powers under Article 142. It is submitted that waiving the cooling off period dismantles the procedure and theory developed in relation to grant of divorce decrees under Hindu law. The legislature in its wisdom has provided a

46. It means that the marriage ties have broken to the extent that the same are beyond salvage or repair, there being no chance of reconciliation between the parties. Irretrievable breakdown of marriage is not a recognised ground of divorce under the Act, but the same has been recognised by the courts for granting divorce. A three judge bench in *Naveen Kohli v. Neelu Kohli*, (2006) 4 SCC 558, at 578-579 acknowledging the recommendations of the 71st Law Commission Report, has appealed to the Legislature that the same should be made a ground of divorce. As a consequence of this decision the 18th Law Commission in its 217th report has further recommended the same. Cf. *Vishnu Dutt Sharma v. Manju Sharma*, (2009) 6 SCC 379, at 384 (A two judge bench of the Supreme Court refused to grant a decree for divorce on the ground of irretrievable breakdown of marriage, holding that it would be amending the Act which was the exclusive function of the legislature, and hence this two judge bench seemingly overlooked the earlier three judge bench decision).

47. (2009) 10 SCC 415 [hereinafter *Anil Kumar Jain*].

48. *Id.* at 423.

49. (2010) 4 SCC 393 (A highly qualified couple seeking divorce by mutual consent pleaded before the apex court to invoke Article 142, for the waiver of the minimum statutory period of six months as mentioned in § 13(B)(2) of the Act).

50. (2010) 4 SCC 460 (A couple whose marriage ran into bad weathers after 48 hours, approached the Court by filing a writ petition under Article 32 of the Constitution, and made a similar plea as mentioned in the above case).

period of interregnum as the severance of marital ties is a matter of grave import and the Court should interfere only as a last resort to grant relief. If *Anil Kumar Jain* is stretched to its logical conclusion, then it deprives the spouses of this waiting period, since it is possible that ‘the waiver of statutory period could be granted by the in the exercise of Article 142.’ Even if *Anil Kumar* is seen as a well reasoned invocation of the extraordinary power, it is imperative for the apex court to further clarify the grounds and conditions precedent as to when it can waive the minimum statutory period so that *Anil Kumar Jain* is not misconstrued as generating new grounds of law.

Furthermore, the exercise of extraordinary powers under Article 142 to grant divorce under Section 13B(2) of the Act when one of the spouses has withdrawn his/her consent in a bona-fide manner has been vehemently criticised by the learned author Kusum while opposing the decision of the two-judge bench in *Ashok Hurra v. Rupa Bipin Zaveri*⁵¹ as:

*While one is in complete agreement with the sagacity of the argument that there is no point in simply retaining a dead marriage, it is not easy to concede to an interpretation that a consent decree even after the consent has been explicitly withdrawn by one party can be passed in order to do ‘complete justice’...Can the Court invoke its special jurisdiction under Article 142 in a case where a party has committed a wrong which is not only a matrimonial wrong but an offence under the penal code as well...When Law and Equity are clearly against a party, the exercise of special jurisdiction by the court needs special care.*⁵²

It is interesting to point out that the offence of bigamy is compoundable only by the husband or wife of the person so marrying, with the permission of the Court. The Supreme Court in the aforesaid decision, while exercising its inherent power, compounded the offence of bigamy committed by the husband and instead granted him a premium by allowing a conditional decree for divorce. Subsequent to the decision, the aggrieved wife filed a curative petition⁵³ before a three-judge

51. (1997) 4 SCC 226, at 238-239 [hereinafter *Ashok Hurra*] (the Supreme Court granted a decree for divorce under § 13(B) of the Act even though the wife had withdrawn the consent for the same eighteen months after the petition was presented. The decree was conditionally granted on the ground of irretrievable breakdown where the Court took into account the fact that the husband had married a second time and had a child from this wedlock, during the subsistence of the proceedings in the Court (which is a punishable offence under § 494 of the Indian Penal Code as the offence of bigamy.) However the decree was made conditional that the same would be effective only when the husband paid the wife a certain sum of money.).

52. Kusum, *Matrimonial Adjudication Under Hindu Law, in FIFTY YEARS OF THE SUPREME COURT OF INDIA: ITS GRASP AND REACH* 245-246 (S.K. Verma and Kusum eds., 2000).

53. In a curative petition the Supreme Court in exceptional circumstances reconsiders its judgment, in the exercise of its inherent power. It is also called ‘second review by the Supreme Court’. The review can be

bench of the Supreme Court, but in view of the significant issues involved, the matter was referred to a Constitution bench. The petition failed, not on merits but on the ground that the correctness of orders of the Supreme Court could not be assailed under Article 32.⁵⁴ This decision is logically and legally untenable since the apex court did not consider resorting to Article 142 to prevent irremediable injustice in the second opportunity when it had curiously invoked Article 142 in the first instance for purportedly doing ‘complete justice’.

The Court in *Ashok Hurra* doubted the conclusion in *Sureshta Devi v. Om Prakash*⁵⁵ that the consent given by the parties filing a petition for divorce by mutual consent had to subsist till a decree was passed on the petition. When *Anil Kumar Jain* came to consider both these cases, it opined that ‘*the law as explained in Sureshta Devi case still holds good, though with slight variations as far as the Supreme court is concerned and that too in the light of Article 142 of the Constitution.*’⁵⁶

It may be relevant to summarize a more plausible interpretation of Article 142 vis-à-vis Section 13B(2) of the Act that the said power can be invoked to waive of the statutory period of six months, only when the spouses have been involved in litigation for a long period of time, which is more than the minimum or maximum limits of the cooling period, and the Courts (including the Supreme Court) have failed to bring about reconciliation between the parties. Secondly, with respect to the subsistence of consent of both the spouses, where one of the spouses has withdrawn their consent within or before the waiting period, Article 142 can be invoked by the Court to grant a decree of divorce by mutual consent only when the withdrawal of consent has been in a *malafide* manner.

CONCLUSION

CARDOZO J. writes: *judges have, of course, the power, though not the right, to ignore the mandate of a statute, and render judgment despite of it. They have the power, though not the right, to travel beyond the walls of interstices, the bounds set to judicial innovation by precedent and custom. None the less, by that abuse of power, they violate the law.*⁵⁷ This is an apt summation to the principle which must be observed when invoking the extraordinary power under Article 142. Indeed the

done only if the petitioner is able to show: (i) that there has been violation of principles of natural justice or (ii) where in the proceeding a learned judge failed to disclose his connection with the subject-matter or the parties giving scope for an apprehension of bias and the judgment adversely affects the petitioner.

54. *Ashok Hurra*, *supra* note 51, at 403, 416 (although the Supreme Court held that in the interests of justice a final judgment or order of the Supreme Court could be re-examined in the exercise of its inherent powers, in rarest of rare cases, even after a review petition under Article 137 had been dismissed.).

55. (1991) 2 SCC 25, at 31.

56. *Anil Jain v. Maya Jain*, (2009) 10 SCC 415, at 424.

57. BENJAMIN N. CARDOZO, THE NATURE OF THE JUDICIAL PROCESS 129 (2008).

justices have the option of exercising this power but the abuse of power will produce judgements falling foul of law and justice, as can be the fate of erroneous judgements rendered under any other jurisdiction of the Supreme Court.

Our Supreme Court in pursuit of justice knows no bounds, but in such pursuit it must not lose sight of principles of institutional integrity and judicial process. Of course, the application of law with pedantic rigour is neither just nor justifiable, yet the judicial process must be *mindful* of the existing legal principles while invoking principles of equity to strike a harmonious balance between the two. The absence of any Constitutional Assembly Debate on Article 142 (Article 112 of the Draft Constitution) indicates that the founding fathers wanted the powers under this article to remain open-ended, so as to enable the Supreme Court to develop its own jurisprudence. It is then timely for the justices to challenge, clarify and correct the prevailing jurisprudence on Article 142 which presents it as a nebulous, unfettered power. No salvage, other than an inward-looking exercise by the apex court and corrective case law can do justice in redeeming a purposive construction of Article 142.

ARBITRATION IN INDIA NOT FOR THE FAINT-HEARTED: ENFORCING FOREIGN ARBITRAL AWARDS

*Divya Suwasini & Shreya Bose**

ABSTRACT

The distinction between the jurisdiction for enforceability of foreign awards and the jurisdiction in challenging it is a blurred line. This distinction assumes critical importance in the light of significant issues to be explored in this note, such as whether the current structure of the conventions allows for the Challenging Jurisdiction of convention awards to be considered concurrent between the “territory where the award is relied upon” & the “territory where the award is enforced”; what are the current Challenging Jurisdiction as per the Arbitration and Conciliation Act & its interpretation as per the Indian judiciary, also accepting the inherent conflict between the rules and methods that various territory use to reach the final award; what is the effectiveness of the Indian Judicial System in accepting the binding effects of foreign arbitral awards? Discussing these issues, this note is an attempt to delve into the factors that retard the successful conclusion of arbitral process and enforcement of awards in India and highlights the urgency to eliminate excessive court intervention in order that the objectives of arbitration as a mode of alternative dispute resolution stand achieved.

INTRODUCTION

The litigious spirit is more often found with ignorance than with knowledge of law.

~ Cicero¹

The proliferation of international commercial disputes, usually involving several parties, is an inevitable by-product of the global economy. Litigation ceases to be an option in a country like India where delivering speedy justice is but a distant dream due to inordinate delays and backlogs that are characteristic of the Indian Judiciary. With more than 2500 bilateral investments in place, investors are frantically looking for international protection of their investments more specifically, in terms of an appropriate dispute settlement mechanism. Arbitration, an outcome of discontentment with the traditional rigid and adversarial court system, has emerged as a favourite choice of dispute resolution mechanism especially in case of cross-border disputes. The dramatic growth of international commercial arbitration in recent years in the Asia-Pacific region has been extraordinary. This reflects the rapid growth of international trade and commerce in this region as well as an increased

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1. I CICERO, DELEGIBUS vi (1928 ed.).

willingness of commercial parties to resort to international arbitration as a dispute resolution mechanism.²

Arbitration as a method of Alternative Dispute Resolution³ is not free from loopholes. Of late, this method of ADR has been a subject of criticism chiefly on account of difficulty in enforcement of arbitral awards. In this respect, the viability of arbitration as an efficient mechanism of dispute resolution has come under question. This note shall set out to examine the factors that affect the enforceability of foreign awards in India. Part I of the note is a primer on the Arbitration law in India. Part II discusses the scope of the term ‘international commercial arbitration’ in light of judicial interpretation. Part III discusses the meaning and scope of ‘court intervention’ in arbitral process and enforcement of foreign arbitral awards in India in light of the judicial interpretation or rather “intervention”. Part IV of this note is a critical analysis of the proposed amendments to the Arbitration and Conciliation Act, 1996 including suggestions to facilitate successful enforceability of foreign awards in India with the least amount of judicial intervention. The conclusion underscores the need to remove the hurdles in enforcing foreign awards in India by adopting suitable reforms both on statutory and judicial avenues on the lines of the suggested changes.

I. ARBITRATION LAW IN INDIA— A PRIMER

*Arbitration is a process used by agreement of the parties to resolve disputes. In arbitration, disputes are resolved, with binding effect, by a person or persons acting in a judicial manner in private, rather than by a national court of law that would have jurisdiction but for the agreement of the parties to exclude it. The decision of the arbitral tribunal is usually called an award.*⁴

Until 1996, the law governing arbitration in India was contained in mainly of three statutes: the Arbitration (Protocol and Convention) Act 1937, the Indian Arbitration Act 1940, and the Foreign Awards (Recognition and Enforcement) Act 1961.

The 1940 Act was the general law governing arbitration in India along the lines of the English Arbitration Act of 1934. Both the 1937 and the 1961 Acts were designed to enforce foreign arbitral awards (the 1961 Act implemented the New York Convention of 1958).⁵

2. See Kyriaki Noussia, *Arbitration Reform in Australia*, INT. ARB. L. R. 12 (2009) (This paper considers amendment in order to ensure that the Act provides a comprehensive and clear framework governing international arbitration in India, to improve the effectiveness and efficiency of the arbitral process and to adopt the best practice development in national arbitration law from overseas.).

3. Hereinafter ADR.

4. II HALSBURY'S LAWS OF ENGLAND 1201 (5th ed. 2008) (emphasis supplied).

5. The New York Convention of 1958, i.e. the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards, is one of the most widely used conventions for recognition and enforcement of

In order to modernize the outdated 1940 Act, the government enacted the Arbitration and Conciliation Act, 1996 (hereinafter the Act). The Act is a comprehensive piece of legislation modeled on the lines of the UNCITRAL Model Law on International Commercial Arbitration⁶. It repealed all the three previous statutes (the 1937 Act, the 1961 Act and the 1940 Act).⁷ Its primary purpose was to encourage arbitration as a cost-effective and quick mechanism for the settlement of commercial disputes.⁸

The 1940 Act covered only domestic arbitration and while it was perceived to be a good piece of legislation in its actual operation and implementation by all concerned - the parties, arbitrators, lawyers and the courts, it proved to be ineffective and was widely felt to have become outdated.⁹

The present Act is unique in two respects. First, it applies both to *international* and *domestic* arbitrations unlike the UNCITRAL Model Law, which was designed to apply only to *international commercial arbitrations*.¹⁰ Secondly, it goes beyond the UNCITRAL Model Law in the area of minimizing judicial intervention.¹¹

II. ‘INTERNATIONAL COMMERCIAL ARBITRATION: SCOPE OF THE ARBITRATION AND CONCILIATION ACT, 1996

The meaning and scope of the term International Commercial Arbitration assumes great importance in the context of the discussion on enforcement of foreign arbitral awards. This section analyses the term in light of contemporary judicial interpretation.

“International commercial arbitration” means an arbitration relating to disputes arising out of legal relationships, whether contractual or not, considered as commercial under the law in force in India and where at least one of the parties is— an individual who is a national of, or habitually resident in, any country other than India; *or* a body corporate which is incorporated in any country other than India; *or* a company or an association or a body of individuals whose central management and control is exercised in any country other than India; *or* the Government of a foreign country.¹²

foreign awards. It sets forth the procedure to be used by all signatories to the Convention. This Convention was first in the series of major steps taken by the United Nations to aid the development of international commercial arbitration. The Convention became effective on June 7, 1959.

6. Hereinafter UNCITRAL Model Law.

7. § 85, Arbitration and Conciliation Act, 1996 [hereinafter The 1996 Act].

8. Ashok Bhan, *Dispute Prevention and Dispute Resolution* (2005), available at <http://www.ficci.com/icanet/icanet/activity/annual-report.pdf> (last visited on 9 July 2011).

9. Statement of Objects and Reasons, The 1996 Act.

10. See UNCITRAL Model Law, art. 1.

11. S K Dholakia, *Analytical Appraisal of the Arbitration and Conciliation (Amendment) Bill, 2003*, 39 ICA’s ARB. QUAT. 3 (2005).

12. § 2(1)(f), The 1996 Act.

In the case of *R. M. Investment Trading Co. Pvt. Ltd. v. Boeing Co*¹³ the term “commercial relationship” came under consideration. The Supreme Court of India observed:

While construing the expression ‘commercial’ in Section 2 of the Act it has to be borne in mind that the Act is calculated and designed to subserve the cause of facilitating international trade and promotion thereof by providing speedy settlement of disputes arising in such trade through arbitration and any expression or phrase occurring therein should receive, consistent with its literal and grammatical sense, a liberal construction.

The Court further emphasized upon the activity that forms the structure of commercial relationships by noting that trade and commerce is not mere traffic in goods, but with modern dimensions coming into play, transportation, banking, insurance, stock exchange, postal and telegraphic services, energy supply and communication of information, etc., all form a part of commercial behavior and transactions. Applying the same logic, the Supreme Court ruled that a consultancy service for promotional sale is considered a commercial transaction and hence any dispute there under is of that nature.

III. ‘COURT INTERVENTION’: A HURDLE IN ENFORCEMENT OF ARBITRAL AWARDS

It is noted that one of the greatest advantages of international commercial arbitration is its cross-border enforceability. In other words, an award rendered in one country can be taken, with relative ease, to another country and be enforced. The principal source of this ease of enforcement is the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, which as on date has 145 signatory states, following the accession of Fiji to the treaty. The New York Convention provides for the recognition of all foreign arbitral awards provided they meet certain basic minimum standards (such as the award being in writing, and not contrary to public policy).¹⁴

This Convention provides for the validity of the arbitration agreement, recognition of their jurisdictional impact, and presumptive enforceability of arbitration law. Furthermore, it emphasizes the importance of integrity of national legal order by allowing the courts of a requested state to deny enforcement to an

13. AIR 1994 SC 11 36, at ¶ 12 (A two judge bench of the Supreme Court deliberated on whether consultancy service provided by appellant for promotion of Boeing was ‘commercial’ in nature.).

14. See Mark Beeley, *Arbitration in the Dubai International Financial Centre: A Promising Law, But will it Travel Well?* 12 INT. ARB. L. R. 1 (2009) (This paper discusses the reasons for the reluctance of western parties to seat their arbitrations in Dubai even after fulfilling certain basic standards. However, now with the advent of Dubai International Financial Centre Arbitration Law, western investors are more confident and familiar with arbitration in Dubai.).

award on the basis of ‘inarbitrability’ defense and public policy exception. The content of both the grounds is to be defined under the respective national laws.¹⁵

However, it has been witnessed that the enforcement mechanism in this method of alternate dispute resolution is plagued by what is known as ‘court intervention’. This is an expression frequently used in arbitration literature. The word ‘intervention’ however, does not appear appropriate as arbitration is a procedural mechanism based on the autonomy of the parties and recognized by law as an alternative way of resolving disputes.¹⁶ The courts role therefore should be limited to assist the arbitral tribunal to achieve the purpose of arbitration.

While it is accepted that the grounds for setting aside the award under the applicable law (*lex loci arbitri*) should be as narrow as possible, progress would be achieved if it were admitted that these grounds should be construed on the basis of Article V of the New York Convention, as provided by UNCITRAL Model law (Article 34).¹⁷

The most fundamental principle underlying the Model law is that of the autonomy of the parties to agree on the ‘rules of the game’. Such recognition of the freedom of the parties is not merely a consequence of the fact that arbitration rests on the agreement of the parties but also the result of policy considerations geared to international practice.¹⁸

Although, it has been established that Courts have the power to interfere with arbitral awards, if any award is against any statutory provision or is patently illegal or is violating the public policy of India, as was demonstrated in the more recent case of *Oil & Natural Gas Corporation Ltd. v. Saw Pipes (P) Ltd.*¹⁹, in our opinion, the principle of party autonomy should receive paramount consideration by the apex court, as excessive court intervention in the form of judicial review has retarded the dispute resolution.

National laws relating to arbitration could significantly affect the character of the arbitral process. These requirements would entail some form of judicial review of the merits of the arbitral awards at the enforcement stage.

15. See generally A VAN DEN BERG, THE NEW YORK CONVENTION OF 1958 (1982).

16. RICHARD B.LILLICH & CHARLES N.BROWER (EDS.), INTERNATIONAL ARBITRATION IN THE 21ST CENTURY: TOWARDS “JUDICIALIZATION” AND UNIFORMITY, 12th SOKOL COLLOQUIUM (1992).

17. *Id.*

18. M. Hoellering, *The UNCITRAL Model Law on International Commercial Arbitration*, 20. INT’L LAW 327, 338 (1986).

19. AIR 2003 SC 2629 [hereinafter *Saw Pipes*].

In India, *first*, such court intervention is facilitated under Part I of the Arbitration and Conciliation Act, 1996 which applies to arbitration conducted in India and the awards thereunder; whereas Part II provides for enforcement of foreign awards and has further been sub-divided into two distinct chapters. Chapter one deals with the Awards as regulated by the New York Convention; defined as per Section 44 of the Act.²⁰ Chapter two deals with Awards as regulated by the Geneva Convention; section 53 of the Act covers it.²¹ The arbitration conducted in India and the enforceability of such awards (whether domestic or international) fall in the category of the Part I whereas the enforceability of foreign awards in India, based on the guidelines laid down in the New York Convention or the Geneva Convention is dealt with in Part II of the Act, 1996.

Secondly, the challenges posed on the grounds that the award in question is in conflict with ‘public policy’, as will be demonstrated in later parts of this note, is increasingly becoming an avenue for judicial intervention in arbitral process.

The enforcement statistics for arbitral awards in the High Court and Supreme Court for the period of 1996 to 2003 reveal that 29.41 percent of challenges on the ground of ‘jurisdiction’; 17.64 percent on the ground of ‘public policy’; 17.64 percent on ‘technical grounds- petition to be made under Section 48 and not Section 34).²² Thus, the present status of enforcement of foreign arbitral awards may be safely attributed to excessive court intervention.

Both the afore-mentioned instances of court intervention are sought to be examined *infra* in an attempt to establish that arbitral process in India is fraught with delay due to such intervention.

20. § 44 of the Act provides that: “...unless the context otherwise requires, “foreign award” means an arbitral award on differences between persons arising out of legal relationships, whether contractual or not, considered as commercial under the law in force in India, made on or after the 11th day of October, 1960—(a) In pursuance of an agreement in writing for arbitration to which the Convention set forth in the First Schedule applies, and (b) In one of such territories as the Central Government, being satisfied that reciprocal provisions have been made may, by notification in the Official Gazette, declare to be territories to which the said Convention applies...”

21. § 53 of the Act states that: “...“foreign award” means an arbitral award on differences relating to matters considered as commercial under the law in force in India made after the 28th day of July, 1924,—(a) In pursuance of an agreement for arbitration to which the Protocol set forth in the Second Schedule applies, and (b) between persons of whom one is subject to the jurisdiction of some one of such Powers as the Central Government, being satisfied that reciprocal provisions have been made, may, by notification in the Official Gazette, declare to be parties to the Convention set forth in the Third Schedule, and of whom the other is subject to the jurisdiction of some other of the Powers aforesaid, and (c) in one of such territories as the Central Government, being satisfied that reciprocal provisions have been made, may, by like notification, declare to be territories to which the said Convention applies, and for the purposes of this Chapter an award shall not be deemed to be final if any proceedings for the purpose of contesting the validity of the award are pending in the country in which it was made...”

22. Sumeet Kachwaha, *Enforcement of Arbitration Awards in India*, 4 ASIAN INT. ARB. J. 81, 5 (2008).

A. Enforceability of/Challenging Foreign Awards

It is submitted that the distinction between the jurisdiction for enforceability of foreign awards and the jurisdiction for challenging a Foreign Award is a blurred line. With respect to enforcement of foreign awards, Article 3 of the New York Convention states that Foreign Awards are “binding as per the rules and the procedure of the territory where the award is relied upon.” Article 5, on the other hand, lays down the grounds under which the Recognition & Enforcement of an award may be challenged or refused. The Indian Act has identified the role of the Foreign Territory in the finality of the Challenging Jurisdiction in Section 48 clause 1 sub clause (e) of Part II of the Act - *if the Judgment Debtor as per the Award shows that the Award is not final, the court of the enforcing jurisdiction may refuse the enforcement of the Award.*

The above mentioned distinction between the Challenging Jurisdiction & the Enforcement Jurisdiction leads us to ask the following questions: Whether the current structure of the conventions allows for the Challenging Jurisdiction of convention awards to be considered concurrent between the “territory where the award is relied upon” & the “territory where the award is enforced”? What are the current Challenging Jurisdiction as per the Act & its judicial interpretation? Given the inherent conflict between the rules and methods of arbitral process across various territories, how effectively has the Indian judiciary enforced foreign awards or alternatively, responded to challenges to the binding effects of foreign arbitral awards?

As per the New York Convention and the Geneva Convention²³, while enforcing an award, the courts in the enforcing territory have no jurisdiction to entertain any challenge to the binding nature of Convention Awards due to an obligation on enforcing territories to recognize the enforcement of such arbitral awards. The grounds for challenging an arbitral award may be different between two different countries. However, this does not give rise to concurrent jurisdiction of courts in the enforcing territory. A plain reading of the scheme & provisions of the Act leads to the conclusion that such concurrent jurisdiction is discouraged in case of Convention Awards.

An analysis of cases under the Indian judiciary proves that the Indian approach to the enforceability of foreign arbitral awards is fraught with many shortcomings. This note analyses cases viz. *Bhatia International v. Bulk Trading S.A. and Anr.*²⁴,

23. Hereinafter Conventions.

24. (2002) (4) SCC 105 [hereinafter *Bhatia*] (A three judge bench of the Supreme Court held that an ouster of jurisdiction cannot be implied but expressed. Provisions of Part I of the Arbitration and Conciliation Act, 1996 are applicable also to international commercial arbitration which take place outside India unless the parties by agreement express or impliedly excluded it or any of its provisions. Such an interpretation does

*Inventa Fisher Gmbh & Co v. Polygenta Technologies*²⁵, *Saw pipes case*, *Venture Global Engineering v. Satyam Computer Services Ltd*²⁶ and *McDermott International Inc v. Burn Standard Company Ltd*.²⁷ in order to highlight the excessive judicial intervention in arbitral process, which frustrates the very purpose of the Act.

In *Bhatia*, the parties to a multi territorial contract chose to settle their dispute through arbitration according to the rules of International Chambers of Commerce, Paris; the seat of the arbitration being Paris. The foreign party being concerned with the enforceability of Non-Convention Awards i.e. those awards not recognized for enforcement under Part II of the Act, applied to Indian courts for interim measures based on an interim award to secure the property of the Indian party to the Arbitration. The Indian party filed an objection to the application since the seat of the arbitration was in Paris and under the New York Convention there were no provisions to allow interim measure until an arbitration is held under either Convention. The Honourable High Court rejected the above plea, which was upheld by the Honourable Supreme Court. In brief, the Supreme Court of India held that Part I of the Arbitration and Conciliation Act, 1996, which gives effect to the UNCITRAL Model Law by conferring power on an Indian court to grant interim measures despite that the arbitration was held outside India. This decision of the Supreme Court has received severe flak from scholars and legal luminaries. It has also been argued that the statement of law in *Bhatia* did not bring Convention Awards under Part I. It was this view that was argued before the Honorable High Court of Bombay in the *Inventa* case where the arbitration agreement was executed in Bombay but the arbitration was to be seated in Geneva as per the ICC rules.

In the context of this discussion, it is important to understand the meaning of the term ‘foreign award’. As per section 44 of the Act a foreign award is one which is made by means of an arbitral award on or after 11th October, 1960 in pursuance

not lead to any conflict between any of the provisions of the Act. Thus, art. 23 of the ICC Rules permits parties to apply to a competent judicial authority for an interim and conservatory measures. Therefore in such cases an application can be made under § 9 of the said Act.).

25. (2005) (2) Bom CR 364 [hereinafter *Inventa*] (A single judge bench of the Supreme Court discussed the issue whether the award, which has been made at Switzerland can be challenged by filing an application under § 34 of the Act in India. The court held although Indian law governs underlying contract, the law of arbitration and the procedural law was Swiss law.).
26. (2008) (1) Arb. LR 137 (SC) [hereinafter *Venture Global*] (This two judge bench held that in case of international commercial arbitrations held out of India, provisions of Part-I would apply unless the parties by agreement express or implied, exclude all or any of its provisions.).
27. (2006) 11 SCC 181, at 211 [hereinafter *McDermott*] (The two judge considered (i) whether an arbitrator has the jurisdiction to make a partial award which is the subject matter of challenge under Section 34. (ii) The court also held that additional Award under Section 33 (4) of Indian Arbitration Act, 1940 was not vitiated in law and that Section 33 (4) empowers Arbitral Tribunal to make additional awards in respect of claims already presented to Tribunal.).

of a written agreement for arbitration, made in a territory notified by the Central Government. Convention awards are applicable only if they are not classified as domestic awards. This further makes the ruling as per the *Bhatia* case difficult to reconcile with a plain reading of the statute. If domestic awards are defined as not foreign award and foreign awards are not domestic awards, the definition of both foreign awards and domestic awards falls short. The scheme of enforcement under the two Parts of the Act requires a distinction to be made between the two awards. Domestic awards that are made a subject matter of disputes in India as per Section 34 of the Act can be enforced as if it were a decree of an Indian Civil Courts as per Section 36 of the Act. Foreign Awards are executable as a decree of a foreign court. Foreign awards are executable subject to the existence of a reciprocal arrangement between the territories concerned as allowed by section 44A of the Code of Civil Procedure, 1908. It is important to note that location is not the only relevant criteria in defining a foreign award.

Whether a foreign award falls within the scope of Indian law thereby invoking Part I of the Act is critical in determining its force and effect in India this issue mostly arises in international commercial arbitration as defined by section 2 (1) (f) of the statute and not convention awards. This was discussed in detail by the Honorable High Court of Gujarat in *Nirma Ltd. v. Lurgi Energie Und Entsorgung GMBH, Germany*.²⁸ Further, in the case of *Trusuns Chemical Industry v. Tata International Ltd*²⁹, High Court of Gujarat held that Section 34 of the Act shall not apply to Convention Awards.

It is important to note that in several recent cases³⁰, where the agreement involved a foreign party, the apex court has reinforced the ratio laid down in the *Bhatia* case and held that “the provisions of Part-I of the Arbitration and Conciliation Act, 1996, would be equally applicable to International Commercial arbitrations held outside India, unless any of the said provisions are excluded by agreement between the parties expressly or by implication.”³¹ Such cases demonstrate the propensity of the Indian courts to interfere with domestic as well as foreign arbitral awards. While this risk cannot be eliminated, it is possible to include provisions in the agreement to arbitrate aimed at mitigating this risk.

Thus, it is not important whether the terms of challenge under section 34 of the Act and section 48 of the Act are the same. The legal presumption that a foreign

28. AIR (2003) GUJ 145 [hereinafter *Nirma*] (A two judge bench of the Gujarat High Court identified two issues (a) Whether the Indian Court would have jurisdiction to entertain an application for setting aside the impugned partial award? and (b) Whether an application to set aside the impugned partial award was maintainable under § 34 of the Act?).

29. AIR (2004) GUJ 274 (Single judge of Gujarat Court decided whether the Court had territorial jurisdiction).

30. *Venture Global Engineering v. Satyam Computer Services Ltd*, (2008) (1) Arb. LR 137 (SC).

31. *INDTEL Technical Services Pvt. Ltd. v. W.S. Atkins PLC*, (2008) 10 SCC 308.

award is valid and binding upon receipt by the correct authority in India is relevant to this discussion. Further section 48 (1) (e) of the Act clearly stipulates that foreign awards need to be binding as per the law of the land where the Challenging Jurisdiction rests. This clearly suggests that there is a differentiation between Challenging Jurisdiction and the Enforcement Jurisdiction.

The rules governing judicial enforcement of arbitral awards must accommodate two competing policy interests - first, the one limiting the courts' review of the merits of the dispute and the arbitrators' decision thereon in order to give effect to the parties' choice of arbitration; secondly, the other reflecting the courts' inherent supervisory interests in correcting (or at least not giving effect to) genuine excesses or abuses by the arbitrators and in enforcing any relevant mandatory rules of the jurisdiction. In the context of international commercial transactions, the former concern increasingly outweighs the latter. The parties' confidence in the enforceability of the arbitral award without judicial review of the merits is, of course, what makes the system of international commercial arbitration an attractive alternative to domestic litigation in the first place.³²

B. The 'Public Policy' Conundrum

It is submitted that 'Public Policy' as a ground of challenge under Section 34 of the Act also poses hurdles for the enforcement of foreign arbitral awards in India.

In 1824, public policy was described as an 'unruly horse' where in once you get astride it you'll never know where it will carry you and that it is never argued at all, but when all other points fail.³³ Public policy includes fundamental principles of law and justice, instances such as bribery and corruption. The phrase 'the award is in conflict with the public policy of the state' should not be interpreted as excluding circumstances or events relating to the manner in which it was arrived at.³⁴

In 2002, the International Law Association's Committee on International Commercial Arbitration³⁵ conducted a conference on public policy and adopted the resolution that public policy refers to international public policy of the state

32. See David P. Stewart, *National Enforcement of Arbitral Awards Under Treaties and Convention* in RICHARD B. LILICH & CHARLES N. BROWER (EDS.) INTERNATIONAL ARBITRATION IN THE 21ST CENTURY: TOWARDS "JUDICIALIZATION" AND UNIFORMITY?, 12TH SOKOL COLLOQUIUM (1992).

33. Richardson v. Mellish, 1824 All E R 258 (per BURROUGH J.).

34. See REPORT OF THE UNCITRAL COMMISSION, commenting on public policy as understood in the New York Convention and Model Law, UN Doc. A/40/17, at ¶¶ 297, 303, referred to in Interim Report, Part III, under "UNCITRAL Model Law".

35. See International Law Association, *Final Report on Public Policy as a Bar to Enforcement of International Arbitral Awards*, REPORT OF THE COMMITTEE ON INTERNATIONAL COMMERCIAL ARBITRATION, adopted at New Delhi in 2002.

and includes:

- (i) *fundamental principles, pertaining to justice or morality that the State wishes to protect even when it is not directly concerned;*
- (ii) *rules designed to serve the essential political, social or economic interests of the State, these being known as “lois de police” or “public policy rules”; and*
- (iii) *the duty of the State to respect its obligations towards other States or international organisations.*

One of the main objectives of the Arbitration and Conciliation Act of India, 1996, was the minimization of the supervisory role of the Courts.³⁶ In this regard, the Act contemplates only three situations where the judiciary may intervene in an arbitral process: matters regarding the appointment of arbitrators³⁷, deciding on whether the mandate of the arbitrator stands terminated owing to his incapacity and inability to perform his functions³⁸ and invalidating an award when it contravenes the provisions relating to its enforcement as stated in the Act.³⁹

With an understanding of this legislation and internationally recognized principles of judicial intervention it can be inferred then that the Courts have no power to get into the merits of an arbitral dispute.⁴⁰ This principle was put to test by the Supreme Court in the *Saw Pipes* Case, where an award was challenged on the ground that the arbitral tribunal had incorrectly applied the law of the land in rejecting a claim for liquidated damages.

It is submitted that two errors of great magnitude have been committed in this case. *First*, while reviewing the merits of this case, the court failed to consider external factors like the effect of the labor strike in entire European continent, something which was neither under the control nor could be predicted by *Saw Pipes*. This particular aspect has been completely overlooked by the court and its impact on the decision. *Secondly*, the decision of the two judges Bench in *Saw Pipes* has bypassed the ruling of the three judges Bench of Supreme Court in the *Renusagar Power Ld. v. General Electric case*.⁴¹ This shows both judicial indiscipline and violation of the binding precedent of a larger Bench. While the Bench in *Renusagar* case held that the term ‘public policy of India’ was to be interpreted in a narrow

36. Gherulal Parakh v. Mahadeodas Maiya, AIR 1959 SC 781.

37. § 11, The 1996 Act.

38. § 12, The 1996 Act.

39. § 34 and 36, The 1996 Act. See also Sumeet Kachwaha, *The Indian Arbitration Law: Towards a New Jurisprudence*, 10 INT. A.L.R. 13 (2003).

40. *Id.*

41. 1994 SCC Supl. (1) 644.

sense, the Division Bench went ahead unmindful of the prior precedent and expanded the same to such an extent that arbitral awards could now be reviewed on their merits. This is a huge step backwards in laws relating to alternate dispute resolution in the era of globalization.

Thus a new expansive head of public policy was created whereby an award is open to challenge under the head ‘public policy’ if it is ‘patently illegal’. The Court went on to explicitly state that public policy shall now include: *fundamental policy of Indian law*; or *the interest of India*; or *justice or morality*, or in addition, if it is *patently illegal*.

The latest decision of the Honorable Supreme Court on the point of setting aside foreign awards for reasons of public policy as allowed as per Section 34 of the act is the *Venture Global* case. Relying on an earlier judgment in *Bhatia* the Honorable Supreme Court found that it is up to the parties to exclude the application of the provisions of Part I of the act by expressed and implied agreement, failing which Part I of the Act would entirely be applicable. Further, it held that the application of Section 34 to a foreign award would not be inconsistent with Section 48 of the 1996 Act, or any other provision of part II and that the judgment-debtor cannot be deprived of *his right under Section 34 to evoke the public policy of India, to set aside the award*. Thus, the extended definition of public policy cannot be bypassed by taking the award to foreign country for enforcement.

In the *Mc Dermott* case, the Supreme Court admitted that the decision laid down in the *Saw Pipes* case was “subjected to considerable adverse comments and went on to observe that only a larger Bench can consider its correctness or otherwise”.⁴² One is left wondering as to why the court shied away from referring the matter to a larger bench?

C. Consequential drawbacks in enforcement of Foreign Awards

The root cause of all the delays in enforcement/challenging the awards has been the ever-widening powers of the court to review the awards, be it domestic or international. Excessive judicial interference resulting in admission of large number of cases which should never be entertained in the first place is yet another evil that hampers the settlement of commercial disputes in turn retarding the growth and development of the economy.

Indian courts have so grossly misinterpreted the Act to suit their whims and fancies that it is impossible to achieve results conducive to healthy business with Indian companies. The innumerable errors on the part of the courts to pass decisions in accordance with the

42. *Mc Dermot*, *supra* note 27.

Conventions is not only frustrating but also setting a negative trend, possibly discouraging parties from opting for arbitration as a means of dispute settlement in India.

Other very prominent criticisms that are identified to be flowing from the interpretation of the Act is that the *time period* for the enforcement of the arbitral award is not provided, which is indeed counter-productive. By not setting a time limit for the enforcement of the awards one finds that the inordinate delays in arbitral proceeding are no different from that of the innumerable pending court cases, thus defeating the very provisions of the Act. The parties and arbitrators, who are mostly retired judges, treat arbitration as a long standing litigation process and bank on the long and frequent adjournments, to delay the process as much as possible.

Further, the reason why arbitration was picked over litigation as the ultimate legal procedure to be followed, the reason why it held such an appeal for the masses was its *cost-effectiveness*. Traditional litigation cost a humungous amount primarily because it was excruciatingly time consuming. Although conceived as a cheaper alternative to litigation, arbitration has become quite expensive now. The first occasion for considering any question of jurisdiction does not normally arise until the arbitral tribunal has issued at least six adjournments.⁴³ It must be noted that arbitral process proves to be inexpensive only when the number of arbitration proceedings is limited.

Thus, issues of speed and cost-efficiency are the hallmarks of the procedure, and are often identified as the core reasons why arbitration very clearly surpasses litigation as a suitable choice for dispute resolution, especially with respect to commercial disputes. It must be remembered that these shortcomings are capable of hindering the progress of international trade and commercial arbitration, and with the constant inflow of business this might in effect hamper our economy. One way to mitigate the risk of court intervention is to provide for an appointing authority, since this limits the ability of the parties to apply to the local courts under Part I of the Act for the appointment of arbitrators in default of the agreed process.⁴⁴

IV. PROPOSED AMENDMENTS TO THE ACT— AN ANALYSIS

The Act provides a single effective framework for the recognition and enforcement in India of the arbitration agreements and foreign arbitral awards and thus, it is believed that a review of the Act is a natural warranted progression if India is to be properly equipped to meet the challenges of the 21st century. The Act

43. Law Commission of India, 176TH REPORT ON ARBITRATION AND CONCILIATION (AMENDMENT) BILL, 2001, at 68.

44. Frances Van Eupen, *Reach of Judicial Review of arbitral award*, INT. A.L.R., N-75 (2008).

is set for a major overhaul, in the form of ‘Proposed Amendments’, a consultation paper suggesting various changes to Part I and Part II of the Act. It is believed that the intention of the legislature in creating such a consultation paper is a stoic attempt to curtail the extensive scope and intrusion of the judiciary in the process of arbitration. However, when reviewed closely, the proposed amendments suggest otherwise. This part of the note is a detailed analysis of the proposed amendments.

First, the amendment to Section 2(2)⁴⁵ of the 1996 Act [Part I] implies that it applies only to arbitrations held in India. However, this is immediately negated by extending the applicability of the very loosely worded Section 9 and Section 27 of the 1996 Act, to an international commercial arbitration in which the award would be enforceable under Part II of the 1996 Act. Thus, these amendments would, in effect, give license to the judiciary to interfere, even in international commercial arbitrations under the pretext of protecting the essential issue of the arbitration, by invoking authority under Section 9 and Section 27 of the 1996 Act.?

Secondly, the Consultation Paper heightens the ambiguity that could be imparted in interpreting the phrase ‘public policy’ under Section 34(2) (b) of the Act, by giving it a restrictive definition and a definite scope. This has been done by permitting the court to consider a challenge to an arbitral award on the very nebulous grounds of ‘*patent illegality*’ or if it is ‘likely to cause substantial injustice to the applicant’; as has already been discussed above. Such phrases would be more susceptible to an open and wide interpretation than ‘public policy’.

Thirdly, while parties have autonomy in appointing the arbitrators (as per Section 11 of the Act), where they are unable to amicably agree on the arbitral tribunal, the Chief-Justice of the High Court and the Chief-Justice of India (in the case of international commercial arbitrations) are granted the power to appoint the arbitrator(s) by Section 11(6) and (9) of the Act respectively. Whether this power of appointment is an administrative or judicial power is an on-going debate.

The primary implications of the power being judicial are twofold: the Chief-Justice would have to go into the arbitrability of the claim, validity of the arbitration agreement and other jurisdictional issues and; the order passed by the Chief-Justice would be subject to an appeal before the Supreme Court under Article 136 of the Constitution of India.

45. The proposed amendment to § 2 (2) provides that: “Sections 8, 9, 27, 35 and 36 of this Part shall apply also to international arbitration (whether commercial or not) where the place of arbitration is outside India or is not specified in the arbitration agreement.” Thus, sections 8, 9, 27, 35 and 36 are to be applied to international arbitrations where the place of arbitration is *outside India* or *where the place of arbitration is not specified*. Also that Part I of the Act will apply to the cases of purely domestic arbitrations between Indian nationals and in cases of international arbitrations where at least one party is not an Indian national, and in both such arbitrations, the place of arbitration is in India.” (emphasis supplied).

The Supreme Court in the landmark decision of *S B Patel Engineering*⁴⁶ declared the power of appointment to be a judicial power. The Court concluded that this power could not be exercised by a non-judicial authority and hence the power to delegate the power of appointment (which is statutorily provided) was restricted to delegating the power of appointment to another judge of the High Court/ Supreme Court. Such power could not even be delegated to a judge of the district court, the Court concluded. As a result, the provisions in Sections 11(4), (5), (7), (8) and (9) which permit the Chief Justice (of the High Court and Chief Justice of India in case of Section 11(9)) to delegate their power to “a person or institution”, have, to the detriment of institutional arbitration been rendered nugatory. The Consultation Paper also proposes to transfer the power of appointment to the High Court (and Supreme Court in the case of Section 11(9)) and to grant the High Court the discretion to delegate the power to any person or arbitral institution.

In order to check the possibility of appeals arising from orders passed under Section 11, before a Division Bench of the High Court, the Law Ministry has proposed the insertion of a provision stating that “no appeal including a letter patent appeal shall lie against such decision”. However, such a provision does not rule out a special leave petition before the Supreme Court under Article 136 of the Constitution of India since a mere statutory provision cannot take away a constitutional right.

Fourthly, to address the issue of transparency, it has been suggested that the arbitrator disclose any circumstances, such as the existence of any past or present relationship, either direct or indirect, with any of the parties or their counsel, or any financial, business, professional, social or other kind, or in relation to the subject matter in dispute, which are likely to give rise to justifiable doubts as to their independence or impartiality. This change is welcome, yet there are apprehensions that such disclosures might become another bone of contention between the parties thereby resulting in further delay.

