

**IN THE HIGH COURT OF KARNATAKA AT BENGALURU**

**DATED THIS THE 21<sup>ST</sup> DAY OF FEBRUARY, 2026**

**PRESENT**

**THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE**

**AND**

**THE HON'BLE MR. JUSTICE C.M. POONACHA**

**COMMERCIAL APPEAL NO. 184 OF 2025**

**BETWEEN:**

1. 3M INDIA LIMITED  
HAVING ITS REGISTERED OFFICE AT:  
PLOT NO. 48-51, ELECTRONIC CITY  
HOSUR ROAD  
BENGALURU - 560 010  
HAVING ITS CORPORATE OFFICE AT  
5<sup>TH</sup> FLOOR, MARKSQUARE  
61, ST. MARKS ROAD  
BENGALURU - 560 001  
REPRESENTED BY ITS  
NATIONAL SALES MANAGER  
MR. U.V. SESHU SAI BABU

...APPELLANT

(BY SRI SHUJATH AHMED, ADVOCATE)

**AND:**

1. M/S KARCARE  
A PARTNERSHIP FIRM  
HAVING ITS REGISTERED OFFICE AT  
NO. 1 & 2, VAISHNAVI LAYOUT  
VIDYARANYAPURA  
BENGALURU - 560 097  
REPRESENTED BY ITS

PARTNERS  
MR. RAMAKRISHNA RAO  
P. & MR. P.V.V.R  
SURESH KUMAR

...RESPONDENT

(BY SRI SAMPATH BAPAT, ADVOCATE)

THIS COMMERCIAL APPEAL IS FILED UNDER SECTION 13 (1-A) OF THE COMMERCIAL COURTS ACT, 2015, R/W. SECTION 37 1(A) OF THE ARBITRATION AND CONCILIATION ACT, 1996 PRAYING TO PASS AN ORDER TOWARDS SETTING ASIDE THE IMPUGNED JUDGMENT DATED 18.01.2025 PASSED BY THE HON'BLE LXXXIV ADDL. CITY CIVIL AND SESSIONS JUDGE AT BENGALURU (COMMERCIAL COURT - CCH-85), IN THE COM.A.P. NO.138 OF 2024 & ETC.

THIS COMMERCIAL APPEAL HAVING BEEN HEARD AND RESERVED FOR JUDGMENT, COMING ON FOR PRONOUNCEMENT THIS DAY, JUDGMENT WAS PRONOUNCED AS UNDER:

CORAM: HON'BLE MR. VIBHU BAKHRU ,CHIEF JUSTICE  
and  
HON'BLE MR. JUSTICE C.M. POONACHA

**C.A.V. JUDGMENT**

(PER: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE)

1. The appellant [hereafter, '**3M**'] has filed the present appeal under Section 37(1)(c) of the Arbitration and Conciliation Act, 1996

[**A&C Act**], impugning an order dated 18.01.2025 passed by the learned LXXXIV Additional City Civil and Sessions Judge, Bengaluru [**Commercial Court**] in Com. A.P. No. 138/2024.

2. The respondent [hereafter, '**KAR**'] had filed the said application to set aside the award dated 03.06.2024 in A.C.Nos.452/2022, 453/2022 and 454/2022 [**impugned award**] delivered by an Arbitral Tribunal comprising of a sole arbitrator [**Arbitral Tribunal**]. The current commercial appeal (COMAP No.184/2025) pertains to the claims made in A.C.No.453/2022.

3. The impugned award is a common award passed in three arbitral proceedings. The Arbitral Tribunal had noted that the evidence and documents relied upon by the parties were common and therefore, the disputes involved are materially similar. Accordingly, the three arbitral proceedings were consolidated.

4. KAR was a claimant before the Arbitral Tribunal and had raised several claims arising from the franchise agreement entered into by the parties. The parties had entered into a Memorandum of Understanding dated 30.11.2015 and, pursuant thereto, entered into a Franchise Agreement dated 29.02.2016 [**FA 2016**]. Subsequently, parties entered into a Memorandum of Understanding [**MOU**] dated 04.04.2017 and, in furtherance of the

said MOU, entered into a franchise agreement dated 06.12.2018. The said agreement was not stamped; therefore, the parties entered into a similar agreement on 31.12.2018 [**FA 2018**], which was duly stamped.

5. Under the FA 2016 and FA 2018, KAR was authorised to set up and operate Car Care Centres [**CCC/s**] for providing detailing services under the 3M brand [**Franchise Business**] using 3M products and use the brand name 3M in respect of the authorised units.

