NAVIGATING THE DIGITAL FRONTIER: THE ROLE OF ADR IN MODERN ENTERTAINMENT AND THE VIRTUAL ECONOMY GLOBALLY

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ABSTRACT

The present article argues for introducing Alternative Dispute Resolution (ADR) in the fast-evolving virtual economy and digital entertainment environment. Traditional ways of settling disputes face the rising popularity of online gaming, streaming, digital content, cryptocurrencies, NFTs, metaverse transactions, and decentralised autonomous organisations (DAOs).

This article discusses using ADR, or Online Dispute Resolution (ODR), in these new industry sectors.

The research question for this article is: How is ADR being applied to resolve conflicts in the evolving world of digital entertainment and the virtual economy, and what are the significant developments, challenges, and directions?

The emphasis of the analysis and comment is placed on identifying recent legal and institutional developments, considering landmark and recent cases dealing with the application of ADR in these fields, and identifying existing gaps in existing research that must be filled.

Keywords: Alternative dispute resolution, arbitration, virtual economy, Digital Economy, Settlement.

1. Introduction

India's online community is thriving. A younger, more technology-oriented population, and in many cases, increased access to quality internet connectivity, are growing the virtual economy and digital entertainment.[1] This fast-rising industry is quickly becoming an economic driver for the nation, giving rise to everything from the excitement of online gaming to the worlds of streaming and the ever-growing unknowns of virtual items. Yet with this incredible growth comes a generation of disputes that traditional legal processes are not entirely ready to deal with. Incorporating arbitration and various alternative dispute resolution (ADR) will be important in developing fair approaches for resolving differences and disputes.

With the emergence of the digital era, we have entered a period of transformation that has impacted almost every facet of human life, including conflict resolution. With our increased reliance on electronic platforms to conduct commerce, entertain ourselves, and communicate socially, we have developed new disputes that often transcend geographic or territorial boundaries and usually involve sophisticated technological elements. Due to the shortcomings of traditional judicial processes in efficiently handling such new types of disputes, alternative dispute resolution (ADR), most notably its digital variant (ODR), has come to mean a great deal. The new digital entertainment economy and fast-developing virtual economy, involving online gaming, streaming media services, digital content creation, cryptocurrency, non-fungible tokens (NFTs), transactions in the metaverse, and decentralised autonomous organisations (DAOs), are at the epicentre of this revolution.

2. Overview of India’s Digital Entertainment and Virtual Economy

The Indian virtual economy and digital entertainment represent an essential and enlarging market. With the digital economy growing almost at twice the speed of the general economy, it is expected to account for nearly one-fifth of national income by 2029-2030, overtaking agriculture and manufacturing in contribution.[2] With such massive growth, the need to establish effective dispute-resolution mechanisms in this area cannot be stressed more.

[1] India – Digital Economy, TRADE.GOV (Sept. 18, 2024), https://www.trade.gov/country-commercial-guides/india-digital-economy (Last visited on May 1, 2025).
[2] Future Ready: India's Digital Economy to Contribute One-Fifth of National Income by 2029-30 - PIB, Press Information Bureau (Jan. 28, 2025), https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2097125 (Last visited on May 19, 2025).

2.1. Online Gaming Sector

The peculiar characteristic of the Indian online gaming sector is its maximum user base, which is added to fast financial growth, which means about 591 million gamers in India, about 20 per cent of the worldwide gaming population. This massive user base keeps feeding a market that generated a revenue of 3.7 billion US dollars in 2024 alone and is projected to reach beyond 9 billion US dollars by 2029.[3] The real money gaming (RMG) segment currently holds the maximum market share at about 86 percent. Meanwhile, the online gaming market in India is projected to be worth an astonishing 60 billion by 2034.

2.2. Over-the-Top (OTT) and Live Streaming Sector

The OTT finds itself with lucrative potential for growth, with valuations expected at $1.51 billion for 2024 and $3.21 billion by 2030, translating to a CAGR of 13.45%.[4] The revenues from video streaming are projected at US $2.02 billion and are expected to grow by 2029 to US $3.22 billion. Another promising opportunity is live streaming, which is projected to reach an astounding $20,814.9 million by 2030, with a CAGR of 29.3 percent from 2024 to 2030.[5] The CAGR across the many various (types of) streaming sectors is consistently astonishing, indicating a greater number of users or increased consumption of digital entertainment content. Growth of this magnitude brings significant possibilities for disputes involving content access, subscription issues, health or problems of intellectual property (AR/VR content), and user engagement on the platforms.

2.3. Virtual Assets Sectors

The digital economy, including virtual assets, is predicted to contribute tremendously toward

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[3] Press Trust of India (PTI), India's online gaming sector may cross $9 billion by 2029: Report, THE ECONOMIC TIMES (Mar. 19, 2025), https://m.economictimes.com/tech/technology/indias-online-gaming-sector-may-cross-9-billion-by-2029-report/articleshow/119209014.cms (Last visited on May 19, 2025).

[4] GlobeNewswire, India OTT Media Services Market to Double in Size by 2030: Competitive OTT Landscape in India Intensifies Amid Market Fragmentation and Subscription Fatigue, GLOBENEWSWIRE (Mar. 7, 2025), https://www.globenewswire.com/news-release/2025/03/07/3038874/28124/en/India-OTT-Media-Services-Market-to-Double-in-Size-by-2030-Competitive-OTT-Landscape-in-India-Intensifies-Amid-Market-Fragmentation-and-Subscription-Fatigue.html (Last visited on May 19, 2025).

[5] Grand View Research, India Live Streaming Market Size & Outlook, 2023-2030, GRAND VIEW RESEARCH (2023), https://www.grandviewresearch.com/horizon/outlook/live-streaming-market/india (Last visited on May 19, 2025).

India's national income.[6] The metaverse market in India, which forms a significant part of the virtual asset landscape, is expected to generate massive revenue amounting to US$ 43,732.4 million by 2030, exhibiting a phenomenal CAGR of 52.1% from 2025 to 2030.[7] Another estimate puts the Indian metaverse market at USD 11.20 Billion in 2024, rising at a modest CAGR of 8.27% to reach USD 18.20 Billion by 2030.[8] Additionally, by 2025, an estimated 107.30 million individuals will be active users of India's digital assets market.[9] The rapid development of the metaverse and digital assets signals a new dispute source. Disputes may arise concerning ownership, transfer, and control of cryptocurrencies, NFTs and virtual land in the metaverse. Moreover, disputes concerning intellectual property created and traded within virtual worlds and the intersection of these virtual economies with the real world will likely surface. Variations in market size estimates also indicate that this sector is not yet fully established, and projected growth and revenue estimates could be subject to rapid fluctuations; as such, the need for properly developed dispute resolution mechanisms is becoming even more pertinent.

2.4. Market Size and Growth Projections

The following table summarises the market size and growth projections for the key sectors within India's digital entertainment and virtual economy:

[6] Press Information Bureau, Future Ready: India's Digital Economy to Contribute One-Fifth of National Income by 2029-30 - PIB, PRESS INFORMATION BUREAU (Jan. 28, 2025), https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2097125 (Last visited on May 19, 2025).

[7] Grand View Research, India Metaverse Market Size & Outlook, 2024-2030, GRAND VIEW RESEARCH (2024), https://www.grandviewresearch.com/horizon/outlook/metaverse-market/india (Last visited on May 19, 2025).

[8] TechSci Research, India Metaverse Market Size, Share and Outlook 2030F, TECHSCI RESEARCH (Feb. 3, 2025), https://www.techsciresearch.com/report/india-metaverse-market/15236.html (Last visited on May 19, 2025).

[9] Aditi Pangotra, The Future of Digital Asset Governance in India, CYBERPEACE (Nov. 1, 2024), https://www.cyberpeace.org/resources/blogs/the-future-of-digital-asset-governance-in-india (Last visited on May 19, 2025).

Sector	**Market Size (2024, USD Billion)**	**Projected Market Size (2029-2030, USD Billion)**	**CAGR (Forecast Period)**	**Key Drivers**
Online Gaming	3.7	9.1	19.6% (2024-29)	Increasing smartphone penetration, affordable internet, rising disposable incomes and growing acceptance of online gaming.
Streaming Services	3.5 - 4.3	3.2 - 20.8	9.8 - 29.3% (Varies by segment)	Increasing internet access, rise of OTT platforms, growing adoption of mobile devices and expansion of live streaming content.
Metaverse/Virtual Assets	11.2 - 3.9	18.2 - 43.7	8.3 - 52.1% (Varies by report)	Increasing adoption of VR/AR technologies, growing interest in virtual experiences and advancements in blockchain and digital assets.

