

**10TH JAMIA MILLIA ISLAMIA NATIONAL
MOOT COURT COMPETITION, 2023**

IN THE MATTER OF AN ARBITRATION

BETWEEN

Artificiana Pvt Ltd. and AI Innovations Corp.

UNDER

The Arbitration Rules of the Singapore International Arbitration Centre

Organised by

**MOOT COURT ASSOCIATION,
FACULTY OF LAW, JAMIA MILLIA ISLAMIA**

MOOT PROPOSITION

CASE RECORD

1. Indovia, a vibrant and culturally diverse country, has emerged as a global technology powerhouse with a thriving IT and software industry. Known for its rich history and technological advancements, Indovia has become a hub for innovative companies seeking to leverage its skilled workforce and vast market potential. Artificiana Pvt Ltd. (**Artificiana**), a frontrunner in the Indovian tech landscape, stands at the forefront of this technology revolution, driving transformative solutions across various industries.
2. On the other side of the world, RoboNation, a land of opportunity and innovation, boasts a robust tech ecosystem that continues to push the boundaries of scientific discovery. The country has witnessed the rise of ground-breaking AI research and development firms. Among them, AI Innovations Corp (**AI Innovations**) stands out for its pioneering work in artificial intelligence, harnessing the potential of cutting-edge algorithms to drive meaningful change in diverse sectors.
3. As the two countries come together in the realm of technology collaboration, their unique cultural, legal, and business landscapes add complexity to the partnership. While Indovia's strong emphasis on interpersonal relationships and collective harmony influence its approach to negotiations, RoboNation's focus on competition and individual success drives its ambition in the global market. Balancing these divergent perspectives becomes critical in navigating potential disputes and ensuring a successful collaboration.
4. AI Innovations approached Artificiana to join forces and develop cutting-edge artificial intelligence (AI) products for the global market. This collaboration was aimed at revolutionizing the AI industry. During the course of their discussions, the parties engaged in extensive deliberations regarding the specific obligations and roles that each entity would undertake within the partnership. The discussions included a meticulous examination of the technological expertise contributed by AI Innovations, the market insights and domain knowledge brought by Artificiana, as well as the collaborative research and development efforts that would drive the creation of AI solutions.

5. On March 15, 2022, the parties entered into a detailed and comprehensive Collaboration Agreement (**Agreement**) to formalize their partnership. The Agreement (*Annexure A*) meticulously detailed the multifaceted aspects of their collaboration, ensuring a clear roadmap for their joint venture. It outlined the scope of work, specific deliverables, and the intricate responsibilities to be shouldered by each party. Intellectual property rights were carefully addressed, delineating how innovations arising from the partnership would be shared and protected. The Agreement also specified the financial contributions and investment commitments to facilitate seamless resource allocation. Moreover, the Agreement defined a well-structured timeline, setting out milestones for the development and eventual deployment of the ground-breaking AI-powered software application – aptly named 'MindFlayer'. This contractual foundation underscored the parties' commitment to their shared vision of driving AI innovation on a global scale.
6. Both parties committed to a symbiotic relationship, wherein AI Innovations would harness its advanced AI algorithms and expertise to engineer the software's technical intricacies. Meanwhile, Artificiana, leveraging its profound industry insights and domain knowledge, would facilitate the application's seamless integration into real-world financial scenarios. Moreover, the Agreement enshrined the principle of equitable intellectual property sharing, ensuring that the innovative solutions emerging from their collaboration would be jointly owned and collectively safeguarded. The Agreement provided for a harmonious blend of AI Innovations' technical prowess and Artificiana's market acumen. This collaborative accord forms the bedrock upon which 'MindFlayer' stands as a testament to the shared commitment of AI Innovations and Artificiana to redefine the AI landscape and propel the realm of financial analysis into an era of unprecedented innovation.
7. The central goal of the collaboration was to create an AI-driven financial analysis tool that would revolutionize the industry. The envisioned software application was expected to predict market trends, analyse investment opportunities, and provide real-time financial insights to ultimately enhance the financial decision-making process for Artificiana's clients.
8. On June 13, 2022, Artificiana appointed a new CEO, Mr. Jim Brenner. Mr. Brenner, during one of his interviews with a global business magazine 'MindVerse,' talked about the new software

'MindFlayer' which would be a game changer for the industry. On June 24, 2022, MindVerse printed this interview with the headline '*Artificiana's new Mind-Flaying invention! A game changer.*' The interview had no mention of collaboration between the two companies.

