

University of Colombo, Sri Lanka

Faculty of Law

Bachelor of Laws Degree (Honours), Year III Examination

1st Semester - End Examination - 2025

LAW 31210– Alternative Dispute Resolution Law

(2 hours and 15 minutes)

Total Number of Questions: 04

Answer any two (02) questions and no more.

(Candidates will be penalized for illegible handwriting.)

1. The Republic of Somiya, a developing nation, has recently elected a government committed to enhancing cross-border commercial activities to stimulate economic growth. However, the country's judiciary is overwhelmed, with a significant backlog of pending cases that result in lengthy delays in resolving commercial disputes. This situation may deter foreign investors, slowing down trade negotiations and creating uncertainty for domestic businesses involved in international transactions. Recognizing these challenges, the government is considering reforms to promote alternative dispute resolution mechanisms, with a particular focus on commercial mediation.

Assume that the government of Somiya has appointed you as a researcher and requested you to prepare a report outlining the suitability of commercial mediation for resolving cross-border disputes in Somiya's context, and how international best practices can be adapted for Somiya to boost economic development. Support your answer with relevant authorities.

Assume that Somiya's legal system is similar to that of Sri Lanka.

(Total: 30 Marks)

2. Negotiation is a vital skill in the legal profession, enabling parties to resolve disputes amicably without resorting to costly and time-consuming litigation. However, negotiation also presents challenges such as power imbalances and potential ethical dilemmas, which must be critically examined.

Critically discuss the above statement with reference to the role of negotiation as a fundamental dispute resolution mechanism in the legal context.

(Total: 30 Marks)

3. Delta PLC, a company incorporated in Sri Lanka, and Meta Ltd, a company incorporated in India, enter into a Management Agreement ('the MA') in order to manage the operations in a newly built integrated resort in Colombo named 'Nation of Dreams'. Pursuant to the MA, Meta Ltd was to provide management services to Delta PLC and to the four subsidiaries. As a result of the MA and subsequent amendments, Meta Ltd gained full control of management. The financial issues and the misconduct of the directors in the Delta PLC company contributed to Meta Ltd gaining full control of the business operation. However, Delta PLC was of the view that the conduct of Meta Ltd had led to a breach of the initial Management Agreement. Clause 15 of the said agreement provided that: 'Any dispute arising out of this Agreement shall be referred to the International ADR Centre, Colombo, for arbitration, whose decision shall be binding and final'. Delta PLC served a notice of arbitration on Meta Ltd, highlighting the alleged breach of contract. Meta Ltd took the position that the dispute in question did not arise under a valid contract because a political party in Sri Lanka, which had close links with the said business operation, had fraudulently induced Delta PLC to enter into the Management Agreement. Subsequently, both parties appointed the arbitrators, and the tribunal was constituted. Meta Ltd wanted to prevent Delta PLC from entering into any further agreements with suppliers from Sri Lanka, as it would exacerbate the situation. Thus, Meta Ltd applied to the arbitral tribunal to obtain an order against Delta PLC in this regard. The chairman of the arbitral tribunal rejected the application. The arbitral tribunal ruled that it had jurisdiction and awarded substantial damages to Delta PLC. However, Meta Ltd is not satisfied with the final outcome and wishes to challenge the award.

Discuss the legal issues arising in the above scenario and advise the parties. Support your answer with suitable authorities.

(Total: 30 Marks)

4. Alternative Dispute Resolution (ADR) has undergone significant transformation in recent years, driven by technological advances, globalization, and evolving societal needs. Traditional

methods such as mediation and arbitration are now complemented by innovative approaches like Online Dispute Resolution (ODR) and hybrid mechanisms, offering greater flexibility and accessibility. This evolution raises important questions about how these emerging trends can enhance access to justice, particularly within the Sri Lankan legal context, where cultural, technological, and institutional factors play a critical role.

Critically discuss the above statement. Use relevant legal instruments, case law, and comparative examples where appropriate.

(Total: 30 Marks)
