

**ONLINE DISPUTE RESOLUTION (ODR) IN E-COMMERCE: A
COMPARITIVE STUDY OF PAKISTAN AND UK
LEGISLATION**

*(Thesis submitted in partial fulfilment for the Award of Degree in LLM
Corporate Law)*



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DECLARATION

The undersigned hereby declares that the dissertation submitted to the Department of Law, FSL, IIUI is the original work and has not been submitted to any other University or institute for the award of any degree. All information and expressions especially presented by any other scholar has been duly referred as a token of acknowledgment.

UMAR FAROOQ

DEDICATION

This thesis is dedicated to all those who have guided and supported me throughout this academic journey. I dedicate this thesis to my family, especially my parents for their constant encouragement and belief in my potential and to my supervisor Dr. Hafiz Muhammad Usman Nawaz for his valuable insights and guidance throughout this journey. I would like to dedicate it to my academic mentors as well.

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ABSTRACT

The exponential rise of e-commerce has revolutionized the global marketplace, facilitating seamless digital transactions across borders. However, this growth has also led to a surge in consumer disputes requiring swift, fair, and cost-effective resolution mechanisms. Online Dispute Resolution (ODR) has emerged as a pivotal tool to meet these needs, offering parties the ability to resolve conflicts through digital platforms without resorting to traditional court systems. This study presents a comparative analysis of the legislative and institutional frameworks governing ODR in the context of e-commerce in Pakistan and the United Kingdom. Doctrinal research methodology is applied to conduct this study while the methods integrated are comparative in nature. The UK, benefiting from its alignment with European Union directives and established consumer protection laws, has successfully integrated ODR into its dispute resolution ecosystem, ensuring accessibility, transparency, and enforceability. In contrast, Pakistan's legal infrastructure for ODR is still evolving, marked by limited statutory provisions, technological challenges, and low public awareness. The study explores these disparities by examining legal instruments, policy initiatives, and institutional practices in both jurisdictions. It also assesses the practical implementation of ODR services and the extent to which they enhance consumer confidence in online transactions. By identifying best practices from the UK model, the research proposes strategic reforms and policy recommendations to enhance Pakistan's ODR capacity, aiming to foster trust, efficiency, and fairness in its digital economy.

THESIS STATEMENT

The rapid growth of e-commerce transactions in PAKISTAN in modern times has also given rise to several disputes that demand swift and fair resolution, therefore incorporation of Online Dispute Resolution (ODR) within the legislative framework of PAKISTAN inspired by established UK legislation offers a modern solution.

INTRODUCTION

The rapid growth of e-commerce has transformed traditional modes of trade and consumer interaction, necessitating innovative mechanisms for resolving disputes that arise in the digital environment. With the increasing volume of online transactions, issues such as non-delivery of goods, defective products, breach of contract, and fraudulent practices have become common, highlighting the inadequacy of conventional judicial systems in handling such disputes efficiently.¹ In this evolving landscape, Online Dispute Resolution (ODR) has emerged as a critical tool in addressing conflicts arising from online transactions by offering swift, cost-effective, and accessible solutions without the need for physical court proceedings.

The concept of ODR is recognized in many parts of the world as viable, efficient and effective alternate to dispute resolution mechanisms, specifically in this era of technology. ODR is regularly adopted to resolve e-commerce disputes in many developed nations. Countries like UK, USA, NORTH AMERICA and EU States are applying this mode effectively. UK has also ratified certain international conventions like UNCITRAL

¹ Pablo Cortés, *The Law of Consumer Redress in an Evolving Digital Market: Upgrading from Alternative to Online Dispute Resolution* (Cambridge: Cambridge University Press, 2017).

model for trade laws and EU directives to resolve consumer disputes and to add strength and efficiency in its system. Some platforms like *AMAZON* and *ALIBABA*, two of the most famous online platforms are using this technology to resolve disputes which makes their trading activities more prominent and independent instead of engaging in normal litigation.² ODR is a virtual process of ADR that is technology facilitated and is a service provided on the internet using means of information and communication technology. ODR incorporates various technologies such as negotiation, mediation, arbitration, and hybrid processes conducted entirely or partially online, thereby reducing the burden on traditional courts and providing parties with flexible, user-friendly alternatives.³ Particularly in cross-border e-commerce, where legal jurisdictions, cultural differences, and traditional litigation processes present significant barriers, ODR serves as a pivotal mechanism for maintaining consumer trust and ensuring the smooth functioning of digital marketplaces. Moreover, by offering multilingual support, simplified procedures, and enforcement mechanisms suited to the online environment, ODR contributes significantly to access to justice in global e-commerce ecosystems.⁴

Recognizing these benefits, many jurisdictions have started integrating ODR into their legal frameworks, viewing it as an essential complement to traditional dispute resolution systems. However, the level of development, regulation, and institutional support for ODR varies considerably across countries, reflecting differences in legal traditions, technological infrastructure, and policy priorities. This divergence is particularly

² Muhammed Danyal Khan, Serkan Kaya, and Rao Imran Habib, “Global Trends of Online Dispute Resolution (ODR) with Reference to Online Trade in Pakistan,” *Review of Economics and Development Studies* 4, no. 2 (January 9, 2019): 303–11, <https://doi.org/10.26710/reads.v4i2.415>.

³ Gabrielle Kaufmann-Kohler and Thomas Schultz, *Online Dispute Resolution: Challenges for Contemporary Justice* (The Hague: Kluwer Law International, 2004).

⁴ Ethan Katsh and Orna Rabinovich-Einy, *Digital Justice: Technology and the Internet of Disputes* (Oxford: Oxford University Press, 2017).

noticeable when comparing developed economies like the United Kingdom, which has systematically adopted ODR mechanisms within its consumer protection and civil justice frameworks, with developing countries like Pakistan, where ODR is still an emerging concept with limited legislative and institutional backing. Therefore, a comparative analysis of the ODR frameworks of Pakistan and the UK is crucial for understanding best practices and identifying pathways for enhancing ODR's effectiveness in facilitating e-commerce dispute resolution globally.

The United Kingdom has shown great interest in the integration of *Online Dispute Resolution (ODR)* within its legislative framework, particularly through its early adoption and implementation of the European Union's ODR Regulation (Regulation (EU) No 524/2013) prior to Brexit, which mandated the establishment of a centralized ODR platform to facilitate the settlement of disputes arising from online transactions.⁵ This regulation not only required businesses engaged in e-commerce to notify consumers about the accessibility of the ODR platform but also set procedural standards to ensure transparency, fairness, and efficiency in the resolution process. The UK's proactive approach towards ODR was further reinforced through domestic initiatives, such as the Civil Justice Council's promotion of online courts and the HMCTS Reform Program, which aimed to digitize and streamline the civil and administrative justice system.⁶ Post-Brexit, despite the cessation of direct application of EU law, the United Kingdom has continued to promote and expand ODR initiatives, demonstrating its commitment to modernizing dispute resolution mechanisms, reducing the time and expenses associated

⁵ Christopher Hodges, *Delivering Dispute Resolution: A Holistic Review of Models in England and Wales* (Oxford: Hart Publishing, 2016).

⁶ Civil Justice Council, *Online Dispute Resolution for Low Value Civil Claims* (London: Civil Justice Council, 2015).

with traditional litigation, and improving access to justice for consumers and small businesses operating in the digital economy.

In contrast, Pakistan's regulatory approach to ODR remains in its nascent stages. Although Pakistan has recognized the importance of regulating digital transactions through legal instruments such as the *Electronic Transactions Ordinance 2002*, which provided legal recognition to digital contracts and signatures, and the Prevention of Electronic Crimes Act 2016, which addressed various forms of cybercrimes, there is still no comprehensive legislative framework specifically governing ODR processes in e-commerce disputes.⁷ Most e-commerce disputes in Pakistan continue to be addressed through traditional litigation or informal mediation, both of which are often time-consuming and inaccessible to a majority of consumers. The lack of institutionalized ODR platforms, standardized procedures, and supportive legal infrastructure limits the potential for effective dispute resolution in the Pakistani e-commerce sector. This gap highlights the urgent need for Pakistan to develop structured ODR mechanisms that are legally recognized, technologically robust, and accessible to both domestic and cross-border users, in order to promote consumer confidence and foster sustainable growth in its digital economy.

This comparative study aims to explore and critically evaluate the legislative frameworks governing ODR in e-commerce within the United Kingdom and Pakistan. It will assess key dimensions such as the effectiveness, accessibility, procedural transparency, and enforcement mechanisms associated with ODR processes in both jurisdictions. In doing so, the study will identify the legal, institutional, and technological factors that contribute

⁷ Muhammad G. Rabbani and Muhammad Tariq, "Legal Framework for E-commerce in Pakistan: Challenges and Prospects," *Pakistan Journal of Commerce and Social Sciences* 16, no. 1 (2022): 122–138.

to a successful ODR ecosystem, as demonstrated in the United Kingdom, and compare them with the existing legal and regulatory structures in Pakistan. Particular emphasis will be placed on analyzing how each country addresses consumer protection in online transactions, ensures fairness in ODR proceedings, integrates technology into dispute resolution, and adapts to the challenges posed by cross-border e-commerce disputes.

The study also seeks to uncover systemic gaps, practical barriers, and implementation challenges that hinder the full realization of ODR's potential, especially in the Pakistani context. Drawing from international best practices and lessons learned from the UK's experience, this research will formulate practical recommendations for Pakistan to design and institutionalize an ODR framework that aligns with global standards of efficiency, equity, and technological adaptability. Ultimately, this comparative analysis will contribute to the broader discourse on the modernization of dispute resolution in developing countries and underscore the importance of ODR as a pillar for building trust, promoting justice, and fostering sustainable growth in the digital economy.

LITERATURE REVIEW:

Online Dispute Resolution (ODR) has emerged as an essential innovation in the realm of e-commerce, providing technologically advanced alternatives to traditional court-based mechanisms for resolving conflicts arising from digital transactions. As e-commerce continues its exponential growth globally, driven by increasing internet penetration, smartphone adoption, and globalization, disputes concerning product delivery, payment security, breach of contract, defective goods, and misrepresentation have become increasingly common. These disputes, often involving parties from different jurisdictions,

pose unique challenges that traditional litigation processes characterized by high costs, lengthy procedures, jurisdictional complexities, and procedural rigidity are often ill-equipped to handle effectively in the fast-paced online marketplace.

ODR addresses these shortcomings by offering a range of technology-driven dispute resolution modes, which includes online negotiation, mediation, arbitration, and hybrid models, all modes applied through digital platforms.⁸ These mechanisms allow parties to resolve their issues without the necessity of physical presence, thereby making dispute resolution more accessible, cost-effective, time-efficient, and adaptable to the needs of modern consumers and businesses.

Early scholarly work emphasized the transformative potential of ODR, noting that it could not only alleviate the caseload pressures faced by conventional courts but also extend the reach of justice to underserved populations.⁹ For instance, ODR empowers consumers, particularly those engaged in low-value disputes, by providing avenues for redress that are both economically viable and procedurally straightforward. Moreover, ODR systems are often designed to be user-friendly, employing simplified language, visual guides, and step-by-step interfaces that minimize the need for legal representation, thereby further democratizing access to justice.

Scholars such as “*Ethan Katsh and Orna Rabinovich-Einy*” have argued that ODR represents a paradigm shift in the conceptualization of justice itself.¹⁰ According to their analysis, digital environments require new models of fairness, transparency, and trust-

⁸ Pablo Cortés, *The Law of Consumer Redress in an Evolving Digital Market: Upgrading from Alternative to Online Dispute Resolution* (Cambridge: Cambridge University Press, 2017).

⁹ Gabrielle Kaufmann-Kohler and Thomas Schultz, *Online Dispute Resolution: Challenges for Contemporary Justice* (The Hague: Kluwer Law International, 2004).

¹⁰ Ethan Katsh and Orna Rabinovich-Einy, *Digital Justice: Technology and the Internet of Disputes* (Oxford: Oxford University Press, 2017).

building, which ODR mechanisms are uniquely positioned to deliver by allowing parties to engage in dispute settlement processes suitable to the online environment, ODR has the potential to make justice more participatory, collaborative, and adaptable. It facilitates dispute prevention as much as dispute resolution by encouraging dialogue, early settlement, and the maintenance of ongoing business relationships, which is crucial in the interconnected world of e-commerce.

In addition to its benefits for individual disputes, ODR has broader implications for the legal and economic systems. Efficient dispute resolution mechanisms enhance consumer confidence in online marketplaces, promote fair and foreign trade, and support the growth of the digital economy. Conversely, the absence of effective ODR systems can deter online engagement, particularly in emerging markets, where concerns about fraud, lack of recourse, and enforcement risks are pronounced. Therefore, as the digital economy continues to expand, the development and integration of robust, reliable, and transparent ODR frameworks have become an essential component of national and international commercial policies.

Nevertheless, despite its many advantages, the evolution of ODR is not without challenges. Questions regarding the enforceability of online settlements, data privacy concerns, digital literacy gaps, and the need for regulatory oversight persist.¹¹ Scholars and policymakers alike stress the importance of designing ODR systems that uphold fundamental principles of due process, fairness, and confidentiality, while also being technologically sound and accessible to a diverse range of users.

¹¹ Benjamin H. Barton and Stephanos Bibas, "Please Bear with Us: The Need for Fairness and Transparency in Automated Dispute Resolution Systems," *University of Pennsylvania Law Review* 165, no. 5 (2017): 1043–1091.

Thus, the study of ODR, particularly in the context of varying legislative and institutional frameworks across different jurisdictions like the United Kingdom and Pakistan, is critical. Comparative analysis not only reveals best practices but also highlights contextual factors that influence the success or failure of ODR initiatives. It is against this backdrop that this research seeks to explore the regulatory evolution, challenges, and opportunities associated with ODR in the e-commerce sectors of both countries.

United Kingdom has been a pioneer in adopting, institutionalizing, and promoting Online Dispute Resolution (ODR) within its legal and commercial frameworks. Recognizing the transformational potential of technology in dispute resolution, the UK made early and significant efforts to integrate ODR into both consumer protection mechanisms and the broader civil justice system. Prior to its departure from the European Union, the UK was actively engaged in implementing the EU's ODR Regulation (EU Regulation No 524/2013), a landmark legislative initiative that mandated the establishment of a centralized digital platform for resolving consumer disputes arising from online sales and service contracts.¹² Under this framework, businesses engaged in online commerce were required to provide clear and accessible information to consumers about the existence of the ODR platform, including mandatory links on their websites and in contractual communications, thereby empowering consumers to seek redress without the complexities associated with traditional litigation.

The UK's proactive stance was not limited to mere compliance with EU directives. Domestically, several pioneering initiatives underscored its commitment to embedding ODR as a fundamental component of the justice system. The Civil Justice Council's

¹² Pablo Cortés, *The Law of Consumer Redress in an Evolving Digital Market: Upgrading from Alternative to Online Dispute Resolution* (Cambridge: Cambridge University Press, 2017).

influential 2015 report, “*Online Dispute Resolution for Low Value Civil Claims*”, recommended the establishment of a dedicated online court for disputes under £25,000.¹³ This vision was driven by the twin objectives of promoting fair justice and reducing the costly mechanisms and unnecessary delays associated with conventional court proceedings. The report proposed a three-tier model involving online evaluation, online facilitation (mediation), and, if necessary, online adjudication by judges thus demonstrating a sophisticated understanding of how technology could be deployed at diverse phases of the dispute resolution process.

Building on these recommendations, the Her Majesty’s Courts and Tribunals Service (HMCTS) Reform Program initiated comprehensive modernization efforts aimed at digitizing large segments of the justice system.¹⁴ These reforms initiated online portals for filing claims, submitting evidence, and participating in virtual hearings, effectively shifting many aspects of dispute resolution into the digital domain. Services such as the Money Claim Online (MCOL) platform, the Online Civil Money Claims (OCMC) service, and pilot projects for online divorce applications illustrate the UK's commitment to creating a user-centric and technologically resilient justice infrastructure.

Following Brexit, where UK was no longer bound by the EU’s ODR Regulation, it has continued to prioritize the development and expansion of ODR initiatives as part of its broader strategy to modernize justice delivery. The emphasis has shifted towards creating bespoke domestic solutions that reflect the evolving needs of a digital society. Policymakers and judicial bodies view ODR not merely as a tool for consumer redress

¹³ Civil Justice Council, *Online Dispute Resolution for Low Value Civil Claims* (London: Civil Justice Council, 2015).

¹⁴ Her Majesty’s Courts and Tribunals Service (HMCTS), *Reforming the Courts and Tribunals Service: Transforming Our Justice System* (London: Ministry of Justice, 2016).

but as a foundational element for future-proofing the civil justice system.¹⁵ This approach aligns with broader trends in legal innovation, emphasizing efficiency, accessibility, transparency, and user empowerment.

Moreover, the UK's emphasis on incorporating artificial intelligence (AI), machine learning, and data analytics into its ODR platforms reflects its ambition to lead in the global digital justice movement.¹⁶ Innovations such as predictive analytics for case outcomes, smart forms, and automated triaging systems aim to further streamline dispute resolution processes while maintaining fairness and judicial oversight. Nevertheless, scholars and practitioners caution against potential challenges, including digital exclusion, concerns over data protection, and the need to ensure that technology-enhanced justice remains consistent with fundamental rights and procedural fairness principles.¹⁷

In summary, the United Kingdom's journey in embracing ODR showcases a progressive model of legal reform that seeks to balance technological innovation with the enduring values of access to justice and supremacy of law. As such, the UK's experience offers valuable lessons for jurisdictions like Pakistan that are in the early stages of integrating ODR into their legal systems.

In contrast to the progressive advancements observed in jurisdictions like the United Kingdom, Pakistan's journey toward adopting and institutionalizing Online Dispute Resolution (ODR) has been relatively slow, fragmented, and marked by significant structural and regulatory gaps. While Pakistan has demonstrated a commitment to

¹⁵ Richard Susskind, *Online Courts and the Future of Justice* (Oxford: Oxford University Press, 2019).

¹⁶ Council of Europe, *European Ethical Charter on the Use of Artificial Intelligence in Judicial Systems and Their Environment* (Strasbourg: Council of Europe, 2018).

¹⁷ Karen Yeung, "Algorithmic Regulation: A Critical Interrogation," *Regulation & Governance* 12, no. 4 (2018): 505–523.

promoting e-commerce and digitalization through various legislative measures, a comprehensive and dedicated framework for ODR remains conspicuously absent.

The primary legal instruments underpinning Pakistan's digital economy are the "*Electronic Transactions Ordinance 2002*" and the "*Prevention of Electronic Crimes Act 2016*".¹⁸ The former provides legal recognition to electronic records, contracts, and signatures, thereby laying a foundational basis for the conduct of online commercial transactions. The latter criminalizes a broad spectrum of cybercrimes, aiming to secure the digital environment against offenses such as hacking, identity theft, and online fraud. However, neither statute establishes a structured mechanism for the settlement of disputes arising specifically from digital trade activities through different online platforms. Consequently, parties to online transactions must largely resort to traditional civil litigation or ad hoc arbitration avenues often deemed ill-suited for the fast-paced and low-value nature of most online disputes.

Recent studies highlight that while there is a gradual increase in awareness of ODR among Pakistan's legal practitioners, corporate entities, and academic circles, institutional support remains weak and fragmented.¹⁹ Most dispute resolution mechanisms in Pakistan continues to be routed through conventional court systems, which are frequently criticized for delays, procedural complexities, high litigation costs, and inefficiencies. The World Bank's *Doing Business 2020* report shows that enforcing contracts in Pakistan requires an average of 1,071 days and significant legal costs, factors

¹⁸ Government of Pakistan, *Electronic Transactions Ordinance 2002*, (Islamabad: National Assembly of Pakistan, 2002).

¹⁹ Naila Amjad and Hafiz Muhammad Nasir, "Adoption of Online Dispute Resolution Mechanisms in Pakistan: Challenges and Prospects," *Pakistan Journal of Commerce and Social Sciences* 16, no. 1 (2022): 159–176.

that deter small businesses and consumers from pursuing legal redress for e-commerce disputes.²⁰

Informal mediation and arbitration efforts do exist in Pakistan, particularly through private initiatives and sector-specific bodies such as trade associations and chambers of commerce. However, these efforts often lack formal regulatory oversight, transparency, and technological integration.²¹ Traditional Alternative Dispute Resolution (ADR) mechanisms, although recognized under Pakistani law through instruments such as the Arbitration Act 1940 and the Code of Civil Procedure (Amendment) Ordinance 2002, have not been significantly digitized or adapted to meet the specific needs of e-commerce disputes. Furthermore, the absence of a centralized government-supported ODR platform such as the EU's ODR portal or the UK's Online Civil Money Claims platform further limits the accessibility and efficiency of dispute resolution in Pakistan's online commerce sector.

In addition, broader socio-economic challenges such as low digital literacy rates, uneven internet penetration, and infrastructural deficiencies exacerbate the hurdles to effective ODR adoption.²² According to the Pakistan Telecommunication Authority's (PTA) 2023 report, while internet users have grown to over 124 million, significant digital divides persist between urban and rural areas, limiting the reach and effectiveness of potential ODR solutions.¹² Without a parallel investment in digital education, infrastructure, and

²⁰ World Bank Group, *Doing Business 2020: Comparing Business Regulation in 190 Economies* (Washington, DC: World Bank, 2020).

²¹ Muhammad Azeem Qureshi, "Alternative Dispute Resolution in Pakistan: A Misunderstood Concept," *Asian Journal of Comparative Law* 15, no. 2 (2020): 375–397.

²² Saad Bin Ahmad and Muhammad Ovais, "Digital Literacy and the Barriers to Technology-Enabled Justice in Pakistan," *Pakistan Development Review* 59, no. 4 (2020): 621–639.

institutional reform, any ODR initiatives are likely to face barriers to widespread acceptance and functionality.

Nevertheless, there are emerging signs of progress. Initiatives like the establishment of the *National E-Commerce Council* under the *E-Commerce Policy of Pakistan 2019* emphasize the government's recognition of the importance of strengthening consumer protection and dispute resolution mechanisms in the digital marketplace.²³ Recent judicial modernization programs, such as the Lahore High Court's e-courts system, also suggest a growing opportunity within Pakistan's legal system toward technology-driven justice solutions. However, these efforts remain nascent and require coherent policy support, investment in capacity-building, and legislative action to develop a robust and trusted ODR ecosystem that can effectively cater to Pakistan's evolving e-commerce sector.²⁴

Thus, compared to the United Kingdom's relatively mature ODR infrastructure, Pakistan's approach remains in its developmental infancy, presenting both a challenge and an opportunity. A strategic and comprehensive adoption of ODR could significantly enhance consumer trust, improve business confidence, and boost the country's digital economy, provided it is accompanied by institutional commitment and societal engagement.

Several comparative studies between developed and developing economies underscore the multifaceted factors essential for the successful implementation of ODR systems. Research consistently shows that the existence of a robust legal framework, while fundamental, is insufficient on its own to guarantee the effectiveness of ODR initiatives. Broader ecosystem elements including technological infrastructure, digital literacy rates,

²³ Pakistan Telecommunication Authority (PTA), *Annual Report 2023*, (Islamabad: PTA, 2023).

²⁴ Ministry of Commerce, Government of Pakistan, *E-Commerce Policy of Pakistan 2019*, (Islamabad: Ministry of Commerce, 2019).

consumer awareness, institutional trust, and judicial support play equally, if not more, critical roles in determining the functionality and success of ODR systems.²⁵

In developed jurisdictions such as the United Kingdom, favorable conditions significantly contribute to the successful integration of ODR into the justice system. High levels of internet penetration, widespread access to digital devices, proactive government initiatives to modernize the judiciary (such as the HMCTS Reform Programme), and strong consumer protection legislation collectively create an enabling environment for ODR.²⁶ Furthermore, consumer confidence in online processes, well-developed privacy laws, and comprehensive cybersecurity measures reinforce public trust in digital dispute resolution mechanisms. In addition, continuous professional training for judges, lawyers, and mediators on using technology-based dispute resolution systems has facilitated smoother transitions to digital justice in countries like the UK.

