

NATIONAL LAW UNIVERSITY, JODHPUR
 End Term Examination August-December, 2025
 Semester: UG IX Semester
 Subject: Alternative Dispute Resolution (Compulsory)

Time: Three Hours

Marks: 100

Instructions:

1. Attempt any five out of six questions.
2. Due credit will be given to brevity, coherence and style of presentation.
3. Support your answer with relevant statutory provisions, judicial decisions and reasons wherever necessary.
4. Rely on the facts as they are, in the event you make any assumptions, state the same in your response.

Q.1). GP Manufacturing has supplied eco-friendly packaging to FreshMart, a grocery chain, for five years. FreshMart now demands a 15% price reduction, threatening to switch to cheaper suppliers. GP's production costs have actually increased by 10% due to rising raw material prices. FreshMart accounts for 35% of GP's revenue but operates on thin margins themselves, facing competition from discount retailers. GP has invested USD 500,000 in customized machinery specifically for FreshMart's orders. Alternative suppliers offer lower prices but questionable sustainability credentials, which could damage FreshMart's brand image as an environmentally responsible retailer.

Based on this scenario, analyze the characteristics of this negotiation situation. Which negotiation type is currently at play, and which should ideally be pursued? Evaluate the merits and demerits of negotiation in this context compared to other conflict resolution methods. Develop a concession strategy for GP that addresses both parties' underlying interests. What elements would strengthen their negotiating position? (Marks 20)

Q.2). BurgerHub Corporation, a national fast-food chain with 200 locations, issued a termination notice to one of its franchisees, Midwest Foods LLC, which operates five BurgerHub restaurants in the region. The termination stems from alleged violations of brand standards, including failure to maintain cleanliness scores above 85%, unauthorized menu modifications, and delayed royalty payments totaling USD 180,000 over the past eight months. BurgerHub claims these violations have damaged the brand's reputation and breached the franchise agreement, and they are demanding immediate closure of all five locations and payment of outstanding fees plus USD 500,000 in damages.

Midwest Foods contests the termination, arguing that BurgerHub has failed to provide adequate support during a difficult economic period and that the delayed payments were caused by supply chain disruptions and decreased foot traffic—factors beyond their control. They claim the unauthorized menu items were necessary to remain competitive and that BurgerHub's unrealistic quality standards are impossible to maintain given the limited marketing support provided. Midwest Foods has invested USD 3.2 million in these locations over seven years and employs 85 people who would lose their jobs if the restaurants close. They are demanding either reinstatement with modified terms or a buyout of USD 2.5 million to cover their investment and transition costs.

The situation has escalated as BurgerHub has started legal proceedings to reclaim the premises and prevent Midwest Foods from using its trademarks, while Midwest Foods has filed a counterclaim alleging bad faith and breach of franchisor obligations. Three other regional franchisees have expressed concern that they could face similar actions, and industry news

outlets have begun covering the dispute. The franchise agreement requires mediation before litigation can proceed.

Both parties recognize that a prolonged legal battle could cost hundreds of thousands in legal fees, damage relationships with other franchisees, and create negative publicity. They have agreed to attend mediation to explore whether a mutually acceptable resolution can be reached before the situation deteriorates further and impacts both parties' financial stability and market reputation.

1. Draft a Mediator's Opening Statement that you feel would help you set the stage for this mediation.
2. Discuss in detail the strategy as a mediator that you feel would help you best address the dispute presented by the parties in this case.
3. Identify the positions and interests of the parties to the present conflict.
4. Analyze the efficacy of potential solutions that may work towards settling the present conflict. **(Marks 5+5+5+5 = 20)**

Q.3). The 21st century has been characterized as the "Mediation Century" marking a shift from arbitration-dominated dispute resolution. Critically analyze how the changing profile of cross-border disputants, the opening up of international mediation practice through institutional developments and specialized services, and the establishment of international legal frameworks have collectively transformed international dispute resolution. Evaluate how these developments address contemporary needs for flexibility, accessibility, diversity, and cooperative decision-making. **(Marks 20)**

Q.4). The arbitration agreement is the cornerstone of any arbitration proceeding, and Section 7 of the Arbitration and Conciliation Act, 1996 provides the statutory framework for what constitutes a valid arbitration agreement. The Indian judiciary, particularly through landmark judgments, has developed comprehensive principles to determine the validity and enforceability of such agreements. In light of the above, critically examine the essential requirements for a valid arbitration agreement under the 1996 Act. **(Marks 20)**

Q.5). Elucidate the scope of Section 34 of the Arbitration and Conciliation Act, 1996, and discuss how the Indian judiciary has interpreted its limitations. **(Marks 20)**

Q.6). Analyze the framework for interim measures under the Arbitration and Conciliation Act, 1996. Discuss the scope and limitations of court powers under Section 9, the interplay between Sections 9 and 17 post-2015 Amendment, the principles governing grant of interim injunctions, and the enforceability of interim measures. How has the 2015 Amendment transformed the balance between court and tribunal powers? **(Marks 20)**