18th Intercollegiate Negotiation Competition Problem

(October 28 version)

1. The nation of Negoland is a developing country, with a population of approximately 40 million people and a GDP of about US$100 billion. It has a warm climate and is blessed with a richness of nature. The seas about Negoland also have a plenitude of fishery resources. The nation experienced political instability from 1980 to 1989, during which time civil war broke out and continued. However, since Mr. Future, a charismatic leader with strong leadership, was sworn in as the new president in April 1989, Negoland has been more politically stable and has been making efforts to foster its industries. Agriculture, fishery and manufacturing sectors, among others, are now flourishing in Negoland. In the agricultural sector, wheat, soybeans, potatoes, tomatoes, and broccoli are the nation's major products. Dairy, chicken farming and fishery sectors are also active. In the manufacturing sector, Negoland has been making remarkable development in recent years, particularly in automobile and electronic products, and has been actively attracting foreign companies to establish plants in the country. Negoland's citizens are hard-working and their level of education is high. More recently, Negoland is taking a positive stance in utilizing IT technologies in various sectors. The currency of Negoland is the Nego Lira.

2. Arbitria is an advanced country with a population of around 100 million people and a GDP of about US$2 trillion. Although its climate is generally warm, extreme weather it had never seen until a few years ago, such as extreme heat of over 35 degrees Celsius during summer, typhoons and torrential rain, which sometimes led to catastrophes, has been happening more often in recent years. It does not have much land suitable for agriculture, and is dependent on imports for a majority of agricultural products. Although Arbitria is rich in fishery resources, the volume of fish catches has been decreasing in recent years due to overfishing. Its manufacturing, advanced service and financial sectors, among others, utilizing advanced scientific technologies, are strong. Arbitria is currently facing changing demographics characterized by a declining birthrate and an aging population, and its population is on a declining trend. The currency of Arbitria is the Abu Dollar.

3. The relationship between Negoland and Arbitria is good. They have a bilateral economic cooperation agreement, and the trading of goods and services between the

two countries is active. There is no time difference between the two countries. From 1995 to present, the exchange rate between Nego Lira, Abu Dollar and US Dollar has been stable at a rate of 1:1:1. Both countries are the contracting states of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention). Unless otherwise specified in this Problem, tax and transportation costs associated with trade between the two countries need not to be considered in relation to the Problem.

4. Red Corp. is a large corporation in Negoland engaging in food and processed food businesses. Red Corp. was established in 1998 as part of Negoland's export incentive program, led by Negoland's President Future for the economic development of Negoland. Red Corp. was originally established as a state-owned company, but it was privatized in 2000. Its primary business is to purchase Negoland's high quality agricultural and marine products from domestic producers, and to export them to various foreign countries, as is or after being processed. Negoland's agricultural products have a reputation for high quality and are popular worldwide, including Arbitria. Global demand for Negoland's agricultural products has been increasing, and business performance of Red Corp. has also been steadily progressing. Due in part to these circumstances, the management team of Red Corp. is eager to further expand its business. In 2005, Red Corp. purchased several livestock ranches, and is now operating its own firm called "Red Firm" where cows and chickens are raised. Red Firm beef and chicken is booming in Arbitria, the United States, Japan and other countries. Red Premium Yogurt made with cow milk from cows raised in Red Firm is also extremely popular in Negoland, as it is said to be tasty and good for health. Red also has retail stores for the sale of Red products in major cities in Negoland. An outline of Red Corp. is set forth in Exhibit 1.

5. Blue, Inc. is a corporation in Arbitria and is listed on the Arbitrian Stock Exchange. It is engaged in the import and sale of food products, and the manufacture and sale of processed foods and ready-to-eat foods. Blue, Inc. is well known in Arbitria, and almost everyone in Arbitria has eaten some food from Blue, Inc. As for import and sale of food products, Blue, Inc. is putting a strong effort to promote "Global Kitchen," which is a delivery service of overseas fresh and top-quality agricultural and marine products to individual homes and restaurants in Arbitria. In "Global Kitchen", Blue, Inc. uses the wealth of information it holds about agricultural and marine products in various countries and supplies high quality products that satisfy customers' needs at

reasonable prices. In addition, Blue, Inc. has world-class technology to transport such agricultural and marine products while maintaining their freshness. Furthermore, it also has cutting edge technologies for processed foods and ready-to-eat foods (instant noodles, frozen foods, etc.). Some of its popular products are: "Blue Noodle" series (launched in 2000), a series of instant noodles in which people can enjoy the taste of five-star restaurants by just adding hot water and waiting for one minute; "Blue Drink" series (launched in 2010), a series of soft drinks which can be stored for ten years at room temperature and thus are perfect as emergency food in case of disasters; and "Amazing Can" series (launched 2014), a series of canned foods which are popular as they can be stored for fifteen years at room temperature and enjoyed at any time, with a taste like foods prepared by a professional chef. An outline of Blue, Inc. is set forth in Exhibit 2.

6. The history of the business relationship between Red Corp. and Blue, Inc. goes back to 1993 when Red Corp. was first established. President Future thought that for the economic reconstruction of Negoland, which had been stagnant due to political instability, it was important to produce high quality agricultural products utilizing its rich land and to increase exports. Prior to the birth of Future's government, Negoland was not in any situation where foreign trade was possible. Productivity in agricultural and fishery sectors was also low due to continued civil war. However, after President. Future came into power, as there was no private company in Negoland that had the capacity to export domestic agricultural products on a large scale, the Future government established a state-owned company to promote the export of Negoland's agricultural products. Hawk, who was an aide to President Future, took up the position as President of Red Corp.

7. Red Corp., under the leadership of Hawk, promoted the implementation of measures to support agricultural producers in the country towards the expansion of exports, and also made efforts to find purchasers who would purchase Negoland's agricultural products in a stable manner. At that time Blue, Inc. had just started its Global Kitchen business, and was looking for companies who could provide a consistent supply of high-quality food ingredients. Blue, Inc.'s Global Kitchen Business Department Manager, Emerald, was confident that Negoland would become a strong supplier of ingredients once Negoland became politically stable. Emerald heard Negoland's announcement of its policy to promote foreign trade and of the establishment of Red Corp. Emerald immediately contacted Hawk from the start of

preparations for the establishment of Red Corp., and told Hawk that Blue, Inc. would be interested in continuously importing Negoland's high-quality agricultural products. Red Corp. could not have asked for a better opportunity than having a company who would purchase Negoland's agricultural products on a large scale from the very start of its business.

8. In October 1998, Emerald and others from Blue, Inc. visited Red Corp., and began negotiating the purchase of Negoland's high quality agricultural and marine products on a continuous basis for Blue, Inc.'s Global Kitchen business. The minutes prepared during these negotiations are shown in Exhibit 3 (Exhibit 3 was prepared by Blue, Inc. and sent to Red Corp., saying "please contact us if there is a point to be corrected". However, there was no comment from Red Corp.) Based on the results of these negotiations, Red Corp. and Blue, Inc. entered into an agreement in December 1998, attached as Exhibit 4. The Exhibit 4 Agreement has been extended to date.

9. Under the agreement attached as Exhibit 4, Red Corp. and Blue, Inc. started business transactions in 1999. From 1999 to 2011, their transactions were only within the scope of Blue, Inc.'s "Global Kitchen" business, and were carried out by way of Red Corp. selling Negoland's agricultural and marine products to Blue, Inc. based on orders placed by Blue, Inc. A wide variety of agricultural and marine products were traded during different seasons. In particular, trading of vegetables such as asparagus, cabbage, tomatoes, egg plants, peppers, shiitake mushrooms and carrots, and fruits such as melons, apples, grapes and mangoes, as well as marine products such as tuna, snapper, salmon, shrimp and crab progressed smoothly, and trading volume of these products increased steadily. From 2005, trading of Red Firm's beef and chicken also started. During this time, no amendments were made to the agreement attached as Exhibit 4. Trends in the trading volume of products related to the "Global Kitchen" business are shown in Exhibit 5. Due to the expansion of transactions with Blue, Inc., the popularity of Red Corp.'s agricultural and marine products has further increased. As a result, there were significant increases in the price or shortage of Red Corp.'s products when the production of the products was lower than expected. It was a serious issue for Blue, Inc., as it aimed for a stable supply of products.

10. To improve this situation, in 2012, Red Corp. and Blue, Inc. introduced a new account management system for the sales order process (this system is called "RB Link" between the two companies) to respond more quickly to the customers of "Global

Kitchen." More specifically, this system changed the process as follows: In cooperation with Blue, Inc., Red Corp. created a system to manage information concerning inventory, product due date in, and prices of the products used for the "Global Kitchen," and connected this system to Blue's system through a dedicated private line. With this RB Link, once Red Corp. inputs said information into the system, the information would be automatically reflected on Blue's system. When Blue, Inc. inputs orders from its customers into the system, that data would automatically be sent to Red's system, and Red's system would automatically give instructions to its warehouse for the shipping of the ordered products based on the data. A memorandum of understanding, shown in Exhibit 6, was entered into between Red Corp. and Blue, Inc. regarding the introduction of RB Link. By introducing RB Link, the number of days required for the delivery of products to the customers of "Global Kitchen" after Blue's orders was shortened by 1 to 2 days, and this, together with the fact that quality of Negoland's agricultural products further improved with the economic development of Negoland, contributed to a further increase of sales of products produced in Negoland through "Global Kitchen." This also enabled Red Corp. and Blue, Inc. to save time for preparing and faxing paper documents such as orders and acknowledgement notices, and consequently provided a cost reduction effect to both companies. Furthermore, as data on the status of customers' orders is automatically recorded in a computer, preference analysis and future order predictions for customers in Arbitria became easier. To introduce this RB Link, both Red Corp. and Blue, Inc. had to spend US$1 million. However, both companies think that this investment has been fully recovered by now by the aforementioned economic effect.