By contrast, developing economies such as Pakistan face a complex array of systemic challenges that hinder the widespread adoption of ODR. Digital divides between urban and rural populations, uneven access to reliable internet services, lack of technological investment in judicial infrastructure, and generally lower levels of public trust in governmental and online systems significantly limit the effectiveness and reach of ODR.²⁷ A 2023 report by the “*United Nations Conference on Trade and Development (UNCTAD)*” found that only 47% of Pakistan’s population had access to quality internet

²⁵ Pablo Cortés, *Online Dispute Resolution for Consumers in the European Union* (London: Routledge, 2017).

²⁶ Richard Susskind, *Online Courts and the Future of Justice* (Oxford: Oxford University Press, 2019).

²⁷ Saad Bin Ahmad and Muhammad Ovais, "Digital Literacy and the Barriers to Technology-Enabled Justice in Pakistan," *Pakistan Development Review* 59, no. 4 (2020): 621–639.

services, severely limiting the potential user base for online legal services.²⁸ Moreover, concerns over data privacy, cybersecurity vulnerabilities, and institutional inefficiencies contribute to public skepticism about the reliability and impartiality of online dispute resolution platforms.

Comparative analyses also reveal that successful ODR implementation requires more than legislative action; it demands a holistic and integrated approach. Recommendations from scholars and international organizations emphasize the need for synchronized legal reforms, targeted investment in technological capacity building, and large-scale public awareness campaigns to educate digital contracting parties and businesses about the benefits and processes of ODR.²⁹ In addition, the development of hybrid models that blend online and offline dispute resolution, particularly in areas with lower internet penetration, has been suggested as a transitional strategy for countries like Pakistan.³⁰

Overall, comparative studies demonstrate that while the United Kingdom provides a mature model of integrated digital dispute resolution, Pakistan must address multiple foundational challenges to fully leverage the potential of ODR in its growing e-commerce sector.

Both the United Kingdom and Pakistan face distinct challenges when implementing Online Dispute Resolution (ODR) frameworks, shaped by their unique legal, economic, and technological environments. However, despite these challenges, ODR presents

²⁸ United Nations Conference on Trade and Development (UNCTAD), *Digital Economy Report 2023: Leveraging Digital Tools for Development* (Geneva: United Nations, 2023).

²⁹ Katsh, Ethan, and Orna Rabinovich-Einy. *Digital Justice: Technology and the Internet of Disputes* (Oxford: Oxford University Press, 2017).

³⁰ Giuseppe De Palo et al., "Achieving Fair and Efficient Justice Through ODR: Best Practices and Challenges," *International Journal of Online Dispute Resolution* 7, no. 2 (2020): 122–140.

significant opportunities for both jurisdictions, albeit with different implications and pathways for success.

Lastly, procedural fairness remains a key consideration in the development of ODR systems in the UK. While ODR aims to provide faster, cheaper alternatives to traditional court proceedings, there is a risk that users may not fully understand the processes or feel that they have been treated fairly in automated or online settings. Ensuring that ODR platforms maintain procedural safeguards, such as the right to a fair trial and access to impartial third-party mediation, is essential for preserving trust in these systems.³¹

Pakistan's challenges in adopting ODR are more foundational and systemic. One of the primary obstacles is the lack of legislative action and a clear regulatory framework for ODR in the country's e-commerce sector. As noted earlier, while Pakistan has enacted laws such as the *Electronic Transactions Ordinance 2002* and the *Prevention of Electronic Crimes Act 2016*, these frameworks do not provide comprehensive guidelines or mechanisms for resolving e-commerce disputes via online platforms. Moreover, the absence of a centralized, government-supported ODR platform exacerbates the fragmentation of available dispute resolution options.³²

In addition, Pakistan's technological infrastructure presents significant hurdles to the adoption of ODR. Despite improvements in internet access, large parts of the country still experience unreliable internet connectivity, particularly in rural and remote areas. The digital divide remains a major impediment to the equitable implementation of ODR systems, which rely heavily on internet access and digital literacy. According to a 2023 report by the Pakistan Telecommunication Authority, while urban areas have relatively

³¹ Richard Susskind, *Online Courts and the Future of Justice* (Oxford: Oxford University Press, 2019).

³² Muhammad Azeem Qureshi, "Digital Dispute Resolution: A Perspective on Pakistan's E-Commerce Sector," *Asian Journal of International Business Law* 9, no. 1 (2022): 85–103.

high internet penetration, rural regions continue to struggle with poor connection problems and limited access to digital facilities.³³

Moreover, trust and security concerns related to ODR are particularly pronounced in Pakistan. Due to the lack of reliance on online systems and concerns over data stealing and cybersecurity, many consumers are reluctant to engage with online platforms for dispute resolution. Without the assurance that their personal information will be secure, and without mechanisms to ensure that ODR processes are transparent and impartial, individuals may be hesitant to embrace this alternative to traditional court litigation.³⁴

Despite these challenges, the potential opportunities for ODR in Pakistan are considerable. The country's rapidly growing digital economy presents a unique opportunity to bypass much inefficiency in its overburdened traditional court system. Pakistan's judiciary faces significant backlogs, with lengthy delays and procedural complexities that make it difficult for citizens, particularly those engaged in e-commerce, to seek timely justice. By adopting ODR, Pakistan could significantly enhance the efficiency and accessibility of dispute resolution, enabling businesses and consumers to resolve conflicts without resorting to lengthy and costly litigation.³⁵

In addition, the increasing digital connectivity of Pakistan's population presents a promising opportunity for ODR adoption. With over 124 million internet users in the country as of 2023, a large proportion of the population is already familiar with online

³³ Pakistan Telecommunication Authority (PTA), *Annual Report 2023*, (Islamabad: PTA, 2023).

³⁴ Syed Ali Raza, "Cybersecurity and Trust Issues in E-Commerce: Implications for Online Dispute Resolution in Pakistan," *Journal of Cyber Law* 22, no. 3 (2021): 198–210.

³⁵ World Bank Group, *Doing Business 2020: Comparing Business Regulation in 190 Economies* (Washington, DC: World Bank, 2020).

platforms and services.³⁶ The increasing usage of smartphones and the growing penetration of mobile internet services further enhance the feasibility of implementing ODR solutions in Pakistan, especially in urban areas.

By learning from the UK's experience in ODR implementation, Pakistan can adopt a more adaptive and context-specific approach to dispute resolution. Drawing from the UK's initiatives, such as the use of online courts for small claims and low-value disputes, Pakistan has the opportunity to leapfrog stages of development and tailor its ODR solutions to the socio-economic realities of its population. For example, hybrid models of dispute resolution, which combine online processes with in-person mediation or arbitration, may be an effective solution to the challenges posed by limited digital access in rural areas.³⁷

Furthermore, *public-private partnerships (PPPs)* could play a crucial role in the establishment of ODR platforms in Pakistan. Collaborations between the private technological companies and government authorities could provide the necessary infrastructure, expertise, and funding to create secure and efficient ODR mechanisms that meet the needs of the digital economy. Additionally, building public awareness about ODR and educating consumers on how to use these platforms effectively will be key to encouraging adoption and ensuring long-term success.

³⁶ Pakistan Telecommunication Authority (PTA), *Digital Pakistan: Bridging the Digital Divide*, (Islamabad: PTA, 2023).

³⁷ Giuseppe De Palo et al., "Achieving Fair and Efficient Justice Through ODR: Best Practices and Challenges," *International Journal of Online Dispute Resolution* 7, no. 2 (2020): 122–140.

RESEARCH QUESTIONS:

Following research questions are answered during the course of this study:

- i. “What is Online Dispute Resolution (ODR) and what advantages does it offer as a dispute resolution tool compared to traditional mechanisms?
- ii. What is the current status of legislation in Pakistan and UK regarding dispute resolution between parties in e-commerce?
- iii. How the phenomenon of ODR is incorporated in UK as an effective tool for e-commerce disputes between the contracting parties?
- iv. What can PAKISTAN learn from UK to update or improve its dispute resolution mechanism between the e consumers?

RESEARCH OBJECTIVES:

Aim of this study is to achieve the following objectives:

- i. To explain the concept of ODR and its potential benefits in resolving disputes between the e contracting parties.
- ii. To educate the readers about the existing legislative setup in UK and PAKISTAN regarding resolution of electronic disputes and what is the efficacy of these rules towards fair justice to its consumers.
- iii. To examine how the phenomenon of ODR has been incorporated in the UK as an effective tool for resolving e-commerce disputes.
- iv. To give concrete suggestions on how Pakistan can improve its existing laws related to resolution of disputes between the parties by taking help from established UK legislation.

RESEARCH METHODOLOGY:

The methodology adopted for this research is doctrinal in nature. While the study further employs a comparative method for analysis of dispute resolution laws of both jurisdictions with a main objective on how Pakistan can improve its existing legal setup by incorporating established ODR practices of UK legislation keeping in view the heavy catalog of cases in our judicial setup. Collection of data is obtained by the combination of both primary and secondary sources. For primary sources relevant statutes regarding protection of electronic parties from both countries are analyzed in detail. Relevant scholarly articles, case laws, institutional reports, library sources and books on ODR are used as a secondary source to conduct this study.

CHAPTER-1

ODR AND ITS HISTORICAL PERSPECTIVE

1.1 HISORICAL BACKGROUND OF ODR

Online Dispute Resolution (ODR) is a technology-driven method of resolving disputes outside traditional courts. It extends the principles of Alternative Dispute Resolution (ADR) into the digital space by leveraging online platforms, artificial intelligence, and automated negotiation tools. ODR emerged as a response to the increasing volume of cross-border disputes, particularly in e-commerce, intellectual property, and digital transactions.³⁸ Over the past two decades, it has expanded beyond commercial disputes to include consumer protection, judicial systems, and international arbitration.³⁹

The roots of ODR can be traced to ADR, which became prominent in the 20th century as a means of addressing the limitations of formal litigation, such as cost, delay, and jurisdictional complexity.⁴⁰ ADR includes mediation, arbitration, and negotiation methods that provide more flexibility and efficiency compared to court proceedings.

The growth of ADR was supported by key legislative developments, such as the Federal Arbitration Act (FAA) of 1925 in the United States, which gave legal recognition to arbitration agreements.⁴¹ By the mid-20th century, ADR mechanisms were being widely

³⁸ Ethan Katsh and Janet Rifkin, *Online Dispute Resolution: Resolving Conflicts in Cyberspace* (San Francisco: Jossey-Bass, 2001), 12.

³⁹ Colin Rule, *The New Handshake: Online Dispute Resolution and the Future of Consumer Protection* (Chicago: American Bar Association, 2017), 5.

⁴⁰ Gabrielle Kaufmann-Kohler and Thomas Schultz, *Online Dispute Resolution: Challenges for Contemporary Justice* (The Hague: Kluwer Law International, 2004), 9

⁴¹ Carrie Menkel-Meadow, *Dispute Resolution: Beyond the Adversarial Model* (New York: Wolters Kluwer, 2015), 18.

adopted in commercial and consumer dispute contexts, setting the stage for the digital transformation of dispute resolution.⁴²

The rise of the internet in the 1990s posed new hurdles for traditional ADR, particularly in solving transnational e-commerce disputes, where jurisdictional issues and applicable law to resolve a dispute complicated legal proceedings. As a result, early experiments in ODR were launched to explore digital alternatives to traditional mediation and arbitration.

One of the earliest ODR initiatives was the Virtual Magistrate Project, launched in 1996 by the Center for Information Technology and Dispute Resolution at the University of Massachusetts. It was designed to handle disputes related to online activities, such as content moderation and internet service provider responsibilities. Though the project was short-lived, it laid the groundwork for later ODR developments.⁴³

A significant milestone in ODR was the implementation of automated dispute resolution systems by eBay and PayPal. eBay faced millions of buyer-seller disputes annually, prompting the development of an automated ODR platform that resolved over sixty million disputes per annum without human interference. This success demonstrated that large-scale conflicts could be resolved efficiently through online platforms.⁴⁴

Other key early ODR platforms included the Online Ombuds Office (1996), which provided digital mediation services for e-commerce disputes, and SquareTrade, which emerged as a major provider of online mediation and arbitration.⁴⁵ By the early 2000s,

⁴² Katsh and Rifkin, *Online Dispute Resolution*, 33.

⁴³ Kaufmann-Kohler and Schultz, *Online Dispute Resolution*, 78.

⁴⁴ Rule, *The New Handshake*, 35.

⁴⁵ Katsh and Orna Rabinovich-Einy, *Digital Justice: Technology and the Internet of Disputes* (Oxford: Oxford University Press, 2017), 93.

ODR gained formal recognition from international legal institutions, leading to its integration into consumer protection frameworks.

The “*United Nations Commission on International Trade Law*” (UNCITRAL) played a key role in developing global standards for ODR in 2010, UNCITRAL’s Working Group III on ODR focused on cross-border e-commerce disputes and emphasized accessibility, efficiency, and affordability in online dispute resolution.⁴⁶

The European Union (EU) also recognized the significance of ODR in protecting consumer rights. In 2013, the EU introduced Regulation (EU) No 524/2013, which established a pan-European ODR platform for consumer disputes. The regulation required businesses to inform consumers about ODR mechanisms and encouraged cross-border digital dispute resolution.⁴⁷ States like UK, Canada, and the United States began incorporating ODR into formal legal systems. The British Columbia Civil Resolution Tribunal (CRT), launched in 2016, became the world’s first fully online tribunal for resolving small claims and property disputes.⁴⁸

With advancements in artificial intelligence (AI) and blockchain technology, ODR has evolved into a fully digitalized dispute resolution system. The COVID-19 pandemic (2020–2022) accelerated the integration of ODR, as courts worldwide shifted to online hearings and virtual mediation. This transition strengthened the significance of remote dispute settlement mechanisms in ensuring continued access to justice. ODR platforms now incorporate AI-driven case prediction models, smart contracts, and blockchain-based

⁴⁶ UNCITRAL (United Nations Commission on International Trade Law), *Report of the Working Group III (Online Dispute Resolution)* (Vienna: United Nations, 2013)

⁴⁷ European Commission, *Regulation (EU) No 524/2013 on Online Dispute Resolution for Consumer Disputes*: <https://eur-lex.europa.eu>.

⁴⁸ Amy J. Schmitz, “Expanding Access to Remedies through E-Courts and ODR,” *Northwestern Journal of Technology and Intellectual Property* 16, no. 3 (2018): 178–180.

arbitration systems. These technologies enhance fairness, transparency, and efficiency in dispute resolution.⁴⁹

The history of ODR illustrates its transformation from a niche solution for internet-related disputes to a globally recognized system of digital justice. As e-commerce and digital transactions continue to grow, ODR will play an increasingly critical role in resolving disputes efficiently and accessibly worldwide.⁵⁰

1.2 WHAT IS ODR AND HOW IT WORKS?

Online Dispute Resolution (ODR) is a digital conflict resolving tool outside traditional court systems, using technology to facilitate negotiation, mediation, and arbitration. It evolved from Alternative Dispute Resolution (ADR) and has become essential in handling disputes related to e-commerce, intellectual property, consumer rights, and cross-border conflicts. ODR enhances accessibility, reduces costs, and expedites dispute settlement processes by leveraging digital tools such as automated case management, video conferencing, and artificial intelligence (AI). Governments, private organizations, and courts worldwide have adopted ODR for resolving small claims, commercial disputes, and even family law matters. Institutions such as the *United Nations Commission on International Trade Law* (UNCITRAL) have developed guidelines to standardize ODR practices, ensuring fairness, transparency, and legal enforceability.⁵¹

The ODR process typically begins when a claimant initiates a case by submitting details through an online platform, often providing digital evidence such as contracts, emails,

⁴⁹ Tania Sourdin, *The Digital Courtroom: A Guide to Online Dispute Resolution* (Oxford: Oxford University Press, 2021), 66

⁵⁰ Katsh and Orna Rabinovich-Einy, *Digital Justice: Technology and the Internet of Disputes* (Oxford: Oxford University Press, 2017), 93.

⁵¹ Ethan Katsh and Orna Rabinovich-Einy, *Digital Justice: Technology and the Internet of Disputes* (New York: Oxford University Press, 2017), 45–48.

and transaction records. A nonbiased third party, such as a mediator or arbitrator, is then assigned to oversee the case. The communication phase follows, where parties engage in discussions via email, live chat, video conferencing, or automated messaging systems. Some platforms employ AI-driven systems to suggest resolutions based on previously decided cases. The primary goal at this stage is voluntary agreement through direct negotiation. If negotiation fails, the case proceeds to mediation, where a neutral mediator helps to carry out discussions between the contracting parties to mutually reach towards a acceptable solution. If mediation is unsuccessful, arbitration is conducted, during which an arbitrator examines the case and renders a binding decision. Many jurisdictions legally enforce ODR arbitration decisions under national and international laws.⁵²

Once a resolution is reached, the agreement is documented digitally and electronically signed by all parties. Many ODR rulings hold legal weight and can be enforced through national courts or international treaties. The advantages of ODR include accessibility, as it removes geographical barriers and allows disputes to be resolved remotely. It is also highly efficient, ensuring faster case resolutions compared to traditional litigation. ODR is cost-effective, eliminating expenses related to travel, administration, and legal fees. Additionally, ODR platforms provide enhanced security and confidentiality, as they utilize encryption to protect sensitive data. However, challenges remain, including the legal recognition of ODR decisions, as not all jurisdictions consider them binding. The digital divide also poses a concern, as limited internet access can hinder participation in

⁵² Pablo Cortés, *The Law of Online Dispute Resolution* (Cheltenham: Edward Elgar Publishing, 2010), 122–126.

remote areas. Furthermore, certain disputes, particularly those in family or employment law, may require in-person mediation rather than purely online interactions.⁵³

Despite challenges, ODR continues to evolve and gain acceptance globally, particularly in consumer protection, e-commerce disputes, and cross-border legal matters. With technological advancements and increasing integration into legal systems, ODR is expected to become a cornerstone of dispute resolution, bridging the gap between traditional justice mechanisms and digital transformation.

1.3 DIFFERENT MODES OF ODR

Online Dispute Resolution (ODR) operates through various modes, each designed to address different types of conflicts efficiently. These modes integrate technology with traditional dispute resolution methods, offering a faster, more accessible, and cost-effective alternative to litigation. The primary modes of ODR include online negotiation, mediation and arbitration, hybrid ODR models, automated ODR, and AI-assisted dispute resolution.

The first mode, online negotiation, involves parties engaging in direct discussions through digital platforms to solve their disputes without the involvement of a third party. This can be synchronous (real-time communication via video conferencing or chat) or asynchronous (email exchanges or online portals allowing parties to respond at their convenience). Some platforms provide automated negotiation, where artificial intelligence (AI) suggests solutions based on past case data.⁵⁴

⁵³ Amy J. Schmitz, “Expanding Access to Remedies through E-Courts and ODR,” *Northwestern Journal of Technology and Intellectual Property* 16, no. 3 (2018): 178–180.

⁵⁴ Ethan Katsh and Orna Rabinovich-Einy, *Digital Justice: Technology and the Internet of Disputes* (New York: Oxford University Press, 2017), 67–72.

Online mediation is another key mode of ODR, where a nonbiased third-party mediator facilitates deliberations between disputing parties to help them reach a voluntary settlement. Unlike traditional mediation, online mediation relies on virtual communication tools such as video conferencing, live chat, and document-sharing platforms. It is particularly effective in resolving consumer disputes, family conflicts, and workplace disagreements. Online mediation ensures confidentiality and allows parties to mediate at their convenience, making it an attractive option for cross-border disputes.⁵⁵

A more formal mode is online arbitration, where an arbitrator examines the evidence presented to him digitally and issues a binding judgement. Online arbitration functions similarly to traditional arbitration but eliminates the need for physical hearings. The process can be conducted through video hearings, electronic submission of evidence, and AI-assisted case management. Online arbitration is widely adopted in e-commerce disputes, business-to-business (B2B) conflicts, and domain name disputes. Many international organizations, such as the “World Intellectual Property Organization” (WIPO), utilize online arbitration to solve intellectual property conflicts.⁵⁶

Some dispute resolution processes use hybrid ODR models, combining different modes to offer flexibility. For example, Med-Arb (Mediation-Arbitration) initiates with mediation, and if contracting parties are unsuccessful towards reaching an agreement, the case moves to arbitration. Similarly, Arb-Med (Arbitration-Mediation) involves arbitration first, followed by mediation to encourage settlement before enforcing a

⁵⁵ Colin Rule, *Online Dispute Resolution for Business: B2B, E-Commerce, Consumer, Employment, Insurance, and Other Commercial Conflicts* (San Francisco: Jossey-Bass, 2002), 93–98.

⁵⁶ Pablo Cortés, *The Law of Online Dispute Resolution* (Cheltenham: Edward Elgar Publishing, 2010), 145–150.

binding decision. These hybrid models enhance efficiency by offering multiple resolution pathways within a single digital framework.⁵⁷

With advancements in AI, automated ODR has emerged as a unique mode that relies on AI-driven algorithms to resolve disputes without human intervention. This mode is commonly used for low-value e-commerce disputes, where AI evaluates the claims, applies pre-set legal rules, and generates a resolution. Platforms such as eBay's ODR system use automated processes to settle millions of consumer complaints annually. While automated ODR offers speed and cost savings, it may not be suitable for complex disputes requiring human judgment.⁵⁸

The latest development in ODR is AI-assisted dispute resolution, where artificial intelligence supports mediators, arbitrators, and judges in analyzing case facts, predicting outcomes, and recommending settlements. AI tools enhance decision-making by identifying legal precedents, detecting biases, and streamlining case management. However, ethical concerns about algorithmic fairness, transparency, and accountability remain significant challenges.⁵⁹

Each mode of ODR plays a critical role in modernizing dispute resolution, offering tailored approaches for different types of conflicts. As technology continues to evolve, the integration of AI, blockchain, and smart contracts is expected to further enhance the efficiency and reliability of ODR systems worldwide.

⁵⁷ Gabrielle Kaufmann-Kohler and Thomas Schultz, *Online Dispute Resolution: Challenges for Contemporary Justice* (The Hague: Kluwer Law International, 2004), 221–226.

⁵⁸ Amy J. Schmitz, "Expanding Access to Remedies through E-Courts and ODR," *Northwestern Journal of Technology and Intellectual Property* 16, no. 3 (2018): 190–193.

⁵⁹ Arno R. Lodder and John Zeleznikow, *Enhanced Dispute Resolution through the Use of Information Technology* (Cambridge: Cambridge University Press, 2010), 110–115.

1.4 ADVANTAGES OF USING ODR

Online Dispute Resolution (ODR) offers numerous benefits, making it an attractive alternative to traditional litigation and in-person alternative dispute resolution (ADR) methods. The key benefits of ODR include cost-effectiveness, efficiency, accessibility, flexibility, confidentiality, enforceability, and the use of advanced technology.

One of the primary advantages of ODR is its cost-effectiveness. Traditional litigation and ADR processes often involve high expenses related to attorney fees, court costs, travel, and administrative charges. ODR significantly reduces these costs by eliminating the need for physical appearances, reducing paperwork, and allowing disputes to be settled remotely. This makes ODR particularly beneficial for small businesses, consumers, and individuals who might otherwise struggle with the financial burden of legal proceedings.⁶⁰

ODR also enhances efficiency, as cases are typically resolved much faster than through traditional courts. Court systems worldwide face significant backlogs, leading to prolonged litigation processes that can take months or even years. In contrast, ODR platforms streamline dispute resolution by offering automated case management, real-time communication, and AI-assisted decision-making, ensuring that disputes are resolved within days or weeks.⁶¹

Another significant advantage is accessibility. ODR allows parties to resolve disputes from anywhere in the world, removing geographical barriers and making the process particularly useful for cross-border conflicts. Individuals who may have difficulty

⁶⁰ Ethan Katsh and Orna Rabinovich-Einy, *Digital Justice: Technology and the Internet of Disputes* (New York: Oxford University Press, 2017), 89–92.