Fifthly, in order to preclude the escalating costs of arbitration, a significant amendment in the form of a deemed arbitration clause in every commercial contract having a consideration of Rs 5 crores or more (Rupees 50 million or more) has been suggested. This stipulation, however, is not mandatory and parties will be given the freedom to choose the mode of dispute resolution, including the intention of the parties to resort to an ad hoc arbitration.

Sixthly, there is also a proposal to include an obligation on the High Court/ Supreme Court/ delegate of the High Court or Supreme Court to exercise the

46. *SBP Co. v. Patel Engineering*, (2005) 8 SCC 618.

power of appointment within 60 days. While this provision is welcome, it may prove difficult to implement unless some modifications are made to the language of the proposed clause (4), (5) & (6) of Section 11 as in its present state it is ambiguous enough to be interpreted to mean that the Courts may take up to 60 days to authorize an arbitral institution/ individual to make an appointment, which/who will necessarily require more time to make the appointment. In such a scenario, the delegate may be unable to dispose of the application within 60 days of the application first being filed before the Court. It is suggested that a time limit of 30 days be set, for the Court to delegate its power to an individual or an arbitral institution would be a step in the right direction, providing the delegate another 30 days to exercise its power.

Seventhly, the application of the suggested amendment⁴⁷ to Section 36 of the Act will ensure that the filing of an appeal will not automatically delay the execution of an award. Nevertheless, this does restate the tremendous importance given to the function of the court in such matters. With the help of these amendments a broader range of discretion will be granted to the judiciary which may render the whole purpose of amending the Act futile.

Furthermore, it is suggested that, a separate international organization on the lines of the International Convention on the Settlement of Investment Disputes (Hereinafter ICSID) and Court of Arbitration for Sport (Hereinafter CAS) be formed. This, it is submitted, becomes imperative, in the light of proposed amendments. . Such organization would have the authority to deliberate upon the issues that are considered by courts at the seat of the arbitration as well as the matters considered by courts at the place or places of enforcement. On receiving the award it should be automatically enforceable upon registration in accordance with national procedures but no national courts should be empowered to review it.⁴⁸ Time limits for rendering a decision should be imposed upon the new organization so as to ensure speedy disposal of arbitral disputes. The procedure adopted must be standardized just like the procedure followed by CAS. Also such an organization dealing with international commercial arbitration should adopt a self-contained review process much like the ICSID.

47. § 36 of the Act in its current state provides that the enforcement of the award will come to a stop upon the filing of an application under sub-section (1) of § 34 to set aside the award. So parties are now filing such applications even though there is no substance whatsoever in such applications. §36 is therefore proposed to be amended by designating the existing section as sub-section (1) and omitting the words which state that the award will not be enforced once an application is filed under sub-section (1) of § 34.

48. Mark Mangan, *With the Globalisation of Arbitral Disputes, is it time for a new Convention?*, 1 INT ARB. L. R. 133 (2008).

CONCLUSION

The business and operating conditions in the present globalised economy underscore the advantage of arbitration as a process of dispute resolution, over litigation, especially in cross-border disputes. The 1996 Act was enacted to achieve quick and cost-effective dispute resolution. An examination of the working of this system in India reveals that arbitration as an institution is still evolving, and has not yet become effective to fulfill the ever changing needs of the world economy incidental to commercial growth.

In theory, arbitration; whether international or national, has become the duplication of a Court process that even provides for appeals. Further, the rulings in the *Saw Pipes* and *Venture Global* cases clearly make it unfruitful for any investor or individual seeking to arbitrate in India.

Mr. Javed Gaya⁴⁹ has stated that the Supreme Court's judgment in *Saw Pipes* would encourage further litigation by the aggrieved party, and in doing so diminish the benefits of arbitration as a mode of dispute resolution. The harsh reality is that courts are totally inept at dealing with the task of meeting the basic expectations of the litigating community. Mr. Kachwaha⁵⁰ opines that these very courts cannot be leaned upon to salvage the perceived inadequacies of the arbitral system through their greater intervention. Rather, the courts must take the law forward based on trust and confidence in the arbitral system. In our opinion, these discrepancies highlight that '*law in action*' and '*law in books*' are not one and the same. Legal Realism is not that which exists only in Statutes and Acts but in the Judges' interpretations thus resulting in the *politics of law*.

Thus, it has been suggested that a global commercial arbitration system would promote international trade and commerce by reducing the risk that potential commercial disputes would be determined by counter-parties' home courts.⁵¹

Notwithstanding the open questions that plague the model organization suggested, one must remember that rational men and women do not intend the inconvenience of having the possible disputes arising from their transactions potentially litigated before three (or more) very different echelons i.e. the arbitral body, the courts at the seat of arbitration and the courts at the place of enforcement.

The above highlighted issues concerning the enforcement of foreign arbitral awards in India reinforces the premise that arbitration in India is not for the faint-hearted. Therefore, it is imperative to remove the difficulties and lacunae in the Act

49. Javed Gaya, *Judicial Ambush of Arbitration in India*, 120 L. QUAT. R. 571 (2004).

50. Sumeet Kachwaha, *The Indian Arbitration Law: Towards a New Jurisprudence*, 10 INT. A. L. R. 17 (2007).

51. Holtzmann, *A Task for the 21st Century: Creating A New International Court for Resolving Disputes on the Enforceability of Arbitral Awards*, INTERNATIONALIZATION OF INTERNATIONAL ARBITRATION: THE LCIA CENTENARY CONFERENCE, 111 (1995).

coupled with efforts to establish an international organization so that arbitration as a method of ADR becomes a favoured and popular choice of international commercial dispute resolution. These steps will also go a long way in fulfilling the objectives of the Arbitration law in India.

THE DICHOTOMY OF LAW AND POLITICS: *KOSOVO* AND BEYOND

*Arjun Kapoor**

ABSTRACT

The dichotomy of law and politics has been integral to the paradigm of legal theory- omnipresent and irresolvable. Since law and politics are bereft of any exacting borders, both often overstep into the domain of each other. This note examines this complexity in the light of the advisory opinion of the International Court of Justice on whether the Unilateral Declaration of Independence in respect of Kosovo by the Provincial Institutions of Self-government of Kosovo was in accordance with international law where the Court refrained from answering the question whether Kosovo had the right to self-determination. The Court desisted from doing so since the question was political in nature and hence beyond the jurisdiction of the Court. However, it is argued that in exercising judicial restraint, the Court has failed to recognize the fact that the dichotomy of law and politics could be used as an instrument to bring order to the chaos perpetuated by a world driven by political conflict. The purpose is to underscore the point that any assessment of the right to self-determination must necessarily involve the appreciation of political facts, and any resistance to do so is to prejudice a complete understanding of the international politico-legal order.

INTRODUCTION

In Plato's dialogue *Apology*¹, Socrates was condemned to death by a jury for violating the laws of Athens. In his defence or *apology*, Socrates contended that his philosophical ideas did not violate the laws of Athens and that he was a believer in the law of the Gods.² However, the jury found him guilty nonetheless.³ Their decision was political, for the views of Socrates were too radical for their acceptance. The jury's sentence took the expression of law and resulted in the execution of Socrates.⁴ The jury's political opinion which took the form of law is one in many ways that the relationship of law and politics manifests itself in. One form of this relationship is symbiotic, wherein law and politics merge with each other to take the form of legislations, judicial dicta, etc. However, the other form of this relationship may be characterised by a conflicting element wherein, sometimes, the

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1. PLATO, *THE APOLOGY, PHEDO AND CRITO* 1909-14 (Benjamin Jowett trans. 2001).

2. *Id.* at 1910.

3. *Id.* at 1911-13.

4. *Id.* at 1914.

domains of both law and politics sought to be treated as separate so as to not interfere with the jurisdiction of the other. This dual relationship may be euphemised as the dichotomy of law and politics.

In this article, I seek to examine the dichotomy of law and politics in the context of right to self-determination and the role of the International Court of Justice in reconciling with this dichotomy.⁵ At the outset, it is pertinent to note that by “politics” I refer to a multi-dimensional form of human deliberation and action that is characterised by values of identity, interests, rightful conduct and the means to acquire interests.⁶ Such “politics” is also characterised by human action and reason implicit in the struggle for power or dominance.⁷

In Part I of this article, I seek to examine the interrelationship between law and politics in the context of relevant jurisprudential theories. This shall serve as a theoretical prelude establishing that the dichotomy of law and politics is an irresolvable one and the two cannot be segregated as mutually exclusive. I shall also examine the relationship between international law and politics in the context of theories of international relations. The purpose is to demonstrate that in reality, any legal institution of adjudication cannot simply segregate law and politics. Part II examines the concept of the right to self-determination as a practical embodiment of this dichotomy, drawing from international law perspectives which foreground the political nature of the law relating to self-determination. Thereafter, Part III discusses the role of the International Court of Justice in movements of self-determination in the context of its recent advisory opinion on the Unilateral Declaration of Independence of Kosovo. This part underscores that the International Court of Justice must refrain from distancing itself from this dichotomy owing to the political nature of truly legal conflicts relating to the right to self-determination. Finally, the conclusion shall summarise the major premise of this article along with the context it is extrapolated in.

I. THE DICHOTOMY OF LAW AND POLITICS: A JURISPRUDENTIAL PERSPECTIVE

The major premise of this article revolves around the dichotomy of law and politics. This has to be understood from two different perspectives. On the one hand, it is crucial to examine this dichotomy as reflected in legal theory. This shall provide

5. The overarching theme of this paper is the dichotomy of law and politics as seen in the context of the International Court of Justice in addressing questions of the right to self-determination. To this effect, without specifically or exhaustively dealing with the three strands of jurisprudence, politics and the role of the International Court of Justice in understanding law and politics discourse, I've discussed them connectedly to bring out the dichotomy in the context of right to self-determination to suggest a stand that must be adopted by the Court to reconcile this dichotomy.

6. CHRISTIAN REUS-SMITH (ED.), *THE POLITICS OF INTERNATIONAL LAW* 5-25 (2004).

7. *Id.* at 15.

a theoretical basis to the understanding of the inseparable relationship between law and politics. On the other hand, it is important to contextualise and further nuance this understanding in terms of the relationship between international law and international relations. A holistic reading of the two shall serve as a relevant theoretical preface to the analysis of the advisory opinion of the International Court of Justice on the Unilateral Declaration of Independence in respect of Kosovo.⁸

A. Jurisprudential Analysis

The discourse on the relationship between law and politics has been integral to jurisprudence since the 20th Century.⁹ The analytical positivists subscribed to the *idea*¹⁰ of law “as it is” or law “simply and strictly so called.”¹¹ Implicit in this is the notion that rules that form the structure of law are immune to social, moral, economic and cultural principles that form the very *idea* of politics.¹² In other words, law in its very form, “as it is, simply and properly so called” is immune and indifferent to the stimulus of politics.¹³ However, there exists a relationship between the two. On the one hand, the bare essence of the legal rule remains constant and unaffected by politics. On the other hand, the interpretation of the factual content that gives form to the essence of such a legal rule may be guided by politics or a political ideology from time to time.¹⁴ For example, if a certain law posits that a consistent violation of human rights of a peoples is a ground for claiming the right to self determination; then the *bare* right to self-determination arising out of a consistent violation of human rights is unaffected by any political environment. However, the matter of what constitutes a “consistent violation of human rights” is something that may be affected by and interpreted according to political considerations such as the social and cultural conditions of that society in that

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8. Accordance with International Law of the Unilateral Declaration of Independence in Respect of Kosovo (Advisory Opinion), I.C.J. REPORTS 2010 [hereinafter *Kosovo*].
 9. Mark A. Graber, *Introduction to Law's Allure Symposium: Law and Politics—An Old Distinction, New Problems*, 35 LAW & SOC. INQUIRY 1025, 1028 (2010).
 10. I refer to the term “idea” to encapsulate the true essence of law and politics for lack of a better adjective.
 11. John Austin, *A Positivist Conception of Law*, in *THE PROVIDENCE OF JURISPRUDENCE DETERMINED* xiv (1832).
 12. See H.L.A HART, *THE CONCEPT OF LAW* 238-276 (P. A. BULLOCH AND J. RAZ (ED.), 2nd ed. 1994).
 13. See COTTERRELL, *LAW'S COMMUNITY* 317-320 (1997).
 14. Teun A. Van. Dijk, *Politics, Ideology and Discourse*, in RUTH WODAK (ED.), *ELSEVIER ENCYCLOPEDIA OF LANGUAGE AND LINGUISTICS. VOLUME ON POLITICS AND LANGUAGE*.728-740 (2005). At this point it is worthwhile to differentiate between “politics” and “political ideology” by referring to the latter as a basis for the “social organisation of politics.” An ideology may be defined “as the foundation of the social representations shared by a social group.” When such an ideology serves a political purpose, then it may be called political ideology. Such political ideologies influence the sphere of politics. For example, “the overall organization of social beliefs as a struggle between the Left and the Right is the result of the underlying polarization of political ideologies that has permeated society as a whole.” For the purpose of this article, it is relevant to understand the dichotomy of law and politics as manifesting itself in the International Court of Justice distancing itself from “politics” and not “political ideology” *per se*.

particular time or the political ideology of the court interpreting the rule.

One the other hand, the critical legal scholars opine that “all law is politics”¹⁵ and all legal decisions are political in themselves. In other words, law does not have a system of existence outside of the ideologies that dominate society.¹⁶ Their belief in the indeterminacy of law perpetuates the notion that legal rules can often be conflicting even though they may appear neutral and one may need to make a choice between policies which are inevitably based on social and political grounds.¹⁷ For example, in the adjudication of any question of law formed in a political context such as the right to self-determination of peoples, a court would have to choose an answer that would in turn be premised upon on a certain real and existing context—economic, social, political, military and technological.¹⁸

The legal realists are particularly relevant when one has to consider the role of courts in dispensing with questions of law and politics.¹⁹ According to the former, law is empirical in nature and hence is constitutive of human ideas that determine what law is.²⁰ Hence, law consists of elements that find their origin in social and political phenomenon.²¹ For example, the decisions of courts are influenced by what the judges perceive as “the law ought to be.”²² This in turn is influenced either by their own political ideologies and reasoning or all those constitutive factors that form the very *idea* of politics.²³ While judges might lay down the law after going through a process of formalism and legal reasoning, however, when they have to choose between different legal constructions (which might in turn be attributable to politics) they are influenced by various factors that can render their ultimate decision as political even though, the pre-dominant element is the legality of the decision.²⁴

B. International Law and Politics: Through the Lens of Theories of International Relations

I shall now discuss the relationship between international law and politics. One interpretation ascribed to this relationship is that politics develops the law

15. M.D.A. FREEMAN, LLOYD’S INTRODUCTION TO JURISPRUDENCE 936 (1994). Albeit, various critical legal scholars differ in the extent of their interpretations.

16. *Id.* at 938.

17. Robert Unger, *The Critical Legal Studies Movement*, 96 HARVARD L. REV. 561, 675 (1982).

18. Jack M. Balkin, *Critical Legal Theory Today*, in FRANCIS J. MOOTZ, ON PHILOSOPHY IN AMERICAN LAW 6 (2008); R. Unger, *Politics*, in M.D.A. FREEMAN, LLOYD’S INTRODUCTION TO JURISPRUDENCE 1054 (2001).

19. This is significant since a court can never attempt to exist in political vacuum.

20. Alf Ross, *Tû-tû*, 70 HARVARD L. REV. 818, 822(1957).

21. Llewellyn, *Some Realism about Realism*, 44 HARVARD LAW REVIEW 1237, 1240 (1931).

22. Llewellyn, *On Reading and Using the Newer Jurisprudence*, 40 COLUMBIA L. REV. 593, 594(1940).

23. *Id.* at 595.

24. *Id.* at 596.

while international law is viewed as a simple reflection of underlying power politics or a solution to problems of cooperation between parties.²⁵ The realist conception of politics is a power-struggle between sovereign states and law is a reflection of the prevailing balance of power.²⁶ On the other hand, the rationalists say politics is the process through which states seek to maximise self-interests and international law seeks to solve cooperation problems encountered in this regard.²⁷ The constructivists perceive politics as a socially constitutive form of action and international law as central to the structures that condition the politics of rightful action.²⁸

According to E.H Carr, law cannot be understood independently of the political foundations on which it rests and of the political interests which it serves.²⁹ Hence, an undisputable fact exists in the notion that the international public order has several aspects that cannot be divorced from their inherent legal aspects. Implicit in this very notion, is the fact that such aspects might have a political character to them. In other words, the conduct of a state might be politically characterised, motivated and qualified; however, this, in no manner, detracts from the legitimacy of evaluating such conduct from a legalistic point of view.³⁰ The relation between international law and politics is dialectic and symbiotic.³¹ Both exist in a state of dynamism wherein politics has given international law the framework, structure and content within which it continues to expand and in turn, international law has afforded in the shaping of politics through the instrumentality of interpretation of rules and norms and the duty of obligation and obedience to the international order.³²

II. MAKING A CASE FOR THE RIGHT TO SELF-DETERMINATION

A. A Social Contract Justification

For John Locke, self preservation is the fundamental law of nature³³ which is also shared by John Stuart Mill in his treatise on liberty.³⁴ Locke's social contract

25. John Gerard Ruggie, *Territoriality and Beyond: Problematising Modernity in International Relations*, in INTERNATIONAL ORGANISATION 144 (1993).

26. *Id.* at 15.

27. *Id.* at 16.

28. *Id.* at 17.

29. E.H. CARR, THE TWENTY YEARS CRISIS, 1919-1939: AN INTRODUCTION TO THE STUDY OF INTERNATIONAL RELATIONS 94 (1936).

30. *Supra* note 6, at 20.

31. Law is constantly faced by two opposing forces. One force pulls law in the direction of influencing politics. The other force pulls law in terms of being influenced by politics. Eventually, the two converge in a symbiotic relationship that determines the international politico-legal order. For a relevant exposition on the above mentioned idea *see* Gunther Teubner, *The Transformation of Law in the Welfare State*, in WALTER DE GRUYTER, DILEMMAS OF LAW IN THE WELFARE STATE 6-7 (G. TEUBNER ED. 1986).

32. MICHAEL BYERS, THE ROLE OF LAW IN INTERNATIONAL POLITICS: ESSAYS IN INTERNATIONAL RELATIONS AND INTERNATIONAL LAW 1-13 (2000).

33. John Locke, *Two Treatises of Government*, in M.D.A. FREEMAN, LLOYD'S INTRODUCTION TO JURISPRUDENCE 140 (1994).

34. John Stuart Mill, *On Liberty* (1859), in JULES COLEMAN, PHILOSOPHY OF LAW 261 (6th ed. 2000). He also shares the view that the principle of "self protection" is what may compel mankind to interfere with the liberty of others.

theory is premised on all men in the state of nature giving up their rights and natural power to punish to a ruler, for the sake of preservation of property and consequently the subsistence of political society.³⁵ However, he states that “it is lawful for the people....to resist their king.”³⁶ Such resistance is justified when the ruler uses of his political power “not for the good of those, who are under it, but for his own private separate advantage.”³⁷ According to Locke, the legislative can never have a right to destroy, enslave, or designedly to impoverish the subjects; the only end of the legislative is the self-preservation of all its subjects.³⁸ Rousseau, another social contract theorist, in his book *The Social Contract* states that in such a situation each person would assume all his rights and natural liberty.³⁹ This, I believe serves as a jurisprudential *rationale* for the right to self-determination that may become effective when a nation state fails in its duty to preserve the life of its subjects.

B. International Legal Recognition to Self-determination

Self determination is defined as “the right of a people or a nation to determine freely by themselves without outside pressure to pursue their political and legal status as a separate entity.”⁴⁰ Article 1 of the United Nations Charter provides that one of the purposes of the United Nations is “[t]o develop friendly relations among nations based on respect for the principle of equal rights and self-determinations of a peoples.” This is common to both the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights which state that: “All peoples have the right to self-determination. By virtue of that right, they freely determine their political status and freely pursue their economic, social and cultural development.”⁴¹ Further, the Declaration of the United Nations General Assembly on Principles of International Law Concerning Friendly Relations

35. *Id.*

36. John Locke, *Two Treatises of Government*, in VERE CHAPPELL, THE CAMBRIDGE COMPANION TO LOCKE 437(1994).

37. *Id.* at 416-417.

38. *Id.* at 229 (“The supreme power or the Legislative does not have the power to act arbitrarily or destroy the lives and properties of others’ since the social contract is constituted by each man in the state of nature and “nobody can transfer to another more power than he has in himself.”).

39. J.J. Rousseau, *The Social Contract*, in M.D.A. FREEMAN, LLOYD’S INTRODUCTION TO JURISPRUDENCE 141 (1994).

40. See Ediberto Roman, *Empire Forgotten: The United States’ Colonization of Puerto Rico*, 42 VILL. L. REV. 1119 (1998); Otto Kimminich, *A “Federal” Right of self-determination?*, in MODERN LAW OF SELF-DETERMINATION 85 (CHRISTIAN TOMUSCHAT ED. 1993); Lung-Chu Chen, *Self-Determination and World Public Order*, 66 NOTRE DAME L. REV. 1287 (1991); Thomas M. Franck, *The Emerging Right to Democratic Governance*, 86 AM. J. INT’L L. 46, 52 (1992); Ruth E. Gordon, *Some Legal Problems with Trusteeship*, 28 CORNELL INT’L L.J. 301, 321 (1995); Fredric L. Kirgis, Jr., *Self-Determination of Peoples and Politics*, 86 AM. SOC’Y INT’L L. PROC. 369, 369-70 (1992).

41. International Covenant on Civil and Political Rights, Dec. 19, 1966, 999 U.N.T.S. 171, art. 1; International Covenant on Economic, Social and Cultural Rights, Dec. 16, 1966, 993 U.N.T.S. 3, art. 1. *Also See* Charter of the United Nations, art. 55; G.A. Res. 545, U.N. GAOR, 6th Sess., Supp. No. 20, U.N. Doc. A/2219 (1952), at 36; G.A. Res. 1514, U.N. GAOR, 15th Sess., Supp. No. 18, UN Doc. A/4884 (1960) at 66; G.A. Res. 2625, U.N. GAOR, 25th Sess., Supp. No.28, UN Doc. A/2517 (1970) at 121.

and Co-operation among States promotes the right to self-determination as a duty of the States.⁴² Hence, that the right to self-determination exists in international law is a well settled fact.⁴³ A careful perusal of these provisions in the light of the jurisprudential justification of this right confirms that such a right is manifested through concepts of independence, self-government, local autonomy and other forms of participation in government. These concepts are inherent in the *idea* of politics.⁴⁴ Further, the political concepts of sovereignty⁴⁵, territorial integrity⁴⁶ and political rights⁴⁷ are integral components of the right to self-determination, both, in terms of international law and as a political concept.⁴⁸ Hence, that self determination is a political issue is no hidden fact.⁴⁹ What is pertinent is that inherent in the nature of the very *idea* of self-determination is the *idea* of politics or conversely the existence of a political character that shall determine the substantive content of the factual reality that gives rise to this right. Hence, such political issues in the right to self-determination are determinative of a relationship between law and politics⁵⁰ and to deny this⁵¹, misses the *raison d'être* of self-determination.

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42. G.A. Res. 2625 (xxv) of October 24, 1973, at ¶ 1.
 43. Declaration on the Granting of Independence to Colonial Countries and Peoples, G.A. Res. 1514, 15th Sess., Supp. No. 16, U.N. Doc. A/L323 (1960), at 66; Principles Which Should Guide Members in Determining Whether or not an Obligation Exists to Transmit the Information called for under Article 73e of the Charter, G.A. Res. 1541, U.N. GAOR, 15th Sess., Supp. No. 16, U.N. Doc. A./4684 (1960) at 29; The Declaration on Principles of International Law concerning Friendly Relations and Co-operation among States in accordance with the Charter of the United Nations, G.A. Res. 2625, U.N. GAOR, 25th Sess., Supp. No. 28, U.N. Doc. A/8028 (1970), at 121.
 44. See A.A. Idowu, *Revisiting the Right of Self-determination in Modern International Law: Implications for African State*, 6 EURO J. SOC. SCI., 43(2008).
 45. See Paul R. Williams & Francesca Jannotti Pecci, *Earned Sovereignty: Bridging the Gap between Sovereignty and Self-Determination*, 40 STAN. J. INT'L L. 347 (2004).
 46. See Joshua Castellino, *Territorial Integrity and the "Right" to Self-Determination: An Examination of the Conceptual Tools*, 33 BROOK. J. INT'L L. 503 (2008).
 47. See Joshua Dilk, *Reevaluating Self-Determination in a Post-Colonial World*, 16 BUFF. HUM. RTS. L. REV. 289 (2010).
 48. The concepts of sovereignty, territorial integrity and political rights are issues that are inherently political in nature. Since they form an integral component of the right to self-determination, this indicates that the right to self-determination is as much political in nature as it is legal in terms of international law. To assess whether the right to self-determination exists for a peoples, it would be vital to address the conflict between sovereignty and territorial integrity which is a matter of international politics.
 49. See IAN BROWNLIE, PRINCIPLES OF PUBLIC INTERNATIONAL LAW 593 (3rd ed. 1979); Gerry J. Simpson, *Judging the East Timor Dispute: Self-Determination at The International Court of Justice*, 17 HASTINGS INT'L & COMP. L. REV. 323 (2004); Deborah Z. Cass, *Re-thinking Self-Determination: A Critical Analysis of Current International Law Theories*, 18 SYRACUSE J. INT'L L. & COM. 21(1992).
 50. See Dianne Otto, *A Question of Law or Politics? Indigenous Claims to Sovereignty in Australia*, 21 SYRACUSE J. INT'L L. & COM. 65 (1995).
 51. Paul H. Brietzke, *Self Determination, or Jurisprudential Confusion: Exacerbating Political Conflict*, 14 WIS. INT'L L.J. 69, 71 (1995) ("Any elaborate doctrinal edifice built upon a legal positivism is misleading. One does not have to be a legal realist or a crit to realize that the positivist attempt rigidly.").

III. THE INTERNATIONAL COURT OF JUSTICE: LAW OR POLITICS?

Before discussing the role of the International Court of Justice⁵² in adjudicating upon questions of self-determination in the context of the dichotomy between law and politics, it might be worthwhile to discuss certain important characteristics of the Court. The Court is considered one of the principal organs of the United Nations.⁵³ As far as the jurisdiction of the Court is concerned, it has both adjudicatory and advisory jurisdiction.⁵⁴ The Court's role is to settle, in accordance with international law, legal disputes submitted to it by States and to give advisory opinions on legal questions referred to it by authorized United Nations organs and specialized agencies.

The jurisdiction of the Court is provided under Article 36(1) and Article 36(2) of the Statute and extends to only those states that submit themselves to the Court. According to Article 36(2) of the Statute such jurisdiction may "extend to any question of international law" or "the existence of any fact which, if established, would constitute a breach of an international obligation."

With respect to self-determination the Court has expressed its opinion in favour of recognising the right to self-determination as part of international law. For instance, this issue was recognised in the *Namibia* case wherein the Court held that the right was applicable to all nations.⁵⁵ Subsequently this position was reiterated in the *Western Sahara* case.⁵⁶ However, the one case that has drawn a lot of criticism is the Court's advisory opinion on the Unilateral Declaration of Independence of Kosovo.

52. The International Court of Justice [hereinafter the Court] was born out of the United Nations. The United Nations is a political organization that comprises of one hundred and ninety two States. Hence, that the Court would address legal questions of a political nature is inherent in the fact that from its jurisdiction arises the role of the Court to adjudicate upon disputes between *states* that are inherently and predominantly political.

53. Charter of the United Nations, art. 33 ("(1) The parties to any dispute, the continuance of which is likely to endanger the maintenance of international peace and security, shall, first of all, seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their own choice. (2) The Security Council shall, when it deems necessary, call upon the parties to settle their dispute by such means."); Statute of the Court, art. 1 ("The Court established by the Charter of the United Nations as the principal judicial organ of the United Nations shall be constituted and shall function in accordance with the provisions of the present Statute.").

54. *Id.*

55. *Legal Consequences for States of the Continued Presence of South Africa in Namibia (South West Africa)*, Notwithstanding Security Council Resolution 276, 1971 I.C.J. 16 (June 21) (Advisory Opinion), at ¶ 52 ("Furthermore, the subsequent development of international law in regard to non-self-governing territories, as enshrined in the Charter of the United Nations, made the principle of self-determination applicable to all of them.").

56. *Western Sahara*, 1975 I.C.J. 121 (separate opinion of Judge Dillard); *Frontier Dispute (Burk. Faso v. Mali)*, I.C.J. 554, 556-57 (1986), at ¶ 52. Here, the Court referred to its opinion in the *Namibia case*.

A. The Advisory Opinion on Kosovo

On 22nd July 2010, the Court gave its advisory opinion on whether the Unilateral Declaration of Independence in respect of Kosovo by the Provincial Institutions of Self-government of Kosovo was in accordance with international law. The Court after going through several aspects⁵⁷ finally held that the Unilateral Declaration of Independence was *not* in violation of international law.⁵⁸

The criticism against the advisory opinion in this regard, is varied in nature. For instance, one criticism levied against the Court is that it was wrong in affirming jurisdiction to this matter since it involved the legality of a unilateral declaration of independence by a group that was not a state or international organisation upon which the Court can exercise its jurisdiction.⁵⁹ Another criticism points to the fact that the opinion did not specify whether the rules of force were applicable to the authors of a unilateral declaration of independence.⁶⁰

Even as the criticisms have their relative merits,⁶¹ what is relevant to the discussion here, is the refusal of the Court to enter into questions of greater significance and importance, albeit more political in nature than legal. The Court refused to comment upon the issue of self-determination, sovereignty and the legal status of Kosovo as a state. The Court only considered the question whether the unilateral declaration of independence was in accordance with international law. To this effect, it clarified the scope and meaning of the question submitted to it by the United Nations General Assembly.⁶² The Court stated that the formulation of the question was limited to whether or not the declaration was in accordance with international law and did not merit an analysis of whether Kosovo had achieved statehood.⁶³

57. The Advisory Opinion is divided into five parts: (I) jurisdiction and discretion; (II) scope and meaning of the question; (III) factual background; (IV) the question whether the declaration of independence is in accordance with international law; and (V) general conclusion.

58. *Kosovo*, *supra* note 8, at ¶122.

59. Dov Jacobs, *The Kosovo Advisory Opinion: A Voyage by the ICJ into the Twilight Zone of International Law* (12 Oct. 2010), available at <http://www.haguejusticeportal.net/eCache/DEF/12/131.html> (last visited on 5 June 2011).

60. Tarcisio Gazzini, *The Kosovo Advisory Opinion from the Standpoint of General International Law*, (12 Oct. 2010), available at <http://www.haguejusticeportal.net/eCache/DEF/12/077.html> (last visited on 5 June 2011) (“It is unfortunate that the Court failed to distinguish the question of whether the declaration of independence was consistent with international law from the question of whether the rules on the use of force apply to the authors of such declaration.”).

61. *The International Court of Justice and Kosovo: Opinion or Non-Opinion? A Discussion of the ICJ’s Kosovo (Advisory Opinion) and International Law* (29 Sept. 2010), available at <http://www.haguejusticeportal.net/eCache/DEF/12/131.html> (last visited on 5 June 2011).

62. Hereinafter UNGA.

63. *Kosovo*, *supra*, note 8, at ¶¶ 49-56.

The Court went on to say that it had “not been asked to take a position on whether international law conferred a positive entitlement on Kosovo unilaterally to declare its independence or, *a fortiori*, on whether international law generally confers an entitlement on entities situated within a State unilaterally to break away from it.”⁶⁴ Further, according to the Court, it was perfectly possible for a unilateral declaration of independence to “not be in violation of international law without necessarily constituting the right conferred by it.”⁶⁵

In this context, the Court felt that it was not necessary to immerse itself in a discussion on the legal status of Kosovo. Hence, in this manner the Court completely skirted the vital issue of whether Kosovo was entitled to the right of self-determination. However, the Court submitted its reasoning after considering the factual context which led to the unilateral declaration of independence. This factual context, according to the Court⁶⁶, included the relevant framework of Security Council Resolution 1244 (1999) whose object was to end the violence and repression in Kosovo by implementing an interim administration and to initiate “a political process towards the establishment of an interim political framework agreement providing for a substantial self-government for Kosovo, taking full account of the Rambouillet accords and the principles of sovereignty and territorial integrity of the Federal Republic of Yugoslavia and the other countries of the region, and the demilitarization of the KLA.”⁶⁷

At this juncture, it is pertinent to observe that having considered the factual context as being relevant to answering the question before the Court, the latter should have necessarily broached upon the issue of the right to self-determination as forming an essential consideration that led to adoption of the unilateral declaration of independence.

The approach adopted by the Court is perplexing since the Court has not refrained from entering into a political issue before⁶⁸ and in fact has stated on record that, “that a question has political aspects does not suffice to deprive it of its character as a legal question.”⁶⁹ The Court, while discussing its jurisdiction over the particular

64. *Kosovo*, *supra*, note 8, at ¶ 56.

65. *Id.*

66. *Kosovo*, *supra*, note 8, at ¶¶ 57-77.

67. Security Council Resolution 1244 (1999) of 10 June 1999, Ann. 1, Sixth principle; Annexure. 2 at ¶ 8.

68. Application for Review of Judgement No. 158 of the United Nations Administrative Tribunal, Advisory Opinion, I.C.J. Reports 1973, at 172; *Legal Consequences of The Construction of a Wall in the Occupied Palestinian Territory* (Advisory Opinion) (9th July 2004), available at <http://www.icj-cij.org/docket/files/131/1671.pdf> (last visited on 5 June 2011).

69. *Conditions of Admission of a State in Membership of the United Nations (Article 4 of the Charter)*, Advisory Opinion, 1948, I.C.J. Reports 1947-1948, at 61; *Legality of the Threat or Use of Nuclear Weapons*, (Advisory Opinion), I.C.J. Reports 1996 (I), at 234.

legal question, made it abundantly clear that it was not fettered by political implications that could follow from the opinion or alternatively, the political motive behind the formulation of the legal question.⁷⁰ However as has been pointed out by the Court in its advisory opinion, it is not for the Court to decide whether its opinion shall be useful for the UNGA in the performance of its functions.⁷¹ Hence, this should not deprive the Court of its self-recognised duty to produce an opinion that is equipped in entirety to assist the UNGA in addressing the issue in Kosovo from the perspective of maintaining international peace and security. To this effect, the determination of whether Kosovo has a right to self-determination strikes at the root cause of a unilateral declaration of independence.

Also, there are a number of cases wherein the Court has been approached for the admissibility of cases with a discernibly political character.⁷² The most pertinent case in example being the advisory opinion of the Court in the Construction of the Separation Wall in the Occupied Palestinian Territory wherein the Court held that the Separation Wall in West Bank was a violation of international law and the right to self-determination of the peoples of Palestine.⁷³ Here, in assessing the validity of the Separation Wall, the Court considered principles of right to self-determination as general principles of law which were applicable to such an assessment. The Court pronounced that the Separation Wall did breach right to self-determination of the peoples of Palestine.⁷⁴ What is extremely crucial in this regard is that before doing so, “the Court acknowledged the existence of politics in its work, but maintained that politics and many other issues were inherent aspects of international law and did not negate the quality of legal question under consideration.”⁷⁵ Similarly, in the *Western Sabara* case, the Court held that “jurisdiction could be upheld despite the lack of consent as well as the presence of a bilateral dispute as long as hearing the matter was not “incompatible with the Court’s judicial character.”⁷⁶

70. *Kosovo, supra*, note 8, at ¶¶ 18-28.

71. *Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory* (Advisory Opinion) (9 July 2004), at ¶ 62, available at <http://www.icj-cij.org/docket/files/131/1671.pdf> (last visited on 6 June 2011).

72. The Iranian government, involved in the airbus dispute with the United States, *Aerial Incident of 3 July 1988 (Iran v. U.S.)*, 1989 I.C.J. 132 (13 Dec. YEAR); *Gabčíkovo-Nagymaros Project (Hungary/Slovakia)*, I.C.J. COMMUNIQUE, No. 93/ 17, (5 July 1993); *Military and Paramilitary Activities In and Against Nicaragua*, 1984 I.C.J. 392.

73. Michelle Burgis, *Discourses of Division: Law, Politics and the ICJ Advisory Opinion on the Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory* (2008), available at <http://chinesejil.oxfordjournals.org/content/7/1/33.full.pdf> (last visited on 6 June 2011).

74. *Id.* at 11.

75. *Id.* at 9.

76. *Western Sabara, supra* note 56, at ¶ 47.

In *Kosovo*, there seems to have been no reason why the Court should have desisted from its traditional approach. Instead, the Court refused to confirm or establish whether any right to declare independence or a possible right to self-determination existed under international law.⁷⁷ The Court failed to recognise Kosovo's right to self-determination grounded on the claim that it suffered repression and denial of fundamental rights.⁷⁸ The effect of the Court's omission in this regard is to have done disservice to the right of self-determination and denied support to various legitimate movements of self-determination around the world.⁷⁹ Further, by recognising that unilateral declarations of independence do not violate general international law, the Court has not addressed the right to territorial integrity by giving a blanket validation to even all the illegitimate secessionist movements around the world.⁸⁰ The Court should have limited itself to the question of Kosovo in entirety.

It is interesting to note that in an attempt to skirt a "political issue" to maintain an apolitical stand, the Court seems to have acted in a political manner. The dichotomy of law and politics cannot envisage delineation in the treatment of a legal issue which is rife with political character. Further, the opinion of the Court cannot help but be influenced by political ideology. However, at the same time, an activist court that is bound by the principles of the United Nations cannot distance itself from politics when dealing with a legal question that is essential to the functioning of its parent organ-the United Nations. The Court in this situation has tried to separate law and politics in an attempt to be purely judicial in character. It has sought to fight the irresolvable dichotomy. The result is neither the resolution of a very pertinent legal question (the legal status of Kosovo) nor the end of a characteristically political dispute.

B. Beyond *Kosovo* - The Role of the International Court of Justice

The advisory opinion of the Court, as mentioned above, refrained from delving into the legal validity of the statehood of Kosovo. This is indeed disappointing; since if the Court had addressed the issue of whether Kosovo had the right to self-determination, the opinion would have had supreme significance for movements of self-determination across the world. What the Court has done by not adopting such an approach is to have convoluted the relationship between law and politics. I have demonstrated previously that the relationship between law

77. Curtis Doebbler, *The ICJ Kosovo Independence Opinion: Uncertain Precedent* (6 March 2011), available at <http://webcache.googleusercontent.com/search?q=cache:http://jurist.org/forum/2010/07/the-icj-kosovo-independence-ruling-an-uncertain-precedent.php> (last visited on 6 June 2011).

78. *Id.*

79. *Id.* at 8.

80. *Id.* at 8.

and politics, not just jurisprudentially, but also in terms of the right to self-determination is inter-related and cannot be differentiated. Moreover, to try and distinguish the two as separate paradigms, is to not only obfuscate and frustrate one's very conceptual understanding of right of self-determination but also to live in a fool's paradise, expecting the domain of international law to be bereft of international political order of which the former can be considered a progeny of. To deny this is to deny the assertions of the Critical Legal Scholars, the Legal Realists, the Rationalists and the Constructivists.⁸¹

The Court may play a very important role in the future for supporting self-determination movements such as those in Tibet, Palestine, Chechnya, etc. which may involve far more perplexing questions and realities deeply embedded in social, cultural, religious, ethnic, economic and military precepts. Such movements shall look to an established and credible legal institution to uphold the values enshrined in the United Nations Charter, for promoting "international peace and security."⁸² The Court may be looked upon to use its powers as an "instrument of preventive diplomacy and peace keeping virtues, development of international law and the strengthening of peaceful relations between States."⁸³

If in such a situation the Court (as seen in the advisory opinion of *Kosovo*) does not appreciate the convergence of law and politics and pits itself against jurisprudential realities that lay down the principles of self-determination, then it is deluding itself into believing that it is being completely apolitical. The point to be underscored here is that an activist court⁸⁴ perforce has to appreciate the political nature of facts when rendering a legal decision but at the same time, should not let the politics prevent the Court from rendering a legally sound and just decision. The Court has to accept political realities that are embedded in the letter of the law, and draw relevant insights from those instead of refusing to marry the two and rendering itself as a legal institution that does not appreciate the true nature of law, and hence, render disservice to the comity of nations and the commitment to international

81. See *infra*, part I (A) and I (B).

82. On 30 October 1943, following a conference between China, the USSR, the United Kingdom and the United States, a joint declaration was issued recognizing the necessity "of establishing at the earliest practicable date a general international organization, based on the principle of the sovereign equality of all peace-loving States, and open to membership by all such States, large and small, for the maintenance of international peace and security." Available at <http://www.icj-cij.org/court/index.php?p1=1&p2=1> (last visited on 6 June 2011).

83. *Advisory Jurisdiction*, available at <http://www.icj-cij.org/jurisdiction/index.php?p1=5&p2=2> (last visited on 6 June 2011).

84. THOMAS J. BODIE, POLITICS AND THE EMERGENCE OF AN ACTIVIST INTERNATIONAL COURT OF JUSTICE 57 (1995).

peace and human rights.

CONCLUSION

The major premise of this paper revolves around the irresolvable dichotomy of law and politics. The two are different sides of a coin and cannot be viewed as mutually exclusive or inseparable. Politics has a direct influence on the structure and content of international law. However, at the same time, international law has a direct bearing on politics that governs international relations. For a judicial institution that is set up as a principal organ of the United Nations to assist the latter in maintaining international peace and security, the dichotomy of law and politics can find its most perfect manifestation in it. To recognise this is to understand that the determination of legal issues necessarily involves the appreciation of political facts; and to uphold the principles of the United Nations Charter it might be worthwhile to use this power of legal determination to *assist* in the resolution of political disputes deeply connected with the normative and positive content of international law *by not refusing to exercise jurisdiction upon significant legal issues with political character*. Unfortunately, in its blanket refusal to determine the right to self-determination of Kosovars, the advisory opinion in *Kosovo* has rendered injustice to the international public order. The dichotomy and irony in the words are apparent, however the idea is simple- law and politics are co-terminus with international order and to function in an either-or in a paradigm without appreciating both, may only be delusional.

PROMISE OF REPRODUCTIVE AUTONOMY: DOES *SUCHITA SRIVASTAVA* WALK THE TALK?

*Ajeey Sangai**

ABSTRACT

A woman with mental retardation was raped in a government run welfare institution in Chandigarh. She was found impregnated for nine weeks. A medical board was set-up to give opinion on whether she had requisite capability and comprehension to continue with pregnancy which favoured abortion. When an opinion from the High Court was sought, it appointed an expert body which recommended continuation of pregnancy. The Court exercising its *parens patriae* powers, overruled it and ordered termination. This order was reversed by the Supreme Court. Alluding to *Roe v. Wade*, it held that the reproductive autonomy was an integral part of a woman's right to life under Article 21. It rejected the exercise of *parens patriae* powers to alter appellant's decisions and asked the state to ensure healthy delivery and post-natal care for both the mother and the child. Further, it observed that stereotypes levelled against persons with disabilities are impermissible after India has acceded to the UN Convention on the Rights of Persons with Disabilities. In spite of a fair outcome, the judgment fails to find connections between reproductive autonomy and Article 21 which have been sought to be illuminated in this comment. The Court's uncritical acceptance of legislative distinction between persons with mental retardation and mental illness vis-à-vis exercising legal capacity and over-reliance on medical opinions displays an imperfect understanding of the Convention and the paradigm it seeks to bring. This inhibits its impact and ability to be of much assistance to the disability rights crusaders.