11. In addition, in January 2018, Blue, Inc. introduced "Smart Blue," an inventory management and sales order management system utilizing AI. In this "Smart Blue" system, AI performs all operations relating to import and sale of the food products handled by Blue, Inc., from the management of placement and receipt of purchase orders from customers and issuance of orders to suppliers, to inventory management. In this system, AI not only automatically processes orders from customers, but also analyzes customers' order data in the past and information concerning market trends since 2012 and predicts future orders from customers. Therefore, using this system, orders from Blue, Inc. to Red Corp. were automatically processed, based on the orders from Blue's customers as well as based on the prediction of customers' orders made by Blue's AI. Due to the introduction of this "Smart Blue," Blue, Inc. became able to respond to its customers' orders more quickly and accurately for "Global Kitchen," as

AI not only automatically issued orders to Red Corp. as soon as it received orders from its customers but also issued orders in advance based on the prediction of orders from customers when a certain volume of orders were expected to come in with certainty, based on the analysis of past data and market trends made by AI. Red Corp. was not able to know whether Blue's orders are based on customers' orders or on AI's forecasts.

12. For "Smart Blue" to achieve the maximum effect in relation to "Global Kitchen," it was important that the latest information concerning the agricultural and marine products targeted or used by "Global Kitchen" was provided to AI. This is because AI of "Smart Blue" predicts customers' orders using such information. When introducing "Smart Blue," Blue, Inc. requested Red Corp. to provide information concerning weather, production volume and market prices of agricultural and marine products in Negoland, and other relevant information. As a response to this request, Red Corp. improved its system and the new system automatically stores this type of information among the information gathered and held by Red into the system of RB Link (Some was acquired by third parties such as market research companies, while other information was obtained through Red's own research of market conditions). As a result, Blue has become able to access this information through RB Link. In this system improvement, the newly introduced "information management system" was made as an independent system from the existing "account management system" that handles the sales order system. Transactions entered into through the account management system of RB Link and the information shared through the information management system could be confirmed in real-time through an information management system called "RB Dashboard." Communications made between Red Corp. and Blue, Inc. regarding this arrangement are shown in Exhibit 7.

13. RB Link had been operating smoothly until March 2019, when trouble occurred. The trouble was that Blue, Inc. placed an order with Red Corp. through RB Link for crabs worth US$2 million. Nego crab, which is a high-grade crab in Negoland, is known for its exquisite taste and is popular in Arbitria too. However, Nego crabs are luxury products which cost over US$200 per crab, and there have not been so many orders from customers of "Global Kitchen.". However, Negoland had a large catch of these crabs in 2013, and the price per crab dropped to US$50 at that time. As a result, large orders came in through "Global Kitchen." However, because there were too many orders, Blue's order processing was delayed, and, partly due to this delay, Red Corp. was not able to secure enough Nego crab to meet customers' orders, so both Red and

Blue suffered a huge loss, including the sales opportunity loss. This was one of the reasons why Blue, Inc. decided to develop "Smart Blue."

14. Around 10:00 pm on March 3, 2019, the information obtained by Red through its own research that: (i) there was a large catch of Nego crabs; (ii) the market price of Nego crabs has dropped significantly; (iii) the Red's sales price of Nego crab is US$50 per crab, was entered into the system of RB Link, and automatically provided to Blue, Inc.. Upon receiving this information, Smart Blue's AI placed an order for 10,000 crabs with Red Corp. around 1:00 am on March 4, 2019, despite the fact that there was no actual order from the customers of "Global Kitchen." It is assumed that AI judged that a large volume of orders from customers would come in for sure based on the past transaction data. In response to this order, the computer system of Red Corp. automatically processed shipment, and immediately after receiving the order, gave the instruction to Red Corp.'s warehouse to ship 10,000 Nego crabs to Blue, Inc. Upon receiving this instruction, 10,000 Nego crabs were shipped to Blue, Inc. around 5:00 am on March 4, 2019. These crabs arrived at Blue, Inc. at 9:00 am on March 5.

15. However, the information under (i)～(iii) was factually inaccurate. (In actuality, a large catch and a big drop of market price occurred for shrimp, and the price of Nego crab was still US$200 per crab.) At 8:00 am on March 4, 2019, Red Corp. became aware of the fact that there was an unauthorized access by some outsider and the information (i)～(iii) had been entered into the system. Red Corp. immediately took measures to shut off the unauthorized access and corrected the data. However, Red Corp. did not notify Blue, Inc. that there had been an unauthorized access to its system and that the data had been altered for a while. (Red Corp.'s person in charge affirmed later that he was too concerned about taking various measures against the hacking to think about anything else.) Subsequent investigation revealed that the cause of hacking of Red Corp.'s system was that E-mail sent from Blue, Inc.'s person in charge to Red Corp.'s person in charge was infected by a virus, and when Red Corp.'s person in charge opened the attachment to the E-mail, Red Corp.'s system became accessible to the hacker through that person's computer. Both Red and Blue had installed anti-virus systems which are considered standard in their respective countries, but the virus was the newest type and neither systems were able to detect it. Red Corp. and Blue, Inc. have the same view that if the information under (i)～(iii) had not been provided to Smart Blue's AI, Blue, Inc. would not have automatically ordered 10,000 Nego crabs. Only the information management system was affected by the hacking, and the accounting

system for price management and issuance of invoices, etc., was not affected. As a result, the accounting system of Red Corp. processed the order for 10,000 Nego crabs made by Blue, Inc. based on the regular price for Nego crab, which was US$200 per crab, and the screen of RB Dashboard that shows the information of the account management system also showed this after 1:00 am on March 4. Staff of Blue, Inc. could have been able to see the information at RB Dashboard, but none of them checked the information until 9:30 am on March 5 when one of the staff of Blue saw the information about the transaction of 10,000 Nego crabs, because March 4 was the national holiday of Arbitria (a weekday in Negoland) and it was not a business day of Blue, Inc. From 10:00 pm on March 3 to 8:00 am on March 4, no customer of "Global Kitchen" ordered Nego crab.

16. Blue, Inc., who received 10,000 Nego crabs on March 5, thought it strange that 10,000 Nego crabs had been ordered despite the fact that there was no order from the customers of "Global Kitchen," and made an inquiry to Red Corp. at 10:00 am on March 5. Red Corp. said that it had certainly received the order for 10,000 Nego crabs through RB Link, but the system of Red Corp. had been hacked and the data had been altered, even though it was for a short period. After receiving this explanation, Blue, Inc. insisted that Blue, Inc. would cancel the entire order for 10,000 Nego crabs. In the alternative, it insisted that even if cancellation was not possible, the amount to be paid by Blue, Inc. should be US$50 per crab. In addition, Blue, Inc. argues that Red had an obligation to provide information through RB Link, and that it is the breach of that duty that Red Corp. provided Blue, Inc. false information. In response to this, Red Corp. insisted that it would not accept the cancellation and the Blue, Inc. had the obligation to pay the whole amount of the price on the grounds, among others, that using the information under (i)～(iii) was a decision made by Blue's AI, and Red Corp. is not responsible for it, that the correct price was shown by the accounting system, and that RB Dashboard actually recorded at 1:00 am on March 4 that the order for 10,000 crabs at US$200 each was made but no communication was made by Blue, Inc. Since the introduction of "Smart Blue", there has never been a problem relating to transactions. Exhibit 7A is the document prepared by the arbitral tribunal on the facts relating to the systems of Red Corp. and Blue, Inc. during the process of making the terms of reference. All the facts stated in Exhibit 7A are not disputed by the parties.

17. As for the 10,000 Nego crabs delivered to Blue, Inc., Red Corp. insisted that they do

not concern Red Corp. as they were sold to Blue, Inc., while Blue, Inc. insisted that Red Corp. was responsible for them as Blue, Inc. had cancelled the order and they would be returned to Red Corp. However, Red Corp. and Blue, Inc. both had the same view that they were fresh products and thus to be purchased quickly by someone at the highest possible price. In addition, it was found that, thanks to Blue's technology to maintain the freshness of foods, the quality of the Nego crab could be maintained for several days. Then, Blue, Inc. requested that Red Corp. try to find a purchaser too. Under these circumstances, on March 7, Red Corp. learned that Green Corp. in Meditoria was willing to purchase 10,000 Nego crabs for US$100 per crab. Red Corp.'s person in charge immediately called Blue's person in charge and the following conversation took place between them.

Red: "We learned that Green Corp. in Meditoria is willing to buy 10,000 Nego crabs for US$100 each. The purchase price is postpaid, and shipping and customs duties are paid by the seller. Has Blue, Inc. found any appropriate buyer?"

Blue: "I am afraid that we have not found anyone yet."

Red: "Given the quality retention period, wouldn't it be better to quickly sell them to Green Corp.?"