The common factor among all the industries is high growth. This growth translates to more user interaction, financial transactions, and the development of fresh digital assets and experiences. This implies that there is an increasing likelihood of disagreement resulting from these activities, indicating the necessity for capable and responsive dispute resolution methods.

3. Common Dispute Types

Rapid growth, unique digital entertainment features, and virtual economy features from India have led to several common disputes.

3.1. Intellectual Property Infringement

Intellectual property violations are a pressing issue in India's digital entertainment world, most apparent in films, television shows and music being illegally streamed, downloaded, or shared on OTT platforms.[10] Further aggravating the matter is that digital content is something one can copy and distribute online without much effort. This then inflicts massive damage on the revenue of the producers and the platform operators. Another well-known form of IP infringement concerns the illicit use of protected characters, plots, and other creative elements from films, television shows, or any media in online games.[11] Trademarks and brands infringing on virtual worlds and online games are becoming common. These could refer to the unauthorised use of logos, branding elements, and characters protected under trademark law. A larger issue is that of pirate media, which includes the illegal reproduction and distribution of various digital content. It continues to plague the entertainment sector.[12] The borderless internet also complicates the enforcement of various intellectual property rights issues within these digital spaces, and infringing content may arise from one jurisdiction and be visited in several others.

3.2. User Agreement Disputes

Disputes within different digital platforms resulting in allegations of interference regarding violations of the User Agreement place undue burdens on the administration of international gaming platforms, streaming services, and metaverse platforms.[13] Such agreements are usually framed in terms of service and acceptable use policy. Common violations include account termination or suspension arising from activities expressly forbidden under that digital platform's terms, for example, in-app purchases or online ownership of assets as governed by the platform's rules. There could be other infringing activities where users could allege violations and create disputes against the platform rules regarding content development, user

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[10] Biswajit Sarkar, Copyright Infringement on OTT Platforms, BISWAJIT SARKAR BLOG (Jan. 30, 2025), https://www.biswajitsarkar.com/blog/copyright-infringement-on-ott-platforms.html (Last visited on May 19, 2025).

[11] Ahlawat & Associates, Copyright Infringement in the Indian Entertainment Industry: Key Legal Precedents, AHLAWAT ASSOCIATES BLOG (Nov. 12, 2024), https://www.ahlawatassociates.com/blog/copyright-infringement-in-the-indian-entertainment-industry-key-legal-precedents (Last visited on May 19, 2025).

[12] Sarkar, supra note 11.

[13] DLA Piper, Data protection laws in India, DLA PIPER DATA PROTECTION NAVIGATOR (Jan. 6, 2025), https://www.dlapiperdataprotection.com/index.html?t=law&c=IN (Last visited on May 19, 2025).

behavior or conduct, and prohibited behavior.[14] These cause disputes for the operators in constructing and enforcing those user agreements.

Should the issues of what is permissible for the content, the fairness of platform rules, and procedures regarding the treatment of violations come into play, more complicated questions will arise.

3.3. Virtual Asset Ownership Conflicts

The booming virtual asset market, from cryptocurrency to NFTs to virtual lands on metaverse platforms, has engendered a different breed of disputes over ownership. Disputes might arise regarding the rightful ownership, transfer and control of the digital assets.[15] Compounding these disputes are other characteristics, such as the long-held concepts of decentralisation in many virtual assets, and an absence of a consistent and universal legal framework regarding their ownership. Another trivially commonplace conflict-triggering event is fraud, hacking, and theft concerning virtual assets.[16] Disputes may arise regarding the rules under which virtual asset marketplaces and exchanges operate, particularly relating to transaction fees, security protocols, and duties of platform operators.[17] Besides, a new wave of legal disputes questions the ownership of digital assets from the perspective of different national jurisdictions, particularly in cases where digital assets or parties are disentangled across borders. The fact that virtual assets are intangible and surround the peripheries of ever-evolving laws creates an environment where ownership disputes become compounded.

3.4. Payment and Transaction Disputes

In the context of Indian digital entertainment and virtual economy, there are many types of disputes related to payments and transactions. Payments for online gaming credits,

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[14] PRS Legislative Research, Amendments to IT Rules, 2021, PRSINDIA.ORG (Jan. 2, 2023), https://prsindia.org/billtrack/amendments-to-it-rules-2021 (Last visited on May 19, 2025).

[15] Online Bureau, ETGovernment, Digital Assets Dispute: Indian court challenges US jurisdiction over $600M EdTech platforms, ETGOVERNMENT, THE ECONOMIC TIMES (Dec. 23, 2024), https://government.economictimes.indiatimes.com/news/education/digital-assets-dispute-indian-court-challenges-us-jurisdiction-over-600m-edtech-platforms/116582147 (Last visited on May 19, 2025).

[16] Sneha Nainwal, India's Approach To Crypto Regulation And Investment Scams, SHAKESPEARE MARTINEAU (Oct. 3, 2023), https://www.shma.co.uk/our-thoughts/indias-crypto-regulation-and-investment-scams/ (Last visited on May 19, 2025).

[17] Legal 500, LAW GOVERNING VIRTUAL DIGITAL ASSETS – INDIA GUIDE, 2022, LEGAL 500 (Mar. 6, 2023), https://www.legal500.com/developments/thought-leadership/law-governing-virtual-digital-assets-india-guide-2022/ (Last visited on May 19, 2025).

subscriptions to streaming platforms, and other virtual asset purchases are examples of payments that can lead to disputes. Disputes can mean many things, including failed transactions, requesting refunds, and wrongly claiming a payment as a chargeback. Pay disputes can occur for many reasons, including issues that are part of the digitised nature of payments, fraud, and technical issues.

3.5. Data Privacy and Security Disputes

Conflict over data privacy and security is exacerbated by digital entertainment and virtual economy platforms' steadily increasing collection and use of personal data. Concerns or disputes over data privacy and security may arise with user data collection, transfer, or use due to the newly enacted Digital Personal Data Protection Act 2023.[18] A breach or unauthorised access of user accounts or virtual assets could trigger a dispute. In addition, potential disputes over the misuse of private information and the financial loss, coupled with a breach of security, represent paradigmatic conflicts potentially originating from within the digital space.

4. Challenges of Traditional Arbitration

Though arbitration has various benefits as an alternative dispute resolution mechanism, it poses several problems and limitations when the traditional legal methods are applied to unique situations of the Indian digital entertainment and virtual economy.

4.1. Jurisdictional Challenges

When disputes arise, one of the big problems in the classical form of arbitration is the issue of jurisdictional matters. Arbitration proceedings cannot easily pin down jurisdiction because the internet and virtual environments, by their very nature, tend to be almost borderless. So, it is not easy to march the arbitration under one set jurisdiction. Unlike conventional disputes, where the location of actors and the place of business are often well-settled, in digital interaction, the parties can hail from anywhere in the world, and the "place" out of which the transaction or dispute arose may only exist in cyberspace.[19] Consequently, this lack of any

[18] DLA Piper, Data Protection Laws of the World, DLA PIPER DATA PROTECTION NAVIGATOR (Feb. 19, 2025), https://www.dlapiperdataprotection.com/ (Last visited on May 19, 2025).
[19] Shivani Kinniwadi, Strengths and Challenges in Online Dispute Resolution System, viamediationcentre.org (n.d.), https://viamediationcentre.org/readnews/MTA2Nw==/Strengths-and-Challenges-in-Online-Dispute-Resolution-System (last visited May 19, 2025).

physical nexus further complicates the issue of determining which jurisdiction's laws should apply and where the actual arbitration should take place.

Enforcement can prove even more complicated in the case of digital assets, particularly with lots of haziness about where the asset is held and the identity of its owner under decentralised or anonymous regimes. Territoriality is required in the enforcement of arbitral awards in many jurisdictions. At the same time, this concept is not well aligned with the quasi-decentralised, global nature of digital entertainment and the virtual economy.