9. After reading Mr. Jim Brenner's interview, AI Innovations took proactive steps to address the situation and ensure that the collaboration and their contributions were accurately represented and recognized. Following the publication of the interview, they promptly reached out to Artificiana on June 29, 2022. They initiated a direct communication channel to discuss the omission of their collaboration from the interview. AI Innovations expressed their concerns about the oversight and highlighted the significance of acknowledging their pivotal role in the development of 'MindFlayer'.
10. To clarify the situation, Artificiana acknowledging the oversight, issued a public statement dated July 11, 2022. However, in their statement, they inadvertently downplayed the significance of AI Innovations' contributions, referring to them as a "technical support partner." This choice of words could be perceived as diminishing the role of AI Innovations in the collaborative effort.
11. On July 15, 2022, recognizing the potential impact of misrepresentation, AI Innovations sent a formal letter to Artificiana. In this letter, they elaborated on their multifaceted contributions to the collaborative project, highlighting their role beyond mere "technical support." The letter provided specific instances of their innovation, technological expertise, and integral contributions that had a direct impact on the development and success of 'MindFlayer'.
12. Upon receiving the formal letter from AI Innovations, Artificiana's legal representatives wrote to AI Innovations a response dated July 25, 2022, acknowledging AI Innovations' elaboration on their contributions and their desire for accurate representation. However, Artificiana's response did not provide a detailed account of how they intended to rectify the situation or ensure a more comprehensive portrayal of AI Innovations' role in the collaborative project.
13. Artificiana, while acknowledging AI Innovations' concerns, faced internal delays in formulating a comprehensive response and action plan. Various factors, including conflicting priorities and

decision-making processes, contributed to the delay in providing a more detailed account of their intended steps.

14. As time passed without a satisfactory resolution or clear action plan from Artificiana, frustration and tensions began to grow on AI Innovations' side. The lack of progress in rectifying the situation heightened AI Innovations' concerns about their contributions being undervalued or misrepresented.
15. AI Innovations internally evaluated their options and considered potential measures to protect their interests and ensure proper recognition. This evaluation included discussions about accelerating the development and marketing of MindFlayer to assert their ownership and showcase their contributions independently. They started exploring their options for securing patents and intellectual property rights to assert exclusive ownership of the application.
16. Soon thereafter, Artificiana caught wind of a compelling industry rumour that suggested AI Innovations might be applying for a patent application for 'MindFlayer'. The rumour, circulating within tech circles, triggered speculations. Adding to the rumours was an article in a respected magazine, titled '*AI Arm-Wrestle: Tech Titans Grapple for Supremacy*', providing subtle confirmation. The article subtly explored the implications of AI Innovations' potential patent endeavours and the ongoing dispute between the two companies.
17. On October 10, 2022, in order to put the dispute to bed, Artificiana's legal representative, Ms. Nancy Hopper privately reached out to Mr. Steeve Byers from AI Innovations, attempting to negotiate a settlement outside of arbitration. She proposed a joint statement wherein both companies acknowledge the collaboration over the software. She further added that in exchange for this, AI Innovations should not proceed with its patent application. She further hinted that such an application may be deemed to be in breach of the Agreement. Mr. Byers told Ms. Hopper that he shall discuss the proposal internally and may reach out to her if needed.
18. On November 15, 2022, AI Innovation sent a notice invoking arbitration to Artificiana. In its Notice of Arbitration, AI Innovation claimed that it has ownership rights over MindFlayer till the completion of the project, pursuant to Clause 20.1, and as such is entitled to the IP Rights

for ‘MindFlayer.’ They alleged that Artificiana, undermined the collaboration between the parties and was in breach of Clause 5.3 of the Agreement which constituted a material breach of the Agreement. AI Innovations further claimed that Artificiana has not made timely payments for its services and expertise during the collaboration. They claimed that the non-payment of fees has caused financial strain on their operations and has significantly hampered further development of the software application. As a part of their claim, AI Innovations claimed damages worth \$500 million from Artificiana for the misrepresentation and for the breach of the Agreement. AI Innovations appointed Ms. Joyce Mayfield as their arbitrator.