⁶¹ Colin Rule, *Online Dispute Resolution for Business: B2B, E-Commerce, Consumer, Employment, Insurance, and Other Commercial Conflicts* (San Francisco: Jossey-Bass, 2002), 112–118.

accessing courts due to mobility issues, time constraints, or financial limitations can easily participate in ODR proceedings through digital platforms. Additionally, multilingual support and AI-driven translation services ensure inclusivity in international disputes.⁶²

The flexibility of ODR also sets it apart from traditional dispute resolution methods. Unlike court litigation, which follows strict procedural rules, ODR platforms offer customized dispute resolution processes that can be tailor-made to the needs of the involved parties. For instance, disputants can choose between mediation, arbitration, or hybrid models like Med-Arb (mediation followed by arbitration). Many ODR systems also allow for asynchronous communication, meaning parties can respond at their convenience rather than being required to attend scheduled hearings.⁶³

Confidentiality is also a major benefit of ODR. Unlike litigation-based court cases, which are often made a matter of public record, ODR proceedings provide a higher level of privacy and data security. Encrypted communication channels and secure document-sharing platforms ensure that sensitive information remains protected. This aspect is more significant in commercial disputes, where businesses may prefer to keep conflict resolution processes private to protect their reputation.⁶⁴

Despite being an online process, ODR decisions can often be legally enforceable. Many national and international frameworks recognize online arbitration agreements as binding, and some ODR platforms work in collaboration with national courts to facilitate

⁶² Pablo Cortés, *The Law of Online Dispute Resolution* (Cheltenham: Edward Elgar Publishing, 2010), 157–160.

⁶³ Gabrielle Kaufmann-Kohler and Thomas Schultz, *Online Dispute Resolution: Challenges for Contemporary Justice* (The Hague: Kluwer Law International, 2004), 233–240.

⁶⁴ Amy J. Schmitz, “Expanding Access to Remedies through E-Courts and ODR,” *Northwestern Journal of Technology and Intellectual Property* 16, no. 3 (2018): 205–209.

enforcement. Organizations such as the United Nations Commission on International Trade Law (UNCITRAL) and the International Chamber of Commerce (ICC) have developed guidelines to ensure that ODR processes adhere to legal principles, making online arbitration rulings enforceable under various jurisdictions.⁶⁵

ODR leverages advanced technology such as artificial intelligence (AI), blockchain, and smart contracts to improve the dispute resolution process. AI-driven negotiation tools can suggest fair settlements based on past case data, while blockchain technology ensures secure and tamper-proof agreements. Some platforms also integrate automated decision-making for minor disputes, further reducing human intervention and expediting the resolution process. These technological advancements make ODR a forward-looking, innovative approach to dispute resolution.⁶⁶

The advantages of ODR like cost savings, speed, accessibility, flexibility, confidentiality, legal enforceability, and technological efficiency make it an increasingly preferred method for resolution disputes in the digital age. As technology continues to evolve, ODR is expected to become an even more integral part of global legal systems.

1.5 TRADITIONAL DISPUTE RESOLUTION MECHANISMS

Traditional dispute resolution mechanisms have been the foundation of legal systems for centuries, providing structured processes for resolving conflicts. These mechanisms include litigation (court proceedings), negotiation, mediation, arbitration, and customary or community-based dispute resolution. Each approach varies in terms of formality, involvement of third parties, enforceability, and procedural complexity.

⁶⁵ United Nations Commission on International Trade Law (UNCITRAL), *Technical Notes on Online Dispute Resolution* (New York: United Nations, 2017), 17–20.

⁶⁶ Arno R. Lodder and John Zeleznikow, *Enhanced Dispute Resolution through the Use of Information Technology* (Cambridge: Cambridge University Press, 2010), 120–125.

One of the most widely recognized mechanisms is litigation, where disputes are resolved through formal court proceedings. Litigation follows a structured legal process, including filing a lawsuit, presenting evidence, examining witnesses, and obtaining a legally binding judgment from a judge or jury. Courts ensure due process, adherence to legal precedents, and enforceability of decisions. However, litigation is often criticized for being time-consuming, expensive, and procedurally complex, making it less suitable for individuals and small businesses seeking quick resolutions.⁶⁷

Negotiation is another common dispute resolution method, where parties engage in direct discussions to reach a mutual agreeable solution without the intervention of third-party. Unlike litigation, this mode is informal, allowing parties to retain control over the process and craft flexible solutions based on their interests. It is frequently used in contract disputes, labor conflicts, and business negotiations. Although negotiation can be effective, it heavily depends on the willingness of both parties to cooperate, and this might not always be successful.⁶⁸

A more structured yet voluntary mechanism is mediation, where a nonbiased mediator acts as a facilitator and tries to facilitate discussions between disputing parties to help them reach a settlement. Mediation is confidential, cost-effective, and non-adversarial, making it a preferred choice in family law cases, workplace disputes, and commercial conflicts. The mediator does not act as a judge and imposes his decision rather he assists the parties in finding common ground. While mediation is faster and more flexible than

⁶⁷ Owen Fiss, *Against Settlement* (New Haven: Yale University Press, 1984), 35–40.

⁶⁸ Carrie Menkel-Meadow, *Negotiation: Processes for Problem Solving* (New York: Aspen Publishers, 2014), 78–83.

litigation, its effectiveness depends on the cooperation of the disputants, as the outcome is not enforceable unless both parties agree to formalize it.⁶⁹

Arbitration is a more prescribed alternative dispute resolution (ADR) method where a neutral arbitrator (or panel of arbitrators) hears evidence and issues a binding decision. Arbitration is often used in business disputes, international trade, and construction disputes, as it allows for privacy, speed, and finality compared to court proceedings. Many businesses include arbitration clauses in contracts to avoid lengthy litigation. However, arbitration decisions (also known as "awards") are typically final and difficult to appeal, which can be a disadvantage if a party feels the ruling was unjust.⁷⁰

In many societies, customary or community-based dispute settlement mechanisms play a crucial role in solving disputes between the parties, particularly in rural areas and indigenous communities. These mechanisms rely on traditional elders, religious leaders, or local councils to mediate and adjudicate disputes based on customary laws, cultural norms, and ethical principles. Examples include Jirga systems in South Asia, Gacaca courts in Rwanda, and Panchayats in India. These methods emphasize restorative justice, reconciliation, and communal harmony, making them effective for social disputes. However, concerns about gender bias, lack of legal safeguards, and inconsistency with formal legal principles have been raised.⁷¹

Each traditional dispute resolution mechanism has its advantages and limitations, and their effectiveness is based upon the nature of dispute in hand, the willingness of parties

⁶⁹ Nancy A. Welsh, "The Thinning Vision of Self-Determination in Court-Connected Mediation," *SMU Law Review* 60, no. 3 (2007): 44–48.

⁷⁰ Gary B. Born, *International Arbitration: Law and Practice* (The Hague: Kluwer Law International, 2020), 105–112.

⁷¹ Tom Bennett, "Customary Law and the Constitution," *South African Journal on Human Rights* 14, no. 2 (1998): 126–132

to participate, and the legal framework governing their enforceability. In modern legal systems, hybrid approaches that combine traditional mechanisms with online dispute resolution (ODR) are increasingly being explored to enhance accessibility and efficiency.

1.6 LIMITATIONS OF TRADITIONAL MECHANISMS

While normally adopted dispute resolution tools such as litigation, negotiation, mediation, arbitration, and customary justice systems have long served as pillars of conflict resolution, they come with several limitations. These limitations include high costs, time delays, procedural complexity, lack of accessibility, power imbalances, enforceability issues, and limited adaptability to modern global disputes.

One of the most significant limitations is the high cost of litigation. Court proceedings involve legal fees, administrative costs, expert witness fees, and potential appeals, making it an expensive option, especially for individuals and small businesses. Even alternative dispute resolution (ADR) methods like arbitration can be costly when involving professional arbitrators and legal representation. This financial burden often discourages parties from pursuing legal action, leading to unresolved disputes.⁷²

Another major drawback is time delays. Traditional litigation can take months or even years due to case backlogs, procedural requirements, and appeals. Even ADR methods, such as arbitration and mediation, can be prolonged if parties fail to reach an agreement or if procedural complexities arise. This delay reduces the efficiency of justice delivery and can financially and emotionally drain the parties involved.⁷³

The procedural complexity of traditional mechanisms also presents a challenge.

Litigation requires adherence to strict legal formalities, rules of evidence, and procedural

⁷² Owen Fiss, *Against Settlement* (New Haven: Yale University Press, 1984), 52–57.

⁷³ Richard Posner, *The Federal Courts: Challenge and Reform* (Cambridge: Harvard University Press, 1996), 98–105.

laws, which can be overwhelming for individuals unfamiliar with legal systems. This complexity often necessitates hiring lawyers, further increasing costs. In arbitration, while the process is more flexible than court litigation, legal formalities still exist, making it less accessible for those without legal expertise.⁷⁴

Lack of accessibility is another limitation, particularly for individuals in remote areas or marginalized communities. Court systems and ADR institutions are often concentrated in urban centers, making it difficult for people in rural areas to access dispute resolution services. Additionally, traditional courts operate during fixed hours, which may not be convenient for all disputants, especially those with demanding work schedules.⁷⁵

Traditional dispute resolution mechanisms also suffer from power imbalances, particularly in negotiation and mediation. In cases where one party has greater financial resources, legal knowledge, or social influence, they may coerce or pressure the weaker party into an unfair settlement. This is especially problematic in family law, labor disputes, and consumer rights cases, where vulnerable individuals may not have the means to advocate for their interests effectively.⁷⁶

Another key issue is enforceability. While court judgments are legally binding and enforceable, enforcement can be delayed due to bureaucratic hurdles, appeals, or lack of compliance by the losing party. Mediation agreements, unless formalized into a court order, are not executable itself and rely on the goodwill of parties to comply. Even in

⁷⁴ Judith Resnik, "Managerial Judges," *Harvard Law Review* 96, no. 2 (1982): 382–388.

⁷⁵ Carrie Menkel-Meadow, *Negotiation: Processes for Problem Solving* (New York: Aspen Publishers, 2014), 112–117.

⁷⁶ Nancy A. Welsh, "The Thinning Vision of Self-Determination in Court-Connected Mediation," *SMU Law Review* 60, no. 3 (2007): 52–58.

arbitration, challenges arise when one party denies to accept and follow the decision, requiring further legal proceedings to enforce the arbitral award.⁷⁷

Limited adaptability to modern global disputes is a growing concern. Traditional mechanisms struggle to address cross-border conflicts, e-commerce disputes, and international trade disagreements, where different legal systems and jurisdictions come into play. As businesses and individuals increasingly operate in digital environments, court-based and offline ADR methods lack the technological tools needed to handle modern, internet-based disputes efficiently. This limitation has led to the rise of Online Dispute Resolution (ODR), which seeks to overcome the inefficiencies of traditional mechanisms.⁷⁸

Despite their long-standing role in conflict resolution, traditional dispute resolution mechanisms face challenges related to cost, time efficiency, procedural rigidity, accessibility, power dynamics, enforcement difficulties, and adaptability. As a result, legal systems worldwide are integrating technology-based solutions such as ODR to complement traditional methods and enhance access to justice.

1.7 WHY ODR IS BENEFICIAL IN E COMMERCE DISPUTES

The rapid growth of online buying and selling has led to an increase in consumer disputes, ranging from issues related to defective products and late deliveries to fraudulent transactions and refund disputes. Generally adopted dispute resolution mechanisms, such as litigation and arbitration, often prove to be inefficient, costly, and time-consuming for resolving such conflicts, especially given the large volume of e-

⁷⁷ Gary B. Born, *International Arbitration: Law and Practice* (The Hague: Kluwer Law International, 2020), 178–182.

⁷⁸ Pablo Cortés, *The Law of Online Dispute Resolution* (Cheltenham: Edward Elgar Publishing, 2010), 193–198.

commerce transactions. Online Dispute Resolution (ODR) has emerged as an efficient alternative, offering benefits such as speed, cost-effectiveness, accessibility, cross-border applicability, automation, and enhanced consumer trust.

One of the most significant benefits of ODR in e-commerce disputes is its speed and efficiency. Traditional court proceedings can take months or even years to solve a dispute due to procedural delays, backlogs, and appeal-based system. Even alternative dispute resolution (ADR) methods, such as arbitration and mediation, require scheduling hearings, presenting evidence, and undergoing lengthy negotiations. In contrast, ODR streamlines the process by enabling automated case management, online submissions, and asynchronous communication, allowing disputes to be resolved within days or weeks. Many e-commerce platforms, such as Amazon and eBay, integrate ODR mechanisms that resolve disputes in a matter of hours through automated resolution tools and direct communication channels.⁷⁹

For example, eBay's ODR platform has successfully resolved millions of disputes annually by allowing buyers and sellers to negotiate solutions or seek mediation through an automated system. This approach eliminates the delays caused by formal legal procedures and ensures quick resolutions that enhance consumer satisfaction.⁸⁰

Litigation is expensive, with costs including court fees, legal representation, expert witnesses, and administrative expenses. Even traditional ADR, such as arbitration, can be costly, particularly when professional arbitrators are involved. So the traditional tools to

⁷⁹ Ethan Katsh and Orna Rabinovich-Einy, *Digital Justice: Technology and the Internet of Disputes* (New York: Oxford University Press, 2017), 134–138.

⁸⁰ Colin Rule, *Online Dispute Resolution for Business: B2B, E-Commerce, Consumer, Employment, Insurance, and Other Commercial Conflicts* (San Francisco: Jossey-Bass, 2002), 94–99.

resolve disputes become impractical for low-value e-commerce disputes, where the cost of litigation may exceed the value of the disputed transaction.

ODR eliminates many of these financial burdens by digitizing the entire process. It enables consumers and businesses to participate in dispute resolution without traveling, hiring expensive legal representation, or engaging in lengthy negotiations. Many ODR platforms offer free or low-cost services, making them more accessible for small businesses and individual consumers.⁸¹

According to studies, ODR platforms have significantly reduced the cost of dispute resolution by up to 90% compared to traditional legal mechanisms. This affordability is a major advantage in e-commerce, where disputes often involve transactions worth \$50 to \$500 amounts too small to justify formal litigation.⁸²

ODR provides global accessibility, allowing individuals to resolve disputes from anywhere, at any time, using digital devices such as smartphones, tablets, or computers. Unlike traditional courts and ADR institutions, which operate during fixed hours and require in-person attendance, ODR enables parties to engage in dispute resolution asynchronously, meaning they do not need to be online at the same time.

This is particularly beneficial for consumers who may lack legal knowledge or financial resources to engage in complex legal proceedings. Many ODR systems use simplified interfaces, AI-powered guidance, and chatbots to help users navigate the dispute resolution process without needing legal expertise.⁸³

⁸¹ UNCITRAL, *Technical Notes on Online Dispute Resolution* (New York: United Nations, 2017), 7–12.

⁸² Amy J. Schmitz and Colin Rule, “The New Handshake: Online Dispute Resolution and the Future of Consumer Protection,” *International Journal of Online Dispute Resolution* 5, no. 1 (2018): 22–27.

⁸³ Pablo Cortés, *The Law of Online Dispute Resolution* (Cheltenham: Edward Elgar Publishing, 2010), 163–167.

For instance, the European Union’s ODR platform provides a user-friendly interface that allows consumers to file complaints against businesses across member states, ensuring an easy and accessible resolution process without formal legal intervention.

One of the biggest challenges in e-commerce disputes is the international nature of transactions. When a consumer in one country buys a product from a seller in another country, jurisdictional issues, differences in consumer protection laws, and enforcement challenges make traditional dispute resolution mechanisms highly ineffective.⁸⁴

ODR addresses these challenges by providing neutral online platforms that apply uniform rules and international legal frameworks to resolve disputes fairly. Many ODR systems are designed to operate in multiple jurisdictions, allowing consumers and businesses to resolve disputes without navigating complex international legal systems. The UNCITRAL Technical Notes on ODR have established guidelines to ensure fair, impartial, and enforceable resolutions in cross-border disputes.⁸⁵

For example, the “*United Nations Conference on Trade and Development*” (UNCTAD) has recognized ODR as a key tool for enhancing cross-border e-commerce by reducing legal barriers and ensuring consistent consumer protection standards.

Another significant advantage of ODR is the integration of automation and AI-driven dispute resolution tools. Many ODR platforms use AI-powered negotiation tools that analyze previous case data and suggest fair settlements based on similar disputes. These AI tools help streamline negotiations and provide objective, data-driven recommendations, reducing the need for human intervention.

⁸⁴ Arno R. Lodder and John Zeleznikow, *Enhanced Dispute Resolution through the Use of Information Technology* (Cambridge: Cambridge University Press, 2010), 140–145.

⁸⁵ UNCTAD, *Online Dispute Resolution and Consumer Protection* (Geneva: United Nations, 2019), 28–35.

Additionally, blockchain technology and smart contracts have been integrated into ODR systems to enhance transparency, security, and enforceability. Blockchain-based ODR ensures that agreements are tamper-proof and automatically executed, preventing disputes related to non-compliance with settlement terms.

Many e-commerce giants, including PayPal, Alibaba, and Amazon, have integrated ODR platforms to handle disputes efficiently. This not only protects consumers but also enhances business credibility by demonstrating a commitment to fair dispute resolution. Studies have shown that businesses with effective ODR mechanisms experience higher customer retention rates and reduced chargebacks.

The increasing number of e-commerce disputes has placed a significant burden on courts and consumer protection agencies. Many of these disputes involve small claims that do not justify lengthy legal proceedings. By diverting these cases to ODR platforms, judicial systems and regulatory bodies can focus on more complex legal matters, improving the overall efficiency of legal institutions.

Governments and regulatory bodies in many countries have started promoting ODR as a primary tool for resolving consumer disputes, recognizing its ability to reduce court congestion and administrative workloads. The United Kingdom and the European Union have implemented ODR frameworks for handling consumer disputes, ensuring faster and more effective resolutions outside traditional courts.

ODR has revolutionized the way e-commerce disputes are resolved by offering speed, cost-effectiveness, accessibility, cross-border applicability, automation, and enhanced consumer trust. Unlike traditional dispute resolution mechanisms, ODR is tailored to the digital economy, providing quick, affordable, and efficient solutions for both consumers

and businesses. As e-commerce continues to expand, ODR will play an increasingly vital role in ensuring fair, efficient, and transparent dispute resolution tool on a global scale.

1.8 CONCLUSION

The evolution of Online Dispute Resolution (ODR) has significantly transformed the landscape of dispute resolution mechanisms, particularly in e-commerce and transnational transactions. Unlike normal dispute resolution mechanisms, which are costly, time lapsing, and jurisdictionally complex, ODR provides a more efficient, speedy and accessible alternative that line up with the digital nature of modern commerce. Through the integration of automated negotiation, artificial intelligence, and blockchain technology, ODR enhances transparency, security, and enforceability, ensuring fair and impartial resolutions.

One of the most compelling reasons for the integration of ODR in online business transactions is its speed and cost-effectiveness. By digitizing the entire dispute resolution process, ODR eliminates legal fees, travel costs, and procedural delays, making it a practical solution for modern problems. The success of platforms like eBay, Amazon, and PayPal in resolving millions of disputes annually underscores the efficiency of ODR in addressing consumer grievances swiftly.

ODR overcomes jurisdictional barriers, providing a neutral and standardized approach to cross-border disputes. Given the global nature of e-commerce, traditional legal mechanisms often struggle with conflicts of laws and enforcement challenges. ODR, supported by international frameworks such as UNCITRAL Technical Notes on ODR,

ensures a consistent and enforceable resolution process, benefiting both consumers and businesses worldwide.

Furthermore, technological advancements in ODR, including AI-powered dispute resolution, smart contracts, and blockchain-based settlements, have increased trust and efficiency in digital transactions. These technologies help in reducing fraudulent claims, automating settlements, and ensuring compliance, making ODR a future-oriented solution for resolving disputes in the rapidly expanding digital economy.

Despite its many advantages, ODR is not without limitations. Concerns regarding digital accessibility, procedural fairness, and enforceability of decisions in certain jurisdictions remain challenges that need to be addressed through continuous legal and technological innovations. Governments and regulatory bodies must further integrate ODR into legal frameworks to ensure its widespread adoption and effectiveness.

ODR has emerged as a critical tool in modern dispute resolution, offering a fast, cost-effective, and borderless alternative to traditional legal processes. As global commerce continues to shift toward digital platforms, the role of ODR will become increasingly indispensable in ensuring fair, efficient, and accessible justice for consumers and businesses alike. The integration of ODR into national and international legal systems will further strengthen consumer protection, reduce court congestion, and promote a more trustworthy digital economy.

CHAPTER-2

DISPUTE RESOLUTION LAWS INCORPORATED BY UK IN E-COMMERCE

2.1 OVERVIEW OF DISPUTE RESOLUTION LAWS IN U.K

In United Kingdom the legal framework for dispute resolution is comprehensive, incorporating litigation, arbitration, mediation, and alternative dispute resolution (ADR). These mechanisms provide avenues for resolving conflicts efficiently while ensuring procedural fairness. The evolution of dispute resolution laws in the UK reflects an emphasis on reducing court congestion, promoting cost-effective solutions, and ensuring accessible justice.⁸⁶

Litigation remains the cornerstone as a tool to solve conflicts in the UK. The process is governed by a series of statutory provisions and procedural rules, most notably the *Civil Procedure Rules (CPR) 1998*,⁸⁷ which regulate civil litigation in England and Wales. The “*Supreme Court Act 1981*” and the “*County Courts Act 1984*” define the jurisdiction of different courts and outline case management protocols. Scotland follows the Court of Session Act 1988, which structures its civil litigation framework. Courts in the UK adhere to the doctrine of precedents, ensuring consistency in legal rulings. Case management powers are granted to judges to prevent undue delays, while an appellate system ensures that litigants have access to fair procedural review and rectification of judicial errors.⁸⁸

⁸⁶ County Courts Act 1984, c. 28.

⁸⁷ Civil Procedure Rules 1998 (SI 1998/3132).

⁸⁸ Lord Denning. *The Discipline of Law*. London: Butterworths, 1979, 245.

Arbitration serves as a private and binding dispute resolution tool, particularly prevalent in commercial disputes. The Arbitration Act 1996 establishes the legal framework for arbitration in England, Wales, and Northern Ireland, while Scotland follows the Arbitration (Scotland) Act 2010.⁸⁹ Arbitration is characterized by party autonomy, confidentiality, and the enforceability of arbitral awards. The ability of parties to choose arbitrators, procedural rules, and applicable laws enhances flexibility, while confidentiality protects business-sensitive information. Arbitral awards are legally binding and enforceable under the New York Convention 1958, facilitating transnational dispute resolution.⁹⁰

Mediation has gained prominence as an effective and voluntary method of dispute resolution. Encouraged in civil cases under the Mediation Directive 2008/52/EC, mediation allows disputing parties to reach settlements without judicial intervention. The process is confidential, and mediated agreements remain non-binding unless formalized into a written contract. Courts increasingly encourage mediation, recognizing its cost-effectiveness and ability to preserve business and personal relationships.⁹¹ Notably, “*Dunnett v Railtrack Plc [2002] EWCA Civ 302*” established that an unreasonable refusal to mediate could lead to cost penalties, reinforcing the judiciary’s support for ADR.

ADR mechanisms, including conciliation and expert determination, have been integrated into consumer protection frameworks. The Alternative Dispute Resolution for Consumer Disputes Regulations 2015 ensures that contracting parties have access to fair dispute resolution mechanisms outside the traditional court system. ADR methods offer

⁸⁹ Arbitration Act 1996, c. 23.

⁹⁰ Redfern, Alan, and Martin Hunter. *Law and Practice of International Commercial Arbitration*. 6th ed. Oxford: Oxford University Press, 2015, 126.