INTRODUCTION

Personal autonomy and bodily integrity are integral to the guarantee of right to life. In fact, the co-terminus linkage between these concepts is revelatory to the issue of reproductive choice. After the pronouncement in *Roe v. Wade*¹ and the adoption of United Nations Convention on Elimination of all forms of Discrimination Against Women, reproductive autonomy has been recognised as a right of every woman.² The United Nations Convention on Rights of Persons with Disabilities guarantees the same right to a woman with disability.³ However,

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1. *Jane Roe v. Henry Wade*, 410 US 113 (1973), at 164-5 [hereinafter *Roe*].
2. *See* United Nations Convention on Elimination of all forms of Discrimination Against Women, 1249 U.N.T.S. 13 (entered into force 3 September, 1981), art. 16 [hereinafter CEDAW].
3. United Nations Convention on Rights of Persons with Disabilities, 189 U.N.T.S. 137 (entered into force 3 May 2008), art. 6, art. 23 [hereinafter UNCRPD].

in cases involving termination of pregnancy, there is a significant aspect at loggerheads with reproductive autonomy, namely, the life of an unborn child and its associated claims. An attempt to balance these competing interests has been made in the Medical Termination of Pregnancy Act, 1971 which provides for abortion within twenty weeks of pregnancy upon the approval of medical practitioners.⁴ It enlists specific circumstances under which the termination can take place.⁵ Midst the prevailing standard, one interesting question which arises is whether the enumerated parameters can be changed by the state in the exercise of its *parens patriae*⁶ powers, if the pregnant woman is one with mental retardation who desires to continue her pregnancy.⁷ This question recently arose before the Supreme Court of India in *Suchita Srivastava v. Chandigarh Administration*.⁸ Although the decision is largely based on the interpretations of the impugned provisions of the Act, I shall restrict this comment to the profound constitutional and jurisprudential significance of this case.

In stretching the contours of Article 21 of the Constitution, the Court situated 'reproductive autonomy' within the corpus of right to life and personal liberty.⁹ While this outcome is welcomed, the judgment itself lacks adequate legal reasoning and logical coherency for utilizing the final decision in an emancipatory manner by human rights advocates. This comment seeks to unearth the principal constitutional flaws in the judgment, using a jurisprudential lens. Part I of the comment briefly provides a background of the case. Part II deals with the inter-linkages between the concepts of reproductive autonomy, personal liberty and dignity to provide for a justification for bringing this right in the larger fold of Article 21. Part III critiques the inconsistencies and contradictions surrounding the issue of consent and the ambivalence in the medical opinions with an underlying caution to the courts in their over-reliance on expert opinions in complex personal matters.

4. Medical Termination of Pregnancy Act, Act no. 34 of 1971, § 3(2) [hereinafter the Act].

5. *Id.* The opinion of the medical practitioner must be based on the risk of life or grave physical or mental injury to the pregnant woman or if there is a risk that a child may be born with disabilities or abnormalities.

6. *Parens Patriae* in Latin means 'parent of the nation'. It is the inherent power of the State or Court which is invoked to protect persons who are unable to act on their own behalf whether legally or otherwise.

7. Medical Termination of Pregnancy (Amendment Act), 2002, § 3(4)(a) replaced 'lunatic' with 'mentally ill person' in wherein consent of the guardian is required for the termination of pregnancy. The Court here looking into the existing statutes distinguishes between 'mental illness' and 'mental retardation' and unquestionably accepts the legislative classification which would mean that while pregnancy cannot be terminated for the women with mental retardation without their consent, for the women with mental illness consent of guardian needs to be taken.

8. *Suchita Srivastava and Anr. v. Chandigarh Administration*, (2009) 9 SCC 1 [hereinafter *Suchita Srivastava*].

9. *Id.* at 15, ¶ 22.

I. *SUCHITA SRIVASTAVA: THE BUILD UP*

The case involved a woman with mental retardation residing at a government run welfare institution in Chandigarh where she was raped and subsequently found impregnated for over nine weeks.¹⁰ The ossification test certified that she was a major at the time of the incident.¹¹ A medical board was constituted to give its opinion on the continuation of pregnancy, its consequences and capability of the woman to cope with it; the board recommended abortion.¹² When the administration sought judicial opinion of the High Court, the latter constituted an expert body to determine her best interests and the ability to comprehend the situation and make decisions.¹³ This expert body suggested continuation of pregnancy, since the woman was willing to give birth.¹⁴ The High Court, sidelining the report of the expert body, adopted *parens patriae* approach and directed abortion even when she had been pregnant for about nineteen weeks by then.¹⁵

The apex court overruled the High Court's verdict and allowed the woman to continue pregnancy.¹⁶ This comment critiques the two major premises on which the Court's decision was based: *first*, reproductive autonomy of a woman in keeping or terminating her pregnancy and; *secondly*, the scope of *parens patriae* power in altering appellant's decisions. In the Court's unequivocal and unambiguous opinion:

*[R]eproductive choice should be respected in spite of other factors such as the lack of understanding of the sexual act as well as apprehensions about her capacity to carry the pregnancy to its full term and the assumption of maternal responsibilities thereafter.*¹⁷

II. *PERSONAL LIBERTY AND REPRODUCTIVE AUTONOMY*

Reaffirming the trend of expanding the horizons of 'personal liberty', the Court held that:

10. *Id.* at 7, ¶ 2.

11. *Id.* at 9, ¶ 12.

12. *Id.* at 9, ¶¶ 13, 14.

13. *Id.* at 10, ¶ 15.

14. *Id.* at 13, ¶ 18.

15. Chandigarh Administration v. Nemo, In the High Court of Punjab and Haryana, CWP No. 8760 of 2009, order dated 17-7-2009. Section 3(2) of the Act except for the circumstances mentioned in Section 5(1) of the Act prohibits termination of pregnancy after 20 weeks. There are specific considerations put in the Act following which only can the pregnancy be terminated. It is generally believed that abortion after passage of 20 weeks is potentially dangerous for both the mother and the unborn child. The High Court disregarded these caveats and directed abortion merely on the basis of the psychosocial disability of the woman, a condition which is relevant only insofar as consent is concerned which as would be discussed later is not beyond the pale of suspicion.

16. *Id.* at 13, ¶ 18.

17. *Suchita Srivastava, supra* note 8, at 13, ¶ 19.

*...a woman's right to make reproductive choices is also a dimension of 'personal liberty' as understood under Article 21.*¹⁸

The Court mentioned the principles of right to privacy, bodily integrity and dignity; however, their *inter se* linkages, nexus with reproductive autonomy and situation within the larger picture of right to life was left unexplored in the judgment. I attempt to draw these connections and present a nuanced argument in expanding the fold of Article 21 to include reproductive choice.

A. Reproductive Rights: Competing and Compelling Interests

The apex court mounted an exception to *parens patriae* jurisdiction exercised by the High Court, as a power subject to constitutional challenge on the ground of right to privacy.¹⁹ It was held that right to privacy includes within its ambit decisions regarding child birth.²⁰ The Court relied on American case law, particularly, the celebrated case of *Roe v. Wade*²¹ where BLACKMUN J. (speaking for the majority) observed that:

*[T]he right of personal privacy includes the abortion decision, but that this right is not unqualified and must be considered against important state interests in regulation.*²²

Undoubtedly, the State has a compelling interest in protecting life of an unborn child. To this end, the conditions imposed by the statute must be strictly construed.²³ American courts have held that any intervention directed towards regulating a 'fundamental right' ought to be justified by a 'compelling state interest'.²⁴ With abortion as a 'fundamental right', BLACKMUN J. opined that the state has a legitimate interest in protecting the health of a pregnant woman, similarly it also has an important stake in preserving the potentiality of human life and "*each grows in substantiality as the woman approaches term and, at a point during pregnancy, each becomes compelling.*"²⁵ Hence, an algorithm of permissible levels of state intervention

18. *Id.* at 15, ¶ 22.

19. Anuj Garg v. Hotel Association of India, (2008) 3 SCC 1, at ¶ 30.

20. *Suchita Srivastava*, *supra* note 8, at 15, ¶ 22.

21. *See Roe*, *supra* note 1 (Roe, an unmarried pregnant woman brought a class action challenging the constitutionality of a Texas criminal law, which proscribed procuring or attempting an abortion, at any stage of pregnancy, except on medical advice for the purpose of saving the mother's life. The majority held that the law as unconstitutional).

22. *Id.* at 153, ¶ 10.

23. State of U.P. v. Lalai Singh, (1976) 4 SCC 213, at ¶ 10.

24. *Kramer v. Union Free School District*, 395 U.S. 621, 627 (1969); *Shapiro v. Thompson*, 394 U.S. 618, 634 (1969); *Sherbert v. Verner*, 374 U.S. 398 (1963).

25. *Roe*, *supra* note 1, at 162-3, ¶ 12.

on the basis of the stage of pregnancy was charted thus providing a neat balancing of the two competing interests.²⁶

An important distinction between *Roe* and *Suchita Srivastava* is that in the former appellants had prayed for termination of pregnancy, whilst in the latter, the prayer was for continuation of pregnancy, the commonality in that being the issue of autonomous preference of a pregnant woman.²⁷

B. Enriching Life: Privacy, Autonomy, Dignity and Right to ‘Life’

Privacy has twin strands²⁸ of ‘self-autonomy’²⁹ and ‘spatial autonomy’.³⁰ Traditionally, the qualified right to privacy was discussed mostly around issues pertaining to surveillance,³¹ search and seizure,³² and family relations.³³ In this

26. The court observed that till the end of the first trimester the abortion decision and its effectuation must be left to the medical judgment of the woman’s attending physician. Subsequent to this till the viability, the State may regulate abortion procedure in ways reasonably related to maternal health, and at the stage after this it may regulate and even proscribe abortion except where necessary in an appropriate medical judgment for preservation of life or health of mother. *See Roe, supra* note 1, at 163-5. The US Supreme Court later, in *Robert Casey v. Planned Parenthood of South-eastern Pennsylvania*, 505 U.S. 833 (1992) held that the undue burden test, rather than the trimester framework, should be used in evaluating abortion restrictions before viability [hereinafter *Casey*].
27. ‘Right to abortion’, as premised in *Roe* is associated with all the weaknesses of negative notions of freedom i.e., the State cannot justify inflicting harm on a woman in an arena generally reserved to personal rather than governmental control. The question, whether reproductive autonomy or personal decision making in the realm of family life or procreative choices, is integral to a woman’s personhood is often neglected. It is proclaimed that the right to abortion as such has no positive content to it and when and when juxtaposed against the harms of enforced childbirth, termination may be ‘the only civilized step to take.’ Not a moral step, not even necessarily a good step, but a ‘civilized’ step is the limit of ardour expressed in support of the right to choose. *See Elizabeth Reilly, The ‘Jurisprudence Of Doubt’: How the Premises of the Supreme Court’s Abortion Jurisprudence Undermine Procreative Liberty*, 14 JOUR. OF LAW AND POLITICS 757, 764-5 (1998). In continuing pregnancy, the interest in the life of the unborn child competes with that of a woman’s privacy, autonomy, dignity and bodily integrity claims. What must also be noticed is the reversal of the role of the State in the two cases. While in *Roe* the state contested termination of pregnancy, in *Suchita Srivastava* it was strangely the state that insisted on abortion.
28. The classification is suggested by Marybeth Herald, *A Room of One’s Own: Morality and Sexual Privacy after Lawrence v. Texas*, 16 YJLF 1, 34 (2003)
29. This includes matters relating to preferences and innate in one’s self and identity (e.g. sexual orientation, state of one’s mind and body (potency, disability and illness, etc.). Forced medical examination, or elicitation of personal details normally attack this strand.
30. The psychological aspect of selfhood, in some instances is supplemented by the physical aspect of spatial prerogative. There are private places that are off limits to the government where an individual should be free to do as s/he chooses i.e. matters relating to consensual transactions like sexual relationships, family, intimate conversations with associated persons, etc.
31. Development of the concept of right to privacy in Indian Constitutional law discourse owes its origin from *Kharak Singh v. State of Uttar Pradesh*, AIR 1963 SC 1295 (particularly the dissenting opinion of SUBBA RAO J.); *Gobind v. State of Madhya Pradesh*, (1975) 2 SCC 148, at 157-8 ¶ 31 (“Assuming that the fundamental rights explicitly guaranteed to a citizen have penumbral zones and that the right to privacy is itself a fundamental right, that fundamental right must be subject to restriction on the basis of *compelling public interest*.” (emphasis supplied)) [hereinafter *Gobind*].
32. *M.P. Sharma v. Statish Chandra*, AIR 1954 SC 300; *V.S. Kuttan Pillai v. Ramakrishnan*, AIR 1980 SC 185.
33. *Saroj Rani v. Sudharshan Kumar*, AIR 1984 SC 1562 (relating to restitution of conjugal rights); *Mr. X v. Hospital Z*, AIR 1999 SC 495 (a doctor’s duty of keeping confidentiality about a patient’s ailments (e.g.

backdrop, it is difficult to comprehend the issues of privacy involved in medical termination of pregnancy which is why there was a dissenting opinion in *Roe*.³⁴ But when ‘privacy’ is understood as an interest subsisting in ‘individual autonomy’, which then is inextricably related to making informed/free preferences that defines one’s present and future course of life without interference from any outside agency, the nexus between reproductive choice and ‘dignity’ becomes apparent.³⁵ This, in my opinion, is the rationale of expanding the contours of ‘personal liberty’ enshrined in Article 21 to include ‘reproductive choice’. The court rightly held that forcible sterilization based on eugenics theory violates Article 14.³⁶ But as the above discussion shows such measures also infringe upon Article 21. The Court, though held in favour of a woman’s right to make reproductive choices, yet failed to underscore the relationship between privacy rights and ‘personal liberty’³⁷ and allowed its observation to remain a brushstroke. In fact earlier cases had observed that:

*Privacy primarily concerns the individual. It therefore relates to and overlaps with the concept of liberty... right to privacy must encompass and protect the personal intimacies of the home, the family, marriage, motherhood, procreation and child rearing.*³⁸

The US Supreme Court in *Casey* observed that these matters:

*involving the most intimate and personal choices a person may make in a lifetime, choices central to personal dignity and autonomy, are central to the liberty protected by the Fourteenth Amendment.*³⁹

Pregnancy is an expression of motherhood which clearly is an intimate personal choice a woman makes. Depriving her of independent decision-making involving a right to choice and control over her body strikes at her bodily integrity, self-determination and dignified life which must inform the understanding of ‘life’ in Article 21.⁴⁰ The Court in *Suchita Srivastava* goes only as far as providing instances

AIDS in this case)); *Sharda v. Dharmpal*, AIR 2003 SC 3450 (court ordered medical examination of a spouse for mental illness for deciding on divorce petition).

34. *Roe*, *supra* note 1, at 172-3 (per REHNQUIST J.).

35. Jeffery Shaman, *The Right of Privacy in State Constitutional Law*, 37 RUTGERS L.J. 971, 972-4 (2006).

36. *Suchita Srivastava*, *supra* note 8, at 23.

37. For a profound understanding of the nexus between privacy, autonomy and dignity, see *Naz Foundation v. Government of NCT of Delhi*, 160 (2009) DLT 277 (per SHAH J.). Though this case relates to the constitutional validity of Section 377 of the Indian Penal Code that criminalizes homosexual association of persons, the reasoning is applicable in the instant case too. Another exposition on privacy rights that may be considered a benchmark is the opinion of MATHEW J. in *Gobind*, *supra* note 31, at ¶¶ 19-26.

38. *Gobind*, *supra* note 31, at ¶¶ 23-4 followed in *Rajagopal v. State of Tamil Nadu*, AIR 1995 SC 264, at ¶ 9.

39. *Casey*, *supra* note 26, at 851.

40. *Francis Coraile v. Union Territory of Delhi*, AIR 1981 SC 746; *Bandhua Mukti Morcha v. Union of India*, AIR 1984 SC 802; *Sunil Batra v. Delhi Administration*, AIR 1978 SC1675.

of ‘reproductive autonomy’ without much theoretical base.⁴¹ This discussion is significant in as much as it provides a foundational understanding of privacy rights in the backdrop of reproductive autonomy. Privacy, like any other right, is not absolute. However, it is imperative that in plotting restriction in the exercise of right, the latter must be given the widest amplitude. ‘Compelling state interest’ is one such restriction recognised in *Roe*. The Court in *Suchita Srivastava* held that the Act provides for such reasonable restrictions. It needs to be examined whether they have a ‘direct or inevitable effect’ of abridging the rights of a pregnant woman.⁴²

C. ‘Choice’ and its Implications

This cavalier assertion of a right has a disadvantage in decontextualization of the circumstances of choice. The fleshing out of right with inadequate reasoning may also render the co-relative duties unclear. A ‘choice’ is worth little if the circumstances are such that it cannot be exercised with adequate information or cannot be implemented because of lack of access to medical or financial resources.⁴³ In this regard, the state indeed has a cardinal role to play by creating a rights-enabling environment for effectively realising the opportunity to make a choice.⁴⁴ This has two implications in the present case: (i) free/informed consent of the pregnant woman; and (ii) provisions for exercise of right i.e., successful delivery. The Supreme Court only took care of the second when it directed that “*the best medical facilities [are] made available so as to ensure proper care and supervision during the period of pregnancy as well as for post-natal care.*”⁴⁵

III. CONTRADICTIONS AROUND CONSENT

The Act makes consent of a guardian, in case the woman is a minor or a patient of mental illness, or in all other cases the consent of the pregnant woman mandatory for the termination of pregnancy.⁴⁶ Obviating the provision mandating guardian’s consent, the Court distinguished the situation in the present case by holding that mental illness is different from mental retardation.⁴⁷ To arrive at this

41. See *Suchita Srivastava*, *supra* note 8, at 15, ¶ 22 (e.g. right to refuse participation in sexual activity; insistence on the use of contraceptive methods; choosing birth-control methods (like sterilisation) and a woman’s entitlement to carry a pregnancy to its full term, give birth and raise children.).

42. See *Bennett Coleman & Co. v. Union of India*, AIR 1973 SC 106, at ¶ 39.

43. Nicola Lacey, *Feminist Legal Theory and the Rights of Women*, in *GENDER AND HUMAN RIGHTS* 13, 40-41 (KAREN KNOP ed. 2004).

44. See *Rangarajan v. P. Jagjivan Ram*, (1989) 2 SCC 574 (“what good is the protection of freedom of expression if the state does not take care to protect it?”). See also *Express Newspapers Pvt. Ltd. v. Union of India*, AIR 1986 SC 872 (the court quashed the notice issued by the Central Government regarding cancellation of lease and demolition of building on the grounds of *mala fide* and held that it intended to silence the voice of Indian Expression).

45. *Suchita Srivastava*, *supra* note 8, at 23, ¶ 60.

46. § 3(2) read with ¶¶ 3(4)(a) and 3(4)(b) of the Act.

47. *Suchita Srivastava*, *supra* note 8, at 16.

conclusion, definitions that exclude ‘mental retardation’ from the purview of mental illness⁴⁸ or treat it as a distinct category altogether⁴⁹, were brought to reason. Therefore, the Court held that an explicit consent of the woman with ‘mental retardation’ needs to be obtained before sanctioning abortion.⁵⁰ The Court held that it:

*...cannot permit a dilution of this requirement of consent since the same would amount to an arbitrary and unreasonable restriction on the reproductive rights of the victim.*⁵¹

It is argued that this generalisation is incorrect. In fact, the Act itself provides that in certain cases a doctor can terminate the pregnancy without obtaining consent of the woman.⁵² The reason is that arbitrarily diluting consent requirement meets out unequal treatment, stifles free expression and annihilates dignity, autonomy and bodily integrity, thereby violating Articles 14, 19(1)(a) and 21.

Incidentally, the court made an observation that since the woman was an orphan placed in a government run institution, the State could claim guardianship but this cannot be extended mechanically to make her decisions about abortion.⁵³ This observation, it is submitted, was completely unnecessary because the issue of guardianship is irrelevant whence it was established that the appellant was a patient of ‘mental retardation’ and not ‘mental illness’.

A. Problematicizing ‘Mental Illness’ and ‘Mental Retardation’ Divide in the Light of UNCRPD

Despite the language of the Act, the High Court had in fact relied on medical opinions and provisions of certain enactments to observe that the distinction between the two mental disorders had collapsed. Replying to this, the apex court, however, ruled that:

*[T]he distinction between statutory categories can be collapsed for the purpose of empowering the respective classes of persons.*⁵⁴

In this respect, it is submitted that the approaches of both courts left much to be desired. The High Court in dissolving the distinction and extending *parens patriae*

48. § 2(b) of the Act.

49. Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995, treats ‘mental illness’ and ‘mental retardation’ as distinct forms of ‘disability’ (§ 2(i)).

50. *Suchita Srivastava*, *supra* note 8, at 17, ¶ 29.

51. *Suchita Srivastava*, *supra* note 8, at 17, ¶ 31.

52. § 5(1) of the Act.

53. *Suchita Srivastava*, *supra* note 8, at 16, ¶ 27.

54. *Id.* at 17, ¶ 33.

power to a territory cordoned off by the Act, disempowered persons of both the classes. The Supreme Court's unproblematic acceptance of difference legitimises the discrimination against persons with mental illness. Perhaps, the constraints of adversarial system helped the court in ignoring the disempowering provision that makes consent of a guardian mandatory in termination of pregnancy of the woman with mental illness.

This argument is significant as India has ratified the UNCRPD⁵⁵ which replaces the paradigm of incapacity, charity and welfare with one grounded in capacity, rights and empowerment. It recognizes universal legal capacity for all persons with disability in all aspects of life on an equal basis with others⁵⁶ and mandates the norm of supported decision making.⁵⁷

No cogent reasons have been supplied by the legislature for differential treatment accorded to persons with mental illness and mental retardation and the same has not been questioned by the Supreme Court. Without this, the distinction is without difference and arbitrary. In making such classification, the Court violated its own accepted jurisprudence on equality.⁵⁸ Persons with mental illness do possess necessary capacity to reason and are entitled to the same degree of protection against interference as others.⁵⁹ Overturning their autonomous decisions on societal notions of welfare is not justifiable. Romanticising mental disorder ignores the trauma caused by deprivation of autonomy and identity.⁶⁰

Whilst judicial decisions may well provide impetus to social and legislative breakthrough, it may be argued that this criticism is more applicable to the legislature. There is no disagreement here, yet the courts on several occasions have been prompters of legislative change.⁶¹ To that extent, it is disappointing to observe that the Supreme Court frittered away one such opportunity. The fact that *Suchita Srivastava* was one of the first judicial opinions post India's ratification to the UNCRPD, only makes the loss costlier.

55. India ratified the UNCRPD on October 1, 2007.

56. UNCRPD, art. 12(2) read with art. 23(1)(b) (this was despite the acknowledgement of the court in *Suchita Srivastava*: "we must also bear in mind that India has ratified the Convention on the Rights of Persons with Disabilities (CRPD) on October 1, 2007 and the contents of the same are binding on our legal system."). *Suchita Srivastava*, *supra* note 8, at ¶ 22.

57. UNCRPD, art. 12(3).

58. *Suchita Srivastava*, *supra* note 8, at 17, ¶ 33.

59. JOHN STUART MILL, ON LIBERTY AND OTHER ESSAYS 10 (2010) ("over himself, over his own body and mind, the individual is sovereign.").

60. AMITA DHANDA, LEGAL ORDER AND MENTAL DISORDER 29 (2000).

61. For example, the Supreme Court issued guidelines for the arresting a person accused of crime in *D.K. Basu v. State of West Bengal*, 1997 (1) SCC 416. The substance of these guidelines was incorporated in the Code for Criminal Procedure, 1973 through addition of Section 50-A by the Code of Criminal Procedure (Amendment) Act, 2005.

The expert body of the High Court had found that: (i) the woman was aware of her pregnancy and was keen to have her child; and (ii) possessed highly suggestible mental state, imperfect understanding of her and the prospective child's future and role of a mother.⁶² Could it be said that she had made an informed choice of continuation of pregnancy? The Supreme Court held that *parens patriae* jurisdiction could be exercised only in the 'best interest' of the patient. It considered the first finding sufficient for adopting this approach. On second, it did not deliberate and merely held that since the twenty weeks time for permissible termination was fast approaching continuation of pregnancy will be in her 'best interest'.⁶³ It is pertinent to observe that the second question could have been answered taking recourse to the principles of legal capacity and supported decision-making enshrined in the UNCRPD.⁶⁴

B. Questioning the Decisive Importance of Medical Opinions

Incidentally, the expert body report on which the Court primarily relied gave exactly the opposite answers to the questions posed before the earlier medical board constituted by the Chandigarh Administration. Perhaps when the previous board gave its opinion, pregnancy could be terminated without much risk to the woman and by the time second opinion was submitted, due to the passage of time the risks had also grown. *Suchita Srivastava* exposes the ambivalence in medical opinions and the risk in allowing determination of the issues of rights of an expectant woman to be dictated by such opinions. The Court failed to appreciate this and provided another instance of privileging the medical opinion despite the shift in the understanding of disability brought by UNCRPD wherein disability is viewed is not reduced to its medical formulation but is recognised as a 'social construct'.⁶⁵

CONCLUSION

With every decision it renders, a court redefines its role in democracy. In the instant case, it was a guardian of rights. When it took the opportunity to confront

62. The report of the expert body has been reproduced in the order of the Supreme Court in *Suchita Srivastava*, *supra* note 8, at 10-12.

63. *Id.* at 20-1, ¶ 48.

64. *See infra* notes 56-7. Despite the absence of a legislation in respect of the domestic implementation of the ratified by India) and framed certain guidelines to guarantee the right against sexual harassment at the workplace.

65. UNCRPD, art. I ("persons with disabilities include those who have long-term physical, mental, intellectual or sensory impairments which *in interaction with various barriers may hinder their full and effective participation in society* on an equal basis with others." (emphasis supplied)). *See also* UNCRPD, pmb. ¶ (e) ("recognizing that disability is an evolving concept and that disability results from the interaction between persons with impairments and attitudinal and environmental barriers that hinders their full and effective participation in society on an equal basis with others.").

the social stereotypes operating against mentally retarded persons, it assumed the role of a social reformer. This order is indeed another feather in the cap of rights jurisprudence of the Indian courts. Yet it lacks the logical consistency and nuanced connections necessary for sustaining the pragmatic inclusion of ‘reproductive choices’ within the fold of ‘personal liberty’ in Article 21.

The Supreme Court’s reconstructionist⁶⁶ approach has ensured that rights are not merely an area of non-interference but as claims inherent to the existence of human beings they must also be actively provided for and promoted by the State. The judgment in the instant case would have fostered more integrity had it been informed by some of these epochal decisions.⁶⁷

Similarly, the Court did recognise the binding nature of international law but fell short of actually applying it inasmuch as it spared the impugned legislation from scrutiny on the basis of India’s commitments to the United Nations, obligations under the UNCRPD and also the Constitutional principles.

The case did present a promise to deliberate and pronounce on some broader (yet significant) issues concerning persons with disabilities as regards equal recognition before law and enjoyment of fundamental rights on equal basis with others. In fact, the court did make an effort to question and reject the stereotypes of incapacity levelled against them.⁶⁸

While critiquing the judgment it must be considered that the court was pressed for time as when it took cognizance of the appeal, the woman had already been pregnant for 19 weeks. Yet, even as the final order in *Suchita Srivastava* is fair and just, it is clear that the judgment as a whole falls short of being progressive and emancipatory for the persons with disabilities.

66. See Jane S. Schacter, *Metademocracy: The Changing Structure of Legitimacy in Statutory Interpretation*, 108 Harv. L. Rev. 593, 618 (1994-95).

67. For example, *Francis Coraile v. Union Territory of Delhi*, AIR 1981 SC 746 (meaning and extent of term ‘life’ in Article 21 to include life with dignity); *Gobind, supra* note 31 (right to privacy and its linkages with right to life); *Rajagopal v. State of Tamil Nadu*, AIR 1995 SC 264 (elements of right to privacy); *Bennett Coleman & Co. v. Union of India*, AIR 1973 SC 106 (direct and inevitable effect test to check the validity of the impugned state action for violation of fundamental rights).

68. *Suchita Srivastava, supra* note 8, at 22, ¶ 53.

CORPORATE CRIMINAL LIABILITY: FINDING SETTLED SHORES?—A COMMENT ON *IRIDIUM INDIA TELECOM V. MOTOROLA INC.*

Prateek Andharia*

ABSTRACT

Corporations today exist as important actors in almost every sphere of individual, social and political activity. This comment seeks to explore the criminal liability of corporations in India, especially concerning itself with the recent decision of the Supreme Court in *Iridium India Telecom v. Motorola Inc.* A study is also undertaken of the position of law on corporate criminal liability in India and the United Kingdom, so as to situate the comment in the context of the existing principles in this emerging area of legal study. The comment critically analyses the Court's decision at length, with a brief discussion on the aspects of the matter that were not adjudicated and the questions that remain to be answered by the court where the matter is finally adjudicated on merits.

INTRODUCTION

Across the globe, the position of law with respect to corporate criminal liability has been shrouded in speculation, inconsistency and controversy.¹ With the increasing role of large multinational corporations in the world economy today and the growing stature of India as a preferred global investment destination, the nature and extent of corporate criminal liability in India definitely assumes a unique significance.

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1 See e.g., Pamela Bucy, *Corporate Ethos: A Standard for Imposing Corporate Criminal Liability*, 75 MINN. L. REV. 1095 (1991) (the 'corporate ethos' standard of liability as representing corporate *mens rea*); Hall, *Corporate Criminal Liability*, AM. CRIM. L. REV. 549 (1998) (analysing the elements of corporate criminal liability and discussing the use of corporate compliance programs to limit liability); V.S. Khanna, *Is the Notion of Corporate Fault a Faulty Notion: The Case of Corporate Mens Rea*, 79 B.U. L. REV. 355 (1999) (discussing the various standards of *mens rea* and arguing for their replacement by a strict liability or negligence standard); Brent Fisse & John Braithwaite, *The Allocation of Responsibility for Corporate Crime: Individualism, Collectivism and Accountability*, II SYDNEY L. REV. 468 (1988) (proposing that courts impose criminal liability on a corporation that covers up criminal conduct); *Developments in Law -Corporate Crime: Regulating Corporate Behaviour through Criminal Sanctions*, 92 HARV. L. REV. 1227 (1978-1979) (discussing a liability standard based on corporate procedures that fail to prevent corporate criminal violations); Thomas J. Bernard, *The Historical Development of Corporate Criminal Liability*, 22 CRIMINOLOGY 3 (1984) (analysing the historical development of corporate criminal liability); V.S. Khanna, *Corporate Criminal Liability: What Purpose Does It Serve?* 109 HARV. L. REV. 1477 (1996) (comparing the costs and benefits of corporate criminal liability vis-à-vis other liability strategies).

Corporate criminal liability shot to significance in Indian legal circles after the Bhopal gas leak tragedy in 1984.² The need for effective laws to bring the perpetrators of the disaster to book dawned with realisation that the provisions of the century old Indian Penal Code³ were woefully inadequate to tackle the nature of crimes committed by large business corporations.

The past two decades have seen the Indian legal profession violently woken up to the fast emerging reality of globalisation, the impacts of which were simply too phenomenal to ignore. New areas of law, which were hitherto unknown or meted out with a proverbial step-motherly treatment have since acquired a special place in the profession. Antitrust law, Intellectual Property Rights Law and Alternative Dispute Resolution are the most obvious examples of the emergence of such new areas of interest. Corporate criminal liability too finds a place among these disciplines, with an increasing number of corporations finding themselves on the wrong side of the Indian criminal law. The present case, therefore, must be examined in the background these changes in the existing legal system.

The fundamental issue addressed in this paper is the legal position of corporations in the criminal law of our country, discussed in the background of the judgement in *Iridium India Telecom Ltd. v. Motorola Incorporated*.⁴ While Part I serves as a statement of the position of law as it existed prior to the decision; Part II discusses the background of the case and its holding and Part III critically analyses the legal and logical tenability of the decision. Part IV examines the various questions left unanswered by *Iridium*. The conclusion summarises the entire issue, briefly discussing the consequences of the decision and putting forth suggestions for the future of the concept of corporate criminal liability.

I. THE POSITION OF LAW PRIOR TO *IRIDIUM*

The Indian courts often turn to the depth of the common law to fill voids in new, developing or nascent fields, the law of contract, tort and taxation being just few examples of this trend. It is therefore not surprising that Justice Nijjar turned to the time tested formulations of English law in deciding the present matter. It would be most inappropriate, therefore, to proceed with the examination of a landmark case on the subject of corporate criminal liability without first undertaking a brief study of the development of common law in this area and the corresponding developments in Indian law.

2 See UPENDRA BAXI & AMITA DHANDA, VALIANT VICTIMS AND LETHAL LITIGATION: THE BHOPAL CASE(1990).

3 No. 45 of 1860 [hereinafter the Code].

4 (2010) 160 CompCas 147 (SC) [hereinafter *Iridium*].

A. The Position of English Law

The present Indian law on the subject being greatly influenced by developments in English law, the historical development of the attribution of *mens rea* to corporations in English law makes for interesting analysis even to a person undertaking a study of the Indian corporate criminal liability regime alone.⁵

At first, a company was treated independently, distinct in its existence from its owners or shareholders,⁶ but with the passage of time and the increase in activities carried out by corporations, courts in most jurisdictions took to what is commonly referred to as ‘piercing the corporate veil’ theory.⁷

The first significant case on attribution of corporate responsibility was *DPP v. Kent and Sussex Contractors Ltd.*,⁸ in which it was held that a company identified with those officers who are its ‘directing mind and will’.⁹ Today referred to as the ‘identification principle’, this formulation received acceptance immediately,¹⁰ and was further crystallised by Lord Denning in *H.L. Bolton Co. Ltd. v. T.J. Graham & Sons*,¹¹ where he compared a company to a human body, likening the directors and managers to the ‘brain’ of the company and thereby allowing attribution. In *Tesco Supermarkets v. Natrass*,¹² the House of Lords further approved this approach.

Recently, this principle was further qualified in *Meridian Global Funds Management Asia Ltd. v. Securities Commission*¹³, where the Privy Council held that ‘...courts should be prepared to go beyond the people who represent the

5 ANDREW ASHWORTH, PRINCIPLES OF CRIMINAL LAW 117 (5th ed., 2006) (1991) [hereinafter ASHWORTH, CRIMINAL LAW].

6 *Salomon v. A Salomon & Co Ltd.*, (1897) AC 22 (The owner of a company was allowed to claim sums due to him as a debenture holder before the outside creditors of the company were paid).

7 See generally, *Jones v. Lipman*, (1962) 1 WLR 832; *Booth v. Bunce*, 33 N.Y. 139 (1865); *Fairfield County Turnpike Co. v. Thorp*, 13 Conn. 173, 179 (1839); *U.S. v. Milwaukee Refrigerator Transit Co.*, 142 F. 247 (C.C.E.D. Wisc. 1905); I.M. Wormser, *Piercing the Veil of Corporate Entity*, 12 COLUM. L. REV. (1912); J Dewey, *The Historic Background of Corporate Legal Personalit.*, 35 YALE L. J. (1926).

8 (1944) KB 146.

9 The case concerned two offences, making a statement known to be false and using a false document with intent to deceive. Viscount Caldecote CJ held the company liable on both counts, laying down what is today known as the ‘Identification Principle’.

10 The principle was adopted and used by the courts that very year in two cases: *ICR Haulage Ltd.*, (1944) KB 551; *Moore v. I Bresler Ltd.*, (1944) 2 All ER 515.

11 (1956) 3 All ER 624. A difficulty with this exposition was that companies could now escape sanctions on the ground that single human component of the company was responsible for forming the *mens rea* necessary to found a criminal prosecution.

12 (1972) AC 153 (In this case a company was convicted for selling goods at a higher price than indicated, in violation of the Trade Descriptions Act, 1968).

13 (1995) 2 AC 500 (In this case employees of a company acting within the scope of their authority, but unknown to the directors, used company funds to acquire some shares. The question was whether the company knew, or ought to have known that it had acquired those shares).

directing mind and will of a company.’ Lord Hoffman stated that the court should enquire as to whose act (or state of mind) was for this purpose intended to count as the act of the company, stating that such enquiry would depend from case-to-case on the ‘statutory context.’¹⁴

B. The Position of Indian Law

The position of law in India, however, has been far more nebulous and ambivalent. Most Indian statutes specifically include references to corporations in definitions of personality.¹⁵ The controversy surrounding the culpability of corporations in offences requiring mandatory imprisonment as a punishment was discussed by the Law Commission of India¹⁶ and it suggested an amendment to the Code to allow the prosecution of corporations for such offences. To that end, the Indian Penal Code (Amendment) Bill, 1972 was introduced, purporting to add Section 72(1)(a) and make imposition of fine the sole punishment for corporations in the aforementioned cases.¹⁷ However, the bill lapsed and was never re-introduced.

Indian courts today recognise corporate criminal liability, but with the twin reservation that: *first*, certain acts because of their nature cannot be committed by a corporation, such as rape, murder, etc. and *secondly*, corporal punishment cannot be imposed on the corporation but the corporation could be punished by imposition of fine.¹⁸ In general, a corporation is in the same position in relation to criminal liability as a natural person and may be convicted in common law for statutory offences, including those requiring *mens rea*.¹⁹ However, Glanville Williams adds:

*A company can only act through human beings and a human being who commits an offence on account of or for the benefit of a company will be responsible for that offence himself. The importance of incorporation is that it makes the company itself liable in certain circumstances, as well as the human beings.*²⁰

14 Meridian Global Funds Management Asia Ltd. v. Securities Commission, (1995) 2 AC 500.

15 See § 11, The Code; § 3(42), General Clauses Act (No. 10 of 1897); § 2(31) (iii), Income Tax Act (No. 43 of 1961); § 2(4), Foreign Exchange Management Act (No. 42 of 1999); § 2(1), Competition Act, 2002 (No. 12 of 2003); § 2(s), Prevention of Money Laundering Act (No. 15 of 2003); § 2(49), Indian Electricity Act, (No. 36 of 2003).

16 LAW COMMISSION OF INDIA, 41ST REPORT, 1972.

17 The text of the proposed section reads as follows: “In every case in which the offence is only punishable with imprisonment or with imprisonment and fine and the offender is a company or other body corporate or an association of individuals, it shall be competent for the court to sentence such offender to fine only.”

18 RATANLAL & DHIRAJLAL, THE INDIAN PENAL CODE 71 (31st ed. 2006).

19 Madras Port Trust v. A.M. Safiulla & Co., AIR 1965 Mad. 133.

20 GLANVILLE WILLIAMS, TEXT BOOK OF CRIMINAL LAW 970 (2nd ed. 1961).

The central issue of controversy is that a juristic person cannot easily be attributed with *mens rea*, required as an essential ingredient of most criminal offences.²¹ Furthermore, even once such state of mind is imputed to a corporation, in cases where punishment for the offence necessitates mandatory imprisonment, the stage of sentencing creates a fresh quandary for the courts.²² As the second of these two issues has been conclusively settled by the Supreme Court previously,²³ this comment seeks to address the first issue in the light of the recent decision in *Iridium*.

II. *IRIDIUM*: LEADING UP TO THE HOLDING

The factual matrix germane to the dispute was that Iridium India Ltd.²⁴, along with certain other public institutions²⁵, was induced into making investments to the tune of US \$70 million in Iridium Inc.²⁶, for their ambitious Iridium satellite communication project. Based on Iridium's representations put forth in their Private Placement Memorandums (PPMs) of 1992 and 1995, as well as on representations of Motorola Incorporated²⁷ in its personal capacity, several investors invested around Rs. 600 crore in Iridium.²⁸ Later, the project failed commercially and Iridium Inc. filed for bankruptcy in the USA. The Iridium system and its assets were eventually sold for 0.4% of their purchase value.²⁹

Since Motorola was the dominant personality behind the operations of Iridium,³⁰ and also conceived and executed the Iridium business model; given that Iridium was now bankrupt, the impugned complaint was directed towards Motorola. Also, interestingly, most systems for the project had been purchased from Motorola

21 State of Maharashtra v. Mayer Hans George, AIR 1965 SC 722; W.O. RUSSELL, RUSSELL ON CRIME17 (12thed. 2001); P.S.A. PILLAI, CRIMINAL LAW27 (10thed. 2009).

22 Assistant Commissioner v. Velliappa Textiles Ltd., (2003) 11 SCC 405.

23 Standard Chartered Bank v. Directorate of Enforcement, (2005) 4 SCC 405 [hereinafter *Standard Chartered*].

24 Hereinafter Iridium India.

25 These included inter alia, major public financial institutions like Industrial Development Bank of India (IDBI), State Bank of India (SBI), Export Import Bank of India (EXIMP Bank), Housing Development Finance Corporation Ltd. (HDFC) and Life Insurance Corporation of India (LIC).

26 Hereinafter Iridium. Iridium Inc. had an extremely complex ownership structure, but it would suffice to know that in 1996 it had merged into Iridium LLC. Iridium LLC, a corporation incorporated in Delaware, was in turn a wholly owned subsidiary of Motorola Incorporated.

27 Hereinafter Motorola.

28 *Iridium*, *supra* note 4, ¶ 25.

29 *Id.*, ¶ 16.

30 It was Motorola who had conceived, directed and controlled Iridium and was at all material times Iridium's dominant shareholder and at the time of the impugned transaction, Motorola continued to hold about 20% equity in Iridium. It was also further alleged that most of the persons on the board of Iridium were either former or current employees of Motorola who had been deputed or seconded to Iridium.

itself, for a fully paid consideration estimated to be worth around \$6.5 billion.³¹

The chief allegation in the criminal complaint was that Iridium India, along with certain financial institutions, had invested their funds on the strength of the representations in the PPMs, which had now emerged as ‘false, dishonest, fraudulent and deceitful’.³² It was alleged that the representations were false from the very beginning and the project had, to the knowledge of Motorola, been unviable from inception.³³ To substantiate this, reliance was placed on the fact that in the early 1990’s Motorola had themselves rejected a proposal to fund the project with their own funds.³⁴ Also, initial market research that Motorola had commissioned revealed that the system would not be of much use to the purported target group, business travelers.³⁵ Another research project had stated the project to be viable only for oil rigs or in the desert.³⁶

On 3 October 2001, a criminal complaint was filed by Iridium India against Motorola under Section 420 read with Section 120B of the Code.³⁷ On 6 November 2001, there was an issue of process by the Judicial Magistrate, Khadki, Pune. The accused appealed to the High Court under Article 227 of the Constitution and Section 482 of the Code of Criminal Procedure³⁸ and sought immediate quashing of the complaint. The High Court accepted their submissions and quashed the order issuing process in 2003.³⁹ The matter subsequently came up before the Supreme Court on appeal.

Iridium India argued, at first, that the power to quash a criminal complaint must be exercised ‘very sparingly and with abundant caution’, in accordance with the guidelines laid down in *State of Haryana v. Bhajan Lal*.⁴⁰ It was also argued, on the strength of various precedents, that the High Court could only consider the complaint as a whole and not delve into the merits of the matter.⁴¹

Motorola, on the other hand, remained defiant, arguing that the entire project was and is a technological success, citing its use in global aerospace programs and the

31 *Iridium*, *supra* note 4, ¶ 6.

