

ALBA LAW OFFICES

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HIGHLIGHTS OF THE MONTH

- **A Delhi District Court awards permanent injunction in favour of Nike in an infringement action**

[Nike Innovate C.V. v. Kotton Club, (CS (COMM) 534/2020)]

In the present matter, a Delhi District Court has awarded permanent injunction in favour of the Nike given that the defendant was found to be selling goods bearing deceptively and confusingly similar marks to the various trademarks owned by Nike, including its house mark 'Nike' and the swoosh design it is known for. The District Court found the defendant to have engaged in the sale of counterfeit products with the sole intent to deceive and mislead the consumers of the origin source of the said counterfeit products and that such acts were found to be of threat to the goodwill associated with Nike as well as loss of business due to sale of such sub-standard fraudulent goods.

- **The Delhi High Court restores Davidoff's house mark "DAVIDOFF" after challenging its removal on grounds of non-use**

[Zine Davidoff S.A. v. Union of India & Anr., (W.P.(C)-IPD 57/2021)]

The Delhi High Court ordered the restoration of the 'DAVIDOFF' trademark to the Trade Marks Register. In its reasoning, the Court emphasized that Section 25(3) of the Trade Marks Act, 1958 explicitly states that before the expiration of the last registration of a trademark, the Registrar must notify the proprietor of the upcoming expiration and the conditions as to payment of fees and submission of documents for renewal. Further, Rule 64 of the Trade Marks Rules, 1959 prescribes the procedural requirement of sending the mandatory notice to inform the registered proprietor of the approaching deadline.

	The Court found that the Trade Marks Registry had not issued this mandatory notice to Davidoff which was confirmed through an affidavit submitted by the Registry. Justice Amit Bansal held that this failure deprived Davidoff of the chance to renew the mark, making the removal legally unsustainable. The Court also cited precedents supporting that proprietors should not suffer due to administrative errors.
○	A Delhi District Court delivers ex-parte judgement in favour of Super Cassettes India Private Limited in a copyright dispute <i>[Super Cassettes Industries Private Limited v. Digital Cable Network, (CS(COMM) 1234/2023)]</i> In the present matter, a Delhi District Court delivered an ex-parte judgement of permanent injunctions and damages in favour of the plaintiff, Super Cassettes, for copyright infringement by the defendant who commercially utilized the plaintiff's works without the requisite license mandated under the Copyright Act, 1957 (the Act). The District Court, upon review of the evidence and documents put on record before it, ascertained that the plaintiff was indeed the copyright owner of the songs and videos which the plaintiff provides under its label 'T-Series'. The defendant who is a cable operator was dealing in broadcasting and playing the plaintiff's copyrighted works through its cable network that had a substantial reach. Furthermore, the defendant had gone as far as to remove/over-shadow the plaintiff's label over the copyrighted works and had placed its own label/trademark.
○	The Delhi High Court is set to hear Amazon's challenge to the infringement order in the 'Beverly Hills Polo Club' dispute <i>[Amazon Technologies Inc v. Lifestyle Equities CV & Anr., (RFA(OS)(COMM)-11/2025)]</i> The Delhi High Court is set to hear Amazon's challenge to the verdict pronounced by the Single Bench of the Delhi High Court, having directed

	Amazon to pay Rs 350 Crores in damages for trademark infringement of the ‘Beverly Hills Polo Club’ trademark. Amazon had maintained that it ought not to be held liable for infringement as it was merely an intermediary, however, the Single Judge had found Amazon liable for deliberate and willful infringement since it had acted in the capacity of a retailer as well.
○	The Delhi High Court has referred key questions relating to trademark infringement actions to a larger bench <i>[Abros Sports International Pvt. Ltd. v. Ashish Bansal And Ors. (FAO(OS) (COMM) 140/2024)]</i> The Delhi High Court has referred a set of crucial questions concerning trademark infringement to a larger bench due to disagreement between two coordinate benches. The core issue is whether a registered trademark holder can sue another registered trademark holder for infringement of the former's mark, and if so, under what conditions can a Court issue an interim injunction against the use of the allegedly infringing registered trademark. The referring bench in the present case disagreed with the earlier view expressed by another bench in <i>Raj Kumar Prasad v. Abbott Healthcare Pvt. Ltd.</i> (2014), which had held that an infringement action could indeed lie against a registered proprietor, and an injunction could be granted. The current referring bench opined that allowing injunctions against registered trademarks would contradict several sections of the Trade Marks Act, 1999 (Act). The specific questions referred to the larger bench are: • Can a suit for infringement be filed against the owner of a registered trademark regarding the use of that trademark?

- If such a suit is permissible, can the Court issue an interim order to restrain the defendant from using their allegedly infringing registered trademark?
- If the Court has this power, can it issue an injunction without first going through the process which involves the defendant raising a defense under Section 30(2)(e) of the Act, the plaintiff pleading invalidity, the Court finding the invalidity plea tenable, framing an issue, adjourning the suit for rectification proceedings, initiation of such proceedings by the defendant, and staying the suit pending the outcome? OR Is a mere plea of invalidity in the plaint sufficient for the Court to grant an injunction based on prima facie infringement without following the aforementioned steps?

This reference arose in an appeal by Abros Sports International seeking an injunction against the 'NEBROS' trademark, owned by the respondent, which they claim is deceptively similar to their registered mark 'ABROS'. The bench has deferred the final judgment in this appeal pending the decision of the larger bench on these fundamental questions of trademark law.

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○ **The Delhi High Court grants permanent injunction to Eureka Forbes in Aquaguard Counterfeiting Case**

[Eureka Forbes Limited (Formerly Forbes Enviro Solutions Limited) v. Nandan Sales & Ors. (CS(COMM) 566/2023)]

The Delhi High Court has ruled in favour of Eureka Forbes Limited (Eureka Forbes), the prominent home appliance manufacturer, granting a permanent injunction against various dealers engaged in the counterfeiting and unauthorized sale of spare parts and consumables for its renowned 'AQUAGUARD' products. The High Court observed that Eureka Forbes,

through its long and continuous use, has acquired trademark and copyright rights over the 'AQUAGUARD' labels and other formative 'AQUA' marks.

The defendants in the case included dealers/distributors from Maharashtra, Odisha and Delhi along with a John Doe defendant. The Court observed that the manufacture and sale of counterfeit versions of the Eureka Forbes' AQUA brand products was deliberate, unjustified, and intended solely to capitalise on the Eureka Forbes' established goodwill. It highlighted the risks of consumer confusion, dilution of Eureka Forbes' brand distinctiveness, erosion of public trust, and severe threat to its business interests and reputation due to the lack of quality control over the infringing goods.

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○ **The Delhi High Court holds that foreign trademark registration does not guarantee protection in India**

[Mankind Pharma Limited v. Zhejiang Yige Enterprise Management Group Co. Ltd. & Anr. (C.A.(COMM.IPD-TM) 02/2024)]

The Delhi High Court clarified that the registration of a trademark in foreign jurisdictions does not automatically entitle its registration in India, emphasizing the need for distinctiveness and the prevention of consumer confusion, particularly in the pharmaceutical sector.

