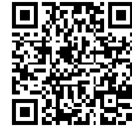

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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ **ARB.P. 382/2025**

Date of Decision**: 24.07.2025**

CARS24 SERVICES PRIVATE LIMITED .....Petitioner

Through: Mr Rit Arora, Advocate.

versus

TSISIA ENTREPRENEUR PRIVATE LIMITED & ORS. .....Respondents

Through: Mr Danish Syed, Advocate for R1 to R4.

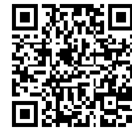
**CORAM:**
**HON'BLE MR. JUSTICE PURUSHAINDRA KUMAR KAURAV**

**JUDGEMENT**

**PURUSHAINDRA KUMAR KAURAV, J. (ORAL)**

1. Learned counsel appearing for the respondents raised two objections: (i) that this Court lacks jurisdiction to entertain the instant application, and (ii) that the earlier arbitration agreement no longer exists in view of the subsequent settlement reached between the parties.

2. In response to the said objections, learned counsel appearing for the petitioner submitted that Clause 8.1 of the Agreement dated 17.01.2019 unequivocally confers jurisdiction upon this Court. As regards the purported settlement agreement between the parties, learned counsel contended that the said agreement has not been fully acted upon. He further submitted that there are several deficiencies, including non-payment of stamp duty,




associated with the subsequent agreement. He also argued that the dispute arises out of the original agreement, which has not been expressly rescinded by the later agreement. Accordingly, it was submitted that this Court may consider appointing an arbitrator.

3. I have considered the submissions made by the learned counsel appearing for the parties and have perused the record. Clause 8.1 of the agreement dated 17.01.2019 reads as under:

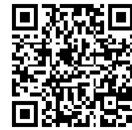
> *"8.1* ***Dispute Resolution.*** *In case of any difference(s) and/or dispute(s) arising out of the Agreement shall be mutually settled between the parties within (Three) 3 days of any such dispute being referred by any aggrieved party to the other. In the event of any such difference(s) and/or dispute(s) and/or any part thereof not amicably settled between the parties within the stipulated time may be referred to an Arbitration Tribunal consisting of a sole arbitrator to be appointed by the Company. The award passed by the said Arbitration Tribunal shall be final and binding upon the parties. The language shall be English and the venue shall be New Delhi."*

4. A perusal thereof is clearly indicated that the parties have voluntarily agreed and conferred the jurisdiction to the court at New Delhi.

5. In light of the above, the provisions of the Code of Civil Procedure regarding cause of action may not be strictly applicable, as the parties have expressly agreed to the jurisdiction of this Court at New Delhi. In ***Kings Chariot v. Tarun Wadhwa***[1], a coordinate bench of this Court affirmed this principle by stating:

> *"**30.** There is thus, no confusion and law is explicit that for the purpose of Arbitration, even if no part of cause of action has arisen in a place, then too, the parties can agree on a seat of jurisdiction, which would then become the place for all litigation*

[1] 2024 SCC OnLine Del 4039




> *under the Arbitration Act. However, if the parties do not specify any seat/place of Arbitration, them the jurisdiction of the Court shall be determined in a accordance with Section 16 to Section 20 of CPC"*

This demonstrates that the provisions of the CPC concerning cause of action may not be rigidly applied where parties have mutually agreed upon a particular forum, such as the Court at New Delhi in the instant case.

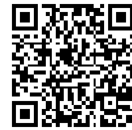
6. As regards the settlement-cum-undertaking dated 10.12.2020, it appears that an arrangement was made for repayment of the amount. However, this subsequent document does not expressly rescind the earlier Agreement dated 17.01.2019. In any event, this issue may be examined by the Arbitral Tribunal once the parties are permitted to lead evidence, whether oral or documentary.

7. In view of the aforesaid, the court finds that there exists an arbitration clause.

8. The law with respect to the scope and standard of judicial scrutiny under Section 11(6) of the 1996 Act has been fairly well settled. This Court as well in the order dated 24.04.2025 in case of ARB.P. 145/2025 titled as ***Pradhaan Air Express Pvt Ltd v. Air Works India Engineering Pvt Ltd*** has extensively dealt with the scope of interference at the stage of Section 11. The Court held as under:-

> *"9. The law with respect to the scope and standard of judicial scrutiny under Section 11(6) of the 1996 Act has been fairly well settled. The Supreme Court in the case of* ***SBI General Insurance Co. Ltd. v. Krish Spinning[2],*** *while considering all earlier pronouncements including the Constitutional Bench decision of seven judges in the case of* ***Interplay***

[2] 2024 SCC OnLine SC 1754




***between Arbitration Agreements under the Arbitration & Conciliation Act, 1996 & the Indian Stamp Act, 1899**, **In re*** [3] *has held that scope of inquiry at the stage of appointment of an Arbitrator is limited to the extent of prima facie existence of the arbitration agreement and nothing else.*

*10. It has unequivocally been held in paragraph no.114 in the case of **SBI General Insurance Co. Ltd** that observations made in **Vidya Drolia v. Durga Trading Corpn.*** [4]*, and adopted in **NTPC Ltd. v. SPML Infra Ltd.**,* [5] *that the jurisdiction of the referral court when dealing with the issue of "accord and satisfaction" under Section 11 extends to weeding out ex-facie non-arbitrable and frivolous disputes would not apply after the decision of **Re: Interplay**. The abovenoted paragraph no.114 in the case of **SBI General Insurance Co. Ltd** reads as under:-*