Blue: "Understood. It's fine. What about the agreement? We think that the current Nego crabs should be returned to your company in any event, so it is the correct thing for your company to enter into an agreement with Green Corp."

Red: "We think that we delivered the products in accordance with the agreement, and Nego crabs are your company's property. Therefore, the correct thing to do is for your company to enter into an agreement with Green Corp."

Blue: "Although I cannot agree with your opinion, it is more urgent to enter into an agreement with Green Corp. and deliver the Nego crabs than to argue about this issue. Although our company cannot accept responsibility for this case, since we cannot find any other purchaser, it is undeniable that selling Nego crabs to Green Corp. even at a discounted price would be better than having no buyer until the expiration date passes. How about our company entering into an agreement with Green Corp. for now, and our company and your company discuss later about what to do between us?"

Red: "We agree."

Blue: "OK, so we will go ahead and sell the crabs to Green Corp.."

Red: "Please do so. "

18. After this conversation, an agreement shown as Exhibit 8 was entered into between Blue, Inc. and Green Corp., and a copy of the agreement was sent to Red Corp. (There

was no particular comment from Red Corp.) Based on the agreement, Blue, Inc. shipped 10,000 Nego crabs to Green Corp. on March 10. When Blue, Inc. signed a contract with Green Corp., the total cost required for the sales to Green Corp., including shipping costs and customs duties, was expected to be US $ 200,000 (it was the judgment of Blue, Inc. that it should swiftly sell the Nego crabs regardless of the cost). However, after concluding the contract with Green Corp., there was a sudden increase in the fare for air transportation of the Nego crabs to Meditoria, and a decision was made by the Meditrian customs which imposed additional customs duties on the import of the Nego crabs into Meditoria. As a result, the cost for the sale paid by Blue, Inc. was US$ 500,000. In addition, Green went bankrupt after its receipt of the crabs but prior to payment of the agreed price, and thus Blue, Inc. was unable to receive the price and the Nego crabs were lost. Blue argues that Red Corp. should pay US$ 500,000, the cost of selling to Green Corp. In contrast, Red claims that Blue should pay US$ 2 million and that US$ 500,000 be the cost that Blue should pay. On March 11, Red Corp. sent the invoice for US$2 million via e-mail, but Blue, Inc. has refused the payment.

The above dispute is referred to as the "Crab Case."

19. There is another issue between Red Corp. and Blue, Inc. That is about a joint venture between Red Corp. and Blue, Inc. Around 2010, when Negoland's economy started to get stronger and people in Negoland started to make a good living, Red Corp. started to buy Blue's "Blue Noodles" and sell them in Negoland. "Blue Noodles" were a big hit among busy working people living in the urban areas and young people in Negoland who wished to have an easy and quick meal.

20. In 2014, Blue, Inc. thought that the demand for these ready-to-eat foods would further grow in Negoland, and it would be a good idea to establish a manufacturing facility in Negoland and increase the sales in Negoland. At that time, Red Corp. was also considering to further diversify its business, and wished to start a new food business. Thus Red Corp. and Blue, Inc. started to negotiate a joint venture for the manufacturing and sale of ready-to-eat foods. In May 2014, the Ready-to-eat Food Business Department Manager of Blue, Inc. visited Red Corp. and negotiated the establishment of a joint venture. Through negotiations, Red Corp. and Blue, Inc. agreed that they would establish a joint venture in Negoland, that the capital contribution would be US$ 200,000 by Red Corp. and US$ 300,000 by Blue, Inc., and that the joint venture would be for the manufacturing of ready-to-eat foods. The

minutes prepared during these negotiations are shown as Exhibit 9. (Exhibit 9 was prepared by Red Corp. and sent to Blue, Inc., with the notation "Please contact us if there is a point to be corrected." However, there was no comment from Blue, Inc.) Based on the results of these negotiations, Red Corp. and Blue, Inc. entered into an agreement in December 2014, attached as Exhibit 10.

21. In January 2015, a joint venture by Red Corp. and Blue, Inc., called Yellow Corp., started its operations. From 2015 to 2017, the business of the joint venture went well. The "Blue Noodle" series in the past had been noodles in soup only. However, Yellow Corp. added new "Nego Noodles" to the "Blue Noodle" series lineup. "Nego Noodles", which is a traditional noodle dish in Negoland similar to fried noodles, adopted a technology of simple cooking by pouring hot water. "Blue Noodles" series produced by Yellow Corp. were exclusively for the sale in Negoland, and Red purchased them from Yellow Corp. and sold them at Red's retail stores. Among "Blue Noodles" series, only "Nego Noodles" were not manufactured at Blue's factory, and Blue started to purchase "Nego Noodles" from Yellow and sold them in Arbitria. "Nego Noodles" were a big hit, not only in Negoland, but also Arbitria and other foreign countries. In 2016, Yellow Corp. also started to manufacture beef stew using Red Firm's beef, which would be ready to eat by simply adding hot water, and aqua pazza, which uses Negoland's abundant seafood. The beef stew and aqua pazza were called "Yellow Quick" series. Red Corp. and Blue, Inc. have agreed to make the production of "Yellow Quick" series as the object of the joint venture, and have also agreed that Red would sell them in Negoland and Blue would sell them in Arbitria. "Yellow Quick" series were also a big hit in Negoland, Arbitria and other foreign countries. These new products were made possible by the ideas of engineers in Negoland employed by Red Corp. and sent to Yellow Corp. These engineers thought that technologies of Blue, Inc. could be more widely applied, and proposed and produced new products in cooperation with engineers sent from Blue, Inc. to Yellow Corp. In developing "Yellow Quick" series, Yellow invented a new technology based on the technology of Blue and obtained a patent in Negoland and Arbitria under the name of Yellow. All the products in "Yellow Quick" series have been sold at the unit price of US$4. Even now, "Nego noodles" and the "Yellow Quick" series are only manufactured by Yellow Corp.

22. However, in 2018, trouble occurred. The cause of the trouble was the "Blue Hot" series, which Blue, Inc. started to manufacture and sell in 2017. These "Blue Hot" series were new packaged foods which can be heated by kneading the bag containing the food

by hand, allowing people to enjoy hot and tasty food easily. This series utilized a patented technology of Blue, Inc. (Blue, Inc. has acquired the patents for this technology in Arbitria, Negoland, etc.) The first product of “Blue Hot” series was sweet and sour pork. This was a package of pre-cooked sweet and sour pork, which can be heated by simply kneading the bag by hand to make hot and tasty sweet and sour pork. These products were a big hit, because even if people had no microwave oven at home, or were at a place with no microwave oven, they could still enjoy tasty and warm food. Blue, Inc. manufactured these “Blue Hot” products at a plant in Arbitria. In early 2017 when Blue, Inc. first started to sell them, they were sold only in Arbitria. In late 2017, clam chowder and Japanese cream stew were added to the lineup.

23. Red Corp. thought that “Blue Hot” could be expected to be a big hit among people in Negoland, and proposed to Blue, Inc. that “Blue Hot” be manufactured by Yellow Corp. in Negoland. However, Blue, Inc. refused this proposal. The correspondence between Red Corp. and Blue, Inc. on this matter is set forth in Exhibit 11. As the business performance of Yellow Corp. was quite good through the production of the current “Blue Noodle” series and “Yellow Quick” series, Red Corp. decided to see how it goes for a while considering the situation explained by Blue, Inc., and no further negotiation was made.

24. However, in the beginning of 2018, Blue, Inc. started to sell “Blue Hot” outside Arbitria as well. In Negoland, a major food distributor in Arbitria, Brown Trading Corp., started to sell “Blue Hot” at its five stores, which opened at the same time in January 2018 (Only the employees of Brown Trading Corp, sell “Blue Hot”, and no employees of Blue, Inc., are involved in the selling. There is no capital relationship between Blue, Inc. and Brown Trading Corp.). Furthermore, around the same time, beef stew and aqua pazza were added to the “Blue Hot” lineup. The launch of “Blue Hot” in Negoland attracted a lot of attention and this became a huge hit. On the other hand, sales of the “Yellow Quick” series in Negoland from January to December 2018 decreased by half compared to 2017, amounting to US$10 million. Yellow Corp. sold the “Yellow Quick” series to Red Corp. (for the sales in Negoland) and Blue, Inc. (for the sales outside Negoland), and gained profits. Both Red Corp. and Blue, Inc. sold the “Yellow Quick” series to the consumers at the purchase price from Yellow Corp. and they did not gain commissions or sales margins through their sales activities of the products of Yellow Corp. They received the dividends from Yellow Corp. based on their

shareholding ratio and the amount of the dividends was calculated to be the same as the profits of Yellow Corp. from the sale of "Yellow Quick" series to Red Corp. and Blue, Inc.. The profit margin of the "Yellow Quick" series was 10%, and accordingly a decrease of sales by US$10 million was equal to a decrease of profit by US$1 million for Yellow Corp). This same situation has been continuing also in 2019. Expert opinion of an expert witness, Mr. Bob Orange, which was submitted to the Arbitral Tribunal, regarding the effect of the sales of "Blue Hot" in Negoland on sales of the "Yellow Quick" series in Negoland and other countries is set forth in Exhibit 12. Both Red Corp. and Blue, Inc. agree on his reliability as an expert.