The case arose from Mankind Pharma's (Appellant) objection to the registration of the trademark "FLORASIS" by a Chinese company, Zhejiang Yige Enterprise Management Group Co. Ltd. (Respondent). The registration was opposed primarily due to its similarity to Appellant's registered trademark "FLORA". The Deputy Registrar of Trademarks (Deputy Registrar) had rejected Appellant's objections, citing the *bona fide* intent of the Respondent, the registration of "FLORASIS" in various countries, the visual, phonetic, and structural differences between the marks, FLORASIS and FLORA, and the

addition of Mandarin characters to “FLORASIS” as conferring uniqueness. Appellant appealed against the said decision, arguing that despite the goods under the rival marks not being identical, both marks were sold through similar trade channels, creating a likelihood of confusion among consumers with imperfect recollection. It also contended that the mere addition of the suffix “SIS” and a Mandarin character did not sufficiently distinguish “FLORASIS” from “FLORA,” and that pharmaceutical trademarks require stricter scrutiny due to public health implications.

The High Court agreed with the Appellant and observed that “FLORASIS” was visually, structurally, and phonetically similar to “FLORA,” likely to be perceived as a variant of Appellant’s brand, thus risking confusion, suspicion, or deception among the public. The Court rejected the Deputy Registrar’s reliance on foreign registrations, stating, “simpliciter registration of a mark in another jurisdiction does not entitle a person/entity for registration of the same in India,” and dismissed the distinctiveness added by the Mandarin character, noting its indecipherability to the Indian public. The Court allowed Appellant’s appeal, directing the Deputy Registrar to remove the “FLORASIS” registration from the trademark registry.

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- **The Delhi High Court upholds registrability of numerical Trademark “2929” for cosmetic products**

[Vineet Kapur v. Registrar of Trade Marks (C.A.(COMM.IPD-TM) 22/2024)]

The Delhi High Court overturned the Registrar of Trade Marks’ (Registrar) refusal to register the numerical trademark “2929” for cosmetic and personal care products in Class 3, affirming that numerical marks can be registrable when they are arbitrary and distinctive. The trademark application was initially rejected by the Registrar on the grounds that a simple combination of

common numerals lacked distinctiveness and could not function as a trade mark.

In an appeal before the High Court, it was argued by the appellant that “2929” was a coined, arbitrary mark with no descriptive connection to the goods, inherently distinctive, and capable of registration without requiring proof of acquired distinctiveness or long-term use. The appellant further supported his case by contending that he had already registered other numerical marks, such as “9292,” “1111,” and “1010,” for similar goods in the same class. The Court emphasized that the Trade Marks Act, 1999 explicitly includes numerals within the definition of a “mark.” It held that the mere use of numbers is not a valid basis for refusal. Instead, the key criterion is whether the mark can distinguish the applicant’s goods from others. Finding that “2929” had no relation to the characteristics of cosmetic products and was not commonly used in the trade, the Court deemed it inherently distinctive and arbitrary. Drawing on precedents where numerical marks like “501,” “345,” “555,” and “91” were granted protection, the Court underscored that numerical sequences can serve as valid source identifiers when used distinctively.

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- **The Delhi High Court issues compulsory license for sound recording use, rejects Phonographic Performance Ltd.’s high licensing fees**

[Al Hamd Tradenation v. Phonographic Performance Limited (C.O.(COMM.IPD-CR) 8/2024)]

The Delhi High Court addressed the issue of compulsory licensing under Section 31(1)(a) of the Copyright Act, 1957 (Act), granting Al Hamd Tradenation (Al Hamd) a compulsory license to use sound recordings for a small corporate event after Phonographic Performance Limited (PPL) imposed unreasonable licensing fees. Al Hamd, planning a 50-attendee event, sought a license from PPL, which quoted Rs. 49,500, close to its standard tariff

of Rs. 55,440 for events of 1–150 people. Al Hamd countered with an offer of Rs. 16,500, proportional to the event’s scale, which PPL rejected. Thereafter, the PPL filed an infringement suit against Al Hamd and Al Hamd filed a petition for compulsory license before the Delhi High Court. PPL argued that it had not refused the license but merely enforced its standard tariff, asserting that compulsory licensing under Section 31(1)(a) of the Act applies only when a work is entirely withheld from the public and does not cover sound recordings for public performances. The Court, however, rejected these claims, relying on the Supreme Court’s decision in *Entertainment Network (India) Ltd. v. Super Cassette Industries Ltd.* (2008), which established that unreasonable or arbitrary licensing terms amounts to refusal from owner of the copyright. The Court clarified that sound recordings are “works” under Section 2(y) of the Act, and their public performance, including at events, falls within the scope of compulsory licensing. The Court found such heavy fees as burdensome for small organizers and inconsistent with fair practices.

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○ **The Delhi High Court grants interim injunction, restrains use of "Max Mueller Institute"**

[Goethe-Institut E.V. v. Abhishek Yadav & Anr. (CS(COMM) 541/2024)]

The Delhi High Court granted an interim injunction in favour of Goethe-Institut E.V. (Plaintiff), a German society operating six educational institutes in India under the name “Max Mueller Bhavan,” against Abhishek Yadav and another defendants (Defendants) who are using the name “Max Mueller Institute” for similar German language education services.

In this case, Plaintiff, which has used the “Max Mueller Bhavan” mark since 1957, argued that the Defendants, who adopted “Max Mueller Institute” in 2018, intentionally mimicked its mark to misrepresent an association, particularly as their students must enroll with the Plaintiff for examinations

and certification. The Defendants countered that they held a registered trademark, while Plaintiff's applications were pending, and claimed "Max Mueller Bhavan" was merely the name of a building, not a trademark. However, the Court rejected this, citing extensive evidence, i.e., newspaper reports, social media, MoUs, invoices, and the German Embassy's website, demonstrating that "Max Mueller Bhavan" is prominently used and recognized as the name of 'Goethe-Institut' institutes in India. Highlighting the risk of confusion in the education sector, the Court observed that the Defendants' website appeared in web searches for 'Goethe-Institut', and their courses were advertised as aligned with Plaintiff standards, increasing the likelihood of public confusion. The Court granted the interim injunction, restraining the Defendants from using "Max Mueller Institute" to prevent further misrepresentation and confusion.

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- **The Delhi Court grants interim injunction against the use of 'FoxMandal' trademark and domain name**

[Somabrata Mandal & Anr. v. Shuvabrata Mandal & Anr. (CS. COMM. – 346/2025)]

A Delhi Court has issued an interim injunction against Defendants, i.e., Shuvabrata Mandal and Shouryabrata Mandal, restraining them from offering legal services under the trademark 'FoxMandal' in word and device form and using the domain name 'www.foxmandal.in'.

The Defendants and Plaintiff no.1, Somabrata Mandal, are brothers. The Defendants have been running a law firm under the name Fox Mandal and Associates since the year 1996 whereas the Plaintiff no.2, the law firm Fox Mandal & Co., was established in 1984 and the same has built significant goodwill around the 'FoxMandal' name.

In the present matter, it was stated by the Plaintiffs that in 2011 Plaintiff's father and Defendants had applied for registration of the mark Fox Mandal & Associates and the Plaintiff had agreed to the use of the mark Fox Mandal & Associates by the Defendant but not to the use of FoxMandal.

