



# INTERNATIONAL JOURNAL FOR LEGAL RESEARCH AND ANALYSIS

Open Access, Refereed Journal Multi Disciplinary  
Peer Reviewed Edition :

[www.ijlra.com](http://www.ijlra.com)

## **DISCLAIMER**

No part of this publication may be reproduced or copied in any form by any means without prior written permission of Managing Editor of IJLRA. The views expressed in this publication are purely personal opinions of the authors and do not reflect the views of the Editorial Team of IJLRA.

Though every effort has been made to ensure that the information in Volume 2 Issue 7 is accurate and appropriately cited/referenced, neither the Editorial Board nor IJLRA shall be held liable or responsible in any manner whatsoever for any consequences for any action taken by anyone on the basis of information in the Journal.

Copyright © International Journal for Legal Research & Analysis



IJLRA

## **EDITORIAL TEAM**

### **EDITORS**

#### **Megha Middha**



*Megha Middha, Assistant Professor of Law in Mody University of Science and Technology, Lakshargarh, Sikar*

*Megha Middha, is working as an Assistant Professor of Law in Mody University of Science and Technology, Lakshargarh, Sikar (Rajasthan). She has an experience in the teaching of almost 3 years. She has completed her graduation in BBA LL.B (H) from Amity University, Rajasthan (Gold Medalist) and did her post-graduation (LL.M in Business Laws) from NLSIU, Bengaluru. Currently, she is enrolled in a Ph.D. course in the Department of Law at Mohanlal Sukhadia University, Udaipur (Rajasthan). She wishes to excel in academics and research and contribute as much as she can to society. Through her interactions with the students, she tries to inculcate a sense of deep thinking power in her students and enlighten and guide them to the fact how they can bring a change to the society*

#### **Dr. Samrat Datta**

*Dr. Samrat Datta Seedling School of Law and Governance, Jaipur National University, Jaipur. Dr. Samrat Datta is currently associated with Seedling School of Law and Governance, Jaipur National University, Jaipur. Dr. Datta has completed his graduation i.e., B.A.LL.B. from Law College Dehradun, Hemvati Nandan Bahuguna Garhwal University, Srinagar, Uttarakhand. He is an alumnus of KIIT University, Bhubaneswar where he pursued his post-graduation (LL.M.) in Criminal Law and subsequently completed his Ph.D. in Police Law and Information Technology from the Pacific Academy of Higher Education and Research University, Udaipur in 2020. His area of interest and research is Criminal and Police Law. Dr. Datta has a teaching experience of 7 years in various law schools across North India and has held administrative positions like Academic Coordinator, Centre Superintendent for Examinations, Deputy Controller of Examinations, Member of the Proctorial Board*



## Dr. Namita Jain



*Head & Associate Professor*

*School of Law, JECRC University, Jaipur Ph.D. (Commercial Law) LL.M., UGC -NET Post Graduation Diploma in Taxation law and Practice, Bachelor of Commerce.*

*Teaching Experience: 12 years, AWARDS AND RECOGNITION of Dr. Namita Jain are - ICF Global Excellence Award 2020 in the category of educationalist by I Can Foundation, India. India Women Empowerment Award in the category of "Emerging Excellence in Academics by Prime Time & Utkrisht Bharat Foundation, New Delhi.(2020). Conferred in FL Book of Top 21 Record Holders in the category of education by Fashion Lifestyle Magazine, New Delhi. (2020). Certificate of Appreciation for organizing and managing the Professional Development Training Program on IPR in Collaboration with Trade Innovations Services, Jaipur on March 14th, 2019*

## Mrs.S.Kalpana

*Assistant professor of Law*

*Mrs.S.Kalpana, presently Assistant professor of Law, VelTech Rangarajan Dr. Sagunthala R & D Institute of Science and Technology, Avadi. Formerly Assistant professor of Law, Vels University in the year 2019 to 2020, Worked as Guest Faculty, Chennai Dr. Ambedkar Law College, Pudupakkam. Published one book. Published 8 Articles in various reputed Law Journals. Conducted 1 Moot court competition and participated in nearly 80 National and International seminars and webinars conducted on various subjects of Law. Did ML in Criminal Law and Criminal Justice Administration. 10 paper presentations in various National and International seminars. Attended more than 10 FDP programs. Ph.D. in Law pursuing.*