4.2. Cross-Border Challenges

With an international essence, online gaming and virtual asset platforms cause the rise of cross-border disputes.[20] Generally speaking, international arbitration has all the tools and practices that allow it to administer international conflicts; however, when dealing with the digital world's peculiarities, such processes are not so simple. Contrasting legal systems in the different jurisdictions may take different courses of action dealing with different issues, including but not limited to, whether digital assets will be recognised as property, if digital contracts will be enforced, and whether digital rights will be implemented in court. Cultural disparities may further extend the differences, possibly altering how each party approaches dispute resolution and even considering specific acceptable procedures or outcomes.[21]

In addition, enforcing arbitral awards on cross-border digital disputes can present significant challenges. Implementing them may become tedious since the legal terrain of many different countries is involved. However, international arbitration can be considered a framework for dealing with such challenges, though it would require special care regarding the concrete legal and practical concerns surrounding cases in the fast-changing digital entertainment and virtual economy area.

4.3. Technical Challenges

Disputes arising in digital entertainment and virtual economy often involve technical specifics

[20] Utkarshika & Amalendu Mishra, Online Dispute Redressal – A Blessing or Havoc, 9 International Journal of Innovative Science and Research Technology 2617, 2618, 2619, 2620 (2024).
[21] Tamasin Perkins, Unlocking Digital Asset Disputes: Strategies for Success, Charles Russell Speechlys (March 12, 2024), https://www.charlesrussellspeechlys.com/en/insights/expert-insights/dispute-resolution/2024/unlocking-digital-asset-disputes/ (last visited May 19, 2025).

of software, algorithms, blockchain technologies, virtual reality systems, or specialized digital technologies.[22] Conventional arbitrators germane to the legal or general commercial domain may not possess sufficient technical knowledge to grasp the complexities surrounding such disputes and make well-considered and sound decisions.[23] For example, issues arising from either the functionality of a smart contract operating on a blockchain platform or the technical characteristics of some virtual asset would include a definite need for an arbitrator with a deep understanding of such technologies. In contrast, a traditional-type arbitrator might, without such specialised knowledge, arrive at a decision entirely divorced from the technical realities of the dispute. This exemplifies a limit, an inability, of general arbitration techniques to be applied in a sector where such technical expertise is necessary for fair and proper resolution.

4.4. Challenges From Evolving Digital Assets

Rapid technological advancements and the development of new digital assets and platforms are reshaping digital entertainment and the virtual economy.[24] Rapid changes like this will inevitably disrupt the contemporary arbitration regime. As technology or digital assets change, the existence of an arbitration agreement may be uncertain. How would conventional legal mechanisms adapt to such transformational technological changes by this time?

Furthermore, the value of many virtual assets can be highly volatile, influenced by large-scale fluctuations in their values over short periods.[25] This volatility can affect the relevance and fairness of arbitration awards, mainly where a considerable gap exists between the dispute being raised and the award being granted. Arbitration must possess a degree of flexibility and adaptability in addressing all these contingencies to stay relevant regarding current and likely future technological and market developments within the digital entertainment and virtual

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[22] Tariq Khan & Radhika Gupta, Is International Arbitration Law Capable of Dealing with Legal Issues Arising Out of Web3?, 9(2) LEGAL ISSUES OF WEB3 16, 19 (2023).

[23] Peter Smith, Unlocking digital asset disputes, Charles Russell Speechlys (March 12, 2024), https://www.charlesrussellspeechlys.com/en/insights/expert-insights/dispute-resolution/2024/unlocking-digital-asset-disputes/ (last visited May 19, 2025).

[24] Abhay Raj & Shruti Avinash, Beyond Arbitration, ODR, and Litigation: Rethinking Dispute Resolution for Crypto Conflicts, The Arbitration Workshop (March 16, 2025), https://www.thearbitrationworkshop.com/post/beyond-arbitration-odr-and-litigation-rethinking-dispute-resolution-for-crypto-conflicts (last visited May 19, 2025).

[25] Tetiana MELNYK & Oleh KLYM, Virtual assets in the context of global economic instability, ResearchGate (October 3, 2023), https://www.researchgate.net/publication/375101534_Virtual_assets_in_the_context_of_global_economic_instability (last visited May 19, 2025).

economy.

4.5. Challenges Related to Anonymity of Parties

Anonymity also hinders the use of traditional arbitration when it accompanies a digital dispute context. Most virtual asset platforms, particularly blockchain technologies, impose some degree of anonymity or pseudonymity on clients.[26] Such functionalities may be attractive in privacy and security environments. Traditional arbitration finds it hard to act on clear "identified parties" in an environment relying on anonymity. For example, when someone requests an arbitration process, they must know the legal identity of the other party and contact them in some manner. Such opportunities are not generally available in highly anonymous or pseudonymous digital contexts. Generally speaking, extremely anonymous or pseudonymous digital contexts do not offer such chances. Contacting the party or participating in arbitration is impossible even if one knows who they are. This is a basic prerequisite for a party's identification that prevents problems from occurring in situations when anonymity is prioritised.

5. The Evolution of Alternative Dispute Resolution in Digital Age

Technology certainly impacts the general practice of Dispute Resolution. Blockchains, artificial intelligence, mobile technology, and the internet have transformed how disputes are handled. Globalisation has tremendously sped up online engagement, which in turn necessitated ADR mechanisms that were not geographically based. Technology has not only provided new avenues for ADR, particularly ODR, but it has also altered what is involved with respect to conflict itself and what the parties involved in the resolution process expect: speed, cost, and reach.

Online Dispute Resolution (ODR) has been an immediate and potent answer to the challenges posed by the digital era, representing various ADR mechanisms, negotiation, mediation, and arbitration wholly or partially through electronic means. The roots of ODR flourished in the early days of the e-commerce era, whereby emerging sites like eBay and PayPal created online systems to settle disputes between the buyer and seller. The scope of ODR has gradually increased to tackle different forms of conflicts, including those on unfair trade practices and

[26] Khan & Gupta, supra note 23.

intellectual property. The improved sophisticated technology has been applied to the ODR process. The COVID-19 pandemic accelerated the uptake of ODR, demonstrating its resilience and adaptability amid disruption on a global scale.[27]

Online dispute resolution has several unique advantages over traditional methods of ADR. The first one is- Improved Accessibility, as anyone, anywhere, can participate in dispute resolution through the net; geographical barriers vanish. Furthermore, the digital and online nature of ODR speeds processes and materialises decision-making much faster through better, streamlined communication and exchanges, which usually resolve issues faster than turning matters over to ADR. The other advantage is reduced cost, such that it offers minimal physical face-to-face contact that goes a long way in avoiding the expenses related to travel, hotel, and venue-for-rent. ODR provides a more effective tool for dealing with cross-border disputes that are increasingly arising in life because the establishment of a neutral, accessible forum is necessary for parties located in different jurisdictions. However, ODR has its share of challenges. It adds to the widening gap or digital divide by leaving some individuals behind because they have limited digital skills or have not been able to access the internet, which is an extension of the security and privacy threats linked to online communication and storage of data as well as the absence of non-verbal cues that are essential in some aspects of the procedural dynamics of face-to-face dispute resolution. Lastly, no smooth or seamless proceedings would exist without a robust digital infrastructure.

New technologies are ushering in yet another change in the field of ADR. AI applications are diversifying into further improvement of the dispute resolution process, from administrative tasks like document review and case scheduling to predictive analysis of probable outcomes. AI uses large datasets and case law to increase the accuracy of arbitrators' and mediators' decisions while helping parties find common ground in their negotiations. Blockchain could add transparency and security features to ADR processes by providing those processes with an immutable record of transactions and communications. The smart contract, running on blockchain, could support immediate enforcement of the award by automating the execution of the arbitration agreement. VR is now being conceived as another way to create immersive environments for mediation and arbitration, where participants feel a greater sense of presence

[27] Astha Srivastava & Yashasvi, The Evolution of Online Dispute Resolution (ODR) in India: A Path Towards Digital Justice, lawfullegal.in (February 10, 2025), https://lawfullegal.in/the-evolution-of-online-dispute-resolution-odr-in-india-a-path-towards-digital-justice/ (last visited May 19, 2025).

in remote locations and communicate better. Overall, these initiatives could make ADR processes far more efficient, transparent and secure - an essential step toward making the justice system fairer and a level playing field.[28]

Rapid educational advancement has caused a revolutionary impact on the institution of arbitration and dispute resolution in India. Indeed, with the advent of the internet and digitalisation, new avenues of commerce and interactions have emerged where disputes, too, have changed with the means of resolution. For instance, the e-commerce business requires the development of ODR to deal with disputes arising from online transactions as an alternative to court proceedings. Technology has also paved the way, mainly via video conferencing and other digital platforms, for online conduct during arbitration and mediation proceedings, thereby crossing geographical boundaries more conveniently for the parties involved. New entrants like AI are also being explored to assist in different areas of ADR, including automated negotiation and dispute analysis, which could improve efficiency and access.