The Plaintiff, in the present matter, moved to the Patiala House Court against the use of marks, namely, FoxMandal word mark and  device mark and the website foxmandal.in by the Defendant contending similarity of the said marks and the website to the Plaintiff's marks and the website.

The Court concluded that the above-noted marks are identical and/or deceptively similar to Plaintiff's marks which are prior to the above-noted marks. Consequently, the Court restrained the Defendants from using the 'FoxMandal' mark in word and device forms and the domain name www.foxmandal.in until further orders.

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- **The Delhi High Court rejects trademark infringement and passing off claim over common name 'NEHA'**

[Inder Raj Sahni Proprietor M/S Sahni Cosmetics. V. Neha Herbals Pvt. Ltd. and Anr (C.O. (COMM.IPD-TM) 355/2021)]

The Delhi High Court dismissed a suit for trademark infringement and passing off, holding that the mark 'NEHA', being a common Indian forename, lacks inherent distinctiveness and therefore does not enjoy blanket protection across all goods in Class 3, in absence of acquiring secondary meaning. The plaintiffs, engaged in the business of mehndi and herbal hair-care products since the 1990s, alleged that the defendant's use of 'NEHA' on cold creams infringed their registered trademark and constituted passing off.

The Court found that while the plaintiffs had established prior and continuous use of the mark 'NEHA' in relation to mehndi and allied herbal products, they failed to demonstrate that this goodwill extended to skincare creams or general cosmetics. Further, the defendant's inconsistent claims regarding first use (1990 before the Court vs. 1998 before the Trade Marks Registry) eroded its assertion of prior adoption. Nevertheless, the Court emphasized that merely being under the same class does not render the products, in the present matter - mehndi and cold creams, functionally or commercially allied.

The Court held that common or descriptive marks such as 'NEHA' are entitled to limited protection and must acquire secondary meaning in relation to the goods in question to establish exclusivity. In the absence of such proof regarding the skincare category, the plaintiffs' claims of infringement and common law passing off were untenable. The Court also declined to cancel the plaintiffs' registrations, finding no statutory ground for removal. Accordingly, both the suit and the defendant's cancellation petition were dismissed.

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- **The Delhi High Court grants interim injunction protecting 'Andaz Apna Apna' intellectual property**

[Vinay Pictures Through Its Proprietress V. Good Hope & Ors. (CS(COMM) 475/2025)]

The Delhi High Court granted an ex parte ad interim injunction restraining the unauthorized use of intellectual property associated with the 1994 Hindi film *Andaz Apna Apna*. The plaintiff, Vinay Pictures, asserted exclusive ownership over the film's title, characters, dialogues, costumes, and other creative elements, alleging that the defendants were infringing upon these rights by hosting, streaming, and creating derivative content, including AI-generated material, without authorization.

Justice Amit Bansal observed that the plaintiff had established a prima facie case for the grant of interim relief. The Court noted that the film's distinctive elements had acquired significant secondary meaning and were closely associated with the plaintiff's proprietary rights. Unauthorized use of these elements was likely to cause irreparable harm and dilute the distinctiveness of the film's intellectual property.

Accordingly, the Court restrained the defendants, including unnamed parties (John Does), from engaging in any activities that involved hosting, streaming, distributing, or creating content, whether visual, audio, or AI-generated, that replicated or was derivative of *Andaz Apna Apna*.

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○ **The Calcutta High Court clarifies application of Section 3(b) of the Patents Act**

[ITC Limited v. The Controller of Patents, Designs and Trademarks (IPDPTA/13/2024)]

In the present case, the Calcutta High Court addressed the rejection of a patent application for a "Heater Assembly to Generate Aerosol" (a device linked to aerosol- generating products like electronic cigarettes) by ITC Limited. The Controller of Patents had denied the application under Section 3(b) of the Patents Act, 1970 ("Patents Act") which prohibits the patenting of inventions whose use or exploitation would be contrary to public order or morality or which causes serious prejudice to human , animal or plant life or health. The Controller argued that the invention promoted the use of electronic cigarettes, which are harmful to health, and therefore could not be granted a patent.

Justice Ravi Krishan Kapur observed that the Controller's decision lacked substantive scientific or technical evidence to support the claims of potential

harm. The Court emphasized that Section 3(b) of the Patents Act should not be applied based on subjective moral concerns without concrete evidence. The court emphasized that blanket assumptions about the harmful nature of tobacco or aerosol-generating products cannot be the sole ground for rejecting a patent, especially in the absence of a scientific basis.

Refuting the Controller's reliance on Section 83(e) of the Patents Act, which was interpreted as implying a patent grants the right to commercialize the invention, the Court clarified that the grant of a patent does not confer the right to commercialize the invention, as patent rights are exclusionary in nature.

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- **The Delhi High Court states that similarity in two competing trademarks cannot be ascertained by dissecting and comparing their parts**

[Under Armour Inc v. Anish Agarwal & Anr., FAO(OS) (COMM) 174/2024 & CM No.46175/2024 & 52564/2024]

In the present case, the division bench of the Delhi High Court has held that whether competing trademarks are similar cannot be decided by dissecting them and then comparing their parts for similarities. However, the Court also stated that it is necessary to note that the anti-dissection rule is not inconsistent with ascertaining whether the competing marks are similar by taking note of their dominant parts.

While hearing the appeal filed by a US-based casual and sports apparel brand “Under Armour” alleging trademark infringement by an Indian company “AERO ARMOUR, engaged in the manufacturing of clothes and footwear, the division bench overturned the Single judge bench order and held that it is not impermissible to evaluate portions of the composite marks for the purposes of determination of overall similarities between the competing marks.

The single judge bench had earlier denied the appellant relief, citing the 'Initial Interest Confusion Test'. This test recognises that confusion in the minds of the customers arises only at the stage prior to the purchase. However, no confusion exists in the mind of the consumer at the time of completing the transaction.

However, the division bench held that the confusion, even if limited to the initial stage, is sufficient to satisfy the condition of deceptive similarity under Section 29 of the Trade Marks Act, 1999.

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- **The Delhi High Court rules that “use of mark” does not mean that the mark must only be used in a physical form in relation to such goods**

[KRB Enterprises & Ors. v. M/S. KRBL Limited, FAO (COMM) 69/2024, CM APPL. 23568/2024 and CM APPL. 23569/2024]

Delhi High Court while interpreting Section 2(2)(c) of Trade Marks Act, 1999 has held that “use of a mark” in relation to goods does not necessary mean that the mark must only be used in a physical form in relation to such goods, but may be used in any other relation whatsoever to such goods.

KRB Enterprises (“Appellant”) while challenging the order of the Commercial Court, Saket, Delhi, whereby the Commercial Court had passed an ad-interim order of injunction against them, claimed that 'KRBL' is merely Respondent's corporate name and the same is not used by them for selling goods under that trade name. The Appellant claimed that the trademark protection is contingent on 'actual use', and therefore, the Respondent is not entitled to claim any right.