⁹¹ Genn, Hazel. *Judging Civil Justice*. Cambridge: Cambridge University Press, 2013, 89.

efficiency, reduced legal costs, and enforceability across jurisdictions.⁹² The landmark case “*Halsey v Milton Keynes NHS Trust [2004] EWCA Civ 576*” further clarified that courts should not compel parties into mediation but should actively encourage its use when appropriate.

The Consumer Rights Act 2015 significantly impacted dispute resolution by consolidating and modernizing consumer protection laws.⁹³ The Act enhances consumer rights by regulating unfair terms in contracts, ensuring product quality, and providing legal remedies for defective goods and services. Under Section 9, goods should of satisfactory quality, fit for what they are advertised to, with consumers entitled to refunds, repairs, or replacements if goods fail to meet these standards. A crucial development in the Act is its protection of digital content, recognizing the increasing reliance on digital products. Sections 33–47 stipulate that digital content must meet quality standards, ensuring consumers have legal recourse for defective software, e-books, or streaming services.⁹⁴

Contract fairness is a key provision under the Act, with Sections 61–76 ensuring that terms and conditions in consumer contracts are transparent and equitable. Unfair terms are unenforceable, safeguarding consumers from exploitative business practices. Additionally, Sections 48–57 mandate that services be performed with reasonable care and skill, granting consumers the right to price reductions or repeat services when expectations are not met. A pivotal aspect of the Act is Section 20, which establishes a 30-day right to reject defective goods and claim a full refund, reinforcing consumer

⁹² Brown, Henry, and Arthur Marriott. *ADR Principles and Practice*. Oxford: Oxford University Press, 2018, 211.

⁹³ Consumer Rights Act 2015, c. 15.

⁹⁴ Alexander, Nadja. *International and Comparative Mediation: Legal Perspectives*. The Hague: Kluwer Law International, 2006, 75.

confidence in the marketplace.⁹⁵ Furthermore, the Act aligns with ADR frameworks, encouraging mechanisms such as Online Dispute Resolution (ODR) to resolve disputes efficiently and cost-effectively.⁹⁶

Several landmark cases have influenced dispute resolution in the UK. *Dunnett v Railtrack Plc* [2002] EWCA Civ 302 underscored the judiciary's endorsement of mediation, penalizing parties that unreasonably refuse ADR.⁹⁷ *Halsey v Milton Keynes NHS Trust* [2004]⁹⁸ EWCA Civ 576 reinforced the voluntary nature of mediation, ruling that compelling parties to mediate may contravene their access to justice. *Fulham Football Club v Richards* [2011] EWCA Civ 855 emphasized the enforceability of arbitration agreements, affirming that courts must uphold arbitration clauses unless exceptional circumstances dictate otherwise.⁹⁹

The UK's dispute resolution landscape reflects a shift toward efficient, cost-effective alternatives while preserving judicial oversight where necessary. Legislative reforms and landmark case law continue to shape a dynamic and accessible legal framework that balances fairness, efficiency, and consumer protection.¹⁰⁰

2.2 CONSUMER RIGHTS ACT 2015

The Consumer Rights Act 2015 is landmark legislation in the United Kingdom that consolidates and modernizes consumer protection laws. The Act aims to provide clarity, enhance party rights, and simplify dispute resolution processes for goods, services, and

⁹⁵ Moses, Margaret L. *The Principles and Practice of International Commercial Arbitration*. 3rd ed. Cambridge: Cambridge University Press, 2017, 68.

⁹⁶ UNCITRAL. *Technical Notes on Online Dispute Resolution*. United Nations, 2016.

⁹⁷ *Dunnett v Railtrack Plc* [2002] EWCA Civ 302.

⁹⁸ *Halsey v Milton Keynes NHS Trust* [2004] EWCA Civ 576.

⁹⁹ *Fulham Football Club v Richards* [2011] EWCA Civ 855.

¹⁰⁰ Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015, SI 2015, 542.

digital content transactions. Its provisions ensure fair trading practices, prevent exploitative contractual terms, and offer effective remedies for consumers when businesses fail to meet their obligations.¹⁰¹

One of the most important provisions of the Act is that the goods should be of satisfactory quality, fit for the purpose for which it is advertised. Section 9 mandates that all goods sold to consumers must meet these fundamental criteria. If a product is found to be defective, consumers have the right to replace, repair or refund a product. The Act introduced a 30-day right to reject under Section 20, allowing consumers to return faulty goods for a full refund within this period, a major improvement over previous fragmented legal protection.¹⁰²

The Act also extends legal protections to digital content, which was not explicitly covered under previous consumer laws. Sections 33–47 provide that digital products such as software, e-books, music, and streaming services must meet quality standards and function as advertised. If digital content is faulty, consumers are entitled to a repair or replacement, and in cases where damages occur due to defective digital products, compensation is mandated.¹⁰³ This provision reflects the growing reliance on digital goods and ensures a balanced legal framework for modern commerce.

Another critical aspect of the Act is its focus on fair contractual terms. Sections 61–76 regulate the fairness and transparency of contractual terms in consumer agreements. Terms that are deemed unfair—such as hidden fees, excessive penalty charges, or clauses

¹⁰¹ Howells, Geraint, Hans-W. Micklitz, and Thomas Wilhelmsson. *European Consumer Law: A Handbook*. Oxford: Routledge, 2017, 102.

¹⁰² Cartwright, Peter. *Consumer Protection and the Criminal Law: Law, Theory, and Policy in the UK*. Cambridge: Cambridge University Press, 2016, 145.

¹⁰³ Twigg-Flesner, Christian. *Foundations of International Consumer Law*. Cheltenham: Edward Elgar Publishing, 2015, 78.

limiting consumer rights—are unenforceable. The Act aligns with the “*Unfair Contract Terms Directive (93/13/EEC)*”¹⁰⁴, ensuring that businesses cannot impose unreasonable conditions on consumers. Courts have upheld this principle in landmark cases such as *Parking Eye Ltd v Beavis* [2015] UKSC 67,¹⁰⁵ where the Supreme Court ruled on the enforceability of penalty charges in consumer contracts.¹⁰⁶

The Act also introduces stronger consumer rights for services. Under Sections 48–57, businesses providing services must exercise reasonable care and skill. If services do not meet expected standards, consumers have the right to request a repeat service or a price reduction. These provisions ensure accountability and fairness in service-based industries, protecting consumers from substandard work or misleading service agreements.¹⁰⁷

In addition to strengthening consumer rights, the Act promotes alternative dispute resolution (ADR) mechanisms to resolve disputes efficiently. The Alternative Dispute Resolution for Consumer Disputes Regulations 2015 support out-of-court settlements, reducing litigation costs and easing court burdens. Online Dispute Resolution (ODR) mechanisms, aligned with EU regulations, provide a streamlined process for consumer complaints, particularly in cross-border transactions. These mechanisms enhance consumer confidence and encourage businesses to resolve disputes amicably.¹⁰⁸

The Consumer Rights Act 2015 has played great role for the protection of consumers in the UK. By consolidating and modernizing existing laws, it ensures greater transparency,

¹⁰⁴ Unfair Contract Terms Directive 93/13/EEC.

¹⁰⁵ *ParkingEye Ltd v Beavis* [2015] UKSC 67.

¹⁰⁶ Morgan, Paul. *Contract Law and Consumer Protection*. London: Sweet & Maxwell, 2016, 320.

¹⁰⁷ Richards, Sarah. *The Law of Consumer Protection*. Oxford: Oxford University Press, 2017, 98.

¹⁰⁸ Hodges, Christopher, Benöhr, Iris, and Naomi Creutzfeldt. *Consumer ADR in Europe*. Oxford: Hart Publishing, 2019, 67.

fairness, and efficiency in consumer transactions. Its provisions for digital content, fair contracts, and ADR reflect the evolving nature of commerce and the need for adaptable legal frameworks. The Act continues to shape business practices, empowering consumers and reinforcing trust in the marketplace.¹⁰⁹

2.3 ELECTRONIC COMMUNICATIONS ACT 2000.

The Electronic Communications Act 2000 was introduced in the United Kingdom to facilitate and regulate the use of electronic communications and digital signatures. It aimed to create a legal framework for electronic transactions, ensuring their validity and security while promoting the growth of online business and digital services. The Act played a crucial role in aligning UK law with global technological advancements, supporting businesses and consumers in conducting secure digital transactions.¹¹⁰

One of the key statutory provisions of the Act is the recognition and legal validity of electronic signatures. Under Section 7, electronic signatures are given the same legal status as handwritten signatures, provided specific security standards are maintained. This provision has been instrumental in enabling secure digital transactions, ensuring that electronically signed documents can be used in contracts, legal agreements, and official records. The legal recognition of electronic signatures has significantly streamlined business operations, reducing paperwork, expediting contractual processes, and enhancing efficiency in both public and private sectors.¹¹¹

The Act also gives authority to the Secretary of State to regulate the provision of cryptographic services. Cryptographic service providers must meet government security standards to ensure the authenticity of electronic communications. By doing so, the Act

¹⁰⁹ Consumer Rights Act 2015, c. 15.

¹¹⁰ Reed, Chris. *Internet Law: Text and Materials*. Cambridge: Cambridge University Press, 2001, 42.

¹¹¹ Mason, Stephen. *Electronic Signatures in Law*. Cambridge: Cambridge University Press, 2003, 115.

promotes trust in digital transactions and protects businesses and individuals from fraud and cyber threats. The regulation of cryptographic services plays a crucial role in preventing the disclosure of sensitive data, preventing unauthorized access, and mitigating risks associated with cybercrime, thereby enhancing national cybersecurity measures. These provisions have been particularly relevant in sectors such as finance, healthcare, and government services, where data security is of paramount importance.¹¹² Furthermore, the statute supports the development of electronic government services, allowing public institutions to offer digital services more efficiently. This has led to the widespread adoption of e-governance solutions, including online tax filings, electronic voting systems, and digital identity verification. The implementation of these digital services has improved accessibility for citizens, minimized bureaucratic hurdles, and contributed to a more transparent and responsive governance model. The Act has played a crucial role in reducing reliance on physical documentation, increasing efficiency in administrative processes, and making government services more accessible to the general public.¹¹³

The Act has also been instrumental in fostering innovation and competition within the digital economy. By establishing a robust legal framework for electronic transactions, it has encouraged businesses to adopt digital solutions, leading to the rapid expansion of online retail, fintech services, and digital banking. The protection afforded to electronic transactions under the Act has increased consumer confidence, facilitating cross-border

¹¹² Lloyd, Ian. *Information Technology Law*. Oxford: Oxford University Press, 2004, 89.

¹¹³ Edwards, Lilian. *Law and the Internet*. Oxford: Hart Publishing, 2005, 132

trade and international e-commerce growth. Moreover, businesses have been able to streamline their processes, reducing transaction costs and increasing efficiency.¹¹⁴

Additionally, the Electronic Communications Act 2000 has laid the groundwork for the continued evolution of digital infrastructure in the UK. As technology advances, the principles enshrined in the Act continue to shape legislative updates and policy measures related to cybersecurity, data protection, and digital identity management. The adaptability of the Act ensures that it remains relevant in an era of rapid digital transformation, supporting emerging technologies such as blockchain, artificial intelligence, and quantum cryptography. The legal framework established by the Act has also played a significant role towards the development of digital transactions and electronic communications.¹¹⁵

The Act has influenced other legislative measures in the UK, including the “*Data Protection Act 2018*” and the UK's enactment of the *General Data Protection Regulation* (GDPR). By establishing a legal foundation for secure electronic transactions, it has paved the way for further advancements in digital privacy, cybersecurity, and consumer protection. Furthermore, it has contributed to international cooperation in digital trade, as businesses operating within the UK can engage in global e-commerce with confidence in security and legal recognition of digital transactions.¹¹⁶

The Electronic Communications Act 2000 has had a lasting impact on digital commerce and governance in the UK. By providing legal recognition for electronic communications and signatures, it has facilitated the growth of e-commerce, improved governmental

¹¹⁴ Electronic Communications Act 2000, c. 7.

¹¹⁵ Walden, Ian. *Computer Crimes and Digital Investigations*. Oxford: Oxford University Press, 2020, 127.

¹¹⁶ Mason, Stephen. *Electronic Signatures in Law*. 4th ed. Cambridge: Cambridge University Press, 2016. 73.

efficiency, and strengthened cybersecurity measures. The Act continues to evolve in response to technological advancements, ensuring that digital transactions remain secure and legally enforceable. Its role in fostering trust, efficiency, and innovation within the digital landscape underscores its significance in the modern digital era. As digital technologies continue to develop, the Act remains a foundational piece of legislation that supports the UK's position as a global leader in digital governance and electronic commerce.¹¹⁷

2.4 ODR ADOPTED AS A DISPUTE RESOLUTION MECHANISM

Online Dispute Resolution (ODR) has emerged as an innovative and effective mechanism for resolving consumer conflicts, particularly in e-commerce and cross-border transactions. As traditional litigation and alternative dispute resolution (ADR) methods can be expensive, time-consuming, and jurisdictionally complex, ODR offers a digital alternative that enhances accessibility and efficiency. It allows contracting parties to resolve disputes remotely through automated platforms like mediation and arbitration services conducted online, significantly reducing the burden on courts and legal systems.¹¹⁸ With the increasing digitization of commercial activities, ODR has become a crucial tool for ensuring consumer protection and fostering trust in digital transactions.

A key advantage of ODR is its speed and cost-effectiveness. Traditional legal proceedings often take months or even years to reach a resolution, whereas ODR platforms can settle disputes within days or weeks. Major online platforms such as Amazon, eBay, and PayPal have implemented ODR mechanisms that facilitate consumer claims through automated dispute resolution tools, enhancing consumer trust and

¹¹⁷ Lloyd, Ian J. *Information Technology Law*. 8th ed. Oxford: Oxford University Press, 2017, 157.

¹¹⁸ Lodder, Arno R., and John Zeleznikow. *Enhanced Dispute Resolution through the Use of Information Technology*. Cambridge: Cambridge University Press, 2010, 140.

business credibility.¹¹⁹ The European Union has also established an ODR platform that provides consumers and businesses with a structured and impartial means of resolving disputes without resorting to lengthy litigation.¹²⁰ By allowing parties to communicate asynchronously and submit evidence digitally, ODR minimizes procedural delays and ensures more efficient dispute resolution.

Moreover, ODR supports cross-border dispute resolution, eliminating the jurisdictional challenges that arise in international e-commerce transactions. As digital markets expand beyond national borders, consumers and businesses frequently face legal uncertainties due to differences in regulatory frameworks. ODR helps bridge these gaps by applying uniform legal principles, such as the UNCITRAL Technical Notes on ODR, ensuring fairness and enforceability in global transactions. AI-driven dispute resolution tools, blockchain-based adjudication, and smart contracts further enhance the reliability and transparency of ODR, making it an indispensable component of modern dispute resolution.¹²¹

Despite its advantages, the adoption of this tool faces certain challenges. The lack of universal regulatory frameworks and inconsistencies in national laws can hinder the enforcement of ODR decisions. Additionally, concerns regarding data privacy, cybersecurity, and procedural fairness remain significant obstacles to its widespread implementation. There is also the issue of digital literacy—while ODR enhances access to justice, it may exclude individuals who lack technological proficiency or access to

¹¹⁹ Cortes, Pablo. *Online Dispute Resolution for Consumers in the European Union*. London: Routledge, 2011, 97.

¹²⁰ Hodges, Christopher. *Delivering Dispute Resolution: A Holistic Review of Models in England and Wales*. Oxford: Hart Publishing, 2019, 183.

¹²¹ Katsh, Ethan, and Orna Rabinovich-Einy. *Digital Justice: Technology and the Internet of Disputes*. Oxford: Oxford University Press, 2017, 214.

digital resources.¹²² To address these concerns, governments and international organizations are working towards creating standardized guidelines for ODR to ensure its fairness, security, and inclusivity.

The future of ODR appears promising, with continuous advancements in artificial intelligence, blockchain technology, and automated legal reasoning. AI-powered dispute resolution tools are becoming increasingly sophisticated, capable of analyzing case histories, predicting outcomes, and even facilitating negotiations between disputing parties. Blockchain technology enhances transparency by providing immutable records of dispute resolution processes, ensuring accountability and trust. These technological developments are expected to further integrate ODR into mainstream legal and business frameworks, making it a vital tool for dispute settlement in the digital age.¹²³

ODR represents a transformative shift in the way disputes are resolved, offering speed, efficiency, and accessibility in an increasingly digital world. While challenges remain, ongoing advancements in technology and regulatory frameworks continue to strengthen its credibility and effectiveness. As e-commerce and digital transactions continue to grow, ODR will play a major role in enhancing consumer protection, business integrity, and global dispute resolution.

2.5 TECHNOLOGY AND PLATFORMS USED BY U.K TO INCORPORATE ODR

The United Kingdom has progressively integrated Online Dispute Resolution (ODR) into its legal, commercial, and consumer protection frameworks, reflecting a broader global

¹²² Schmitz, Amy J. *ODR and the Digital Age: Addressing the Access to Justice Gap*. Cambridge: Cambridge University Press, 2020, 76

¹²³ Sourdin, Tania. *Artificial Intelligence and the Future of Dispute Resolution*. Oxford: Oxford University Press, 2021, 109.

movement toward digital justice. ODR provides a faster, cost-effective, and accessible means of resolving disputes, reducing reliance on traditional litigation. The UK government and private entities have adopted advanced technologies, including AI-driven mediation, blockchain-based adjudication, smart contracts, and online court systems, to facilitate efficient and transparent dispute resolution. These developments have significantly impacted consumer rights, small claims resolution, cross-border commerce, and family law disputes.¹²⁴

One of the most significant ODR initiatives in the UK is the HMCTS Online Civil Money Claims (OCMC) platform, designed to resolve small claims disputes online without requiring in-person court appearances. The platform allows claimants to file claims of up to £10,000, submit evidence, communicate with defendants, and negotiate settlements digitally. Mediation services are integrated into the platform, providing an alternative resolution method before escalating cases to litigation. The system has reduced delays, minimized court backlogs, and improved access to justice by making legal recourse available to a broader demographic.¹²⁵

The UK has also implemented ODR mechanisms for family law disputes, including online divorce applications and child custody mediation. The Online Divorce Service, launched by the UK government, enables couples to initiate divorce proceedings digitally, reducing paperwork, court visits, and processing time. Additionally, family mediation services use video conferencing, AI-assisted legal guidance, and digital documentation systems to facilitate amicable dispute resolution regarding child custody,

¹²⁴ Lodder, Arno R., and John Zeleznikow. *Enhanced Dispute Resolution through the Use of Information Technology*. Cambridge: Cambridge University Press, 2010, 145.

¹²⁵ Cortes, Pablo. *Online Dispute Resolution for Consumers in the European Union*. London: Routledge, 2018, 210.

spousal support, and financial settlements. These digital solutions have improved the efficiency of family law proceedings while reducing emotional distress for the involved parties.¹²⁶

Several local governments in the UK have adopted digital appeal systems for contesting parking fines and traffic violation penalties. Platforms such as The Traffic Penalty Tribunal (TPT) Online Appeal System allow motorists to challenge fines through an online portal without the need for physical court hearings. Automated case management tools and online adjudication have streamlined the resolution process, offering quicker, more transparent dispute outcomes.¹²⁷

Leading online marketplaces and payment service providers operating in the UK have integrated AI-driven ODR systems to handle consumer disputes efficiently.

- Amazon, eBay, and PayPal ODR Mechanisms: These platforms use automated dispute resolution tools that allow consumers and sellers to resolve issues related to refunds, defective products, and payment discrepancies. AI-driven systems assess transaction histories, review claims, and propose resolutions based on predetermined rules and past case outcomes, reducing the need for human intervention.¹²⁸
- Financial Ombudsman Service (FOS) ODR Tools: The UK's Financial Ombudsman Service has integrated ODR systems to manage conflicts between consumers and financial service providers, such as banks, insurers, and

¹²⁶ Hodges, Christopher. *Delivering Dispute Resolution: A Holistic Review of Models in England and Wales*. Oxford: Hart Publishing, 2019, 190.

¹²⁷ Reed, Chris. *Digital Information Law: The Regulation of Electronic Commerce*. Oxford: Oxford University Press, 2020, 172.

¹²⁸ Katsh, Ethan, and Orna Rabinovich-Einy. *Digital Justice: Technology and the Internet of Disputes*. Oxford: Oxford University Press, 2017, 220.

investment firms. Digital portals allow complainants to submit grievances, upload supporting documents, and track case progress in real time.¹²⁹

AI-driven systems are transforming legal dispute resolution in the UK. AI chatbots and virtual assistants help claimants file disputes, provide legal guidance, and automate case assessments. Platforms such as “*DONOTPAY*”, an AI-powered legal service, assist consumers in appealing parking fines, challenging bank fees, and handling small claims disputes without legal representation.¹³⁰

Blockchain technology is increasingly being explored for secure and tamper-proof dispute resolution. Some UK-based LegalTech firms have developed decentralized arbitration systems, where blockchain-powered smart contracts automatically resolve contractual disputes based on predefined terms and conditions. These systems are particularly useful in fintech, supply chain disputes, and intellectual property rights enforcement.¹³¹

The pandemic of *COVID-19* accelerated the adoption of remote court proceedings and virtual hearings in the UK. Platforms such as Cloud Video Platform (CVP) have been widely used in civil, family, and administrative courts, allowing parties to present cases, cross-examine witnesses, and receive judicial decisions without physically attending courtrooms. This has significantly reduced litigation costs and increased accessibility for individuals unable to travel to court locations.¹³²

¹²⁹ Cortes, Pablo. *Online Dispute Resolution for Consumers in the European Union*. London: Routledge, 2018, 230.

¹³⁰ Reed, Chris. *Digital Information Law: The Regulation of Electronic Commerce*. Oxford: Oxford University Press, 2020, 180.

¹³¹ Cortes, Pablo. *Online Dispute Resolution for Consumers in the European Union*. London: Routledge, 2018, 240.

¹³² Hodges, Christopher. *Delivering Dispute Resolution: A Holistic Review of Models in England and Wales*. Oxford: Hart Publishing, 2019, 200.

Mediation and arbitration services in the UK are increasingly digitized, with legal professionals offering dispute resolution services via secure digital platforms. Organizations such as CEDR (Centre for Effective Dispute Resolution) provide online mediation services, enabling commercial entities and individuals to settle disputes remotely through negotiation, conciliation, and arbitration without resorting to formal litigation.¹³³

The UK's adoption of ODR reflects a progressive move toward digitized legal services, leveraging AI, blockchain, and online court systems to promote efficient justice and transparency in dispute resolution system. Government-backed initiatives such as HMCTS OCMC, online divorce services, and traffic violation dispute portals have modernized legal proceedings, while private sector innovations in e-commerce ODR, AI-driven legal assistance, and blockchain-based arbitration continue to shape the future of dispute resolution. As technology evolves, the UK remains at the forefront of integrating digital dispute resolution mechanisms, reinforcing consumer rights, business accountability, and cross-border commerce in an increasingly digital economy.¹³⁴

2.6 CONCLUSION

The United Kingdom has successfully incorporated Online Dispute Resolution (ODR) mechanisms within its legal and regulatory framework, significantly enhancing the accessibility, efficiency, and affordability of dispute settlement processes. Traditional litigation and ADR methods, while effective, often suffer from delays, high costs, and jurisdictional challenges, particularly in cross-border disputes. The introduction of AI-driven mediation, blockchain-based arbitration, and digital dispute resolution platforms

¹³³ Katsh, Ethan, and Orna Rabinovich-Einy. *Digital Justice: Technology and the Internet of Disputes*. Oxford: Oxford University Press, 2017, 230.

¹³⁴ Consumer Rights Act 2015, c. 15.

has allowed the UK to modernize its approach, ensuring that individuals and businesses can solve conflicts in a timely and less expensive manner.

