CONTENTS

Foreword page xiii
Preface xv
Table of Cases xviii
List of Abbreviations xxv

PART I Why Do We Need a Theory of Legitimate Expectations? 1

1. Introduction 3

1.1 Setting the Scene: Legitimate Expectations in Search of a Principled Justification 3

1.2 Three Reasons for a Theory of Legitimate Expectations 5

1.2.1 Lack of Conceptual Clarity 6

1.2.2 Lack of Doctrinal Structure and the Adjudicative Problem 7

1.2.3 Legitimacy Deficit and Protection of Legitimate Expectations 8

1.3 The Argument: Protection against Detrimental Reliance as the Core of Protection of Legitimate Expectations 9

1.4 Theoretical and Practical Relevance and Contribution of the Book 13

1.5 Miscellaneous Points: Scope of the Book 14

2 The Formalist Conception of Legitimate Expectations and Different Paradigms of the Investment Treaty Regime: A Critique 16

2.1 Introduction 16
2.2 Public Law Conception of Protection of Legitimate Expectations 18
  2.2.1 Legitimate Expectations as a General Principle of Law Revisited 18
  2.2.2 Argument by Analogy for the Public Law Conception of Legitimate Expectations 21

2.3 Public International Law Conception of Protection of Legitimate Expectations 33
  2.3.1 Treaty and Customary Law Basis for Protection of Legitimate Expectations 34
  2.3.2 Failure of the Good Faith Argument to Provide the Legal Basis for Protection of Legitimate Expectations 36
  2.3.3 Estoppel as the Legal Basis for Protection of Legitimate Expectations 37
  2.3.4 Legitimate Expectations through the Lens of the Doctrine of Unilateral Acts 41
  2.3.5 Precedent–based Approach to the Justification of Legitimate Expectations 47

2.4 Conclusion 49

PART II  What Is the Theory of Legitimate Expectations? 51
3 Theoretical Foundations for the Use of Moral Philosophy of Promise and Conceptualisation of Legitimate Expectations 53
  3.1 Introduction 53
  3.2 First Principles in Moral Philosophy of Promise and Protection of Legitimate Expectations 54
    3.2.1 ‘Promise’ as the Source of Expectations: Recognition of Arbitral Jurisprudence 55
    3.2.2 Specific Types of Expectations Protected under the Principle of Legitimate Expectations 58
  3.3 Methodological Caveats 59
  3.4 Three Conceptions of Promissory Obligation and a Theory of Legitimate Expectations 60

4 The Voluntarist Conception of Legitimate Expectations and Enforcement of Sovereign Promise 64
## Table of Contents

4.1 Introduction 64

4.2 Conceptual Analysis of Legitimate Expectations and the Voluntarist Theory of Promise 65
   4.2.1 Promise, Normative Power and Natural Law Thinking 66
   4.2.2 Non-conventional Voluntarist Conception of Promise 69
   4.2.3 Conventionalist Voluntarist Conception of Promise 70
   4.2.4 A Critique of Voluntarist Theories and the Conceptual Framework of Legitimate Expectations 72

4.3 Normative Implication of the Voluntarist Conception of Legitimate Expectations 75
   4.3.1 Assimilation of Contractual Right and Treaty Right 75
   4.3.2 Limited Scope of Legitimate Expectations and Administrative Representations 89
   4.3.3 ‘Neutralization of the Normative Power of States’: Legal Stability and Voluntarist 94

4.4 Critical Reflections on the Voluntarist Conception of Legitimate Expectations 100

5 Letting Investors Down; Protection of Trust and the Assurance Conception of Legitimate Expectations 104

5.1 Introduction 104

5.2 Constructing the Analytical Framework Based on the Assurance Theory of Promise 106
   5.2.1 The Principle of Fidelity and Promissory Obligation 107
   5.2.2 Normative Implication of the Principle of Fidelity on Conceptualisation of Legitimate Expectation 111
   5.2.3 Conclusion: Rejection of the Assurance Conception of Legitimate Expectations 123