32 *Id.*, ¶ 11.

33 *Id.*, ¶¶ 11-13.

34 *Id.*, ¶ 13.

35 *Iridium*, *supra* note 4, ¶ 14.

36 *Id.*

37 The offences made out therein are Cheating and dishonestly inducing delivery of property (420) and Criminal Conspiracy (120B).

38 No. 2 of 1974 [hereinafter CrPC].

39 *See* *Motorola Incorporated v. Union of India*, CriLJ 1576.

40 (1992) Supp. (1) SCC 335.

41 *Smt. Nagawwa v. Veeranna*, (1976) 3 SCC 736; *Municipal Corporation of Delhi v. Ram Kishan Rohtagi*, (1983) 1 SCC 1; *Dhanalakshmi v. R .Prasanna Kumar*, 1990 (Supp) SCC 686.

defence departments of different countries.⁴² It further argued that even if it was accepted that the project was not successful, this fact alone was grossly insufficient to establish that it had any dishonest or fraudulent intention. Lastly, it was contended that the 1992 PPM contained all the necessary information, including a list of risk factors.⁴³ Since estimates in the PPM were based on future assumptions, the mere non-realisation of these could not establish *mens rea*. Also, the investors were professional institutions advised by their own experts and it could not be presumed that their decision was based purely on PPM's advise.⁴⁴

Coming to the central issue of corporate criminal liability, it was argued that as cheating was an offence punishable with mandatory imprisonment,⁴⁵ it would be absurd to permit proceedings to go any further. Also, the alleged offence being one requiring the definite presence of *mens rea*, it could not be imputed to a company at all. In light of this, it was submitted that there could not be any criminal liability in such a case as the necessary ingredients of the offence of cheating were not and could not be made out in such a situation.⁴⁶

These arguments were refuted based on the decision of a Constitution Bench in *Standard Chartered Bank*,⁴⁷ which held, albeit by a narrow majority, that a corporation could be made liable for an offence punishable with mandatory imprisonment.⁴⁸ Several of the aforementioned foreign authorities were cited in support of the proposition that corporations are capable of possessing *mens rea*.⁴⁹

The Supreme Court duly considered the arguments on the powers of the High Court under Section 482 of the CrPC and only reiterated the well established rule that such power was to be exercised with great caution and only in exceptional circumstances.⁵⁰ It then briefly summarized the now established position regarding the liability of corporations in offences providing for a mandatory term of imprisonment before going on to discuss at length the issue of corporate criminal liability in offences involving *mens rea*.

42 *Iridium*, *supra* note 4, ¶ 29.

43 *Id.*

44 *Id.*

45 The punishment prescribed under Section 420 of the Indian Penal Code is "imprisonment of either description for a term which may extend to seven years, and shall also be liable to fine."

46 *Iridium*, *supra* note 4, ¶ 29.

47 (2005) 4 SCC 50.

48 It is important to distinguish the present matter from the facts of *Standard Chartered* in so far as in that case, the offence in question was under Section 51 of the Foreign Exchange Regulation Act, 1973 imposes strict liability and therefore requires no enquiry into the *mens rea* of the corporation. In the present case however, Section 420 of the Indian Penal Code uses the terms 'dishonestly induces' and necessitates the presence of *mens rea*.

49 *See supra* notes 8-13.

50 *Iridium*, *supra* note 4, ¶ 44.

Regarding the issue of proceeding against a corporation in offences necessitating mandatory imprisonment, the Court dismissed the respondents' claims, taking note of its decision in *Standard Chartered*⁵¹ and concurring *in toto* with the majority judgment in that case.⁵² Notably, the Court refused to entertain arguments seeking to distinguish that decision and other similar judgments⁵³ on the ground that it pertained to special legislation, thereby extending the ratio laid down in *Standard Chartered* to all offences.

In considering the question as to whether a juridical person could be made liable for offences involving *mens rea*, the Court noted that the 'issues involved are of considerable importance to the parties in particular, and the world of trade and commerce in general'⁵⁴ and accordingly went on to analyse the position of law on the subject in several other countries.⁵⁵ On consideration of these authorities, the court arrived at the conclusion that the universally accepted position was that corporations could be liable for offences requiring *mens rea*.⁵⁶

While adding to its decision the caveat that the matter was to be considered on merits only by the appropriate lower court,⁵⁷ the Court nevertheless observed:

*From the above it becomes evident that a corporation is virtually in the same position as any individual and may be convicted of common law as well as statutory offences including those requiring mens rea. The criminal liability of a corporation would arise when an offence is committed in relation to the business of the corporation by a person or body of persons in control of its affairs. In such circumstances, it would be necessary to ascertain that the degree and control of the person or body of persons is so intense that a corporation may be said to think and act through the person or the body of persons .*⁵⁸

In doing so, the court has effectively imported the 'identification principle', a product of the common law, into the Indian law on corporate criminal liability.

51 (2005) 4 SCC 405.

52 *Iridium*, *supra* note 4, ¶ 40.

53 Kalpnath Rai v. State, (1997) 8 SCC 732; Zee Ltd. v. Sahara India Co. Corporation Ltd., (2001) 1 CALLT 262.

54 *Iridium*, *supra* note 4, ¶ 44.

55 *Id.*, ¶44. The Court noted with approval the decisions in: New York Central & Hudson River Railroad Co. v. United States, (53 L Ed 613); DPP v. Kent and Sussex Contractors Ltd., (1944) 1 All ER 119; H.L.Bolton (Engg.) Co. Ltd. v. T.J. Graham & Sons, (1956) 3 All ER 624; Tesco Supermarkets Ltd. v. Nattrass (1971) All ER 127; The Director, Central Railway Company of Venezuela v. Joseph Kisch (1867) 15 WR 821; Lennard's Carrying Co. Ltd. v. Asiatic Petroleum Co. Ltd., () AC 705.

56 *Iridium*, *supra* note 4, ¶ 40.

57 *Id.*, ¶ 45.

58 *Id.*, ¶ 38.

Strictly speaking, these observations would constitute little more than *obiter*, it would be but natural for later decisions to pay heed to the Court's proclamation of the law on the subject, therefore making the identification principle almost certainly the established law on the subject.

In conclusion, the court specifically criticized the Bombay High Court's consideration of the matter *in extenso* on merits,⁵⁹ going on to allow the appeal and set aside the order of the Bombay High Court, thereby allowing further investigation and proceedings.

III. UNSETTLED ISSUES

The present decision is the first major decision in the field of corporate criminal liability after the *Standard Chartered* case. It has been welcomed by most as a much needed measure in ensuring the effective prosecution and conviction of corporations. However, as the matter was in the nature of a petition to quash the issue of process, it was not conclusively decided on merits, consequently leaving several extremely interesting questions of law open.

Motorola's central defence was that it had included a detailed chapter on 'risk factors' in its PPM, thereby protecting itself against claims of fraud at a later stage.⁶⁰ It had also claimed that since Iridium India was a large institutional investor, it had at its disposal its own analysts and experts, therefore precluding their claim of 'deceit and deception'.⁶¹ The determination as to where the courts draw the line between a mistaken business decision by one party and deception by the other would certainly involve complex issues of both corporate and criminal law.

Furthermore, the court declared in its decision that the Indian position is now 'almost the same' as the Canadian position.⁶² The exception to the rule of attribution in Canada is when the directing mind is himself defrauding the corporation, in which case liability cannot be attached to the corporation.⁶³ Whether or not this exception can be made applicable in India is a debatable proposition, since the court has not expressly discussed any such exception to the rule of attribution, it having no real bearing on the issue at hand.

Lastly, the true extent of the rule attribution is yet to be ascertained in Indian law. The current trend of simply aggregating the acts and omissions of two or more natural persons acting for the corporation could have absurd results, as seen in

59 *Id.*, ¶ 45.

60 *Id.*, ¶19.

61 *Id.*, ¶ 19.

62 *Id.*, ¶ 38.

63 *R. v. Canadian Dredge & Dock Co.*, (1985) 1 SCR 662; *Stephens v. Stone Rolls Ltd.* (2009) UKHL 39.

United States v. Bank of New England.⁶⁴ Also, it has been seen that very often, corporations acquire a momentum and dynamic of their own which temporarily transcends the actions of their officers.⁶⁵ In these cases, the simple aggregative rule of attribution would not suffice in attaching liability.

Corporate criminal liability is a new and emerging area of law in India and the proliferation of corporations at every level of economic activity in the country promises that the *Iridium* decision is far from the last word on the subject. It can only be hoped that a court that eventually does hear the matter on merits conclusively adjudicates the various questions that the Supreme Court has, in its wisdom, left open for determination.

IV. *IRIDIUM* AND THE EXPRESSIO UNIUS APPROACH

Those who have undertaken a study of a judicial decision will testify to the veracity of the proposition that in such analysis, what a Court leaves unstated is often just as important as what it states in its pronouncement. In that context, a notable omission on the part of the Supreme Court was the absence of the reference to the Privy Council's relatively recent decision in *Meridian Global Funds Management, Asia v. Securities Commission*.⁶⁶ That decision is widely recognised as the seminal judgment on the issue of attributing *mens rea* to corporations and is regarded as *locus classicus* in most common law jurisdictions. The judgment also failed to note the Kerala High Court's decision in *Reji Michael v. M/s. Vertex Securities Ltd.*⁶⁷ where it had been held that all juristic persons come within the definition of person for the purpose of Section 415 of the Code.

While concluding, the court stated that corporations could be convicted for offences requiring *mens rea*, irrespective of whether they were 'statutory or common law offences'.⁶⁸ Since in the Indian context crimes must be specified by legislation,⁶⁹ the question of 'common law crimes' does not arise and therefore, such a reference, while relevant in English law, could be misleading in the Indian context.

An issue of great importance that any court of law that adjudicates the matter on merits would have to deal with concerns the standard of proof that would be required to prove successfully the use of 'fraudulent' or 'dishonest' means by another party in a private business dealing. In transactions involving issue of securities that

64 821 F.2d 844 (1987) (In this case it was a statutory requirement for the bank to report fortnightly all transactions above \$10,000. A customer withdrew in excess of that amount by simultaneously presenting cheques of lesser amounts to a single bank teller. court held the bank liable, applying the rule of aggregation.).

65 ASHWORTH, CRIMINAL LAW, *supra* note 5, at 118.

66 (1995) 2 AC 500.

67 1999 CrLJ 3787 (Ker.).

68 *Iridium*, *supra* note 4, ¶ 38.

69 CONSTITUTION OF INDIA, art. 20.

are listed or proposed to be listed on a recognised stock exchange, the Securities and Exchange Board of India Act⁷⁰ lays down an express bar.⁷¹ However, the nature of the issue of securities in this case being a private placement, the determination of the standard of proof required to impeach a PPM as fraudulent would be a milestone as far as corporate criminal liability in India is concerned.

Furthermore, the ratio laid down in these recent cases firmly establishes the proposition that the punishment for crimes by a corporation must be by levy of fine alone. This pedantic approach to addressing the malaise of corporate crime has been severely criticised by scholars in the field.⁷² Ashworth points out the fallacy in this position, observing that:

*A company can hardly be imprisoned...moderate fines can be swallowed up as business overheads and swingeing fines may have such drastic side-effects on the employment and livelihood of innocent employees, so as to render them inappropriate .*⁷³

However, several scholars have proposed alternative methods of punishing corporations and ensuring justice for victims of corporate crime. These include ingenious solutions such as the reactive fault theory,⁷⁴ compulsory community service,⁷⁵ in what Sullivan terms as ‘expressing corporate guilt’⁷⁶, severe punitive damages⁷⁷ and corporate probation.⁷⁸

70 No. 15 of 1992.

71 In Chapter VA of the SEBI Act, inserted by the SEBI (Amendment) Act, 2002, there is in fact an express prohibition laid down; ‘Section 12A. No person shall directly or indirectly – (c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognized stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder...’

72 See Michael Jefferson, *Corporate Criminal Liability: The Problem of Sanctions*, 65 J. CRIM. L.235 (2001) (discussing inter alia, the merits and demerits of fines as the only sanction for corporate crime); John T. Byam, Comment, *The Economic Inefficiency of Corporate Criminal Liability*, 73 J. CRIM. L. & CRIMINOLOGY 582 (1982) (arguing that corporate criminal liability is inefficient from the perspective of deterrence); RICHARD A. POSNER, *ECONOMIC ANALYSIS OF LAW* 421 (4th ed. 1992).

73 ASHWORTH, *CRIMINAL LAW*, *supra* note 5, at 121.

74 FISSE & BRAITHWAITE, *CORPORATIONS, CRIME AND ACCOUNTABILITY* 135 (1993). Often dismissed as a ‘post-hoc phenomenon’, this approach requires action to be taken by the corporation itself and then mandates a subsequent assessment by the courts, of the adequacy of measures taken by the company.

75 Fisse, *Community Service as a Sanction against Corporations*, WISC. L.R. 970 (1981).

76 GR Sullivan, *Expressing Corporate Guilt*, 15 OXFORD JLS 281 (1995).

77 Buries, *The Criminal Liability of Corporations*, 141 N.L.J. 609 (1991). However, it is submitted that in light of very high damages companies may be less willing to settle quickly than they otherwise would be and accordingly, the compensation process would be dragged on even longer than it now is.

78 Gruner, *Preventive Fault and Corporate Criminal Liability: Transforming Corporate Organizations into Private Policing Entities*, 16 A.J. CRIM. R.16 (1988); Gobert, *Corporate Criminality—Penal Sanctions and Beyond*, 2 WEB. J.C.L.1 (1998).

The issues in *Iridium* involve several aspects of corporate criminality and corporate personality which, though addressed by the court, are still far from settled. A truly final and binding decision of these issues shall be obtained only after the trial concludes and subsequent appeals lapse. It can only be hoped that all the various facets of the concerned issue are suitably addressed by the courts.

CONCLUSION

In 2002, when Donald Rumsfeld spoke of ‘known knowns’ and ‘known unknowns’, the context was indeed altogether different.⁷⁹ However, what can be gleaned from his statement and what is useful to us in the present context is the significance of an opportunity. That corporate criminal liability is a new area of law and that the Indian judiciary will soon have to create appropriate formulations as regards culpability, attribution and evidence in such cases are undeniable truths. What remains to be seen, however, is what the judiciary makes of such opportunity. It can only be hoped that a final decision on merits reduces the various issues raised here to ‘known knowns’ and clarifies the position of law on the subject conclusively.

While the basic position of law regarding corporate criminal liability seems to have been settled by the Supreme Court’s recent decisions, several questions about the validity and consequences of such a doctrine of corporate criminal liability persist nevertheless. For one, there are those who feel that the court has gone too far in reading down the mandatory imprisonment requirement from various statutes, opining that this was a task to be performed by the legislature.⁸⁰ However, as discussed above, a regime of corporate criminal liability that revolves around fines as a sole remedy has several adverse consequences.

The attribution of *mens rea* to corporations represents a new beginning as far as the jurisprudence of corporate criminality in India is concerned. The Supreme Court has ensured that corporations can no longer put up the flimsy defence of lack of personality to criminal charges involving *mens rea*, plugging the seemingly peculiar loophole in our criminal law. In the wake of the Bhopal gas tragedy, several proposals of new legislation tackling corporate criminality were proposed, none of which ever saw the light of day. It is therefore all the more commendable that the Supreme Court, painted as the villain of justice in the aftermath of the Bhopal tragedy, has put forth this progressive interpretation to the Code and consequently provided a strong deterrent to corporate crime.

79 The controversial statement, made at a press briefing on February 12, 2002, was in the context of the absence of evidence linking the government of Iraq with the supply of weapons of mass destruction to terrorist groups.

80 See *Standard Chartered*, *supra* note 23 (per B.N.SRIKRISHNA J., dissenting).

**FROM *BHATIA INTERNATIONAL* TO *DOZCO INDIA*: A RESPONSE
TO VIDHU GUPTA’S ‘STRETCHING THE LIMITS OF STATUTORY
INTERPRETATION: CRITICAL REVIEW OF *BHATIA
INTERNATIONAL V. BULK TRADING*’**

*Krishnaprasad K.V.**

ABSTRACT

This is a response to Ms. Vidhu Gupta’s comment in Vol. 5 of the *Nalsar Student Law Review* examining the justifiability of judicial intervention in international commercial arbitrations. The note examines the case of arbitrations held outside India and the judicial ruling in *Bhatia* which extends Part I of the Arbitration and Conciliation Act, 1996 to these proceedings. While agreeing with Ms. Vidhu’s argument that the seminal decision of the Supreme Court in *Bhatia International* was wrongly decided, this paper substantiates that claim looking at entirely different reasons. To this end, post-*Bhatia* developments, especially the case of *Dozco India* has been analysed in considerable detail to discern the tenability and reach of *Bhatia* today.

INTRODUCTION

The Indian Arbitration and Conciliation Act, 1996¹, a concomitant of the post-liberalisation pro-‘foreign investment’ regime in India, replaced the ‘outdated’ 1940 Act with a law “more responsive to contemporary requirements.”² Envisaging a restrained role for the judiciary, the new law attempts to promote party autonomy and speedier resolution of disputes. However, since arbitral awards lack *suo moto* enforceability, they are ineffective without institutional support from the judiciary. Striking the crucial balance between judicial intervention and arbitral autonomy is thus, the key to a just and efficient regime of arbitration.

In this paper, I respond to Ms. Vidhu Gupta’s article in Vol. 5 of the *Nalsar Student Law Review* examining the justifiability of one such instance of judicial intervention - intrusion by Indian courts in international commercial arbitrations held outside India by making Part I of the Act applicable to these proceedings.³ In

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1. No. 26 of 1996 [hereinafter the Act].
2. See Statement of Objects and Reasons, the Arbitration and Conciliation Act, 1996.
3. Vidhu Gupta, *Stretching the Limits of Statutory Interpretation: Critical Review of Bhatia International v. Bulk Trading*, 5 NALSAR STUD. L. REV. 140 (2010) [hereinafter Gupta, *Stretching the Limits*].

her insightful and thorough analysis of the decision in *Bhatia International v. Bulk Trading S.A.*⁴, Ms. Vidhu applies tools of statutory interpretation to the Apex Court's reasoning, drawing the readers' attention to the questionable judicial lawmaking by the Court.

The controversy surrounding the scope of application of Part I of the Act hinges on the interpretation of Section 2(2) of the Act.⁵ Though the Indian Act is substantially in conformity with the UNCITRAL Model Law in most respects, this provision marks a clear departure from the corresponding Article 1(2) of the UNCITRAL Model Law.⁶ Interestingly, while the recent consultation paper proposing amendments to the Indian Act has suggested the addition of a proviso to Section 2(2) that brings the legislative scheme of the Indian Act closer to the UNCITRAL Model Law, the proposed amendment however, leaves the main provision of Section 2(2) un-amended.⁷ A re-look at the legislative scheme as it stands today in light of the uneasy judicial interpretation placed on it by courts is hence timely and relevant in deciding whether these controversial amendments are necessary. Such a study is also bound to shed light on the potential response by the Indian judiciary to these amendments, if passed. In pursuance of these aims, this paper proceeds as follows. In Part I, I respond to Ms. Vidhu Gupta's critique of the leading Supreme Court decision of *Bhatia* agreeing in part, with her analysis. In Part II, I critically examine judicial developments post-*Bhatia*.

I. CRITIQUE OF *BHATIA*

Applicability of Part I to international commercial arbitrations held outside India came up for consideration for the first time before a three judge bench of the Supreme Court in *Bhatia*. The Court held, based on the apparent absurd consequences that result from the non-applicability of Part I to such proceedings that, Part I of the Act applies, in the absence of an express or implied exclusion of the same to international commercial arbitrations even when they are held *outside* India. Ms. Vidhu develops a critique of each of the four grounds on which the Court in *Bhatia* concluded that Part I of the Act was applicable to international commercial arbitrations held outside India. My response to Ms. Vidhu's critique of the reasoning in *Bhatia* follows.

4. (2002) 4 SCC 105 [hereinafter *Bhatia*].

5. § 2(2) of the Act declares that Part I applies where the place of arbitration is in India.

6. UNCITRAL Model Law, art. I, cl. 2, ("The provisions of this law, except Articles 8, 9, 35 and 36, apply only if the place of arbitration is in the territory of this State."). UNCITRAL Model Law, art. IX ("It is not incompatible with an arbitration agreement for a party to request, before or during arbitral proceedings, from a court an interim measure of protection and for a court to grant such measure.").

7. Proposed proviso to § 2(2) of the Act ("Provided that provisions of Sections 9 and 27 shall also apply to international commercial arbitration where the place of arbitration is not in India if an award made in such place is enforceable and recognized under Part II of this Act.").

A. Lacuna in the Act

The Court in *Bhatia* found that if Part I was not applicable to international commercial arbitrations held outside India, there would be no law in India governing international commercial arbitrations held in non-convention countries.⁸ I agree with Ms. Vidhu that this view is entirely unsustainable, although for completely different reasons.

Interestingly, Ms. Vidhu's paper traces back the Court's reasoning on the apparent 'lacuna' in the Act to the expansive definition of the phrase 'international commercial arbitrations' in Section 2(1)(f) of the Act. She additionally points out that the Court's reasoning is flawed on account of its inattention to the general rule under the Constitution that places territorial restrictions on the scope of application any Parliamentary enactment.⁹ However, in my view, the mere application of Part I of the Act to international commercial arbitrations held outside the country would not in itself fall foul of the rule of territoriality. This is because, it is now well-accepted that extra-territorial legislation is not impermissible as long as the enactment can claim a 'nexus' with the territory of India.¹⁰ The Supreme Court has also clarified that as long as the 'nexus' is pertinent to the liability sought to be established, even its sufficiency is not justiciable.¹¹ The expansive interpretation of Section 2(2) of the Act, as the Court has clarified time and again, is relevant only when *at least* one of the parties is Indian – a pre-condition that ensures compliance with the requirement of territorial nexus.

My reasons for the incorrectness of the Court's view are however, different. *First*, since most of the trading nations in the world are signatories to either the New York Convention or the Geneva Convention,¹² the lacuna contemplated by the court would rarely ever arise. Even when it does, in light of the importance assigned to 'party autonomy' in arbitration law,¹³ parties have the option of choosing the law that governs their arbitration. Hence, even when the seat of arbitration is a

8. This is because, according to Section 44 and Section 53, Part II of the Act applies only to those countries that have signed either the New York or the Geneva Convention.

9. Gupta, *Stretching the Limits*, *supra* note 3, at 145.

10. *State of Bombay v. RMDC*, [1957] SCR 874 (“...if there is a territorial nexus between the person sought to be charged and the State seeking to tax him the taxing statute may be upheld. Sufficiency of the territorial connection involve a consideration of two elements, namely, (a) the connection must be real and not illusory and (b) the liability sought to be imposed must be pertinent to that connection. It is conceded that it is of no importance on the question of validity that the liability imposed is or may be altogether disproportionate to the territorial connection.”).

11. *Wallace Bros. v. Commissioner of Income-Tax, Bombay*, AIR 1948 PC 118; *Governor General in Council v. Raleigh Investment Co.* AIR 1944 FC 51.

12. REDFERN & HUNTER, *LAW AND PRACTICE OF INTERNATIONAL COMMERCIAL ARBITRATION* 10 (3rd ed. 1999) [hereinafter REDFERN & HUNTER, *LAW AND PRACTICE*].

13. *See id.*

non-convention country, the parties are not precluded from expressly making the provisions of Part I (or any other procedural law) applicable.

Secondly, in light of the limited role that domestic courts are expected to play in international commercial arbitrations, a law in India that governs arbitrations held outside the country is not an absolute necessity. According to the conventional rules of arbitration, the procedural law applicable is the law of the ‘seat’.¹⁴ This reduces the role of Indian courts to ensuring enforcement of the foreign arbitral award or granting interim measures with respect to property situated in the country.¹⁵

Thirdly, as regards enforcement of the award in India, as the Law Commission of India has recognised, nothing stops the parties from obtaining a judgment of a foreign court on the basis of the arbitral award and then filing a suit for its enforcement in India.¹⁶ On these grounds, it is submitted that there was in fact no considerable lacuna in the Act that would justify a re-reading of the entire act.

B. Applicability to Jammu and Kashmir

The proviso to Section 1(2) of the Act¹⁷ expressly makes Part I applicable to Jammu and Kashmir as regards international commercial arbitrations. According to the Court, in light of Section 1(2), non applicability of Part I to arbitrations held outside India would lead to an absurd result i.e. Part I extends to Jammu and Kashmir but not to the rest of India.

Disagreeing with the Court’s reasoning, Ms. Vidhu points out that the purpose of the proviso is only to clarify that provisions of Part I are applicable to the State of Jammu and Kashmir only for international commercial arbitrations and not for domestic arbitrations. She derives considerable textual support for this view from the usage of the phrase ‘only in so far as’ in the proviso.¹⁸ While I concur with her reasoning on the legislative intent underlying the proviso, I depart from her argument that this is determinative of its application. Stated differently, even assuming that the proviso was only intended to clarify that Part I provisions are inapplicable to Jammu and Kashmir as regards domestic arbitrations, the proviso evidently affirms the view that Part I is applicable to Jammu and Kashmir as regards international commercial arbitrations. Since the drafters have

14. MUSTILL & BOYD, *THE LAW AND PRACTICE OF COMMERCIAL ARBITRATION IN ENGLAND* 72 (2nd ed. 1989) [hereinafter MUSTILL & BOYD, *THE LAW AND PRACTICE*].

15. Non-availability of interim measures is also the fourth ground for the decision in *Bhatia* and hence has been dealt with separately in this paper.

16. Law Commission of India, 176th Report on the Arbitration and Conciliation Act, 1996, at 28 (2001).

17. “Provided that Parts I, III and IV shall extend to the State of Jammu and Kashmir only in so far as they relate to international commercial arbitration or, as the case may be, international commercial conciliation.”

18. Gupta, *Stretching the Limits*, *supra* note 3, at 146.

made no attempt to restrict the ambit of the phrase 'international commercial arbitration' as applicable only to those held in India, it is reasonable to interpret that phrase as including international commercial arbitrations held outside the country as well. If this is the case, then the Court's view that this would result in an absurd consequence i.e. Part I applies to Jammu and Kashmir but not to the rest of India as regards international commercial arbitrations held outside the country stands vindicated. Notably, this result is independent of the legislative intent underlying the proviso. My attempt in this paper is consequently, to explain the apparent paradox relating to the proviso to Section 1(2) of the Act on independent grounds.

First, the application of Part I to Jammu and Kashmir with respect to international commercial arbitrations held outside the country is necessary because, the Civil Procedure Code, 1908 and hence the enforcement mechanism provided therein, does not extend to Jammu and Kashmir.¹⁹ The proviso to Section 1(2), it is submitted, is a legislative solution to this problem. Seen in this light, the import of the proviso to Section 1(2) is that it extends the applicability of the Code of Civil Procedure to Jammu and Kashmir through Section 36 (which falls under Part I) only in so far as enforcement of foreign arbitral awards made in non-convention countries requires. The combined effect of the proviso taken together with Section 36 of the Act as well as the relevant sections in the Code of Civil Procedure is thus that the mechanism for the enforcement of arbitral awards as provided by Section 36 r/w the Code of Civil Procedure would extend to Jammu and Kashmir even though the Code *per se* does not apply to the state.

Secondly, even assuming that there is a conflict between Section 2(2) and the proviso to Section 1, it is submitted that Section 2(2) will override Section 1. *Prima facie*, it might seem that the proviso to Section 1 being a special provision with respect to Jammu and Kashmir will override Section 2(2). However, it is submitted that the issue that the court was addressing in *Bhatia* was the impact of the *place of arbitration* on the applicability of Part I. While Section 2(2) specifically deals with the place of arbitration and provides that Part I will apply when the place of arbitration is in India, proviso to Section 1 is a general provision which does not specify whether the place of arbitration would have any impact on its applicability. Hence, it is submitted that the applicability of the proviso to Section 1 ought to be cut down by Section 2(2) to the extent of their conflict.

Finally, even assuming that the court's reasoning is accepted in its entirety, it is submitted that this would not justify the proposition that Part I applies to international commercial arbitrations held outside India. This is because, while

19. Code of Civil Procedure, 1908, § 1(3)(a).

Section 1 deals with the *territorial applicability* of Part I, Section 2(2) deals with the applicability of Part I to specified *arbitral proceedings*. In other words, the proviso to Section 1 only provides that Part I shall apply to the *territory* of Jammu and Kashmir.²⁰ Hence, the said proviso applies only when some part of the cause of action arises within the territory of the state. This does not mean that the procedure governing an international commercial arbitration held outside India would be governed by Part I. For instance, the proviso to Section 1 read with Section 11 of the Act cannot justify appointment of arbitrators by the Chief Justice of India in an international commercial arbitration held outside the country, even if one of the parties are from the state, because no part of the cause of action in such a case arises within the *territory* of Jammu and Kashmir.

C. Reconciling Sections 1, 2(2), 2(4) and 2(5)

The Court in Bhatia noted that Section 1 of the Act extends the application of the Act to the whole of India with no qualification as regards international commercial arbitrations held outside the country. This according to the Court is indicative of the application of Part I even to international commercial arbitrations, even those seated outside India. Ms. Vidhu rightly points out however, that Section 1 being a general provision, that too applicable to all four parts of the Act is necessarily overridden by Section 2(2), a special provision governing the applicability of Part I alone.²¹

Further, the Court also pointed out on a combined reading of Sections 2(2), 2(4) and 2(5) of the Act that the usage of phrases “every arbitration” and “all arbitrations” in Sections 2(4) and 2(5) respectively, denoted that Part I was to apply to *all arbitrations* irrespective of ‘seat’. It is submitted that this is a wrong reading of the said provisions. This becomes amply clear on a reference to the corresponding Article 1(5) in the UNCITRAL Model Law.²² The import of the said provision is that if any other law for the time being in force provides for arbitration according to its own provisions, the Act would not have the effect of overriding such enactment. In other words, a close reading of Sections 2(4) and 2(5) reveal that they apply only to arbitrations provided for by “any other enactment for the time being in force.” Hence, the usage “every arbitration” in the said provision in fact refers to “every

20. This is clear from the marginal heading of the section, which reads “short-title, *extent* and commencement” as well as the section itself which provides that the Act applies to the whole of India i.e. territorial application of the Act.

21. Gupta, *Stretching the Limits*, *supra* note 3, at 147.

22. UNCITRAL Model Law, art. I, cl. 5 (“This Law shall not affect any other law of this State by virtue of which certain disputes may not be submitted to arbitration or may be submitted to arbitration only according to provisions other than those of this Law.”).

arbitration provided for by any other enactment for the time being in force.” Same is the case with Section 2(5) which has expressly been made subject to Section 2(4).

Further, even if the interpretation given to Sections 2(4) and 2(5) in *Bhatia* is accepted, on a harmonious construction of Section 2(2) on the one hand and Sections 2(4) and 2(5) on the other, the scope of Sections 2(4) and 2(5) will necessarily have to be curtailed so as to not render Section 2(2) redundant. In other words, if “every arbitration” and “all arbitrations” in Sections 2(4) and 2(5) are literally constructed, it would mean that Part I of the Act applies to all arbitrations irrespective of ‘seat’ and hence Section 2(2) would have no operation at all, which, in my view could not have been the legislative intent.

D. Non-availability of Interim Remedy

The final, and perhaps the most persuasive prong of the reasoning in *Bhatia* is that, since Part II of the Act does not have a provision corresponding to Section 9, if Part I were to be held not applicable to international commercial arbitrations held outside India, parties might be left with no interim remedy at all. Ms. Vidhu seems to indicate that though the Court’s reasoning ran contrary to legislative intent, it is justifiable as application of Section 9 is an inevitable pre-condition for maintaining a “*fair and just arbitration procedure*.”²³ My attempt here is however, to develop an alternative to the application of Section 9 that would facilitate the granting of interim injunctions without unreasonably stretching the applicability of Part I of the Act.

While Section 5 of the Act provides that no judicial authority in India shall intervene in arbitral proceedings except as specifically provided by the Act, this provision makes a clear departure from the Model Law by *restricting its applicability to Part I* alone.²⁴ Hence, if Part I of the Act does not apply to international commercial arbitrations held outside India, judicial intervention in such cases would not be restricted to what is specifically provided for by the Act. The impact of this would be that the remedy under the Code of Civil Procedure²⁵ for obtaining interim injunctions would be available to parties to prevent damage or dispossession of property situated in the country. This proposition is supported by the House of Lords decision in the *Channel Tunnel case*²⁶ and affirmed by the Supreme Court of India²⁷ to hold that even with respect to arbitral proceedings held outside the country,

23. Gupta, *Stretching the Limits*, *supra* note 3, at 149.

24. § 5 of the Act states that “Extent of judicial intervention - Notwithstanding anything contained in any other law for the time being in force, in matters governed by this Part, no judicial authority shall intervene except where so provided in this Part.” [emphasis supplied].

25. Code of Civil Procedure, 1908, Order 39, Rule 1 and 2.

26. Channel Tunnel Group Ltd. v. Balfour Beatty Construction, (1993) 1 All ER 664.

27. Sundram Finance Limited v. NEPC India Ltd., 1999 (1) AD (SC) 51.

domestic courts have jurisdiction to grant interim relief for protection of the property in dispute or for restricting any undesirable action by the parties.

E. Other Reasons

Following from a critique of the reasoning in *Bhatia* in the previous Section, here I offer three additional reasons that point towards the incorrectness of the reasoning in *Bhatia*.

In accordance with the provisions of the New York Convention on Recognition and Enforcement of Foreign Arbitral Awards, Section 48(d) of the Act provides that enforcement of a foreign award may be refused if either party furnishes proof that the arbitral procedure (in the absence of a contrary agreement) was not in accordance with the law of the ‘seat’. The ruling in *Bhatia* runs completely contrary to this provision by holding that in the absence of a contrary intention, the law governing the arbitral procedure would be Part I of the Act and not the law of the ‘seat’. Since this provision was not even considered by the court in *Bhatia*, it is submitted that the said ruling is in *per incuriam*.

Further, the decision in *Bhatia* runs contrary to all conventional norms of arbitration according to which, the law applicable to the ‘seat’ governs the procedure of arbitration, in the absence of a contrary intention of parties.²⁸ The ruling also belies the justification behind the said rule, which is that, courts in a country are likely to be more comfortable interpreting and applying their own laws²⁹ and hence, bringing in a foreign procedural law is likely to result in judicial confusion.

Finally, it is submitted that the ruling in *Bhatia* goes against the very purpose of the 1996 Act. To elucidate, assume that there is a country other than India with its arbitration laws in *pari materia* with the 1996 Act. If the reasoning in *Bhatia* is correct, in the absence of an express or implied exclusion of either of the laws by parties, Part I of *both the laws* should apply equally to an international commercial arbitration between parties belonging to these countries. However, the simultaneous application of both these laws resulting in the concurrent jurisdiction of courts of both these countries would not only result in absurd consequences, but also go against the objective of the 1996 Act which is to regulate judicial intervention in arbitral proceedings.³⁰

28. MUSTILL & BOYD, THE LAW AND PRACTICE, *supra* note 18, at 101; REDFERN & HUNTER, LAW AND PRACTICE, *supra* note 14, at 34.

29. FOUCHARD ET AL., FOUCHARD, GAILARD AND GOLDMAN ON INTERNATIONAL COMMERCIAL ARBITRATION 55 (1996).

30. *See supra* note 2.

II. POST-BHATIA DEVELOPMENTS

Ms. Vidhu Gupta's article was written at a point in time when the only post-*Bhatia* decisions that dealt with the applicability of Part I were *Venture Global*³¹ and *INDTEL*.³² On an analysis of these decisions she notes very pertinently that it remains unclear whether mere specification of a foreign law is sufficient to exclude Part I or an express exclusion by the specification of a contrary provision is necessary. Part II engages with this and a number of other related questions viz. the correct meaning of phrases 'express' and 'implied' exclusion as contemplated by the Court in *Bhatia*, the view taken by post-*Bhatia* decisions on the harmonious construction of *Bhatia* and the scheme of inference of laws laid by the *National Thermal Power Corporation Case*,³³ and the impact of the latest decisions of the Supreme Court in *Dozco India*³⁴ on these issues. It is pertinent to observe that the ruling in *Bhatia* with respect to the applicability of Part I is attracted only in the absence of an "express or implied exclusion" of Part I by the parties. However, on a careful examination of a catena of later judicial decisions that interpret the ruling in *Bhatia*, it is submitted that these decisions have rendered the possibility of an "implied exclusion" slim.

In *Venture Global*,³⁵ a decision that in Ms. Vidhu's words "made explicit what was otherwise implicit in *Bhatia*"³⁶ the Supreme Court held that specification of the proper law of arbitration as a foreign law does not impliedly exclude Part I. This however does not flow from a mere extension of *Bhatia*, as the Court seems to presume since in that case, neither the law governing the contract nor the agreement was specified. Therefore, the question of whether specifying the proper law of contract or arbitration agreement would amount to "implied exclusion" did not arise for consideration in *Bhatia*.

Two decisions of the Supreme Court in 2009, *INDTEL* and *Citation Infowares*,³⁷ marked a radical shift from the scheme originally envisaged in *Bhatia*. In both *INDTEL* and *Citation*, though the proper law of contract and law governing the arbitration agreement were specified as foreign laws, seat of arbitration was not expressly indicated by the parties. Though in these cases, it was argued on the basis of the decision in *National Thermal Power Corporation* that the specification by

31. *Venture Global Engineering v. Satyam Computer Services Ltd.*, AIR 2008 SC 1061.

32. *INDTEL Technical Services v. W.S. Atkins PLC.* AIR 2009 SC 1132.

33. *National Thermal Power Corporation v. Singer Company*, AIR 1993 SC 998.

34. *Dozco India Ltd. v. Doosan Infracore P. Ltd.*, Arbitration Petition No. 5 of 2008.

35. *See supra* note 33.

36. Gupta, *Stretching the Limits*, *supra* note 3, at 156.

37. *Citation Infowares Ltd. v. Equinox Corporation*, 2009 (5) UJ 2066 (SC).

the parties of a foreign substantive law and proper law of arbitration was suggestive of an implied exclusion of Part I, the Court rejected this argument holding that after the decision in *Bhatia*, resort to the ruling in *National Thermal Power Corporation* could not be had. Thus, the impact of the decisions in *INDTEL* and *Citation* was to hold that specifying a foreign proper law of contract or law governing arbitration agreement does not ‘impliedly exclude’ Part I. As a corollary, ‘implied exclusion’ of curial law embodied in Part I³⁸ could result only when the parties expressly agree upon a foreign curial law inconsistent with Part I.

The impact of these decisions on the original scheme of applicability of Part I as envisaged in *Bhatia* was disastrous. While *Bhatia* intended the specification of an inconsistent foreign law to constitute ‘express exclusion’ and an ouster of Part I on the basis of an inference from foreign proper laws to be ‘implied exclusion’, after the decisions in *INDTEL* and *Citation*, the latter possibility was precluded. Thus, after these decisions, the threshold for an ‘implied exclusion’ was so high that it required express specification of an inconsistent foreign while, as a consequence of which, ‘express exclusion’ could result only when parties, in so many words ‘exclude Part I’. This terminological confusion resulting from a wrong interpretation of *Bhatia* prompted several High Courts to hold that even if the proper law of the contract and the proper law of the arbitration agreement are expressly specified as foreign laws and even when the seat of arbitration is outside India, Part I is still not impliedly excluded.³⁹

The greatest significance of the 2010 decision of the Supreme Court in *Dozco India* the latest in this line of cases is perhaps to set right this terminological confusion. In *Dozco India*, the parties had expressly specified the substantive law, proper law of arbitration agreement, and curial law, all of which were foreign laws. The seat of arbitration was also specified as Seoul, South Korea. The issue however, was whether an arbitrator could be appointment under Section 11 of the Indian Act under these circumstances. Before proceeding to examine the Court’s holding, it is significant to note that its reasoning is premised on a rather controversial assumption; that the law governing appointment of arbitrators is curial law.⁴⁰ Taking no stance on the

38. This is because Part I in its entirety is neither curial law nor proper law of arbitration.

39. *Frontier Drilling A.S. v. Jagson International Ltd.*, 2003 (3) Arb LR 548 (Bom); *Hardy Oil & Gas Ltd. v. Hindustan Oil Exploration Co Ltd.*, (2006) 1 Guj LR 658; *National Aluminium Company Ltd. v. GERALD Metals*, 2004 (2) ALD 196.

40. Several parts of the judgment reflect this view. For instance, the Court cites passages from the treatise by Mustill and Boyd to indicate that “arbitrability of the dispute is to be determined in terms of the law governing arbitration agreement and the arbitration proceedings has to be conducted in accordance with the curial law.” Court also relies on the same treatise as cited in *Sumitomo Heavy Industries v. ONGC Ltd.* AIR 1998 SC 825 to suggest that while the general obligations of parties to submit to arbitration are governed by the proper law of arbitration, the conduct of each individual reference is governed by curial law.

tenability of this view, I proceed to examine the implications of this decision for the scope of applicability of Part I. Turning to the pre-INDTEL understanding of 'express' and 'implied' exclusions, the Court accepted the respondent's contention that specification of a foreign curial law amounted to an *express exclusion* of Section 11 of the Indian Act.⁴¹ Thus, the language of the arbitration clause according to the Court was sufficient to indicate exclusion of Part I. The most crucial limb of the Court's reasoning is however, its view on *INDTEL* and *Citation*. The Court distinguished both these decisions on the ground that in those cases "the parties had not chosen the law governing the arbitration procedure including the seat/venue of arbitration."⁴² It follows from the above analysis of *Dozco India* that it was the express specification of a foreign curial law rather than specification of the seat of arbitration that proved decisive in that case. Further, it is also clear that *Dozco India* only addresses the issue of an 'express exclusion' i.e. by precluding the application of Part I of the Act by expressly specifying a foreign law. This decision consequently has no implications for the mode of 'implied exclusion' that was considered in *INDTEL* and *Citation*, both of which were, in my submission incorrectly decided.

The above analysis of judicial opinion on the scope of application of Part I points to several broad tendencies. While on the one hand courts have been imposing an unreasonably high burden for the exclusion of Part I, on the other, they have held that when the proper law of contract has been specified by parties, the proper law of the arbitration agreement could be presumed to be the same, in the absence of a contrary intention.⁴³ These opposing stands of the court are likely to work difficulties in the conduct of arbitral proceedings. The problem arises because the whole of Part I is not just curial law. Many provisions of Part I (Section 34, for instance) also govern the proper law of arbitration agreement.⁴⁴ Hence, when the proper law of the contract and proper law of the arbitration agreement are specified by parties as a foreign law and the curial law is not mentioned, it is not Part I in its entirety, but only those provisions thereof that constitute the *curial law* that would be applicable. In light of the close connection between the proper law of the arbitration agreement and the curial law and especially since boundaries between the two are blurred,⁴⁵ it is submitted that the above proposition will not only lead to judicial confusion but also create issues of non-compatibility between Part I of the Act and the applicable foreign law.

41. *Supra* note 36, ¶ 5.

42. *Id.* at ¶ 3.

43. *Shin-Etsu Chemical Co. v. Aksh Optifibre Ltd.*, AIR 2005 SC 3766; *Sara International Ltd. v. Arab Shipping Co. Ltd.*, OMP No. 325/2005 decided on 27.01.2009 (Delhi High Court).