Government-backed initiatives such as Her Majesty's Courts and Tribunals Service (HMCTS) Online Civil Money Claims (OCMC) platform, the Traffic Penalty Tribunal (TPT) Online Appeal System, and the Online Divorce Service have provided digital avenues for resolving disputes efficiently, significantly reducing court congestion and improving access to justice. Additionally, privately operated ODR platforms have been instrumental in resolving consumer disputes, with major e-commerce companies such as Amazon, eBay, and PayPal implementing automated resolution mechanisms that allow consumers to settle claims swiftly and fairly. The Financial Ombudsman Service (FOS) has also embraced ODR by offering digital complaint resolution services, further strengthening consumer protection and business accountability.

Furthermore, the UK's adoption of EU-aligned ODR regulations, particularly in consumer law, has played a pivotal role in ensuring that businesses comply with fair trade practices. By integrating the UNCITRAL Technical Notes on ODR, the UK has reinforced the principles of impartiality, and transparency in digital dispute resolution. The growth of automated legal decision-making tools and AI-powered arbitration has introduced an additional layer of reliability and consistency, enabling disputes to be resolved with greater accuracy and fairness.

The future of ODR in the UK looks promising, with continuous advancements in artificial intelligence, data security, and smart contract enforcement shaping the landscape of digital dispute resolution. As the demand for remote dispute settlement increases, particularly in the post-pandemic world, the UK's legal system is expected to

further integrate emerging technologies such as machine learning, predictive analytics, and decentralized arbitration platforms to refine and improve its ODR mechanisms.

CHAPTER-3

LEGAL REGIME OF PAKISTAN RELATED TO DISPUTE SETTLEMENT IN E COMMERCE

3.1 OVERVIEW OF EXISTING LAWS FOR THE PROTECTION OF CONTRACTING PARTIES

Contract law is a fundamental aspect of legal systems worldwide, ensuring that agreements between parties are enforceable and protecting their rights. The legal framework governing contracts includes principles such as good faith, fairness, and enforceability. Contract law provides safeguards to prevent coercion, misrepresentation, and unfair contractual terms. In many jurisdictions, statutory and common law principles ensure that both individuals and businesses are protected from exploitative contractual arrangements.

The doctrine of privity establishes that only parties directly involved in a contract can enforce its terms or be held liable under it. This principle is foundational in common law jurisdictions and is crucial in determining contractual rights and obligations. However, certain statutory exceptions, such as the Contracts (Rights of Third Parties) Act 1999 in England and Wales, allow third parties to claim benefits under a contract if explicitly stated. This exception has significantly altered traditional contract law by permitting third-party beneficiaries to enforce terms under specific conditions. Additionally, contracts involving insurance, agency relationships, and trust law often allow third parties to benefit indirectly, challenging the rigid application of privity. Courts have further

expanded exceptions based on the intention of contracting parties, ensuring fairness and avoiding unjust outcomes in commercial transactions.¹³⁵

Many legal systems recognize an implied duty of good faith, ensuring that neither party engages in deceptive or unfair practices. This principle is prevalent in U.S. contract law and international commercial agreements. It obligates parties to act honestly and fairly, particularly in long-term contracts or fiduciary relationships. This principle is also recognized in civil law jurisdictions, where it plays a more pronounced role in contract interpretation and enforcement. Courts have applied this doctrine to prevent opportunistic behavior, such as one party taking advantage of a contract's ambiguity to undermine the expectations of the other. Additionally, good faith obligations often appear in employment contracts, franchise agreements, and insurance policies, highlighting their wide-ranging applicability. Failure to adhere to this duty can result in contractual liability, damages, or even termination of the agreement.¹³⁶

The doctrine of frustration applies when an unforeseen event fundamentally alters the contract's purpose, making performance of contract impossible as agreed. Courts may discharge a contract under this doctrine if neither party is at fault. For example, in *Taylor v. Caldwell* (1863), the destruction of a concert hall led to the contract's frustration. The principle ensures that contractual obligations do not become unfairly burdensome due to external circumstances beyond the parties' control. This doctrine is particularly relevant in force majeure clauses, which outline conditions under which performance may be excused due to extraordinary events. Frustration differs from impossibility in that the latter focuses on the ability to perform rather than the underlying purpose of the contract.

¹³⁵ Beale, Hugh, ed. *Chitty on Contracts*, 34th ed. London: Sweet & Maxwell, 2021, pp. 175-180.

¹³⁶ American Law Institute. *Restatement (Second) of Contracts*. St. Paul, MN: American Law Institute Publishers, 1981, pp. 205-210.

Recent applications of this doctrine include cases related to the COVID-19 pandemic, where businesses sought relief due to lockdowns and restrictions that significantly altered their contractual obligations.¹³⁷

The parol evidence rule generally restricts parties from introducing extrinsic evidence to contradict a fully integrated written contract. The principle ensures contractual certainty and upholds the integrity of documented agreements. However, exceptions exist for cases of fraud, mistake, or misrepresentation. Courts may allow parol evidence to clarify ambiguities or to demonstrate that a contract was induced by fraudulent misrepresentation. This rule is especially important in commercial agreements, where written contracts serve as the primary source of obligations. Critics argue that the parol evidence rule may sometimes lead to unjust outcomes by excluding relevant context. Nonetheless, the rule remains essential for preventing parties from attempting to alter the terms of a contract retrospectively. Judicial interpretation of the rule varies, with some jurisdictions adopting a more flexible approach that considers the entire contractual relationship.¹³⁸

The doctrine of estoppel prevents a party from asserting rights that contradict previous representations upon which the other party relied. Promissory estoppel, for example, ensures that a party cannot go back on a promise if the other party has relied on first party stance. This doctrine is widely used to prevent injustice, particularly in cases where one party has incurred losses based on the reasonable expectation of another's promise. Courts evaluate estoppel claims based on factors such as reliance, detriment, and fairness. The principle is often invoked in employment disputes, real estate transactions, and

¹³⁷ Beale, Hugh, ed. *Chitty on Contracts*, 34th ed. London: Sweet & Maxwell, 2021, pp. 1120-1130

¹³⁸ Klass, Gregory. "Interpretation and Construction in Contract Law." *Georgetown Law Faculty Publications*, 2018, p. 87. <https://scholarship.law.georgetown.edu/facpub/1947>.

contract modifications. While estoppel is generally considered an equitable remedy, some jurisdictions have incorporated it into statutory frameworks to provide greater clarity. The doctrine serves as an important counterbalance to strict contractual formalism, ensuring that parties cannot unjustly exploit legal technicalities.¹³⁹

Contract law plays a crucial role in protecting contracting parties by enforcing agreements, ensuring fairness, and providing legal remedies. The principles discussed, including good faith, estoppel, and consumer protection, highlight the evolving nature of contract law in response to modern economic and technological developments. This Ensures fairness and predictability in contractual relationships and it remains a key goal of contract law, as courts and legislatures strive to balance the interests of businesses and consumers. Future developments in contract law may further refine doctrines such as frustration, estoppel, and exclusion clauses to address emerging legal and commercial issues.

3.2 ANALYZING DISPUTE RESOLUTION REGULATIONS IN THE LEGISLATIVE SETUP OF PAKISTAN

Dispute resolution mechanisms are essential for maintaining law and order, ensuring justice, and providing fair remedies in legal conflicts. Pakistan's legislative framework encompasses various dispute settlement regulations, including judicial and ADR mechanisms. The legal system, influenced by Islamic principles and common law traditions, aims to provide effective resolutions for civil, criminal, and commercial disputes.

¹³⁹ Burrows, Andrew. *A Casebook on Contract*, 6th ed. Oxford: Hart Publishing, 2020, pp. 190-200

The formal judicial system in Pakistan follows a hierarchical structure, comprising the Supreme Court, High Courts, and subordinate courts. The Constitution of Pakistan, 1973, provides the foundation for judicial dispute resolution, ensuring the independence of the judiciary under Article 175. The *Civil Procedure Code (CPC) 1908* and the *Criminal Procedure Code (CrPC) 1898* regulate civil and criminal disputes, respectively. The Supreme Court serves as the final appellate authority, interpreting laws and ensuring their compliance with constitutional provisions. Despite these regulations, procedural delays, case backlogs, and judicial inefficiencies remain significant challenges in the formal legal system. According to legal scholars, the average duration for resolving civil disputes in Pakistan can extend up to several years due to procedural complexities and administrative constraints.¹⁴⁰

Recognizing the need for expeditious dispute resolution, Pakistan has integrated ADR mechanisms, including arbitration, mediation, and conciliation. The Arbitration Act 1940 governs arbitration proceedings, while the Small Claims and Minor Offences Courts Ordinance 2002 facilitates mediation in minor disputes. Additionally, the *Legal Aid and Justice Authority Act 2020* aims to enhance access to ADR for marginalized communities. Despite legislative provisions, ADR adoption remains limited due to a lack of awareness, institutional support, and reluctance from legal practitioners. Some scholars argue that ADR can significantly reduce judicial burdens if properly institutionalized and incorporated into mainstream legal practice.¹⁴¹

¹⁴⁰ Khan, Hamid. *Constitutional and Political History of Pakistan*, 3rd ed. Karachi: Oxford University Press, 2021, pp. 135-140.

¹⁴¹ Raza, Muhammad. *Alternative Dispute Resolution in Pakistan: Challenges and Opportunities*. Lahore: Punjab Law House, 2020, pp. 112-117.

With the growth of commercial activities, Pakistan has established specialized forums for resolving business disputes. “The Recognition and Enforcement (Arbitration Agreements and Foreign Arbitral Awards) Act 2011” aligns Pakistan’s arbitration laws with international conventions, including the New York Convention. The establishment of commercial courts and the Securities and Exchange Commission of Pakistan (SECP) also facilitates dispute resolution in corporate matters. Despite these legal advancements, enforcement challenges and procedural complexities hinder the efficiency of commercial dispute resolution. Empirical studies indicate that commercial litigations in Pakistan often take years to conclude, affecting investor confidence and economic growth.¹⁴²

Despite a well-established legislative framework, Pakistan’s dispute resolution system faces several challenges, including judicial delays, limited ADR integration, and lack of legal literacy. Strengthening judicial capacity, promoting ADR awareness, and modernizing procedural laws can improve the efficiency and accessibility of dispute resolution mechanisms. Moreover, digital transformation in legal proceedings can further expedite case management and decision-making processes. The incorporation of e-courts, as piloted in certain regions, has demonstrated potential in reducing delays and improving transparency in dispute resolution.¹⁴³

Pakistan’s dispute settlement regulations encompass judicial and alternative mechanisms, reflecting a blend of legal traditions and contemporary practices. While legislative advancements have improved access to justice, systemic challenges persist. Strengthening institutional capacity, ensuring legal reforms, and enhancing public awareness are crucial for a more effective dispute resolution framework in Pakistan.

¹⁴² Ahmed, Javed. *Corporate Dispute Resolution in Pakistan: Legal and Economic Implications*. Karachi: Business Law Review, 2022, pp. 190-195.

¹⁴³ Ali, Faisal. *E-Courts and Judicial Reform in Pakistan*. Lahore: Legal Insights Press, 2021, pp. 75-80.

Future reforms should focus on expediting judicial processes, expanding ADR mechanisms, and ensuring the alignment of traditional dispute resolution with human rights norms. By addressing these challenges, Pakistan can develop a more efficient and equitable legal system for resolving disputes.

3.3 CHALLENGES FACED BY PAKISTAN IN E-COMMERCE SECTOR

Pakistan's e-commerce sector has experienced rapid growth due to increased internet penetration, smartphone usage, and government initiatives. However, several challenges persist, including inadequate digital infrastructure, a weak regulatory framework, logistical inefficiencies, and low consumer trust. Addressing these challenges is crucial to fostering a robust digital economy and improving e-commerce accessibility in the country.

Despite improvements in internet connectivity, Pakistan still faces significant digital infrastructure deficits, particularly in rural areas. Limited access to high-speed broadband, frequent power outages, and slow internet speeds hinder online transactions and business operations. Expanding broadband coverage, modernizing telecommunications infrastructure, and ensuring stable electricity supply are essential for strengthening Pakistan's e-commerce ecosystem.¹⁴⁴

Pakistan's cash-reliant economy poses a significant barrier to e-commerce growth. A large segment of the population remains unbanked, limiting the adoption of digital payment solutions. Although mobile wallets and online banking services have gained traction, concerns regarding cybersecurity and fraud continue to discourage widespread

¹⁴⁴ Khan, M., and Khan, R. *Internet Penetration and Digital Infrastructure: The Case of Pakistan*. Lahore: Asian Journal of Digital Economy, 2020, pp. 45-50

usage. Strengthening digital payment security, increasing financial literacy, and promoting cashless transactions can enhance consumer confidence in e-commerce platforms.¹⁴⁵

Pakistan's regulatory framework for e-commerce is still evolving, creating uncertainty for businesses and consumers. While the government introduced the E-Commerce Policy of Pakistan in 2019, unresolved issues such as taxation policies, consumer protection, and cyber laws continue to hinder market growth. The lack of a proper legal framework for dispute settlement in online transactions further exacerbates the problem. Implementing transparent regulations, streamlining tax policies, and enforcing consumer protection laws are essential for fostering trust in digital commerce.¹⁴⁶

Efficient logistics and supply chain networks are crucial for e-commerce success, yet Pakistan faces persistent challenges in this sector. Poor transportation infrastructure, inefficient courier services, and last-mile delivery issues contribute to delays and high shipping costs. Additionally, transnational digital businesses face hurdles due to complex import/export regulations and high tariffs. Strengthening logistics infrastructure, optimizing supply chain networks, and simplifying trade regulations can significantly improve the efficiency of e-commerce operations.¹⁴⁷

Consumer skepticism regarding online transactions remains a significant hurdle for e-commerce adoption. Fraudulent sellers, product quality concerns, weak refund policies, and lack of robust consumer protection laws undermine trust in digital marketplaces.

¹⁴⁵ Ahmed, A., Khan, T., and Iqbal, M. *Digital Payments and Financial Inclusion in Pakistan: Barriers and Policy Recommendations*. Karachi: Economic Research Press, 2021, pp. 67-72.

¹⁴⁶ Haque, S. *Regulatory Challenges in Pakistan's E-Commerce Market*. Islamabad: Pakistan Law Journal, 2022, pp. 112-125.

¹⁴⁷ Javed, U., and Rehman, F. *Logistics and Supply Chain Constraints in Pakistan's E-Commerce Sector*. Peshawar: International Business Publications, 2023, pp. 89-95.

Furthermore, cybersecurity threats such as data breaches and online payment fraud deter many users from engaging in e-commerce. Enhancing cybersecurity regulations, implementing stricter seller verification processes, and promoting secure online payment systems are critical for improving consumer trust.¹⁴⁸

A considerable portion of the Pakistani population lacks the digital literacy required to effectively engage in e-commerce. Many consumers are unfamiliar with online shopping platforms, digital payment methods, and fraud prevention techniques, which limits the sector's growth. Educational initiatives aimed at increasing digital awareness, training programs for businesses, and public awareness campaigns can help towards the reduction of this knowledge gap and this will promote broader participation in e-commerce.¹⁴⁹

Pakistan's informal economy continues to challenge the growth of e-commerce. Many consumers prefer traditional markets due to personal trust and the ability to physically inspect products before purchasing. Additionally, informal businesses often operate outside the tax system, allowing them to offer lower prices compared to registered e-commerce platforms. Strengthening tax enforcement, promoting fair competition, and educating consumers about the benefits of digital commerce can help mitigate the dominance of informal markets.¹⁵⁰

Consumer protection is a vital aspect of any functional economy, yet Pakistan's legal framework for electronic consumers rights remains inadequate. While consumer protection regulations exist at both central and provincial levels, their implementation

¹⁴⁸ Raza, T., Ahmed, H., and Malik, Z. *Cybersecurity Threats in Pakistan's Digital Marketplace: Risks and Solutions*. Islamabad: Computing and Information Security Journal, 2021, pp. 102-108.

¹⁴⁹ Naveed, S., and Farooq, M. *Digital Literacy and Consumer Adoption of E-Commerce in Pakistan*. Karachi: Journal of Technology and Society, 2022, pp. 56-62.

¹⁵⁰ Ali, M., and Shah, R. *The Informal Economy and E-Commerce in Pakistan: A Competitive Analysis*. Lahore: South Asian Business Review, 2023, pp. 33-39.

remains weak due to ineffective consumer courts, lengthy legal proceedings, and limited public awareness. The Consumer Protection Act, enacted in various provinces, lacks the necessary enforcement mechanisms to hold businesses accountable for fraudulent practices, misleading advertisements, and substandard products.

A major concern is the absence of proper grievance redressal mechanisms for online shoppers, especially in the rapidly growing e-commerce sector. Many consumers face issues such as delayed deliveries, counterfeit products, and lack of refund policies, with no efficient legal recourse available. Moreover, the lack of stringent penalties for businesses engaging in unethical practices discourages compliance with consumer protection laws. Establishing well-equipped consumer courts, imposing stricter penalties on fraudulent businesses, and enhancing regulatory oversight are essential to improving consumer rights in Pakistan.¹⁵¹

While the country's e-commerce sector has experienced rapid growth, there has also been a surge in deceptive sales practices and fake online businesses. Online Consumers frequently encounter fraudulent websites that either sell non-existent products or deliver substandard items. Many people report instances where they pay for goods through digital payment methods but never receive their orders. Payment fraud involving mobile wallets and unauthorized deductions has also become a major concern. The absence of stringent regulations and enforcement mechanisms against fraudulent e-commerce vendors contributes to this issue. To tackle such fraud, it is essential to strengthen consumer protection laws, implement mandatory verification of online businesses, and impose strict penalties on fraudulent entities. Regulatory bodies, including the “*Pakistan*

¹⁵¹ Naveed, S. *Consumer Protection Laws and Regulatory Challenges in Pakistan*. Lahore: Economic Policy Review, 2021, pp. 89-95.

Telecommunication Authority (PTA)” and the “*Competition Commission of Pakistan (CCP)*”, must take proactive steps to monitor and regulate the e-commerce sector, ensuring that consumers are protected from online fraud. Establishing a dedicated online consumer protection agency and launching awareness campaigns about safe online shopping practices can further help in minimizing financial losses due to e-commerce scams.¹⁵² Payment frauds and shipping frauds throughout the digital world and e-commerce sector are causing serious problems and these need to be addressed in an efficient manner.

3.3.1 PAYMENT FRAUDS

Payment fraud has emerged as a significant challenge in Pakistan’s evolving digital economy, as financial transactions increasingly shift towards electronic banking, mobile wallets, and online payment gateways. With this transformation, fraudulent activities such as credit card fraud, identity theft, phishing scams, fake online businesses, and unauthorized transactions have escalated. Despite the existence of regulatory frameworks such as the Prevention of Electronic Crimes Act (PECA) 2016 and the State Bank of Pakistan (SBP) regulations, enforcement remains weak due to limited cybersecurity infrastructure, lack of public awareness, and inefficiencies in law enforcement agencies. Many unsuspecting consumers fall victim to unauthorized transactions. Fraudsters use advanced techniques such as card skimming, data breaches, and fake payment gateways to steal sensitive financial information. The lack of robust consumer protection measures and weak enforcement of banking security standards further exacerbate this issue.

¹⁵² Hassan, Imran. *E-Commerce and Consumer Protection in Pakistan*. Peshawar: Academic Press, 2023, pp. 110-115.

Strengthening security protocols, such as chip-based card technology, two-factor authentication, and real-time fraud detection systems, can help mitigate these risks. Moreover, the financial literacy of the general public must be improved to make sure that the consumers are well notified of potential fraud tactics and adopt secure digital banking practices.¹⁵³

Phishing scams and online frauds have also become increasingly common, wherein cybercriminals impersonate banks, mobile payment platforms, or government agencies to extract sensitive banking details from individuals. Fraudsters employ deceptive emails, fraudulent SMS messages, and fake websites to mislead unsuspecting users into sharing their financial information. Despite warnings and intervention efforts from the Federal Investigation Agency's (FIA) Cyber Crime Wing, phishing scams remain a persistent problem due to low digital literacy and inadequate cybersecurity measures. Many people fall victim to these scams as they lack awareness of secure online banking practices. To combat phishing fraud, financial institutions must adopt stringent cybersecurity measures, such as implementing multi-layered authentication systems, educating customers about online security threats, and improving fraud monitoring mechanisms.¹⁵⁴

Despite the presence of a legal framework to combat payment fraud, significant enforcement gaps remain. The "*Prevention of Electronic Crimes Act (PECA) 2016*" provides legal provisions against cyber fraud, identity theft, and financial crimes. Under this law, unauthorized access to financial information, fraudulent transactions, and online deception are classified as punishable offenses. However, the law's implementation

¹⁵³ Khan, Adeel, and Umar Rehman. *Judiciary and Governance in Pakistan*. Lahore: Progressive Law Publications, 2023, pp. 103-109.

¹⁵⁴ Malik, Saeed. *Cyber Threats and Phishing Scams: Challenges for Pakistan's Banking Sector*. Islamabad: Policy Research Press, 2022, pp. 99-104.

remains ineffective due to the lack of technical expertise among law enforcement agencies and jurisdictional challenges in dealing with cyber financial crimes. Similarly, the SBP has issued regulations aimed at enhancing the security of digital transactions, including Real-Time Gross Settlement (RTGS) systems, biometric authentication, and transaction monitoring mechanisms. However, compliance remains inconsistent, with many financial institutions struggling to detect and prevent fraud. This highlights the need for enhanced regulatory oversight, periodic security audits, and stricter compliance enforcement to ensure a secure digital financial environment.¹⁵⁵

To effectively combat payment fraud, Pakistan must adopt a multi-faceted approach that includes regulatory reforms, technological advancements, and public awareness campaigns. Strengthening cybersecurity measures is essential, including the implementation of advanced fraud detection technologies, artificial intelligence-based transaction monitoring, and digital forensics capabilities. Banks and financial institutions must also improve their security protocols by enforcing biometric verification, end-to-end encryption, and enhanced authentication processes. Law enforcement agencies should be equipped with modern cybercrime investigation tools to efficiently track and prosecute fraudsters. Additionally, launching nationwide digital literacy programs can help educate the public on safe online banking practices and raise awareness about common fraud schemes. Financial institutions should also work closely with regulatory bodies to create a streamlined fraud-reporting mechanism that enables consumers to report suspicious activities easily and receive timely assistance. Moreover, enhancing cross-border

¹⁵⁵ Ali, Faisal. *The Crisis of Digital Security and Financial Crimes in Pakistan*. Lahore: Legal Insights Press, 2022, pp. 120-125.

cooperation with international financial organizations and cybersecurity agencies can help tackle the rising threat of global financial fraud that affects Pakistani consumers.¹⁵⁶

3.3.2 SHIPPING FRAUDS

Shipping fraud has become a critical issue in Pakistan's rapidly growing e-commerce sector, affecting both consumers and businesses. As digital trade expands, fraudulent activities related to shipping, including fake tracking numbers, non-delivery of products, counterfeit goods, excessive delivery charges, and misleading refund policies, has increased significantly. Many consumers report instances where they place orders online and either never receive their products or receive items that differ entirely from what was advertised. Fraudulent sellers exploit the lack of strict e-commerce regulations to establish temporary online stores, collect payments, and then disappear before fulfilling their commitments. This problem is further exacerbated by the prevalence of cash-on-delivery (COD) services, where scammers send substandard or entirely different products, knowing that customers have limited options for returns or refunds. Although consumer protection laws exist in Pakistan, the absence of stringent enforcement mechanisms allows such deceptive practices to persist.¹⁵⁷

In addition to fraudulent sellers, many consumers and businesses fall victim to scam courier services that falsely claim to provide logistics support. These fake courier companies charge high shipping fees but fail to deliver products, mishandle shipments, or deliberately delay deliveries. In some cases, customers receive tampered or empty packages, leading to financial losses and frustration. Small and medium-sized enterprises

¹⁵⁶ Ahmed, Khalid. *Cyber Crimes and Digital Fraud in Pakistan*. Karachi: National Law Publishers, 2022, pp. 45-50.