The social scenario witnessed growing digital literacy, making prompt access to justice in high demand. As stated, pressure is now exerted upon traditional court systems, bearing many delays and case backlogs, thus making an urgent case for alternatives. Furthermore, although digital literacy is widening in India, a digital divide exists, especially between urban and rural populations, thereby making acceptance of fully online modes of dispute resolution rather a challenge. However, these factors of digitalisation and convenience call for a more significant share of dispute resolution alternatives, as a fair share of individuals become comfortable with more digital platforms.

In this context, online dispute resolution (ODR) has emerged as a key response owing to its practical promise of efficient and inexpensive settlement of disputes. ODR comprises technology to facilitate ADR using negotiation, mediation, etc., and those appropriately minimal approaches lead to conveniences and faster endeavours. Such acceptance of efficient access to justice has been promoted rigorously, including by institutions such as NITI Aayog, which finds in ODR a mechanism to ensure such access. Many ODR platforms are now established in India, providing a spectrum of ODR services, including online negotiation,

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[28] sarah zaheer, Social Presence in Virtual Reality: Enhancing Collaboration and Interaction in Immersive Digital Spaces, ResearchGate (April 27, 2025), https://www.researchgate.net/publication/391161195_Social_Presence_in_Virtual_Reality_Enhancing_Collaboration_and_Interaction_in_Immersive_Digital_Spaces (last visited May 6, 2025).

sophisticated virtual arbitration, and mediation facilities. The very success of programs such as E-Lok Adalat during COVID-19, resolving disputes remotely through digital communication tools, strengthens the view of the viability and effectiveness of ODR in the Indian situation.[29]

6. Alternative Dispute Resolution (ADR) in the Digital Entertainment Industry: Challenges and Opportunities

The industry's rapid growth, the technical and complex nature of the work, and the internationality of such a multidimensional industry raise all forms of disputes with varying complexity levels and degrees of resolution flexibility. The nature of the digital entertainment business in India presents an anomalous set of problems and opportunities that create the environment for Alternative Dispute Resolution (ADR). One might assume that disputes in conceptualising and delivering such digital content will have some exceptions that can often be addressed through ADR.

One of the most critical roles that ADR has to play within the online gaming world is the resolution of conflicts. These could include, among many others,

1. disagreements between players regarding cheating claims or other account-related issues, and

2. disputes on platform governance concerning the enforcement of rules and content moderation policies.

Copyright disputes abound in the digital domain of online streaming, digital downloads, and the unauthorized sharing of copyrighted works prove to be significant thorns in the flesh for copyright owners.[30] Given the nature of digital content, which allows for easy copying and dissemination online, it has become common for infringement upon approaches taken by creators and platforms for revenue generation. Enforcement via conventional mechanisms becomes an uphill battle with the changing tactics of online piracy, which often involve

[29] Unnaty & Aaryushi Goyal, THE EVOLUTION AND EFFECTIVENESS OF ONLINE DISPUTE RESOLUTION (ODR) PLATFORMS: A COMPREHENSIVE ANALYSIS OF ADR IN THE DIGITAL AGE, III(V) Indian Journal of Integrated Research in Law 1, 6 (2023).

[30] Diya Mehta and Chaitri Kashyap, Digital Copyright Issues: Tackling Unauthorized Digital Copying, knowlaw.in (April 12, 2021) https://knowlaw.in/2021/04/12/digital-copyright-issues-tackling-unauthorized-digital-copying/ (last visited May 19, 2025).

websites reappearing in different guises within no time after being shut down. The ADR mechanisms of mediation and arbitration tend to afford a less formal and, in some instances, much more expeditious resolution to the dispute to be resolved, often with the aid of neutrals who have gained specific training in the specialised fields of intellectual property law and the digital entertainment industry.

Licensing and royalty disputes are a familiar feature in the industrial sector, where complex contracts govern the use of music, video, and games on many platforms. It can be very complex to negotiate the rights with the multiple players, such as producers, artists, and publishers. Conflicts arise relating to the scope of licenses, restraint of trade, and, from the royalties' perspective, fair and transparent distribution, especially concerning streaming services. Disputes of this nature are most amenable to mediation, as it would allow for communication and discussions that may lead to an agreeable arrangement concerning licensing terms and royalties, thus maintaining some working relationship between the parties.

Content moderation conflicts and user agreement breaches mark another important frontier of contention in digital entertainment. Digital platforms face a fine line between admitting freedom of expression to their users and having policies on content moderation aimed at community standards and legal compliance. Conflicts usually arise concerning the deletion of user-generated content, the suspension of accounts, and the interpretation of user agreements by the respective platform. Thus, ADR mechanisms such as mediation and arbitration open avenues for resolving these disputes in the context of online content and user rights, offering often more nuanced outcomes than the regular platform grievance procedure or litigation.

ADR mechanisms open up a world of interesting possibilities for resolving such disputes regarding digital entertainment. First, such a resolution is much quicker than the typical long court stint journey. One ensures the process is informed and efficient by choosing neutral selection with bespoke industry-related expertise in digital entertainment law, intellectual property, or specific technology. The most desirable benefit is that the inherent confidentiality in most ADR processes would greatly influence the outcome in the entertainment industry, where public legal contests only lead to irreparable reputational damage and the exposure of sensitive business information. An agreement on ADR will also facilitate more flexible dimensions which can easily be adjusted to the character of the dispute and the parties, which could lead to even more creative and mutually beneficial solutions. Online Dispute Resolution

(ODR) creates another dimension by enhancing these channels by making ADR visible and easily accessible and employing remote means to reach the parties beyond borders, thus reducing the cost.

Intellectual property disputes, especially those involving game content or virtual assets with disputed ownership, are common. Internal disputes between game publishers and tournament organisers usually arise due to the absence of a universally accepted global sanctioning body. This makes the decision-making processes inconsistent, as per esports, a sub-sector of online gaming. Many disputes are arbitrated by game publishers and tournament organisers, which creates possible conflicts of interest. The above scenarios have led to the development bespoke dispute resolution mechanisms, like the Dispute Resolution System (DRS) instituted by Riot Games, to provide a framework for resolving contractual and financial disputes between players within their esports ecosystem.[31] The system is an independent arbitration court intending to facilitate fairness, accessibility, and specialty for disputes about player salaries, prize money, and breaches of contract. More recently, legal cases like the Blazesoft sweepstakes arbitration dispute have shown the complexities of jurisdictional issues and the enforcement of arbitration agreements in online gaming.[32] Likewise, the case of minor Fortnite players attempting to dodge arbitration regarding privacy claims will further reveal the legal fights surrounding the applicability of arbitration clauses to minors in the digital world.[33] Unconscionability concerns from the court declined enforcement of a gaming app's arbitration agreement in Pandolfi v. Aviagames, Inc.,[34] showing yet another face of scrutiny faced by these agreements. This collaboration between the Esports Integrity Commission (ESIC) and the World Intellectual Property Organisation (WIPO) represents a groundbreaking endeavour in providing tailored ADR services for the international video games and esports industry: the establishment of the International Games and Esports Tribunal (IGET).[35]

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[31] Jake Nordland, Riot Dispute Resolution Mechanism Esports, esportsinsider.com (November 2024) https://esportsinsider.com/2024/11/riot-dispute-resolution-mechanism-esports (last visited May 19, 2025).

[32] Erik Gibbs, Federal Court Dismisses Blazesoft Sweepstakes Arbitration, next.io (November 2024) https://next.io/news/regulation/federal-court-dismisses-blazesoft-sweepstakes-arbitration/ (last visited May 19, 2025).

