



**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION**

**INTERIM APPLICATION (L) NO. 21868 OF 2021
WITH
LEAVE PETITION NO. 316 OF 2021
IN
COMMERCIAL IP SUIT NO. 41 OF 2023**

Jawed Habib Hair & Beauty Limited ... Applicant/Orig. Plaintiff

Versus

Salama Khan & Anr. ... Defendants

**WITH
INTERIM APPLICATION (L) NO. 25819 OF 2022
WITH
LEAVE PETITION NO. 177 OF 2022
IN
COMMERCIAL IP SUIT NO. 524 OF 2022**

**WITH
INTERIM APPLICATION (L) NO. 1107 OF 2022
WITH
LEAVE PETITION (L) NO. 1110 OF 2022
IN
COMMERCIAL IP SUIT NO. 53 OF 2022**

**WITH
INTERIM APPLICATION (L) NO. 1139 OF 2022
WITH
LEAVE PETITION (L) NO. 1137 OF 2022
IN
COMMERCIAL IP SUIT NO. 496 OF 2022**

**WITH
INTERIM APPLICATION (L) NO. 11940 OF 2022
WITH
LEAVE PETITION (L) NO. 11935 OF 2022**

IN
COMMERCIAL IP SUIT (L) NO. 11933 OF 2022

WITH
INTERIM APPLICATION (L) NO. 15573 OF 2022
WITH
LEAVE PETITION (L) NO. 15574 OF 2022
IN
COMMERCIAL IP SUIT NO. 538 OF 2022

WITH
INTERIM APPLICATION (L) NO. 15604 OF 2022
WITH
LEAVE PETITION (L) NO. 15606 OF 2022
IN
COMMERCIAL IP SUIT (L) NO. 15596 OF 2022

WITH
INTERIM APPLICATION (L) NO. 36185 OF 2022
WITH
LEAVE PETITION (L) NO. 36184 OF 2022
IN
COMMERCIAL IP SUIT NO. 553 OF 2022

Mr. Rashmin Khandekar a/w B.N. Poojari, Anand Mohan, Suresh Poojary,
Nidhi Bangera and Karishma Sawant i/b Legal House for the Plaintiff.

CORAM : R.I. CHAGLA, J.

DATED : 7th SEPTEMBER, 2023.

ORDER :

1 In view of the Suits being almost identical, the facts in one of
the Suits viz. Commercial IP Suit No.41 of 2023 ('the said Suit') has been
adverted to for the purpose of passing this common order. The said Suit

has been filed by the Plaintiff against the franchisees of the Plaintiff with whom the Franchise Agreement had been entered into on 04.01.2017. The Franchise Agreement had been terminated by the Plaintiff vide termination Notice dated 11.03.2021. The termination of the Franchise Agreement remains unchallenged.

2 The cause of action giving rise to the filing of the said Suit is that the Defendants have unauthorizedly been using the Plaintiff's marks/works after termination of the Franchise Agreement and this was initially learnt of in or around July 2021 upon which the Plaintiff addressed Cease and Desist Notice dated 08.07.2021 to the Defendants. The Plaintiff learnt through inquires that the Defendants continued to make unauthorized/unlawful use of the Plaintiff's marks/works. The relief sought for in the present Suit is for infringement of the Plaintiff's trade mark, copyright and for passing off in respect of the Plaintiff's mark "JAWED HABIB" or "JH" label/word or "Jawed Habib Hair and Beauty". The Plaintiff has accordingly proceeded against the Defendants by filing the said Suit.

3 By an order dated 06.06.2023 it was noted by this Court that the Defendants have been served with the Leave Petition, Interim Application, affidavit in support thereof and Plaint on 24.12.2022 and

affidavit of service dated 19.04.2023 filed by the Advocate for the Plaintiff showing service was taken on record. In spite of service, none appears for the Defendants. A last opportunity had been given to the Defendants in the said order. However, in spite of that opportunity, the Defendants have not made any appearance.

4 A query has been raised by this Court with regard to an Arbitration Agreement contained in the Franchise Agreement. The Arbitration Agreement under Clause 24 of the Franchise Agreement provided for referring the disputes inter alia in relation to termination to arbitration under the Arbitration and Conciliation Act, 1996 or any amendments thereof. This Court is required to be satisfied as to whether the Arbitration Agreement would come in the way of entertaining the present Suit. This Court was also mindful of the fact that the Defendants have not entered an appearance as well as there appears to be no record of the Defendants raising a dispute on the termination of the Franchise Agreement by the Plaintiff.

5 Mr. Khandekar, learned Counsel appearing for the Applicant/Plaintiff has referred to the decision of the Supreme Court in *Vidya Drolia and others vs. Durga Trading Corporation*¹. He has submitted that the earlier decision of the Supreme Court in *Booz Allen & Hamilton Inc. vs.*

1 (2021) 2 SCC page 1

*SBI Home Finance Ltd.*² has been considered by the Supreme Court in the said decision. In the decision of the Supreme Court in *Booz Allen & Hamilton Inc.* (supra) the Supreme Court had taken the view that there is a distinction between the right in rem i.e. a right exercisable against the world at large, as contrasted from a right in personam which is an interest protected solely against specific individuals. The Supreme Court has held that genuinely and traditionally all disputes relating to rights in personam are considered to be amenable to arbitration, and all disputes relating to rights in rem are required to be adjudicated by the Courts and public tribunals, being unsuited to private arbitration. This is not however a rigid or inflexible rule. Disputes relating to subordinate rights in personam arising from rights in rem have always been considered to be arbitrable.