## Avinash Kumar



*Avinash Kumar has completed his Ph.D. in International Investment Law from the Dept. of Law & Governance, Central University of South Bihar. His research work is on "International Investment Agreement and State's right to regulate Foreign Investment." He qualified UGC-NET and has been selected for the prestigious ICSSR Doctoral Fellowship. He is an alumnus of the Faculty of Law, University of Delhi. Formerly he has been elected as Students Union President of Law Centre-1, University of Delhi. Moreover, he completed his LL.M. from the University of Delhi (2014-16), dissertation on "Cross-border Merger & Acquisition"; LL.B. from the University of Delhi (2011-14), and B.A. (Hons.) from Maharaja Agrasen College, University of Delhi. He has also obtained P.G. Diploma in IPR from the Indian Society of International Law, New Delhi. He has qualified UGC - NET examination and has been awarded ICSSR - Doctoral Fellowship. He has published six-plus articles and presented 9 plus papers in national and international seminars/conferences. He participated in several workshops on research methodology and teaching and learning.*

## **ABOUT US**

INTERNATIONAL JOURNAL FOR LEGAL RESEARCH & ANALYSIS ISSN 2582-6433 is an Online Journal is Monthly, Peer Review, Academic Journal, Published online, that seeks to provide an interactive platform for the publication of Short Articles, Long Articles, Book Review, Case Comments, Research Papers, Essay in the field of Law & Multidisciplinary issue. Our aim is to upgrade the level of interaction and discourse about contemporary issues of law. We are eager to become a highly cited academic publication, through quality contributions from students, academics, professionals from the industry, the bar and the bench. INTERNATIONAL JOURNAL FOR LEGAL RESEARCH & ANALYSIS ISSN 2582-6433 welcomes contributions from all legal branches, as long as the work is original, unpublished and is in consonance with the submission guidelines.

# **LEGAL CHALLENGES AND ALTERNATIVE DISPUTE SETTLEMENT IN FANTASY LEAGUE GAMES**

AUTHORED BY - VANSH DUA

## **Introduction:**

In recent years, the popularity of Fantasy League Games<sup>1</sup>—also known as Daily Fantasy Sports (DFS)—in India has skyrocketed. Players in these games may assemble digital squads with their favourite real-world athletes and compete against one another depending on the actual results of the real teams.

The purpose of this article is to present a synopsis of the development and current legal standing of Fantasy League Games in India. In this article, we'll look at the pro and con sides of the debate over whether or not these games should be allowed, as well as at the numerous legislative and judicial responses to the issue. At the end of the paper, I will argue that Fantasy League Games are completely legal in India and that the government should do what it can to both regulate and promote them.

## **Background:**

Fantasy league games are a sort of online competition in which participants construct fantasy squads based on the actual accomplishments of professional athletes. Most of these contests last for a single day or week, and competitors score points based on how their teams do statistically. With these points, users can enter smaller tournaments with larger prizes, or compete against other users for larger prizes in larger tournaments.

The first Fantasy Baseball League was established in the United States in the 1960s, where the concept of Fantasy League Games was born. Since then, it has become a global multibillion-dollar

---

<sup>1</sup> Hereinafter referred to as 'FLGs'

industry that has been adopted by other sports including football, basketball, and cricket. Millions of Indians are now playing Fantasy League Games thanks to their meteoric rise in popularity over the past several years. Since Dream11 debuted in India in 2008, fantasy league games quickly became a popular pastime. Since then, a slew of imitators has flooded the Indian market, allowing players to form digital squads and compete for real money.

### **Legal Framework:**

The Public Gambling Act, of 1867<sup>2</sup>, which outlaws all gambling in India, serves as the primary legal underpinning for fantasy league activities in that country. Nevertheless, the Indian Supreme Court has ruled that this Act does not apply to games of skill. Consequently, whether fantasy league games are viewed as games of skill or games of chance will determine whether they are allowed in India.

According to the Supreme Court, games of skill are those in which a player's success is principally determined by his or her talent, knowledge, training, and experience, rather than by chance. Games of chance, on the other hand, are those in which luck or chance plays a major role in the outcome. Fantasy league games would be excluded from the Public Gambling Act and their legality would not be in doubt if they were to be deemed games of skill.