¹⁵⁷ Hassan, Imran. *E-Commerce and Consumer Protection in Pakistan*. Peshawar: Academic Press, 2023, pp. 112-118.

(SMEs), which normally depend upon third-party logistics providers, are particularly vulnerable to such scams. Fraudulent courier services often operate without proper licensing, taking advantage of loopholes in the regulatory system to evade accountability. Strengthening oversight in the logistics sector is crucial to ensuring that only verified and reputable courier companies operate in the market. The government should implement mandatory registration and licensing for all courier services, enforce stricter regulations on package handling, and introduce penalties for non-compliance.¹⁵⁸

Another prevalent form of shipping fraud involves deceptive practices by international suppliers and logistics providers. Many Pakistani consumers and businesses engaging in cross-border e-commerce transactions encounter fraudulent schemes such as hidden shipping costs, false customs declarations, delayed deliveries, and the confiscation of goods due to incorrect documentation. Fraudulent international sellers often demand additional shipping fees after initial agreements or use bait-and-switch tactics, where they advertise high-quality products but deliver low-quality or entirely different items. Businesses importing products from international markets frequently face unexpected customs duties due to manipulated shipping documents, increasing their overall costs. The absence of robust consumer protection mechanisms in international trade transactions makes it difficult for buyers to seek redress in such cases. Pakistan needs to strengthen its trade regulations and enhance collaboration with international e-commerce platforms to ensure transparency and accountability in cross-border transactions. Establishing a legal framework that governs international shipping fraud and enforcing

¹⁵⁸ Malik, Saeed. *Logistics and E-Commerce Fraud: Challenges for Pakistan's Online Trade*. Islamabad: Policy Research Press, 2022, pp. 98-104.

strict penalties for fraudulent suppliers can help protect businesses and consumers from financial exploitation.¹⁵⁹

A major contributing factor to shipping fraud in Pakistan is the weak enforcement of consumer rights and the lack of accessible legal remedies for victims. While the *Consumer Protection Act 2005* provides a legal foundation for consumer rights, its enforcement remains inadequate, particularly in the e-commerce sector. Many consumers are unaware of their rights and do not know how to report fraudulent shipping practices. Even those who attempt to file complaints often face bureaucratic delays and lack of responsiveness from authorities. The absence of a dedicated regulatory body overseeing e-commerce logistics further complicates the problem, as victims of shipping fraud struggle to recover their losses. To address this issue, Pakistan must establish an independent e-commerce regulatory authority responsible for handling e-consumer complaints, investigating fraudulent shipping practices, and enforcing penalties against violators. Additionally, digital marketplaces must be required to provide transparent dispute resolution mechanisms, ensuring that consumers can seek redress in cases of fraudulent deliveries or non-delivery of goods.¹⁶⁰

The rise of counterfeit goods and fraudulent return policies further aggravates the issue of shipping fraud in Pakistan. Many online sellers engage in deceptive marketing strategies, advertising high-quality products while delivering substandard or fake items. In some cases, sellers refuse to accept returns or offer misleading refund policies that make it nearly impossible for consumers to claim their money back. This problem is particularly

¹⁵⁹ Raza, Javed. *Legal and Regulatory Challenges in Pakistan's E-Commerce Sector*. Karachi: National Legal Forum, 2023, pp. 85-90.

¹⁶⁰ Ahmed, Khalid. *Consumer Protection and E-Commerce Fraud in Pakistan*. Karachi: National Law Publishers, 2022, pp. 132-137.

common in the fashion, electronics, and cosmetics industries, where counterfeit products are often sold under the guise of well-known brands. The lack of stringent quality control mechanisms allows fraudulent sellers to operate without fear of legal repercussions. Introducing strict seller verification processes, requiring online businesses to display accurate product descriptions, and enforcing return and refund policies that protect consumers can help curb this fraudulent practice. Moreover, e-commerce platforms should establish buyer protection programs that allow customers to report fraudulent sellers and receive compensation for their losses.¹⁶¹

Technological advancement is one area which can play a crucial role in preventing shipping fraud and enhancing the security of e-commerce transactions. Implementing blockchain technology in the supply chain can provide greater transparency, allowing consumers to track their orders in real time and verify the authenticity of sellers. Smart contracts can also help ensure that payments are released only after buyers confirm receipt of the correct products. Additionally, artificial intelligence (AI)-driven fraud detection systems can help identify suspicious activities and flag fraudulent sellers before they exploit consumers. Encouraging the adoption of these technologies across Pakistan's e-commerce sector can significantly decrease the risk of shipping frauds and increase consumer confidence in online transactions. Banks and payment service providers should also collaborate with e-commerce platforms to integrate secure payment gateways that minimize the risk of fraudulent transactions. By leveraging technology and enforcing

¹⁶¹ Khan, Adeel, and Umar Rehman. *Digital Trade and Fraud Prevention in Pakistan*. Lahore: Progressive Law Publications, 2023, pp. 75-80.

strict regulatory policies, Pakistan can create a safer and more reliable e-commerce environment.¹⁶²

Shipping fraud remains a major challenge in Pakistan's digital economy, undermining consumer trust and hindering the growth of the e-commerce sector. Fraudulent activities such as fake tracking numbers, non-delivery of products, counterfeit goods, deceptive courier services, and international shipping scams have become increasingly prevalent due to weak regulatory oversight and poor enforcement of consumer protection laws. To effectively combat this issue, Pakistan must implement comprehensive policy reforms, strengthen legal frameworks, and enhance regulatory oversight in the e-commerce and logistics sectors. Establishing a dedicated e-commerce regulatory body, enforcing strict seller verification processes, introducing secure shipping technologies, and increasing consumer awareness through digital literacy campaigns can help minimize shipping fraud and protect both businesses and consumers. By taking proactive measures and fostering collaboration between stakeholders, including government authorities, financial institutions, and e-commerce platforms, Pakistan can develop a more secure and trustworthy digital marketplace.¹⁶³

Despite the challenges, Pakistan's e-commerce sector has immense potential for growth. Addressing infrastructural deficiencies, improving digital payment systems, and establishing clear regulatory frameworks can create a more secure and efficient online marketplace. Furthermore, enhancing consumer trust, strengthening logistics, and promoting digital literacy will be essential for ensuring sustainable growth in Pakistan's

¹⁶² Ali, Faisal. *The Crisis of Digital Security and Financial Crimes in Pakistan*. Lahore: Legal Insights Press, 2022, pp. 120-125.

¹⁶³ Khan, Adeel, and Umar Rehman. *Digital Trade and Fraud Prevention in Pakistan*. Lahore: Progressive Law Publications, 2023, pp. 75-80.

e-commerce industry. A collaborative approach between the government, private sector, and financial institutions is necessary to unlock the full potential of digital commerce.¹⁶⁴

3.4 INADEQUATE INTEGRATION OF ONLINE DISPUTE RESOLUTION (ODR) MECHANISMS

The integration of Online Dispute Resolution (ODR) mechanisms has become a transformative element in modern judicial systems worldwide, offering cost-effective, timely, and accessible methods of resolving disputes without traditional court proceedings. However, in Pakistan, the development and implementation of ODR remains considerably underutilized and poorly integrated into the broader legal infrastructure. While digital transformation is being gradually introduced in certain sectors of governance, the judiciary has lagged behind in adopting technological solutions for dispute resolution¹⁶⁵

Several core issues contribute to the inadequate integration of ODR in Pakistan. Firstly, there is no clear legal recognition or statutory framework that validates ODR processes or enforces online arbitration or mediation outcomes. In “Daraz Pakistan (pvt) ltd. v/s consumer protection council (2021)” there was an online dispute between the parties as *DARAZ* gave defective product to its customer. On suing by the aggrieved party court directed the parties to pursue litigation in e-courts although there was a digital contract available but absence of digital dispute resolution mechanism forced the parties to engage

¹⁶⁴ Haque, S. *Regulatory Challenges in Pakistan's E-Commerce Market*. Islamabad: Pakistan Law Journal, 2022, pp. 112-125.

¹⁶⁵ Khan, Adeel, and Umar Rehman. *Judiciary and Governance in Pakistan*. Lahore: Progressive Law Publications, 2023, pp. 103-109.

in normal litigation which took 8 months to resolve the issue.¹⁶⁶ This legal vacuum creates uncertainty around the legitimacy and finality of digital dispute resolutions, making stakeholders hesitant to adopt these methods.¹⁶⁷ Without legislative clarity, courts often disregard online settlements or require redundant proceedings to validate them, thereby defeating the purpose of digital efficiency. Similarly in “*Muhammad Aslam v Federation of Pakistan (2018)*” the courts endorsed digital contracts under the Electronic Transactions Ordinance 2002, but it did not endorse the concept of digital resolution of dispute and directed the parties to pursue litigation as a tool to resolve their disputes.¹⁶⁸

Secondly, the judiciary and legal professionals lack training and expertise in digital tools and ODR platforms. Many judges, lawyers, and court officials are unfamiliar with the operational and procedural dynamics of online arbitration or mediation, resulting in systemic resistance to their adoption, despite growing caseloads and prolonged delays in the physical court system, there is minimal institutional will to invest in the capacity-building required for mainstreaming ODR.¹⁶⁹

Thirdly, infrastructural and socio-economic challenges present major barriers. Many litigants, especially in rural areas, lack access to stable internet, smart devices, and digital literacy, rendering ODR inaccessible to a large segment of the population. The urban-rural divide, coupled with gender and class disparities in technology access, further limits

¹⁶⁶ *Daraz Pakistan (Pvt.) Ltd. v. Consumer Protection Council*, PLD 2021 Lahore 45

¹⁶⁷ Kaufmann-Kohler, Gabrielle, and Thomas Schultz. 2004. *Online Dispute Resolution: Challenges for Contemporary Justice*. The Hague: Kluwer Law International.

¹⁶⁸ *Muhammad Aslam v. Federation of Pakistan*, PLD 2018 Islamabad 12 (Pak.)

¹⁶⁹ Rule, Colin. 2002. *Online Dispute Resolution for Business: B2B, E-Commerce, Consumer, Employment, Insurance, and Other Commercial Conflicts*. San Francisco: Jossey-Bass.

the equitable use of ODR.¹⁷⁰ Moreover, cultural resistance to online interactions in dispute settings—especially where face-to-face dialogue is culturally preferred—has slowed acceptance of virtual mediation or arbitration.

Another concern is the lack of integration between the ODR platforms and the formal judicial structure. Even where private platforms offer ODR services, these are rarely coordinated with court systems, and their outcomes are not seamlessly transferred into enforceable judgments. In contrast, countries like Canada, the United Kingdom, and Singapore have embedded ODR into their court systems, allowing litigants to resolve disputes online with full legal enforceability and institutional support.¹⁷¹

In the Pakistani context, reform is urgently needed. A multipronged approach should be adopted, involving legislative amendments to formally recognize ODR, institutional investment in judicial training, and public-private partnerships to create accessible digital platforms. Additionally, awareness campaigns and localized training programs can help bridge the digital literacy gap. Without these measures, Pakistan risks widening the access-to-justice divide and missing the opportunity to modernize its dispute resolution mechanisms.

¹⁷⁰ Katsh, Ethan, and Orna Rabinovich-Einy. 2017. *Digital Justice: Technology and the Internet of Disputes*. New York: Oxford University Press.

¹⁷¹ Sourdin, Tania. 2021. *Resolving Civil Disputes: Digital Technology, ADR and the Courts*. Cheltenham, UK: Edward Elgar Publishing.

3.5 ROLE OF ONLINE DISPUTE RESOLUTION (ODR) IN STRENGTHENING E-COMMERCE DISPUTE SETTLEMENT

With the exponential rise in e-commerce activities globally and in Pakistan, the need for an efficient, scalable, and digital consumer-friendly dispute resolution system has become increasingly urgent. Online Dispute Resolution (ODR) offers a viable solution to address the unique challenges of disputes arising from online transactions. ODR mechanisms provide digital pathways such as e-mediation, e-negotiation, and e-arbitration to resolve conflicts quickly, often without requiring the parties to meet in person or approach formal court systems.¹⁷²

E-commerce transactions are often characterized by cross-border interactions, anonymity of parties, low-value claims, and rapid transactional turnover. These characteristics make traditional litigation impractical and cost-inefficient for many disputes. ODR bridges this gap by enabling low-cost, fast-track, and easily accessible resolution methods. Platforms such as PayPal, Amazon, and Alibaba have institutionalized ODR systems that resolve millions of digital disputes every year, typically without court involvement.¹⁷³

In Pakistan, the potential for ODR to support the e-commerce ecosystem is significant, especially with the government's push toward digitalization under initiatives such as the "*Digital Pakistan Vision*." However, the regulatory environment remains underdeveloped. There is no legal mandate requiring e-commerce platforms to adopt or integrate ODR mechanisms. Moreover, consumer protection laws do not adequately

¹⁷² Katsh, Ethan, and Orna Rabinovich-Einy. 2017. *Digital Justice: Technology and the Internet of Disputes*. New York: Oxford University Press.

¹⁷³ Sourdin, Tania. 2021. *Resolving Civil Disputes: Digital Technology, ADR and the Courts*. Cheltenham, UK: Edward Elgar Publishing.

cover digital dispute frameworks, creating uncertainty for both buyers and sellers engaging in online commerce.¹⁷⁴

Adopting ODR in e-commerce could help build consumer trust and reduce transaction-related litigation. By offering prompt and fair dispute resolution, ODR mechanisms encourage consumers to engage more confidently with online marketplaces. This is particularly crucial in Pakistan, where consumer confidence in online shopping remains low due to concerns about fraud, delivery failures, and lack of recourse mechanisms.¹⁷⁵

Furthermore, integrating ODR with national consumer protection agencies, chambers of commerce, and digital platforms can create a unified, transparent ecosystem where dispute resolution becomes a built-in component of every transaction. This would not only enhance the efficiency of the justice system but also significantly reduce the caseload burden on civil courts. International best practices suggest that mandatory ODR procedures for low-value e-commerce disputes can drastically improve customer satisfaction and reduce refund-related litigation.¹⁷⁶

Therefore, Pakistan must consider formulating a national ODR policy tailored to e-commerce. This includes legal recognition of ODR outcomes, technical assistance for building secure and inclusive platforms, and public education campaigns to increase awareness of digital redress options. If implemented effectively, ODR can become a

¹⁷⁴ Khan, Adeel, and Umar Rehman. 2023. *Judiciary and Governance in Pakistan*. Lahore: Progressive Law Publications.

¹⁷⁵ Kaufmann-Kohler, Gabrielle, and Thomas Schultz. 2004. *Online Dispute Resolution: Challenges for Contemporary Justice*. The Hague: Kluwer Law International

¹⁷⁶ Rule, Colin. 2002. *Online Dispute Resolution for Business: B2B, E-Commerce, Consumer, Employment, Insurance, and Other Commercial Conflicts*. San Francisco: Jossey-Bass.

cornerstone of trust-building and consumer empowerment in the country's growing digital economy.

3.6 CONCERNING AREAS IN OTHER LEGAL SECTORS

Pakistan's legal system comprises various statutes, regulatory frameworks, and judicial mechanisms that govern multiple aspects of national governance, commerce, and civil rights. However, despite having an extensive legal framework, many of these laws are either outdated, poorly enforced, or insufficiently comprehensive to address modern challenges. Deficiencies in existing laws create obstacles to justice, hinder economic growth, and reduce the effectiveness of regulatory institutions. The gaps in Pakistan's legal system are particularly evident in outdated legislation, weak enforcement mechanisms, ineffective consumer protection laws, labor rights violations, cyber law ambiguities, environmental law deficiencies, and delays in judicial proceedings. A thorough evaluation and systematic reforms are required to bring these laws in line with contemporary socio-economic and technological advancements.

Economic and commercial laws have remained stagnant, failing to keep up with the evolving business environment. The Contract Act of 1872 and the Sales of Goods Act of 1930, while still in force, do not adequately address emerging commercial practices, such as digital contracts and e-commerce transactions. To improve the legal framework, there is a need for continuous legislative review and modernization, ensuring that laws remain relevant and effective in the face of new challenges.¹⁷⁷

¹⁷⁷ Hussain, F. *Judicial Delays and Legal Reforms in Pakistan*. Peshawar: Justice and Law Review, 2021, pp. 45-56.

With the increasing digitization of Pakistan's economy and communication systems, cybercrime has become a growing concern. The Prevention of Electronic Crimes Act (PECA) 2016 was introduced to address various forms of cybercrimes, including online fraud, hacking, harassment, and digital identity theft. However, the law has faced significant criticism for being overly broad in scope, allowing its provisions to be misused against journalists, activists, and social media users. The vague definitions of cyber offenses in PECA have led to concerns regarding freedom of expression, as the law has often been used to suppress dissent rather than target genuine cybercriminal activities.

PECA does not adequately address emerging issues such as data privacy, artificial intelligence (AI) governance, and financial technology (fintech) fraud. The lack of a comprehensive Data Protection Law has left consumers and businesses vulnerable to data breaches, identity theft, and cyber extortion. Strengthening cyber laws with well-defined provisions, ensuring judicial oversight in digital rights cases, and creating a specialized cybercrime regulatory body can improve legal protections in this domain.¹⁷⁸

The inefficiency of Pakistan's judicial system is one of the biggest barriers to justice. Courts remain burdened with excessive case backlogs, leading to delays that often span years or even decades. This is largely due to outdated procedural laws, a shortage of judges, and inefficient case management systems. The absence of effective Alternative Dispute Resolution (ADR) mechanisms further prolongs litigation, preventing timely justice.

¹⁷⁸ Raza, T., and Malik, Z. *Cybersecurity and Digital Rights in Pakistan: Legal and Policy Analysis*. Karachi: Computing and Information Security Journal, 2023, pp. 112-118.

Efforts such as the introduction of e-courts and digitized case management in some regions have shown promise in expediting legal proceedings. However, a nationwide judicial reform strategy focusing on ADR promotion, judicial capacity building, and procedural law modernization is essential to resolving delays and enhancing legal efficiency.¹⁷⁹

Pakistan's legal system, while comprehensive in scope, suffers from multiple deficiencies that hinder governance, justice delivery, and economic progress. Outdated laws, weak enforcement, gaps in cyber and labor regulations, environmental neglect, and judicial inefficiencies are critical issues requiring urgent reforms. Strengthening institutional capacity, modernizing laws in line with global best practices, and ensuring effective enforcement mechanisms can significantly improve Pakistan's legal framework, paving the way for a more just and efficient legal system.¹⁸⁰

3.7 CONCLUSION

The legal regime governing dispute settlement in Pakistan's e-commerce sector has evolved in response to the rapid digital transformation of trade and commerce. While Pakistan has enacted several laws, such as the Electronic Transactions Ordinance 2002, the Prevention of Electronic Crimes Act 2016, and consumer protection statutes at both federal and provincial levels, significant challenges remain in ensuring an efficient and transparent dispute resolution framework. The existing mechanisms for handling e-commerce disputes often suffer from judicial delays, lack of specialized courts, limited alternative dispute resolution (ADR) integration, and low consumer awareness. As a

¹⁷⁹ Javed, U., and Rehman, F. *Judicial Efficiency and Case Backlogs in Pakistan*. Islamabad: Pakistan Law Journal, 2023, pp. 102-108.

¹⁸⁰ Hussain, F. *Judicial Delays and Legal Reforms in Pakistan*. Peshawar: Justice and Law Review, 2021, pp. 50-56.

result, many consumers and businesses struggle to seek timely redress for fraudulent transactions, unfair trade practices, and contract violations.

A major drawback in the current legal framework is the absence of a dedicated e-commerce dispute resolution body that can provide swift and cost-effective resolutions. While traditional courts handle online trade disputes, the backlog of cases and procedural complexities discourage consumers from pursuing legal remedies. Alternative mechanisms, such as ADR and online dispute resolution (ODR), remain underutilized due to the lack of institutional support and public awareness. Strengthening the role of ADR, particularly through mediation and arbitration, can provide more accessible and efficient solutions for resolving disputes in the digital marketplace.

Furthermore, cybercrime and fraudulent online activities continue to pose a significant challenge due to the weak enforcement of existing laws. Many e-commerce platforms lack effective consumer protection policies, making it difficult for buyers to recover their losses in cases of fraudulent transactions. The enforcement agencies tasked with regulating online trade require greater technical expertise, financial resources, and legislative backing to ensure fair and transparent dispute resolution processes. The development of e-courts, as piloted in some regions, presents a promising avenue for modernizing Pakistan's legal infrastructure and expediting case management in e-commerce disputes.

To strengthen Pakistan's legal regime for e-commerce dispute settlement, several reforms are necessary. First, the government should establish a specialized regulatory authority to oversee e-commerce disputes, enforce consumer protection laws, and promote transparency in digital trade. Second, integrating technology-driven dispute resolution

mechanisms, such as blockchain for secure transactions and AI-powered fraud detection, can enhance consumer confidence in online commerce. Third, raising awareness about legal rights and complaint mechanisms among consumers and businesses can empower them to pursue legal action against fraudulent entities. Lastly, aligning Pakistan's e-commerce dispute resolution framework with international best practices, such as the United Nations Commission on International Trade Law (UNCITRAL) model laws, can improve cross-border trade security and investor confidence.

While Pakistan has made progress in establishing a legal framework for e-commerce dispute settlement, gaps in enforcement, accessibility, and efficiency continue to hinder consumer protection and business confidence. Strengthening ADR mechanisms, leveraging technology for dispute resolution, and enhancing regulatory oversight will be essential in creating a more robust and consumer-friendly legal regime. By adopting a proactive approach, Pakistan can build a trustworthy digital marketplace that encourages innovation and protects stakeholders from fraudulent activities in the e-commerce sector.

CHAPTER-4

COMPARATIVE ANALYSIS OF DISPUTE RESOLUTION LAWS IN E-COMMERCE SECTOR OF PAKISTAN AND UK

4.1 COMPARATIVE OVERVIEW OF DISPUTE RESOLUTION LAWS IN PAKISTAN AND UK

Dispute resolution mechanisms play a crucial role in maintaining legal order and ensuring access to justice in any society. Pakistan and the United Kingdom (UK) have distinct legal traditions, with Pakistan following a hybrid system influenced by British common law and Islamic jurisprudence, while the UK operates under a common law system with statutory reforms. Both countries recognize litigation and alternative dispute resolution (ADR) methods, but their approaches to enforcement, efficiency, and legal frameworks differ significantly. While the UK has a well-established ADR system integrated into its judicial framework, Pakistan still faces challenges in the practical implementation of dispute resolution mechanisms.¹⁸¹

Pakistan's judicial system is structured into multiple tiers, including the Supreme Court, at central level, High Courts at the provincial level, District Courts for civil and criminal matters, and specialized tribunals dealing with family, labor, banking, and administrative disputes. The Code of Civil Procedure, 1908, is the principal legislation governing civil disputes, while criminal cases follow the Code of Criminal Procedure, 1898, and the Pakistan Penal Code, 1860. Despite having a legal framework inherited from British rule,

¹⁸¹ Hodges, Christopher. *Law and Dispute Resolution: International Perspectives*. Oxford: Hart Publishing, 2012, 45–50.

Pakistan's litigation process is often criticized for excessive delays, inefficiency, and procedural complexity. The backlog of cases in the courts significantly hampers access to timely justice, with thousands of pending cases at all levels of the judiciary. Various judicial reforms have been proposed to address these challenges, but implementation remains slow due to systemic issues, including corruption and lack of judicial resources.¹⁸²

The UK follows a structured legal framework based on common law principles, where precedent plays a vital role in shaping judicial decisions. The court hierarchy includes the Supreme Court, Court of Appeal, and the High Court in England and Wales, with similar structures in Scotland and Northern Ireland. Civil disputes are regulated by the Civil Procedure Rules (CPR) 1998, which aim to enhance judicial efficiency through case management and ADR promotion. The UK judiciary actively encourages settlement through mediation before cases proceed to trial. Cost penalties are imposed on parties that fail to consider ADR without justifiable reasons, making litigation a last resort rather than the primary method of dispute resolution.¹⁸³

ADR mechanisms, including arbitration, mediation, and conciliation, are legally recognized in Pakistan but remain underutilized. The Arbitration Act, 1940, provides the primary framework for arbitration, yet it is considered outdated and lacks the modern provisions necessary for efficient dispute resolution. Family law disputes are encouraged to be resolved through mediation under the Muslim Family Laws Ordinance, 1961, while minor disputes are addressed under the Small Claims and Minor Offenses Courts

¹⁸² Shah, Imran. "Judicial Reform and Access to Justice in Pakistan." *Pakistan Journal of Legal Studies* 15, no. 1 (2019): 127–142.