44. *Sumitomo Heavy Industries v. ONGC Ltd.*, AIR 1998 SC 825.

45. *Id.*

Hence, it is submitted that when the substantive law of the contract and the proper law of arbitration agreement are specified as being the same as the law governing the seat of arbitration, the curial law must be presumed to be the same and not Part I of the Act. While using the law governing the seat as curial law is justified by the fact that courts are likely to be more comfortable applying their own laws and using the proper law of contract or the proper law of arbitration agreement (when they are the same) as the curial law is supported by concerns of compatibility (as argued above), it is important to note that there is no such policy justification in favour of the applicability of Part I.

CONCLUSION

This paper responds to a critique of *Bhatia* by Ms. Vidhu Gupta in her article published in Vol. 5 of the *Nalsar Student Law Review*. While she explores several themes in her comprehensive critique, my response does not exhaust the host of arguments she mounts against *Bhatia*. My attempt has been to present a different perspective on some of the pertinent issues that she addresses in her piece.

While I am in complete agreement with Ms. Vidhu's view on the incorrectness of the ruling in *Bhatia*, it may be noted that our reasons significantly differed. Consequently, the first part of this paper, engaged with the careful analysis presented by Ms. Vidhu of the four-pronged reasoning in *Bhatia* that led the Court to its conclusion. Arguing that none of these four reasons stand scrutiny, it is additionally suggested that the ruling is not only *per incuriam* with Section 48(d) of the Act, but is also unjustified on grounds of policy. In the second Part, the focus was on gauging the extent to which Ms. Vidhu's analysis of post-*Bhatia* developments have been modified by judicial decisions after the publication of her article. Bringing out the contradictory stands adopted by the court as regards the applicability of Part I on the one hand and the presumption of proper law governing arbitration on the other, it is argued that post-*Bhatia* decisions have raised the threshold for exclusion of Part I to an unreasonable degree. While the latest Supreme Court decision in *Dozco India* attempts to set right the terminological confusion pioneered by *INDTEL*, I argue that the former dealt with an entirely different issue from *INDTEL* and *Citation*.

The questions considered in this paper are likely to cause considerable judicial perplexity in the days to come since the true import of the proposed amendments to Section 2(2) of the Act cannot but be determined on the basis of the relevant provisions in the legislation as it exists today. However, the broader issue of the Indian legal regime governing judicial intervention in international commercial

arbitrations is plagued by several related questions that beg exploration in greater detail - whether the rule applicability of Part I laid down in *Bhatia* violates the requirement of territorial nexus under Article 245 of the Constitution - a theme Ms. Vidhu repeatedly revisits, the desirability of separate legislative regimes governing domestic and international arbitrations, and finally, the potential response of the international business community to the adventurist stance of the Indian judiciary, to list a few.

PUBLICITY RIGHTS OF CELEBRITIES: AN ANALYSIS UNDER THE INTELLECTUAL PROPERTY REGIME

Garima Budhiraja*

ABSTRACT

Publicity rights of a celebrity can be understood as rights to control the commercial value of their persona. A more sophisticated form of rights, the most contentious argument against their recognition is the restriction of their applicability to celebrities. Originally developed as an off shoot of right to privacy, publicity rights have emerged as a sui generis regime owing to the increasing number of instances of their trespass. India is far behind the US and the UK in recognising this right. With a few and far provisions under the Trade marks Act 1990, the legislation pertaining to the area is hugely insufficient. With the increasing number of instances of misuse of various aspects of celebrity personas, the demand for enforcement of this right is even more pertinent. This article attempts to explore the meaning and justification behind celebrity rights. It also examines the incapacity of the current framework of intellectual property regime to protect publicity rights, thereby explaining the recent cases of violation. The article further suggests an appropriate framework for protection of publicity rights after an in depth study of the regime in the US and some European countries where they are well established and enforceable.

INTRODUCTION

A celebrity is a person who is known for his well-knownness...

He is neither good nor bad, great or petty. He is the human pseudo event.

~ Daniel Boorstin¹

What makes an individual a celebrity is difficult to define in the contemporary era when this status has become increasingly available to many in our populace. Boorstin has wisely chosen to identify a celebrity through its axiomatic trait of being *well known*. With all the concomitant perks and publicity, celebrity status is widely popularised by the media. Famous faces greet us at every turn – on billboards, on television, on public transport, in the magazines and newspapers, and even on cereal boxes. Celebrities capture the imagination of the youth and the purses of advertisers.² They also generate economic value, be it news stories and gossip items

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1. DANIEL J. BOORSTIN, THE IMAGE: A GUIDE TO PSEUDO-EVENTS IN AMERICA 57 (1961).

2. See David Tan, *Beyond the Trademark Law: What the Right of Publicity Can Learn From Cultural Studies*, 25(3) CARDOZO ARTS & ENT. L. J. 913, 914 (2008) [hereinafter Tan, *Beyond the Trademark Law*].

about their personal and professional lives or lucrative market for celebrity merchandise and endorsements. There is no doubt that celebrity personality is an intangible and valuable asset. Their association with various causes, products and events enable advertisers to exploit their ephemeral status in the society. It is this exploitation which further paves the way for misappropriation of their personas and commercially valuable reputations. In this light, a separate right of publicity has found a vocal demand of late.

Although protection is accorded to celebrities through intellectual property laws, it has proved to be insufficient. There has arisen a strong need of separate regime of publicity rights and this article attempts to fortify the consequence and need of this protection. The first part of the article begins with an attempt to define a ‘celebrity’ and explain the various kinds of celebrity rights, publicity right being one of them. Part II examines the origin and evolution of publicity rights. This is followed by a discussion of development of publicity rights as image rights. The discussion contemplates the scope of trademark law to accord protection to celebrities. Part IV of the article deals with the Indian statutory regime on publicity and image rights, enumerating and analysing the various existing provisions and case laws. This part also draws an analogy from the Trademark Act, 1999 to express the lacuna in the existing law. The article discusses the statutory provision on publicity rights in various jurisdictions like the U.K. and the U.S. and expresses how they are more evolved, in Part V. The last part is an attempt to develop an effective regime for India to protect publicity and image rights of celebrities, keeping in view the instances of gross misuse of their persona in more than one instance.

I. DEFINITION AND KINDS OF CELEBRITY RIGHTS

A. Who is a Celebrity? What are their rights?

Traditionally celebrity status could be acquired by birth or by skill. Sportspersons, political leaders, actors and members of royal families were amongst few who assumed celebrity status. Media and global communication has defined and redefined the ambit of celebrity status time and again. As the dimensions change, be it a reality show participant performing histrionics in front of the cameras or an unsuccessful actor trying to be in limelight through controversial statements, celebrity status can be acquired by almost anyone. At the same time with media’s accentuated support, celebrity influence has pervaded popular culture.³

There are celebrities who have toiled to gain fame in varied fields like art, music, drama and sports. The good-will and reputation earned by them needs legal

3. Michael Madow, *Private Ownership of Public Image: Popular Culture and Publicity Rights*, 81 CAL. LAW. REV. 125, 128 (1993) [hereinafter Madow, *Private Ownership*].

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protection.⁴ It is important to examine the rights this particular status confers on personalities which fall within its scope. These rights are diverse and exclusive. The exclusivity is significant as they are always encroached upon by the media. The privacy of the celebrities is often invaded by the media thereby infringing some of their rights.

The rights which are granted to celebrities can be divided into three broad categories: moral rights/personality rights, publicity rights and privacy rights.

a. Moral Rights/Personality Rights

Society perceives an individual in a particular way. Where celebrities are involved, their artistic endeavours are considered an extension of their personalities. Intellectual property theorists derived this personhood approach from theories of Kant and Hegel, who viewed private property as embodiment of the personality. They support the contention of private property rights in one's personality as they promote self-expression and human development and thus contribute to the society.⁵ Therefore an individual's personality embodies emotional, dignitary, human and moral values attached to it. Professor Kwall argues that the doctrine of moral rights could be extended to constructed personas to protect personality and reputational aspects of celebrities.⁶ The persona projected by the celebrity is his creative child and his livelihood depends on its preservation and integrity.

The effort in constructing a celebrity persona represents an intellectual, emotional and physical effort, comparable to that of an author. This effort ought to be protected from all kinds of encroachment, economic or otherwise. But mass media often violates personality rights by associating celebrities with products and activities which are contrary to their image.⁷ This issue can be analogically thought of as that of passing off. In *Erven Warnick v. Town end and Sons (Hull Ltd)*,⁸ Lord Diplock laid down five elements necessary to establish the tort of passing off i.e. (a) misrepresentation; (b) made by a trader in the course of trade; (c) to prospective customers; (c) which is calculated to injure the business of another trader; and (d)

4. See T Vidya Kumari, *Celebrity Rights as a Form of Merchandise – Protection Under the Intellectual Property Regime*, 9 J. INTELLEC PROP RIGHTS 120 (2004) [hereinafter Kumari, *Celebrity Rights*].

5. See for detailed discussion, Robert C. Bird & Lucille M. Ponte, *Protecting Moral Rights in United States and United Kingdom: Challenges and Opportunities Under U.K.'s New Performance Regulations*, 24 B.U. INT'L. L. J. 213, 215-216 (2006).

6. See for detailed discussion on constructed personas, Roberta Rosenthal Kwall, *Preserving Personality and Reputational Interests Through Constructed Personas Through Moral Rights: A Blue Print for Twenty First Century*, U. ILL. L. REV. 151, 151-152 (2001).

7. Anurag Pareek & Arka Majumdar, *Protection of Celebrity Rights- Problems and Solutions*, 11 J. INTELLEC. PROP. RIGHTS 415, 415 (2006) [hereinafter Pareek & Majumdar, *Protection of Celebrity Rights*].

8. (1979) AC 731.

which causes actual damage. Subsequent cases have applied the action of passing off to cases wherein the person misrepresents the name and likeness of an individual, more so in case of celebrities.⁹ In *Tom Waits v. Frito-lay Inc.*,¹⁰ voice was considered as integral to the personality of the celebrity and thus was protected by the courts against misappropriation.

b. Privacy Rights

Privacy rights are the most difficult to define. They have a broad and indefinite character. Right to privacy has been described as the most comprehensive and valued of the rights in a modern society.¹¹ There are different conceptions of ‘privacy’ which have been developed by scholars, some too broad and some too narrow.¹² Louis Brandeis (who later went on to become JUDGE BRANDEIS) and his law partner Samuel Warner wrote a pioneering article on privacy in 1890 which argued that the common law should recognise a ‘right to privacy’ which they viewed as a right of preventing truthful but intrusive and embarrassing disclosures by the press.¹³ This article initiated a new chapter in the American law by providing intellectual force and rationale for recognition of a common law right of privacy.¹⁴

Privacy may be covered under expanded notion of defamation but both raise issues which are quite distinct. The essence of the law of defamation is an individual’s reputation and right to privacy safeguards individuals’ sensitivities about what people know and believe about them.¹⁵ Therefore artificially stretching the law of defamation to include privacy is not the solution due to their fundamentally different character.

9. Kumari, *Celebrity Rights*, *supra* note 4, at 126.

10. 978 2FD 1093, 9th circuit 1992 (In this case, singer Tom Wair’s voice was imitated in a commercial of tortilla chips without his consent. Thus he succeeded in an action of misappropriation of his personality.).

11. *Olmstead v. United States*, 277 U.S. 438, 478 (1928) (BRANDEIS, J., dissenting).

12. See for detailed discussion on conceptions of Privacy, Daniel J. Solove, *Conceptualizing Privacy*, 90 CAL. L. REV. 1087, 1092 (2002).

13. See Samuel D Warren & Louis D Brandeis, *Right to Privacy*, 4 HARV. L. REV. 193 (1890) [hereinafter Warren & Brandeis, *Right to Privacy*].

14. J. THOMAS MC CARTHY, MC CARTHY ON TRADEMARKS AND UNFAIR COMPETITION 28-4 (1996). (Cases which came up before the courts in the early twentieth century concerned unpermitted use of person’s name or picture in advertising. New York rejected a common law right of privacy in such cases while Georgia vigorously embraced it. In the following decades, other sides lined up on either side of the split of authority, and some solved the problem by enacting the statute providing for right to sue for some types of invasion of privacy.).

15. See for detailed discussion, Warren & Brandeis, *Right to Privacy*, *supra* note 13, at 194. (They explain that the injury inflicted by invasion of privacy bears a superficial resemblance to the wrongs dealt with by laws of slander and libel. The law of defamation deals only with damage to reputation, i.e., injury done to the individual in his external relations by lowering him in the estimation of his fellows. On the contrary, invasion of privacy deals with injury to the feeling which is spiritual rather than material.).

c. Publicity Rights

The right of publicity is the right of an individual to prevent others from using his name, likeness, photograph or image for commercial purposes without obtaining consent. In other words, it prohibits the unauthorised use of elements or indicia that uniquely identify a person.¹⁶ Thus it is only the celebrity who can authorise the manner in which his name can be used. Melville B. Nimmer has advocated for “right to publicity” by undercutting the force in the doctrine of privacy as evolved by Brandies and Warren.¹⁷ In his critique Nimmer opined that what celebrities needed was not protection against unreasonable intrusion into privacy, but some right to control commercial value of identity.¹⁸ A well known personality thus does not wish to have his name, photograph and likeness reproduced and publicised without his consent or without remuneration to him.

In *Edison v. Edison Polyform Mfg. Co.*,¹⁹ the New Jersey Court of Chancery while granting an injunction to Thomas Alva Edison, stated:

...if man's name be his own property...it is difficult to understand why peculiar cast of one's features is not only one's property, and why its pecuniary value, if it has one, does not belong to his owner, rather than to the person seeking to make unauthorised use of it.

The publicity right is a property based doctrine and its justification as a form of intellectual property lies in the Lockean labour theory. According to this theory, whosoever sows shall only be entitled to reap the fruits.²⁰ A celebrity laboriously constructs his image through skill and hard work and the resultant fame and popularity is his property. Thus it is only him who possesses the right to exploit it commercially. Hence anybody who impinges upon this right of the celebrity to promote his goods or services would be seen as indulging in unfair trade practice, commercial tort, misappropriation of intellectual property of the celebrity, an act of passing off etc.

16. See for detailed discussion, Stacy Allen, Emilio B. Nicolas & Megan Honey, *Non Human Persons and the Right of Publicity*, available at <http://images.jw.com/com/publications/1185.pdf> (last visited on 3 Nov. 2010).

17. See Melville B. Nimmer, *The Right of Publicity*, 19 LAW AND CONTEMP. PROBS. 203 (1954) [hereinafter Nimmer, *The Right of Publicity*].

18. See for detailed discussion, *id.* at 203 (Nimmer argues that well known personalities do not seek solitude and privacy which Brandeis and Warren sought to protect).

19. 67 A. 392 (NJ Ch. 1907) (Thomas Edison developed a pain relief formula and assigned rights to market the formula. Several years later, a New Jersey firm successfully marketed the formula. On the bottle's label, was picture of Thomas Edison and the caption, which Edison testified he never used).

20. See Tan, *Beyond the Trademark Law*, *supra* note 2, at 928; Nimmer, *The Right of Publicity*, *supra* note 17, at 216 (Nimmer also emphasized on the most fundamental axiom of the Anglo American jurisprudence, that every person is entitled to fruits of his labour unless there are important countervailing public policy considerations.).

The law in India is not well developed to protect the publicity/merchandising rights of celebrities. Courts in the U.K. and the U.S. have adopted different remedial approaches but lack a unifying justification in invoking these rights. The article will thus analyse the evolution of law in this regard and contemporary issues relating to endorsements by celebrities.

II. ORIGIN, EVOLUTION AND DEVELOPMENT OF PUBLICITY RIGHTS

A. Missing Link: Right to Publicity and Right to Privacy

The ‘right to privacy’ was conceptualised for the first time by Warren and Brandeis. Their essay is hailed by legal scholars as the foundation of privacy law especially in the U.S. Warren and Brandeis defined privacy as ‘right to be let alone’, a phrase adopted from JUDGE COOLEY’s famous treatise on torts in 1880.²¹

Warren and Brandeis traced the right to privacy to an analogous term: individual’s inviolate personality.²² The origin of this term can be traced by forging a link between the personhood approach and privacy. Personhood as a concept can be defined as those aspects which are an inextricable part of being human and should not be subject to any sort of interference or tampering by the state. Protection against invasion of privacy is one such inviolable right enjoyed by virtue of being human beings.²³

The formulation of ‘right to be let alone’ as ‘non-interference by the state’ has remained ambiguous as many legal scholars criticised the explanation. Ruth Gavison argues that this formulation often neglects to understand that the typical privacy claim is not a claim for non-interference by the state; it is instead a claim for state interference in the form of legal protection against other individuals.²⁴ Although the concepts of ‘inviolable personality’ and ‘right to be let alone’ were too broad and vague,²⁵ these concepts explored the roots of right to privacy and explained how a right could be developed from within such broad conceptions.

A significant question which must be asked is whether the right to publicity is subsumed within right to privacy. In 1954 Melville B. Nimmer studied and defined

21. Around the same time that Warren and Brandeis published their article, the Supreme Court referred to the right to be let alone in holding that a court could not require a plaintiff in a civil case to submit to a surgical examination: “As well said by JUDGE COOLEY: ‘The right to ones person may be said to be a right to complete immunity; to be let alone.’” See *Union Pac. Ry. Co. v. Botsford*, 141 U.S. 250, 252 (1891).

22. See Warren & Brandeis, *Right to Privacy*, *supra* note 13, at 196.

23. See for detailed discussion on ‘personhood’ approach, Jed Rubenfeld, *Right of Privacy*, 102 (4) HARV. L. REV. 737, 752–753 (1988-89).

24. Ruth Gavison, *Privacy and Limits of Law*, 89 YALE L. J. 421, 438 (1980).

25. Any form of offensive and harmful conduct directed towards another person could be characterised as invasion of individual’s privacy if the doctrine of ‘right to be let alone’ is followed.

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parameters of right to publicity.²⁶ He opined that with tremendous strides taken by the media and entertainment industry, there is a pecuniary value attached to the use of a celebrity's name, photograph, signature and likeness. This has led to commercialisation of various facets of his image and it is indeed this aspect of his personality that he should be allowed to control.²⁷

Actually Nimmer's essay was a consequence of JUDGE FRANK's ground breaking opinion in *Haelan Laboratories v. Topps Chewing Gum, Inc.*²⁸ This case held that people, especially prominent ones, in addition to and independent of their right of privacy, have a 'right in publicity value of their photographs'.²⁹ This right could be assigned or licensed, and the licensee or assignee could enforce it against third parties. This right according to JUDGE FRANK, might be called a 'right to publicity'.³⁰ Even as JUDGE FRANK was the first to coin this term, no judicial rationale was offered for the new right except that without it, prominent persons would be denied image revenues and would thus feel 'sorely deprived'.³¹ It seemed obvious to the court that celebrity personas could be bought and sold in the market and be treated as commodities.³² Thus, this case paved the way for commodification of personality.

Subsequently, William D. Prosser³³ scripted a significant article on privacy and culled out four distinct kinds of rights and further reinforced the genesis of right of publicity from right to privacy. He classified amorphous collection of civil wrongs falling within the category called the 'invasion of privacy' into four distinct types³⁴: invasion of privacy by intrusion into private affairs; invasion of privacy by public disclosure of private facts; invasion of privacy by false light and; invasion of privacy by appropriating some aspect of an individual's identity for commercial gain.

26. See Nimmer, *The Right of Publicity*, *supra* note 17.

27. *Id.* at 204.

28. 202 F 2d 866 (2nd Cir.) (1953) (The relevant facts of the case were as follows: Plaintiff, a chewing gum manufacturer, had contracted with certain well known baseball players for the exclusive right to use their photographs in connection with sale of its products. Subsequently, Russell Publishing Company, acting independently, obtained like grants from same players. Russell then assigned rights to the defendant, also a chewing gum manufacturer, which used the players' photographs in promoting its products. Plaintiff sought an injunction on the ground that the defendant's action conduct violated its right of exclusive use. The defendant countered that the players possessed no legal interest in their photographs other than right to privacy, which is personal and not assignable).

29. *Id.* at 868.

30. JUDGE JEROME FRANK in the case stated that: "We think, in addition to and independent of right privacy, a person has a right in the publicity value of his photograph, i.e., the right to grant exclusive privilege of publishing his picture, and that such a grant may validly be made "in gross," i.e., without an accompanying transfer of business or of anything else. ...This right may be called a "right of publicity". *Id.* at 868.

31. *Id.*

32. Madow, *Private Ownership*, *supra* note 3, at 173-174.

33. William Prosser, *Privacy*, 48 CAL. L. REV. 383 (1960).

34. These were four independent privacy torts that were soon adopted in the Second Restatement of Torts and have been accepted by nearly all courts in the United States.

The first three rights protect the privacy right of ‘right to be let alone’ and ‘false light’ invasion by the media. It is the fourth independent tort which gave rise to right of publicity, an independent right that seeks to recognise the commercial value of individual’s identity as opposed to injury of feelings caused by media invasion.

III. DEVELOPMENT OF PUBLICITY RIGHTS AS IMAGE RIGHTS

The scope of publicity rights has expanded since its early formulations. Keeping protection at its core, it seeks to regulate the exploitation for financial gain that is inherently part of a celebrity’s chosen profession.³⁵ For example, in *Zacchini v. Scripps-Howard Broadcasting Co.*,³⁶ the US Supreme Court addressed the issue of unjust enrichment and economic value of right of publicity. It was held by the Court that media cannot be granted a licence to broadcast a unique performance without adequate remuneration to the performer. This case led to development of the right to publicity as a property based doctrine and exclusive right of a celebrity to commercial use of fame acquired by him.

Although *Zacchini* accorded performers a right to control dissemination of their performances, it concerned only a local celebrity who sought his livelihood through solely producing stunts. With publicity rights having acquired this dimension, a celebrity has become a commercially marketable commodity. The merchandising and endorsements of celebrities have become a central component of media industry. Celebrities are therefore images which constitute a distinct and recognisable persona. These images, i.e. physical appearance, signature, style, photograph, likeness, recognizable attire, look, voice, gestures are often misappropriated by the ever transgressing media. Thus it is important for us to analyse the philosophy behind image rights - why should such rights be accorded to the celebrities and why are they so important to them in the contemporary era.

A. The Philosophy of Image Rights – The Labour Argument

A commercially marketable public image or persona must be viewed as celebrity’s own product, something that he himself makes or creates by his individual labour. Thus intellectual property in a celebrity’s persona can be justified under the Lockean theory of natural rights.³⁷

35. Ty Ford, *The Price of Fame: The Celebrity Image as a Commodity and the Right of Publicity*, 3 VAND. J. ENT. L. & PRAC. 26, 28 (2001).

36. 433 U.S 562 Ohio 1977 [hereinafter *Zacchini*] (In this case Hugo Zacchini, who made his living performing a “human cannonball” stunt at state fairs and other events, sued a television news channel for broadcasting footage of the live stunt. The performer argued that providing the public with free viewing of his stunt diminished the economic value of his personal appearances. The Court in this case recognized the strongest case of ‘right of publicity’ involving not the appropriation of an entertainer’s reputation, but appropriation of the activity by which entertainer acquired his reputation).

37. RICHARD HEYNES, MEDIA RIGHTS AND INTELLECTUAL PROPERTY 101 (2005) [hereinafter HEYNES, MEDIA RIGHTS].

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A star celebrity attains a commercially valuable public image through a combination of talent, effort, intelligence, pluck and grit. The identity, embodied in his name, likeness, statistics and other personal characteristics is the fruit of his labour and is a type of property.³⁸ This argument is akin to the Lockean philosophy of private property which views private property as reification of one's past efforts, and therefore, one deserves to keep what one has laboured to produce.³⁹ The law should interfere if someone misappropriates another's product of labour. Professor Mc Carthy, a leading advocate of this theory opines that "while one person may build a home, another knit a sweater so also may a third create a valuable personality, all three must be recognised by the law as 'property' protected against trespass and theft."⁴⁰

Further, the proprietary basis of the publicity doctrine emerged as one of the first principles of the Anglo-American jurisprudence. According to this principle, a celebrity should not be deprived of his pecuniary worth which he attains after expending considerable amount of time, effort, skill and even money.⁴¹ Therefore natural proprietary rights over their image are owned by the celebrities and the worth of this property comes from recognition of their labour.

Courts have recognised the labour argument as legally tenable in granting image and publicity rights to celebrities. In *Ublaender v. Henricksen*⁴², JUDGE NEVILLE observed that a name is commercially valuable as an endorsement of a product or for financial gain only because public recognises it and attributes goodwill and feats of skill or accomplishments of one sort or another to that personality.⁴³ A celebrity must be considered to have invested his years of practice and competition in a public personality which eventually may reach marketable status. The courts often describe celebrity plaintiffs as carefully cultivating their talents, slowly building their images, judiciously and patiently nurturing their publicity values.⁴⁴

As a counter side to the labour theory justification of image rights, it is argued that in most cases, the fame and opportunities for its exploitation does not derive from the actual process of labour or skill. With the contemporary age of reality

38. See for detailed discussion, Madow, *Private Ownership*, *supra* note 3, at 182-183.

39. Tan, *Beyond the Trademark Law*, *supra* note 2, at 928.

40. J. THOMAS MC CARTHY, THE RIGHTS OF PUBLICITY AND PRIVACY cited in Madow, *Private Ownership*, *supra* note 3, at 183.

41. Melville Nimmer was the first proponent of recognition of proprietary rights of the celebrities in their personas. Later scholars like, Professor Mc Carthy and Sheldon Halpern advocated this theory. According to Halpern, 'right to publicity is coherently defined and protects economic associative value of the identity.

42. 31 F. Supp. 1277 (D. Minn. 1970).

43. *Id.*

44. Tan, *Beyond the Trademark Law*, *supra* note 2, at 931.

shows, celebrity images which pervade our media are a part of wider social and cultural processes which are irrespective of the labour or skill or having a distinct persona as discussed in the Lockean theory.⁴⁵ Indeed, the persona of a celebrity may not be his sole creation. They rely on an entourage of agents, publicists, sponsors, advertisers, merchandise licensees and assorted media outlets. The public image of the star is thus dependent on these intermediaries and the contractual negotiations premised on the perceived value of an individual.⁴⁶

In addition, it has been questioned if it is proper to confer an additional source of income on celebrity athletes, entertainers etc. who are already very handsomely paid. Michael Madow argues that a famous person's name and face should be treated as a common asset to be shared which is indeed an economic opportunity present in the free market system.⁴⁷

It is argued that reservations for granting image rights to celebrities lose ground in the present scenario of intensified commodification of star images. Celebrities indulge in product endorsements and advertisers use their persona on the theory that their credibility, goodwill and glamour will rub off on the product and thus motivate purchase decisions of the consumers. Utilitarian approach in this perspective also justifies granting of image rights. This approach emphasises on the ability of proprietary rights to operate as an incentive to innovation and creative production.⁴⁸ Also this approach further justifies image rights from the perspective of economic efficiency and monopoly right. Restricted right to celebrity images would ensure economic efficiency in the market. A monopoly right to the commercial use of a celebrity name or image would maximise its economic worth by restricted access and augment its value to a fair price.

B. Individual as Trademark: The Scope of Protection of Image Rights as Trademarks

The principal function of a trademark is one critical to the identification of its origin. A trademark tells a consumer that the quality and attributes of a product bearing the mark are under the control of the same person. For this reason the

45. HEYNES, MEDIA RIGHTS, *supra* note 37, at 102 (One of the scholars Rosemary Coombe furthers the argument of celebrity images and fame representing diverse cultural practices and desires. According to her, celebrity images are not simply marks of identity or simple commodities; they are cultural texts – floating signifiers and are continually invested with libidinal energies, social longings and political aspirations.).

46. *Id.* at 102 (Michael Madow also extends this argument further by emphasizing on the role of media in the image making process. A film star's image is not just in his or films, but the promotion of those films and of the star through public appearances, biographies, interviews, "private life" of the star. Madow, *Private Ownership*, *supra* note 3.).

47. *Id.* at 102.

48. *Id.* at 103.

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consumer can infer that a product bearing the trademark will have the quality and attributes he has come to be associated with the product. Thus a trademark communicates information to the consumer and allows a producer to build up and exploit the reputation of his products.⁴⁹ The law of trademark infringement prohibits deceptive use of the claimant's registered trademark.⁵⁰

As far as images are concerned, trademarks have important functions which go beyond the communication of information to consumers. A trademark can acquire an 'image' through advertising. The image embodies attitudes or feelings or values that the producer has managed to get associated with the trademark. If a trademark has such an image, consumers may be influenced to purchase the product by their attraction to the image or their desires to associate themselves with it. This image based function can be described as the advertising or merchandising function.⁵¹ On the other hand, the protection of trademark for the purpose of identification of origin has a different justification from protecting the trademark for this merchandising function. The unauthorised use of the image cannot in itself be deceptive because its purpose is not to convey information.⁵² In practice modern trademark law protects the merchandising function along with the origin function, i.e., it supports trademark owners in developing and exploiting the image of their trademarks.⁵³

The function of image of the trademark does not take into account deceptiveness which is the essence of trademark law and that is the reason for not conferring protection to it in various jurisdictions. But recent developments have shown that the law of registered trademarks gives increasing support to the protection

49. Peter Jaffery, *Privacy, Confidentiality and Property*, in PAUL L.C. TORREMAN (ED.), *INTELLECTUAL PROPERTY RIGHTS AND HUMAN RIGHTS – ENHANCED EDITION OF COPYRIGHT AND HUMAN RIGHTS 447* (2008) [hereinafter Jaffery, *Privacy*].

50. *Id.* at 447. § 29, Trade Marks Act, 1999 ("A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark.") § 9(1)(a), Trade Marks Act 1999 ("Trademarks which are devoid of any distinctive character, that is to say not, capable of distinguishing the goods or services of one person from those of another shall not be registered.")

51. Images generally do not communicate concrete information to the consumers about the product.

52. *See* Jaffery, *Privacy*, *supra* note 49 at 467.

53. Trade mark dilution is a modern concept which recognizes that non-deceptive dilution can also constitute infringement. This includes tarnishing of a trade mark or blurring of its distinctiveness. This can be understood to be intended to protect the image of a trade mark and so to support the advertising or merchandising function of the trade mark, but it is also explicable in terms of origin function, i.e., in terms of effect in hindering communication with consumers. The Trade Marks Act 1999 under § 29 (8) protects the advertising function of the trademark against infringement ("A registered trademark is infringed by any advertising of that trademark if such advertising – (a) takes unfair advantage of and is contrary to honest practices in industrial or commercial matters; or (b) is detrimental to its distinctive character; or (c) is against the reputation of the trademark.")

of merchandising marks through trademark registration.⁵⁴

The attempt to recognise image rights has been successful in many jurisdictions which are discussed in the following parts. Thus right to publicity is nothing but *merchandising right of celebrities in their image*. The argument for right of publicity based on law of trademarks and goodwill is firmly gaining ground with the growth of merchandising and endorsements by celebrities.⁵⁵ After having analysed the concept of image rights and examining its connection with intellectual property laws, it is now important for us to foreground the purpose, status and scope of image rights in India and also other jurisdictions.

IV. IMAGE RIGHTS IN INDIA

The jurisprudence of publicity and image rights is in its nascent stages in India. As compared to the global scenario, India has been lagging behind in recognising the right of publicity and image. There is neither a considerable body of case law, nor any comprehensive statute governing image or publicity rights of celebrities. It is only the Emblems and Names (Prevention of Improper Use) Act, 1950, which to a limited extent, protects unauthorised use of few dignitaries' names by prohibiting the use of the names given in its schedule.⁵⁶ Thus the Indian legal system is underequipped in dealing with the modern phenomenon of celebrity endorsements and merchandising. With exorbitant sums riding on celebrities, the advertisers and market forces often find ways and means to abuse celebrity images.

The only authoritative case on publicity rights comes from the Delhi High Court, in *ICC Development (International) Ltd. v. Arvee Enterprises*.⁵⁷ The court held that the right to publicity has evolved from the right to privacy and can inhere

54. It has been reiterated time and again that commercial worth of the celebrity magnet (particularly in advertising) belongs to them. The counsel on behalf of the Elvis Presley Foundation in *Elvis Presley Trade Mark, Re*, [1977] R.P.C. 543 argued that the court should accept a free standing general right to character exploitation enjoyable exclusively by the celebrity.

55. However there are scholars like Thomas Mc Carthy who state that the differences in the law of trademarks and the law of right of publicity outweigh the similarities. The differences largely stem from the historical fact that the right of publicity had its origins in the law of "privacy", whereas the law of trade marks had its origin in the tort of fraud. While the key to the right of publicity is the commercial value of human identity, the key to the law of trade marks is the use of a word or symbol in such a way that it identifies and distinguishes a commercial source.

56. § 3, Emblems and Names (Prevention of Improper Use) Act, 1950 ("Notwithstanding anything contained in any law for the time being in force, no person shall, except in such cases and under such conditions as may be prescribed by the Central Government, use, or continue to use, for the purpose of any trade, business, calling or profession, or in the title of any patent, or in any trade mark or design, any name or emblem specified in the Schedule or any colourable imitation thereof without the previous permission of the Central Government or of such officer of Government as may be authorised in this behalf by the Central Government.").

57. 2005 (30) PTC 253 (Del) [hereinafter *ICC Development*].

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only in an individual or in any indicia of the individual's personality like his name, personality trait, signature, voice etc.⁵⁸ An individual may acquire a right to publicity by virtue of his association with an event, sport, movie etc. However, the right does not inhere in the event in question, that made the individual famous, nor in any corporation that has brought about the organisation of the event. Any effort to take away right of publicity from the individual, to the organiser/ non-human entity would violate Article 19 and 21 of the Constitution of India.⁵⁹

This case shows that development of publicity rights in India flows from rights of human dignity and liberty as enshrined in Articles 19 and 21 of the Constitution. It is rather a tussle between an individual's right to privacy and the interest of the larger public to know. The development of this right as a commercial property is quite restricted if analysed in the intellectual property regime.

A. Protection of Image Rights as Trademarks in India

Individual may apply for protection of their name, likeness and nicknames, among other things, with the Indian Trademarks Registry in order to obtain statutory protection against misuse.⁶⁰ This is of strategic importance to celebrities who intend to use their image and likeness to identify their own or an authorized line of merchandise.⁶¹ Increasingly celebrities are becoming aware of their image rights. A recent example is of actress Mallika Sehrawat who registered her name as a trademark.⁶² Other celebrities including yoga guru Baba Ramdev, cardiologist Naresh Trehan, chef Sanjeev Kapoor and actress Kajol, are among the few who have sought protection under trademark law by applying for registration of their names and images as trademarks.⁶³

In a recent unreported case, *Sourav Ganguly v. Tata Tea Ltd.*, the courts granted senior batsman Sourav Ganguly relief stating that his fame and popularity is his intellectual property. Sourav Ganguly on his return from Lords after scoring

58. *Id.* at ¶ 14.

59. *Id.* at ¶ 14 (A non-human entity or a non-persona does not have a 'right of publicity').

60. § 14, Trademark Act, 1999 prohibits the use of personal names, where an application is made for the registration of the trademark, which falsely suggests the connection with a living person, or a person whose death took place within 20 years prior to the date of application for registration of the trademark. The registrar may, before proceeding with application requires the applicant to furnish the consent of such living person or as the case may be, the legal heirs of the deceased person to the connection appearing on the mark.

61. Surabhi Mehta & Teesta Hans, *Publicity and Image Rights in India*, available at http://asklegalmart.com/yahoo_site_admin/assets/docs/article.356121953.pdf (last visited on 15 Nov. 2010).

62. *Id.*

63. Thomas George, *Celebrity-focused Culture Highlights Need for Statutory Right to Publicity*, available at <http://www.worldtrademarkreview.com/issues/article.ashx?g=1596958f-55a7-4b2b-a93c-66f887027801> (last visited on 8 Jan. 2011).

magnificent centuries found that Tata Tea Ltd. was promoting its tea by offering consumers an opportunity to congratulate him through a postcard which was included in each one kilo packet of tea. Though Sourav Ganguly was the employee of the Company, he had at no time authorised the company to market its tea in association with him in any way.

There have been other instances as well which make it evident that celebrities have increasingly become aware of their image rights. Prior to the release of his movie “Baba” in 2003, cine star Rajnikanth issued a legal notice prohibiting anyone from imitating his screen persona or using the ‘character’ he portrayed in the movie for commercial gain. The legal notice was published in a number of leading English and Tamil dailies.⁶⁴ Owing to misuse of their voice by various brands, actors Amitabh Bachchan and Sunny Deol are also seeking protection under the trademark law.⁶⁵

B. Statutory Inroads of Image Rights

There is no specific provision under the trademark law to protect image rights of celebrities as trademarks. A celebrity may resort to an action of passing off in order to protect his or her publicity and image rights.⁶⁶ However an action of passing off requires proof of: reputation of the individual, some form of misrepresentation and irreparable damage to the individual.

The above standards of proof demonstrate the evasive intent of the legislature in treating an individual as a commodity or a commercial property. The basis of existing provisions is instead in values of human dignity and liberty. There is no mention of the right of individual to control his commercial value, restrict its dissemination etc.

It is important for the purposes of this article to examine other provisions which might lead to protection of publicity rights, although this term is not mentioned explicitly in the Trademark or Copyright Act.

a. Protection under Advertising legislation

All advertisements are governed by the Code for Self-regulation in Advertising

64. The legal notice also declared that no attempt should be made by the advertisers to use Rajnikant’s photos or sketches or attire in the film for the purpose of endorsing products.

65. There were recent instance of a Gutka company imitating Amitabh Bachhan’s voice in its advertisement for endorsement of its product without his permission. Also Sunny Deol issued legal notice to Big 92.7 FM because the latter aired audio fillers ‘Son Sunny’ mimicking him and his family. *Available at* <http://www.financialexpress.com/news/when-celebrities-see-copyrights/729569/0> (last visited on 2 Jan. 2011).

66. § 14, Trade Marks Act 1999 deals with falsely using names and representations of living person or persons who have recently died.

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("Code"), which was adopted by the Advertising Standards Council of India.⁶⁷ The Code provides that:

*Advertisements should contain no references to any individual, firm or institution which confers an unjustified advantage on the product advertised or tends to bring the person, firm or institution into ridicule or disrepute. If and when required to do so by the ASCI, the advertiser and the advertising agency shall produce explicit permission from the person, firm or institution to which reference is made in the advertisement.*⁶⁸

The Standards of Practice for Radio advertising and the Code for Commercial Advertising on Television contain similar provisions.⁶⁹

b. Protection under Right to Privacy

The right to privacy protects individuals against unlawful government invasion. The Indian Constitution does not grant in express or specific terms, any right to privacy as such. It is not enumerated as a fundamental right in the Constitution. However such a right has been carved out by the Supreme Court in the corpus of Article 21.

In *R. Rajagopal v. State of Tamil Nadu*,⁷⁰ Supreme Court asserted the significance of right to privacy as a constitutional right implicit in the right to life and liberty guaranteed to the citizens by Article 21.⁷¹ A citizen has a right to safeguard the privacy of his own, his family, marriage, procreation, motherhood, child bearing and education among other matters. None can publish anything concerning the above matters without his consent – whether truthful or otherwise and whether laudatory or critical. If he does so, he would be violating right to privacy of the person concerned and would be liable in an action for damages.⁷²

67. Advertising Standards Council of India is a voluntary Self-Regulation council. The sponsors of ASCI who are its principal members, are firms of considerable repute within industry in India, and comprise advertisers, media, ad agencies and other professional and ancillary services connected with advertising practice. It is not a government body.

68. Chapter 1, clause 3, Code.

69. Chapter II, clause 17, Code of Commercial Advertising over All India Radio (The simulation of voices of a personality in connection with the advertisements for commercial products is prohibited unless bonafide evidence is available that such personality has given permission for simulation and it is clearly understood that station broadcasting such announcements are indemnified by the advertiser or advertising agency against any possible legal action.) The Code of Commercial Advertising has the similar provision under chapter II, clause 21 with an addition of the word appearance to the voices as described above.

70. 1994 SCC 632.

71. *Id.* at 634. The apex court defined right to privacy as right to be let alone.

72. *Id.* at 634 (Any publication concerning the aforesaid aspects becomes unobjectionable if such publication is based upon public records including court records. This is for the reason that once a matter becomes a matter of public record, right to privacy no longer subsists and it becomes a legitimate subject for comment by the press and media.)

Although right to publicity comes under the extended view of Article 21 but this right is not absolute; reasonable restrictions can be placed thereon in public interest under Article 19(5). Freedom of press is embedded under Article 19 of the Constitution. Also the expression of ‘freedom of speech and expression’ used in Article 19(1)(a) has been held to include the right to acquire information and disseminate the same.⁷³ The Supreme Court has given a broad dimension to Article 19(1)(a) by laying down the proposition that the freedom to receive and to communicate information and ideas without interference is an important aspect of freedom of speech and expression.⁷⁴

This has been consistently challenged by the celebrities on the ground that media has misused their freedom under the guise of giving news in ‘public interest’.⁷⁵ There have been alternative arguments that celebrities have dedicated their lives to the public and no longer command the protection of law of privacy. But this waiver is not absolute and the celebrity has a right to maintain the privacy of his non-professional and other parts of professional life.

It is clear that a right to privacy is a treasured possession of every individual; it should be respected and should not be exploited by the media on the pretext of public interest. The statutory provisions in India pertaining to protection of image rights are prevalent in the intellectual property regime but they are inadequate. The next part evidences the treatment of image and publicity rights in other jurisdictions, drawing inspiration from the forward thinking contained in foreign laws.

V. IMAGE RIGHTS IN OTHER JURISDICTIONS

They have decided that I am still a product after 15, 16 years that sells well. They shout at me, Oh Di, look up, if you give us a picture, I can get my children to a better school.

~ Princess Diana⁷⁶

Celebrity endorsements and merchandising in India is a comparatively contemporary phenomenon. But in countries like the U.K. and the U.S. celebrity rights regime is well laid out. Celebrities fiercely guard their personas through their

73. M.P. JAIN, INDIAN CONSTITUTIONAL LAW 988 (5th ed. 2008).

74. In *State of Uttar Pradesh v. Raj Narain*, AIR 1975 SC 865, 884, the apex court held that Art 19(1)(a) not only guarantees freedom of speech and expression, it also ensures and comprehends the right of citizens to know, the right to receive information regarding matters of public concern. Similar ratio was drawn in cases like *Secretary, Minister of Information and Broadcasting, Govt. of India v. Cricket Association of Bengal*, AIR 1995 SC 1236 and *Association of Democratic Reforms v. Union of India*, AIR 2001 Del 126.

75. Pareek & Majumdar, *Protection of Celebrity Rights*, *supra* note 7, at 418.

76. Statement made by Princess Diana during a course of interview with BBC in 1995 cited in, Kumari, *Celebrity Rights*, *supra* note 4, at 134.

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publicists and any kind of misappropriation by the advertisers does not go unnoticed. After analysing the Indian position, it is important to examine the provisions pertaining to image rights in other major jurisdictions as well.

A. The U.K. Law: A Notch Above

The U.K. does not have any freestanding right of publicity. The situation seems paradoxical if we consider the fact that the U.K. has the strongest libel laws in the world. Furthermore, it recognised an individual's privacy as being a basic and fundamental human entitlement in October 2000.⁷⁷ There are no sui generis laws in the U.K. to protect image or persona of a celebrity.