6. KAR opened three CCCs under FA 2016/FA 2018 at the following locations:

- (i) Electronic City (BPCL);
- (ii) Amruthahalli (IOCL); and
- (iii) Yelahanka.

7. The present petition pertains to the CCC - IOCL at Amruthahalli. KAR claimed that 3M had breached the terms of the franchise agreement, resulting in KAR incurring losses. Accordingly, KAR raised a claim for a sum of ₹2,57,50,000/- for loss allegedly suffered in connection with the CCC operated at Amruthahalli. In the aforesaid context, KAR raised the following claims:

|                             |                                             |                         |
|-----------------------------|---------------------------------------------|-------------------------|
| a) Actual Losses            |                                             |                         |
| i.                          | Capital Expenditure                         | Rs.40,00,000/-          |
| ii.                         | Losses due to taking over Amruthahalli Unit | Rs.1,34,00,000/-        |
| b) Existing Liabilities     |                                             |                         |
| i.                          | Loans and Interest                          | Rs.15, 00,000/-         |
| ii.                         | Refund of Security Deposit                  | Rs. 3, 50,000/-         |
| c) Loss of Expected Profits |                                             |                         |
| i.                          |                                             | Rs.35, 00,000/-         |
| d) Other Losses             |                                             |                         |
| i.                          | Loss of Good Will                           | Rs.20, 00,000/-         |
| ii.                         | Mental agony suffered by Partners           | Rs.10,00,000/-          |
|                             | <b>Total</b>                                | <b>Rs.2,57,50,000/-</b> |

8. KAR also filed separate claims of ₹3,35,50,000/- in respect of the CCC at Yelahanka and ₹2,28,50,000/- in respect of the CCC at Electronic City. As noted above, the impugned award is a common award in respect of the claims in respect of the three CCC. However, separate applications were filed by KAR for setting aside the impugned award. The learned Commercial Court allowed the said applications by similarly reasoned but separate orders.

9. FA 2016 and FA 2018 included arbitration clauses. In view of the claims and the disputes that had arisen, KAR issued a notice dated 21.12.2020 calling upon 3M to appoint an arbitrator. Thereafter, KAR filed a petition under Section 11 of the A&C Act before this Court (Civil Miscellaneous Petition No. 162/2021) seeking appointment of an arbitrator. Similar petitions were filed in respect of claims relating to other CCCs.

10. In the said proceedings, KAR relied on the Franchise Agreement dated 06.12.2018, which was admittedly superseded by FA 2018. 3M had participated in the said proceedings and conceded to the appointment of an arbitrator to arbitrate the disputes under FA 2018. The said contention was accepted, and an Arbitral Tribunal was constituted.

11. Before the Arbitral Tribunal, KAR filed statement of claims alleging that 3M had removed an earlier franchisee at the Amruthahalli unit sometime in the latter part of 2016. The earlier franchisee had already sold a number of packages to customers by then. KAR alleged that 3M, unable to afford closing down the unit for fear of adverse reviews, lured KAR into taking over the Amruthahalli unit by promising healthy returns and ease of customer handling owing to its vicinity to KAR's unit at Yelahanka.

KAR claimed that pursuant to the MOU dated 04.04.2017, it took over the Amruthahalli CCC by paying a substantial sum to the outgoing franchisee at the behest of 3M, investing ₹40,00,000/- at the time of taking over. KAR alleged that 3M had promised to supply materials free of cost to honour the packages sold by the earlier franchisee and had also promised to compensate KAR for the payments made to the outgoing franchisee. However, contrary to such promise, 3M supplied items that were not useful in honouring the packages and forced KAR to pay for the materials supplied, which turned into dead stock. KAR further alleged that it was not made aware of the misdeeds of the outgoing franchisee until the same unfolded over a period of two to three months, and that KAR lost credibility in the market on account of the said misdeeds, adversely impacting its other units as well. KAR claimed that 3M was guilty of breach of contract, non-performance, and deceptively and negligently misrepresenting the viability of the business and the degree of support that would be provided.