> *"114. In view of the observations made by this Court in In Re: Interplay (supra), it is clear that the scope of enquiry at the stage of appointment of arbitrator is limited to the scrutiny of prima facie existence of the arbitration agreement, and nothing else. For this reason, we find it difficult to hold that the observations made in Vidya Drolia (supra) and adopted in NTPC v. SPML (supra) that the jurisdiction of the referral court when dealing with the issue of "accord and satisfaction" under Section 11 extends to weeding out ex-facie non-arbitrable and frivolous disputes would continue to apply despite the subsequent decision in In Re: Interplay (supra)."*

*11. Ex-facie frivolity and dishonesty are the issues, which have been held to be within the scope of the Arbitral Tribunal which is equally capable of deciding upon the appreciation of evidence adduced by the parties. While considering the aforesaid pronouncements of the Supreme Court, the Supreme Court in the case of **Goqii Technologies (P) Ltd. v. Sokrati Technologies (P) Ltd.*** [6]*, however, has held that the referral Courts under Section 11 must not be misused by one party in order to force other parties to the arbitration agreement to participate in a time-consuming and costly arbitration process. Few instances have been delineated such as, the adjudication of a non-existent and malafide claim through arbitration. The Court, however, in order to balance the limited scope of judicial interference of the referral Court with the interest of the parties who might be constrained to participate in the arbitration proceedings, has held that the Arbitral Tribunal eventually may direct*

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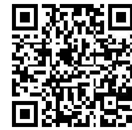
3 2023 SCC OnLine SC 1666.
[4] (2021) 2 SCC 1.
5 (2023) 9 SCC 385.
[6] (2025) 2 SCC 192

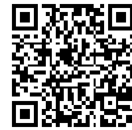


*that the costs of the arbitration shall be borne by the party which the Arbitral Tribunal finds to have abused the process of law and caused unnecessary harassment to the other parties to the arbitration.*

*12. It is thus seen that the Supreme Court has deferred the adjudication of aspects relating to frivolous, non-existent and malafide claims from the referral stage till the arbitration proceedings eventually come to an end. The relevant extracts of **Goqii Technologies (P) Ltd.** reads as under:-*

> ***"20.** As observed in Krish Spg. [SBI General Insurance Co. Ltd. v. Krish Spg., (2024) 12 SCC 1 : 2024 SCC OnLine SC 1754 : 2024 INSC 532] , frivolity in litigation too is an aspect which the referral court should not decide at the stage of Section 11 as the arbitrator is equally, if not more, competent to adjudicate the same.*
>
> ***21.** Before we conclude, we must clarify that the limited jurisdiction of the referral courts under Section 11 must not be misused by parties in order to force other parties to the arbitration agreement to participate in a time consuming and costly arbitration process. This is possible in instances, including but not limited to, where the claimant canvasses the adjudication of non-existent and mala fide claims through arbitration.*
>
> ***22.** With a view to balance the limited scope of judicial interference of the referral courts with the interests of the parties who might be constrained to participate in the arbitration proceedings, the Arbitral Tribunal may direct that the costs of the arbitration shall be borne by the party which the Tribunal ultimately finds to have abused the process of law and caused unnecessary harassment to the other party to the arbitration. Having said that, it is clarified that the aforesaid is not to be construed as a determination of the merits of the matter before us, which the Arbitral Tribunal will rightfully be equipped to determine."*

*13. In view of the aforesaid, the scope at the stage of Section 11 proceedings is akin to the eye of the needle test and is limited to the extent of finding a prima facie existence of the arbitration agreement and nothing beyond it. The jurisdictional contours of the referral Court, as meticulously delineated under the 1996 Act and further crystallised through a consistent line of authoritative pronouncements by the Supreme Court, are unequivocally confined to a prima facie examination of the existence of an arbitration agreement. These boundaries are not*



*merely procedural safeguards but fundamental to upholding the autonomy of the arbitral process. Any transgression beyond this limited judicial threshold would not only contravene the legislative intent enshrined in Section 8 and Section 11 of the 1996 Act but also risk undermining the sanctity and efficiency of arbitration as a preferred mode of dispute resolution. The referral Court must, therefore, exercise restraint and refrain from venturing into the merits of the dispute or adjudicating issues that fall squarely within the jurisdictional domain of the arbitral tribunal. It is thus seen that the scope of enquiry at the referral stage is conservative in nature. A similar view has also been expressed by the Supreme Court in the case of* ***Ajay Madhusudan Patel v. Jyotrindra S. Patel****"*[7].

9. In view of the fact that disputes have arisen between the parties and there is an arbitration clause in the contract, this Court is inclined to appoint an Arbitrator to adjudicate upon the disputes between the parties.

9. Therefore, the Court deems it appropriate to appoint, Ms. Kaarunya Lakshmi, Advocate (Mobile No. - +91 8586801514 ; Email Id- kaarunya38@gmail.com ) as the Sole Arbitrator.

10. The Sole Arbitrator may proceed with the arbitration proceedings, subject to furnishing to the parties the requisite disclosures as required under Section 12 of the Arbitration and Conciliation Act.

11. The Sole Arbitrator shall be entitled to fee in accordance with the IVth Schedule of the Arbitration and Conciliation Act or as may otherwise be agreed to between the parties and the learned Sole Arbitrator.

12. The parties shall share the arbitrator's fee and arbitral cost, equally.

13. All rights and contentions of the parties in relation to the claims/counter claims are kept open, to be decided by the Sole Arbitrator on their merits, in accordance with law.

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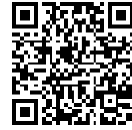
[7] (2025) 2 SCC 147.




14. Needless to state, nothing in this order shall be construed as an expression of opinion of this Court on the merits of the controversy. All rights and contentions of the parties in this regard are reserved. Let the copy of the said order be sent to the Arbitrator through the electronic mode as well.

15. Accordingly, the instant petition stands disposed of.

**PURUSHAINDRA KUMAR KAURAV, J**

**JULY 24, 2025**
tr/sph