25. In February 2019, on the grounds that selling "Blue Hot" is a breach of the joint venture agreement, Red Corp. demanded that Blue, Inc. stop selling "Blue Hot" or that "Blue Hot" be manufactured and sold by Yellow Corp. Blue, Inc., however, insists that selling "Blue Hot" in Negoland is not a breach of the joint venture agreement and is refusing to accept Red Corp.'s demands. Communications made between Red Corp. and Blue, Inc. regarding this issue are shown in Exhibit 13. The current lineup of "Yellow Quick" series is beef stew and aqua pazza, and the production ratio as well as the sales ratio in Negoland and other countries of each item is 1:1. The current lineup of "Blue Hot" series includes sweet and sour pork, clam chowder, Japanese cream stew, beef stew and aqua pazza, and the production ratio as well as the sales ratio in Negoland and other countries of each item is 1:1:1:1:1.

    The above dispute is referred to as the "Blue Hot Case."

<Round A>

26. 25. Red Corp. and Blue, Inc. tried to resolve both the Crab Case and the Blue Hot Case through negotiations. These attempts failed, however, and the two companies agreed to resolve the cases by arbitration. Arbitrators were appointed. An excerpt of the terms of reference prepared by the parties with the arbitrators is shown as Exhibit 14. At the oral hearings to be held on November 23, deliberations are scheduled to be made on the issues listed in Exhibit 14. The seat of arbitration is Japan. The information contained only in the confidential information for Round B may not be used as facts in Round A. In addition, it has been agreed that all the provisions regarding the UNIDROIT principles in the relevant agreements are amended to refer to the 2016 version regardless of the execution date of the agreements.

27. In addition, just a few days before the date of hearings, Blue, Inc. filed a petition with the Arbitral Tribunal, shown as Exhibit 15. Red Corp. responded to this petition as shown in Exhibit 16. At the oral hearings on November 23, deliberations will be held to decide whether the petition by Blue, Inc. shown in Exhibit 15 (whether the content of the third-party funding agreement between Red Corp. and the fund should be disclosed) should be accepted. It has been agreed, for the sake of practical convenience, that the hearing on Blue's petition, as shown in Exhibit 15, will be held in about 25 minutes after the "Blue Hot Case". All the arbitrators have made additional disclosure statements that, at present, they have no knowledge of who the third-party fund provider to Red Corp. is. However, it is possible that the identity of the third-party fund provider may come to the attention of any of the arbitrators by the time they make an arbitral award.

<Round B>

28. The negotiations will take place on the premise of paragraphs 1 to 12 and paragraphs 19 to 25. (Please assume that the parties had not filed an arbitration petition for the "Blue Hot Case".)

29. Red Corp. and Blue, Inc. have been negotiating to resolve the Blue Hot Case. Although the views of the two companies are still not aligned, they have agreed that at this opportunity they should consider the solution of the Blue Hot Case within the context and larger framework of their entire joint venture. As a result of discussions by persons in charge, the following issues have been pointed out.

(1) Continuation of the joint venture
(a) Whether to continue the joint venture or to terminate the joint venture.
(b) In the case of termination of the joint venture, what should be done with Yellow Corp.? Would it be dissolved, or would one party acquire the shares of the other party? What should we do with the intellectual property rights regarding "Yellow Quick", which was jointly developed by Red and Blue? Would they agree on any cooperation in exchange for the termination of the joint venture?

* So far, Red has expressed a strong opinion that the dissolution of the joint venture should be avoided, but Blue has the attitude that dissolution of the joint venture should not be excluded as an option.

(2) Targets of the joint venture
(a) Whether the Blue Hot series will be added to the joint venture.
(b) Are there any other points to review regarding the targets of the joint venture?

* So far, Red argues that the Blue Hot series should be added to the business of Yellow Corp. and to adjust its product lineup so that it does not overlap with "Yellow Quick". Blue, on the other hand, argues that the Blue Hot series should not be a business of the joint venture.

(3) Governance of the joint venture
(a) Will they review the shareholding ratio and the composition of the Board of Directors?

(b) Is it necessary to review the composition of the executives?

* So far, Red Corp. claims that Yellow Corp. should increase the capital with the expansion of the business of Yellow Corp., and that, in the case of the capital increase, Red Corp. would be ready to invest US$100,000 to make the holding ratio of both parties to be the same. Blue argues that currently there is no need to increase the capital nor to review the composition of the Board of Directors and executives.
* Red Corp. requests to replace Topaz, who has been dispatched from Blue, Inc. and has served as President of Yellow Corp., because he has harassed the staff dispatched from Red Corp. Blue simply replied that it will investigate the facts.

(4) Other Issues
(a) Are there any other issues to consider regarding the cooperative relationship between the two companies?
(b) How will you handle the decrease of profits in Yellow Corp., US $ 2 million/year, (the sum of the lost profit caused by the decrease of sales in Negoland as well as in other countries) due to the sales of Blue Hot series?

* So far, Blue, Inc. wants to strengthen the relationship between the two companies regarding "Global Kitchen". Also, Blue, Inc. has made a proposal to Red Corp. that Blue will become an exclusive distributor of Red Premium Yogurt in Arbitria and sell it extensively in Arbitria. Red responded that it has no plan to make Blue to be the exclusive distributor of Red Premium Yogurt.
* Blue's products for which no specific product name is indicated in this Problem shall not be the subjects of this negotiation.

30. In the negotiations on November 24, the participants will be, from Red Corp., the Vice President, Senior Executive Officer, and General Manager of the Business Department, etc., and from Blue Inc., the Vice President in charge of business (such as the Food Sales Business Department and the Instant Food Business Department), the Head of the Food Sales Business Department (Global Kitchen is also part of this area of responsibility), and the Head of the Instant Food Business Department.

Exhibit 1

<u>An Outline of Red Corp.</u>

Corporate Name: Red Corp.
Principal Office: Nego-Nego, Negoland
Date of Incorporation: January 24, 1998
President: Jun Nomura
Number of employees: 300
Capital: 5 million Nego Lira
Major shareholders:

Negoland Bank (the largest bank in Negoland) 15%
Negoland Railway (the largest railroad company in Negoland) 15%
Negoland Construction (the largest construction company in Negoland) 15%

* When Red Corp. was privatized, its shares were allocated by the state to the above three corporations with the hope that if major corporations representing Negoland acquired shares, they would become stable shareholders. The remaining 55% shares are held by about 50 corporations and about 50 wealthy individuals in Negoland who have a close relationship with the government. However, the shareholding structure is not disclosed to the public.

Business performance:

(US$10,000)

	2012	2013	2014	2015	2016	2017	2018
Sales	40,000	41,000	45,000	47,000	50,000	50,000	50,000
Profit	800	900	1,000	1,100	1,200	1,300	1,300

Exhibit 2

An Outline of Blue, Inc.

Corporate Name: Blue, Inc.
Principal Office: Abu-Abu, Arbitria
Date of Incorporation: June 1, 1930
President: Tomomi Ohta
Capital: 8 Billion Abu Dollars

Business performance:

(US$10,000)

	2012	2013	2014	2015	2016	2017	2018
Sales	400,000	410,000	412,000	450,000	460,000	470,000	500,000
(Processed foods)	300,000	300,000	300,000	320,000	320,000	330,000	350,000
(Food products sales)	80,000	82,000	85,000	110,000	120,000	120,000	130,000
(Other)	20,000	28,000	27,000	20,000	20,000	20,000	20,000
Operating profit	20,000	23,000	20,000	20,000	20,000	20,000	20,000

Exhibit 3

Minutes

Date: October 15, 1998

Venue: Red Corp. Main Conference Room

Attendants: Red Corp.

President: Nomura

Senior Managing Director: Pigeon

Business Department, General Manager: Swallow

Manufacturing Management Department Manager: Falcon

Blue, Inc.

Global Kitchen Business Department, General Manager: Emerald

Global Kitchen Business Department, Assistant Manager: Ruby

Global Kitchen Business Department, Member: Pearl

1. First, Blue, Inc. explained the Global Kitchen business as follows.

(1) Global Kitchen business is a food delivery service which delivers overseas top-quality fresh food ingredients to individual homes and restaurants in the country. This business started in April 1998.

(2) This service aims to quickly deliver overseas top-quality fresh food ingredients upon receipt of orders from individuals and restaurants who entered into an agreement with Blue, Inc. Main customers are wealthy individuals and high-end restaurants.

(3) Products are normally delivered within 5 days after the receipt of order. There is also next day delivery express service. However, the number of days necessary for the delivery varies depending on the country of origin and the type of food ingredients.

(4) To deliver fresh food ingredients, Blue, Inc. developed a special box that allows each food ingredient to be kept at its best condition while being transported. This special box is an invention using Blue's superior technologies, and Blue, Inc. holds a patent for it.

(5) Up until now, this service is for food ingredients from about ten different countries. Due to, among other factors, the good economic condition of Arbitria and the high interest in food of people in Arbitria, this service is extremely popular, and the number of subscribers is increasing.

(6) Although trading with Negoland had been suspended since 1980 due to political instability, from now on, Blue, Inc. wishes to import superior food ingredients through Red Corp. Negoland and Arbitria are neighboring countries, and the amount of time and cost required for transportation is smaller than that for other countries. Furthermore, the high quality of Negoland's agricultural and marine products is widely known by people in Arbitria. In fact, we have purchased agricultural products from Red Firm and other firms in Negoland, and they were of excellent quality. We really wish to have them as the main products of Global Kitchen.