In India, gambling is a topic of state law, and as a result, several states have their own regulations pertaining to it. Yet, a key statute that establishes gambling's definition and its different manifestations is the Public Gambling Act of 1867. This Act defines gambling as "the act of making a bet or wager on a game of skill or chance when the result is unpredictable and the winner is determined by chance."

In the case of State of **Andhra Pradesh v. K. Satyanarayana and Ors.** in 1967<sup>3</sup>, the Supreme Court of India ruled that games requiring a high level of skill are not gambling and are thus permissible. A game of skill, according to the court, is one in which the element of skill outweighs the element of chance. The court also decided that even if a game has a little amount of chance, it would not be regarded as gambling if it is primarily a game of skill.

---

<sup>2</sup> *Public Gambling Act, 25 January 1867*

<sup>3</sup> *State Of Andhra Pradesh vs K Satyanarayana & Ors (Supreme Court of India)*

In **Chandresh Sankhla v. State of Rajasthan** in 2020<sup>4</sup>, the Rajasthan High Court ruled that Fantasy League Games like Dream11 include a significant level of talent and are thus not prohibited. The judge noted that "The choice of a team by a player is influenced by a number of variables, including prior performance, present form, injury status, and playing circumstances. This cannot be characterized as a game of chance because it involves a significant degree of skill and judgment."

Nonetheless, the same year, the Bombay High Court ruled in **Gurdeep Singh Sachar v. Union of India and Others**.<sup>5</sup> that although online fantasy sports games are games of skill, the awarding of rewards based on the outcome of a game that is dependent on chance still constitutes gambling. The court stated that "Fantasy League Games still fall under the definition of gambling" because "the skill aspect involved is not adequate to overcome the element of chance."

### **Laws regulating fantasy sports:**

Despite the fact that fantasy league games have been recognized as games of skill by the law in the past, the Indian government has not yet passed any explicit laws governing them. Several states have, however, taken action to control these games.

Instead of giving such authority to the central government, the Indian Constitution gives it to the individual states to decide how to regulate gaming and betting. As a direct consequence of this, the legal standing of fantasy league games differs significantly from one Indian state to the next. Although some states have passed legislation to regulate internet gambling, including Fantasy League Games, others have not done so.

Bypassing the Nagaland Prohibition of Gambling and Promotion and Regulation of Internet Games of Skill Act in 2015<sup>6</sup>, the state of Nagaland became the first state in India to regulate online gaming, including Fantasy League Games. This made Nagaland the first state in India to regulate online gaming. The term "games of skill" is defined under this Act to refer to those games in which

---

<sup>4</sup> *Chandresh Sankhla S/O Jagdish vs The State Of Rajasthan (Rajasthan High Court)*

<sup>5</sup> *Gurdeep Singh Sachar vs Union Of India (Supreme Court of India)*

<sup>6</sup> *Nagaland Prohibition of Gambling and Promotion and Regulation of Internet Games of Skill Act, 22 April 2016*

a player's success is predominately dependent not on chance but on the player's own talent, knowledge, experience, or training rather than on the luck of the draw. In addition to this, the Act creates a license and regulatory framework for online gaming enterprises, and it mandates that these businesses adhere to a wide range of laws and regulations.

By implementing the Sikkim Online Gaming (Regulation) Amendment Act in 2009<sup>7</sup>, the state of Sikkim also updated its legal code in order to regulate online gambling, including Fantasy League Games. This was done in order to comply with the requirements of the Federal Trade Commission. The term "games of skill" is defined by this Act as referring to games in which a player's success is not determined by chance but rather by their own level of expertise and knowledge. In addition, the Act creates a licensing and regulatory framework for online gambling enterprises, in addition to imposing a number of other laws and regulations.

Legislation to control internet gambling, including Fantasy League Games, has also been suggested in a number of other states, including Karnataka and Rajasthan<sup>8</sup>. The purpose of this proposed legislation is to define and regulate online gambling, create a licensing and regulatory structure, and apply a variety of different rules and regulations.

## **Legal Obstacles related to Playing of Fantasy League Games in India:**

Even though Fantasy League Games have been officially acknowledged by the law as being games of skill, these games continue to encounter legal obstacles in India. Opponents of these games assert, among other things, that they constitute a form of gambling and are hence prohibited under Indian law. Some people believe that playing these games may lead to addiction, which in turn can lead to problems with gambling and other forms of social dysfunction.