Even as the U.K. law is less developed as compared to the U.S., it suffers from the same lacuna as Indian law.⁷⁸ The courts while deciding cases are confused whether to refer to “celebrity”, “character”, “personality” or “image” rights. In order to succeed in a libel claim, a celebrity must show that his reputation has been lowered. The use of trademark law for protection of personality rights is restricted. A name may be trademarked under the provisions of the Trade Mark Act 1994, however the distinctiveness of the name is ought to be proved to get it registered.⁷⁹ Copyright also protects only a photograph, drawing and portrait of an individual as an artistic work but again this does not provide protection to image rights.⁸⁰ Generally, under the English law image and publicity rights are protected under the action of passing off.

The basic principle behind the common law tort of passing off is that of misrepresentation of one's good as someone else's. An actionable passing off under the English law is governed by the classical trinity of goodwill, misrepresentation and damages.⁸¹ These three essentials as stated by the House of Lords are⁸²: *first*, the

77. SIMON SMITH, *IMAGE, PERSONA AND THE LAW* 1 (2001).

78. The British law has protected some aspects of identity and its commercial value in a piecemeal fashion through traditional trademark law and passing off.

79. *See* Elvis Presley Trade Marks, Inc., [1997] R.P.D. 543, 556 (Ch.) (Eng).

80. *Id.* at 547. It was held in this case that Elvis Presley enterprises does not own the likeness of Elvis Presley. No doubt it can prevent the reproduction of the drawings and photographs of him in which it owns copyright, but it has no right to prevent the reproduction or exploitation of any myriad of photographs in which it does not own copyright.

81. *See* Jan Klank, *50 Years of Publicity Rights in the United States and the Never Ending Hassle with Intellectual and Personality Rights in Europe*, 4 I.P.Q. 363, 368 (2003) [hereinafter Klank, *50 Years*].

82. In *Reckitt v. Borden*, [1990] R.P.C. 340, at 499 (A successful plaintiff must demonstrate the following: first, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public. Secondly, he must demonstrate a misrepresentation by the defendant to the public leading or likely to lead the public to believe that goods or services offered by him are the goods and services of the plaintiff. Thirdly, he must demonstrate that he suffers, or in a quia timet action, that is likely to suffer damage by reason of erroneous belief engendered by the defendant's misrepresentation.).

goodwill or reputation must be attached to the product or services of the plaintiff; *secondly*, the defendant has made misrepresentation likely to confuse the public and; *thirdly*, there is loss or the material prospect of loss to the claimant. Bringing appropriation of personality and commercialisation of popularity within the scope of the tort of passing off involves considerable stretching of these three elements.

The case that is often cited as heralding the arrival of image rights is *Irvine and anr v. Talksport*.⁸³ The High Court decision effectively recognised the value of sports image rights and conferred protection on them. The case centred on whether or not a famous sports celebrity had acquired a valuable reputation and if the goodwill in the star's name or likeness had been misrepresented to the market as being licensed by the celebrity concerned.⁸⁴ JUDGE LADDIE's ruling confirmed that the name and image of a sports star is constitutive of a brand, with all various economic rights associated with that status.⁸⁵ It further confirmed that 'passing off' cases are maintainable even if the endorsements do not pertain to their field of expertise.⁸⁶ This was a giant leap towards protecting image rights of celebrities.

Another related case involving a celebrity in a false endorsement campaign involved the former long-distance runner David Bedford. He brought a complaint to the U.K. communications media regulator, Ofcom, which found that two runners featured in the campaign of the operator, each wearing the numbers "118", had caricatured Bedford without his permission.⁸⁷ The Ofcom decision relates solely to a breach of the Television Advertising Standard Code and was specifically stated to be without prejudice to any private claim that Mr Bedford may have for passing off. Notably Ofcom refused to order removal of the adverts, primarily on the basis that Mr Bedford had failed to take action for some six months since first becoming

83. [2002] WLR 2355 (The facts of the case were as follows: Talksport had used doctored photograph of the racing driver in the promotional leaflet that the commercial radio station had circulated to the media buyers and potential advertisers. Fewer than one thousand leaflets were distributed; but the business affairs director for the formula one team noticed the driver's inclusion in the promotion and therefore alerted him regarding the fact. Talksport had digitally manipulated Irvine's image in a photograph of him as if he is endorsing it.).

84. *Id.* at 2355.

85. *Id.* at 2379. It was held that Mr Irvine has a property right in his goodwill which he can protect from unlicensed appropriation consisting of false claim or suggestion of endorsement of a third party's goods or business.

86. *Id.* at 2368. JUDGE LADDIE rejected the common law field of activity requirement on the basis that it severely limited the application of the tort of passing off. Instead, to claim the action of passing off all the requirements were boiled down to existence of goodwill and misrepresentation.

87. In this case, the operator, The Number, owned by the US call centre ran a distinctive 118 118 enquiry service. The service made a major impact in the market in a 70 million pound cross media advertising campaign that used a comic theme starring two long distance runners wearing 1970s running vests with hoops, red socks and pale blue shorts. The characters had distinctive drooping moustaches and long straggly hair. The campaign gained a cult following and was highly successful and mopped up 50 percent of the directory service market.

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aware of the advertising campaign.⁸⁸ Mr Bedford decided not to enter into further litigation, therefore the case which would have possibly been a catalyst in the development of publicity and image rights came to an abrupt end.

Although the cases discussed above prove the increasing awareness of celebrities towards their image rights, as there are no provisions to protect celebrity image and persona, they often rely on the framework of intellectual property rights and torts. But this common law remedy of resorting to equity courts has proved to be rather effective.

B. The U.S. Law: A Celebrated Regime for Celebrity Rights

No country in the world is so driven by personality as is the United States. It stands in the forefront amongst nations regarding development and recognition of the legal doctrine that protects celebrities against unwanted commercial exploitation. Professor Roberta Kwall explains that the primary reason for this is pervasiveness of the fame phenomenon in the U.S. as compared to other nations.⁸⁹ She further mentions the influences of democracy, the American dream, capitalism and consumerism that help to explain the gravitation towards a legal doctrine that safeguards proprietary interests of celebrities.⁹⁰

New York was the first state that adopted a privacy right by statute which could be interpreted broadly enough to include publicity rights in New York in 1903.⁹¹ However, it was not until the 1953 that the courts first accepted the existence of a self standing publicity right, in a case concerning the sale and marketing of picture cards of baseball players that had taken place without their consent.⁹²

Today over thirty states acknowledge some form of image or publicity right, either under the common law or based in statute.⁹³ The duration of right varies widely amongst states. In half of the states, this right is recognised as extending beyond the death of the celebrity and thus enforceable by the heirs and assignees of the celebrities. The right extends to seventy years in California, one hundred years

88. Robert Buchan & Gill Grassie, *Personality Rights: A Brand New Species*, available at <http://www.journalonline.co.uk/Magazine/49-5/1000319.aspx> (last visited on 10 Jan. 2011).

89. Roberta Rosenthal Kwall, *Fame*, 73 IND. L. J. 1, 5 (1997). She further explains that Europeans are more attracted to the American celebrities than the local ones. Other countries like Italy, Germany, Canada and Japan are following the American lead and developing the right of publicity.

90. *Id.* at 8.

91. See Klank, *50 Years*, *supra* note 81, at 376.

92. *Haelan Lab. Inc v. Topps Chewing Gum Inc.*, 202 F 2d 866 (2nd Cir.) (1953).

93. Richard Penfold, Alex Battenson & Jeremy Dickerson, *Image Rights overview: How to Defend Image Rights*, available at http://www.dlapiper.com/files/Publication/8876637c-654c-4030-9e4a-1892561eec8e/Presentation/PublicationAttachment/fa6fc215-0720-4f50-bfdc-1a91e82c403c/Image_Rights_Overview.pdf (last visited on 1 Dec. 2010).

in Indiana, and apparently a perpetual term in Tennessee, home of Elvis.⁹⁴

Initially, the right of publicity had a restricted scope of protection limited to celebrity's name or likeness. But this scope was gradually extended by the courts and commentators to include anything that identifies a celebrity. The best known case was *Vanna White v. Samsung Electronics America Inc.*⁹⁵ In this case White sued Samsung Electronics over a magazine advertisement which showed a female-shaped robot dressed and turning the letters like her.⁹⁶ The Ninth Circuit Federal Court of Appeals gave a broad interpretation to right of publicity reversing the decision of the district court. According to the panel majority, the California right of publicity can't possibly be limited to name and likeness but extends to any appropriation of White's identity, anything that evokes her personality.⁹⁷ The decision therefore widened the scope of publicity rights and tilted the balance in favour of the celebrities, i.e., in addition to the exclusive right in her name, likeness, signature or voice, a celebrity now also has a right to anything that reminds the viewer of her.⁹⁸

The above case law proves the ever expanding ambit of the right of publicity conferred on celebrities, but the right was restricted to a considerable level through the First Amendment.⁹⁹ Reconciling the first amendment values of an uninhibited marketplace of ideas in furtherance of the ideals of free speech with the right of publicity was no doubt a murky process for the courts. An attempt by the court to balance the two doctrines is in the Dustin Hoffman Case.¹⁰⁰ The LA magazine in California was sued by Dustin Hoffman for a front cover which included an image of him manipulated to show him wearing women's clothes.¹⁰¹ At first instance, he

94. Stephan R. Barnett, *The Right to one own Image: Publicity and Privacy Rights in United States and Spain*, 47 AM. J. COMP. L. 555, 560 (1999).

95. 971 F.2d 1395 (9th Cir. 1992).

96. The advertisement which prompted the dispute was for Samsung video cassette recorders. The ad depicted a robot dressed in a wig, gown, and jewellery which David Deutsch Associates, Inc. consciously selected to resemble Vanna White's hair and dress. The robot was placed next to a game board which is instantly recognisable as the Wheel of Fortune game show set, for which White is famous. The caption of the ad read: 'Longest running game show. 2012 A.D.'

97. *Id.* 1398-99. The majority panel further reasoned that a clever advertising strategist could avoid using White's name or likeness but nevertheless remind people of her with impunity, "effectively eviscerating" her rights.

98. This decision was criticized by many commentators as overprotecting intellectual property and harming the future creators and the public at large.

99. First Amendment in the US Constitution protects free speech or promotional speech if it is solely for non commercial purposes.

100. Dustin Hoffman v. Capital Cities/ABC Inc., 255 F.3d 1180 (9th Cir. 2001).

101. *See, id.* at 1182. In March 1997 LA Magazine published a featured article, titled 'Grand Illusions' that used computer altered still photos from famous movies to make it appear that the actors in the stills were

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successfully sued for breach of his image right and was awarded damages by the trial court of \$2.6 million.¹⁰² However, the decision was overturned by the Ninth Circuit Federal Courts of Appeal on the basis that use of the image amounted to no more than free speech, as protected by the First Amendment.¹⁰³

Similar to the above case in 1998, ETW, the licensing agent of well-known golfer Tiger Woods, brought a claim in Ohio against a publisher of limited edition prints of an artwork including Tiger Woods' image.¹⁰⁴ ETW brought an action for trade mark infringement, dilution, unfair competition and false advertising.¹⁰⁵ On appeal in 2003, the court held that as a general rule a person's image or likeness cannot function as a trademark. It also dismissed the image right claim on the basis that the painting amounted to protected free speech under the First Amendment.¹⁰⁶

These cases demonstrate that despite the far-reaching protection of image and publicity rights in the U.S., the courts are prepared to uphold free speech even for commercial use of names and images. Therefore in spite of a strong protection regime accorded to celebrities, courts are always trying to balance free non commercial speech with right to publicity.

C. Other Trends in Publicity Rights

The U.K. is the only country in Europe with no specific legislation for image rights. Most E.U. countries protect commercial use of a celebrity's name and individual. France and Germany particularly have strong image and personality rights.¹⁰⁷ In 2006 German tennis star Boris Becker succeeded in his action for

wearing the latest designer fashions. The final shot was a still from the movie 'Tootsie' which showed Dustin Hoffman wearing not the red sequined evening dress he wore in the film but a chic new outfit by designers Richard Tyler and Ralph Lauren.

102. *Id.* at 1182.

103. *Id.* at 1184. The Court clearly delineated commercial speech from that of non commercial speech. It said: the core notion of commercial speech is that it does no more than propose a commercial transaction.

104. *ETW Corp. v. Jireh Publishing Inc.*, 99 F. Supp. 2d 829 [hereinafter *ETW Corp.*]. In this case ETW Corp., an exclusive licensing agent of Tiger Woods brought an action against Jireh, an Alabama based publishing company and an exclusive publisher of the artwork of Rick Rush, a "sports artist." Rush created a painting titled 'The Masters of Augusta' showing Woods in three positions flanked by two caddies and shadowed by the ghosts of former Masters Tournament champions.

105. Actions were brought under six counts, i.e., trademark infringement under Lanham Act 15 U.S.C. §1114, dilution under U.S.C. §1125, unfair competition and false advertising under U.S.C. §1125(a), unfair competition and deceptive trade practices in violation of the Ohio Revised Code, unfair competition and trademark infringement under Ohio common law and right of publicity in violation of Ohio common law.

106. *ETW Corp.*, *supra* 104, at 835. The painting of Tiger Woods was created by Rick Rush, who characterised himself as 'America's Sporting Artist – Painting America through Sports'. Also the item at issue was a 'limited edition' i.e., only 5000 prints were made available worldwide.

107. In France, personality rights are protected under art. 9 of the French Civil Code. Germany also offers a much greater and sophisticated level of protection. Provisions have been created under Artistic Authors

unauthorised use of his image against the newspaper Frankfurter Allegemeine.¹⁰⁸ Under German law, it is possible to use certain celebrities' images without their permission for information or editorial purposes but not for promotional purposes as was done in Becker's case.¹⁰⁹ He was awarded damages worth Euro1.2m for appropriation of his image by the newspaper without his permission.¹¹⁰ This case shows that German laws protecting image rights of celebrities are stronger than laws in the U.K. Similarly in France also, appropriation of image for editorial and biographical use is considered legitimate free speech. The courts are always trying to balance unlawful commercial exploitation and legitimate free speech.¹¹¹

In Australia, like the U.K. there is no image or publicity right in a person's name or likeness. Australian Courts have developed a law of passing off akin to a right of image or personality. The leading case was brought by Paul Hogan, famous for playing the movie character Crocodile Dundee.¹¹² A shoe manufacturer, Pacific Dunlop, used the character dressed up in a costume similar to that worn by Hogan in the films for the advertisements. The court upheld Hogan's claim of passing off on the basis that the public would assume that Hogan has licensed or endorsed Pacific Dunlop to use the image of Crocodile Dundee.¹¹³

The above examples show that many countries do not have specific provisions for publicity rights but they are protected through the intellectual property laws. This is a serious lacuna as intellectual property and tort laws such as passing off, misrepresentation, libel do not squarely subsume publicity rights.

In the light of discussion of the Indian position vis-a-vis foreign jurisdictions, it is timely to consider the recommended legal regime for publicity rights in India.

Rights Act and the German Constitution. §§ 22 and 23 of the Authors Rights Act, provides that a person has a right to control the publication of his picture. The word "picture" has been given a broad interpretation to anything that resembles a likeness to the person. These provisions are complemented by arts. 1 and 2 of the German Constitution which are quintessentially human rights which in turn prevents them from being waived or transferred.

108. Boris Becker v. FAZ, 21 U 2518/03 [hereinafter *Becker*].

109. Information available at official website of Couchman Harrington Associates, http://www.couchmansllp.com/documents/news_press/Boris%20Becker.pdf (last visited on 8 Dec. 2010) [hereinafter Couchman Harrington].

110. See *Becker*, *supra* note 108. The rule of monetary compensation acting as a real deterrent was explicitly stated in Bundesgerichtshof (BCH- Federal Court of Justice), Case No. 6 ZR 56/94, 15 Nov. 1994. Since then courts have more frequently awarded higher amounts.

111. See Couchman Harrington, *supra* note 109.

112. Hogan v. Koala Dundee Pty (1988) 20 F.C.R. 314.

113. See *supra* note 93; Mary LaFrance & Gail H. Cline, *Identical Cousins?; On the Road With Dilution and the Right of Publicity*, 24 SANTA CLARA COMP. HIGH TECH L. J. 641, 677- 678 (2008).

VI. AN APPPOSITE LEGAL REGIME FOR INDIA

Publicity Right have travelled a long way from the era of being an offshoot of privacy right to an independent standalone right. The significance and the impact of the commercial aspect of the celebrity's personality can be gauged by the ever increasing instances of their personality traits. As the value of the celebrity increases, so do instances of misuse of her persona. Therefore they have time and again expressed their desire for protecting various aspects of their personality. This no doubt, leads to commodification of celebrities and challenging the very ethos of our Constitution which enshrines the principle of human dignity in Articles 19 and 21. But the contemporary trend of generating economic value through celebrities definitely deserves special attention and can in no way be diluted by these provisions.

The evasive attitude to confer property rights on one's personae was observed by the Delhi High Court in *ICC Development*,¹¹⁴ the only pertinent case law which discusses publicity rights. The need of the hour is to recognise the property rights of celebrities in their persona in addition to human dignity rights which are in any case available to all individuals and are the bulwark of our Constitution. The limited protection to a celebrity's image is provided under the provisions of trademark and copyright law. Section 14 of the Trade Marks Act 1999 prohibits use of personal names where an application is made for the registration of the trademark, which falsely suggests a connection with a living person, or a person whose death took place within 20 years prior to the date of application of the registration of the trademark. Therefore the legal heirs of the celebrities can also prevent the misuse of their names. The intent of recognising the transferability and licensing of the particular right can be interpreted from the statute. Thus the property right in one's name is granted to celebrities in the trademark law. But the lacuna of not outlining the rules on assigning and licensing such a right needs to be addressed.

The Copyright Act poses a challenge in case of recognition of publicity rights. The voice of celebrities which is often misused by advertisers cannot be copyrighted as it does not come within the ambit of literary, dramatic or musical work. There is a separate category of performers' rights which grants economic rights to performers.¹¹⁵ But these rights also subsist in a particular performance and not in a general image of the artiste or a celebrity. Therefore the copyright act also is inadequate to confer image rights on celebrities.

The inadequacies in the current framework of intellectual property laws are quite alarming, seeing the blatant misuse of various aspects of the celebrity persona.

114. See *ICC Development*, *supra* note 57.

115. Performers' Rights are given under § 38 of the Copyright Act, 1957. It should be noted that performers are only conferred with economic rights and there is no provision to accord moral rights.

The incorporation of assigning property rights can solve a part of the problem. However the dynamics of public vis-à-vis private interest needs to be worked out. The celebrities offer themselves to public domain and their activities evoke everyone's interest. Therefore conferring on them special rights so as to put them at a higher pedestal might be a dangerous proposition. It also might cause hindrance to creativity by curbing the art of imitating artistes who are performers in their own right. These concerns surely need to be addressed before any statutory framework is enabled to protect their rights. The freedom of speech and expression and freedom of the press granted through our Constitutional principles to every individual should in no way be undermined while conferring any special status to celebrities.

Most of the countries like U.S. as studied in the previous sections have given utmost importance to free speech and always held the exception in high regard despite of having a self standing publicity right. Also in case of Germany, the healthy and sophisticated mix of human rights and publicity rights can be an example for the Indian regime to follow. These legislations have always tried to balance the principles of free speech with the image rights and the same should also be attempted by the Indian regime.

CONCLUSION

Publicity right is a unique one. The dual dimension of recognising human dignity and property approach can solve the dilemma of where to place the publicity right. As the human dignity approach is already recognised by the judiciary, the pure commercial aspect, like transferability, licensing and succession can be competently addressed within the property approach. The balance between public interest in general, i.e., the ideals of free speech and freedom of press *and* the private interest of the celebrity is important. None of these rights can be undermined. Any statutory provision to protect celebrities should strive to attain this balance.

COPYRIGHT IN ITS GLOBAL CONTEXT: CANADA'S APPROACH TO BILL C-32: INDIA'S LESSON IN 'WHAT NOT TO DO'.

*Varun Vaisb**

ABSTRACT

Every once in a while, one has the luxury to benefit from the experience of another. When those experiences originate from a comparable state of affairs, one would be unwise not to learn from them. Such an opportunity presents itself before India as both Copyright Modernization Act, 2010 of Canada and the Copyright (Amendment) Bill, 2010 of India are tabled before their respective legislative houses. Through this note the author seeks to reflect upon Canada's Bill C-32 vis-à-vis the other proposed or prevailing copyright laws of countries, in order to expediently inform the Indian position on Copyright law. The author attempts to discern the underlying legislative policies which drive both India and Canada in their evident attempt to harmonise municipal laws with their respective international obligations. While the provisions of Bill C-32 and the Copyright Amendment Bill, 2010 are contrasted, the author also seeks to understand both India and Canada's international obligations as per the prevailing international intellectual property regime and their respective proposals for domestic execution of the same, under the ubiquitous eye of the United States. The author does this in addition to critically reflecting upon the efficacy of provisions dealing with Technology Protection Measures which have thus far stirred the most controversy. In doing so the author is able to juxtapose the existing legal regime in the United States and the one proposed in Canada in order to suggest a viable way forward for India to attain a judicious copyright balance between international compliance and municipal efficacy.

INTRODUCTION

As both the Copyright Modernization Act, 2010 of Canada (better and more often referred to as the Bill C-32) and the Copyright (Amendment) Bill, 2010 of India are tabled before their respective legislative houses, one can't help but look at the debate centred on the Bills with incredulity. There exist a myriad of voices in support and dissention. However, the apparent lack of knowledge as regards the factors that influenced the bills into their current shape, along with uncertainty in relation to what exactly are Canada and India's international legal obligations, have led observers to view the debate as uninformed.

It is imperative to appreciate that even the few vociferously advocated benefits of enhanced copyright protection are inevitably overshadowed if achieved through

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a system, which in popular perception is viewed as ‘not beneficial’ or even ‘illegitimate’.¹ Bill C-32 is fast becoming inundated by the same stigma and hence one endeavours to examine how India’s Copyright Amendment Bill, 2010 can steer clear of the same fate. It is appropriate then to look into the inadequacy of Canada’s Bill C-32, in order to elucidate India’s lesson in ‘what not to do’ in light of a country’s binding obligations under the WIPO Internet Treaties.² The lesson is further strengthened by a narrative on Canada’s previous attempts at copyright modernization which depict a more balanced approach. Those attempts seem more in congruence with the wishes of the world community as observed in the negotiations leading up to the WIPO Copyright Treaty which render the myth of its inflexibility futile. After looking upon the provisions of India’s Copyright Amendment Bill, 2010 in detail it becomes imperative to juxtapose its stipulations with those of Bill C-32, as well as with the copyright regime in the United States after the Digital Millennium Copyright Act, 2000³ to enable a more efficient functioning of the inept, though now inevitable and institutionalized tradition of sightless reproduction of western legislations on similar subject matters.

This note is divided into three parts. Part I deals with the controversial provisions of Canada’s Bill C-32 in relation to Technology Protection Measures⁴, while looking at the prior attempts on Canada’s behalf to update its Copyright laws. It then provides a brief history of India’s road to Copyright modernization and contrasts certain provisions of the Copyright Amendment Bill, 2010 with that of Bill C-32. Part II looks at India and Canada’s international obligations as per the prevailing international intellectual property regime and analyses their respective proposals for domestic implementation of the same. Part III seeks to draw inferences from the existing legal regime in the United States and the one proposed in Canada in order to suggest a viable way forward for India to attain perfect copyright balance between achieving international compliance and maintaining ‘user friendliness’.

I. C-32 AND THE COPYRIGHT AMENDMENT BILL, 2010: A SURVEY

A. Bill C-32

Canada participated in the 1996 Diplomatic Conference on Certain Copyright and Neighbouring Rights Questions that led to the creation of the “WIPO Internet Treaties” which came into force in 2002. Though Canada signed the treaties in 1997,

1. Debora Halbert, *Globalized Resistance to Intellectual Property*, available at <http://globalization.icaap.org/content/v5.2/halbert.html> (last visited on 6 Nov. 2010).

2. The WIPO Copyright Treaty and The WIPO and Phonograms Treaty are together referred to as the WIPO Internet Treaties.

3. Hereinafter DMCA.

4. Hereinafter TPMs.

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it has, as of yet, not ratified them. In a Speech from the Throne, opening the 1st Session of the 40th Canadian Parliament in November 2008, the Canadian government reiterated its commitment to copyright reform, by stating that “[t]he Canadian Government will proceed with legislation to modernize Canada’s copyright laws and ensure stronger protection for intellectual property”⁵; Bill C-32 was introduced in the House of Commons on 2 June 2010 as a result thereof.

It is imperative to look upon the preamble of the proposed Bill in order to garner a better understanding of the proposed amendment’s declared objectives. A cursory glance of the preamble of Bill C-32⁶ draws out certain conflicting messages which render its intentions ambiguous. One is unsure whether the Bill envisages enhanced copyright protection through norms similar to those of other nations (regardless of whether they are greater than what international obligations require) in order to achieve a *coordinated approach* or is it the intention of Bill C-32, to provide for protection solely through *international compliance*.⁷ The two are very different concepts as shall be examined later on in the discussion on Canada’s obligations under the WIPO Copyright Treaty⁸ and the United State’s influences through the DMCA.⁹

Although the preamble of Bill C-32 spells out its intention to bring the Canadian Copyright Act into compliance with the WIPO Internet Treaties¹⁰, it hopes to do so through the recognition of TPMs *in a manner* that promotes *culture, innovation, competition* and *investment* in the Canadian economy.¹¹ One however wonders whether TPMs and their impact on *Access to Knowledge* fall contrary to the objectives of culture and innovation.¹² This is because if Bill C-32 were to be law, Section 41.1 of the amended Act would make the circumvention of digital locks that control access to a work illegal, even if the work subject to the TPM is legally acquired. Section 41.1 further prohibits the manufacture and distribution of

5 PARLIAMENT OF CANADA, *Speech from the Throne delivered by Her Excellency the Right Honourable Michaëlle Jean, Governor General of Canada, to open the 3rd Session of the 40th Parliament*, available at <http://www.speech.gc.ca/eng/media.asp?id=1364> (last visited on 3 March 2010).

6 An Act to amend the Canadian Copyright Act, available at <http://www2.parl.gc.ca/HousePublications/Publication.aspx?Docid=4580265&file=4> (last visited on 1 Nov. 2010).

7 Preamble to Bill C-32 states in paragraph 3 that “copyright protection is enhanced when countries adopt a coordinated approach based on internationally recognized norms.”

8 Hereinafter WCT.

9 Digital Millennium Copyright Act, 2000.

10 See Statement of Objectives for Bill C-32, available at <http://prsindia.org/uploads/media/Copyright%20Act/The%20Copyright%20Bill%202010.pdf>. (last visited on 5 June 2011).

11 Bill C-32, pmbl., ¶ 7.

12 Sam Trosow, *Bill C-32 and the Educational Sector: Overcoming Impediments to Fair Dealing*, in FROM “RADICAL EXTREMISM” TO “BALANCED COPYRIGHT”: CANADIAN COPYRIGHT AND THE DIGITAL AGENDA 546-47 (Geist ed., 2010).

devices that can be used for the circumvention of TPMs, without there being an underlying distinction between access and copy controls. Therefore the mere circumvention of TPMs would bestow upon the owner every remedy as would be available to him in case of copyright infringement.¹³ Furthermore, Section 41.22 after the amendment would prohibit the removal or alteration of rights management information, if the person doing so knows that such removal or alteration would facilitate or conceal any infringement of copyright, or adversely affect a copyright owner's right to remuneration.¹⁴

It would be wise at this juncture to look at the various efforts instituted by the Canadian government in the last five years to reform Canadian copyright law leading up to Bill C-32. It is felt that in the past Canada maintained *policy flexibility* and adhered to international treaties on a minimalistic basis (also referred to by Bannerman as the "*Made in Canada approach*").¹⁵ There has however been a dereliction from this approach in favour of the American Maximalist approach with regards to Bill C-32.¹⁶ Ratification of WCT merely requires among other things, state parties to provide copyright holders with: a) *Legal remedies for the Circumvention of TPM's*; b) *exclusive right to make their work available on certain platforms for example the internet*; and c) *legal remedies against the removal and alteration of rights management information and against the distribution of such works*.¹⁷ Canada's previous attempt at Copyright Reform (Bill C-60) was seen to be more along the lines of the minimalistic approach, wherein there existed no limitations on the manufacture and sale of circumvention devices and infringement occurred only when circumvention was carried out for the sole purpose of copyright violation.¹⁸

Next on the scene was Bill C-61 in 2008 which followed the American Maximalist approach and was thus termed as the "*Canadian DMCA*" by its detractors.¹⁹ It banned circumvention devices and made circumvention illegal

13 PARLIAMENT OF CANADA, *Legislative Summary of Bill C-32: An Act to amend the Copyright Act*, available at: http://www2.parl.gc.ca/Sites/LOP/LegislativeSummaries/Bills_ls.asp?lang=E&ls=c32&source=library_prb&Parl=40&Ses=3#a23 (last visited on 3 Nov. 2010).

14 *Id.*

15 Sara Bannerman, *Copyright: Characteristics of Canadian Reform*, in FROM "RADICAL EXTREMISM" TO "BALANCED COPYRIGHT": CANADIAN COPYRIGHT AND THE DIGITAL AGENDA 33-34 (Geist ed., 2010).

16 *Id.* at 18.

17 WIPO Copyright Treaty, available at <http://www.wipo.int/treaties/en/ip/wct/index.html> (last visited on 2 Nov. 2010).

18 Michael Geist, *Anti-Circumvention Legislation and Competition Policy: Defining a Canadian Way?*, in IN THE PUBLIC INTEREST: THE FUTURE OF CANADIAN COPYRIGHT LAW -50 (Michael Geist ed., 2005).

19 Cory Doctorow, *Canadian DMCA is worse than the American one*, available at: <http://boingboing.net/2008/06/12/canadian-dmca-is-wor.html> (last visited on 3 Nov. 2010).

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regardless of whether it was for infringing purposes or not.²⁰ Bill C-32 retains these controversial provisions; however it also includes certain “*Made in Canada*” provisions in order to attempt a more balanced copyright.²¹ Therefore Bill C-32 has been described as an attempt to meet domestic Canadian requirements while at the same time meeting the technical requirements of international treaties.²² Some of the “*Made in Canada*” provisions are as follows: Fair Dealing has been expanded to include education, satire, and parody; consumer exceptions now include time shifting, format shifting, backup copies, and lastly an exception for user generated content (also known as the YouTube exceptions in popular reference) in order to bolster creativity.²³ Protection of “*Internet Intermediaries*” from actions of their users, distinguishing between commercial and non-commercial infringement for the purpose of statutory damages, and exceptions for people with print disabilities²⁴ are just some of the provisions that have made Bill C-32 more acceptable. Nevertheless all these rights are subject to the digital lock provision and hence cease to exist when a rights holder locks his content down.²⁵ Hence the question required to be answered is — If Canada (or India for that matter) were to ratify the WIPO Internet Treaties to what extent would change in the present copyright law be absolutely necessary?

B. The Copyright Amendment Bill, 2010

India's Copyright Act of 1957 has been amended on no less than five prior occasions to complement national and international requirements.²⁶ The amendments in 1994 were significantly more comprehensive than those in 1999 which sought to comply with the obligations under the Trade Related Aspects of Intellectual Property Rights²⁷ agreement.²⁸ The most significant contributions of the 1994 amendments

20 Bill C-61, available at: <http://www2.parl.gc.ca/housepublications/publication.aspx?docid=3570473&language=e&mode=1> (last visited on 3 Nov. 2010).

21 GOVERNMENT OF CANADA, *Frequently Asked Questions on Balanced Copyright*, available at http://www.ic.gc.ca/eic/site/crp-prda.nsf/eng/h_rp01153.html#amend (last visited on 2 Nov. 2010).

22 Blayne Haggart, *North American Digital Copyright, Regional Governance and the Persistence of Variation*, 59 Paper presented at the Annual Conference of the Canadian Political Science Association, Montreal, available at www.cpsa-acsp.ca/papers-2010/Haggart.pdf (last visited on 3 June 2010) [hereinafter Haggart, *North American Digital Copyright*].

23 § 22, Bill C-32.

24 § 36, Bill C-32.

25 Though TPMs as a concept exist to lock digital content presumably to impede the infringement of copyright, the effect of these locks is the inability for users to make use of this content in non infringing ways. See Craig, *Locking Out Lawful Users: Fair Dealing and Anti-Circumvention in Bill C-32*, in *IN THE PUBLIC INTEREST: THE FUTURE OF CANADIAN COPYRIGHT LAW -95* (Michael Geist ed., 2005) [hereinafter Craig, *Locking Out Lawful Users*]; Michael Geist, *Anti-Circumvention Legislation and Competition Policy: Defining a Canadian Way?*, in *IN THE PUBLIC INTEREST: THE FUTURE OF CANADIAN COPYRIGHT LAW -95* (Michael Geist ed., 2005).

26 The Act has been amended five times, since 1957, once each in the years 1983, 1984, 1992, 1994 and 1999.

27 Hereinafter TRIPS.

were in relation to the infringement of software copyright and the remedies thereof, which involved fines as well as criminal prosecution.²⁹ India's cautious stand as regards compliance with TRIPS was caused in no small measure by the predominant perception of developing countries that TRIPS was in fact a Faustian bargain, whose acceptance was attributed to underlying power imbalances between the global North and South.³⁰ The disputes between the global North and South that plagued the TRIPS agreement at the time of its conception had only multiplied with time, with the TRIPS being seen as the 'central problem' by forces in resistance to neo liberal globalization.³¹ It comes as a surprise then that, although India was quick to exercise restraint with regards to TRIPS (an agreement it is a signatory to), it refuses to do the same for the WIPO Internet Treaties, and is premature in effecting compliance, particularly when it isn't even a signatory.

The Copyright Amendment Bill, 2010 hence embodies India's sixth excursion in pursuit of international compliance, with the stated objective of addressing certain newer issues that have emerged in the context of digital technologies and the Internet, apart from bringing the 1957 Act into conformity with the WIPO Internet Treaties to the 'extent considered necessary and desirable'.³²

The qualifying words of 'to the extent necessary and desirable', have tempered the Copyright Amendment Bill, 2010 causing it to differ from Bill C-32 in five significant aspects. First, Section 65A(1) of the Copyright Amendment Bill, 2010³³ to be inserted in the principal Act after the amendment has ensured that the ambit of protection offered by the TPMs is analogous to that of the copyright law itself.³⁴ India has hence limited anti-circumvention measures only to *copy controls* and not *access controls*. TPMs can thus be used, not to restrict *access to work*, but to restrict activities already prohibited by the existing copyright law such as copying,

28 PARLIAMENTARY STANDING COMMITTEE ON HUMAN RESOURCE DEVELOPMENT, *Two Hundred Twenty-Seventh Report on the Copyright (Amendment) Bill, 2010*, available at <http://164.100.47.5/newcommittee/reports/EnglishCommittees/Committee%20on%20HRD/227.pdf> (last visited on 3 Nov. 2010).

29 According to § 16 of this Act, it is illegal to make or distribute copies of copyrighted software without proper or specific authorisation. Section 63 B stipulates a minimum jail term of 7 days which can be extended up to 3 years. The Act further stipulates a fine ranging from Rs. 50,000 to 2,00,000.

30 L.R.Helfer, *Regime Shifting: The TRIPS Agreement and Dynamics of International Intellectual Property Lawmaking*, 29 YALE J. INT. LAW 1 (2004).

31 Debora Halbert, *Globalized Resistance to Intellectual Property*, available at <http://globalization.icaap.org/content/v5.2/halbert.html> (last visited on 4 Nov. 2010).

32 See Statement of objectives for the Copyright (Amendment) Bill, 2010, available at <http://www.prsindia.org/uploads/media/Copyright%20Act/The%20Copyright%20Bill%202010.pdf> (last visited on 2 Nov. 2010).

33 The Copyright Amendment Bill, 2010, available at: <http://prsindia.org/uploads/media/Copyright%20Act/The%20Copyright%20Bill%202010.pdf> (last visited on 3 Nov. 2010).

34 § 65A(1) aligns the protection offered by TPM's to that offered by the copyright law itself. It states that these protections have to be "applied for the purpose of protecting any of the rights conferred by this (Principal) Act."

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communication to the public etc. Such a stance nullifies the allegation that TPM's exceed the scope of protection provided by the copyright law by circuitously blocking even legitimate activities which users are otherwise permitted to do under the Act.

Secondly, by virtue of Sections 65A(1) and 65A(2), immunity from penalties attracted while circumventing TPMs have been made parallel to the exceptions granted under the copyright law.³⁵ To correspond with this provision there has been a conscious expansion of fair dealing exceptions to include the use of films and sound recordings, in addition to the use of a literary, dramatic, musical or artistic works for personal use, research, criticism, or reporting of current events.³⁶ In line with international practice, transient and incidental storage of any work through the process of 'caching' have been provided immunity as well.³⁷ The Bill also permits copying and distribution of copyrighted works in formats designed specially for use by persons with disability (e.g. Braille) and registered organisations who work with such persons can apply to the Board for a licence to publish any work in a general format (e.g. audio books) for use by disabled persons.³⁸

Thirdly, by virtue of Section 65A(1), the provisions dealing with TPM's have been watered down in so far as they require the existence of an 'intention' while partaking in the act of circumvention for a penalty to be attracted.³⁹ A fourth significant difference emerges in the lack of a corresponding penalty for the acts of manufacture and propagation of *circumvention devices*.⁴⁰ And lastly, by way of abundant caution, Section 65A(2)(a) reiterates that all circumventing for "*a purpose not expressly prohibited by this Act*" will not be viewed as infringement under the act.⁴¹

Looking at the above differences, one appreciates that India's attempt at copyright modernization is significantly more restrained as compared to Bill C-32. At the same time one wonders whether such accommodating stance would be

35 § 65A(1) states that: "Any person who circumvents an effective technological measure applied for the purpose of protecting any of the rights conferred by this Act." § 65A(2) states that: "Nothing in subsection (1) shall prevent any person from doing anything referred to therein for a purpose not expressly prohibited by this Act."

36 § 31, Copyright (Amendment) Bill, 2010 amending § 52 of the Principal Act.

37 § 31(ii)(b), Copyright (Amendment) Bill, 2010.

38 § 17, Copyright (Amendment) Bill, 2010.

39 § 65A(1) lays down the prerequisite of intention with the use of the words "with the intention of infringing such rights." See also Shamnad Basheer, *Submissions to the Standing Committee on HRD re: The Copyright Amendment Bill*, available at <http://www.spicyip.com/docs/SubmissionstoParliament.pdf> (last visited on 4 Nov. 2010).

40 §§ 65A and 65B, Copyright (Amendment) Bill, 2010 are silent as regards any penalty in relation to the acts of manufacture and propagation of circumvention devices.

41 § 65A(2)(a), Copyright (Amendment) Bill, 2010.

permitted to a country actually bound by the WIPO Internet Treaties. Hence there exists a need to consider Canada and India's international obligations as regards the international intellectual property (IP) regime.

II. INTERNATIONAL OBLIGATIONS-DOMESTIC IMPLICATIONS

A. Canada and India's International Obligations

The preamble to Bill C-32 stresses that it seeks to “*fulfil Canada's Obligations under the WIPO Internet Treaties.*”⁴² There exists, therefore, a need to look at Canada's obligations with respect to the WIPO Copyright Treaty⁴³ and the WIPO Performances and Phonograms Treaty⁴⁴ and the extent of change absolutely warranted by Canada having only signed and not ratified them.⁴⁵ India, having not even signed the WIPO Internet Treaties, needn't concern itself as regards their ratification. In fact the introduction of a Bill to enforce their provisions has been understood to be an act that is both precipitous and untimely.⁴⁶ Nevertheless, one must first clarify the position of law as regards the signing of a treaty and the obligations such an act entails. It is important to note that Canada like India is a dualist country.⁴⁷ The theory of dualism as propounded by positivists such as Triepel and Strupp contemplates that municipal and international law exist separately and the two cannot have an effect on or overrule each other.⁴⁸ As a consequence of this, international agreements are rendered operative in municipal law only by the device of “ratification” or “approval” and hence any rule of international law must be “transformed” or specifically adopted to be valid within the internal legal order.⁴⁹

India too follows a dualist approach and is of the firm belief that ‘legislations’ would defend against the excesses of executive authority and ensure adherence to necessary parliamentary procedures.⁵⁰ This position is refined through constitutional

42 Bill C-32, pmbll., ¶ 4 states that: “Whereas those norms are reflected in the World Intellectual Property Organization Copyright Treaty and the World Intellectual Property Organization Performances and Phonograms Treaty, adopted in Geneva in 1996.”

43 Hereinafter WCT.

44 Hereinafter WPPT.

45 WORLD INTELLECTUAL PROPERTY ORGANIZATION, *List of contracting parties to the WIPO Internet Treaties*, available at http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=16 (last visited on 3 Nov. 2010).

46 Pranesh Prakash, *Analysis of the Copyright (Amendment) Bill, 2010*, available at <http://www.cis-india.org/advocacy/ipr/blog/copyright-bill-analysis> (last visited on 4 Nov. 2010).

47 HUGH M. KINDRED & PHILLIP M. SAUNDERS, *INTERNATIONAL LAW CHIEFLY AS INTERPRETED AND APPLIED IN CANADA* 183 (2006) [hereinafter KINDRED & SAUNDERS, *INTERNATIONAL LAW*].

48 MALCOLM N. SHAW, *INTERNATIONAL LAW* 122 (2008).

49 *Id.*, at 129.

50 *Parlement Belge*, (1879) 4 PD 129; *Walker v. Baird*, [1892] AC 491; *The Republic of Italy v. Hambros Bank Ltd.*, [1950] Ch. 314; *Mc Witter v. Att.-Gen.*, [1972] CMLR 882.

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conventions laid down by way of Article 253⁵¹ and Entry 14⁵² of the Union List of the Constitution of India which provide for the legislative supremacy in implementing a treaty, agreement or convention concluded at the international level. Therefore, a treaty will not be binding only by the way of signing it at an international meeting or conference. Although recent judicial dicta diverges slightly from this position in so far as it affirms India's international law obligations even in absence of corresponding legislation, it does so only when India is at least a party to an international instrument by way of signature as is not the case in this instance.⁵³ If the international instrument is signed but not ratified countries are merely obligated to not act in contravention to the specific object and purpose of the treaty.⁵⁴

The *raison d'être* for ratification was for the sentiments of the populace to be heard, and if such sentiment was one of disapproval the state was not to ratify the treaty at all.⁵⁵ Thereby Canada and India are under no express obligation to implement the WCT, and there exist no upshots for not doing so regardless of external international intimidation.⁵⁶ This is because with secure market access being already in place through NAFTA there isn't much the U.S. can do in order to influence a country's IP policy apart from diplomatic pressure through embassies and through the 301 process. However, the danger from the 301 process has been significantly reduced with the WTO outlawing any kind of direct action or retaliation.⁵⁷ Thereby Canada and India (if it were a signatory) needn't bare any apprehension as regards the "*consequences*" of non-ratification.

51 Constitution of India, art. 253 states that: "Notwithstanding anything in the foregoing provisions of this Chapter, Parliament has power to make any law for the whole or any part of the territory of India for implementing any treaty, agreement or convention with any other country or countries or any decision made at any international conference, association or other body."

52 Entry 14 of the Union List in the Seventh Schedule of the Constitution of India stipulates for: "Entering into treaties and agreements with foreign countries and implementing of treaties, agreements and conventions with foreign countries."