(7) If high quality products can be provided in a stable manner, we think that we can purchase your products at prices satisfactory for Red Corp.

2. Red Corp. replied as follows.

(1) We, Red Corp., are looking for parties to whom we can stably export Negoland's agricultural and marine products. We think that expanding our export to our neighboring county, Arbitria, is particularly important, and it would be great for us if Blue, Inc. continuously purchases a certain volume of our products.

(2) We have confidence about the superior quality of Negoland's high-end agricultural and marine products. We believe that our products will satisfy the expectation of people in Arbitria who have a discriminating sense of taste.

(3) We intend to establish a system by which we can respond to Blue, Inc.'s orders in a timely manner. However, as we just established our company, we might not yet have the level of systemization expected by Blue, Inc., such as inventory management and shipping systems.

3. Red Corp. and Blue, Inc. agreed that Red Corp. would supply products for the Global Kitchen business of Blue, Inc. The ordering process flow has been agreed as follows.

(1) Red Corp. will provide Blue, Inc. on a daily basis with information concerning the inventory, product due dates in, and prices of products that have the quality required by Global Kitchen.

(2) Blue, Inc. will provide the subscribers of Global Kitchen with that information.

(3) Blue, Inc. will summarize orders received from the subscribers of Global Kitchen, and promptly notify Red Corp. thereof.

(4) Upon receipt of this notice, Red Corp. will promptly confirm the receipt of the notice, and as a general rule, ship ordered products to Blue, Inc. on or before the following business day.

(5) Blue, Inc. will supply the products received from Red Corp. to its subscribers.

(6) Red Corp. will send once a week an invoice to Blue, Inc. stating the total price for the products shipped to Blue, Inc. Upon receipt of invoice, Blue, Inc. will deposit the amount to the bank account designated by Red Corp. within 5 business days.

(7) Communication between Red Corp. and Blue, Inc. shall be made via fax.

4. For the future procedures, Red Corp. and Blue, Inc. agreed as follows.

(1) Red Corp. and Blue, Inc. will enter into an agreement concerning this project by the end of the year.

(2) Blue, Inc. will provide Red Corp. with the special box to be used for shipping of the products. Furthermore, Blue, Inc. will cooperate with Red Corp. in making improvements to its system for inventory management, product due in management for Global Kitchen as well as for the provision of information and shipping to Blue, Inc., and provide necessary technologies and funds.

Exhibit 4

SUPPLY AGREEMENT

THIS AGREEMENT, made and entered into as of December 10, 1998, by and between Red Corporation ("Seller"), a Negoland corporation, and Blue, Inc. ("Buyer"), an Arbitria corporation.

WITNESSETH:

WHEREAS, Buyer is desirous of purchasing from Seller agricultural products, such as vegetables, fruits, meats and fishes produced in Negoland ("Products") for its "Global Kitchen Service", and

WHEREAS, Seller is willing to supply such Products to Buyer under the terms and conditions herein contained,

NOW, THEREFORE, in consideration of the mutual promises set forth herein and the mutual covenants herein contained, both parties hereto agree as follows:

1. ORDERS

(1) During the term of this Agreement, Buyer shall from time to time place orders for Products with Seller (each an "Order").

(2) Once an Order is placed by Buyer, Seller shall use its commercially reasonable efforts to fill such Order as promptly as practical in accordance with the terms of such Order.

(3) Once Seller receives the Order from Buyer, Seller shall send the acknowledgement notice to Buyer promptly.

2. DELIVERY AND PAYMENT

(1) Seller shall deliver the Products ordered by Buyer on the basis of DDP at the designated place by Buyer as promptly as possible within commercially reasonable time. The trade term DDP, as used herein, shall be interpreted in accordance with INCOTERMS ® 2010.

(2) As a condition precedent to recovery for any claim for shortages, defects or other non-conformity in filling an order, Buyer must inspect the Products and make claim in writing, specifying any non-conformity, within two (2) days after receipt of the Products.

(3) On every Monday, Seller shall send the invoice for the sum of the price of the Products that Seller has sent to Buyer in the previous week. Buyer shall make the payment of the amount to the designated bank account of Seller within five (5) business days after its receipt of the invoice.

(4) In the event Buyer defaults in any payment to Seller or otherwise defaults in the performance of this Agreement, Seller shall have the right, in addition to any other right or remedy, to suspend delivery of the Products ordered by Buyer but not yet shipped or to freely dispose of the same at Seller's discretion.

3. <u>REPRESENTATIONS</u>

Each of the parties represents and warrants to each other that:

(1) it has a power to enter into this Agreement and to exercise its right and perform its obligations hereunder;

(2) the obligations expressed to be assumed by it in this Agreement are legal and valid obligations binding on it in accordance with the terms hereof;

(3) it has obtained any necessary governmental permission, licenses, authorization or clearances, if any, to execute this Agreement.

4. <u>OBLIGATION OF PARTIES</u>

(1) On each business day, Seller shall provide Buyer with the information about the price and stocks of Products available for the Global Kitchen Service.

(2) Buyer shall provide Seller with special boxes that Seller should use to deliver Products.

(3) Buyer shall cooperate Seller to develop its systems and provide Seller with the technology and cost that would be necessary to establish such systems under this Agreement.

5. <u>TERM</u>

Unless sooner terminated pursuant to other provisions of this Agreement, the term of this Agreement shall be five (5) years commencing on the date hereof. This Agreement shall be subject to automatic extension for additional two (2) year periods unless either party, with or without cause, shall give written notice of termination to the other not less than ninety (90) days prior to the end of the initial term of this Agreement or any extension thereof.

6. <u>MISCELLANEOUS</u>

(1) This Agreement shall be governed by UNIDROIT Principles of International

Commercial Contracts (2016 version).

(2) Orders, notices and other communications between parties under this Agreement shall be made by fax and addressed to the following:

To Seller: XXXXX

To Buyer: XXXXX

(3) Neither party shall be liable to fulfill its obligations hereunder, or for delays in performance, due to causes beyond its reasonable control, including, but not limited to, acts of God, acts or omissions of civil or military authority, fires, strikes, floods, epidemics, riots or acts of war.

(4) This Agreement sets forth the entire agreement between the parties hereto with respect to the subject matter hereof and is intended to supersede all prior negotiations, understandings and agreements. No provision of this Agreement may be waived or amended, except by a writing signed by the parties hereto.

(5) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and together which shall constitute one and the same instrument.

(6) The failure of either party to exercise any right or remedy provided for herein shall not be deemed a waiver of any right or remedy hereunder.

(7) Any dispute, controversy or difference arising out of or in relation to or in connection with this Agreement or for the breach thereof, shall be settled by arbitration in Tokyo, Japan, pursuant to the UNCITRAL Arbitration Rules and by three (3) arbitrators. The arbitration award shall be final and binding on both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

Red Corp. Blue, Inc.

Exhibit 5

Trends in the trading volume of products related to "Global Kitchen"

(US$10,000)

	Sales (Total)	Negoland Products	
		Total	Products from Red Corp.
1999	2,000	500	450
2000	3,000	600	540
2001	4,000	650	580
2002	5,000	700	640
2003	5,100	750	700
2004	5,200	1,000	920
2005	5,700	1,250	1,125
2006	6,000	1,500	1,350
2007	6,300	1,650	1,480
2008	6,500	2,000	1,820
2009	7,000	2,250	2,100
2010	6,800	2,000	1,900
2011	6,400	2,000	1,880
2012	7,000	2,500	2,330
2013	7,200	2,550	2,390
2014	7,300	2,600	2,380
2015	7,400	2,650	2,490
2016	7,500	2,700	2,550
2017	7,600	2,750	2,600
2018	7,700	2,800	2,650

Exhibit 6

Memorandum of Understanding

Regarding transactions under the Supply Agreement entered into between the parties as of December 10, 1998 (hereinafter referred to as the "Agreement"), Red Corp. and Blue, Inc. hereby agree as follows.

1. Red Corp. and Blue, Inc. shall jointly develop a system for the provision of information, order and shipping management and other matters related to the products listed in the Agreement. This system shall be referred to as "RB Link."
2. Red Corp. shall develop a computer system to manage information concerning inventory, product due in dates, and Red's sales price of the products to be used for "Global Kitchen" and to provide such information in a timely manner to Blue, Inc., and develop a system to automatically process orders from Blue, Inc. and to provide instructions for the shipment of relevant products.
3. Blue, Inc. shall develop a computer system to receive information from Red Corp., to provide the received information to its customers, to place orders with Red Corp. and to manage order status.
4. For orders placed through this system, order forms and acknowledgment notices need not be exchanged.
5. If Red Corp. is unable to execute an order of Blue, Inc., for example due to the insufficient inventory, Red Corp. shall immediately notify that it will not accept the order to Blue, Inc. through RB Link or by phone.
6. Red Corp. and Blue, Inc. shall develop a system called "RB Dashboard" by which both companies may confirm and manage transactions executed through RB Link in real time.
7. Cost required for the development of the aforementioned systems shall be shared equally by the parties.

Exhibit 7

TO: Blue, Inc.
FM: Red Corp.
Date: December 20, 2017
Re: Re: Re: Re: Smart Blue

Dear Sir,
We have confirmed a deposit of US$50,000.
Our system is now ready, and information will be provided in real time from 2018.
Thank you very much.