5.3 Variant Conception: Trust Theory of Promise and Legitimate Expectations 124
   5.3.1 Conceptual Foundations of Trust View of Promise 125
5.3.2 Trust-based Conception of Legitimate Expectation as Applied in English Public Law 126
5.3.3 Assessing the Transposition of the Trust Conception of Legitimate Expectations to Investment Treaty Context 130

5.4 Conclusion 133

6 Protecting against Investor’s Detrimental Reliance: Reliance Conception of Legitimate Expectations 134
6.1 Introduction 134
6.2 The Reliance Theory of Promise and Conceptualisation of Legitimate Expectations 135
6.2.1 The Underlying Philosophical Framework Based on MacCormick’s and Atiyah’s Theories of Promise 135
6.2.2 Reformulated Reliance Principle and Protection of Legitimate Expectations 139
6.3 Normative Implications of the Reliance Conception of Legitimate Expectations 141
6.3.1 The ‘Conduct’ Capable of Creating Legitimate Expectations 141
6.3.2 Act of Reliance: Conception and Characteristics 153
6.3.3 Reasonableness of Expectations: Resolving the Mystery Case of Reasonable Investor 158
6.4 Critical Reflections on the Reliance Conception of Legitimate Expectations 170

7 In Search of the Most Suitable Conception of Legitimate Expectations 172
7.1 Introduction 172
7.2 Three Contending Conceptions of Legitimate Expectations 173
7.3 ’Best-Fit’ Criteria for Choosing the Unifying Conception of Legitimate Expectations 173
7.3.1 Macro Aspect of the Investment Treaty Regime 176
7.3.2 Micro Aspect of the Investment Treaty Arbitration 178
# Table of Contents

7.4 Proposed Guidelines for the Application of the Reliance Theory of Legitimate Expectations 182

**PART III** Application of the Reliance Theory of Legitimate Expectations 185

8 Normative Consequences of the Reliance Theory of Legitimate Expectations 187

8.1 Introduction 187

8.2 Restrictive Scope of Protection of Legitimate Expectations 187
  8.2.1 Rejection of the Catchall Conception of Legitimate Expectations 188
  8.2.2 Exclusion of Rhetorical Use of Legitimate Expectations 190

8.3 Application of the Reliance Theory of Legitimate Expectations in Different Situations 193
  8.3.1 Protection of Legitimate Expectations Arising from Contract and the Reliance Theory 193
  8.3.2 Boundary of Legitimate Expectations of Legal Stability and the Reliance Conception 202
  8.3.3 Protection of Expectations Created by Non-legally Binding Representations 215

8.4 Relationship between the Reliance Theory and Other Relevant Rules 224
  8.4.1 Umbrella Clause and the Reliance Theory of Legitimate Expectations 225
  8.4.2 Principle of Non-arbitrariness and the Reliance Theory of Legitimate Expectations: Two Different Principles 228
  8.4.3 The Reliance Theory of Legitimate Expectations and Estoppel Principle 230

9 Rethinking Remedies for a Breach of Legitimate Expectations: Corrective Justice and Reliance Damages 233

9.1 Introduction 233

9.2 Argument for Detrimental Reliance-based Relief 235
  9.2.1 'Principle' Considerations 236
<table>
<thead>
<tr>
<th>CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.2.2 Policy Considerations  242</td>
</tr>
<tr>
<td>9.2.3 Authority (Case Law) Considerations  245</td>
</tr>
<tr>
<td>9.3 A Critique of the Current Remedial Framework Based on the Interstate Rules  248</td>
</tr>
<tr>
<td>9.3.1 Fictional Notions of Damage and Victim  251</td>
</tr>
<tr>
<td>9.3.2 Restitution as a Primary Remedy in Conformity with Protection of Reliance Interest  253</td>
</tr>
<tr>
<td>9.3.3 Expectation Damages as Default Rule and the Reliance Interests  256</td>
</tr>
<tr>
<td>9.4 Conclusion  264</td>
</tr>
<tr>
<td>Bibliography  265</td>
</tr>
<tr>
<td>Index  281</td>
</tr>
</tbody>
</table>