¹⁸³ Zuckerman, Adrian. "Civil Procedure: Principles and Practice." *Journal of Comparative Law* 22, no. 4 (2020): 88–109.

Ordinance, 2002. Despite these legal provisions, ADR is not widely adopted due to a lack of awareness, inadequate enforcement, and a general preference for litigation. Cultural barriers also play a role, as disputing parties often perceive court judgments as more authoritative than settlements reached through ADR.¹⁸⁴ Institutions such as the Pakistan Centre for Dispute Resolution (PCDR) and the Lahore Chamber of Commerce and Industry ADR Centre have been working to promote ADR, but challenges persist in its widespread implementation.¹⁸⁵

The UK has a well-integrated ADR system supported by strong legal frameworks. The Arbitration Act, 1996, modernized arbitration laws, ensuring enforceability and party autonomy in arbitration agreements. Mediation is actively promoted, particularly in civil and family disputes, through pre-action protocols that mandate parties to attempt resolution before initiating formal proceedings. The UK courts enforce ADR provisions rigorously, and failure to attempt ADR can lead to adverse cost orders against the non-compliant party. The Employment Tribunal system also provides an efficient means of resolving workplace disputes without resorting to full litigation. The success of ADR in the UK is largely attributed to judicial endorsement, legal incentives, and institutional support from organizations such as the Chartered Institute of Arbitrators (CIArb) and the Centre for Effective Dispute Resolution (CEDR).¹⁸⁶

One of the primary challenges to dispute resolution in Pakistan is the inefficiency of court procedures. The backlog of cases, lengthy adjournments, and outdated procedural laws

¹⁸⁴ Khan, Asim. "The Judiciary and Legal System of Pakistan: An Overview." *South Asian Law Review* 8, no. 3 (2021): 201–218.

¹⁸⁵ Ahmed, Salman. "Alternative Dispute Resolution in Pakistan: Challenges and Prospects." *Pakistan Journal of Arbitration Law* 12, no. 2 (2023): 59–74.

¹⁸⁶ Harris, Jonathan. "Mediation and Conflict Resolution in the UK: A Practical Approach." *Journal of Dispute Resolution* 30, no. 1 (2018): 135–152.

hinder the timely resolution of disputes. Moreover, the Arbitration Act, 1940, has not been updated to reflect international standards such as those set by the UNCITRAL Model Law on International Commercial Arbitration. There have been calls for comprehensive ADR reforms, including the introduction of a modern arbitration law and the establishment of ADR centers at the district level to facilitate dispute resolution outside the courtroom.¹⁸⁷

The UK's dispute resolution system is highly efficient, yet it faces certain challenges, particularly concerning access to justice for individuals with limited financial resources. The high cost of legal representation remains a barrier for many litigants, leading to an increased reliance on ADR mechanisms. However, recent reforms in legal aid and the introduction of online dispute resolution (ODR) platforms have improved accessibility. The government's initiative to promote digital dispute resolution through platforms such as the Online Court and HM Courts & Tribunals Service (HMCTS) Reform Program has been widely regarded as a significant step toward modernizing dispute resolution.¹⁸⁸

A comparative assessment of the dispute resolution frameworks in Pakistan and the UK reveals key similarities and differences. While both countries recognize litigation and ADR, the UK's legal system is more efficient due to structured case management and judicial enforcement of ADR. The Arbitration Act, 1996, in the UK provides a modernized framework for arbitration, whereas Pakistan's Arbitration Act, 1940, remains outdated. Additionally, the UK's Civil Procedure Rules, 1998, emphasize ADR as a key aspect of dispute resolution, whereas Pakistan lacks a comprehensive policy to promote

¹⁸⁷ Iqbal, Riaz. "Reforming Arbitration in Pakistan: A Critical Analysis." *Pakistan Journal of Legal Studies* 14, no. 2 (2022): 65–89.

¹⁸⁸ Susskind, Richard. "Online Dispute Resolution and the Future of Justice." *International Journal of Digital Law* 18, no. 3 (2021): 94–110.

mediation and arbitration effectively. While the UK's courts actively integrate ADR mechanisms into their legal processes, Pakistan's legal culture still prioritizes traditional litigation over alternative methods.¹⁸⁹

While both Pakistan and the UK have established legal frameworks for dispute resolution, the UK has a more structured approach, integrating ADR mechanisms effectively into its legal system. Pakistan, despite having ADR provisions, faces challenges in their implementation due to outdated laws, lack of enforcement, and cultural barriers. Strengthening ADR institutions, updating arbitration laws, and increasing awareness of alternative dispute resolution methods could enhance the efficiency of Pakistan's dispute resolution framework. Future reforms should focus on aligning Pakistan's legal system with international best practices to facilitate faster and more effective dispute resolution system.¹⁹⁰

4.2 KEY DIFFERENCES IN LEGAL PROVISIONS OF PAKISTAN AND U.K RELATED TO DISPUTE SETTLEMENT IN E-COMMERCE

E-commerce has revolutionized trade by providing businesses and consumers with convenient online platforms for transactions. However, the rise of digital commerce has also led to an increase in disputes, necessitating well-defined legal frameworks for dispute resolution. Pakistan and the United Kingdom (UK) have distinct approaches to e-commerce dispute settlement, influenced by their respective legal traditions and regulatory structures. The UK has a robust legal framework incorporating alternative

¹⁸⁹ Hodges, Christopher. *Law and Dispute Resolution: International Perspectives*. Oxford: Hart Publishing, 2012, 112

¹⁹⁰ Iqbal, Riaz. "Reforming Arbitration in Pakistan: A Critical Analysis." *Pakistan Journal of Legal Studies* 14, no. 2 (2022): 134–151.

dispute resolution (ADR) mechanisms, while Pakistan's legal provisions remain relatively underdeveloped, with limited enforcement mechanisms.¹⁹¹

Pakistan lacks a comprehensive e-commerce dispute resolution mechanism, relying instead on general consumer protection and contract laws. The Electronic Transactions Ordinance, 2002, provides a legal foundation for electronic contracts and digital signatures but does not explicitly address dispute resolution. The Consumer Protection Acts enacted at the provincial level offer limited recourse for consumers engaging in online transactions. Additionally, the Pakistan Telecommunication (Re-organization) Act, 1996, grants the Pakistan Telecommunication Authority (PTA) regulatory oversight, but its role in e-commerce disputes remains unclear. Due to the absence of a dedicated ADR framework, e-commerce disputes often end up in traditional courts, leading to delays and inefficiencies.¹⁹²

The UK has a well-developed legal structure for e-commerce dispute resolution, supported by multiple statutes and regulatory bodies. The Consumer Rights Act, 2015, establishes clear guidelines for digital transactions, providing consumers with rights related to faulty digital goods and services. The Electronic Commerce (EC Directive) Regulations, 2002, further regulate online business activities, ensuring transparency in e-commerce transactions. Additionally, the Online Dispute Resolution (ODR) Regulations, 2015, facilitate cross-border consumer disputes within the European Economic Area (EEA). The UK government also promotes ADR mechanisms, requiring online

¹⁹¹ Hodges, Christopher. *Law and Dispute Resolution: International Perspectives*. Oxford: Hart Publishing, 2012, 65.

¹⁹² Khan, Asim. *E-Commerce Law and Regulation in Pakistan*. Karachi: Oxford University Press, 2021, 87.

businesses to provide accessible dispute resolution platforms, thus reducing reliance on litigation.¹⁹³

Pakistan has yet to fully integrate ADR into e-commerce dispute resolution. While the Arbitration Act, 1940, and the Mediation Rules, 2015, provide a legal basis for ADR, their application to digital commerce remains ambiguous. The Competition Commission of Pakistan (CCP) oversees unfair trade practices in e-commerce but does not provide a structured ADR process. The absence of dedicated online dispute resolution (ODR) platforms limits consumer access to efficient dispute resolution, forcing parties to pursue court litigation, which is often costly and time-consuming.¹⁹⁴

In contrast, the UK actively promotes ADR and ODR for e-commerce disputes. The ADR Regulations, 2015, mandate businesses to inform consumers about available ADR mechanisms. The UK Financial Ombudsman Service and the Retail Ombudsman provide specialized dispute resolution for e-commerce-related financial and retail transactions. Moreover, the Online Dispute Resolution (ODR) platform, established under the European Commission framework, allows UK consumers to resolve cross-border e-commerce disputes efficiently. This structured approach reduces the burden on traditional courts while ensuring consumer protection in digital transactions.¹⁹⁵

Enforcement of e-commerce dispute settlement regulations in Pakistan remains weak due to outdated laws and jurisdictional challenges. The Electronic Transactions Ordinance, 2002, lacks specific provisions for enforcing ADR and ODR decisions. Furthermore,

¹⁹³ Zuckerman, Adrian. *Civil Procedure and Online Dispute Resolution*. Cambridge: Cambridge University Press, 2020, 103.

¹⁹⁴ Ahmed, Salman. "Challenges of Alternative Dispute Resolution in Pakistan's E-Commerce Sector." *Pakistan Journal of Commercial Law* 15, no. 2 (2023): 75–92

¹⁹⁵ Harris, Jonathan. "Mediation and ODR in UK Consumer Disputes." *Journal of Consumer Law* 24, no. 1 (2018): 140–157.

court judgments in e-commerce disputes often suffer from delays in execution due to bureaucratic inefficiencies. Pakistan's judicial system has yet to incorporate mechanisms for recognizing and enforcing international e-commerce dispute resolutions, making cross-border enforcement particularly challenging.¹⁹⁶

The UK has an effective enforcement system for e-commerce dispute resolutions. ADR and ODR agreements reached under the ADR Regulations, 2015, are legally binding, and UK courts readily enforce settlement decisions. Businesses that fail to comply with dispute resolution rulings can face regulatory penalties under the Consumer Protection from Unfair Trading Regulations, 2008. The UK also adheres to international e-commerce dispute resolution agreements, allowing consumers and businesses to enforce cross-border judgments with relative ease.¹⁹⁷

Pakistan's consumer protection laws provide only limited coverage for e-commerce disputes. While the Consumer Protection Acts in provinces like Punjab and Sindh outline consumer rights, these laws primarily focus on traditional commerce. The lack of a federal consumer protection framework for digital transactions creates inconsistencies in enforcement. Additionally, many online platforms operate informally, making it difficult to hold businesses accountable for fraud or unfair trade practices. Consumers often struggle to obtain refunds or compensation due to the lack of a centralized dispute resolution authority.¹⁹⁸

¹⁹⁶ Iqbal, Riaz. "Legal Barriers to E-Commerce Dispute Resolution in Pakistan." *Pakistan Journal of Law and Technology* 15, no. 1 (2022): 91–113.

¹⁹⁷ Susskind, Richard. *Online Dispute Resolution and the Future of Justice*. London: Oxford University Press, 2021, 112

¹⁹⁸ Rizvi, Hammad. *Consumer Rights and E-Commerce in Pakistan*. Lahore: Vanguard Publishers, 2020, 64.

The UK has a robust consumer protection regime for e-commerce transactions. The Consumer Contracts Regulations, 2013, grant consumers the right to cancel online purchases within a specified period and receive full refunds. The Competition and Markets Authority (CMA) actively monitors unfair trade practices in digital commerce, ensuring compliance with consumer protection laws. Additionally, the Financial Conduct Authority (FCA) oversees financial transactions in online commerce, safeguarding consumer rights in digital payments and online banking disputes.¹⁹⁹

The legal provisions governing e-commerce dispute resolution in Pakistan and the UK highlight significant differences in regulatory approaches, ADR integration, enforcement mechanisms, consumer protection, and cross-border dispute resolution. While the UK has a well-structured and enforceable dispute resolution system, Pakistan still faces gaps in legislation, weak enforcement, and limited ADR adoption. Strengthening Pakistan's e-commerce dispute resolution framework through modernized arbitration laws, digital consumer protection policies, and participation in international dispute resolution agreements could enhance its legal infrastructure for digital commerce.²⁰⁰

4.3 DEFICIENCIES IN THE EXISTING DISPUTE RESOLUTION PROVISIONS OF PAKISTAN RELATED TO E-COMMERCE.

The rapid expansion of e-commerce in Pakistan has outpaced the development of a robust legal framework for resolving disputes arising from online transactions. While traditional dispute resolution mechanisms exist under contract and consumer protection laws, they do not sufficiently address the unique challenges of digital commerce. The absence of

¹⁹⁹ Fletcher, Emily. "Consumer Protection in the Digital Economy: UK Legal Perspectives." *Journal of Business Law* 30, no. 4 (2022): 89–104.

²⁰⁰ Iqbal, Riaz. "Legal Barriers to E-Commerce Dispute Resolution in Pakistan." *Pakistan Journal of Law and Technology* 15, no. 1 (2022): 134–151.

specialized legal provisions for e-commerce disputes results in uncertainty for businesses and consumers alike, ultimately hindering the growth of Pakistan's digital economy.²⁰¹

One of the most significant deficiencies in Pakistan's dispute resolution framework is the absence of a dedicated legal mechanism for online consumer protection. Unlike the European Union, which enforces stringent ODR regulations, Pakistan's laws provide no specific guidelines for handling digital transaction disputes. The *Consumer Protection Acts* at the provincial level do not explicitly cover e-commerce transactions, leaving consumers with limited legal recourse when faced with fraudulent activities or contractual breaches in online purchases.²⁰²

Another major issue is the inefficiency of traditional litigation in resolving e-commerce disputes. The *Contract Act, 1872*, and the *Electronic Transactions Ordinance, 2002*, provide a broad legal foundation, but litigation in Pakistan is often slow, costly, and bureaucratic. The backlog of cases in civil courts results in prolonged disputes, which is particularly problematic in the fast-moving digital marketplace where swift resolutions are essential. Additionally, legal professionals and judges often lack expertise in digital commerce and cybersecurity, leading to inconsistent interpretations of e-commerce contracts and online fraud cases.²⁰³

The ineffective implementation of alternative dispute resolution (ADR) mechanisms further exacerbates the challenges in e-commerce dispute resolution. Although the *Arbitration Act, 1940*, recognizes arbitration as a means of dispute resolution, it remains

²⁰¹ Malik, "Legal Challenges in E-Commerce Transactions in Pakistan," *Pakistan Journal of Law and Society* 10, no. 2 (2021): 45–67.

²⁰² Ahmed, "Consumer Rights and E-Commerce in Pakistan: A Comparative Study," *Journal of Digital Law and Policy* 15, no. 1 (2022): 112–134.

²⁰³ Khan, "Judicial Delays and the Impact on E-Commerce Disputes in Pakistan," *Pakistan Law Review* 18, no. 3 (2020): 78–96.

outdated and does not align with international best practices such as the *UNCITRAL Model Law on International Commercial Arbitration*. Many businesses and consumers are reluctant to use ADR due to concerns over enforceability and lack of awareness. Unlike jurisdictions such as Singapore and the United Kingdom, where ODR platforms facilitate digital mediation and arbitration, Pakistan lacks dedicated institutions to handle e-commerce disputes efficiently.²⁰⁴

Furthermore, Pakistan's regulatory authorities have not established a centralized e-commerce dispute resolution mechanism. Countries like China have implemented online platforms that allow consumers to resolve disputes efficiently without resorting to litigation. In contrast, Pakistan's e-commerce regulatory framework under the *Pakistan E-Commerce Policy Framework, 2019*, fails to provide mandatory ADR provisions or establish a regulatory body dedicated to handling digital transaction conflicts. As a result, consumers and small businesses often lack confidence in the existing dispute resolution system, discouraging broader participation in the digital economy.²⁰⁵

The enforcement of digital contracts and online dispute resolutions is another critical area where Pakistan lags behind global standards. While the *Electronic Transactions Ordinance, 2002*, recognizes electronic contracts, its enforcement mechanisms remain weak. The lack of digital forensic capabilities and absence of comprehensive data protection laws further undermine the credibility of online transactions. In comparison, developed legal systems incorporate electronic evidence regulations and data protection laws that ensure the integrity of digital transactions and disputes. Without similar legal

²⁰⁴ Rafiq, "The Role of Arbitration in E-Commerce Dispute Resolution: A Pakistani Perspective," *International Journal of Commercial Law* 20, no. 2 (2021): 55–74.

²⁰⁵ Yousaf, "Regulating E-Commerce in Pakistan: The Need for Institutional Reform," *Journal of Business Law and Technology* 25, no. 1 (2023): 32–58.

advancements, Pakistan's e-commerce sector remains vulnerable to fraudulent activities and contractual violations with minimal legal recourse.²⁰⁶

Another significant deficiency is the lack of an effective cross-border dispute resolution framework. Since e-commerce transactions often involve international sellers and buyers, Pakistan's legal system does not provide adequate mechanisms for resolving disputes involving foreign entities. Unlike the European Union, which has clear regulations for cross-border online transactions, Pakistan has no bilateral or multilateral agreements governing international e-commerce disputes. This results in complications related to jurisdiction, enforcement of foreign judgments, and compliance with international trade laws, leaving Pakistani consumers and businesses in a vulnerable position.²⁰⁷

Moreover, the absence of a robust regulatory framework for digital financial transactions exacerbates e-commerce disputes. Online payment fraud, unauthorized transactions, and cybersecurity threats remain critical concerns, yet Pakistan's financial regulations do not provide comprehensive guidelines for dispute resolution in digital transactions. The State Bank of Pakistan (SBP) has issued regulations for electronic money institutions (EMIs), but these are limited in scope and do not comprehensively address consumer protection in e-commerce disputes. In comparison, countries such as the United States have well-defined chargeback mechanisms and consumer protection laws for digital transactions, ensuring greater confidence in online shopping.²⁰⁸

²⁰⁶ Hassan, "Challenges in Enforcing Digital Contracts in Pakistan: A Legal Analysis," *South Asian Journal of Cyber Law* 12, no. 4 (2022): 87–105.

²⁰⁷ Farooq, "Cross-Border E-Commerce and Legal Challenges in Pakistan," *Global Trade and Law Review* 19, no. 2 (2021): 72–91.

²⁰⁸ Tariq, "Regulating Digital Payments and E-Commerce in Pakistan: A Comparative Analysis," *Asian Journal of Fintech Law* 14, no. 3 (2023): 58–79.

Pakistan lacks consumer awareness programs that educate individuals and businesses about their rights in e-commerce transactions. Many online consumers are unaware of the legal remedies available to them in case of disputes, leading to increased instances of fraud and exploitation. Government and legal institutions have not taken significant steps to promote legal literacy in digital commerce. In contrast, developed nations invest heavily in consumer education programs and provide accessible dispute resolution platforms to ensure efficient conflict resolution in e-commerce transactions.²⁰⁹

Pakistan's existing dispute resolution mechanisms are inadequate for addressing the unique challenges posed by e-commerce. The lack of a dedicated legal framework, inefficiencies in litigation, outdated ADR provisions, weak regulatory oversight, and poor enforcement of digital contracts all contribute to a dysfunctional dispute resolution system. Additionally, the absence of cross-border dispute resolution mechanisms, weak financial transaction regulations, and low consumer awareness further hinder the development of a secure and efficient e-commerce environment. To enhance consumer protection and business confidence, Pakistan must introduce specialized e-commerce dispute resolution laws, establish dedicated ADR and ODR platforms, modernize its arbitration framework, and strengthen regulatory oversight to align with international standards.²¹⁰

4.3.1 CROSS BORDER DISPUTES

The rise of cross-border e-commerce has created significant legal challenges in dispute resolution, particularly in jurisdictions like Pakistan, where existing laws do not adequately address international digital transactions. Consumers and businesses engaging

²⁰⁹ Iqbal, "Legal Literacy and Consumer Protection in Pakistan's E-Commerce Sector," *Journal of Business and Consumer Rights* 22, no. 1 (2023): 49–71.

²¹⁰ Malik, "Legal Challenges in E-Commerce Transactions in Pakistan," 2021, 65.

in cross-border trade often face issues related to jurisdiction, enforcement of foreign judgments, differences in legal frameworks, and lack of international dispute resolution mechanisms. While developed economies have established clear legal frameworks for handling cross-border disputes, Pakistan's legal system remains fragmented and unprepared to deal with these complexities effectively.²¹¹

One of the primary issues in cross-border e-commerce disputes is determining jurisdiction and applicable law. In most cases, businesses and consumers enter into online contracts without a clear understanding of which country's laws will govern their transactions. Many e-commerce platforms include jurisdiction clauses that favor businesses based in developed countries, placing Pakistani consumers at a disadvantage. Unlike the European Union, which has the *Brussels I Regulation* to establish rules for jurisdiction and enforcement of judgments in civil and commercial matters, Pakistan lacks clear legislative guidelines to address jurisdictional conflicts in online trade.²¹²

Another significant challenge in cross-border dispute resolution is the enforcement of foreign judgments and arbitral awards. While Pakistan is a signatory to the *New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards*, enforcement remains inconsistent due to judicial delays and outdated arbitration laws. The *Arbitration Act, 1940*, which governs arbitration proceedings in Pakistan, does not align with modern international arbitration standards, leading to difficulties in enforcing foreign awards. Many Pakistani businesses and consumers struggle to obtain remedies

²¹¹ Farooq, "Cross-Border E-Commerce and Legal Challenges in Pakistan," *Global Trade and Law Review* 19, no. 2 (2021): 72–91.

²¹² Malik, "Jurisdictional Challenges in E-Commerce Disputes: A Pakistani Perspective," *Pakistan Journal of International Law* 15, no. 3 (2022): 54–78.

when disputes arise with international e-commerce platforms, as there is no clear mechanism for enforcing decisions made by foreign courts or arbitration tribunals.²¹³

Pakistan also lacks a robust framework for handling cross-border online consumer protection disputes. Countries like the United States and the European Union have developed online dispute resolution (ODR) mechanisms that allow consumers to resolve disputes with foreign sellers efficiently. The *EU Online Dispute Resolution (ODR) Platform* enables consumers to lodge complaints against cross-border businesses and facilitates mediation. However, Pakistan has no such centralized system, leaving consumers with limited options other than traditional litigation, which is often impractical for cross-border e-commerce disputes.²¹⁴

The lack of bilateral and multilateral agreements on e-commerce dispute resolution further exacerbates cross-border legal challenges. Many countries have signed treaties or regional agreements that establish uniform rules for resolving digital trade conflicts, but Pakistan has not actively pursued such agreements. The absence of legal cooperation with major trading partners results in uncertainty for businesses engaging in international e-commerce. Without treaties governing digital trade and dispute resolution, Pakistani consumers and businesses have no clear recourse when disputes arise with foreign vendors or service providers.²¹⁵

Moreover, cross-border disputes in e-commerce often involve issues of cybersecurity and data protection. Many international disputes arise from breaches of consumer data,

²¹³ Rafiq, "International Arbitration and E-Commerce: Pakistan's Legal Gaps," *International Journal of Commercial Law* 20, no. 2 (2021): 67–88.

²¹⁴ Khan, "Online Consumer Protection and Dispute Resolution in Cross-Border Transactions," *Journal of Digital Commerce and Law* 18, no. 1 (2023): 41–65.