TO: Red Corp.
FM: Blue, Inc.
Date: November 17, 2017
Re: Re: Re: Smart Blue

Dear Sir,
Thank you very much for your acceptance concerning the provision of information. We agree to the cost of US$50,000. We will pay for 2018 by the end of 2017. Please have the system ready. We agree that you are not responsible for the accuracy of the information.

TO: Blue, Inc.
FM: Red Corp.
Date: November 15, 2017
Re: Re: Smart Blue

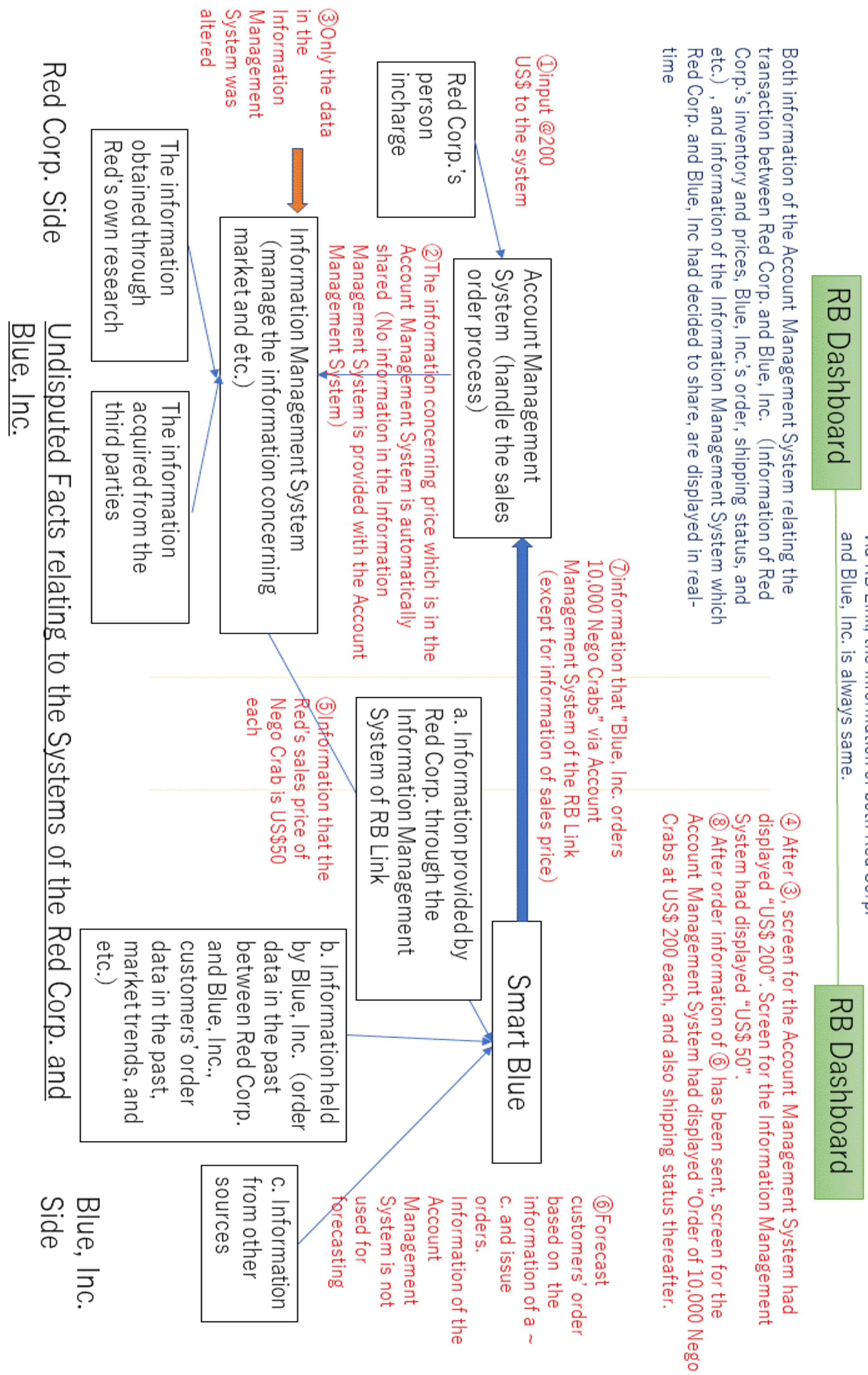
Dear Sir,
Thank you very much for your message.
I understand. We will provide your company with information concerning weather, production volume and prices of agricultural and marine products in Negoland and other relevant information stored in our IT system, through RB Link. We agree to create the information management system separately from the account management system. The

two systems have different functions, so it would be better. As the system needs to be ready, is it possible to receive consideration in the amount of US$50,000 in advance annually? We would also like to confirm that Red Corp. is not responsible for the accuracy of information provided by third parties.

TO: Red Corp.
FM: Blue, Inc.
Date: November 10, 2017
Re: Smart Blue

Dear Sir,
As I mentioned before, from January 1, 2018, we will introduce "Smart Blue," an inventory management and sales order management system utilizing AI. Through this "Smart Blue" system, AI will perform all operations, from the management of placement and receipt of purchase orders from customers and orders to suppliers, to inventory management. This system not only automatically processes orders from customers, but also analyzes customers' order data in the past and information concerning market trends. Therefore, using this system, orders of Blue, Inc. will be automatically sent to Red's computer system by Blue's AI based on the orders from Blue's customers, or based on the prediction of orders made by Blue, Inc.'s AI.
"Smart Blue" will be connected to RB Link, and orders and other communications using RB Link will be made automatically by Smart Blue, instead of manually by our employees. "Smart Blue" will work 24 hours a day, 365 days a year.
"Smart Blue" also has a function to predict orders that are expected to be made by customers based on the information concerning, among other things, customers' past orders and market trends, and to place orders with your company in advance, thereby to shorten the time needed to deliver products to customers. Therefore, we would appreciate if you could use RB Link to automatically provide information concerning weather, production volume and prices of agricultural and marine products in Negoland and other relevant information stored in the computer system of Red Corp. For this reason, we would like to add a new information management system to the RB link. Smart Blue uses the information available through the information management system to forecast orders from customers, and places orders through the account management systems.
We would pay you US$30,000 per year in consideration of the provision of information.

Exhibit 7A



RB Dashboard
RB Dashboard
Via RB Link, the information of both Red Corp. and Blue, Inc. is always same.
Both information of the Account Management System relating the transaction between Red Corp. and Blue, Inc. (Information of Red Corp.'s inventory and prices, Blue, Inc.'s order, shipping status, and etc.), and information of the Information Management System which Red Corp. and Blue, Inc had decided to share, are displayed in real-time
④ After ③, screen for the Account Management System had displayed "US$ 200". Screen for the Information Management System had displayed "US$ 50".
⑧ After order information of ⑥ has been sent, screen for the Account Management System had displayed "Order of 10,000 Nego Crabs at US$ 200 each, and also shipping status thereafter.
①Input @200 US$ to the system
Red Corp.'s person incharge
Account Management System (handle the sales order process)
②The information concerning price which is in the Account Management System is automatically shared (No information in the Information Management System is provided with the Account Management System)
③Only the data in the Information Management System was altered
Information Management System (manage the information concerning market and etc.)
The information obtained through Red's own research
The information acquired from the third parties
⑦Information that "Blue, Inc. orders 10,000 Nego Crabs" via Account Management System of the RB Link (except for information of sales price)
a. Information provided by Red Corp. through the Information Management System of RB Link
⑤Information that the Red's sales price of Nego Crab is US$50 each
Smart Blue
b. Information held by Blue, Inc. (order data in the past between Red Corp. and Blue, Inc., customers' order data in the past, market trends, and etc.)
c. Information from other sources
⑥Forecast customers' order based on the information of a ~ c. and issue orders. Information of the Account Management System is not used for forecasting
Red Corp. Side
Blue, Inc. Side
Undisputed Facts relating to the Systems of the Red Corp. and Blue, Inc.

Exhibit 8

Contract

Date: March 9, 2019

Seller: Blue, Inc. and

Buyer: Green Corp.

have this day entered into a contract on the following terms and conditions.

1. Goods: Nego Crab: First Class
2. Quantity: 10,000
3. Price: US$100 per a piece
4. Shipment: Goods shall be dispatched by airplane on or before March 10, 2019
5. Payment: Buyer shall pay 100% of the invoice amount to the bank account designated by Seller within 2 weeks after its receipt of the Goods.
6. Trade Term: DDP Abu-Abu (Incoterms ® 2010)
7. Cost: Transportation cost and custom duties shall be paid by Seller.
8. Warranty: Seller makes no warranty or condition, expressly or impliedly, as to the fitness of the Goods for any particular purpose or the merchantability thereof.

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10. Force Majeure: Neither party shall be liable for failure to perform or delay in performing any obligation hereunder to the extent that such failure or delay is attributable to Force Majeure. The term Force Majeure shall mean such acts, happenings, causes or circumstances as, including, but not limited to, war, civil disturbance, labor difficulties or direction of a governmental authority which are beyond the reasonable control of the party affected.

11. Governing Law: This Agreement shall be construed and governed by UNIDROIT Principles for International Commercial Contracts 2016.

12. Arbitration: Any dispute arising out of or under this Agreement shall be settled by arbitration in accordance with UNCITRAL Arbitration Rules, in the edition current at the date of this contract.