The Court, while upholding the order of the Commercial Court, observed that the Appellant’s mark is deceptively similar to that of the Respondent and the

	adoption and use of the mark by the Appellants does not appear to be bona fide. Read Here
○	The Supreme Court holds that under Sections 34 and 37 of the Arbitration & Conciliation Act, 1996, courts have limited powers to modify arbitral awards <i>[Gayatri Balasamy vs. ISG Novasoft Technologies Limited, (SLP (C) Nos. 15336-15337 of 2021)]</i> In this decision, the Supreme Court of India, by a 4:1 majority, clarified the extent to which courts can modify arbitral awards under the Arbitration and Conciliation Act, 1996 (the Act). The majority opinion, delivered by Chief Justice Sanjiv Khanna and Justices B.R. Gavai, Sanjay Kumar, and Augustine George Masih, held that while the Act does not explicitly grant courts the authority to modify arbitral awards, such power can be exercised in limited and specific circumstances being, (1) correcting clerical, typographical, or computational errors apparent on the face of the award; (2) severing invalid portions of an award from valid ones when they are clearly separable; and (3) modifying post-award interest rates under Section 31(7)(b) of the Act when appropriate. Additionally, the Supreme Court may invoke its special powers under Article 142 of the Constitution of India to modify awards, but such powers must be exercised sparingly and with great caution. The Supreme Court reasoned that allowing limited modifications would prevent the need to set aside entire awards due to minor errors, thereby avoiding unnecessary re-arbitration and reducing hardship for the parties involved. Read here

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- **The Supreme Court holds that in exceptional cases, Article 227 of the Constitution of India may be invoked in arbitration disputes**

[Jindal Steel & Power Limited & Anr. v. Bansal Infra Projects Private Limited & Ors., (Civil Appeal No. 6413 of 2025)]

In this case, the respondent had filed a petition under Section 9 of the Arbitration and Conciliation Act, 1996 (the Act), to seek an injunction against the encashment of the bank guarantee. While the Commercial Court had rejected the request, the High Court of Orissa granted interim relief under Article 227 of the Constitution of India.

The Supreme Court, in this appeal, stated that the Act is a self-contained code which provides specific remedies under Sections 9 and 37. It held that when a statutory remedy is available under Section 37 against orders passed under Section 9, parties should not bypass this remedy by invoking the High Court's writ jurisdiction under Article 227.

The Court further noted that allowing such parallel proceedings would undermine the efficiency and finality intended in arbitration processes. Consequently, the Supreme Court set aside the High Court's order granting interim relief and directed the Commercial Court to expedite the proceedings under Section 9 of the Act.

[Read here](#)

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- **The Bombay High Courts states that agreements which are determinable by nature cannot be specifically enforced through interim measures under Section 9 of the Arbitration & Conciliation Act, 1996**

[Jupicos Entertainment Pvt. Ltd. vs. Probability Sports (India) Pvt. Ltd. & Ors. (Neutral Citation: 2025:BHC-OS:7628-DB)]

In a recent judgment, the Bombay High Court addressed the issue of interim relief under Section 9 of the Arbitration and Conciliation Act, 1996 (the Act), in the context of a franchise agreement dispute involving Jupicos Entertainment Pvt. Ltd. and Probability Sports India Pvt. Ltd.

Jupicos, which operated the "Shivaji Park Lions" team for the Mumbai T20 league's first two editions, faced termination of its franchise due to alleged defaults in payment of participation fees and TDS deposits. The termination notice, issued with the approval of the Mumbai Cricket Association, was not immediately challenged by Jupicos. Instead, Jupicos continued to engage with the respondents over the following years and only sought to contest the termination after making the outstanding payments.

The High Court held that the franchise agreement was determinable by its nature, as evidenced by its termination clause. Consequently, the High Court ruled that specific performance or interim injunctions to enforce such an agreement are not permissible under Section 9 of the Act. The High Court emphasized that Jupicos, having already invoked the arbitration clause, has the remedy of claiming damages if the termination is found to be unlawful. However, it cannot seek to enforce the franchise agreement through interim measures.

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- **The Jammu and Kashmir & Ladakh High Court determines that the jurisdiction of civil courts is not precluded unless a ‘clear-cut’ arbitration agreement exists between the parties**

[Ghulam Rasool Bhat v. Shafeeq Fruit Company, (CM(M) No. 214/2024)]

In the case, the plaintiff, Ghulam Rasool Bhat filed a suit in the civil court seeking settlement of accounts and recovery of dues. The defendant invoked Section 8 of the Arbitration and Conciliation Act, 1996 (the Act), arguing that

the matter should be referred to arbitration as per the agreement that existed between the parties.

The trial court accepted this argument and referred the parties to arbitration. However, upon appeal, the High Court held that the clause in question did not constitute a clear-cut arbitration agreement. The court emphasized that for an arbitration clause to oust the jurisdiction of a civil court, it must unequivocally state that disputes will be resolved through arbitration, with the decision being binding on the parties.

Therefore, the High Court concluded that in the absence of a definitive arbitration agreement, the civil court retains its jurisdiction to adjudicate the dispute.

○ **The Delhi High Court holds that non-binding term sheet cannot support specific performance in arbitration dispute**

[Oravel Stays Private Limited v. Zostel Hospitality Private Limited (O.M.P. (COMM)-151/2021)]

The Delhi High Court has set aside an arbitral award passed in a dispute between Oravel Stays Private Limited (OYO) and Zostel Hospitality Private Limited (Zostel).

The dispute dates back to a 2015 term sheet signed between OYO and Zostel. This term sheet outlined the potential acquisition of Zostel's assets, including intellectual property, software, and key employees, by OYO. In return, Zostel's shareholders were to receive a 7% equity stake in OYO. However, the acquisition never materialized.

Zostel contended that it had fulfilled its obligations under the term sheet, while OYO maintained that the document was explicitly non-binding and had been

terminated. This disagreement led Zostel to invoke the arbitration clause in the term sheet.

The arbitrator found that, despite the term sheet being labelled as non-binding, the parties' conduct rendered it enforceable. The arbitrator affirmed that OYO had obligations stemming from the term sheet and held Zostel entitled to specific performance. OYO filed the petition under Section 34 of the Arbitration and Conciliation Act, 1996, challenging arbitral award.

The Delhi High Court found that the arbitral award is unsustainable. The High Court observed that the 2015 term sheet between the parties was explicitly and unequivocally stated to be non-binding except for certain specified clauses like confidentiality and arbitration. The Court found that the arbitrator's conclusion that the term sheet became binding due to the parties' conduct, despite the express contrary stipulation, was not correct.

[Read here](#)

○ **The Rajasthan High Court holds that a court must allow curing of stamp defect before setting aside an arbitral award**

[Sunil Kumar Bhakoo v. Smt. Varisha (Civil Miscellaneous Appeal No. 2157/2024)]

In this case, the Rajasthan High Court held that a court hearing a petition under Section 34 of the Arbitration and Conciliation Act, 1996 (Act), cannot set aside an arbitral award merely on the ground that the agreement to sell was insufficiently stamped, without first giving the parties an opportunity to cure the defect through impounding and payment of stamp duty.

The dispute arose from an agreement to sell a land between the parties, executed on 21.10.2016. After part-payment, the seller failed to execute the sale deed, leading to arbitration under the agreement. The arbitrator, by award dated 03.12.2018, directed specific performance in favour of the appellant.