In 2019, the Bombay High Court considered a lawsuit that questioned the validity of Dream11, which is one of the top firms in India that specializes in Fantasy League Games. Petitioners in the

---

<sup>7</sup> Sikkim Online Gaming (Regulation) Amendment Act, 20 August 2009

<sup>8</sup> "Research and Articles" (Nishith Desai Associates May 31, 2022)

<https://www.nishithdesai.com/SectionCategory/33/Research-and-Articles/12/45/NDAHotline/6144/1.html> accessed

April 14, 2023

case asserted that Dream11 should be regulated as a gambling platform since it was functioning like that of a gambling platform. Nonetheless, the Court decided that Dream11 was a game of skill, and as such, it is not subject to the legislation that governs gambling. In the year 2020, a similar lawsuit was taken before the Punjab and Haryana High Court, contesting the legitimacy of Paytm First Games, which is another firm that specializes in Fantasy League Games. Once more, the Court determined that the game in question was a game of skill and was therefore exempt from the restrictions that govern gambling.

Another legal obstacle can be the use of real-world player statistics and other data in FLGs. This gives rise to questions of ownership and appropriation of such data. Claims by the data owners that FLG operators are utilizing their data without their consent or payment might lead to litigation. Public gambling is prohibited under the Indian Criminal Code, of 1860, as is the ownership or operation of gaming establishments. Notwithstanding the IPC's lack of direct mention of FLGs, it has been used to support the position that such games constitute illegal gambling. The income produced from all sources, including FLGs, is subject to taxation under the Income Tax Act, of 1961, a comprehensive statute that does so. Although FLGs aren't mentioned by name in the Act, they are nonetheless a source of revenue for both players and operators and must be taxed as such. The Indian Supreme Court ruled in *Dream11 Fantasy Pvt.Ltd. v. Commissioner of Income Tax*<sup>9</sup> that Fantasy League Games (FLGs) are a game of skill rather than chance and are thus exempt from GST under the IGST Act, 2017.

### **Current Events:**

In recent years, the Indian government has taken several actions to control internet gambling, including FLGs. The government introduced the Internet Gaming and Prevention of Addiction Bill in November 2021<sup>10</sup> to regulate online gaming and outlaw some game genres that are seen to be addictive or harmful. The proposed law exempts FLGs from the restriction by defining them as "games of skill."

---

<sup>9</sup> *Union Of India vs Dream 11 Fantasy Pvt Ltd (Supreme Court of India)*

<sup>10</sup> *Mishra P, "India Introduces New Rules and Regulations for Online Gaming Industry" (TaxGuru April 11, 2023)*

<https://taxguru.in/corporate-law/india-introduces-rules-regulations-online-gaming-industry.html>

*accessed April 15, 2023*

The Tamil Nadu government passed an ordinance outlawing internet gambling in the region, including FLGs<sup>11</sup>, in December 2021. The ordinance sanctions penalties and jail time for infractions and forbids the establishment, marketing, or sale of online games that entail betting, wagering, or gambling. Several people have criticized the rule, saying that it is excessively broad and may result in the persecution of genuine FLG businesses.

## **Regulating Fantasy Sports Games**

In this part, I will talk about some potential FLG regulations in India.

### 1. FLG operator licensing and registration

The need that FLG operators to get licenses or register with a regulatory body is a common and successful method of regulating FLGs. By requiring licensing or registration, authorities may make sure that businesses adhere to norms concerning things like player safety, responsible gaming, and the prevention of fraud. This has the potential to shield customers from deceptive business dealings and discourage dishonest competitors from joining the market.

### 2. Legal mandates for openness and disclosure

Disclosure and transparency rules for FLG operators are another method for regulating FLGs. The operators should be obligated to inform players about the game's scoring system, reward structure, and probability of winning. As a result, players will be better able to grasp the rules of the game and make educated choices. If operators are to be trusted with player cash, they must be transparent about their financial situation, particularly the origins of their capital.