Seller: ____________ Buyer: ____________

Exhibit 9

Minutes

Date: May 15, 2014

Venue: Red Corp. Main Conference Room

Attendants: Red Corp.

President	Nomura
Senior Managing Director	Canary
Operations Department Manager	Peacock

Blue, Inc.

Managing Director	Diamond
Ready-to-eat Food Business Department Manager	Emerald
Ready-to-eat Food Business Department Assistant Manager	Sapphire
Ready-to-eat Food Business Department Member	Pearl

1. Red Corp. and Blue, Inc. exchanged their views on the demand of ready-to-eat foods in Negoland and other countries. As a result, they shared the following understanding.
   - Sales of Blue Noodles in Negoland are strong, and are expected to increase further in the future.
   - Future demand for ready-to-eat foods in Negoland is expected to further grow.
   - In addition to such growth in demand, Negoland has plenty of excellent food ingredients that can be used as raw materials for ready-to-eat foods, and a highly-skilled labor force can also be obtained at a lower cost compared to Arbitria.
   - Red Corp. has already established, through sales of Blue Noodles, effective sales channels to sell ready-to-eat foods in Negoland.

2. Based on the above understanding, Red Corp. and Blue, Inc. agreed to establish the following joint venture.
   (1) Business to be carried out by the joint venture: Manufacture of ready-to-eat foods
   (2) Name of the joint venture: Yellow Corp. (a corporation to be established under the laws of Negoland)

(3) Original capital contribution ratios: Red Corp. US$200,000; Blue, Inc. US$300,000

(4) Commencement of business: January 2015

(5) Governance: The Board of Directors consists of 5 directors; 2 will be sent from Red Corp. and 3 will be sent from Blue, Inc.

(6) Roles of the parties

- Red Corp. shall be responsible for securing the facility for the joint venture, acquiring necessary permits and licenses, securing manufacturing staff, and selling products in Negoland.
- Blue, Inc. shall be responsible for providing manufacturing technologies, sending engineers with the knowledge of manufacturing technologies and selling products outside Negoland.

(7) In the beginning, the joint venture will manufacture Blue Noodles. Although manufacturing of other ready-to-eat foods that are produced by Blue (for example, frozen foods) in the future is not excluded, it shall be determined by Red Corp. and Blue, Inc. through faithful negotiation in consideration of market trends, manufacturing technologies and other relevant factors.

3. For future procedures, Red Corp. and Blue, Inc. agreed as follows.

(1) Red Corp. and Blue, Inc. will enter into an agreement concerning this matter by the end of the year.

Exhibit 10

Joint Venture Agreement

THIS AGREEMENT made as of December 15, 2014 by and between Red Corporation, a corporation duly incorporated and existing under the laws of Negoland, having its principal place of business at….., Negoland (“Red”) and Blue, Inc., a company duly incorporated and existing under the laws of Arbitria, having its principal place of business at …., Arbitria (“Blue”)

WITNESSETH:

WHEREAS Red is engaged in the business of production and sales of agricultural and fishery products in Negoland,
WHEREAS Blue is engaged in the business of food products in Arbitria, and
WHEREAS Red and Blue wish to cooperate in producing and marketing instant foods (“Products”) in Negoland and other countries.

THE PARTIES AGREE as follows:

1. Joint Venture Company

1.1 By the end of January 1, 2015, Red and Blue shall cause incorporation and commencement of operations of a joint venture company in Negoland, to be named Yellow Corp., Ltd. (“Yellow”).
1.2 Red will provide staff, equipment and facilities and Blue will provide technology and staff to commence the operation of Yellow.

2. Incorporation of Yellow

2.1 The objects of Yellow are to engage in i) producing Products and ii) other business relating or incidental to the foregoing.
2.2 The initial paid-in capital of Yellow shall be US Dollars 500,000. Red shall contribute US Dollar 200,000 and Blue shall contribute US Dollar 300,000.
2.3 Transfer of Yellow shares shall be subject to the approval of the Board of Directors of Yellow.

3. Corporate Governance of Yellow

3.1 The number of the members of the Board of Directors shall be five. Two directors shall be nominated by Red and three shall be appointed by Blue.

4. Important Corporate Actions of Yellow

4.1 The following actions shall require an affirmative vote of a Meeting of the Board of Directors:

a) Adoption and modification of annual business plans, budgets and capital expenditure budgets;

b) Borrowing, lending or extending credit, at any one time, in excess of US Dollar 100,000;

c) A transaction which would cause the total borrowing, lending, credits, guaranty and indemnity outstanding to exceed US Dollar 100,000;

d) Entering into agreements to employ a person for a remuneration in excess of US Dollar 100,000 per year;

e) Initiating or terminating litigation, arbitration or administrative proceedings;

f) Any decision which would materially affect the scope of business of Yellow or which would materially affect the financial condition of Yellow.

4.2 The following actions shall require unanimous vote of the shareholders of Yellow:

a) Amendment to the Articles of Incorporation;

b) Change in the number of shares Yellow is authorized to issue;

c) Creating different classes of shares including preferred shares;

d) Listing and delisting of the shares of Yellow on a stock exchange;

e) Sale, transfer or disposal of a material part of the business or assets of Yellow;

f) Dissolution or liquidation of Yellow.

5. Transfer of Shares

5.1 Either Red or Blue may sell all of its shares in Yellow (and only all of its shares) to the other party. The offer shall be in writing and shall set forth the price. The offeree shall have an exclusive option for a period of 45 days to buy the shares at a price not lower than the offered price.

5.2 In the event the offeree fails to exercise its option within the applicable period above, and only in that event, the offeror shall be free to sell all the offered shares to a third party at a price not lower than the price earlier offered to the other party. If sale does not take place within 40 days following the expiration of the abovementioned applicable period, the offeror shall forgo the sale or this Agreement shall terminate.

5.3 In the event of the sale of shares by either party, Yellow shall change the name of the company to reflect the change in ownership.

5.4 Neither party may pledge any shares of Yellow without the prior written approval of the other party.

6. Deadlock

6.1 If a decision is not made at a Meeting of Shareholders or by the Board of Directors because of a tie vote, the directors or shareholders, as the case may be, shall seek to find a way of resolving the relevant issues. If they are not successful after 30 business days, the matter shall be referred to a meeting of the senior management of parties.

7. Marketing

7.1 All Products of Yellow shall be sold to either Red or Blue.
7.2 Red shall be responsible for the marketing and sale of the Products in Negoland and Blue shall be responsible for the same in other countries, including Arbitria.

8. Distribution of Profit

8.1 In each fiscal year, the net profit of Yellow shall be distributed to Red and Blue as dividends in the shareholding ratio.

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14. Responsibilities of Parties

14.1 Both parties shall use their best efforts and shall cooperate with each other in good faith to make the business of Yellow to be successful.
14.2 Blue shall provide Yellow necessary technologies, information, patents and know-how to produce Products.
14.3 Neither party shall carry on nor be engaged in any business that competes with the business of Yellow during the period of this Agreement.

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18. Assignment

18.1 Assignment of any right or obligation under this Agreement without prior written approval of the parties shall be void.

19.Termination of the Agreement

19.1 This Agreement shall terminate when:

a) Material breach of this Agreement is not cured within 30 days and the party not in breach chooses to terminate;
b) Red and Blue agree on termination;
c) Material change in the ownership or control of either of the parties occurs;
d) Liquidation of Red or Blue voluntarily or otherwise; insolvency or bankruptcy of Red or Blue; or
e) Any resolution of the Meeting of Shareholders requiring termination.

20. Settlement of Disputes and Governing Norms

20.1 Any dispute, controversy or difference which may arise between the parties out of or in relation to or in connection with this Agreement or for the breach thereof shall be amicably settled by consultation among the parties.

20.2 All such disputes, controversies and differences, if not settled amicably, shall be finally settled by arbitration to be held at Tokyo under UNCITRAL Arbitration Rules by three arbitrators.

20.3 In resolving disputes, the arbitrators shall take into consideration the UNIDROIT Principles of International Commercial Contracts 2016 and shall apply rules of reason that the arbitrators find applicable.

21.

IN WITNESS WHEREOF,

Red Corp.	Blue, Inc.
By:	By:

Exhibit 11

TO: Blue, Inc.
FM: Red Corp.
Date: October 12, 2017
Re:Re:Re: Blue Hot

Thank you for your e-mail. If so, that cannot be helped. Let's focus on Blue Noodles and Yellow Quick.
Thank you for your continued support.

TO: Red Corp.
FM: Blue, Inc.
Date: October 10, 2017
Re: Re: Blue Hot

Dear Sir,
Thank you very much for your message regarding our "Blue Hot." We appreciate your proposals that Blue Hot be manufactured by the joint venture with your company, Yellow Corp., and sales in Negoland be carried out by your company.
We considered your proposals within the company, but at this time, we would like to pass on both of your proposals. As for manufacturing by Yellow Corp., "Blue Hot" uses a special manufacturing technology, and we think that manufacturing them at any plant other than the plant in Arbitria would be difficult. Also, for the time being, the manufacturing volume is limited, and our intention is to sell them only within Arbitria.
To our company, the subject of our Joint Venture Agreement is basically "Blue Noodles", and we do not think that "Blue Hot" should be assumed to be subject to the Joint Venture Agreement.