However, the respondent challenged the award under Section 34 of the Act before the Commercial Court, Alwar (Commercial Court). During the pendency of the challenge, the appellant, relying on the Supreme Court's decision in *In Re: Interplay Between Arbitration Agreements & Stamp Act*, filed an application for impounding of the agreement to adjudicate upon the issue of payment of stamp duty. Without deciding the application of the appellant, the Commercial Court proceeded to set aside the award on 26.04.2024, holding that the agreement was invalid due to insufficient stamping.

The High Court clarified that under the Indian Stamp Act, 1899, insufficiently stamped documents are not void, but merely inadmissible until the duty and penalty are paid. It emphasized that once the duty is paid, the document becomes admissible. The Court relied on *Hindustan Steel Ltd. v. Dilip Construction Co.* and *Gulzari Lal Marwari v. Ram Gopal* to affirm that insufficiency of stamp duty does not invalidate the document.

The Court reiterated that the parties must be allowed to cure such defects before any adverse ruling is made. The failure to decide the appellant's application for impounding and not allowing them to pay the requisite duty resulted in a miscarriage of justice. Accordingly, the Court allowed the appeal and remanded the matter back to the Commercial Court for fresh consideration.

[Read here](#)

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- **The Supreme Court holds pre-Litigation Mediation under Section 12A Commercial Courts Act mandatory; non-compliance can result in rejection of plaint**

[M/s Dhanbad Fuels Pvt. Ltd. v. Union of India & Anr (Neutral Citation 2025 INSC 696)]

The Union of India filed a Money Suit in the Commercial Court , Alipore, seeking recovery of an amount from Dhanbad Fuels Pvt. Ltd. (“original defendant”) for differential freight and penalties. The original defendant filed a written statement in December 2019 and subsequently filed an application under the Code of Civil Procedure, 1908 (“CPC”), seeking rejection of the plaint for non-compliance with Section 12A of the Commercial Courts Act, 2015 (“CCA”), which mandates pre-institution mediation for commercial disputes not involving urgent interim relief.

The Commercial Court dismissed the original defendant's application on 21st December 2020, citing infrastructural deficiencies and the delay in raising objections. Instead, it referred the matter for post-institution mediation. A revision petition was filed before the Calcutta High Court. The Calcutta High Court directed the Union of India to comply with Section 12A of CCA via the District Legal Services Authority (DLSA). Dissatisfied with the High Court’s order, the original defendant appealed to the Supreme Court.

The Supreme Court examined whether non-compliance with Section 12A of CCA necessitates rejection of the plaint under Order VII Rule 11(d) of CPC. The Court rejected the plaint while holding that Section 12A of CCA is mandatory for suits not seeking urgent interim relief and concluding that Section 12A of CCA is mandatory and any suit instituted in contravention must be rejected.

[\[Read Here\]](#)

○ **The Delhi High decides on validity of signed arbitral award delivered by email**

[Kristal Vision Projects Pvt. Ltd. v. Union of India (FAO(OS) (COMM) 206/2024)]

In the present case, the Delhi High Court examined the legality of an arbitral award delivered through email, specifically in the context of Section 31(5) of

the Arbitration and Conciliation Act, 1996 (“Act”). The dispute stemmed from a construction contract executed between the parties in 2010, which was mutually terminated in 2016. Arbitral proceedings followed, culminating in an award dated October 16, 2023, passed in favor of the Union of India. The award was pronounced via virtual hearing and a digitally signed copy was emailed to the parties the same day. The petitioner challenged the award beyond the statutory period under Section 34(3) of the Act, claiming it was not duly received.

The principal legal issue was whether the signed arbitral award sent by email fulfilled the statutory requirement of "delivery" under Section 31(5) of the Act, which mandates that a signed copy of the arbitral award be delivered to each party. The petitioner argued that such delivery was not effected until March 2024 when it allegedly came into actual possession of the award. The Court rejected this contention, emphasizing that the award had been sent to the official, functional email address of the petitioner and had been acknowledged by its authorised representative, thus satisfying the requirement of due delivery.

The Court made significant observations regarding the validity of digitally signed awards transmitted electronically. It held that a "signed copy" under Section 31(5) of the Act does not necessitate physical delivery, and where a digitally signed award is sent via email from the tribunal’s official address and acknowledged by the parties, it constitutes valid delivery. The Court further clarified that the date of such email delivery triggers the commencement of the limitation period for filing a challenge under Section 34(3) of the Act. In conclusion, the Court upheld the dismissal of the challenge to the arbitral award as time-barred.

[\[Read Here\]](#)

- **The Supreme Court has observed that notice does not necessarily have to be explicitly captioned as "legal" to be considered valid if it effectively**

conveys the details of the default, potential consequences, and the sender's intent

[Kamla Nehru Memorial Trust & Anr. v. U.P. State Industrial Development Corporation Limited & Ors., [Neutral Citation 2025 INSC 791]

In the present case, the Appellant's land allotment was cancelled by Uttar Pradesh State Industrial Development Corporation ("Respondent") due to default in payment. The Appellant argued that, Respondent's Manual for Marketing and Management of Industrial Areas mandates "three consecutive legal notices" before cancelling an allotment for default. The Appellant claimed that only one of the notices sent by the respondent qualified as a legal notice.

The Supreme Court observed that the essential elements of a legal notice would include a communication that must clearly and concisely present the factual basis for the relevant circumstances, potentially referencing prior inter-party communications, and unequivocally convey the intimation of any impending legal obligation or committed breach. Furthermore, it must express the issuing party's intention to hold the other party liable for appropriate legal action or charge. The entirety of the communication must remain unambiguous, neither misleading nor suppressing material information, and, if statutorily issued, must comply with all prescribed requirements.

The Supreme Court, while observing that no prejudice was caused to the Appellant merely because the notices are not captioned as legal notices, held that a notice need not be captioned as "legal" to be valid, as what matters is whether it substantively conveys default, consequences, and intent.

[Read Here](#)

- **The Delhi High Court clarifies standard for awarding loss of profits in delayed contracts**

[Union of India v. Ahluwalia Contracts (India) Ltd. (FAO(OS)(COMM)108/2023)]

The Delhi High Court recently ruled that a contractor cannot claim damages for loss of profits due to project delays unless it can clearly prove that the delay stopped it from taking on other profitable work.

The dispute in the present case arose between the Union of India (Appellant) and Ahluwalia Contracts (India) Ltd. (Respondent) over delays in a contract for electrical services at AIIMS, Patna, under the Pradhan Mantri Swasthya Suraksha Yojana. The arbitral tribunal found that the delay was due to the Appellant not providing the site on time. Accordingly, the tribunal allowed some claims of the Respondent but rejected others, including site office expenses and loss of profits.

The Respondent then approached the Delhi High Court, challenging the tribunal's decision under Section 34 of the Arbitration and Conciliation Act, 1996. The Single Judge Bench of the High Court overturned the tribunal's rejection of the loss of profits claim, calling it perverse, but upheld the rejection of other claims as premature.

Aggrieved thereby, the Appellant appealed this decision before the division bench of the High Court. The division bench disagreed with the Single Judge, restoring the tribunal's original decision and rejecting the claim for loss of profits. The Court made it clear that to successfully claim such damages, a contractor must provide solid proof, such as evidence they had to decline specific projects or financial records showing a clear drop in income directly caused by the delay. Since the Respondent failed to provide any such evidence, the division bench held that the tribunal was right to deny the claim for loss of profits.