53 *Vishaka and others v. State of Rajasthan*, AIR 1997 SC 3011 ("[T]he international conventions and norms are to be read into them in the absence of enacted domestic law occupying the field when there is no inconsistency between them...to enlarge the meaning and content thereof, to promote the object of the constitutional guarantee").

54 VCLT, art. 10(b) ("The text of a treaty is established as authentic and definitive by the signature, signature ad referendum or initialing by the representatives of those States of the text of the treaty or of the Final Act of a conference incorporating the text").

55 KINDRED & SAUNDERS, INTERNATIONAL LAW, *supra* note 47, at 819.

56 WIPO, INTRODUCTION TO INTELLECTUAL PROPERTY: THEORY AND PRACTICE 416 (1997) ("The effect of signature is not, of course, to bind the signatory State but simply represents an acknowledgment of its intention to enact a law based on the Convention and, in due course, to ratify the Convention. It is only the ratification of the Convention by an existing member State which has signed the Convention, or accession to the Convention by a new member State, which creates an international legal obligation").

57 Haggart, *North American Digital Copyright*, *supra* 22, at 59.

As per article 31 of the Vienna Convention, treaties “be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose.”⁵⁸ Therefore if the WCT were to be ratified, Canada and India’s legal obligation would extend to a mere provision of “adequate legal protection and effective legal remedies against the circumvention of effective technological measures.”⁵⁹ Since neither the words “adequate” nor “effective” have been defined in the treaty, and because no interpretation of what an “effective technological measure” exists, one can presume that, in fact, no global threshold for protection requires conformance. This apparent ambiguity and broad drafting will be revealed to be a conscious feature and not a defect of the WCT when its legislative history is looked into.⁶⁰ A minimalist construal of these provisions would outlaw only the act of circumventing digital locks, for the purpose of or which has an effect similar to, infringement of an underlying copyright. Therefore, it can be safely assumed that the treaties provide member states with substantial breathing space in determining how strong the protection must be. Such was the desire and the consequential outcome of the negotiations leading up to the treaty, wherein no consensus could be reached.⁶¹ In order to settle this debate the author will examine the *travaux préparatoires* of the WIPO Internet Treaties to earn a better appreciation of the WCT, its common intention and the flexibilities inherent therein.

B. Travaux préparatoires of the WIPO Internet Treaties and Prevailing International Standards

Talks for the inclusion of measures relating to technology protection surfaced for the first time in the 4th Session of the committee of experts constituted under the aegis of the WIPO in 1994 just two years prior to establishment of the WCT.⁶² At this point there existed only a general discussion and no specific language seemed to have been tabled.⁶³ The Chair recognized the lack of consensus and even at that early stage recommended the adoption of a general provision and leaving it to individual countries to carry out suitable implementation.

58 VCLT, art. 31.

59 WCT, art. 11.

60 Michael Geist, *The case for Flexibility in Implementing the WIPO Internet Treaties: The Video*, available at <http://www.michaelgeist.ca/content/view/5395/125/> (last visited on 3 Nov. 2010).

61 WIPO, INTRODUCTION TO INTELLECTUAL PROPERTY: THEORY AND PRACTICE 6 (1997).

62 WIPO, *Report of the Fourth Session of the Committee of Experts on a Possible Protocol to the Berne Convention*, note 31, ¶ 13, available at http://www.wipo.int/meetings/en/details.jsp?meeting_id=3010 (last visited on 7 Nov. 2010).

63 *Id.*, at ¶ 92.

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At the 5th meeting in September 1995 the US stressed on the urgency of anti circumvention provisions and immediately thereafter opposition from other countries began to surface. It was not until the 6th meeting in 1996, just months away from the diplomatic conference that specific language began to emerge. Brazil, for example, put forward a proposal for anti circumvention protection for merely copy controls and not access controls.⁶⁴ The final preparatory meeting eventually took place in May of 1996 wherein the EU added its own proposal, which though close to the US proposal, required a higher threshold of “knowledge” while circumventing. The delegation summarily rejected the proposal, with countries such as China expressing doubt as to whether these provisions fit within Copyright at all and whether they belong in a Copyright Act to begin with.⁶⁵ Hence even after the final preparatory meeting there existed no consensus and no specific language, as was noted by the chair. Left with no other option, the US tabled a basic proposal in the Geneva diplomatic conference in December 1996. Even so, the delegation responded negatively with calls for the complete abandonment of the proposal. The result therefore was the general language we see in the WCT today. “Adequate” and “effective” legal remedies in all practicality mean what one wants them to mean, as this was the only way the delegation was able to achieve consensus.⁶⁶

Professor Samuelson best describes what followed, given the rising opposition to the basic proposal, she says:

Facing the prospect of little support for the Chairman's watered-down version of the US White Paper proposal, the US delegation was in the uncomfortable position of trying to find a national delegation willing to introduce a compromise provision brokered by US industry groups that would simply require states to have adequate and effective legal protection against circumvention technologies and services. In the end, such a delegation was found, and the final treaty embodied this sort of provision in article 11.⁶⁷

A look at the state practice of implementation across the globe, of the WIPO Internet Treaties by Michael Geist bares testimony to the flexibility intrinsic to them.⁶⁸ In the European Union, provisions vary from country to country. Countries allow for exceptions such as private copying, and anti circumvention measures apply

64 Michael Geist, *The Case for Flexibility in Implementing the WIPO Internet Treaties: An Examination of the Anti-circumvention Requirements*, in FROM “RADICAL EXTREMISM” TO “BALANCED COPYRIGHT”: CANADIAN COPYRIGHT AND THE DIGITAL AGENDA 214-5 (Geist ed., 2010) [hereinafter Geist, *The Case for Flexibility*].

65 *Id.*, at 215.

66 *Id.*

67 Pamela Samuelson, *The US Digital Agenda at WIPO*, 37 VA. J. INT'L L. 414 (1997).

68 Geist, *The Case for Flexibility*, *supra* note 64, at 211-21.

only to copy controls and not access controls. Some cases countries even allow the user to obtain a decree ordering a rights holder to unlock the material because they have a legal right to access it.⁶⁹ In Switzerland, there exists an exception for circumvention for legal purposes much like Bill C-60, as well as a monitoring agency to prevent the misuse of TPM's.⁷⁰ New Zealand also allows for circumvention for legal purposes. In addition Brazil creates mirror penalties for those who block access to work, just the same as those who try to circumvent.⁷¹

Bannerman in an attempt to explain the strict Canadian reforms in light of the obvious flexibility of the WCT suggests that Canadian copyright reforms have always been preceded by international or domestic pressure.⁷² The impetus for the present reforms too has resulted from US demands and the regular placement of Canada on the United States Trade Representative's Special 301 Priority watch list.⁷³ The Testimonies of US administrative officials before the US congress prior to the passage of the US DMCA reveals express acknowledgement of the fact that the DMCA goes beyond the WCT and that it was designed to provide a higher model for other countries to adopt.⁷⁴ Knowing that appeasement of the US government receives priority over reforms that are actually necessitated, there exists a need to look at the US counterpart to Bill C-32 and understand whether the Canadian government has included provisions that are more restrictive than the DMCA with regards to Digital Locks and Fair Dealing.⁷⁵

C. Domestic Implementation in Canada

Tony Clement desired for Canada's copyright laws to be forward-looking and responsive to a fast-paced digital world, however the Anti Circumvention exceptions embodied in Bill C-32 are already obsolete, making the Bill C-32 more onerous as compared to the US DMCA.⁷⁶ The DMCA anti-circumvention rule making process runs every three years and allows for new exceptions to be included, the most recent ones being burning DVD's for non-commercial purposes and an

69 *Id.*, at 232.

70 *Id.*, at 233.

71 *Id.*, at 236.

72 Haggart, *North American Digital Copyright*, *supra* note 22, at 50-2.

73 OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, *2010 Special 301 Report*, 30 April 2010, available at www.ustr.gov/webfm_send/1906 (last visited on 3 Nov. 2010).

74 Geist, *The Case for Flexibility*, *supra* note 64, at 225.

75 Haggart, *North American Digital Copyright*, *supra* note 22, at 50-2.

76 UNITED STATES COPYRIGHT OFFICE, *Recommendations of the Register of Copyrights*, available at <http://www.copyright.gov/1201/2010/initialled-registers-recommendation-june-11-2010.pdf> (last visited on 4 Nov. 2010).

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exception for the jail breaking of cell phones⁷⁷ — a feature which Bill C-32 does not bare. The Digital Locks provision in Bill C-32 displaces all these exceptions.⁷⁸ In addition to these, Geist argues (under fire from critics) that the controversial decision of the US Court of Appeals for the 5th Circuit interpreting Section 1201(a) of the DMCA *MGE UPS Inc v. GE Consumer and Industrial, Inc.*⁷⁹ pushes US jurisprudence in the direction of legalizing circumvention of non infringing purposes.⁸⁰ As per Geist the language of the court conveys a message very similar to what many groups have been arguing for in the context of Canadian legal reform.⁸¹ One therefore realizes that though Bill C-32 mimics the DMCA in a bid for appeasement, it still has a lot to learn from it in terms of incorporating flexibility.

A study of Bill C-32 would prove imprudent if doesn't force a review of the actions proposed here at home. Hence, after establishing that Canada's attempt at copyright modernization reveals a pressured intensification of protection measures, despite the flexibility available as regards its international obligations, we take a closer look at India's Copyright (Amendment) Act of 2010.

D. The Case of India

To say that India itself is not impressionist in its attempt to upgrade its own copyright law would be a falsehood.⁸² When in the absence of overwhelming public demand, and despite not being a signatory to the WIPO Internet treaties⁸³, provisions pertaining to Digital Rights Management (DRM) were proposed to be introduced via The Copyright (Amendment) Bill, 2010, the populace figured India too would go the Canada way.⁸⁴ The insightful observed yet again the subtle coercion of the USTR "Special 301" reports, in order to explain their sudden emergence.⁸⁵ Like

77 *Id.* See also Michael Geist, *DMCA v. Bill C-32: Comparing the Digital Lock Exceptions*, available at: <http://www.michaelgeist.ca/content/view/5229/125/> (last visited on 4 Nov. 2010) [hereinafter Geist, *DMCA v. Bill C-32*].

78 *Id.*

79 2010 WL 2820006 (5th Cir.2010).

80 Barry Sookman, *Are the TPM provisions in C-32 more restrictive than those in the DMCA?*, available at <http://www.barrysookman.com/2010/09/30/are-the-tpm-provisions-in-c-32-more-restrictive-than-those-in-the-dmca/> (last visited on 28 March 2011).

81 Geist, *DMCA v. Bill C-32*, *supra* note 77.

82 PARLIAMENTARY STANDING COMMITTEE ON HUMAN RESOURCE DEVELOPMENT, *Two Hundred Twenty-Seventh Report on the Copyright (Amendment) Bill, 2010*, available at <http://164.100.47.5/newcommittee/reports/English/Committees/Committee%20on%20HRD/227.pdf> (last visited on 3 Nov. 2010).

83 WCT in particular requires that technological protection measures must be safeguarded by law.

84 The Copyright (Amendment) Bill, 2010 is, however, poised to change this: it includes three sections (viz. Sections 2(xa), 65A and 65B) which deal with Digital Rights Management.

85 Special 301 Reports of the Office of the United States Trade Representative pursuant to Section 182 of the Trade Act of 1974, as amended by the Omnibus Trade and Competitiveness Act of 1988 and the Uruguay Round Agreements Act (enacted in 1994) allow for "reviews of the global state of intellectual property

most ‘industry oriented’ provisions, the ones dealing with TPM’s too were charged with being soporific, predisposed to rights holders and harbouring aspirations for DMCA standards.⁸⁶ Dispelling such fears India providentially has differed in five significant respects from Bill C-32 and hence inevitably the U.S. DMCA as regards the proposed implementation of TPM’s.⁸⁷

Though India is not a signatory to the WCT or the WPPT or perhaps precisely for that reason, the Bill qualifies its attempt to renovate the existing copyright law in sync with the WIPO internet treaties, by doing so only to the *extent considered necessary and desirable*.⁸⁸ This objective in addition to the differences mentioned above, has put to flight suspicions that India too was pressured into a pursuit of the DMCA ideal under international compulsion, rather than purely following its international obligation as is necessary. We see therefore that the Copyright (Amendment) Bill, 2010 has aptly made use of the ‘wiggle room’⁸⁹ inherent in the WIPO Internet Treaties and has created an avenue for consensus building at the international level towards a more unreserved recognition of the interest of users.⁹⁰ In this regard, the Canadian legislature can take away an important lesson from its Indian counterpart. It comes as no surprise then that the present Indian Copyright Act has been ranked first in terms of consumer friendliness.⁹¹

The Bill does, however, still leave a lot to be desired in its attempt to accomplish perfect copyright balance. The resultant effect of DRM technology is that while right holder’s are provided with unrestrained entitlements to restrict access to content via inventive TPM’s, the Bill harbors an underlying presumption that all users have access to anti circumvention technology and no onus is placed upon rights holders to assist in their right to legitimate circumvention.⁹² The fallacy of such a

rights (IPR) protection and enforcement.” It is further significant to note that the Special 301 Reports rely upon inputs from the obviously inequitable International Intellectual Property Alliance (IIPA).

86 Nandita Saikia, *DRM and other Implications of the Copyright (Amendment) Bill*, available at <http://copyright.lawmatters.in/2010/06/drm-and-other-implications-of-copyright.html> (last visited on 4 Nov. 2010).

87 *See supra* Part I (B).

88 *See* Statement of Objectives for Bill C-32, available at <http://prsindia.org/uploads/media/Copyright%20Act/The%20Copyright%20Bill%202010.pdf> (last visited on 3 Nov. 2010).

89 This flexibility is popularly referred to as ‘Wiggle Room’. The phrase is borrowed from Myra J. Tawfik, *Is the WTO/TRIPS User Friendly*, available at http://www.cla.ca/AM/Template.cfm?Section=International_Trade_Treaties_Working_Group&Template=/CM/ContentDisplay.cfm&ContentID=2553 (last visited on 3 Nov. 2010) [hereinafter Tawfik, *Is the WTO/TRIPS User Friendly*].

90 *Id.*

91 CONSUMERS INTERNATIONAL, *Consumers International IP Watchlist Report 2010*, available at <http://a2knetwork.org/watchlist> (last visited on 3 Nov. 2010).

92 Pranesh Prakash, *Technological Protection Measures in the Copyright (Amendment) Bill, 2010*, available at <http://www.cis-india.org/advocacy/ipr/blog/tpm-copyright-amendment> (last visited on 2 Nov. 2010) [hereinafter Prakash, *Technological Protection*].

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presumption is revealed by jurisdictions such as Spain which expressly requires that copyright holders facilitate access to works protected by TPM to beneficiaries of limitations of copyright.⁹³ Paragraph 2 of Section 65A(2)(a) requires the facilitators of circumvention not specifically prohibited by the Act to maintain a record of such circumvention.⁹⁴ Such a provision generates ambiguity and remains silent vis-à-vis the implications of non maintenance of such records. It is uncertain as to what is the sufficient “degree of remoteness or closeness” within the facilitating relationship until where a person will have to maintain records.⁹⁵ The requirement for record maintenance isn't practically feasible in a decentralized distribution model such as that of most open source software, and hence if such a provision is strictly enforced it could harm rightful circumvention.⁹⁶

III. 'WHAT NOT TO DO': LESSONS FROM ABROAD

Though ‘fair dealing’ has been expanded, a lot can conversely be imbibed from Canada's Bill C-32. Unlike Bill C-32, no express provisions allowing for ‘transformative uses’ (time shifting, format shifting, backup copies), that do not conflict with a normal exploitation of the work or prejudice the legitimate interests of the rights holder have been provided for. Moreover, no exceptions have been provided for ‘user generated content’ or ‘satires and parodies’ unlike the “*Made in Canada*” provisions of Bill C-32 and certain other jurisdictions. Though private or personal use falls within the ambit of fair dealing, many common law jurisdictions similar to India⁹⁷ have held that the copying of work in its entirety even for personal use cannot constitute fair dealing. It is therefore felt that in the interest of research, in a country where education is a fundamental right⁹⁸ a general provision similar to that of Netherlands, permitting the making of private personal copies of any work in its entirety (both physical and electronic) must be expressly provided for.⁹⁹ In

93 In Article 161 of their law requires rights holders to inform users as to how they can be contacted if the user wishes to circumvent the TPM for a legitimate purpose and upon being contacted, aid in making use of their rights / the exceptions and limitations in copyright law.

94 § 65A(2)(a), Copyright (Amendment) Bill, 2010 states that: “Provided that any person facilitating circumvention by another person of a technological measure for such a purpose shall maintain a complete record of such other person.”

95 Prakash, *Technological Protection*, *supra* note 92.

96 *Id.*

97 See Shamnad Basheer, *Submissions to the Standing Committee on HRD re: The Copyright Amendment Bill 5*, available at <http://www.spicyip.com/docs/SubmissionstoParliament.pdf> (last visited on 4 Nov. 2010).

98 The newly enacted Article 21A makes the ‘right to education’ a fundamental right. Even before the inclusion of this provision the Supreme Court had already interpreted Article 21 to hold the Right to Life to include the Right to Read and to an Adequate Education. See Francis Coralie Mullin v. The Administrator, Union Territory of Delhi & Ors., AIR 1981 SC 746. See also Lawrence Liang, *Exceptions & Limitations in Indian Copyright Law for Education: An Assessment*, 3(2) L. DEV. REV. 17 (2010).

99 The Dutch Copyright Act provides in Article 16 (B) for such personal copies (both physical and electronic).

addition, India might as well absorb the few positive aspects of the DMCA, such as the anti-circumvention rule making process which runs every three years and allows for new exceptions to be included, hence increasing flexibility.

In America's provisions for "fair use" the purposes listed aren't "exhaustive"¹⁰⁰, whereas Canada's fair dealing provisions aren't open ended and can be applied as a defence only when undertaken for one of listed purposes.¹⁰¹ Therefore, a provision closer to the US fair use model is desired in order to account for changes in common practices that are inevitable. As is highlighted by Prof. Trosow – "*the addition of mere categories cannot be expected to deal with the myriad of fair uses that exist, having the parliament to constantly deal with the need to update.*"¹⁰² The inclusion of the words "such as"¹⁰³ before activities specified to constitute fair dealing will most definitely push the Indian IP regime away from the Canadian line, towards a more flexible US school of fair use, suggesting an absence of an exhaustive roll of activities believed to be exceptions.¹⁰⁴ The economic contributions of industries benefitting from flexible fair use have been estimated to be 281 billion¹⁰⁵ and India would be keen to further promote its innovation sector through such flexible copyright law.

If the Copyright Amendment Bill, 2010, like Bill C-32, is to be justified as a means of innovation and creativity in order to benefit society as a whole then the legislatures of both countries must realize that suitable "fair dealing" provisions are an essential part of that justification.¹⁰⁶ India must continue to walk the tightrope of copyright balance, and continue to put into practice the decision of the Supreme Court of Canada in *CCH Canadian Ltd. v. Law Society of Upper Canada*¹⁰⁷ which reinforces the concept of balance between "Owner's Rights" and "User's interest".¹⁰⁸

100 § 107, U.S. Copyright Act, 1976 ("fair use of a copyright work...for purposes such as criticism, comment, news reporting, teaching...scholarship, or research, is not an infringement of copyright").

101 LINDEN J. explained the significance of the closed list of purposes as regards the Act when he stated that: "If the purpose of the dealing is not one that is expressly mentioned in the Act, this Court is powerless to apply the fair dealing exemptions." *See Canadian Ltd. v. Society of Upper Canada*, [2004] 1 S.C.R. 339.

102 LAURA J. MURRAY & SAMUEL E. TROSHOW, CANADIAN COPYRIGHT LAW: A CITIZEN'S GUIDE 204 (2007).

103 A feature witnessed in § 107, U.S. Copyright Act of 1976.

104 Melissa De Zwart, *Fair Use? Fair Dealing?*, 24 COPYRIGHT REPORTER 20-37 (2006).

105 Figures as per a CCIA commissioned study found that companies in fact benefitted from limitations on copyright-holders' exclusive rights, through "fair use" and generated a revenue of \$4.7 trillion in 2007 – a 36 percent increase over the 2002 revenue of \$3.4 trillion. *See* COMPUTER AND COMMUNICATIONS INDUSTRY ASSOCIATES, *CCLA 2010 Study Calculating the Value of Fair Use*, available at <http://www.cciagnet.org/CCLA/files/ccLibraryFiles/Filename/000000000354/fair-use-study-final.pdf> (last visited on 4 Nov. 2010).

106 Craig, *Locking Out Lawful Users*, *supra* note 25, at 178-9.

107 [2004] 1 S.C.R. 339. This Treaty reaffirmed the decision in *éberge Carys . Galerie D'Art du Petit Champlain Inc.*, 2002 SCC 34.

108 Tawfik, *Is the WTO/TRIPS User Friendly*, *supra* note 89, at 35.

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Legal remedies against circumvention should continue to be restricted to circumvention “for the purpose of an act that is an infringement of copyright.”¹⁰⁹ In this regard Canada’s Bill C-60 serves as a suitable point of reference for both Bill C-32 and the Copyright Amendment Bill, 2010 wherein TPM’s are understood to inhibit infringing acts and not grant owners sole control over access to copyrighted works.¹¹⁰ Similar provisions have been seen New Zealand.¹¹¹ It is further desired that service and device prohibitions continue to be excluded from the purview of the Copyright Amendment Bill, 2010 as such a measure is tantamount to “outlawing the knife and not the consequences of its wrongful use.” Such technology must be available to those who wish to use it a manner not constituting infringement. The Copyright Amendment Bill, 2010 must facilitate the practical application of fair dealing by ensuring that right holders facilitate fair dealing and make available the means by which fair dealing with respect to TPM protected work can be carried out.¹¹² This requirement is similar to that found in German Law.¹¹³ Lastly India does well by including a provision that says that nothing in its anti-circumvention provision “shall prevent any person from doing anything referred to therein for a purpose not expressly prohibited by this Act.”¹¹⁴ Such a provision is indispensable to the maintenance of copyright balance in favour of users and hence must necessarily be retained by India, in addition to being imbibed by other jurisdictions.

Though these changes might be objected to, one must realize that most of these objections are grounds for what Prof. Geist calls Copyright Myths.¹¹⁵ Innovation and creativity are not dependent on copyright measures and some of the greatest advancements have come at a time when Copyright Law wasn’t up to the so called “DMCA standard”.¹¹⁶ The biggest criticism obviously comes from the music industry wherein it is believed that the government’s reform legislation through Bill C-32, will provide essential legal protection against breaking “digital locks.” It is believed that without these protections innovative digital content would

109 Carys Craig, *Digital Locks and the Fate of Fair Dealing: In Pursuit of Prescriptive Parallelism*, 13 J. WORLD INTEL. PROP. 503 (2010), available at www3.interscience.wiley.com/journal/117991912/home (last visited on 4 Nov. 2010).

110 § 34.02, Bill C-60, available at <http://www2.parl.gc.ca/HousePublications/Publication.aspx?DocId=2334015&Language=e&Mode=1> (last visited on 4 Nov. 2010).

111 § 226, New Zealand’s Act, 1994.

112 Ian R. Kerr, Alana Maurushat and Christian Tacit, *Technical Protection Measures: Tilting at Copyright’s Windmill* 34(1) OTTAWA L. REV. 7, 20 (2002–2003).

113 Wencke Baesler, *Technological Protection Measures in the United States, the European Union and Germany — How Much Fair Use Do We Need in the “Digital World”?*, 8 VIRGINIA J. L. TECH. 13, 20-22 (2003), available at www.vjolt.net/vol8/issue3/v8i3_a13-Baesler.pdf (last visited on 4 Nov. 2010).

114 § 65A(2)(a), Indian Copyright (Amendment) Bill, 2010.

115 Michael Geist, *The Copyright Myths*, available at <http://www.michaelgeist.ca/content/view/2886/125/> (last visited on 3 Nov. 2010).

116 *Id.*

disappear.¹¹⁷ To counter these fears one need only to look at the fact that the Canadian Digital Music Market has grown faster than the United States' (where it is supposed that stricter copyright laws exist) for the fourth consecutive year.¹¹⁸ Canada's Digital Music Market is now positioned at number seven in the world.¹¹⁹ Hence, one realizes that the extraordinarily rigid stand taken by Canada's Bill C-32 must necessarily be avoided, if India intends to maintain its emerging knowledge economy.¹²⁰

CONCLUSION

It is an accepted fact that multilateral treaties hoping to establish a uniform intellectual property regime across the globe have always provided member countries with a certain bit of flexibility in terms of how they interpret their obligations. This 'wobble room' creates avenues for consensus building at the international level towards a more unreserved recognition of the interest of users. Though constant external international pressure is a reality every nation must content with, it is desired that such 'wobble room' be made use of by nations in order to effect a more adjusted and neutral IP regime in their respective jurisdictions.

The supporters of Bill C-32 needn't look farther than the preamble of the bill which recognises the need to foster innovation and creativity. In the present form, Bill C-32 fails to achieve that goal with its restrictive "fair dealing" provisions and its rigid anti-circumvention laws. Though it provides a first rate lesson in 'what not to do' in the face of international pressure, outside observers' can't help but desire that the Canadian government take the next step forward and address the legitimate concerns of the critics of Bill C-32 in order to achieve perfect harmony in its copyright laws both internally and externally. The Copyright Amendment Bill, 2010 on the other hand, is a close example of that very harmony and has dealt fairly satisfactorily with the problems that are fundamental to TPMs. Nevertheless, it leaves a lot to be desired in terms of affecting a practical IP regime within the country, one that isn't

117 Jeff Rogers, *Modernized Copyright Law Crucial to Artist's Success*, available at <http://balancedcopyrightforcanada.ca/2010/10/modernized-copyright-law-crucial-to-artists-success-edmonton-journal> (last visited on 4 Nov. 2010).

118 Digital album sales jumped 42.3% to 4.78 million units, from 3.36 million units in 2008. Digital track sales were up 38.3% to 56.3 million units. Digital track sales were at 40.7 million units in 2008. See THE NIELSEN COMPANY, *The Nielsen Company and Billboard's 2009 Canadian Industry Report*, available at http://en-ca.nielsen.com/content/nielsen/en_ca/news/news_releases/2010The_Nielsen_Company_and_Billboard_s_2009_Canadian_Industry_Report.html (last visited on 5 Nov. 2010).

119 Michale Geist, *How Does Canada's Digital Music Market Really Stack Up?*, available at <http://www.michaelgeist.ca/content/view/4321/125/> (last visited on 7 Nov. 2010).

120 Pradip N. Thomas, *Copyright and Emerging Knowledge Economy in India*, 36 *ECO. POL. WEEKLY* 24, 2147-2156 (2001).

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'industry' but rather 'consumer' oriented. Till such law, which would hopefully serve as a model for other nations, isn't contemplated by the Indian legislature, its safest move forward would be to keep a look out for 'what not to do'.

CONVENTIONALISING NON-CONVENTIONAL TRADEMARKS OF SOUNDS AND SCENTS: A CROSS-JURISDICTIONAL STUDY

*Vatsala Sabay**

ABSTRACT

This article is a comparative study of the reception given to three specific non-conventional trademarks – sound, scent and shapes – in India, the European Union and the United States of America. It is concluded that whilst America has adopted a liberal approach towards the registration of these marks, the EU has been more cautious in its reception of these marks. India, as can be gauged from the Draft Manual for Trademark Practice & Procedure, a guide to the Trade Marks Act, has simply imported the EU approach. In the context of these different approaches, it is argued that provided non-conventional marks satisfy the basic tests required of any mark for securing registration there is no reason why these marks should not get registration. The argument that they represent an unreasonable restriction on the availability of intellectual property resources is not tenable as only those properties which have exhausted all avenues of intellectual property rights protection can be said to be free. Moreover, visual perceptibility should not be and is not a sine qua non for building brand association in the minds of the consumers. Non-conventional trademarks, being multi-sensory in nature, also cater to consumers who are visually impaired and illiterate.

INTRODUCTION

Trademark law continues to be one of the most interesting branches of law, not just in the realm of intellectual property law but in terms of general legal developments as well. The rationale behind trademarks is multi-layered. A trademark is economically efficient because it allows the consumer to identify the service or good that he prefers and to buy that to the exclusion of others in the future.¹ Consequently, the maker of the preferred good is encouraged to maintain the production of quality goods.² Moreover, since good quality is associated with that particular trademark, infringement claims exist when another undertaking uses a similar mark. This prevents the latter from unjustly enriching from the labour and reputation of the holder of the original mark, and protects consumer interests.³

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1. I J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION 2-3 (4th ed. 2000).
2. *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670, 137 U.S.P.Q. 413 (S.D.N.Y. 1963).
3. *B.V.D. Co. v. Kaufmann & Baer Co.*, 272 Pa. 240, 116 A. 508 (1922); *Palmer v. Harris*, 60 Pa. 156 (1869).

*Conventionalising Non-Conventional Trademarks of Sounds and Scents:
A Cross-jurisdictional Study*

Traditionally, firms have registered words or certain logos/designs as trademarks.⁴ However, increasingly all over the world, recognizing the potential contained therein, different combinations have been sought to be trademarked.⁵ This includes a variety of things ranging from the Intel jingle to the shape of the Coca Cola bottle. The common feature of all these marks is that none of them are visually perceptible, and hence the label of ‘non-conventional’ has been conferred on them. Trademark law has traditionally stressed on visual perceptibility,⁶ as it enables trademark authorities, competitors and consumers to have clarity on *what* has secured trademark protection. Nonetheless, statutes have been amended,⁷ making place for non visual trademarks. Such inclusion has brought with it a requirement in most jurisdictions that the mark be capable of “graphical representation”. Hence, for instance, a smell would only be registered if, *inter alia*, it was capable of being graphically represented. Such a requirement has been brought in for enabling competitors and others to know what has been trademarked. This requirement is in addition to the standard requirements that the mark be unique and not be an inherent part of the product itself.⁸ Such an amendment has necessitated the inclusion of a graphical representation requirement.

The inclusion of non-conventional trademarks raises various questions: Is their inclusion leading to an undesirable depletion of available intellectual property resources? Are these marks capable of fulfilling the purpose of the trademarks? Finally, does the fact that these marks are not visually perceptible create any confusion on *what* has been registered?

This article seeks to present an informed analysis of these issues with the help of a cross-jurisdictional analysis between India, the European Union and the United States of America. It is argued that the registration of non-conventional trademarks is a desirable phenomenon because it serves a vital commercial, economic and legal purpose. Part I and II of the article examine the treatment of non-conventional trademarks in the European Union and the United States respectively. Part III discusses the existing legal regime concerning non-conventional trademarks in India. Part IV examines the possibilities of registering non-conventional trademarks and its desirability.

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4. For example, the swoosh and the phrase “Just Do It” are trademarks of the sports company Nike.
 5. David Vaver, *Intellectual Property: The State of the Art*, 116 L.Q. REV. 621, 625 (2000).
 6. For instance, in the Indian context, the Trade and Merchandise Marks Act, 1958 did not contain any references to non-conventional trademarks.
 7. For example, § 2(1)(zb) of the Indian Trade Marks Act, 1999 deviates from the 1958 Act by putting a wide criterion for registration – it should be capable of being represented graphically and it should be distinctive. A combination of colours has been expressly introduced.
 8. That is, the mark should be distinctive and non-functional, respectively.

I. NON-CONVENTIONAL TRADEMARKS: *THE EUROPEAN UNION*

European trademark law comprises the national laws of countries in line with European Directives, along with the decisions of the European Court of Justice (ECJ); the Madrid Protocol acting as another significant source of norm-setting. Trademarks can either be registered at a national level or achieve the status of a Community Trademark (throughout EU) by registration at the Office for Harmonisation in the Internal Market (OHIM). In this part, I delve upon the treatment that scent and sound trademarks have received in the EU. The issues discussed in these judgments are the ones truly essential to any discussion on non-visual trademarks. They relate to the distinctiveness of such trademarks. Further, they question whether it is necessary that the mark must be capable of being graphically represented and if yes, whether certain marks are capable of it. It is to be noted that the cases are mostly in the context of Article 2 of the First Council Directive of 21st December 1988 (Article 2),⁹ which provides for the graphical representation requirement.

A. Scent Trademarks

The early relevant cases relating to scent were decided by the English judiciary under the United Kingdom Trade Marks Act, 1994, enacted to implement the European Community Directive 89/ 104/EEC (Directive).

The first undertaking which sought to register a scent under the 1994 Act was Chanel for the scent of its fragrance Chanel No. 5. The application was rejected on the grounds of being functional; the fragrance was the product itself.¹⁰ On the same day, Sumitomo Rubber Co. sought the registration of “a floral fragrance/smell reminiscent of roses as applied to tyres”¹¹ and Unicorn Products sought to register “the strong smell of bitter beer applied to flight darts”.¹² Both these applications were successful.¹³

9. It states that the “[s]igns of which a trade mark may consist: A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.”

10. Chanel’s Application, 31 October 1994, *cited from* Nathan K G Lau, *Registration of Olfactory Marks as Trademarks: Insurmountable Problems?*, 16 SINGAPORE ACADEMY L. J. 264, 265 (2004).

11. Sumitomo Rubber Co’s Application No. 2001416, 31 October 1994.

12. Unicorn Products’ Application No 2000234, 31 October 1994.

13. Another relevant case which came before the OHIM is the case of ‘Freshly Cut Grass’, Second Board of Appeal, European Court of Justice, Case R 156/1998. An application was sought to register the “smell of freshly cut grass” for tennis balls, in the European Community. The OHIM held that the smell was distinctive, and the description was in compliance with Article 4 of the Community Trade Mark Regulations.

A landmark case determined by the ECJ is the case of *Ralf Sieckmann v. Deutsches Patent und Markenamt*.¹⁴ In this case, Mr. Sieckmann sought trademark protection in respect of his conglomeration of businesses. He represented the mark by denoting its chemical composition, giving the chemical formula, and specifying that samples could be found in local laboratories listed in the Dutch Yellow Pages. He also submitted a sample, stating that the scent was usually described as “balsamically fruity with a slight hint of cinnamon”.

The application was rejected at various levels on the ground that it did not fulfil the requirement of Article 2. The preliminary ruling was essentially on whether smells were registerable and whether the stated methods of graphical representation were adequate.

Noting that the signs mentioned in Article 2 did not constitute an exhaustive list, the Court ruled that a scent could receive trademark protection provided it is graphically represented. Such representation “must enable the sign to be represented visually, particularly by means of images, lines or characters...”¹⁵; it should be clear, intelligible and self-contained. The purpose of the graphic representation was to enable the competent authorities, tradesman/ competitors and the general public to ascertain the precise sign for which protection was being sought for, by checking the public registry.

Regarding the method of graphical representation, the Court noted that few people could ascertain the scent by reading a chemical formula; further, the formula actually denoted the substance and not the scent. A mere written description, though graphical, was not precise or clear. An odour sample was not graphical, nor stable or durable. Therefore, the Court ruled that none of these methods, individually, or in combination, constituted valid representation. Thus, the application was rejected.¹⁶

It is interesting to note that the Court did not lay down what constituted a *valid* graphical representation for the purposes of Article 2. In not doing so, and in striking down the aforementioned methods, the ECJ has severely restricted the scope of registration of scents. In fact, various academics have commented that registration of scent is now impossible.¹⁷

14. *Ralf Sieckmann v. Deutsches Patent und Markenamt*, Case C-273/00, 12 December 2002, European Court of Justice [hereinafter *Sieckmann*].

15. *Id.* at ¶ 46.

16. *See Sieckmann*, *supra* note 14, at ¶¶ 56-73.

17. *See* Paul Leo Carl Torremans, *Trademark Law: Is Europe Moving Towards an Unduly Wide Approach for Anyone to Follow?*, 10 J. INTEL. PROP. RIGHTS 127, 131 (2005); David Vaver, *Unconventional and Well-Known Trademarks*, SING. J. LEGAL STUD. 1, 7 (2005); Susanna HS Leong, *Conditions for Registration and Scope of Protection of Non-Conventional Trademarks in Singapore*, 16 SING. ACAD. L. J. 423, 441(2004).

B. Sound Trademarks

The most relevant case, landmark in its consequence, is the case of *Shield Mark BV v. Kist*.¹⁸ The ECJ decided on whether sounds could be trademarked, and if yes, could they be graphically represented, as per the provision in Article 2.¹⁹

The Court ruled that as per Article 2 a sign needed to possess two features: the capability of graphical representation and the characteristic of distinctiveness in that the sign will enable consumers to distinguish between the goods and services of two or more firms. Sound, the ECJ opined, could be graphically represented. If a sound was distinctive, the Court stated that there was no reason why it could not receive trademark protection.²⁰ On the need for the requirement of graphical representation, the same was required especially as these signs were not capable of visual representation.²¹

In this light, the Court analysed the various trademarks. Regarding the description of a sound by virtue of a written description, the ECJ ruled that this lacked precision and clarity and hence did not constitute a graphical representation. Regarding onomatopoeia, the ECJ noted that there was a difference between the sound sought to be trademarked and the onomatopoeia, once pronounced. Therefore, there was no precision and clarity; hence it did not constitute graphical representation.²²

However the ECJ ruled that a stave divided into bars and showing a clef, musical notes and the rest showing the relative value helped determine the pitch and duration. Apart from being precise and self-contained, the ECJ was of the opinion

18. *Shield Mark BV v. Kist*, Case C-283/01, The European Court of Justice [hereinafter *Shield Mark*].

19. The facts of the case are as follows: *Shield Mark* was a Dutch firm which had registered a collection of trademarks comprising: 1. Four trademarks denoted by representation of the melody formed by the first nine notes of the musical composition *Für Elise* described on the stave; 2. Four trademarks of the first nine notes of *Für Elise*. These contained a description of the melody and one which was played on the piano; 3. Some marks denoted by the sequence: E, D#, E, D#, E, B, D, C, A; 4. Two represented by the reproduction of the melody; 5. Two of them represented by the denomination *Kukelekuuuuu* (an onomatopoeia which in Dutch denoted a cockcrow). The written description too was given. The ECJ had to decide on the registerability of scents, and if yes, whether the above 5 constituted valid graphical representation.

20. In an apparent endorsement of the potential of sound trademarks, the Court also noted that sounds and noises were perceptible by human beings, and similar to visual representations they too could be remembered and recalled.

21. The ECJ also reiterated the rationale behind graphical representation as stated in *Sieckmann*. A clear, precise, self-contained representation was required in order that third parties could ascertain over what the holder had a trademark over.

22. Musical notes, such as E, D#, E, D#, E, B, D, C, A did not make it possible to ascertain the pitch and the duration of the sounds. Lack of precision and clarity thus prevented it from being sufficient. See generally ¶¶ 51-64, *Shield Mark*.

that this representation was durable, intelligible and easily accessible. Significantly, noting that the description may not be immediately intelligible, the ECJ observed that “it may be easily intelligible”, thereby allowing the public, especially the traders to determine the precise sign whose trademark was being sought for. The judgment thus in effect greatly restricts the scope of registration of sound marks.²³

II. NON-CONVENTIONAL TRADEMARKS: *UNITED STATES OF AMERICA*

In the United States of America, the Lanham Act²⁴ provides for the protection and registration of trademarks at the federal level. The U.S. Patent and Trademark Office (U.S.P.T.O.) administers the registration.

Section 1052 of the Lanham Act is the relevant provision enabling determination of *what* can be trademarked. The provision is negatively worded: it lays down what cannot qualify for a trademark. The only positive requirement is that apart from being non-functional, the mark should be distinctive, or have acquired distinctiveness, enabling consumers to distinguish the goods of the holder from that of others.²⁵

Trademark itself is defined in 15 U.S.C. § 1127.²⁶ It is an inclusive definition, and includes ‘symbols’ and ‘devices’ as well. In 1988, Congress deliberately retained these two words so as to not preclude registration of sounds, scents and shapes as trademarks.²⁷ Therefore, registration of sounds and scents is not precluded by the statute.²⁸ The registration of non-conventional marks is further helped by the decision of the U.S. Supreme Court in *Qualitex Co v. Jacobson Products Co.*²⁹, wherein it held that a trademark can be “almost anything at all that is capable of carrying meaning.”³⁰

23. See David Vaver, *Recent Trends in European Trademark Law: Of Shapes, Senses and Sensation*, 95 THE TRADEMARK REPORTER, 895, 900 (2005); Jerome Gilson et al., *Cinnamon Buns, Marching Ducks and Cherry-Scented Racecar Exhaust: Protecting Nontraditional Trademarks*, 95 THE TRADEMARK REPORTER 773, 777 (2005).

24. 15 U.S.C. § 1051 – 1127.

25. See U.S. Lanham Act, 15 U.S.C. § 1052.

26. 15 U.S.C. § 1127: The term “trademark” includes any word, name, symbol, or device, or any combination thereof— (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

27. S Rep 515, 100th Cong 2nd Session 44 (1988).

28. See Lyndra Zadra-Symes, *Sounds, Smells, Shapes and Colours: Protection of Nontraditional Trademarks in the U.S.*, available at http://www.kmob.com/pdf/Sounds_Smells_Shapes_and_Colors.pdf (last visited on 29 August 2010).

29. *Qualitex Co v. Jacobson Products Co.*, 514 US 159 (1995).

30. See Brinks Hofer Gilson & Liono, *The Sound of Unconventional Marks in the United States*, WORLD TRADEMARK REV. 94 (July / August 2007).

A. Scent Trademarks

The first scent to receive trademark protection was the scent described as a “high impact, fresh, floral fragrance reminiscent of Plumeria blossoms.”³¹ The normal restrictions for determining what can be trademarked were laid down. The scent had to be distinctive of the product and it could not be utilitarian or functional. Therefore the fragrance of a perfume could not be registered. Moreover, in terms of graphical representation, the court stated that while drawings were not required, description of the scent was required.³²

B. Sound Trademarks

Given the liberal approach in U.S.A. towards registration of trademarks, many sounds have received trademark protection in the U.S.A.

In *Oliveira v. Frito Lay*³³, the Court held that musical works could receive trademark protection. Further, it noted that musical works could not be deprived of trademark protection merely because it was already protected by copyright. In the instant case, the Court dismissed the plaintiff’s claim only on the ground that the song did not possess the feature of distinctiveness.³⁴

In *Kawasaki Motors Corp USA v. Harley-Davidson Michigan Inc*³⁵, the plaintiff argued that the sound of the motor bike could not be registered on the ground of the doctrine of functionality. The sound sought to be trademarked was a sound common to all motorcycles of the aforementioned type, irrespective of which company it was. Unfortunately, Harley-Davidson abandoned the application before a decision could be arrived at.

31. In re Clarke, 17 USPQ2d 1238 (TTAB 1990). The goods for which this scent was required was sewing thread and yarn required for embroidery.

32. Perhaps there has been only one other scent that has received trademark protection in the USA. This is that of office supplies such files and folders manufactured by Smead Manufacturing Company. The scent was described as that consisting of a Vanilla scent or fragrance. The registration number is No. 3143735. See Jacey McGrath, *The New Breed of Trade Marks: Sounds, Smells and Tastes*, 32 VICTORIA UNI. WELLINGTON L. REV. 277, 278 (2001).

33. *Oliveira v. Frito-Lay Inc* (251 F3d 56 (2d Cir 2001)). In this case a singer claimed that a song sung by her had become her signature performance and thus her trademark, and thus Frito Lay had infringed her trademark by using it in an advertisement.

