

Mediation Problem- Preliminary Round

A multinational technology company, *TechGiant*, a global leader in cloud computing and software solutions, enters into a contract with a smaller software development firm, *InnovateTech*, a specialized firm with expertise in artificial intelligence and machine learning. The contract outlines specific deliverables, including the development of a new cloud-based software solution for predictive analytics, timelines for each phase of development, and payment terms.

TechGiant has a strategic goal of expanding its product offerings in the rapidly growing field of predictive analytics. *InnovateTech*, on the other hand, seeks to leverage its technical expertise to secure a high-profile contract with a major multinational corporation and enhance its reputation in the industry.

After several months, *InnovateTech* fails to deliver the software to the agreed-upon specifications and within the stipulated timeframe, for which they give the reason as there was an unexpected glitch from the side of Softmicro Company. A glitch in a software update caused a global IT outage that affected Softmicro systems, including Softmicro 365 services and cloud services. In verge of time bound performance of the contract they made software which contains significant bugs and errors, and its performance is far below the expected standards. *TechGiant* suffers significant financial losses i.e. 100 CR Rupees due to delays in launching its new product, missed revenue opportunities, and increased development costs.

TechGiant initiates legal proceedings against *InnovateTech* for breach of contract, alleging that *InnovateTech* failed to fulfill its contractual obligations and caused substantial damages to *TechGiant*. *InnovateTech* denies the allegations, claiming that the delays were due to unforeseen technical challenges and changes in the project scope requested by *TechGiant*.

Both parties recognize the potential negative consequences of litigation, including: Costly legal fees, Reputational damage, prolonged business disruption.

As of January 5, 2025, the lawsuit is still pending in civil court, *TechGiant* and *InnovateTech* decided to attempt mediation as a means of resolving their contract dispute. Both parties agreed to participate in the mediation process.

Note: Student may refer The Mediation Act, 2023, Indian Contract Act, 1872 etc.

(All the laws and regulation in Indiana are pari materia to India)