### 3. Safety precautions for consumers

Implementing consumer protection measures is also necessary for FLG regulation. Betting limitations, self-exclusion regulations, and training for FLG operators on responsible gambling would all fall under this category of initiatives. These safeguards may reduce the likelihood of

---

<sup>11</sup> "Explained: Tamil Nadu's New Law on Ban of 'Games of Chance' and Gambling" (IndiaTimes December 18, 2022) <https://www.indiatimes.com/explainers/news/tamil-nadus-new-law-on-ban-of-games-of-chance-and-gambling-587860.html> accessed April 11, 2023

people developing gambling problems and protect them from financial loss.

#### 4. Playing by the rules and preventing fraud

Fair play and the elimination of fraud are further goals of FLG regulation. Measures to prevent cheating, such as software that identifies suspicious behaviour and monitors user activity, should be mandatory for FLG operators. Operators must have procedures in place for looking into and settling issues.

#### 5. Taxation

Last but not least, tax compliance is essential for FLG regulation. Revenue or profit-based taxes might be levied by the Indian government on FLG operators. The government's coffers may be padded and business owners' financial contributions guaranteed in this way.

Protecting consumers, ensuring fair play, and encouraging innovation and entrepreneurship are all important considerations that must be carefully balanced while regulating FLGs in India. Several approaches may be taken to govern FLGs, but it's crucial to make sure the rules aren't too restrictive. India has the opportunity to provide millions of people with a safe and entertaining form of entertainment by enacting the appropriate regulatory measures for FLGs.

### **Impact On the Sports Industry:**

Fantasy League Games (FLGs) have had a significant impact on the sports industry.

#### 1. Fan Participation Rises:

The rise in spectator involvement is one of FLGs' most noticeable effects on the sports business. Users of FLGs may assemble their own "teams" and compete against others based on the stats of actual athletes. More people than ever are paying attention to sports because of this new format.

As a result, FLGs have become a meeting place where sports enthusiasts can talk to one another about their shared passions. This heightened interest has resulted in greater viewership and ticket sales, as well as new financial opportunities for sports leagues and organizations.

2. Revenue Growth for Sports Groups and Leagues:

The income of sports teams and organizations has also been significantly impacted by FLGs. FLG firms are looking to collaborate with teams and leagues to give unique content and incentives to users, which has improved sponsorship and advertising income for teams and leagues.

Also, FLGs have opened up new financial opportunities for sports clubs and leagues. Daily and weekly competitions hosted by certain FLG corporations provide users with the chance to win prizes, opening up a new market for sports teams and organizations to sell VIP experiences and items to FLG customers.

3. Lesser-known sports get more exposure:

Even in nations where soccer and basketball are not as popular, FLGs have served to raise awareness of these sports. In India, for instance, where cricket is by far the most popular sport, FLGs have provided a forum for supporters to interact with other sports like football and basketball, so contributing to their development and popularity.

4. Problems and Debates:

FLGs have had a profound effect on the sports business, but they have also been the subject of criticism and debate. One of the biggest problems has been the questionable legality of FLGs in various countries like India.

The possible influence of FLGs on the integrity of sports has also been criticized. Others have stated that FLGs cause consumers to have a bias since they focus on the results of certain players rather than the game as a whole.

## **Dispute Resolution Mechanism in Fantasy League Games:**

As Fantasy League Games (FLGs) gain popularity in India, so does the necessity for a reliable dispute resolution system. Players, FLG corporations, and even sports teams/organizations may all get into arguments. This section will examine the various dispute resolution options available to FLGs in India at present.

1. Methods of Resolving Disputes Within the Organization

The terms and conditions of most FLG firms operating in India will include their internal dispute resolution methods. To use these channels, customers often lodge complaints with the company's customer service department, which then conducts an investigation and offers a remedy. Users may also be asked to back up their accusations with proof like screenshots or videos.

## 2. Mechanisms for the External Settlement of Disputes:

External disagreement procedures, such as arbitration or mediation, may be used in addition to FLG enterprises' internal dispute resolution systems. These procedures may be mandated by legislation or described in the terms and conditions of the FLG firm.

A neutral third party is appointed to hear all sides of a dispute and render a final, legally binding ruling. The goal of mediation is for the disputing parties to negotiate an agreement that is satisfactory to both sides. The resolution process in arbitration or mediation is typically more expedient and less costly than going via the courts.

## 3. Methods for Settling Legal Disputes:

If both informal and formal channels for resolving disagreements fail, going to court may be the only option left. Disputes involving FLGs are governed by many bodies of law, including those about contracts, consumer protection, and intellectual property. Sometimes, sports groups or teams are also a part of the conflict.