12. 3M had filed its statement of defence raising several issues. 3M claimed that KAR was an unregistered firm and therefore, was precluded from instituting action against 3M. It further claimed that even if it was accepted that KAR was a registered firm, it could not maintain any action as in terms of the partnership deed dated

07.03.2019 as its business was to “invest/purchase the land/industrial land, hotels, stocks, forex, dealers, consultant, travel agent, renting of properties etc.” The partnership deed did not authorise KAR to carry on the Franchise Business which is “automobile detailing, cleaning or maintaining of vehicles”. It also stated that in FA 2018, KAR was described as a sole proprietorship concern of Mr. Ramakrishna Rao. 3M claimed that the disputes raised were not arbitrable as under the FA 2018, KAR had undertaken to incur all costs and expenses for setting up the CCCs and was solely responsible for developing and conducting its business. 3M denied that it had breached any terms of FA 2018. It also contended that the statement of claims did not contain material particulars.

13. 3M also stated that initially a notice dated 13.07.2020 was issued by KAR claiming an amount of ₹8,28,90,351/- which was subsequently scaled down to ₹2,57,50,000/- in the subsequent notice dated 21.12.2020.

14. Both parties also led evidence before the Arbitral Tribunal.

15. The Arbitral Tribunal found that KAR had taken inconsistent positions and that there was no evidence to support its claims. In

view of the above, KAR's claims were dismissed by the impugned award.

16. KAR filed an application to set aside the impugned award before the learned Commercial Court (Com. A.P. No. 138/2024). The learned Commercial Court set aside the impugned award on the ground that the Arbitral Tribunal had not answered all the issues.

17. The only question that falls for consideration of this Court is whether the impugned award is liable to be set aside on the ground that it is unreasoned. At the outset, we may observe that the statement of claims filed by KAR is sketchy, and the claims are not clearly articulated. For instance, KAR claims it suffered losses and 3M is liable to reimburse them. However, the statement of claims did not specify particulars of the losses suffered. Illustratively, the Statement of Claims mentions capital expenditure of ₹40,00,000/- and loss due to taking over the Amruthahalli unit of ₹1,34,00,000/-, but it neither specifies the nature of the said expenditure nor the manner in which it is computed. The claim of ₹1,34,00,000/- towards taking over the unit is particularly vague — it provides no breakdown of the components constituting the said sum, nor any

documentary evidence in support thereof. It provides no clue as to, on what items, the said expenditure was incurred.

18. As noted above, 3M had filed its statement of defence raising several objections including as to the locus of KAR to make a claim.

19. Based on the pleadings of the parties, the Arbitral Tribunal had framed the following issues for consideration:

- “1. Whether the claimant being an unregistered Partnership Firm, can sue under Law?
2. Whether the Claimant has the locus-standi to institute the present proceedings?
3. Whether the disputes between the parties are arbitrable in nature?
4. Whether the Claimant has any cause of action to file the present statement of claim?
5. Whether the Claimant is entitled to any amounts as claimed?
6. Whether the Respondent is entitled to costs as claimed?
7. What order or award?”

20. As rightly noted by the learned Commercial Court, the Arbitral Tribunal did not proceed to answer each and every issue as framed. However, we do not concur with the learned Commercial Court’s decision that the impugned award is liable to be set aside on that ground alone. It is clear from the reasoning

that, after evaluating the evidence, the Arbitral Tribunal found that there was no material to sustain the claims raised by KAR.

21. In view of the said finding, it was not necessary for the Arbitral Tribunal to examine any further issues as the claim made by KAR was liable to be rejected on this ground alone.

22. The learned counsel appearing for KAR contended that the Arbitral Tribunal had grossly erred in the proceedings by raising an oral plea of novation. He submitted that it was 3M's contention that if the FA 2018 was found to be invalid, the franchise agreement dated 06.12.2018 would be operative. He submitted that the contention was raised as 3M had contended that FA 2018 was invalid. He stated that in the aforesaid context, KAR had taken a stand that if FA 2018 is held to be invalid, the earlier franchise agreement ought to be considered as binding between the parties. He contended that KAR could not be faulted for not making any averments to that effect in its pleadings, as the said contention was raised to counter the submissions advanced on behalf of 3M.

23. In our view, it is not necessary to examine the aforesaid contention as these controversies pale into insignificance once it is accepted that the impugned award, to the extent it holds that KAR

has been unable to establish its claims by any material, is not required to be interfered with.

24. We find no material on record to establish that KAR suffered the loss as claimed or that such loss arose from 3M's failure to perform its obligations under the agreements.

25. In view of the above, the present appeal is allowed and the impugned order is set aside.

**Sd/-  
(VIBHU BAKHRU)  
CHIEF JUSTICE**

**Sd/-  
(C.M. POONACHA)  
JUDGE**

KPS