TO: Blue, Inc.
FM: Red Corp.
Date: October 5, 2017
Re: Blue Hot

Dear Sir,

We are contacting you regarding "Blue Hot" which your company started to manufacture and sell recently. As is the case of the "Blue Noodle" series and the "Yellow Quick" series, "Blue Hot" fits the preference of people in Negoland, that is, the desire to eat tasty food easily. We think that if "Blue Hot" is manufactured and sold in Negoland, it will be a big hit for sure. "Blue Hot" is a ready-to-eat food that is a subject of the joint venture agreement between our company and your company, and we would like to have them manufactured by Yellow Corp. as well, and our company wishes to sell them in Negoland. We believe that this will serve the interests of both your company and our company, as well as Yellow Corp. We would appreciate if your company could consider our proposal.

Exhibit 12

Expert Opinion of Professor Bob Orange

Sales of "Blue Hot" in Negoland have been significantly affecting sales of Yellow Quick in Negoland. Sales of the "Yellow Quick" series between January and December 2018 decreased by half compared with 2017, amounting to US$10 million. According to my market research, as well as analysis by other professionals, there are quite a few people in Negoland who think that "Blue Hot" is better than "Yellow Quick" in that "Blue Hot" is a new product that allows people to enjoy tasty food easily and quickly without using hot water. Especially for beef stew and aqua pazza which are part of both "Yellow Quick" and "Blue Hot" product lines, it is evident that people tend to choose "Blue Hot."

If "Blue Hot" continues to be supplied in Negoland, in my opinion, sales of "Yellow Quick" in 2019 and subsequent years will continue to be at the same level as in 2018. In countries other than Negoland, the tendency of consumers to see "Blue Hot" as a product that competes with "Yellow Quick" appears to be not as high as Negoland. Even so, it has been confirmed that the total annual sales in FY 2018 was down by about US$10 million, and I think that a similar situation will continue in 2019.

＊The chart below shows the circumstances regarding the "Yellow Quick" series which are prepared by the Arbitral Tribunal based on the facts found by the tribunal and on the testimony of Professor Bob Orange

	Negoland		Other than Negoland	
	Decrease of Sales	Decrease of Profit of Yellow (10% of the decrease of sales)	Decrease of Sales	Decrease of Profit of Yellow (10% of the decrease of sales)
2018	US$ 10million	US$ 1 million	US$10 million	US$ 1 million
2019 (forecast)	US$ 10million	US$ 1 million	US$10 million	US$ 1 million

Exhibit 13

TO: Red Corp.
FM: Blue, Inc.
Date: February 8, 2019
Re: Re: Re: Re: Blue Hot

We have started the sales of “Blue Hot” to Brown Trading Corp. in January 2018. When we started the transaction with Brown Trading Corp., we knew that Brown Trading Corp. intended to sell “Blue Hot” not only in Arbitria, but also in Negoland. In the contract between our company and Brown Trading Corp., there is no provision which restricts Brown Trading Corp.’s selling of “Blue Hot” series in Negoland, and we do not consider it necessary to have such a provision. We do not consider there is no breach of the Joint Venture Agreement on our side.

————————————————————————————————————

TO: Blue, Inc.
FM: Red Corp.
Date: February 6, 2019
Re: Re: Re: Blue Hot

When did you start selling “Blue Hot” series to Brown Trading Corp.? Did you know that Brown Trading Corp. intended to sell “Blue Hot” in Negoland? In an agreement with Brown Trading Corp., do you have a provision that prohibits Brown Trading Corp. to sell “Blue Hot” in Negoland?
Even though Brown Trading Corp. is a party that is selling “Blue Hot”, it is our opinion that the fact that you make it possible for Brown Trading Corp. to do so in Negoland constitutes your breach of the Joint Venture Agreement.

TO: Red Corp.
FM: Blue, Inc.
Date: February 5, 2019
Re: Re: Blue Hot

Dear Sir,

Thank you very much for your message regarding our "Blue Hot." Although "Blue Hot" is a ready-to-eat food, it uses technologies that are completely different from those used for "Blue Noodles" and "Yellow Quick" which are the subject of the joint venture, and therefore, "Blue Hot" is not subject to the joint venture. "Blue Hot" is a product independently developed and manufactured by our company, and it is our view that "Blue Hot" is not relevant to the joint venture. Even though a decrease in sales of "Yellow Quick" might have occurred consequently, the joint venture agreement does not contain any provision prohibiting our company from engaging in our own business. It is not Blue, Inc. that sells Blue Hot, but Brown Trading Corp. We manufacture "Blue Hot" series in Arbitria and sell it to Brown Trading Corp. in Arbitria. It is Brown Trading Corp. that is selling "Blue Hot" in Negoland.
Therefore, we cannot accept your request.

TO: Blue, Inc.
FM: Red Corp.
Date: February 1, 2019
Re: Blue Hot

Dear Sir,
We are contacting you regarding "Blue Hot" of your company. As your company is aware, sales of "Yellow Quick" manufactured by Yellow Corp. are decreasing due to sales of "Blue Hot" in Negoland. I have to say that selling "Blue Hot" is a breach of our joint venture agreement. We request that your company immediately stop selling any "Blue Hot" products that compete with "Yellow Quick". If doing so is difficult, as an alternative, we request that Yellow Corp. manufacture "Blue Hot" and our company sell them in Negoland. We wish to start necessary negotiations immediately. In 2018, sales of "Yellow Quick" by Yellow Corp. have dropped due to sales of "Blue Hot," and consequently Yellow Corp. has suffered a decline in profit. We request that your company indemnify our company for the lost profit.

Exhibit 14

Terms of Reference

1． Crab Case

(1) Issues on which the Claimant Blue, Inc. requests a ruling

① Red Corp. shall pay US$500,000 to Blue, Inc.

② The counterclaim of Red Corp. shall be dismissed.

(2) Issues on which the Respondent Red Corp. requests a ruling

① Blue, Inc. shall pay US$2 million to Red Corp.

② The claim of Blue Inc. shall be dismissed.

(3) Issues in dispute

① Whether a sale and purchase agreement for 10,000 Nego crabs was effectively concluded between Red Corp. and Blue, Inc. If an agreement was effectively concluded, what is the price of Nego crab per crab? If an agreement was concluded, whether Blue, Inc. may cancel the agreement.

② If a sale and purchase agreement for 10,000 Nego crabs for US$2 million was effectively concluded between Red Corp. and Blue, Inc., whether there is a situation under which Blue, Inc. is obligated to reduce the amount to be paid to Red Corp. If it is claimed that there is such a situation, what is the legal basis for the reduction?

③ Whether Red Corp. has the obligation to pay US$500,000 to Blue, Inc. for the sale of Nego crabs to Green Corp.

2． Blue Hot Case

(1) Issues on which the Claimant Red Corp. requests a ruling

① Blue, Inc. shall not sell “Blue Hot” series in Negoland. In addition, Blue, Inc. shall not supply “Blue Hot” series to any third party that sells them in Negoland.

② Blue, Inc. to pay US$400,000 to Red Corp.

(2) Issues on which the Respondent Blue, Inc. requests a ruling

① The claims of Red Corp. shall be dismissed.

(3) Issues in dispute

① Whether the sales of “Blue Hot” by Blue, Inc. in Negoland or the sales of “Blue Hot” at the stores of Brown Trading Corp. in Negoland constitute a breach of obligation by Blue, Inc. under the joint venture agreement between Red Corp. and Blue, Inc.

② Whether the Arbitral Tribunal should render an arbitral award that Blue, Inc. shall not sell “Blue Hot” series in Negoland, and an arbitral award that Blue, Inc. shall not supply “Blue Hot” series to any third party that sells them in Negoland.

③ If there was a breach of obligation on the part of Blue, Inc. in Issue ①, whether Blue, Inc. owes the obligation to pay US$400,000 for damages to Red Corp. on the ground that profit of Yellow Corp. in Negoland decreased in 2018.

* The parties do not dispute that according to the joint venture agreement, net profit earned by Yellow Corp. shall be distributed annually according to the shareholding ratios, and if Blue, Inc. is legally liable for the decrease of profit of Yellow Corp., Red Corp.’s damage is 40 % (which is Red Corp.’s shareholding ratio) of Yellow Corp.’s reduced amount of revenue.

* In relation to this Problem, you need not consider the application of anti-trust laws.

Exhibit 15

To the Arbitral Tribunal

Representative of Blue, Inc.

We have obtained information that Red Corp. had entered into an agreement with a third party fund (an agreement concerning so-called third party funding under which the fund provides Red Corp. with funds for the arbitration, in exchange for payment to the fund by Red Corp. of a certain percentage of the money awarded to Red Corp., if the claims of Red Corp. are accepted) concerning the payment of arbitration costs, and information that this fund has a vested interest in one of the arbitrators. Depending on the contents of the agreement concerning the payment of arbitration costs and the relationship between the fund and the arbitrator, we may need to take procedures to challenge the arbitrator. Therefore, we request that the Arbitral Tribunal order Red Corp. to disclose the contents of the agreement.

Exhibit 16

To the Arbitral Tribunal

Representative of Red Corp.

We admit that we entered into an agreement concerning third party funding. However, this fund is not a party to the arbitral proceedings, and Red Corp. has no obligation to disclose the contents of the agreement with the fund. Furthermore, under the agreement, we are prohibited from disclosing the identity of the other party and the contents of the agreement to any third party. Therefore, we request that the Arbitral Tribunal deny the petition by Blue, Inc.