

AMAZON-FUTURE GROUP CASE: AMAZON MOVES SUPREME COURT

TAGS: GS-3: Economy, E-Commerce

CONTEXT:

- E-commerce major Amazon moved the Supreme Court to stay the operation of a Delhi High Court order of February 8, which had revoked an earlier direction to Future Group to maintain status quo on the sale of its retail assets to Reliance Industries.

Amazon bought **49%** in Future Coupons for **₹1,500 crore in 2019**

This gave it about **5% stake** in Future Retail (FRL)

As per Amazon's interpretation of their contract, Future cannot sell FRL shares to Reliance or any other competitor

Besides this, the American company says it also has the right of **first refusal**

JEFF BEZOS

KISHORE BIYANI

Deal had a **'call option'** that allows Amazon to acquire all or part of the promoters' shareholding in Future Retail between **2022 to 2029**

In Aug 2020, Reliance Retail agreed to acquire retail assets of Future Group

On Oct 5, Amazon sent a legal notice to Future Group and also approached the **Singapore International Arbitration Centre** for breach of contract

NEWS IN DETAILS:

- **Arbitrary and illegal:** Amazon said the February 8 order was 'ex-facie arbitrary and illegal'.
 - The order was passed by a Division Bench of the High Court on an appeal filed by Future Retail Limited (FRL).
- **Latest HC order v. Single judge bench order:** It had countermanded a Single Judge of the High Court order, which had directed FRL to maintain status quo on the deal with Reliance pending a final order.

CRITICISM:

- **Amazon's response:** Single Judge order to maintain status quo was directed for the limited purpose of protecting the substratum of the dispute till a detailed order was issued.
- However, the High Court, instead of waiting for a detailed order, has issued the interim order staying implementation Single Judge order without giving any reasons."
- Amazon urged the **apex court to protect its interests** by granting an **ex parte stay** on the deal between FRL and Reliance. The U.S. firm said the court should intervene to protect its rights as the "balance of convenience" was in its favour.
- **Against Arbitration act:** Amazon argued that an appeal, as preferred by FRL against the Single Judge's order, was barred under Section 17(2) of the Arbitration and Conciliation Act, 1996.

AMAZON V. FUTURE INDUSTRIES:

- **Reliance & Future Deal v. Amazon:** In its petition, Amazon alleged that the **₹24,713 crore deal with Reliance Industries violates its investment agreement with Future Group.**
 - It barred the company from selling its assets to Mukesh Ambani's conglomerate among other specified entities.
- **Amazon Petition:** Amazon had approached the Delhi court on 25 January with **a plea seeking detention of Future Group founders**, including its promoter Kishore Biyani, and seizure of their assets for violating the tribunal order.

SINGAPORE TRIBUNAL ORDER

- **Significant victory for Amazon:** The court's observation that **the Singapore tribunal order is enforceable in India** is a significant victory **for the American e-commerce giant**, controlled by billionaire Jeff Bezos.
- **Singapore tribunal order:** The tribunal **passed an interim order favouring Amazon in October**, barring Future Retail from taking any steps to sell or encumber its assets.

Source: The Hindu