19. On November 29, 2022, Artificiana sent its Answer to the Request for Arbitration and also appointed Mr Will Henderson, as its co-arbitrator. Answering the notice of arbitration, Artificiana responded to the notice stating that the pre-arbitration stage has not been concluded and that parties are undergoing negotiations. Artificiana further stated that the dispute is not arbitrable under the applicable laws. In its Answer to the Request for Arbitration, Artificiana challenged the jurisdiction of the Arbitral Tribunal on the basis that the arbitration agreement was not valid and effective, and, as such, that the Indian courts are the competent ones to determine the dispute. They further refuted the claims of AI Innovation and alleged that AI Innovations clandestinely applied for a patent of ‘MindFlayer’ even though they were not entitled to any IP Rights over the software application. They further alleged that AI Innovations did not employ the latest technology to develop the software. Artificiana claims that it has sent numerous communications to AI Innovation to develop the software in accordance with their discussions and the Agreement, but all in vain. They alleged that AI Innovations had misrepresented its technological capabilities and financial standing to induce Artificiana into entering into this collaboration. Responding to the Request for Arbitration, Artificiana claimed that they are the actual aggrieved party and it is them who should be granted damages, if any.
20. On 15 December 2022, in the absence of the agreement of the co-arbitrators, and upon Claimant’s request, the SIAC appointed Ms Erica Sinclair, as chairperson. On January 5, 2023, the Respondent submitted the challenge to Ms Erica’s appointment based on the following:

- (i) Ms. Erica failed to disclose that her husband, Mr. Murray Sinclair, was the chairman of the board of Data-mension, a Japanese-incorporated company that held 99% of Algorithmia, a company incorporated in England, and which, in turn, held 57% of AI Innovations' shareholding; and
- (ii) The connection between Ms. Erica's spouse and the Claimant in these proceedings was sufficient to establish the lack of Ms. Erica's independence and impartiality under the Indian laws, including the IBA Guidelines on Conflicts of Interest in International Arbitration.

21. The Respondent pointed out that although the information about Mr. Sinclair was available on the website of Data-mension since the beginning of the arbitration proceedings, it could only confirm the information that Mr. Sinclair was Ms. Erica's spouse on January 4, 2023, when Ms. Erica Sinclair responded to the request for clarifications submitted by the Respondent.

22. Subsequently, vide Procedural Order No. 5 dated March 15, 2023, the Arbitral Tribunal identified the issues under consideration which are as follows:

- (1) Whether the Arbitral Tribunal has the jurisdiction to hear the dispute?
- (2) Whether the challenge raised by the Respondent over Ms. Erica's appointment maintainable?
- (3) Whether the Claimant has ownership and proprietary rights over the Intellectual Property Rights of MindFlayer?
- (4) Whether the Respondent has breached the Agreement, thereby entitling the Claimant to seek damages?

23. It was decided that the hearing on merits shall take place on June 4, 2023, and the Arbitral Tribunal shall decide upon these issues.

24. At the hearing on merits, Respondent produced a print screen of an internal email of the Claimant, wherein Mr. Byers' sent an email to Mr. Brenner telling him about his interaction with Ms. Hopper. The email also mentioned the request for the use of updated technology by

the Respondent. Along with the new evidence, the Respondent moved an application to admit the said evidence.

25. The Claimant objected to the Respondent's submission of such document at the hearing, stating that (a) the purported document is inadmissible at this stage of the hearing; and (b) the email communication is an internal communication between the legal team and the CEO of the company and has been obtained illegally by the Respondent.

26. The Respondent submitted that it had only obtained this print screen the evening before the hearing, and hence it could not have produced it before. The Respondent further submitted that the said document is a crucial piece of evidence and hence must be admitted. Seeing the nature and complexity of the dispute, the Arbitral Tribunal, issued Procedural Order No. 6 dated June 4, 2023, amending the issues for adjudication. The Arbitral Tribunal added the following issue to the pre-existing list of issues:

(5) Whether the Printscreen produced by the Respondent at the stage of hearing, admissible?

27. The Arbitral Tribunal has listed the matter for November 2023, for final hearings on the issues.

INSTRUCTIONS:

- 1. The laws of RoboNation are pari materia to the laws of Singapore.*
- 2. The facts of this Moot Proposition are purely a work of fiction and purely intended for academic purpose.*
- 3. The participants are not required to frame any additional issue, whereas they are free to frame any sub-issues on the given issues.*
- 4. The Moot Proposition is drafted by Adv. Rishika Jain, Works in-house with the Legal Team of the Ambev Group, LLM- International Commercial Arbitration, Stockholm University. Any attempt to contact her regarding this moot shall result in disqualification.*

Annexure – A

Collaboration Agreement

Clause 5: Obligations of the Parties:

5.1 Artificiana shall provide financial contributions as agreed upon between the Parties. These contributions shall be disbursed according to the agreed schedule, with milestones tied to the development and deployment of the 'MindFlayer' software application.