34. The decision of the Trademark Trial and Appeal Board (“TTAB”) in *In re General Electric Broadcasting Co Inc* is also relevant in the context of distinctiveness. Here, the applicant sought to register the sound of a bell tolling for its radio services. It was held that held that a sound could have acquired distinctiveness, having, from the consumer’s perspective, acquired association with the particular good or service in time. In the instant case however it was held the sound had not acquired distinctiveness. See *In re General Electric Broadcasting Co Inc*, 199 USPQ 560 (TTAB 1978).

35. *Kawasaki Motors Corp USA v. Harley-Davidson Michigan Inc*, 1997 TTAB LEXIS 11 (TTAB 1997). In this case, the plaintiff had opposed Harley-Davidson’s registration of the exhaust sound their motorcycles, produced by V-Twin, common crankpin motorcycle engines when the goods are in use. Aficionados of the motorbike refer to the sound as ‘potayto-potahto’.

Therefore it can be seen that the American Trademark Board and Courts have not shied away from granting sounds trademark protection as long as they fulfil requirements sought for conventional marks. Significantly, US courts, unlike the EU, have accepted representations through sonograms or sound recordings.³⁶ When MGM sought trademark protection for the lion roar, the sound was represented through a sonogram.³⁷

III. NON-CONVENTIONAL TRADEMARKS: INDIA

Unlike the case in US and EU, very few unconventional marks have received registration in India. Nonetheless, unlike the Trade and Merchandise Marks Act of 1958, the Trade Marks Act of 1999 (the Act) and the Trade Marks Rules of 2002 do refer to non-conventional trademarks.³⁸ Another interesting document which needs to be referred to is the Draft Manual for Trademark Practice & Procedure (Draft Manual).³⁹ This part deals with the relevant provisions of the Act in the context of non-conventional marks, followed by an analysis of the elaboration given on the relevant provision in the Draft Manual.⁴⁰

A. Law on Non-Conventional Trademarks

A reading of Sections 2(1)(zb)⁴¹ and 2(1)(m)⁴² of the Act shows that the definition of “trade mark” has been widened to include shapes, packaging and

36. David Vaver, *Unconventional and well-known trademarks*, *supra* note 17.

37. Nick Pisarsky, *Potayto-Potabto-Let's Call the Whole Thing Off: Trademark Protection of Product Sounds*, 40(3) CONNECTICUT L. REV. 797, 812 (2008).

38. See Taj Kunwar Paul et al., *Reincarnation of Trade Mark Law in India*, 86 J. PATENT AND TRADE MARK OFFICE SOCIETY 237, 240 (2004).

39. The Draft Manual serves the purpose of a guide to the trade mark examiners, traders and the general public, in order to achieve uniformity and precision in practice. Nonetheless, as stated, if anything in the Manual is at variance with the Act and the Rules, the latter will prevail. See Preface and Section 5, *The Draft Manual (Revised) for Trademark Practice & Procedure*, available at http://ipindia.nic.in/tmr_new/TMR_Manual/DraftManual_TMR_23January2009.pdf (last visited on 29 August 2010).

40. See Dev Gangjee, *Non-Conventional Trade Marks in India*, 22(1) NAT'L L. SCHOOL INDIA REV. 67 (2010) for another view on The Draft Manual's approach to non-conventional trademarks.

41. “Trade mark” is defined as a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours, and in relation to Chapter XII (other than section 107), a registered trade mark or mark used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right as proprietor to use the mark, and in relation to other provisions of this Act, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so to indicate to a connection in the course of trade between the goods or services, as the case may be, and some person having the right, either as proprietor or by way of permitted user, to use the mark whether with or without any indication of the identity of that person, and includes a certification trade mark or collective mark.

42. “Mark” includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof.

combination of colours. As specified in the Manual,⁴³ this is an inclusive definition including *any* mark as long as the mark is capable of being represented graphically and capable of distinguishing the goods or services of one person from that of the others. Nonetheless, it has been stated that colours, shapes, sounds and smells will require “special consideration” during registration.

With respect to the graphical representation of sound marks, India has simply imported the *Shield Mark* doctrine.⁴⁴ The Trade Mark Registry has not sought to probe into whether representation through musical notes is intelligible to everyone, and whether it is all-encompassing. Nonetheless, with regard to distinctiveness, the Manual specifically lists sounds which are not distinctive and thus will not be registered.⁴⁵

In the context of scent marks, the Registry has again directly applied the *Sieckmann* test, stating that though smells are registrable, the fulfilment of the graphical representation criteria becomes difficult post the *Sieckmann* holding.⁴⁶ It is disappointing to note that the Registry has not suggested any alternative method of graphical representation in spite of stating that smells are registrable.

B. Instances of Registration

Three non-conventional trademarks have received registration in India so far. Yahoo!’s yodel is the first non-conventional mark to be registered. The yodel was represented through musical notes.⁴⁷ The shape of the Zippo lighter was also granted registration, which was later confirmed in a trademark infringement suit in the Delhi High Court, on the ground that it was distinctive.⁴⁸ The latest non-conventional trademark to be registered is a sound mark, held by a German company Allianz Aktiengesellschaft.⁴⁹

43. See Section 3, Draft Manual.

44. See Section. 5.2.2.1, Draft Manual.

45. These include, *inter alia*, nursery rhymes and simple pieces of music of only 1 or 2 notes. See Section 5.2.2.2, Draft Manual.

46. See Section 5.2.3, Draft Manual.

47. Peter Ollier, *Yahoo Yodels into India’s TM Registry*, 183 *MANAGING INTELLECTUAL PROPERTY* 14 (2008); Shamnad Basheer, *India’s first “Sound Mark” Registered*, *SPICYIP*, 19 August, 2008, available at <http://spicyipindia.blogspot.com/2008/08/breaking-news-indias-first-sound-mark.html> (last visited on 15 August 2010).

48. *Zippo v. Anil Manchandani* (unreported, CS (OS). 1355/2006). See also Shwetaree Majumdar, “Zippo shape mark protected by Indian Court”, *SpicyIP* blog, August 18th, 2006, available at <http://spicyipindia.blogspot.com/2006/08/zippo-shape-mark-protected-by-indian.html> (Last visited on 15 August 2010).

49. Santosh Singh, *Yet Another Sound Mark Granted*, *SPICYIP*, 30 July 2009, available at <http://spicyipindia.blogspot.com/2009/07/yet-another-sound-mark-granted.html> (Last visited on 15 August 2010).

IV. A DEFENCE OF NON-CONVENTIONAL TRADEMARKS

In this part, I argue that the inclusion of non-conventional trademarks in the trademark regime is a positive phenomenon. Subsequently, the nuances of registration of these marks are discussed.

A. The “Desirability” of Non-Conventional Trademarks

One of the common arguments against non-conventional trademarks is that they are leading to an undesirable restriction in free intellectual property resources.⁵⁰ A manufacturer would have to think twice before he uses the colour orange for the label covers of his jam bottles, an advertising company would tread with caution when coming up with jingles for an advertising campaign.

It is significant to reckon that such an argument can actually be made when *any* mark, visual or non-visual, is sought to be trademarked. Curiously, the only rationale that is stated for this distinction is that non-visual marks are not capable of graphical representation. Such a ground, even assuming is valid, cannot be a reason for suggesting that non-conventional marks lead to an *undesirable* restriction. It is a ground for arguing why non-conventional marks are *incapable* of registration. The argument here however is of first principle: assuming non-conventional marks are capable of registration, is it desirable that they be registered?

Assuming that a particular non-conventional mark is distinctive and is not functional, it is argued that a non-conventional mark like sound or scent should be given trade mark protection. Non-conventional trademarks become significantly important for a section of society like the visually impaired and the illiterate.⁵¹ Non-conventional marks encourage undertakings to develop new and innovative ways of branding. Companies reach out to newer markets, increasing benefits for themselves and a new segment of purchasers. Marks such as shape, smell and sound, embodying multi-sensory perception, enable a wider cross-section of consumers to make more beneficial purchasing decisions. Their identification of what they prefer incentivizes quality production for the holders of these marks.

Another argument against non-conventional trademarks is that they are making inaccessible free intellectual resources, for instance classical music over which no one has a copyright. However, such an argument is untenable. It must be noted that patent, copyright and trademark law are three different branches of intellectual

50. See for instance, Paul Leo Carl Torremans, *Trademark Law: Is Europe Moving Towards an Unduly Wide Approach for Anyone to Follow?* 10 J. INTEL. PROP. RIGHTS 127 (March, 2005); David Vaver, *supra* note 17.

51. See David Vaver, *supra* note 17, at 18.

property law, performing different functions.⁵² As McCarthy has remarked, “one cannot come to the bottom-line conclusion that any item is ‘in the public domain’ until one has exhausted *all* of the possible areas of exclusive intellectual property rights.”⁵³ Consequently, only because no author has a copyright over a certain work does not mean that it cannot be trademarked. Hypothetically, Stone Cold Steve Austin, the famous wrestler, can get the sound of glass shattering, which is played every time he makes an entry, trademarked, even if another musician has a copyright over it.

Another contention against non-conventional trademarks that protection of such marks lead to a slippery slope by exposing a vista of intellectual property to potential registration, is not a valid contention for arguing in favour of non-registration. Provided the mark is not functional and is distinctive, there is no reason to prevent *anything* from receiving protection. Visual perceptibility should not be and is not a *sine qua non* for building brand association in the minds of consumers. As observed above, not only do non-conventional trademarks fulfill the traditional purpose attached to trademark protection, but they also provide additional benefits. Thus, they should receive trademark protection.

B. Non-Conventional Trademarks and Nuances of Registration

After concluding that it is untenable to *not* include smells and sounds as marks, the next question to be asked is: are these marks *capable* of registration? The two requirements which are relevant for this discussion are: distinctiveness and graphical representation.

a. Are Non-Conventional Trademarks Distinctive?

It is arguable that smells and sounds are often a feature of the product, possibly even essential (and therefore functional), and hence are not distinctive.⁵⁴ For instance, a consumer may instantly recognise the presence of paint through its smell. However the smell cannot be trademarked by, for instance, Asian Paints because it is a smell

52. II MELVILLE B. NIMMER ET AL., NIMMER ON COPYRIGHT §2.08[G] (2000). Patents seek to protect original and useful work / inventions. Copyright seeks to protect original literary, musical, artistic and other creative work. Trademarks protect the use of marks as commercial brands. With respect to trademarks, the owner of a trademark may not have been the inventor of the mark. Yet he / she has the trademark for the innovative use of that mark as an indicator of his/her goods.

53. II J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION 6-9 (4th ed., 2000). It must also be noted that an existing copyright over something will not prevent it from getting trademarked. As has been noted by an American court in the context of the character of E.T, in the eponymous film: “A character is deemed an artistic creation deserving copyright protection and may also serve to identify the creator, thus meriting protection under theories of trade mark”. See *Universal City Studios, Inc. v J.A.R. Sales, Inc.*, 216 U.S.P.Q. 679 (C.D. Cal. 1982).

54. See James C. Chao, *Recent Trends in Asian Trademark Law*, 95 THE TRADEMARK REPORTER 883, 894 (2005).

common to all paints and is the consequence of its composition. However, it can be simultaneously argued that consumers associate a certain smell with a product, the best example being the rose fragrance and the Sumitomo tyres, and hence trademark protection should be granted to such marks. Thus, this dilemma can only be solved on a case to case basis and it is *not* possible to make a general proposition that non-conventional trademarks should not receive trademark protection on account of lack of distinctiveness.

b. Are Non-Conventional Trademarks Capable of Being Graphically Represented?

This question begets a careful analysis of existing judgments on methods of graphical representation of non-conventional marks.

1. Sound and the Shield Mark criterion

In the *Shield Mark* case, the ECJ held that musical notes comprising a stave and cleft is an intelligible, precise and stable method of representing sound and hence is a satisfactory form of graphical representation.

However, this criterion is not completely satisfactory. It raises the issue whether graphical representation consisting of a stave and cleft comprise intelligible representation. Such a representation caters only to a music-literate audience and thus, is *not* intelligible representation.⁵⁵

Significantly, the Court seems to have pre-empted this. The Court did note that even if not “immediately intelligible”, the representation was still “easily intelligible”. While this is true, there can be simpler, equally precise, and more intelligible representation. It is noteworthy to observe that before the *Shield Mark* case, Metro-Goldwyn Mayer (MGM) had applied for a trademark for its lion roar.⁵⁶ The graphical representation of the roar was in the form of a sonogram. The Board of Appeal ruled that sonograms in principle constituted valid graphical representation; however, in that particular case, since time or frequency could not be made out from the sonogram, there was no precision. The *Shield Mark* case, in not considering sonograms and stressing only on musical notes, is at divergence with the decision in MGM.

Moreover, representation comprising musical notes can only be extended to musical works. The *Shield Mark* decision thus, in not envisioning non-musical sounds, had, perhaps inadvertently, restricted the number of potential sound trademarks.⁵⁷

55. David Vaver, *supra* note 17, at 8.

56. *Metro-Goldwyn Mayer Lion Corporation's Appeal relating to Community Trade Mark Application No. 143 891, Case R 781 / 1999-4*, Decision of OHIM Fourth Board of Appeal of 25 August 2003, as corrected on 29 September 2003. See David Vaver, *supra* note 23, at 902.

57. David Vaver, *supra* note 17, at 8.

It is arguable that the decision did not contemplate non-musical sounds because the dispute before it pertained to a musical work; nonetheless, the authoritative tenor of the judgment seems to imply that the recommendations made are exhaustive ones, applicable to all sounds.

It is however heartening to note that in 2005, the OHIM, in the context of non-musical notes, has taken the American way and has accepted representation by means of an oscillogram or sonogram accompanied by the sound file.⁵⁸ To make the representation more clear, it is suggested that a written description of the sound too should be given.⁵⁹ However this description should not be a crucial criterion in that even if it is not wholly precise, if the sonogram is so, the mark should be registered.

Unfortunately, India has not upgraded its law and continues to endorse the *Shield Mark* criterion.⁶⁰

2. Scent and the *Sieckmann* Criterion

The ironical aspect of the *Sieckmann* case is that there is *no* Sieckmann criterion. The ECJ in ruling that smells are registrable, but in rejecting the exhaustive list of methods of representation suggested and *not* suggesting any new method, has cast great uncertainty over the registerability of smells.⁶¹ It is submitted that if musical notes, in spite of not being “immediately intelligible”, could be deemed to be valid representation by the ECJ⁶² then the same standard should be applied to chemical formulae and they too should be considered to be valid in the context of scents. Formulae are clear and precise in their representation. Admittedly, formulae only represent the origin of the smell, that is, the substances. Possibly, *along* with the chemical formulae, the method of preparing the substance with temperature and other conditions being specified,⁶³ and a written description of the smell, is a suitable alternative.⁶⁴ Hence, even if it is argued that chemical formulae are not commonly intelligible, the additional description will make it so.

58. See Section 7.6.1, *The Manual Concerning Proceedings before the Office for Harmonization in the Internal Market (Trade Marks and Designs)*, Part B, Examination, available at http://oami.europa.eu/ows/rw/resource/documents/CTM/legalReferences/partb_examination.pdf (last visited on 1 September 2010).

59. This has also been suggested by David Vaver. See David Vaver, *supra* note 17, at 9.

60. See Section 5.2.2.1, Draft Manual.

61. Alex Butler, *The Smell of Ripe Strawberries: Representing Non-Visual Trademarks*, INTELLECTUAL ASSET MANAGEMENT 7 (April / May, 2008).

62. See *Shield Mark*, *supra* note 18.

63. As unlike musical notes which one can play on a piano to obtain the tune, the chemical formula may not enable one to get the substance which has the smell; the same elements can react differently under different atmospheric conditions and in different quantities to give different substances.

64. In this regard, the method used in chemistry to describe how students can get a particular flame colour is a suitable analogy. The exact method of preparing the substance which gives the flame, with quantities and atmospheric conditions being specified, is stated in chemistry books when the flame colour is being discussed.

CONCLUSION

In this article, I have first attempted to charter the development of acceptance of non-conventional trademarks in trademark regimes across America, the European Union and India. It is apparent that while America's approach towards these trademarks is liberal, the EU's approach has been mixed. India unfortunately has simply imported EU guidelines with regard to these marks, without any modifications.

Secondly, I have argued in defence of these trademarks. We continually use *all* our five senses when we recognise someone by the sound of their voice, or identify what is being cooked by the smell of the food, or favour spaghetti or any other dish because of its taste. Non-conventional trademarks recognise this use and are a welcome development. Although not *visually*, these marks are perceptible as well. In addition to fulfilling the ordinary function of trademarks, they bring in an additional benefit of catering to a new segment of consumers and consequently encourage innovation among advertisers. Fundamentally, there is no difference between "non-conventional" and "conventional" trademarks and so there is no rationale for arguing that only the former represents an undesirable restriction of free intellectual property resources.

Regarding registration requirements, while it is imperative that these marks, apart from being distinctive and non-functional, be capable of being graphically represented since that ensures clarity for all interested parties, it is stressed that neither smell nor sound can be labelled to be incapable of graphical representation. In the context of sounds, Europe has finally followed the American way and accepted sonograms and sound recordings as valid graphical representations. Furthermore, a written description of the sound should also be mandated as a requirement. With regard to scents, the following method of representation seems apposite: the chemical formulae of the substance which forms the origin of the smell, the method of making that substance with all specific conditions outlined, and a written description. It is disappointing to note, however, that India has not validated any of these methods yet. It is hoped that in the time to come, it will.

A PURPOSEIVE PATENT POLICY: REIGNITING THE SECTION 3(D) DEBATE IN THE LIGHT OF INDIA'S INTERNATIONAL OBLIGATIONS

*Swaraj Paul Barooab**

ABSTRACT

The policy purposes of patent law in the healthcare sector have proven to be a difficult duo to balance, especially for developing countries. On one hand, strong incentives are required to ensure continual investment in useful and beneficial drug development. Post the TRIPS Agreement, these incentives have mostly been in the form of patent rights. On the other hand, there is a vast population of patients who urgently require life saving drugs that have already been developed. However, patent rights may act as an access barrier in obtaining drugs easily and inexpensively. Reconciling these two requires careful judgment and considerable flexibility in the policy space so as to allow countries to strike a suitable balance in their national laws. In this note, Section 3(d), a unique and controversial provision central to India's patent policy is examined against its alleged violation of India's international obligations under TRIPS. The note demonstrates it to be a legally tenable provision as well as a well crafted policy with creative legal flexibilities ensuring contextual realities of India as a developing country to be factored into its patent regime.

INTRODUCTION

Patents are used as a mechanism for incentivizing socially beneficial innovations by providing exclusion rights to the innovator over the creation for a certain period of time. These exclusion rights are therefore permitted solely for facilitating the benefits that this process brings out. These exclusion rights, or the patent system is the current and dominating model for encouraging innovation today. From a policy perspective therefore, it is useful to ensure that patents successfully carry out this role, and that a balance is maintained between the social benefits and costs of such incentives. In the field of medicine, this translates to enabling the production of socially beneficial drugs, while ensuring that they are not unnecessarily rendered inaccessible to those who need them.

In 1970, India enacted the Patent Act, 1970¹ with the specific objective of helping the domestic pharmaceutical industry grow, as well as lowering rising product prices.² Keeping in view the needs and concerns of the pharmaceutical industry,

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1. Hereinafter the Act.

2. Santanu Mukherjee, *The Journey of Indian Patent Law Towards TRIPS Compliance*, 35 IIC 125, 127-128 (2004).

product patents were not permitted; patent protection periods were brought down to 7 years and a whole host of other measures were brought into being. Owing to these initial measures, the Indian pharmaceutical industry flourished³, generic versions of blockbuster drugs were made available at very low prices both domestically and internationally and the ire of major multinational pharmaceuticals was evoked. Taking the oft-quoted example of AIDS drugs, generics from India played a key role in reducing the price of ARV treatment by upto 98%.⁴ However, with the signing of the TRIPS Agreement, there arose an obligation to make substantial changes in India's patent system, which till then granted only process patents on pharmaceuticals. This along with substantial internal political pressure, led to the slow but eventual compliance with the TRIPS Agreement in 2005, after 3 amendments to the Act. This was within the 10 year period given for transitioning into TRIPS compliancy. As per TRIPS requirements, and similar to the general standards all over the world, the Act requires novelty, non-obviousness and utility for the grant of a patent. However, there still seems to be considerable discussion over the nature and validity of a clarifying exemption provided in Section 3(d) of the Act. In this note, I aim to demonstrate that the Indian Patent law is both compatible with the TRIPS and is a good policy measure, especially in the context of India as an information importing country where the effective dissemination of information is considered to be significant.⁵

Part I briefly discusses the contours of Section 3(d) of the Act and its tenable interpretation. Part II presents an examination of Section 3(d)'s compatibility with India's international obligations under the TRIPS Agreement. The final part notes the risks which may undermine the success that Section 3(d) has marked for effective usage of policy space under TRIPS.

I. LEGAL PROVISION: 3(D)

In a concerted effort to prevent 'ever-greening' of patents⁶, the Indian legislators inserted Section 3(d) into the scheme of Indian patent law. Looking at the legislative history of the provision, there was active intent to prevent 'ever-greening', however, the legislators did not precisely define the term. Looking at the context in which it was spoken about in the Lok Sabha debates, the term has been understood to mean: *a process of extending the term of patent protection on a drug while making*

3. See generally J.M.Mueller, *The Tiger Awakens: The Tumultuous Transformation of India's Patent System and the Rise of Indian Pharmaceutical Innovation*, 43 UNIV. OF PITTSBURGH SCHOOL OF LAW WORKING PAPER SERIES (2006).

4. *Africa Focus Bull India/Africa: Threat to Generic Drugs*, 7 March 2005, available at <http://www.africafocus.org/docs05/ind0503.php> (last visited on 22 Feb. 2011).

5. See K.E. Maskus, *Normative Concerns in the International Protection of Intellectual Property Rights*, WORLD ECONOMY 387-409 (Sept. 1990) [hereinafter Maskus, *Normative Concerns*].

6. See Lok Sabha Debates, 4th Sess., 14th Lok Sabha, Vol. VII No. 18, 22 March 2005, at 684-685.

minor changes which do not increase the efficacy of the drug. This is similar to a definition that the United States Federal Trade Commission has used as well: *a process whereby patent holders seek to unnecessarily extend the period of market exclusivity on a medicine by subsequently obtaining a patent protection on secondary features of existing medicines.*⁷ For the purposes of the Section, this is the definition that will be considered. This kind of patent extension results in potentially severe welfare losses due to the minimal benefits received by society with the additional years of exclusion rights.

Section 3(d) of the Act reads as:

The mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or the mere discovery of any new property or new use for a known substance or the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least employs one new reactant.

Explanation- For the purposes of this clause, salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance shall be considered to be the same substance, unless they differ significantly in properties with regard to efficacy.

Thus, it consists of three claims of exceptions to patentability, each of which shall be examined individually: *first*, the mere discovery of a known substance which does not result in the enhancement of the known efficacy of that substance; *secondly*, the mere discovery of any new property or new use for a known substance; *thirdly*, the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant.

A. New Form of a Known Substance

This element has proven to be the most controversial within the corpus of Section 3(d) and hence this note purposively analyses it in substantial detail. While the debate and discussion around this Section in the domestic as well as international circles has been limited to the pharmaceutical field alone, it is interesting to note that the Section itself does not mention pharmaceuticals or medicines anywhere. However, as regards the scope of this section, it is important to reiterate that the parliamentary debates have clearly indicated the objective as the prevention of ever-greening of patents in pharmacology and the welfare objective of ensuring access to

7. Park et al., *Access to Medicines in India: A Review of Recent Concerns*, 20 July 20 2009, available at SSRN: <http://ssrn.com/abstract=1436732> (last visited on 22 Feb. 2011).

life-saving medicines to the common man.⁸ As a rule of statutory interpretation, a provision must be read in the context of its objective, and it is then arguable that the scope of this provision is clearly limited to the field of medicinal drugs.

At the same time, it is relevant to consider the phrase ‘enhancement of known efficacy’. In light of the objective of improving access to medicines by providing such an exemption, ‘efficacy’ has been read to mean therapeutic efficacy⁹ – increase in healing effect of a drug. It is possible to judge the enhancement of efficacy by using comparative details similar to the details used in finding the initial effect of a drug. Bio-equivalence is a commonly used test in the regulation of generic drugs, and can be used here too, to see if there has been enhanced efficacy.¹⁰ Given the technical and scientific nature of medicinal drugs, it is pragmatic not to lay down a strict definition here, but to give leeway in determining on a case-by-case basis by those more qualified to determine it, i.e., the patent office.

The appended explanation to the Section creates a legal fiction by deeming all derivatives of a known substance to be the same unless they significantly differ in properties with regard to efficacy. The Section itself mentions as an exclusion, the mere discovery of a known substance (thus giving scope for the usage of the legal fiction created), which does not result in the enhancement of the known efficacy of that substance. Thus, read together with the explanation, it is clear that unless a substance differs significantly in properties with regard to efficacy, it cannot result in an enhancement of efficacy of that known substance. The Section therefore excludes substances that do not result in an enhancement of therapeutic efficacy, deeming them to be the same substance as the one they were initially derived from.

Read in the light of the object of the Section, i.e., to prevent ever-greening, it is evident that this Section must be operationalized so as to ensure that patents are not granted for merely substituting the formerly patented substance with a derivative, since the matter of switching between different forms of substances is for the most part, considered basic knowledge and is just a matter of testing. If a different form of a substance results in an enhancement of efficacy of the drug, this Section allows such a form to be patented. Conversely, an altered form which does not result in enhanced efficacy of the drug can not be patented. This ensures that a simple transformation of one form to another in the making of a drug does not entitle that drug to be patented, unless and until the new form used has made it more useful by

8. See Maskus, *Normative Concerns*, *supra* note 5.

9. Novartis AG represented by its Power of Attorney Ranjna Mehta Dutt v. Union of India through the Secretary, Department of Industry, Ministry of Industry and Commerce and Others, 4 MLJ 1153 (2007).

10. See *generally* Guidelines for Bioavailability & Bioequivalence Studies, Central Drugs Standard Control Organization (March 2005).

enhancing the efficacy of the drug. This new more useful drug made with a changed form, is called an incremental innovation, as it builds on an existing innovation. By not allowing patents on ‘ever-greened’ derivatives, the Section encourages incremental innovation which addresses impending public health demands.¹¹

Though the Indian Patent Act is the only one which explicitly carves out such exceptions in its patent law, it is certainly not the only one which practices it, other jurisdictions have done a similar job on grounds of novelty and/or obviousness.¹²

For example, in the U.K., though Courts have laid down that acceptance of ever-greening would give patents a bad name¹³, the Court of Appeal in *H. Lundbeck A/S v. Generics (UK) Ltd.*¹⁴, upheld the validity of a patent where the therapeutic effect of the claimed new form of the previously patented drug was entirely due to the new form. Similarly, in the U.S.A., the law in this regard holds that one must look into the nature and significance of the differences between the prior art and the claimed substance. In order to be patentable, it must be shown that the claimed substance must have superior properties.¹⁵ On the same line, the U.S. Supreme Court in *KSR*¹⁶ has also implied that an invention which was ‘obvious to try’ would not be patentable.

B. New Use of a Known Substance

The second significant element of Section 3(d) bars the patenting of a mere discovery of any new property or new use of a known substance. It does not however, bar a claim on the process of using a known substance where the new use is based on unknown properties. Even though not universally accepted, a similar provision does exist in the U.S. The ‘doctrine of inherent anticipation’ would bar product patents based on the discovery of a new property or use, irrespective of whether the said property or use was previously known or not known. The E.U. and the U.K. however, allow these ‘Swiss claims’¹⁷, holding that a new result or use would be

11. Shamnad Basheer, *The “Glivec” Patent Saga: A 3-d perspective on Indian patent policy and TRIPS Compliance*, available at <http://www.atrip.org/Content/Essays/Shamnad%20Basheer%20Glivec%20Patent%20Saga.doc> (last visited on 20 June 2011).

12. See generally Rajarshi Sen & Adarsh Ramanujan, *Pruning the Evergreen Tree or Tripping Up Over TRIPS? – Section 3(d) of the Indian Patents Act, 1970*, 41 IIC 170 (2010).

13. Les Laboratoires Servier v. Apotex Inc., [2008] EWCA Civ 445. However, the Court did this without addressing what ‘ever-greening’ is precisely, and when a substance is deemed to be ever-greened. It is important to define ‘ever-greening’ as a normative policy matter since all follow on patents are not necessarily inefficient.

14. [2008] EWCA Civ 311.

15. *In re Lohr*, 317 F.2d 388 (CCPA 1963); *In re Grier*, 342 F.2d 120 (CCPA 1965).

16. *KSR Intern. Co. v. Teleflex Inc.*, 127 S.Ct. 1727 (2007).

17. Srividhya Raghavan, *A Patent Restriction on Research & Development: Infringers or Innovators?*, 1 U. ILL. J.L. TECH. & POL’Y 73, 84 (2004).

regarded as a functional “technical feature” which would give novelty to the claims.¹⁸

Section 3(d) in all its three elements, opens with the word ‘mere’ which implies that if there is some added criteria, then the provision may be inapplicable. Therefore, a claim can be made, not just on mere use, but perhaps a combination of uses which may constitute a novel claim.

C. Use of a Known Process, Machine or Apparatus

The Section at first may seem strange, in that it declares known processes, machine or apparatus to be unpatentable, and then gives an exception only for known processes that employ a new reactant. However, its meaning is rather straightforward, as it provides an exception for that particular case. Section 3(d) has a rider clause, which says the use of a known process would be patentable if a new product is created as a result. Therefore, this section impliedly allows a known process to be claimed by describing the new product as part of that process claim.

II. ANALYSIS OF TRIPS FLEXIBILITIES AND COMPLIANCY

Article 27.1 of the TRIPS Agreement¹⁹ provides for 3 standards of patentability – novelty, non-obviousness and industrial application. However the Agreement does not define these terms anywhere, nor does it define what an invention is. Even in the setting of these minimum core standards, by electing to choose general rules rather than specific ones, there is necessarily a broader discretion left to member states to determine the level of stringency that they choose to implement regarding patentability. This is discussed in more detail below.

A. Object and Purpose of the Agreement

Article 1.1 of the Agreement clarifies that while member states must give effect to the provisions of the Agreement, they shall be free to determine the appropriate method of implementing the provisions of this Agreement within *their own legal system and practice*.²⁰

Article 3.2 of the World Trade Organization’s Dispute Settlement Understanding (“WTO DSU”) mandates that WTO Members recognize that the WTO dispute settlement system serves to clarify the existing provisions of the covered agreements in accordance with “customary rules of interpretation of public

18. MOBIL OIL/Friction Reducing Additive III, G 2/88 (OJ 1990, 93).

19. Hereinafter the Agreement.

20. India – Patent Protection for Pharmaceutical and Agricultural Chemical Products, WT/DS50/AB/R S.VI (19 Dec. 1997) (the Court held that members were free to determine the appropriate method of implementing the provisions of this Agreement in the context of their own domestic legal system.).

international law.” The general framework for treaty interpretation is governed by Article 31 of the Vienna Convention on the Law of Treaties, 1969 (“VCLT”), which itself is considered customary international law.²¹ The Appellate Body and the Panel too have recognized the principles of treaty interpretation enshrined in VCLT to be a part of customary international law and applied the same to interpret WTO obligations.²²

Taking recourse to the mandate of Article 31 of the VCLT, it states that interpretation must be in accordance with the ordinary meaning to be given to the terms of the treaty, “in their context” and “in the light of its object and purpose”. It is significant to discern this object and purpose of the Agreement, perusing Articles 7 and 8 for the purpose.²³

Article 7 on ‘Objectives’ emphasizes a balance being struck between technological advancement and social and economic welfare, to the mutual benefit of producers and consumers of technological knowledge. On the other hand, Article 8 on ‘Principles’ also sets forth some of the basic principles of the Agreement, providing that “members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health ... provided such measures are consistent with the provisions of this Agreement.”

Though more strongly present in the field of international human rights²⁴, the rule of *in dubio mitius*²⁵ is useful to be stated here as well. It states that an ambiguous provision in a treaty must be interpreted in a way that least interferes with the territorial and personal sovereignty of a state, or involves less general restrictions upon the parties.²⁶ Therefore, different national authorities could conceivably reach different, yet lawful decisions regarding the application of the same international provision.²⁷

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21. Maritime Delimitation and Territorial Questions (Qatar v. Bahrain), ICJ Reports 1995, at 6.
 22. United States - Standards for Reformulated and Conventional Gasoline, WT/DS2/AB/R, at 17; United States - Import Prohibition of Certain Shrimp and Shrimp Products, WT/DS58/AB/R, at ¶ 114.
 23. The Doha Declaration mandates that both art. 7 and art. 8 of the Agreement ought to be used to assess the “object and purpose” of the treaty. See Ernst-Ulrich Petersmann, *International Competition Rules for Governments and for Private Business: A “Trade Law Approach” for Linking Trade and Competition Rules in the WTO*, 72 CHI.-KENT L. REV. 545, 546 (1996). See also The Doha Declaration on the TRIPS Agreement and Public Health, WT/MIN(01)/DEC/W/2 (14 Nov. 2001), at ¶¶ 2-5 [hereinafter The Doha Declaration].
 24. Douglas Lee Donoho, *Autonomy, Self-Government, and the Margin of Appreciation: Developing a Jurisprudence of Diversity within Universal Human Rights*, 15 EMORY INT’L L REV 391, 457 (2001).
 25. James Cameron & Kevin R. Gray, *Principles of International Law in the WTO Dispute Settlement Body*, 50 INT’L & COMP. L.Q. 248, 254 (2001).
 26. See European Communities - Measures Concerning Meat and Meat Products, WT/DS26/AB/R and WT/DS48/AB/R, at ¶¶ 115-117, 154, 165-167 [hereinafter *EC – Beef Hormones ABR*].
 27. Yuval Shany, *Towards a General Margin of Appreciation Doctrine in International Law*, 16 EUR. J. INT’L L. 907, 910 (2006).

The Agreement was clearly envisioned as promoting technological innovation geared towards societal benefit, in terms of being conducive to social and economic welfare, with special regard to the protection of public health, protecting the intellectual property regime against the abuse of intellectual property rights and reducing trade distortions.²⁸ Lax patent standards can lead to grant of patents over trivial ‘innovations’. These patents can then block legitimate competition from the market, discouraging further innovation and creating market distortions, effectively harming public welfare.²⁹

Section 3(d) of the Act therefore ensures that there are stringent standards of patentability so as to allow exclusion rights more properly proportionate to the benefits it brings to society. Thus by reiterating and clarifying the general standards of patentability specific to the Indian context, this Section protects the object and purpose of the Agreement as is discernable from Articles 7 and 8.

B. A Non-discriminatory Provision

Another reigning concern with Section 3(d) is its alleged discriminatory character in as much as it applies only to new chemical entities. Article 27 of the Agreement mandates that “...patents shall be available for any inventions, whether products or processes, in all fields of technology...” and “...without discrimination as to ... the field of technology...” The question which arises is whether such a specific and differential approach, imposes, as it seems to do, special prohibitions on patentability of certain chemical processes and pharmaceuticals. If it does, then is it in violation of the Agreement? This question was dealt with in the *Canada – Patent Protection of Pharmaceutical Products*³⁰ where the Panel attempted to discuss the meaning of the term ‘discrimination’ distinguishing it from ‘differential’, holding that it extends beyond the concept of differential treatment, and refers to results of the *unjustified imposition of differentially disadvantageous* treatment.³¹

Section 3(d) simply clarifies the applicable standard of patentability to be applied to the unique characteristics of pharmaceutical patents. It is certainly ‘differential’ with regard to the field of technology, however it is not ‘differentially disadvantageous’ in its application and enforcement. It is also clear that the provision is for the purposes of preventing ever-greening and thus seeks to implement a

28. This is supported by a combined reading of art. 7 and art. 8 of the Agreement read with the Doha Declaration.

29. Ernst-Ulrich Petersmann, *International Competition Rules for Governments and for Private Business: A “Trade Law Approach” for Linking Trade and Competition Rules in the WTO*, 72 CHI.-KENT L. REV. 545, 546 (1996).

30. *Canada – Patent Protection of Pharmaceutical Products*, WT/DS/114/R [hereinafter *Canada – Patent*].

31. *Id.* at ¶ 7.94.

particular policy measure aimed at addressing a specific issue which is particular to pharmaceutical patents. This gives it a bona-fide application, since it protects and preserves the objects and purposes of the Agreement in the Indian context.

III. OTHER POLICY CONSIDERATIONS

Interestingly, no other country has a provision similar to Section 3(d) of the Act.³² There may be a simple explanation as to why such a section is not available in any other jurisdiction's legislation. Though Article 65 of the Agreement allowed for a transition period for patent regimes of developing countries, only thirteen countries used this provision, and of these only six used the complete period. In the mean time, from 1995 till 2005 when the amendment was introduced, the global access to medicines movement became much larger, and there was much global mobilization for the concerns of developing countries' public health concerns. In the years between, this movement also resulted in the Doha Declaration of 2001 which reaffirmed a state's right to protect public health.

Furthermore, the access to medicines movement also facilitated the birth of a well-coordinated network of scholars, activists, and community-based organizations that were highly motivated and "remarkably aware of esoteric patent law developments."³³ Therefore, the knowledge bias that existed at the time of concluding the Agreement was effectively countered to make full use of the flexibilities provided within it. In addition to this, the circumstances at the time of legislating the Indian statute indicated a strong generic industry that could provide cheap access to medicines for the population which had allowed India to have some of the lowest healthcare prices. However, despite the strong generic industry, much of the population still could not afford healthcare, and thus, the policy decisions on pharmaceuticals were still based primarily on providing easy and cheap access to lifesaving drugs. Seen in the light of the Agreement's object and purpose, the reasoning behind exercising statutory flexibilities may well be justified.

However, looked at from a broader perspective, the pharmaceutical industry is far from what one could call stagnant.³⁴ At the same time, the productivity of the pharmaceutical's "research and development" sector has seen a decreasing number of therapeutically important new molecules brought to market per dollar spent on

32. *Id* at 3.

33. *Id.* at 11. See also Amy Kapczynski, *The Access to Knowledge Mobilization and the New Politics of Intellectual Property*, 117 *Yale Law Journal* 804 (2008).

34. See Davidson & Greblov, *The Pharmaceutical Industry in the Global Economy*, prepared for the Indiana Economic Development Corporation with the support of the Center for International Business Education and Research at the Indiana University Kelley School of Business.

R&D³⁵ - meaning that the amount of money being put into the developmental and production phase of the pharmaceutical industry is not correlating to the amount of new therapeutically important medicines being brought out. The liberal granting of patents, and ever-greening of existing patents, has led to pharmaceuticals becoming lax towards research and innovation. With the possibility of getting easy patents and hence monopoly periods, there is reduced incentive to spend more on researching for further innovation, especially in the areas of healthcare where there is little or no 'low hanging fruit'.³⁶ Prevention of ever-greening would lead generics to come in at the end of the duration of patent, and market forces would require them to do the incremental innovation without patents. Since major pharmaceutical firms will now not be taking up this market³⁷, there are ample opportunities for the generics to provide cheaper access for the same products. It is hoped that having driven monopoly pricing out of this market, market forces would therefore then drive the same pharmaceutical companies to invest in research for more innovation, instead of stagnating over the same redundant work.

Further, it should not be forgotten that the Agreement, as well as the international push for stronger IP rights are being backed by developed economies which stand to profit the most from this 'harmonization'. Both, the majority of the world's population, as well as the majority of the world's diseased population are in developing and least developed economies. Drugs that are produced are not always accessible due to a variety of reasons, the primary being lack of affordable pricing strategies. There is a direct correlation between poverty and occurrence of diseases³⁸, yet the 'strong patent' system, leads innovation in the exact opposite direction. It leads innovation towards those who can afford it. This is diametrically opposite to the goals of nations trying to improve the state of health in their countries.

Many developed countries, earlier, used a much weaker patent system while they were still developing.³⁹ However, now that they've reached greener pastures, they are trying to thrust their current stronger patent regimes on other developing economies. This would allow their developed industries to continue to profit since harmonization of IP laws opens out newer markets to them.

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35. Paul Grootendorst, *Patents, Public-Private Partnerships or Prizes: How should we support pharmaceutical innovation?*, available at <http://ideas.repec.org/p/mcm/sedapp/250.html#provider> (last visited on 22 Feb. 2011).
 36. By 'low hanging fruit', I am referring to the 'easy' innovations which usually require someone noticing that there is an simple solution to an existing problem, as opposed to putting in a lot of research and development into figuring out a solution, or in this case, a drug, which addresses the pressing concerns.
 37. Or would be competing at generic prices.
 38. See Fischella & Franks, *Poverty or Income Inequality as Predictor of Mortality: Longitudinal Cohort Study*, 314(7096) BRIT. MED. J. 1724 (1997).
 39. Developed countries have historically changed their IP regime so as to best suit their economic interest. See generally The Final Report prepared by the IPR Commission, available at http://www.iprcommission.org/papers/text/final_report/chapter1htmfinal.htm (last visited on 20 June 2011).

The TRIPS regime has already placed itself in a prominent position by tying itself up to the GATT and GATS.⁴⁰ Now is the time for the developing economies to be most cautious in ensuring that they use the flexibilities and contextual allowances in the Agreement to move towards their more exigent national interests. So as to not fall in the trap of having to bow down to international political pressure, it is better for countries to implement such flexibilities within their own domestic regime, rather than wait for an international political tussle over say, compulsory licensing⁴¹, for example.

CONCLUSION

Clearly, India has acted in a resolute manner in implementing the Agreement by bringing the Act in consonance with its international obligations, without compromising on its own domestic policy agenda of ensuring access to cheap lifesaving drugs. Perhaps it will even act as a trendsetter for other developing countries. For the moment however, the multilateral 'battles' are passé. Developed economies are now engaging developing economies in bilateral and plurilateral forums.⁴² While this type of pressure is certainly more focused and hence stronger, developing economies are now more equipped in terms of knowledge and resources than they've been in the past. By joining forces to declare their agenda, developing economies have also strengthened their position.⁴³ This current ferment is an optimal time for policy analysts to examine and advocate for more efficient and equitable drug innovation policies. India has led the way so far by making creative and effective use of the policy space allowed by the Agreement. By countering the negative externalities inherent in a classical patent system so as to allow easier and quicker access to its citizens, without compromising India's international obligations, India has reached an arguably fairer balance amongst the various tradeoffs that the patent system entails – certainly one that gives primacy to its large sections of poverty stricken population. It remains to be seen whether India will bow down to the oncoming pressure, or if it will continue to intelligently hold forte, and hopefully even influence other countries against the upward spiral towards needlessly stronger IP rights.

40. When the WTO was opened for membership, nearly all countries rushed to become members so as to benefit from international trade. However, in order to join, all member states had to accept the Agreement, the GATT and the GATS in full.

41. *See* art. 31 of the Agreement (even though the Agreement allows the usage of compulsory licenses by governments, developing and least developed nations that have attempted to use these flexibilities have received much stricter scrutiny than their industrialized counterparts did.).

42. The EU-India FTA currently under negotiations is a prime example of this bilateral negotiation.

43. For e.g., the Development Agenda Group (DAG) within the WIPO consists of several developing countries seeking to implement a development oriented perspective on intellectual property issues.