



PROBLEMS

PRELIMS- CONCILIATION

Astera Pharmaceuticals Ltd., a leading pharmaceutical manufacturer based in Hyderabad, entered into a five-year Distribution Agreement with LifeCare Medical Distributors Pvt. Ltd., a Kerala-based company engaged in the wholesale distribution of medicines and healthcare products across South India. Under the agreement, LifeCare was appointed the exclusive distributor for Astera's newly launched range of diabetic and cardiovascular medicines in Kerala and Tamil Nadu. For the first two years, the arrangement proved commercially successful, with LifeCare consistently achieving the minimum annual sales targets prescribed under the agreement. Encouraged by the growing demand, LifeCare invested substantial resources in establishing regional warehouses, expanding its logistics network, appointing additional sales representatives, and conducting awareness programmes for medical practitioners. During the third year, Astera introduced a revised marketing strategy under which several premium hospitals and pharmacy chains were permitted to purchase medicines directly from the manufacturer through a centralized digital procurement platform. LifeCare alleged that these direct sales substantially reduced its customer base and defeated the very purpose of the exclusive distribution arrangement. It further claimed that the revised policy had been implemented without prior consultation despite the significant investments made by the distributor in reliance upon the agreement. Astera maintained that the revised distribution model was introduced to improve supply chain efficiency and ensure uninterrupted availability of essential medicines to patients. According to the company, the agreement permitted modifications to its sales strategy in response to changing market conditions and did not guarantee absolute exclusivity in all circumstances. It also contended that LifeCare had failed to achieve certain quarterly performance indicators during the previous financial year. The commercial relationship deteriorated further when LifeCare withheld payment for several consignments, alleging loss of business arising from Astera's direct sales. In response, Astera suspended further supplies until the outstanding payments were cleared. As a consequence, several hospitals and retail pharmacies experienced shortages of certain medicines, resulting in complaints from healthcare providers and patients. Both parties exchanged legal notices alleging breach of contractual obligations and claiming substantial financial losses. However, recognising their long-standing commercial relationship, the importance of uninterrupted medicine supply, and the adverse impact prolonged litigation could have on patients and healthcare services, they mutually agreed to refer the dispute to conciliation under the dispute resolution clause contained in their agreement, with the objective of restoring commercial cooperation through a mutually acceptable settlement.

SEMI FINALS-MEDIATION

Aarav Hospitality Pvt. Ltd., a prominent hospitality company headquartered in Bengaluru, entered into a two-year service agreement with Epicure Events LLP, an event management firm, for the exclusive planning and execution of weddings, corporate conferences, and promotional events at its chain of luxury resorts across South India. The agreement provided that Epicure Events would receive a fixed annual service fee along with a percentage of the revenue generated from each event successfully conducted at the resorts. For the first year, the arrangement proved highly successful, resulting in increased bookings and positive publicity for both organizations. Encouraged by the success, Aarav Hospitality began requesting additional services, including digital marketing campaigns, celebrity event coordination, destination wedding consultations, and customized décor concepts, many of which were outside the original scope of the agreement. Although these requests were accepted and executed by Epicure Events, no formal amendment was made to the contract regarding additional remuneration. During the second year, differences emerged between the parties regarding payment obligations and quality expectations. Aarav Hospitality alleged that several premium clients had complained about delays in event execution and inconsistencies in service standards, resulting in cancellation of bookings and financial losses. Epicure Events denied these allegations, asserting that any delays were caused by the resort management's failure to provide timely approvals, inadequate staffing during peak seasons, and frequent last-minute changes demanded by Aarav Hospitality. The relationship deteriorated further when Aarav Hospitality withheld the final quarterly payment and informed Epicure Events that the agreement would not be renewed. Shortly thereafter, Epicure Events issued public statements through social media platforms claiming that Aarav Hospitality had failed to honour its contractual commitments and had exploited service providers by refusing to compensate them for additional work. Aarav Hospitality maintained that these statements had adversely affected its reputation among corporate clients and business partners. Both parties initially exchanged legal notices alleging breach of contract and reputational harm. However, considering their successful professional association over the previous two years, the possibility of future collaborations, and the commercial costs associated with prolonged litigation, they mutually agreed to submit the dispute to mediation before an accredited mediation centre in an effort to reach a mutually acceptable resolution.

FINALS- INTERNATIONAL ARBITRATION

Ocean Wind Energy India Ltd., an Indian renewable energy company, entered into an Engineering, Procurement and Construction (EPC) Agreement with NordTech Marine Solutions A/S, a corporation incorporated in Denmark, for the design, manufacture, supply, installation, and commissioning of offshore wind turbines along India's western coastline. The project, valued at approximately USD 420 million, was financed through an international consortium of lenders and contained an arbitration clause providing that disputes would be resolved through international commercial arbitration seated in Singapore under institutional arbitration rules. Following commencement of the project, NordTech encountered delays in exporting specialised turbine components due to newly introduced export control regulations in its home jurisdiction, disruptions in global shipping routes, and shortages of specialised marine equipment. These delays postponed the delivery schedule by nearly eight months. OceanWind alleged that NordTech had failed to adopt reasonable contingency measures despite being aware of potential supply chain disruptions and claimed that the delayed commissioning of the wind farm caused substantial commercial losses, including penalties payable under power purchase agreements. Invoking the contractual provisions, OceanWind imposed liquidated damages amounting to USD 45 million and withheld milestone payments due to NordTech. NordTech denied liability, asserting that the delays resulted from circumstances beyond its reasonable control and therefore constituted force majeure under the contract. It further alleged that OceanWind had wrongfully withheld payments, creating severe financial strain and forcing the suspension of further deliveries until outstanding invoices were settled. Negotiations between senior representatives of both companies failed to resolve the dispute. OceanWind thereafter commenced international arbitration in accordance with the arbitration clause, seeking recovery of damages for delayed completion, while NordTech filed counterclaims seeking payment of outstanding contractual dues, reimbursement of additional operational costs, and declarations that the force majeure provisions relieved it from liability for the delays.

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