5.2 AI Innovations shall provide technological expertise, AI algorithms, and innovation to drive the development of 'MindFlayer'. In return for their contributions, AI Innovations shall receive the financial contributions from Artificiana as specified in the Collaboration Agreement.

5.3 Artificiana shall ensure accurate representation of AI Innovations' contributions to 'MindFlayer' in all relevant communications, and media interactions. They shall provide due credit to AI Innovations' role.

Clause 12: Confidentiality

12.1 Each Party agrees to treat all information, data, documents, specifications, algorithms, software code, prototypes, trade secrets, business plans, and any other proprietary or confidential information ("Confidential Information") shared by the other Party as strictly confidential.

12.2 Confidential Information may only be disclosed to those employees, contractors, or representatives of the receiving Party who have a legitimate need to access such information for the purpose of the collaborative project. Prior written consent from the disclosing Party is required before any external disclosure is made.

12.3 Confidentiality obligations do not extend to information that is already publicly known, independently developed by the receiving Party, or rightfully obtained from a third party without breach of confidentiality.

12.4 Confidential Information shall only be used for the purposes of the 'MindFlayer' project as outlined in the Collaboration Agreement.

Clause 20: Intellectual Property Rights

20.1 In consideration of the services rendered and any payments made under this Agreement, AI Innovation shall retain all rights to any intellectual property (IP) created or developed during the course of the project till the completion of the project.

20.2 Upon successful completion of the project and full receipt of all payments due under this Agreement, AI Innovation shall transfer and assigns to Artificiana all rights, title, and interest in and to any IP created, developed, or otherwise arising from the project, including but not limited to patents, copyrights, trademarks, trade secrets, and any associated moral rights.

20.3 AI Innovation agrees to execute any documents or take any actions reasonably requested by Artificiana to effectuate the transfer and assignment of the aforementioned IP rights. Artificiana shall bear any reasonable expenses incurred by AI Innovation in executing such documents or actions.

20.4 This transfer and assignment shall be subject to the payment of all outstanding fees and expenses owed to AI Innovation under this Agreement. In the event of any payment default by Artificiana, AI Innovation retains the right to withhold the transfer and assignment of the intellectual property rights until such payments are settled.

20.5 Notwithstanding the transfer and assignment, AI Innovation reserves a non-exclusive, perpetual, royalty-free license to use any pre-existing materials or IP provided by AI Innovation to Artificiana solely for its internal business purposes.

20.6 This clause shall survive the termination of agreement.

Clause 23: Termination

23.1 Mutual Agreement: This Collaboration Agreement may be terminated by mutual written agreement between the Parties.

23.2 Material Breach: If either Party commits a material breach of any provision of this Agreement and fails to cure such breach within 10 days after receipt of written notice specifying the breach, the non-breaching Party may terminate the Agreement.

23.2 Notice of Termination: Either Party may terminate the Agreement by providing written notice to the other Party at least 30 days prior to the intended termination date.

23.3 Non-Renewal: If either Party decides not to renew the Agreement upon its expiry, notice must be given in accordance with the terms specified in the Agreement.

Clause 25: Dispute Resolution Clause

25.1. Any dispute, claim or difference arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination ("Dispute") shall be attempted to be resolved amicably and in good faith through direct negotiations. Either Party may initiate the negotiation process by sending a written notice to the other party outlining the nature of the dispute. The other party shall respond promptly with its own written response. The negotiation process shall have a duration of 60 days, during which both parties shall engage in a sincere exchange of information and make good faith efforts to reach a resolution. If the parties successfully resolve the dispute during this duration, they shall formalize the agreement in writing, and no further arbitration will be pursued.

25.2. In the event the negotiation under Clause 25.1 fails, the Dispute shall be subject to the exclusive jurisdiction of the Indian courts, except for Clause 25.3.

25.3. Notwithstanding the provisions of Clause 25.2, any Dispute may, upon the will of either Party, be referred to and finally resolved in accordance with the arbitration rules of the Singapore International Arbitration Centre ("SIAC"), which rules are, subject to the provisions of this Clause 25, deemed to be incorporated by reference into this Clause 25.

25.4. The Arbitral Tribunal shall consist of three arbitrators. If the two party appointed arbitrators cannot agree upon the appointment of the third arbitrator, they shall be appointed by the SIAC, at the request of either Party. The third arbitrator, irrespective of the method of appointment, shall not be of the same nationality as that of the Parties to this Agreement. The place of arbitration shall be Singapore and proceedings shall be conducted in English.

25.5. The Agreement may be governed by the laws of Indovia.