

Supreme Court Applies the Doctrine of Transnational Issue Estoppel to Dismiss Objections to the Enforcement of a Singapore Award

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Introduction

In *Nagaraj V. Mylandla v PI Opportunities Fund-I and others*, 2026 INSC 298, the Supreme Court of India applied the doctrine of transnational issue estoppel to dismiss objections to the enforcement of a Singapore Award in enforcement proceedings before Indian Courts. The Singapore Award was upheld by the Singapore High Court and the judgment debtors raised the same grounds to object to the enforcement of the Singapore Award by Indian courts.

Factual Background

In the facts, disputes arose between investors and promoters on the exit available to the investors under a 2014 shareholders agreement amongst Financial Software and Systems Private Limited, its promoters Nagaraj V. Mylandla and Sharada Mylandla (Mylandlas), and investors holding 51% of the shares (Investors). The Exit Clause in the shareholders agreement provided an exit for the Investors by way of a Qualified Initial Public Offering (QIPO) by 2016. If the QIPO failed to materialize, the Investors were entitled to a series of alternative exit mechanisms, including secondary sale, buy-back, causing an IPO or strategic sale. The Agreement further provided that, the failure to provide such an exit would constitute a 'Material Breach'.

A dispute arose from the failure of the company and the Mylandlas to provide the Investors with an exit and the Investors initiated arbitration under the SIAC Rules in Singapore. The governing law of the agreement was Indian law.

The dispute was referred to a three-member arbitral tribunal under the SIAC Rules at Singapore. The tribunal passed a unanimous award in 2024 (Award), holding FSSPL and the Mylandlas jointly and severally liable to pay damages equivalent to the "exit price" of the shares as on 18 September 2020. The Award directed the Mylandlas to pay damages within 90 days and the Investors to surrender their shares against receipt of damages. If the Investors did not receive damages within 90 days, the Investors were entitled to enforce a Strategic Sale and the Mylandlas were directed to cooperate with the Strategic Sale implemented by the Investors, including by sale of their shares.

The Mylandlas challenged the Award before the Singapore High Court (Seat Court) on the grounds that the arbitral tribunal has not considered a 'waiver defence' and a 'buy-back' defence. The Award was upheld by the Seat Court in 2025 and the Mylandlas did not file a further appeal before the Singapore Court of Appeal. The Investors reiterated before the Seat Court that they would return their shares upon receipt of awarded damages.

Proceedings before the High Court of Madras (Enforcement Court)

The Investors initiated proceedings to enforce the Singapore Award in the Madras High Court which were objected to by the Mylandlas on the same grounds on which they had challenged the Award before the Seat Court. The Madras High Court examined the objections raised by the Mylandlas and held that since this issue was already decided by the Singapore High Court, the Mylandlas could not have argued the same in enforcement proceedings as the doctrine of "transnational issue estoppel" would apply.

The High Court rejected the contentions of the Mylandlas and held that the enforcement of a foreign arbitral award was not a *de novo* trial on merits and that a party cannot re-open issues that have been fully dealt with by an arbitral tribunal. The Singapore award was thus, held to be enforceable and deemed to be a decree passed by the Court. The Mylandlas challenged the Madras High Court judgment before the Supreme Court.

Issue before the Supreme Court

The primary issue before the Supreme Court was whether the application of "*transnational issue estoppel*" in relation to a challenge on the grounds of "*public policy*" is erroneous in law. The Mylandlas argued that the buy-back of shares was in violation of the provisions for a buy-back stipulated in the Companies Act, 2013, thereby contravening the fundamental policy of Indian law. The Mylandlas also contended that when damages were already awarded, the Tribunal could not have ordered for a strategic sale as a means of recovering the damages as this would amount to a violation of the Specific Relief Act, 1963.

Doctrine of Transnational Issue Estoppel

The Supreme Court followed the view of a three-judge Bench of the Court in *Vijay Karia, (2020) 11 SCC 1* that the Supreme Court's jurisdiction under Article 136 should be exercised to settle new or unique points of law to lay down the governing principle.

The Supreme Court traced the doctrine of issue estoppel in Indian law and considered its extension to cross-border proceedings relying on academic publications and case laws from England, Singapore and the United States, including the judgment of the House of Lords in *Carl Zeiss, [1967] 1 AC 853 (HL)*.

The Court held that once a foreign court or tribunal of competent jurisdiction has finally and conclusively adjudicated a specific issue, the parties are precluded from re-agitating that same issue in subsequent proceedings to challenge a foreign award or for enforcement of a foreign award. If a court is to deny estoppel owing to difference in law, it would mean that a foreign court examining the award would apply the same law as the forum court, which would undermine the enforceability of a foreign award.

The Supreme Court observed that since the Arbitral Tribunal and the Seat Court had already exhaustively considered the nature of the exit obligation, quantification of damages, issue of buy-back, election of remedies and the Specific Relief Act under Indian law, the Mylandlas were estopped from challenging such findings in enforcement proceedings before Indian courts. This recognition ensured that the enforcement court does not act as a court of appeal over a foreign award.

Interplay of Transnational Issue Estoppel with Public Policy

While the Act allows a court to refuse enforcement of a foreign award if a foreign award contravenes the public policy of India, the Supreme Court clarified that a party cannot seek review of an issue that stood rejected by the Seat Court by alleging a contravention of the public policy of India at the stage of enforcement proceedings before Indian Courts, as this is barred under the doctrine of transnational issue estoppel.

If the Seat Court took a view that the surrender of shares by the Investors pursuant to the Award amounted to a buy-back, the Mylandlas could have urged the public policy ground, but as the Seat Court held that there was no buy-back, the issue stood settled.

Conclusion

The Supreme Court dismissed the Special Leave Petitions and upheld the judgment of the Madras High Court to enforce the Singapore Award. The ruling underscores well-established principles of international arbitration law that once an issue is decided by a competent foreign arbitral tribunal and the same survives a challenge, parties are estopped from a further challenge in the course of enforcement proceedings before an Indian court because of the doctrine of transnational issue estoppel.

- *Ajay Bhargava (Partner); Arvind Kumar Ray (Partner); Vishal Shrivastava (Principal Associate) and Anushka Bagla (Associate)*



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