

## THE ART TUSSLE

*By Yukta Joshi*

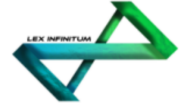
In November 2023, **Canvas ArtCreators LLP** (“Canvas”), a boutique art studio specializing in contemporary and traditional paintings, entered into a Consignment Agreement (“Agreement”) with **ArtHaven Curators Pvt. Ltd.** (“ArtHaven”), a prominent curator and reseller of fine art, to feature and sell a collection of 15 paintings at ArtHaven’s prestigious exhibition, "Lyrical Landscapes," held in Goa from February 15, 2024, to May 31, 2024.

The consignment deal was a strategic collaboration aimed at bringing Canvas’s distinctive and high-quality artworks to ArtHaven’s expansive network of art collectors. ArtHaven, known for curating exclusive art exhibitions, sought to feature Canvas’s work as a part of its growing collection of diverse artists. In exchange, Canvas hoped to leverage ArtHaven’s reputation and extensive distribution channels to gain exposure and broaden its market reach, particularly in urban centers like Goa, Mumbai, and Bengaluru.

The consignment deal valued the 15 paintings at ₹50,00,000. According to the Agreement, ArtHaven was required to pay an upfront amount of ₹10,00,000, as advance amount (i.e., 20% of the total value) upon delivery of the paintings by Canvas, with the balance amount to be remitted within 15 days of each painting’s sale at the exhibition. Ownership of the paintings was to remain with Canvas until full payment was received by Canvas. Any paintings unsold at the end of the exhibition were to be returned to Canvas in their original condition no later than August 31, 2024.

The exhibition attracted a fair amount of interest and 10 paintings were sold. However, after the exhibition, significant issues arose. Canvas claims that ArtHaven has only paid ₹25,00,000 (including the advance payment) as against





the due of 40 Lakhs for the sale of 10 paintings and have failed to pay the remaining ₹15,00,000 for the sold paintings, citing deductions and discounts made by ArtHaven. These deductions, Canvas argues, were made without its prior approval. ArtHaven, on the other hand, has stated that some of the paintings arrived with visible damage upon delivery. Three paintings, according to ArtHaven, had to be sold at a discounted price due to these damages.

Additionally, two paintings were refunded to buyers after quality concerns were raised, further complicating the payment issue. ArtHaven claims these deductions were necessary to maintain good customer relationships and protect their business reputation.

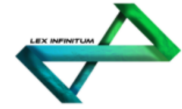
The issue of unsold paintings further complicates the matter. While ArtHaven has not yet returned the five unsold paintings, it argues that logistical difficulties and the fragile nature of the artworks have delayed their return but Canvas sees this as an unnecessary delay and breach of the Agreement. Furthermore, Canvas alleges that two paintings as refunded and returned to them earlier in the process were severely damaged, making them unmarketable. ArtHaven denies responsibility for this damage, asserting that the paintings were already in poor condition when they were delivered to the exhibition.

At the heart of this dispute are several claims as raised by Canvas:

1. Payments: Canvas seeks full payment for the sold paintings i.e., ₹40,00,000 and claims that the deductions made by ArtHaven were unauthorized and a violation of the Agreement.

2. Return of Unsold Paintings: Canvas demands the return of the five unsold paintings or compensation if ArtHaven is unable to deliver them.





3. Damages to Paintings: Canvas claims that the two paintings returned to them in damaged condition should be compensated for, as it believes ArtHaven is responsible for the damages.

4. Breach of Contract: Canvas asserts that ArtHaven failed to comply with several key terms of the consignment agreement, particularly concerning payment timelines and the return of unsold paintings.

ArtHaven, for its part, seeks to justify the deductions by arguing that the damages and refunds were unavoidable. It claims that the economic realities of the Indian market, coupled with the logistical difficulties of returning unsold paintings, necessitated the delay and adjustments. ArtHaven also contends that it is not liable for the damage to the returned paintings, as the artworks were already in poor condition when they were delivered.

Canvas wishes to take the matter to court, however ArtHaven has requested Canvas for mediation and Canvas was convinced for the same to avoid a protracted legal battle and find an amicable resolution to preserve their future business relationship.

Canvas is represented by *Ms Neha Khanna*, Managing Partner of Canvas Creations LLP along with their authorized legal counsel and ArtHaven is represented by *Mr. Kabir Desai*, Director and Chief Curator of ArtHaven Curators Pvt. Ltd. along with their in-house legal counsel.

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