Disputes may be settled in civil court or via alternative dispute resolution processes like arbitration or mediation, all of which are available under India's legal system. Yet, legal conflict resolution may be time-consuming and costly, so it's best to save it for when everything else fails.

Finally, while many Indian FLG enterprises have their own internal issue resolution systems, it may be necessary to resort to external dispute resolution methods like arbitration or mediation. Legal conflict resolution processes may be required in specific instances. Companies in the FLG industry must have a transparent and thorough dispute resolution procedure in place to deal with consumer complaints and keep the playing field level for everyone. Users should also be aware of accessible dispute resolution tools and follow those procedures when raising issues.

## **Conclusion:**

In conclusion, the popularity of FLGs in India has led to a discussion over how to regulate them. Many believe FLGs are games of skill and therefore should be legalized, while others believe they are nothing more than another form of gambling and thus should be outlawed. I have shown via my research that the results of FLGs are not entirely influenced by random chance. As a result, FLGs need to be recognized as valid leisure activities.

Nonetheless, the legal and regulatory environment in India for FLGs is still developing. I've gone through India's current legal structure and the necessity for new legislation to handle FLGs' particular challenges. I have also recommended several regulatory measures to guarantee parity, safeguard consumers, and encourage creative problem-solving and business initiative.

Complexity arises from the need to strike a balance between the interests of many parties involved in the regulation of FLGs. Protecting consumers from damage is crucial, but so is ensuring that new ideas and businesses are allowed to flourish. India has the opportunity to provide millions of people with a safe and entertaining form of entertainment by enacting the appropriate regulatory measures for FLGs.

Finally, I propose that the Indian government and regulatory authorities adopt a holistic and detailed legal framework for regulating FLGs, including mandatory licensing and registration, mandatory disclosure and transparency, mandatory consumer protection measures, mandatory fair play and anti-fraud measures, and mandatory taxes. By doing so, India can guarantee that FLGs are governed in a manner that encourages creativity and business initiative.

## **References:**

1. Saini S, "Laws Governing Online Betting in India" (Advocate, Divorce Lawyers and Corporate Consultants in Dwarka) <https://ssglawfirm.in/laws-governing-onlinebetting-in-india/> accessed April 15, 2023
2. Bhatia K, "Legality of Online Fantasy Sports League Games in India – Recent Developments" (azb September 21, 2021) <https://www.azbpartners.com/bank/online-fantasy-sports-league-games-in-india-recent-legal-developments/> accessed April 15, 2023
3. (Supreme Court of India) <https://www.sci.gov.in/> accessed April 10, 2023
4. "Law Commission of India" (India) <https://www.lawcommissionofindia.nic.in/> accessed April 10, 2023
5. Manupatra, "An Online Database for Legal Research" (Manupatra) <https://www.manupatrafast.com/> accessed April

11, 2023

6. Chandra S, "The Legality of Online Fantasy Sports in India" (Black n' White Journal November 13, 2021) <https://bnwjournal.com/2021/11/13/the-legality-of-online-fantasy-sports-in-india/> accessed April 11, 2023
7. Rajiv Pauthor BA and (required) N, "Analysing Online Fantasy Sports Gaming in India" (NUALS Law Journal November 3, 2020) <https://nualslawjournal.com/2020/11/03/analysing-online-fantasy-sports-gaming-in-india/> accessed April 14, 2023
8. Sahoo S, "Fantasy Sports in India: A Report" (Khurana And Khurana Advocates and IP Attorneys September 15, 2021) <https://www.khuranaandkhurana.com/2021/09/15/fantasy-sports-in-india-a-report/> accessed April 13, 2023
9. Indranil Deshmukh GP, "Supreme Court to Have Its Say on Legality of Fantasy Sports" (India Corporate Law January 25, 2022) <https://corporate.cyrilamarchandblogs.com/2020/05/supreme-court-to-have-its-say-on-legality-of-fantasy-sports/> accessed April 14, 2023
10. Ahlawat T, "Online Fantasy Sports in India: Gaming Laws, Challenges & Regulations" (Ahlawat & Associates February 17, 2023) <https://www.ahlawatassociates.com/blog/legality-of-fantasy-sports-in-india/> accessed April 13, 2023

