

Arbitral Tribunal Dismisses Claims in E-Commerce Last Mile Delivery Services

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Introduction

An arbitral tribunal constituted under the aegis of Arbitration & Conciliation Centre, Bengaluru, was pleased to dismiss an arbitral claim arising out of a terminated logistics and delivery management arrangement in the hyperlocal e-commerce space. Our legal team successfully represented the respondent, securing a complete dismissal of claims. Our team represented the respondent / non-claimant in the said arbitration proceedings.

The claimant, a logistics service provider, had entered into a contractual arrangement to manage last-mile delivery operations for our client, an e-commerce platform engaged in grocery distribution. Under the agreement, the claimant was tasked with deploying delivery personnel, overseeing logistics, and raising monthly invoices for services rendered. Upon termination of the

arrangement, the claimant invoked arbitration, seeking recovery towards alleged unpaid invoices and an additional recovery purportedly remitted to a third-party entity, which it claimed was acting under the respondent's instructions. The proceedings involved intricate issues concerning alleged non-payment of invoices and the claimant's demand for reimbursement of substantial sums paid to the third party. The Tribunal, after a detailed examination of the facts and evidence, found no merit in the claimant's position and ruled entirely in favour of the respondent.

Arguments Before the Tribunal

The claimant alleged that services were rendered, invoices remained unpaid, and certain payments were made to a third party on the respondent's instructions. They maintained that the absence of timely objections meant the invoices stood uncontested.

The respondent countered that the claimant had failed to discharge its burden of proof¹. It was argued that there was no independent evidence of services performed, as the claimant relied only on self-prepared records. Payments to the third party were described as voluntary and outside the scope of the contract, while the abrupt termination of the agreement was also said to be in breach of the notice requirement.

Decision by the Tribunal

The Tribunal held that the claimant failed to discharge the burden of proof in respect of both claims. In relation to the claim for unpaid invoices, it found that self-prepared records and informal communications were inadequate to demonstrate that the services were actually rendered. As for the claim concerning payments made to a third party, the Tribunal observed that there was no credible evidence to show that such payments were made at the respondent's direction or under any contractual obligation. The alleged operational nexus between the respondent and the third party was also found to be unsubstantiated in the absence of binding documentation. Accordingly, both claims were dismissed in their entirety.

Key Takeaways from the Award

The Award reaffirms that in arbitral proceedings the burden of proof lies squarely on the claimant, and self-prepared records or unilateral assertions are insufficient. In service contracts, especially those involving cash handling and third parties, claims must be backed by verifiable records and clear contractual authority. It further holds that payments to entities without contractual privity are at the payer's own risk. The Tribunal also emphasized strict adherence to contractual timelines for notice and reconciliation, thereby ensuring certainty and discipline in commercial arrangements.

Conclusion

We were able to establish that the claimant failed to discharge its burden of proof. The Award clarifies that claims must be supported by proper evidence and binding agreements, not just self-prepared records or informal assertions. It also reinforces that payments to third parties cannot create liability without contractual privity or formal authorisation. Overall, the decision underscores the need for contractual discipline, financial accountability, and risk management in commercial arrangements involving outsourced delivery and cash handling.

¹Section 101 Of The Indian Evidence Act, 1872 (Section 104 Of The Bharatiya Sakshya Adhiniyam, 2023)