	Read here
○	The Delhi High Court rules that presence of a clause for Liquidated Damages clause does not allow automatic recovery of the entire Liquidated Damages amount upon breach <i>[Jammu & Kashmir Economic Reconstruction Agency v. M/S Simplex Projects Limited O.M.P. (COMM) 60/2025]</i> The Delhi High Court, while hearing a petition filed under Section 34 of the Arbitration & Conciliation Act, 1996, against the order of an Arbitral Tribunal rejecting the Petitioner's adjustment of Liquidated Damages (LD) from the Respondent's pending bills, held that such unilateral adjustment was impermissible without adjudication. The Court, while upholding the order of the Tribunal, held that it is a settled position of law that a clause in a contract enabling a party to claim LD only entitles it to claim the sum up to the LD amount mentioned in the contract, subject to proving the actual loss suffered. The LD clause does not entitle a party to claim the whole sum automatically upon the occurrence of the breach. The Court also observed that the Indian law does not recognise penalties as a measure of damages, and therefore, the Courts have held that LD stipulated in contracts must not be in the nature of a penalty but in the nature of a genuine pre-estimate of damages made by the parties. Read Here
○	The Supreme Court upholds validity of minimum service clause in employment agreements <i>[Vijaya Bank & Anr. v. Prashant B. Narnaware (Civil Appeal No.11708 of 2016)]</i>

The Supreme Court of India upheld the validity of an exclusivity clause in an employment agreement, permitting Vijaya Bank (Appellant) to recover ₹2 lakh from the Respondent, Prashant B. Narnaware, who had resigned before completing the mandatory three-year service period. The Court overturned the Karnataka High Court's decision, which had deemed the minimum service period clause a restraint of trade under Section 27 of the Indian Contract Act, 1872 (Act). The Supreme Court clarified that such clauses, which impose a minimum service period and a financial penalty for early resignation, operate during the employment term and do not restrict post-termination employment, thus falling outside the scope of Section 27 of the Act.

The case arose when the Respondent, a Senior Manager-Cost Accountant, joined the Appellant under a recruitment notification that mandated execution of a ₹2 lakh indemnity bond payable in the event of resignation within three years. The Respondent resigned to join another bank before completing the contractual term and, though he paid the bond amount under protest, subsequently challenged the validity of the minimum service period clause.

The Court found the minimum service period clause reasonable, as premature resignations burden public sector banks with costly, recruitment processes involving open advertisements and fair competition. Rejecting the Respondent's claim that the minimum service period clause was unconscionable or part of a non-negotiable standard-form contract, the Court held that the ₹2 lakh penalty was not excessive for a senior manager earning a lucrative salary and was justified.

[Read here](#)

○ **The Supreme Court reaffirms the principle of privity of contract**

[HP Power Transmission Corporation Ltd. v. M/s Brua Hydrowatt Pvt. Ltd. & Ors. (Neutral Citation: 2025 INSC 680)]

In this case, the Supreme Court overturned a decision by the Appellate Tribunal for Electricity (APTEL) and reinstated the order of the Himachal Pradesh Electricity Regulatory Commission (State Commission) and reiterated that a party not directly involved in a contract (no privity to contract) cannot be held liable for terms and conditions within that contract that are unrelated to them, unless the context clearly indicates otherwise.

The dispute involved the cost of constructing a Bay at the Urni connection point, which was part of a Connection Agreement (Agreement) between Himachal Pradesh Power Transmission Corporation Ltd. (HPPTC Ltd.) and M/s Brua Hydrowatt Pvt. Ltd. (BHP Ltd.) for the Brua Hydro Electric Project.

The HPPTC Ltd. constructed the Bay and sought payment from BHP Ltd., asserting that BHP Ltd. was solely responsible for the costs as per their Agreement. The BHP Ltd., on the other hand, argued that the cost should be shared with other generating companies, citing an internal tripartite agreement they had with these companies for proportionate sharing of transmission charges.

The State Commission ruled in favour of the HPPTC Ltd., holding the BHP Ltd. entirely liable for the cost. In appeal against this decision, the APTEL overturned the State Commission's order, directing HPPTC Ltd. to recover costs proportionately from all three power companies. This led HPPTC Ltd. to appeal to the Supreme Court.

The Supreme Court overturned the decision of the APTEL and stated that the APTEL incorrectly assumed that these other companies were liable despite not being party to the Agreement between HPPTC Ltd. and BHP Ltd. The Court clarified that HPPTC Ltd.'s claim for payment rightly lay with BHP Ltd., as only they were the contracting party to the Agreement.

[Read here](#)

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- **The Supreme Court decides on evidentiary value of unregistered agreement to sell for admissibility in specific performance claims**

[Muruganandam v. Muniyandi (Died) Through LRs. (Civil Appeal No. 6543 of 2025)]

In a significant ruling, the Supreme Court of India, held that an unregistered agreement to sell can be admitted as evidence to establish the existence of a contract in a suit for specific performance, as permitted under the proviso to Section 49 of the Registration Act, 1908 (Act). The Court considered an appeal concerning an agreement to sell an immovable property situated in the state of Tamil Nadu, where a state amendment to the Act mandates the registration of agreements to sell. The appellant, relying on an unregistered agreement to sell, filed a suit for specific performance, alleging that the respondent had accepted part payment and delivered possession of the property but failed to execute the sale deed. The trial Court dismissed the suit, deeming the unregistered agreement inadmissible under the Act, a finding upheld by the High Court. The Supreme Court, setting aside these decisions clarified that an unregistered document can be used to prove an oral agreement of sale in a specific performance suit, not as evidence of a completed transfer but as proof of contract formation. The Court emphasized that the proviso to Section 49 of the Act allows such documents to be received as evidence of a contract or collateral transaction, thus saving the appellant's claim, which sought to establish the contract rather than title. The Court noted that when an unregistered sale deed is tendered in evidence, not as evidence of a completed sale, but as proof of an oral agreement of sale, the deed can be received in evidence making an endorsement that it is received only as evidence of an oral agreement of sale under the proviso to Section 49 of the Act.

[Read here](#)

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- **The Supreme Court holds that contractual service prior to regularization will be counted for pensionary benefits**

[SD Jayaprakash & Ors. v. The Union of India & Ors., (SLP(C) Nos. 19539-19540 of 2021)]

In the present appeal, the appellants, initially appointed as Data Entry Operators on a contractual basis under a Central Government scheme, were subsequently regularized as government employees. Their request to include their contractual service period for the purpose of computing pensionary benefits was denied, both administratively and by the Karnataka High Court, which held that such contractual service could not be counted for pension.

The Supreme Court overruled this decision, emphasizing that Rule 17 of the Central Civil Services (Pension) Rules, 1972 provides a legal framework for counting past service, including contractual service, if there is continuity and the employee is subsequently absorbed or regularized. The said Rule allows for the inclusion of contractual service in the calculation of qualifying service for pension benefits, provided it is followed by a substantive appointment and the employee chooses to forgo certain monetary benefits received during the contract period.

The Court made it clear that excluding such service would be inequitable, particularly where the employee has served continuously and faithfully under the same employer. It stressed that government departments must allow eligible employees to exercise their option under Rule 17 and remit the necessary contributions, enabling recognition of the entire length of service for pension computation.