[33] Edvard Pettersson, Minor Fortnite Players Can't Dodge Arbitration Over Privacy Claims, courthousenews.com https://www.courthousenews.com/minor-fortnite-players-cant-dodge-arbitration-over-privacy-claims/ (last visited May 19, 2025).

[34] *Pandolfi v Aviagames Inc*, No. 23-cv-05971-EMC, (N.D. Cal. Sept. 4, 2024).

[35] ESIC, World Intellectual Property Organization (WIPO) https://www.wipo.int/amc/en/center/specific-sectors/videogames/esic.html (last visited May 19, 2025).

Streaming services typically have disputes that can be settled using ADR as a dispute resolution method. Such disputes include licensing content or rights clearance and royalty payments to the content owners. Even more common are user-type disputes, which usually cover subscription and content access issues. Intellectual property issues now focus on infringing copyrights and the unauthorised dissemination of streamed content, making this an area where significant value can be added through ADR. ADR is designed by the WIPO Arbitration and Mediation Centre to deal with digital copyright and content disputes, thus providing a neutral resolution setting to handle all disputes arising from licensing agreements, royalty adjustments, or breaches of licensing tenets. While the snippets given do not highlight any specific recent cases on ADR in streaming services, the general principle and available mechanisms for resolving digital content disputes would apply to this industry.

Clearance and payment of royalties to content creators. Common to user disputes are those that involve subscription issues or accessing content. Another significant area of ADR value addition is intellectual property disputes, specifically copyright infringement and unauthorised dissemination of streamed content. The ADR mechanisms created under WIPO's Arbitration and Mediation Centre are designed to handle disputes about digital copyright and content and thus provide a neutral forum to resolve conflicts from licensing agreements or royalty adjustments, breaches of licensing terms, etc. The snippets did not highlight the recent cases on ADR and streaming services. Still, the general principles and available mechanisms for digital content disputes apply to this sector.

Adjudication and dispute resolution, mainly ADR, play quite a pivotal role in the digital content environment, which embraces the entire spectrum of works ranging from music and videos to software and user-generated content. Copyright has become an infectious enemy, with quarrels erupting from the unauthorised use of different forms of digital content. Another frequent type of dispute in digital content is licensing disputes, which are fought over terms of use and the royalty agreement between the creators and the platforms or users of the digital content. ADR is well-suited to resolve platform-type disputes concerning content removal or monetisation policies. While traditional litigation poses a burden for copyright-related disputes in the digital environment, ADR is an effective and quicker way for the involved parties to get together with neutral third parties to come up with mutually acceptable solutions. The recent suits against OpenAI and Uncharted Labs and recent cases on copyright issues surrounding AI-generated content, like Alcon Entertainment, LLC v. Tesla, Inc.,[36] are setting forth a new evolving law landscape and the importance of dispute resolution adaptable to this ever-changing terrain. Similar landmark cases on NFTs, Hermès v Rothschild[37] and Yuga Labs v Ripps[38] have profoundly influenced trademark and copyright infringement cases surrounding NFTs, which are becoming increasingly relevant toward the ownership and creation of digital content.

7. Alternative Dispute Resolution in the Global Virtual Economy

The virtual economy is unique because these properties bring challenges and opportunities for applying ADR. Cryptocurrencies, Virtual assets, NFTs, metaverse transactions, and DAOs have introduced new ways of creating value and interaction, generating new disputes. Existing legal frameworks face challenges in providing adequate measures to address emerging complex issues concerning this digital space, which makes ADR techniques very pertinent.

Arbitration is fast becoming the popular resolution method for disputes related to cryptocurrencies. These disputes usually tackle issues of trade discrepancies, such as misrepresentation cases or fraudulent activities. Fraud here could mean scams and also phishing attacks targeting cryptocurrency holders. Smart contracts and the resultant problems due to bugs in the code or execution failure have become huge fronts for arbitration. Another growing dispute resolution area concerns regulatory compliance arising from the complex and ever-evolving cryptocurrency regulations. Due to flexible procedures and awards being enforceable in several jurisdictions crossing borders, arbitration became the most preferred means of settling disputes in cryptocurrency, an essential feature due to the almost borderless nature of digital assets. Many landmark judgments have come to declare cryptocurrency as property, with D'Aloia v. Persons Unknown[39] being one outstanding case, thus laying a framework for dealing with disputes concerning ownership. Legal action in pendente lite is ongoing, with arbitration agreements being challenged or enforced concerning Binance, one of the largest cryptocurrency exchanges. Conviction against Avraham Eisenberg for the Mango Markets exploit is another grave example of civil disputes that may arise from market manipulations and frauds in the cryptocurrency space and are likely to see resolution through

[36] Alcon Entertainment, LLC v Tesla, Inc, No. 2:24-cv-09033, (C.D. Cal.).
[37] Hermès International, Inc v Rothschild, No. 1:22-cv-00384, (S.D.N.Y.).
[38] Yuga Labs, Inc v Ripps, No. 2:22-cv-04355, (C.D. Cal.).
[39] D'Aloia v Persons Unknown [2022] EWHC 2342 (Ch).

alternative dispute resolution.[40] The recent introduction of Digital Dispute Resolution Rules in the UK in 2021 represents the most recent attempt to create a specific regime for resolving disputes concerning digital assets, including cryptocurrencies.

DAOS have some characteristics of legal entities under their premises, and under some state laws, they can be considered corporations or legal partnerships. As governed by many of its rules embedded in smart contracts on the blockchain, it also suffers from unique conditions leading to disputes between members. The very existence of a DAO presumes the possibility of governance disputes arising concerning voting rights in any organisation and the formulation of proposals based on the decisions made by members. In addition, smart contracts may fail due to hacks and vulnerabilities within the code that lead to financial losses and disputes among system members. The issue of member liability for the actions of a DAO is also a complex legal question, particularly given the lack of traditional legal structures. Partly through case law, courts are now grappling with the blanket treatment of DAOs as general partnerships, a condition that would expose each token holder to liability. These developments mean that digital arbitration platforms like Kleros and Aragon Court will enable DAOs to resolve conflicts on-chain using jurors from the community. Landmark decisions such as Samuels v. Lido DAO[41] in which a court held that a DAO could be treated as a general partnership, and CFTC v. Ooki DAO[42], which concerns service of process on a DAO, are fleshing out the applicability of the law to these novel kinds of organisations. The case Mantra Dao Inc. v. Mullin from Hong Kong[43] also underscores the court's sentiment in treating matters about the ownership and management of DAO financial platforms.

8. Impact of Blockchain and Web3 on Dispute Resolution

Innovation and decentralisation trends, particularly the advent of blockchain technology and Web3, are changing the nature of disputes and the possibilities for dispute resolution through ADR mechanisms. Such technological changes set in motion a new paradigm for the formation, performance, and, above all, the resolution of conflicts.

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[40] U.S. Department of Justice, Office of Public Affairs, Man Convicted in $110M Cryptocurrency Scheme, justice.gov https://www.justice.gov/archives/opa/pr/man-convicted-110m-cryptocurrency-scheme (last visited May 19, 2025).
[41] Samuels v. Lido DAO, No. 3:23-cv-06492 (N.D. Cal. 2023).
[42] CFTC v. Ooki DAO, No. 3:22-cv-05416 (N.D. Cal. 2022).
[43] Mantra DAO Inc & Anor v. John Patrick Mullin & Ors [2024] HKCFI 2099.

With its unusual twin features of transparency and immutability, blockchain technology loosens the very nature of evidence and records in dispute. Well enhanced by a distributed, tamper-proof ledger for recording transactions and agreements, blockchain may thus help to induce trust and verifiability and curtail some instances of disputes arising from fraud or data manipulation. Immutability means that records of transactions and agreements cannot be altered retroactively. The certainty regarding the terms and the history of digital interaction, which accompanies immutability on the blockchain, is the confidence that liable parties bring into the elements of any digital interaction. This inherent transparency and security can have disturbing implications for the generation and presentation of evidence and its standard evaluation in the context of resolutions.