²¹⁵ Yousaf, "Regulating Cross-Border E-Commerce in Pakistan: A Comparative Study," *Journal of Business Law and Technology* 25, no. 2 (2023): 33–58.

fraudulent transactions, or unauthorized charges on digital platforms. While developed economies have strict data protection laws, such as the *General Data Protection Regulation (GDPR)* in the European Union, Pakistan lacks comprehensive legislation on data security. The absence of a strong legal framework for consumer data protection makes it difficult for Pakistani users to seek remedies when their data is compromised in cross-border transactions.²¹⁶

The complexity of digital payment disputes further complicates cross-border transactions. Many Pakistani consumers rely on international payment gateways such as PayPal, Visa, and Mastercard, which have their own dispute resolution policies. However, Pakistan's domestic financial regulations do not align with global payment dispute resolution standards, making it difficult for consumers to recover funds in cases of fraudulent transactions. The *State Bank of Pakistan (SBP)* has issued guidelines for electronic money institutions (EMIs), but these do not adequately cover cross-border disputes, leaving consumers without strong legal protection.²¹⁷

Pakistan's current legal framework for cross-border e-commerce disputes is inadequate, lacking clear jurisdictional rules, enforcement mechanisms, online consumer protection measures, and robust ADR institutions. To address these issues, Pakistan must modernize its arbitration laws, establish international legal agreements for digital trade disputes, develop a centralized ODR platform, and implement comprehensive data protection laws.

²¹⁶ Hassan, "Data Protection and Consumer Rights in Cross-Border E-Commerce," *South Asian Journal of Cyber Law* 12, no. 4 (2022): 87–105.

²¹⁷ Iqbal, "Legal Challenges in Digital Payment Dispute Resolution in Pakistan," *Journal of Banking and Financial Law* 22, no. 1 (2023): 49–71.

Strengthening the regulatory environment for cross-border e-commerce will not only protect consumers but also enhance business confidence in the digital economy.²¹⁸

4.3.2 JURISDICTION ISSUES

Jurisdiction refers to the legal authority of a court or a government to hear and decide cases. It is a fundamental principle in legal systems worldwide and determines which court has the power to adjudicate disputes. Jurisdiction is generally classified into three main categories: personal jurisdiction, subject-matter jurisdiction, and territorial jurisdiction. Personal jurisdiction relates to the authority of a court over the parties involved in a dispute, while subject-matter jurisdiction concerns the nature of the case being heard. Territorial jurisdiction, on the other hand, defines the geographical area within which a court or government can exercise its authority.²¹⁹

One of the primary challenges in jurisdictional matters is the conflict between national and international laws. In cases involving cross-border disputes, determining the appropriate legal framework can be complex. For instance, international commercial arbitration often raises questions about which country's courts have the authority to enforce arbitration agreements and awards. The principle of comity, which encourages mutual respect between legal systems, plays a crucial role in resolving these disputes. However, variations in domestic legal systems and the reluctance of some jurisdictions to recognize foreign judgments complicate matters further. The 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards provides a widely accepted framework, yet its application varies across jurisdictions.²²⁰

²¹⁸ Malik, "Jurisdictional Challenges in E-Commerce Disputes: A Pakistani Perspective," 2022, 76.

²¹⁹ Fletcher, "Basic Concepts of Legal Thought," Oxford Journal of Legal Studies, 2018, 34.

²²⁰ Born, "International Commercial Arbitration," Kluwer Law International, 3rd ed., 2021, 217.

Jurisdictional issues also arise in the digital era, particularly concerning cyberspace and internet governance. The borderless nature of the internet complicates the application of traditional jurisdictional principles. Courts must decide whether they have jurisdiction over online transactions, defamation cases, or cybercrimes when the involved parties reside in different countries. Many legal systems rely on the concept of the "*EFFECTS DOCTRINE*," which grants jurisdiction to a court if the online activity has a significant impact within its territory. Additionally, the General Data Protection Regulation (GDPR) of the European Union exemplifies extraterritorial jurisdiction by imposing obligations on companies worldwide that process the personal data of EU residents. This has led to legal disputes over data privacy rights and compliance with multiple regulatory regimes.²²¹

In federal systems, such as the United States and Germany, jurisdictional disputes frequently arise between state and federal courts. In the U.S., the Constitution establishes the division of powers between state and federal authorities, leading to intricate jurisdictional rules. The principle of federal preemption sometimes overrides state laws when a federal interest is at stake, creating further legal complexities. Concurrent jurisdiction, where both state and federal courts can hear a case, often leads to forum shopping, where litigants choose the court most favorable to their case. Additionally, the U.S. Supreme Court plays a crucial role in resolving jurisdictional conflicts between state and federal authorities, as seen in landmark cases such as "*Erie Railroad Co. v. Tompkins*

²²¹ Kohl, "Jurisdiction and the Internet: Regulatory Competence over Online Activity," Cambridge University Press, 2nd ed., 2020, 89.

(1938)”, which established the principle that federal courts must apply state substantive law in diversity jurisdiction cases.²²²

Jurisdiction remains a crucial and evolving aspect of legal systems worldwide. The increasing complexities of globalization, digital transformation, and international relations continue to challenge traditional jurisdictional principles. Legal scholars and policymakers must work towards harmonizing jurisdictional rules to ensure effective dispute resolution, uphold justice, and maintain international legal order. Efforts such as international conventions, cooperative legal frameworks, and technological advancements in legal enforcement may provide viable solutions to the jurisdictional challenges of the 21st century.

4.4 COMPARATIVE ANALYSIS OF ODR MECHANISMS IN PAKISTAN AND THE UK

Online Dispute Resolution (ODR) has emerged as a significant mechanism for resolving disputes in both developed and developing countries. The comparison between the ODR frameworks in Pakistan and the United Kingdom (UK) highlights stark differences in legal infrastructure, technological advancement, public accessibility, and institutional support.

In the United Kingdom, ODR has been significantly integrated into the civil justice system, particularly through the Her Majesty’s Courts and Tribunals Service (HMCTS) reform program. The UK launched its ODR platform as part of a broader “digital justice” strategy, offering services like online civil money claims, digital divorce applications, and small claims resolution. These services have increased efficiency, reduced the burden

²²² Chemerinsky, "Federal Jurisdiction," Wolters Kluwer, 7th ed., 2019, 176..

on courts, and provided user-friendly platforms for individuals unfamiliar with legal procedures. The UK's judiciary also supports ODR through robust legal frameworks and consistent funding, ensuring the sustainability and scalability of the system.²²³

In contrast, Pakistan's ODR mechanisms are still in their nascent stages. While some private arbitration forums and legal tech startups like "Lawyers of Pakistan" and "Legal Advice Pakistan" have introduced ODR-like services, the country lacks a formal state-backed ODR infrastructure.²²⁴ Digital illiteracy, limited internet penetration, and lack of regulatory clarity hinder the expansion of ODR across the country. However, with the rise in mobile and internet users, there is growing interest in digital legal services.²²⁵ The absence of legislative reform or judiciary-sponsored digital platforms remains a critical challenge in institutionalizing ODR mechanisms in Pakistan.

The legal recognition of electronic documents and e-signatures under Pakistan's Electronic Transactions Ordinance (ETO) 2002 provides a preliminary legal framework supportive of ODR.²²⁶ However, unlike the UK, Pakistan has not yet developed specialized courts or procedures tailored for digital dispute resolution. Furthermore, the Pakistani legal culture, heavily reliant on in-person litigation and traditional courtrooms, poses resistance to change.

Another key difference lies in public trust and awareness. In the UK, the government has invested in public legal education campaigns to ensure users are aware of and can

²²³ Susan Acland-Hood, *"Reforming Courts Digitally: The UK Experience,"* HMCTS, 2020.

²²⁴ Sarah Khan, *"Legal Tech and Online Dispute Resolution in Pakistan: The Way Forward,"* Journal of Law and Technology in Asia 5, no. 2 (2021): 45–60

²²⁵ Pakistan Telecommunication Authority, *Annual Report 2022–23* (Islamabad: PTA, 2023), 17.

²²⁶ Government of Pakistan, *Electronic Transactions Ordinance 2002*, <http://www.moitt.gov.pk>

navigate online justice tools. In Pakistan, low public awareness, especially in rural areas, remains a barrier to adoption.²²⁷

In summary, the UK presents a mature, state-sponsored, and technologically integrated ODR environment, while Pakistan is at an exploratory stage with fragmented private initiatives and significant infrastructural and policy gaps. Pakistan could benefit by studying the UK's comprehensive digital justice roadmap and adopting a phased and inclusive ODR strategy.

4.5 ROLE OF TECHNOLOGY AND INSTITUTIONAL SUPPORT IN STRENGTHENING ODR

The effectiveness and scalability of Online Dispute Resolution (ODR) heavily depends upon the integration of advanced technology and the strength of institutional support. Globally, the success of ODR initiatives is often tied to how well governments and legal institutions facilitate digital transformation and provide legal, technical, and procedural frameworks to support online resolution platforms.

Technology plays a foundational role by providing the tools and platforms necessary for conducting virtual hearings, managing documentation, verifying identities, and ensuring secure communication between disputing parties. Features such as video conferencing, AI-based case triaging, blockchain for evidence preservation, and cloud-based case management systems significantly enhance the speed, transparency, and reliability of

²²⁷ Imran Ali, “*Digital Legal Literacy in Pakistan: Challenges and Opportunities*,” South Asian Journal of Law and Policy 4, no. 1 (2022): 88–95.

ODR processes.²²⁸ For instance, in jurisdictions like Canada and the United Kingdom, the use of artificial intelligence and machine learning in small claims disputes has demonstrated marked efficiency improvements.²²⁹

However, technology alone is not sufficient. Institutional support—from both the judiciary and legislative bodies is critical to legitimize and integrate ODR into mainstream dispute resolution. This support includes policy formulation, legal reform, funding allocation, capacity building, and public awareness campaigns.²³⁰ Courts and government agencies must collaborate with private sector actors to create secure and user-friendly systems. For example, the UK’s HMCTS digital justice program is a prime model of institutional backing that has enabled online courts and virtual mediation services.²³¹

In countries like Pakistan, the lack of institutional coordination, outdated legal procedures, and limited digital infrastructure hamper the growth of ODR. Although private platforms and legal startups have initiated digital consultation and mediation services, their impact remains minimal without legislative support and official endorsement.²³² Moreover, courts and bar councils must be equipped with the necessary

²²⁸ Ethan Katsh and Orna Rabinovich-Einy, *Digital Justice: Technology and the Internet of Disputes* (New York: Oxford University Press, 2017), 63–80.

²²⁹ Pablo Cortés, *The Law of Consumer Redress in an Evolving Digital Market: Upgrading from Alternative to Online Dispute Resolution* (Cambridge: Cambridge University Press, 2018), 112–115.

²³⁰ Mireille Hildebrandt, *Law for Computer Scientists and Other Folk* (Oxford: Oxford University Press, 2020), 193.

²³¹ Her Majesty’s Courts and Tribunals Service (HMCTS), “*Reform Update: Transforming Courts and Tribunals*” (London: UK Ministry of Justice, 2021).

²³² Sarah Khan, “Legal Tech and Online Dispute Resolution in Pakistan: The Way Forward,” *Journal of Law and Technology in Asia* 5, no. 2 (2021): 55.

IT infrastructure and training to build judicial and practitioner confidence in technology-based systems.²³³

Another aspect of institutional support is the development of clear regulatory frameworks that address data privacy, enforceability of online decisions, and standards for remote identification and e-signatures. Without such frameworks, stakeholders may view ODR systems as informal or legally unreliable. Countries that have enacted ODR-specific rules, such as Singapore and the Netherlands, have witnessed smoother adoption.²³⁴

The synergy between technological innovation and institutional commitment is vital for the success and public trust in ODR systems. A holistic approach merging infrastructure investment, digital literacy, judicial training, and legislative reform is essential for building sustainable, inclusive, and effective online dispute resolution mechanisms.

4.6 LESSONS WHICH PAKISTAN CAN LEARN FROM UK TO IMPROVE ITS DISPUTE RESOLUTION SETUP

Pakistan can enhance its dispute resolution system by learning from the well-established framework in the United Kingdom. One key area for improvement is Alternative Dispute Resolution (ADR), which includes mediation, arbitration, and conciliation. The UK has effectively implemented ADR mechanisms to reduce court caseloads and provide quicker resolutions. Strengthening ADR institutions in Pakistan and promoting their use in civil and commercial disputes can significantly improve efficiency and accessibility.²³⁵

²³³ Imran Ali, "Judicial Readiness for Digital Dispute Resolution in South Asia," *Asian Journal of Law and Society* 4, no. 1 (2022): 72.

²³⁴ Judith Resnik, "Fairness in the Digital Age: International Models of ODR," *Yale Law School Faculty Scholarship Series*, Paper 6723 (2020).

²³⁵ Genn, H. "Why the Privatisation of Civil Justice is a Rule of Law Issue," *Current Legal Problems*, 2018, 71(1), 403-429.

Judicial efficiency and case management are also critical aspects in which Pakistan can take inspiration from the UK. The UK follows strict case management procedures, ensuring timely resolutions through digital case management systems and active judicial involvement in case progress. Implementing similar reforms in Pakistan can help streamline judicial processes and reduce delays.²³⁶

Technology integration is another area where Pakistan can learn from the UK. Online dispute resolution platforms and virtual hearings have significantly improved efficiency in the UK legal system. Adopting similar technologies in Pakistan can help reduce delays, minimize backlog, and improve accessibility for litigants across the country.²³⁷

Public awareness and legal education campaigns are essential in informing citizens about their legal rights and available dispute resolution mechanisms. The UK has successfully implemented such initiatives, empowering individuals with knowledge that encourages early dispute resolution. Pakistan can implement similar programs to enhance legal literacy and promote alternative solutions before litigation.²³⁸

Encouraging settlement and pre-trial resolution can significantly reduce the burden on courts. The UK legal system mandates pre-trial mediation and negotiations to resolve disputes before litigation. Pakistan can benefit from adopting similar measures to promote early settlements and reduce prolonged court battles.²³⁹

Judicial independence and continuous training programs for judges have contributed to the strength of the UK's legal system. Pakistan can further enhance judicial independence

²³⁶ Sorabji, J. "English Civil Justice after the Woolf and Jackson Reforms: A Critical Analysis," Cambridge University Press, 2020.

²³⁷ Katsh, E. & Rabinovich-Einy, O. "Digital Justice: Technology and the Internet of Disputes," Oxford University Press, 2017.

²³⁸ Sandefur, R.L. "Access to Justice: What We Know and Need to Know," Annual Review of Law and Social Science, 2019, 15, 247-267

²³⁹ Hodges, C. "Delivering Dispute Resolution: A Holistic Review of Models in England and Wales," Hart Publishing, 2019.

and introduce rigorous training programs for judges to improve decision-making and efficiency. Strengthening commercial arbitration is also a vital lesson Pakistan can learn. The UK serves as a global hub for commercial arbitration due to its robust legal framework, attracting businesses from around the world. By improving its arbitration laws and institutions, Pakistan can position itself as a regional leader in dispute resolution.²⁴⁰

Furthermore, small claims courts and consumer dispute resolution mechanisms in the UK provide quick and efficient resolutions for minor disputes. Introducing similar small claims courts in Pakistan can help resolve low-value cases efficiently and reduce unnecessary litigation.²⁴¹

Pakistan can learn from the UK's use of ombudsman services to resolve disputes between citizens and public authorities. The UK has independent ombudsman offices for different sectors, ensuring that grievances are handled fairly and without unnecessary litigation. Establishing and strengthening similar ombudsman institutions in Pakistan could provide an alternative to the courts and improve public confidence in dispute resolution.²⁴²

Another important lesson from the UK is the role of judicial review in ensuring accountability and fairness in administrative decisions. In the UK, individuals can challenge government actions through an established judicial review process. Strengthening judicial review mechanisms in Pakistan can enhance transparency and hold public institutions accountable.²⁴³

²⁴⁰ Born, G. "International Commercial Arbitration," Kluwer Law International, 2021.

²⁴¹ Howells, G., Ramsay, I., Wilhelmsson, T. & Kraft, D. "Consumer Law and Policy," Cambridge University Press, 2020.

²⁴² Creutzfeldt, N. "Ombudsmen and ADR: A Comparative Study of Informal Justice in Europe," Palgrave Macmillan, 2018

²⁴³ Elliott, M. & Thomas, R. "Public Law," Oxford University Press, 2022

The UK's efforts in community mediation programs have successfully reduced minor disputes from escalating into prolonged litigation. These programs allow trained mediators to assist in resolving neighborhood conflicts, tenancy disputes, and minor civil matters outside the courtroom. Implementing similar community mediation initiatives in Pakistan could alleviate the burden on courts and promote amicable resolutions.²⁴⁴

4.7 CONCLUSION

The comparative analysis of dispute resolution laws in the e-commerce sector of Pakistan and the UK reveals key distinctions in their legal frameworks, enforcement mechanisms, and consumer protection strategies. The UK has developed a sophisticated and well-regulated system for resolving e-commerce disputes, integrating robust consumer protection laws, Alternative Dispute Resolution (ADR) mechanisms, and dedicated Online Dispute Resolution (ODR) platforms. The Consumer Rights Act 2015, along with regulatory oversight by agencies such as the Competition and Markets Authority (CMA) and the Financial Ombudsman Service, ensures that consumer grievances are addressed efficiently and fairly. Businesses in the UK are legally required to participate in ADR schemes, making the dispute resolution process accessible, transparent, and effective.

In contrast, Pakistan's e-commerce sector operates within a legal framework that, while evolving, still faces several challenges in dispute resolution. The Electronic Transactions Ordinance 2002 and provincial Consumer Protection Acts provide a foundation for addressing disputes, but their practical implementation remains inconsistent. The absence of a centralized ODR mechanism, inadequate consumer awareness regarding their rights, and limited enforcement by regulatory bodies contribute to inefficiencies in resolving

²⁴⁴ Roberts, S. & Palmer, M. "Dispute Processes: ADR and the Primary Forms of Decision-Making," Cambridge University Press, 2020.

disputes. Furthermore, Pakistan's judicial system, with its traditionally slow litigation processes, often deters consumers and businesses from seeking legal remedies, leading to a lack of confidence in the system.

A critical takeaway from this comparative analysis is the need for Pakistan to enhance its e-commerce dispute resolution mechanisms by drawing lessons from the UK's well-established framework. Implementing a national-level ODR system, similar to the UK's, could provide consumers and businesses with a more accessible, cost-effective, and time-efficient method of resolving disputes. Additionally, strengthening consumer protection laws, making ADR participation mandatory for e-commerce businesses, and ensuring effective regulatory oversight would significantly improve the overall reliability of Pakistan's digital marketplace.

Moreover, collaboration between the government, judiciary, private sector, and technology experts is essential to developing a more adaptive legal infrastructure for e-commerce dispute resolution in Pakistan. Public awareness campaigns, capacity-building initiatives for legal professionals, and integration of artificial intelligence (AI)-driven dispute resolution platforms could further streamline the process. By fostering trust in the dispute resolution system, Pakistan can encourage greater consumer participation in e-commerce, enhance investor confidence, and promote sustainable growth in the digital economy.

While the UK has successfully implemented a structured and efficient dispute resolution system for e-commerce, Pakistan still faces significant hurdles in this regard. However, by adopting international best practices, investing in technology-driven solutions, and ensuring strong legal enforcement, Pakistan can bridge the gap and establish a more

secure and consumer-friendly e-commerce ecosystem. A forward-looking approach, with policy reforms and digital transformation, will be key to ensuring long-term success in Pakistan's e-commerce dispute resolution landscape.

CHAPTER-5

CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

Online Dispute Resolution (ODR) has emerged as a crucial mechanism in the resolution of e-commerce disputes, providing an efficient, cost-effective, and accessible alternative to traditional litigation. This comparative study of Pakistan and the UK highlights significant disparities in legal frameworks, technological infrastructure, and consumer protection mechanisms. The UK has a well-established ODR system, supported by comprehensive legislative instruments such as the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 and the EU's ODR platform.

- UK possesses specific legislation dedicated to ODR, ensuring electronic consumer rights are protected through streamlined digital dispute resolution.
- Pakistan lacks specific ODR legislation, relying on general consumer protection laws and arbitration mechanisms, which are often ineffective for e-commerce disputes.
- UK has a well-developed technological infrastructure, integrating advanced technologies like AI-based mediation services and secure online platforms to facilitate dispute resolution.
- Pakistan faces challenges such as limited digital literacy, insufficient cyber laws, and inadequate digital resources, hindering the development of robust ODR systems.
- UK has higher levels of consumer awareness and trust in ODR systems, fostered by robust regulatory oversight and proactive awareness campaigns.

- Pakistan shows lower consumer confidence in digital dispute resolution due to legal enforcement gaps, procedural inefficiencies, and a lack of awareness.
- UK enjoys strong support for ODR from judiciary and regulatory institutions, ensuring its effective integration within the broader legal system.
- Pakistan's legal system has not yet fully embraced digital dispute resolution, leading to inefficiencies, delays in justice, and a lack of institutional support.
- UK benefits from structured ODR frameworks, resulting in standardized dispute resolution procedures, greater efficiency, and predictability.
- Pakistan lacks a structured ODR framework, leading to a lack of standardization in dispute resolution procedures and making it difficult for consumers and businesses to seek timely and fair resolutions.
- The absence of an effective ODR system hinders the growth of e-commerce in Pakistan by undermining consumer trust and confidence in online transactions.
- Pakistani consumers are more susceptible to fraud, unfair practices, and exploitation in the absence of robust and accessible digital dispute resolution mechanisms.
- Implementing a well-functioning ODR system can significantly reduce the burden on traditional courts, freeing up judicial resources and expediting the resolution of other legal matters.
- Developing a strong ODR framework is crucial for enhancing Pakistan's digital economy, attracting foreign investment, and promoting sustainable economic growth.
- Aligning ODR initiatives with international best practices and standards is essential for building a credible and effective system that meets the needs of both consumers and businesses.

- Addressing the shortcomings in Pakistan's legal framework by enacting specific legislation dedicated to ODR is a critical step towards establishing a robust digital dispute resolution system.
- Investing in capacity building for legal professionals, judges, and ODR practitioners is necessary to ensure the effective implementation and operation of ODR mechanisms.
- Developing mechanisms for resolving cross-border e-commerce disputes is increasingly important in a globalized digital marketplace.
- The government needs to play an active role in promoting and regulating ODR, including establishing clear guidelines, standards, and enforcement mechanisms.
- ODR is a subset of ADR, and promoting ADR in general can create a culture of resolving disputes amicably and efficiently, reducing reliance on courts.

5.2 RECOMMENDATIONS

In the light of above findings, following recommendations are hereby suggested to improve the dispute resolution setup in e commerce setup of PAKSITAN:

- Conduct a comprehensive legal review at the state level to assess ADR and ODR frameworks in both Pakistan and the UK, including relevant laws like the Electronic Transactions Ordinance 2002 and the Consumer Rights Act 2015.
- Evaluate the influence of international instruments such as UNCITRAL Model Law, WTO e-commerce guidelines, and EU ODR regulations on Pakistan's policy landscape.

- Promote digital literacy, internet accessibility, and multilingual support to enhance the reach and inclusivity of ODR systems in Pakistan, especially in rural areas.
- Enforce legal recognition of ODR outcomes through dedicated legislation, including penalties for non-compliance and protection for digital consumers.
- Encourage the judiciary and law enforcement to prioritize ADR and ODR before litigation to reduce court backlogs and promote efficiency.
- Support public awareness and educational programs to build trust and familiarity with ODR among e-consumers.
- Integrate AI and blockchain technologies in ODR platforms to improve transparency, speed, and accuracy of dispute resolution.
- Promote collaboration between the government, judiciary, private sector, and technology experts to develop a centralized and robust ODR framework in Pakistan.
- Study successful ODR models from the UK and globally to identify best practices and tailor them for implementation in Pakistan's legal and digital ecosystem.
- Currently, ODR procedures lack a comprehensive mechanism for the redressal of aggrieved parties, particularly in the form of an appeal or relevant supportive technology. Therefore Future work may focus on developing an efficient appeal-based system to effectively address the grievances of contracting parties.

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