[Read here](#)

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- **The Delhi High Court holds that deprivation of immovable property, being a significant corporeal asset of a person, is subject to strict judicial scrutiny**

[Rajiv Sarin & Ors. v. Directorate of Estates & Ors., (CS(COMM) 12/2021)]

The plaintiffs' flat leased to the Directorate of Estates since 1976, was forfeited under the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 (SAFEMA). Subsequently, in 1999, the Directorate ceased rent payments, citing the forfeiture. However, the plaintiffs challenged the forfeiture, and the Delhi High Court quashed the forfeiture order, deeming it beyond jurisdiction. Despite this, the Directorate did not return possession, leading the plaintiffs to file a civil suit seeking damages, mesne profits, and other reliefs.

The Delhi High Court emphasized that immovable property is not merely a physical asset but a cornerstone of economic security and personal dignity. The High Court highlighted that, although the right to property is no longer a fundamental right, it remains a vital constitutional and legal right under Article 300-A of the Constitution of India. Any deprivation of property must be sanctioned by law and executed in a just and equitable manner. The High Court asserted that State actions infringing upon property rights are subject to strict judicial scrutiny, ensuring adherence to principles of reasonableness and non-arbitrariness.

The High Court went on to hold that the Directorate's continued possession of the property, absent a valid lease or legal authority, was unlawful. However, it concluded that the plaintiffs were not entitled to claim maintenance charges or property tax reimbursements from the defendants, as there was no contractual obligation for such payments.

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- **The Supreme Court decides that partition suit can't be dismissed at preliminary stage if benami exception is pleaded**
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[Smt. Shaifali Gupta v. Smt. Vidya Devi Gupta & Ors (Neutral Citation 2025 INSC 739)]

In the present case, the plaintiffs, Smt. Vidya Devi Gupta and her son, filed a partition suit claiming that various immovable properties, though held in the names of individual family members, were acquired from joint Hindu family business income and were therefore joint family assets. They also challenged certain property transfers made by Defendant No.2, Smt. Shaifali Gupta to subsequent purchasers as invalid. The subsequent purchasers sought rejection of the plaint under Order VII Rule 11(d) of Code of Civil Procedure, 1908 (“CPC”), citing the bar under Section 4 of the Benami Transactions (Prohibition) Act, 1988 (“Benami Act”). Both the Trial court and High Court rejected the plea. Defendant No.2 and the subsequent purchaser then filed a Special Leave Petition before the Supreme Court, challenging the maintainability of the suit.

The Supreme Court, while dismissing the appeal, held that whether a property is benami has to be considered not in the light of Section 4 of the Benami Act alone but also in connection with Section 2(8) and 2(9) of the Benami Act. It is only where the property is benami and does not fall within the exception contained in 2(9) of the Benami Act, a suit may be said to be barred. It was further observed that whether the property is benami and is not covered by the exception should be decided on the basis of evidence and not simply on mere averments contained in plaint.

The Court observed that the pleadings did not expressly admit the properties as benami but rather described them as joint family assets, thus necessitating an evidentiary inquiry. It further noted that the burden to establish benami nature lies on the defendants, and such determination cannot be made merely on the basis of plaint averments.

The Court also held that Defendant No.2, who had not filed an application for rejection of the plaint under CPC nor assailed the trial court's decision in revision, had no locus standi to challenge the orders at the appellate stage. Consequently, the Supreme Court upheld the decisions of the lower courts, affirming that the partition suit was maintainable and must proceed to trial.

[\[Read Here\]](#)

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- **The Supreme Court reiterates applicability of *res judicata* to different stages of same proceedings**

[Sulthan Said Ibrahim v. Prakasan &Ors. (Neutral Citation 2025 INSC 764)]

The appeal arose from a dispute over the execution of a decree for specific performance of a 1996 sale agreement concerning a property in Palakkad, Kerala. Jameela Beevi ("original defendant") had agreed to sell the property to the Respondent (who was the original plaintiff). After prolonged litigation, the suit was decreed in favor of the Respondent, but execution was delayed due to multiple objections raised by the Sulthan Said Ibrahim, the Appellant (grandson of Jameela Beevi), who claimed tenancy rights and contested his impleadment as a legal heir.

The Supreme Court examined that whether the High Court, Kerala erred in rejecting the Appellant's plea for deletion from array of parties on ground of *res judicata*.

The Supreme Court observed that the Appellant was impleaded as a legal heir in 2008 but raised an objection only in 2012. The Court held that the belated challenge was barred by *res judicata* and that objections to impleadment must be raised promptly. The Court reiterated the legal principle laid down in *Bhanu Kumar Jain v. Archana Kumar* that *res judicata* applies to different stages of the same proceeding. Regarding the Appellant's contention of tenancy rights, the Supreme Court held that the Appellant failed to prove continuous tenancy

	after 1992 (the year of his father's death), and there was no documentary evidence supporting his claim post the 1996 agreement, to which he was only a witness. Hence, the Supreme Court dismissed the appeal. [Read Here]
○	The Supreme Court has held that an order of temporary injunction cannot be granted once the plaint is rejected by the trial court <i>[IEEE Mumbai Section Welfare Association v. Global IEEE Institute for Engineers, Civil Appeal No(s).7235/2025]</i> In the present case, the respondent, along with an appeal against the rejection of the plaint, also filed an application seeking a temporary injunction against the appellant. The Supreme Court held that once the plaint has been rejected by the trial court, an order of temporary injunction cannot operate against the defendant in the suit, until such plaint revived/restored. The Court observed that in a case where an appeal is filed by being aggrieved by the rejection of a plaint by exercise of powers of the court under Order VII Rule 11 Code of Civil Procedure, 1908, the order of temporary injunction ought not to be granted. When the plaint itself has been rejected, it cannot be said that the appeal filed against such an order is a continuation of a suit. Read Here
○	The Supreme Court decides on the right of a person to get copy of the records and documents seized vis-vis title under Prevention of Money Laundering Act, 2002 <i>[Sarla Gupta & Anr. v. Directorate of Enforcement, (Criminal Appeal No. 1622 of 2022)]</i>

In this decision, the Supreme Court stated that accused persons are entitled to receive true copies of all documents and records seized by the Enforcement Directorate (ED), regardless of whether the prosecution intends to rely upon them in court, which is also based on the constitutional guarantee of a fair trial under Article 21 of the Constitution of India.

In this case, the ED has initiated proceedings under the Prevention of Money Laundering Act, 2002 and seized various documents, including property title records of the accused persons. The appellants contended that the ED's refusal to provide copies of these seized documents impeded their ability to mount an effective defense.

The Supreme Court emphasized that the right to a fair trial encompasses the accused's access to all evidence collected during the investigation. This ensures transparency and allows the accused to be fully informed of the evidence, both inculpatory and exculpatory.

Furthermore, the Court clarified that the accused has the right to request the production of any document under Section 91 of the Code of Criminal Procedure, 1973 (CrPC) during bail hearings and under Section 233(3) of the CrPC during the defense stage of the trial. If such documents are produced, the accused may also seek to recall prosecution witnesses for further cross-examination under Section 311 of the CrPC. The Apex Court also stressed that denying access to seized documents could severely prejudice the accused's ability to rebut the prosecution's allegations.