Smart contracts, self-executing agreements encoded directly into the blockchain, allow contractual enforcement to activate a dispute resolution mechanism whenever predefined conditions are met.[44] They may be programmed to do so immediately once specific criteria are met. Usually, if a particular event occurs, it releases funds once it has been confirmed that delivery has been made; if another occurrence happens, it may trigger arbitration for breach of contract. Automation in such a way may fast-track the resolution of certain disputes, thus minimising prolonged litigation.

New mechanisms for resolving disputes, such as on-chain arbitration and DAO-based dispute resolution, are opening up under the decentralisation brought about by Web3 technologies. On-chain arbitration is a comprehensive process that runs entirely on blockchains, whereby everything from case initiation to rendering awards and, in some cases, enforcement of awards can run on the chain.[45] DAO-based dispute resolution mechanisms take the members of the DAO through voting processes and alternative methods on how to resolve disputes via the strength of collective decision-making. In consonance with Web3's core principles, these solutions endorse decentralisation. Hence, the potential for a more transparent process, whereby communities are active participants, creates trust in procedures around disputes in the virtual economy. Many legal and practical problems remain, especially regarding the validity

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[44] IBM, Smart Contracts, IBM Think (Dec. 9, 2019) https://www.ibm.com/think/topics/smart-contracts (Last visited May 16, 2025).

[45] Florence Guillaume & Sven Riva, Blockchain Dispute Resolution for Decentralized Autonomous Organizations: The Rise of Decentralized Autonomous Justice, in Andrea Bonomi and Matthias Lehmann (eds), Blockchain and Private International Law (Brill Nijhoff 2022) https://www.researchgate.net/publication/359558965_Blockchain_Dispute_Resolution_for_Decentralized_Autonomous_Organizations_The_Rise_of_Decentralized_Autonomous_Justice (Last visited May 16, 2025).

and enforceability of results produced through such decentralised tools and participants' anonymity, with procedural voids in existing laws.

9. Current Legal and Regulatory Framework in India

The laws and regulations in India's digital entertainment sector and those of the virtual economy have a considerable way to catch up and advance faster regarding their applicability, use, and operational effectiveness (about Alternative Dispute Resolution or ADR). Legal practitioners, policymakers and other stakeholders in these respective sectors must discuss these gaps collaboratively. Although some laws provide a basic framework, some regulations specifically for the domain of these two digital sectors are being developed and are in progress.

9.1. Legal Framework for Digital Entertainment

The digital entertainment sector in India is governed mainly by a set of laws that pertain to various aspects of this domain and its content. The Information Technology Act 2000 serves as a groundwork; it lends legal recognition to electronic transactions and covers cybercrime issues. This Act is paramount in establishing the legal enforceability of online agreements and digital signatures upon which so many transactions within the domain of digital entertainment hinge. If anything, the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021,[46] govern the content on digital media platforms, including Over-The-Top services and digital news platforms, to a great extent. These rules provide a Code of Ethics for publishers and a three-tier Grievance Redressal mechanism to implement in case of violations.

The Consumer Protection Act 2019[47] and the Consumer Protection (E-Commerce) Rules 2020 are relevant on the consumer side of aspects of digital entertainment, such as subscriptions to streaming services and purchases from online games. These regulations aim to protect consumer rights, prevent unfair trade practices, and ensure transparency of online transactions, which are the objectives of these regulations. Copyright Act 1957,[48] as amended in 2012, provides legal protection to digital content that includes, but is not limited to, software, databases, and multimedia works.

[46] The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (India).
[47] Consumer Protection Act, Acts of Parliament, 2019 (India).
[48] Copyright Act, Acts of Parliament, 1957 (India).

Another most important dimension with regard to copyright violation is in the digital sphere. Despite such a framework being available, fragmentation is known to exist in regulating digital entertainment. This means divergence in laws under which the various elements of digital entertainment operate, thereby causing serious complications in jurisdiction and enforcement of dispute resolution.

9.2. Legal Framework for Virtual Assets

Unlike other sectors, digital entertainment does not fall under any particular law as there is no enacted Regulation of Virtual Digital Assets in India, which raises multiple issues, especially concerning its legality, ownership, and transferability. While the government is actively working to address the specific problems concerning VDAs, it is clear that a comprehensive set of regulations will be established. In particular, the Prevention of Money Laundering Act, 2002 (PMLA)[49] now applies to VDAs, which has subjected all financial crimes associated with such assets to review.

The Reserve Bank of India (RBI) also worries about the possible risks that cryptocurrencies pose to money stability and the economy.[50] Since there don't seem to be specific laws dealing with virtual assets, business fights over who owns, sells, and uses virtual assets will usually be decided by the standard rules of contract law, which may not fit well considering the special nature of these digital possessions.

The legal frameworks have mixed effects on using and making ADR effective in these digital arenas. Legal regimes have a mixed impact on using and making effective ADR in these digital spaces. The Arbitration and Conciliation Act 1996[51] has set forth a general framework for arbitration in India and recognises electronic agreements. The IT Act 2000[52] promotes the use of electronic records and digital signatures in legal proceedings, which could ultimately facilitate online arbitration. The Consumer Protection Act 2019[53] encourages mediation to resolve consumer disputes, including mediation for e-commerce transactions. Yet, a lack of specific legislation on ODR and the constant shifts of digital entertainment and the virtual

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[49] Prevention of Money Laundering Act, Acts of Parliament, 2002 (India).

[50] Cryptocurrencies pose huge risks to financial stability: RBI Governor Shantikanta Das", The New Indian Express (Oct. 26, 2024), https://www.newindianexpress.com/business/2024/Oct/26/cryptocurrencies-huge-risks-to-financial-stability-rbi-governor-shantikanta-das (Last visited May 19, 2025).

[51] The Arbitration and Conciliation Act, Acts of Parliament, 1996 (India).

[52] Information Technology Act, Acts of Parliament, 2000 (India).

[53] Consumer Protection Act, Acts of Parliament, 2019 (India).

economy create uncertainty about the legal enforceability of online arbitration agreements and awards, particularly for new digital assets and decentralised platforms.

9.3. Legal Framework for Online Dispute Resolution (ODR)

India has made progressive strides towards an efficient Online Dispute Resolution (ODR) legal framework. The Arbitration and Conciliation Act of 1996[54] established the basic framework of arbitration proceedings, while explicitly recognising that such proceedings may take place online. The Information Technology Act 2000[55] supports online dispute resolution by giving legal recognition to e-commerce transactions by granting legal validity to electronic contracts and digital signatures, which are instruments necessary for availing of ODR agreements and even enforcing the resolutions.

The Consumer Protection Act 2019[56] has also bolstered this space, facilitating online consumer remedies. Last but not least, the Mediation Act of 2023[57] acknowledged that online mediation is a real way or method of dispute resolution. Besides the legal setup, the emergence of various online forums for dispute resolution in India, namely Sama, WeVaad, Presolv360, and CADRE, encourages various services like mediation, arbitration, and negotiation, all online.[58] Notably, the government's policy think tank, NITI Aayog, has been actively espousing ODR to enhance access to justice and formulate a policy framework for promoting ODR across multiple sectors.

Although ODR in India has a legal background, its application and efficacy in digital entertainment and virtual economy are slowly evolving processes that need further delineation and advancement.

9.4. Regulatory Gaps and Overlaps

Gaps and overlaps characterise the application of India's legal and regulatory framework to digital entertainment and the virtual economy. One significant gap is that no explicit rules exist regarding disputes in or about virtual assets and transactions within the metaverse. The absence

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[54] The Arbitration and Conciliation Act, Acts of Parliament, 1996 (India).
[55] Information Technology Act, supra note 53.
[56] Consumer Protection Act, supra note 54.
[57] Mediation Act, Acts of Parliament, 2023 (India).
[58] Astitva Kumar, India's Top Online Dispute Resolution (ODR) Startups, ICMCR | International Centre for Mediation and Conflict Resolution (Jan. 31, 2022), https://icmcrmediation.org/indias-top-online-dispute-resolution-odr-startups/ (Last visited May 19, 2025).

of physicality and existence in a decentralised and/or cross-border environment of the virtual assets is a significant obstacle to coordinating with traditional legal concepts, including property rights and jurisdiction. In addition, the existing arbitration rules contain no specialised provisions that could serve the peculiar attributes of disputes arising in digital entertainment and the virtual economic environment. Although a few general arbitration rules are essential, they may not sufficiently capture the domain's technical complexities and ever-changing aspects.