6 The Supreme Court in *Vidya Drolia* (supra) upon considering *Booz Allen & Hamilton Inc.* (supra) has held that the subordinate rights in personam derived from rights in rem can be ruled upon by the Arbitrators. Therefore, a claim for infringement of copyright against a particular person is arbitrable, though in some manner the arbitrator would examine the right to copyright, a right in rem. Thereafter, the Supreme Court has considered disputes in an Arbitration Agreement

2 (2011) 5 SCC 532

which are not arbitrable and which would include that when cause of action and subject matter of a dispute relates to actions in rem, that do not pertain to subordinate rights in personam that arise from rights in rem.

7 Mr. Khandekar has submitted that upon a reading of *Vidya Drolia* (supra), the Supreme Court has held that the subordinate rights in personam i.e. under the Franchise Agreement which are arising from rights in rem viz. infringement of trade mark and copyrights would be arbitrable. He has submitted that in the present case, the Defendants has not even raised a dispute with regard to the termination of the Franchise Agreement and hence no dispute can be referred to Arbitration.

8 Mr. Khandekar has further submitted that for reference to arbitration the Courts have held that an application under Section 8 of the Arbitration and Conciliation Act, 1996 is a pre requisite and such application is required to be made in writing and absent such application, there can be no reference to arbitration when a Suit is already filed in a Civil Court. He has in this context referred to decision of the Supreme Court in *Sukanya Holdings (P) Ltd. vs. Jayesh H. Pandya and another*³ which has held that for interpretation of Section 8, Section 5 would have no bearing because it only contemplates that in the matters governed by

3 (2003) 5 SCC 531

part I of the Act, the judicial authority shall not intervene except where so provided in the Act. Except for Section 8, there is no other provision in the Act that in a pending Suit the dispute is required to be referred to the Arbitrator. Further, the matter is not required to be referred to the Arbitral Tribunal, if the parties to the Arbitration Agreement have not filed any such application for referring the dispute to the arbitrator before submitting first statement on the substance of the dispute or such application is not accompanied by the original Arbitration Agreement or duly certified copy thereof. The Supreme Court has accordingly held that the Arbitration Act does not oust the jurisdiction of the Civil Court to decide the dispute in a case where parties to the Arbitration Agreement do not take appropriate steps as contemplated under Sub-Section (1) and (2) of Section 8 of the Arbitration Act. There is no provision in the Arbitration Act that when the subject matter of the suit includes subject matter of the arbitration agreement as well as other disputes, the matter is required to be referred to arbitration. Further, there is no provision for splitting the cause or parties and referring the subject matter of the suit to the arbitrators.

9 The decision of *Sukanya Holdings (P) Ltd.* (supra) has been followed in decisions of this Court which include *Garden Finance Limited*

*vs. Prakash Industries Ltd. and another*⁴ and *Supreme Mega Construction LLP vs. Symphony Co-operative Housing Society Ltd. and others*⁵. Mr. Khandekar has submitted that in the cases such as the present case where a Suit has been filed and no application is made under Section 8 of the Arbitration Act to refer the subject matter of the Suit to arbitration, the jurisdiction of the Civil Court to decide the dispute is not ousted. He has accordingly submitted that this Court has jurisdiction to entertain and decide the above Suits notwithstanding the Arbitration Agreement.

10 I have considered the submissions of Mr. Khandekar as well as taken note of the fact that the Defendants have not entered an appearance despite being served and there is no dispute raised by the Defendants with regard to the termination of the Franchise Agreement by the Plaintiff. Further, in the present case there is no application filed under Section 8 of the Arbitration Act for such reference. In that event, the jurisdiction of this Court to decide the dispute raised in the above Suits is not ousted. The decisions relied upon by Mr. Khandekar viz. *Sukanya Holdings (P) Ltd.* (supra) and subsequent decisions of this Court in *Garden Finance Limited* (supra) and *Supreme Mega Construction LLP* (supra) are apposite.

4 2001 (4) Mh.L.J. 425

5 2015 (2) Mh.L.J. 776

11 Although the Supreme Court in *Vidya Drolia* (supra) has held that the subordinate rights in personam that arise from rights in rem are arbitrable, and which in the present case would apply to rights under the Franchise Agreement, given that in the present case there is no application under Section 8 of the Arbitration Act for this Court to refer the subject matter of the Suits to arbitration, this Court has jurisdiction to entertain and decide these Suit as well as the present Interim Applications which have sought ad-interim relief.

12 Accordingly, the Interim Applications for ad-interim relief are decided by separate orders.

(R.I. CHAGLA, J.)