[Read here](#)

- **The Supreme Court quashes cognizance order in money laundering case, emphasizes mandatory pre-cognizance hearing**

[Kushal Kumar Agarwal v. Directorate of Enforcement (Petition for Special Leave to Appeal (Crl.) No. 2766/2025)]

In a significant ruling, the Supreme Court quashed a cognizance order issued by a Special Court in a money laundering case under the Prevention of Money Laundering Act, 2002 (PMLA), emphasizing the mandatory requirement of a pre-cognizance hearing for the accused as per the proviso to Section 223(1) of the Bharatiya Nagarik Suraksha Sanhita, 2023 (BNSS). The case arose from a complaint filed by the Enforcement Directorate under Section 44(1)(b) of the PMLA. The Court noted that the BNSS, effective from July 1, 2024, introduced a procedural safeguard absent in the erstwhile Code of Criminal Procedure, 1973 (CrPC), requiring that no cognizance of an offence be taken without giving the accused an opportunity to be heard. Relying on its prior decision, the Court held that PMLA complaints are governed by Sections 200 to 204 of the CrPC, and by extension, Chapter 16 of the BNSS (Sections 223 to 226), which includes the pre-cognizance hearing mandate. The Special Court's failure to provide this opportunity to the accused before taking cognizance was deemed a procedural violation, sufficient to set aside the cognizance order.

- **The Supreme Court orders liquidation of Bhushan Power and Steel Limited and cancels resolution plan of JSW Steel for being non-compliant with the Insolvency & Bankruptcy Code, 2016**

[Kalyani Transco v. Bhushan Power and Steel Ltd., (Civil Appeal No. 1808 of 2020)]

The Supreme Court of India has ordered the liquidation of Bhushan Power and Steel Limited (BPSL), overturning the previously approved resolution plan submitted by JSW Steel. The Court found that the resolution plan was non-compliant with the Insolvency and Bankruptcy Code, 2016 (IBC), and directed that all payments made by JSW Steel to financial and operational creditors, as well as equity contributions, be returned within two months.

JSW Steel's resolution plan, initially approved by the National Company Law Tribunal (NCLT) in 2019 and upheld by the National Company Law Appellate Tribunal (NCLAT) in 2020, involved a phased implementation, including equity infusion and payments to creditors between 2021 and 2022.

However, the Supreme Court identified several procedural lapses in the resolution process. Notably, it highlighted that the resolution professional failed to fulfill duties under the IBC, and the Committee of Creditors (CoC) did not exercise due diligence in approving a resolution plan that contravened the IBC. The Court also noted that JSW Steel had not disclosed a joint venture with an entity linked to BPSL's former promoters, a fact that went unflagged by the resolution professional.

In response to the ruling, the former promoter of BPSL has approached the NCLT to enforce the Supreme Court's liquidation order. Additionally, the CoC, led by Punjab National Bank, is considering joining JSW Steel in seeking a review of the Supreme Court's verdict, citing concerns over the financial impact on lenders.

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○ **The Supreme Court holds that arbitration is mandatory for inter-bank disputes under the SARFAESI Act**

[Bank of India v. M/s Sri Nangli Rice Mills Pvt. Ltd. & Ors. (Neutral Citation 2025 INSC 765)]

In the present landmark judgment, the Supreme Court addressed the applicability of arbitration in inter-bank disputes under the The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI ACT"). The case arose from a dispute between two

secured creditors over competing claims on the same secured assets. The Bank of India challenged the decision of the Debt Recovery Tribunal (“DRT”) and the Punjab and Haryana High Court, which had referred the matter to arbitration under Section 11 of the SARFAESI Act.

Section 11 of the SARFAESI Act mandates the resolution of disputes relating to securitization, reconstruction, or non-payment of dues between specified parties, such as banks, financial institutions, asset reconstruction companies, or qualified buyers through arbitration or conciliation. The provision creates a legal fiction, deeming that these parties have consented to arbitration, even in the absence of a formal written agreement. The Supreme Court emphasized that this statutory arbitration mechanism is compulsory and overrides the need for a written arbitration agreement, as it is designed to ensure efficient resolution of disputes among secured creditors without hindering the enforcement of security interests.

The Court's observations underscored that the statutory arbitration under Section 11 of the SARFAESI Act is not optional but mandatory, aiming to streamline the dispute resolution process among financial entities. It further clarified that the DRT does not have jurisdiction over such inter-creditor disputes, as they fall within the exclusive domain of arbitration under the SARFAESI Act.

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○ **The Supreme Court holds that cheque dishonour complaint need not state specific administrative role of company directors**

[V.S.R. Mohan Rao v. K.S.R. Murthy & Ors. (Neutral Citation 2025 INSC 708)]

The Supreme Court recently delivered a significant judgment on the vicarious liability of company directors under Section 141 of the Negotiable Instruments

Act, 1881 (“NI Act”), which deals with offenses by companies regarding dishonour of cheques. Section 141 of the NI Act states that where a cheque is dishonoured and the offense is committed by a company, every person who, at the time the offense was committed, was responsible for the conduct of the business of the company, including directors, is deemed guilty unless they prove the offense was committed without their knowledge or that they exercised due diligence to prevent it. The case arose from a complaint filed by HDFC Bank Ltd. against M/s R Square Shri Sai Baba Abhikaran Pvt. Ltd. and its directors, including Mrs. Ranjana Sharma, for dishonour of a cheque. The Bombay High Court had quashed proceedings against Sharma on the ground that the complaint did not specifically allege her role in managing the company’s affairs.

The Supreme Court reversed this decision, emphasizing that the complaint is not required to specifically detail the exact administrative role of each director in the company's affairs in the statutory language of Section 141 of the NI Act. It observed that a general averment stating that the director was responsible for the day-to-day affairs, management, and working of the company is sufficient. The Court also underscored that the burden to prove lack of knowledge or due diligence lies on the director.

In conclusion, the Supreme Court upheld that directors can be held liable under Section 141 of the Negotiable Instruments Act for cheque dishonour offenses based on general but clear averments regarding their responsibility for company affairs.

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- **The Maharashtra Real Estate Appellate Authority (MREAT) has ruled that a developer cannot deny a refund for an apartment solely because of the absence of a signed agreement**
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The MREAT, while observing that a formal agreement for sale is not mandatory for the applicability of Section 18 of the Real Estate (Regulation and Development) Act, 2016 (RERA Act), has directed the developer to refund the amount paid by the homebuyer along with interest. Any document containing the essential elements of such an agreement would suffice.

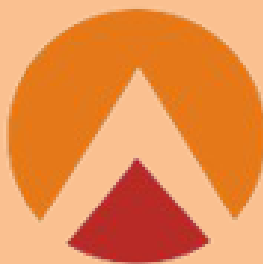
The appeal was filed against the order of the Maharashtra Real Estate Regulatory Authority (MahaRERA) in a case of complaint seeking a refund and compensation for the delayed possession. The MahaRERA held that since no agreement for sale had been executed, the provisions of Section 18 of the RERA Act, were not applicable.

While overturning the order of MahaRERA, the MREAT observed that the contents of the booking application form reflected the mutual understanding between the parties, akin to a sale agreement.

*Disclaimer: The Primary source for this piece could not be located and has been taken from a credible news source.

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