On the contrary, given the prevailing framework, the overlaps are possible. For instance, the breach of user agreements on digital platforms could also result in the application of the IT Rules, the Consumer Protection Rules, and general contract law, hence creating an ambiguity as to what would take precedence. An instance in which copyright law and intermediary liability intermingle is the unauthorised exploitation of property rights on a digital platform, and this situation would undoubtedly demand a careful look into the endless responsibilities and liabilities of the parties. Targeted reforms in the laws and public policy initiatives would remove the clear and definable gaps and overlaps necessary to establish an expected and efficient regulatory process in a context that encourages trust and enables the efficient settlement of disputes in India's rapidly evolving digital entertainment and virtual economy.

10. Alternative Dispute Resolution Mechanisms: Suitability for Digital Disputes

Different forms of Alternative Dispute Resolution (ADR) mechanisms will have advantages and disadvantages concerning various types of disputes arising from the digital entertainment and virtual economy sectors, and understanding their appropriateness in a particular instance is paramount to the effective resolution of conflicts in such rapidly developing arenas.

Mediation involves neutral third-party assistance to enable communication and negotiation between disputants. It fits well within the resolution environment for disputes involving creative differences, licensing agreements, and user agreement violations that abound within the digital entertainment industry. Non-adversarial and therefore found to favour mutual resolutions, mediation would benefit the preservation of ongoing relationships between creators, platforms, and users. Mediation is limited when a firm and binding resolution is attempted; in this case, mediation may not yield the necessary persuasive effect.

Arbitration can be defined formally as a method wherein a neutral third party or panel will, based on their hearings of the evidence and arguments from both sides, give a binding decision on the matter at issue. This method is justified for resolving disputes in both sectors where a definitive resolution is considered vital, such as intellectual property infringement, conflicts of ownership of virtual assets, and breaches of contracts, including some that could also be regarded as smart contracts. The characteristics of arbitration that permit the appointment of arbitrators with expertise particular to those relevant digital sectors constitute an advantage of the utmost importance in these matters. On the other hand, in most cases, the cost-effectiveness and delay inherent in the traditional arbitration methods get aggravated in complex disputes relating to digital issues.

Negotiation is the voluntary, often informal process by which the parties communicate directly to reach an agreement acceptable to both. Negotiation becomes vital for resolving less complicated disputes or as a prelude to any other ADR process. The low cost and level of control of the parties over the outcome make it especially potent in the early stages of a dispute, dealing with less complex issues.

ODR provides for the resolution of a broader range of disputes in both sectors with scalability and accessibility. This becomes highly pertinent to the virtual economy because it ties in high-volume, low-value claims, cross-border resolution, and digital evidence consideration. Issues surrounding the digital divide and establishing trust in online processes remain applicable worldwide immediately.

11. Alternative Dispute Resolution Case Studies: Digital Entertainment and Virtual Economy

Indeed, the use of Alternative Dispute Resolution in digital entertainment and virtual economics becomes more relevant as case studies and examples demonstrate successful and innovative applications of ADR in both India and around the world.

Online dispute resolution (ODR) has been increasingly embraced in India for online dispute resolution. An example of an ODR is SAMA, an online dispute resolution platform increasingly used by ICICI Bank to handle many disputes online.[59] This demonstrates the

[59] Id.

efficiency and scalability of ODR for financial institutions involved in digital economics. ODR has been similarly used by such startups as CADRE by NestAway, which utilised it to resolve rental and tenant contract disputes between landlords and tenants, pointing to the applicability of ODR in the digital services sector.[60] This trend toward technology is highlighted regarding dispute resolution within the Indian context.

Globally, ADR has many innovative, successful applications in the digital entertainment and virtual economy. "The Uniform Domain Name Dispute Resolution Policy" is one of the best examples of a genuinely efficacious ODR mechanism that can solve a domain name dispute, particularly for cybersquatters.[61] The UDRP offers an uncomplicated, low-cost procedure through which trademark holders can reclaim domain names that infringe trademark rights, exemplifying how well-designed ADR can address certain online disputes. Concerning disputes involving NFTs, Kleros is becoming a decentralized arbitration service using blockchain technology to allow for transparent and potentially automated dispute resolution.[62] Such systems employ crowdsourced jurors for whom the motivation for a fair decision is financial, and they offer a different approach to internal conflict resolution within the borders of decentralized digital assets. For instance, Decentraland and Sandbox use arbitration clauses, and refer to those arbitration clauses as a standard form of arbitration based on the rules of international organizations, like the International Chamber of Commerce or American Arbitration Association.[63] These examples represent global trends regarding how ADR mechanisms are adapted and transformed to resolve disputes in an innovative and decentralized landscape concerning digital entertainment and the virtual economy.

12. Recent Global Developments in Alternative Dispute Resolution

Recent advancements in legal frameworks, rules, and institutional practices relating to ADR have been inspired by the dynamic digital entertainment and the virtual economy. A significant advance in taking a big leap towards a specialised process in such disputes has been the 2021

[60] Indulekha Aravind, Online dispute resolution is beginning to find takers in India, The Economic Times (Jan. 12, 2020), https://economictimes.indiatimes.com/small-biz/startups/features/online-dispute-resolution-is-beginning-to-find-takers-in-india/articleshow/73206371.cms?from=mdr (Last visited May 19, 2025).

[61] Alissia Shchichka, Your guide to UDRP dispute management, Novagraaf (Apr. 1, 2025), https://www.novagraaf.com/en/insights/your-guide-udrp-dispute-management (Last visited May 19, 2025).

[62] Pranay Modi, Kleros: Is Crypto-Based Dispute Resolution The Future?, Vidhi Centre for Legal Policy (Oct. 21, 2021), https://vidhilegalpolicy.in/blog/kleros-is-crypto-based-dispute-resolution-the-future/ (Last visited May 19, 2025).

[63] Leon Trakman, Legal Traditions and International Commercial Arbitration (University of New South Wales Faculty of Law Research Series No 29, 2007).

UK's introduction of Digital Dispute Resolution Rules, which go to some extent in terms of providing a skeletal framework for an adjudicative process concerning such digital assets, specifically the cryptocurrencies, and NFTS. Although the rules are intended to offer fast-track procedures with scope even for direct-to-blockchain enforcement of arbitral decisions, further research is still being undertaken for the widespread adoption of these new rules.

The development of facilities and institutions devoted explicitly to arbitration concerning the special needs of the esports industry has come to be. The EMEA Department of Riot Games' DRS was designed to manage any disputes arising from their esports competitions in the EMEA area.[64] Establishing the International Games and Esports Tribunal (IGET) is an extraordinary step in establishing a genuinely comprehensive, non-profit dispute resolution authority for the gaming and esports industries worldwide, combining areas of expertise from anti-doping through intellectual property violations and contract breaches with IGET caterings.[65] These are signs of increasing awareness toward the particular challenges and complexities of disputes resolved in esports and advancement in the very customized and informed industry approaches concerned.

With Artificial Intelligence (AI) spread across different sectors, arbitration rules specifically meant for AI have emerged. Leading ADR provider JAMS released its new Rules Governing Disputes Involving Artificial Intelligence Systems in April 2024,[66] therefore looking to proactively step up and recognise that all disputes could come from using and developing AI technologies, defining a specific frame for their resolution through arbitration. These recent developments across legal frameworks, specialised institutions, and technology-specific rules illustrate a focused effort to adapt ADR practice to the new realities of digital entertainment and the virtual economy that promise greater efficiency with accessibility for digital natives and the possibility of more technically informed ways of dispute resolution.

13. The Future of Dispute Resolution in India

Starting from this premise, one could say that the Indian digital entertainment and virtual

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[64] Riot Games Launches Dispute Resolution for Esports in EMEA, Riot Games Competitive Operations (Mar. 11, 2025), https://competitiveops.riotgames.com/en-US/news/riot-games-launches-dispute-resolution-for-esports-in-emea (Last visited May 19, 2025).

[65] International Games & Esports Tribunal, https://iget.gg/ (Last visited May 19, 2025).

[66] Poorvi Bhati, JAMS Introduces New Rules for AI Disputes: A Step Towards Future Arbitration, VIA Mediation Centre (July 10, 2021), https://viamediationcentre.org/readnews/MTc3Nw==/JAMS-Introduces-New-Rules-for-AI-Disputes-A-Step-Towards-Future-Arbitration (Last visited May 19, 2025).

economy sectors have a bright future of sustained exponential growth, generating a new milieu of economic opportunities and social relationships. However, along with this digital transformation, the complexities of new-age disputes are also increasing, mainly those that escape the purview of traditional legal frameworks and dispute resolution mechanisms. Various forms of Alternative Dispute Resolution have been exploited to confront these problems, requiring efficient, fair, and flexible resolution. Technologically endorsed legal reforms and techniques of practical diffusion will help create an Indian ecosystem of dispute resolution based on trust and support for innovation while safeguarding fair results in its rapidly evolving digital landscape. The future of dispute resolution in India's digital age will, therefore, demand a multi-pronged strategy that recognises the various characteristics associated with digital entertainment and the virtual economy while at the same time capitalising on the intrinsic advantages offered by ADR.

14. Key Findings and Recommendations

The analysis will focus on the explosive growth and commercial potential of digital entertainment and the virtual economy in the context of India, which generates multiple new disputes that good old traditional dispute resolution methods may not adequately resolve. Justifiably, limitations on cost, jurisdiction, and the technical competence of dispute litigation and arbitration call into question whether we should go the route of ADR in a digital environment. ODR seems dynamite in this area of ADR due to its extensive cost savings, accessibility, and user convenience. Other innovations in ADR are the blockchain-based arbitration and DAO-based dispute resolution for the virtual economy, as well as the continuation of traditional ADR practice approaches in digital space.

14.1. Policy Recommendations

Creating legislation or policy for arbitration and online dispute resolution for India's digital entertainment and virtual economy is necessary. The unique factors of this area and the unique challenges associated with this area need to be recognised and addressed, to clarify jurisdictional issues, issues around dealing with technical evidence, issues about recognising digital assets in the jurisdictional context and lastly, the processes for resolving the dispute. Among the recommendations, we could create a plan for the use of digital assets and metaverse transactions by establishing a framework for the unilateral or mutual recognition and enforcement of arbitral awards on such digital assets using international agreements/arrangements, and we could also endorse best practices globally to build credibility and usefulness of arbitration in this circumstance; to support states to adopt tailored arbitration rules such as those that are being prepared for addressing digital asset and AI disputes; while ensuring the establishment of panels of arbitrators with high levels of expertise on technology and digital entertainment and virtual assets so that disputes would only be resolved by individuals who had sufficient understandings of the subject matter.

Furthermore, employing ODR platforms by businesses and individual users in this part of the world to resolve their disputes has the potential to make the dispute process simple, cheap, and efficient in ways that were never before available after relevant public awareness campaigns, education plans, and reasonable possible inducements to access these systems are considered. Quality, secure, and trusted blockchain-based dispute resolution mechanisms for platforms and virtual assets that use this technology also provide novel approaches to relief and enhance public transparency and trust in online transactions.

i. Enact specific ODR legislation in India comprising a clear legal framework for its operation through procedural guidelines, enforceability of outcomes, and recognition of electronic evidence and digital signatures before the ODR.

ii. Amend existing laws like the IT Act, Arbitration and Conciliation Act, and Consumer Protection Act to explicitly state the unique challenges and peculiarities of disputes arising in digital entertainment and virtual economy that are entirely relevant to the context of this new economy.

iii. As a starting point, India should develop a clear, integrated regulatory framework for virtual assets, NFTs, and DAOs, particularly regulatory policies related to ownership, transfer, intellectual property concerns, and dispute resolution processes.

iv. Evolve a legal pathway that determines the use and enforcement of smart contracts in India, with definitions of dispute resolution clauses and mechanisms covering different issues arising from code errors and force majeure.

14.2. Legal Reforms

Several legal reforms could empower arbitration and strengthen it as a method of dispute resolution in a digital entertainment and virtual economy context. Specific provisions in legislation may clarify the legal status of virtual assets while creating their ownership and transfer framework, with dispute resolution mapped out for the future to reduce uncertainty and encourage their use in related conflicts. To summarise, new copyright legislation with provisions for current involvement in IPR infringements along the lines of streaming, online gaming, and metaverse content may robustly create a framework for arbitration as a means of resolution for IPR-related conflicts. Consumer protection (e-commerce) rules should be scrutinised to bear as many relevant issues in digital entertainment and the virtual economy as in-app purchase disputes, virtual items, platform governance, and the like, so that consumer protection is widened and avenues for resolution made clearer. The Arbitration and Conciliation Act should be amended to provide for the explicit recognition of online arbitration with appropriate provisions for virtual hearings, electronic evidence, and enforcement of awards in a digital format, thus modernising the arbitration regime and encouraging the use of IT for resolution purposes.

14.3. Emphasis on Clarity, Efficiency and User-Friendliness

When making policy recommendations or legal amendments, all suggestions should help create resources and dispute-resolution options that are open, efficient and friendly for businesses and users. All processes should be as simple as possible, inexpensive, and transparent to ensure the trust gap with traditional dispute-resolution methods is diminished or diminished enough to allow people to engage with arbitration and other ADR options. Constructing the most clear and responsible setup for online dispute fixing, including limits on how the platforms work and showing rules for helpers, will help build more trust in the system and ensure that solving problems gives fair results to everyone involved.

14.4. Technological Recommendations:

i. Generating user-friendly, customized, secure, and interoperable ODR platforms to handle specific complexities and requirements of varied disputes in electronic entertainment and the virtual economy, almost everywhere across India, is of extreme priority.

ii. Motivate the application of blockchain-based mechanisms for resolving disputes in virtual assets and smart contracts while simultaneously considering secrecy, transnational enforceability, and absorption into existing legal systems.

iii. Initiate a research and development challenge for innovative AI tools focused on strengthening the ADR process through automated negotiation, intelligent mediation assistance, and fast, comprehensible digital evidence analysis, aiming for quick evidence and short disputes.

14.5. Practical Recommendations:

i. Implement a holistic awareness-creation and education campaign targeting all stakeholders in India's digital entertainment and virtual economy. Explain the advantages of ADR and its procedures to encourage the adoption of this technique for dispute resolution.

ii. Encourage broad inclusion of unambiguous and comprehensive ADR clauses expressly detailing the mechanism and procedures selected in user agreements, licensing agreements, smart contracts, and terms of service in these digital sectors, formally establishing a pre-agreed dispute resolution framework.

iii. Support the development and implementation of specialised ADR centres and panels in India, where members have reliable competency in this field's legal and technology aspects, to ensure a baseline requirement for qualified experts to resolve various disputes.

iv. Foster networks and knowledge-sharing between lawyers and technologists, representatives from the business community, and policymakers to support efforts to develop best practices for adapting and implementing ADR techniques in these rapidly changing areas of the digital environment.

v. Alternatively, one may consider developing and initiating a distinct national ODR platform or framework to accommodate the peculiar types of disputes thrown up by digital entertainment and the virtual economy in India for centralised trust-based dispute resolution.

15. Conclusion

The argument advanced in this article concerns measuring and weighing ADR in more effective dispute resolution processes within the rapidly changing dynamic aspects of digital entertainment and the virtual economy. Dramatic shifts in technology and society have been created.

There are increasingly compelling reasons to use ODR in place of more traditional forms of dispute resolution. The novel characteristics of online gaming, streaming services, digital content creation, cryptocurrencies, NFTS, transactions in the metaverse, and DAOS present new challenges and opportunities for leveraging arbitration and mediation.

New modifications in legal frameworks, regulations, and institutional practices were manifestations of acknowledgement that these sectors increasingly require tailored and flexible dispute resolution mechanisms. Landmarks and new cases shape legal precedent, which gives crucial guidance on applying existing legal principles to these new digital domains, but there remain several gaps in research. Such continuously updated inquiry is needed to disentangle complexities and ensure justice, efficiency, and effectiveness in dispute resolution in a rapidly evolving digital world. The continuing innovation of ADR in digital entertainment and the virtual economy, coupled with the flexibility of legal frameworks in keeping pace with such technological advancement and, more importantly, commitment to the trust and accessibility of these increasingly vital aspects of people's lives, will constitute the backdrop for the future of ADR in this arena.