

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

Judgment reserved on: 06.09.2018

Judgment pronounced on: 18.09.2018

+ O.M.P.(I) (COMM.) 326/2018

NGC NETWORK INDIA PVT LTD

..... Petitioner

Through: Mr. Dayan Krishanan, Sr. Adv. Mr.
Sahil Sethi, Ms. Sneha Jain, Ms.
Snehima Jauhari, Mr. Devvrat Joshi
and Mr. Sanjeevi, Seshadri.

versus

ORANGEFISH ENTERTAINMENT

PRIVATE LIMITED

..... Respondent

Through: Mr.Suhail Dutt, Sr.Adv. with R.S.
Mittal and Mr. Ankur Manchanda

CORAM:

HON'BLE MR. JUSTICE RAJIV SHAKDHER

RAJIV SHAKDHER, J.

Preface

1. This action encapsulates a war of attrition which has been going on between two entities since August, 2017. The relationship between the petitioner and the respondent emanates from a Memorandum of Understanding dated 16.10.2012 (hereafter referred to as 'MOU'). The MOU was followed by an Addendum dated 01.12.2015 (in short 'Addendum'). The Addendum was executed to essentially extend the tenure

of the MOU. Broadly, under the MOU, the parties herein were required to organize India Bike Week Event (in short 'IBW Event'). This event, it appears, has been conducted annually by the parties, as indicated above, without a hitch in Goa from February, 2013 till February, 2016. The annual event of 2016 was followed by a mini event which was also held in and about 20/21st February, 2017.

1.1 As indicated above, the dispute between the parties erupted in August, 2017 when, according to the petitioner, it became aware of the fact that the respondent had filed an application with the Registrar of Trade Marks for registering the trademark 'India Bike Week' (in short 'IBW'), exclusively, in its own name. It is vis-à-vis this aspect of the matter qua which parties had approached Courts even on an earlier occasion to assert their rights in consonance with the terms of the MOU.

Backdrop

2. The background in which the instant action has been instituted in this Court is, broadly, as follows:

2.1 On 16.10.2012, the petitioner and the respondent entered into an MOU. The IBW Event, as indicated above, was organized by the parties each year between February, 2013 and February, 2016.

3. It appears that the petitioner was aggrieved by steps taken by the respondent to have the IBW trademark registered solely in its own name.

4. This led to the petitioner issuing a termination notice dated 24.08.2017. By this notice the petitioner, *inter-alia*, asserted that the breaches committed by the respondent had brought about immediate cessation of the MOU. Since, the petitioner was of the view that, it was a 'non-defaulting" party, it called upon the respondent to sell its share in the IBW trademark/Event for INR 1 million.

5. The respondent, on the other hand, fired its own missive vide e-mail dated 24.08.2017. The respondent alleged that the petitioner was in breach of the terms of the MOU. The respondent, thus, threatened the petitioner, in effect, with termination of the MOU within a period of 15 days in the event the alleged breaches were not rectified.

5.1 The petitioner issued an interim response to this communication of the respondent and, *inter alia*, informed the respondent about cessation of

the MOU. It appears that thereafter, in and about September, 2017, the respondent, *albeit*, unilaterally, without consulting the petitioner announced the dates for the 2017 IBW Event.

6. This action of the petitioner, as it appears, propelled the respondent into issuing a formal termination notice dated 09.09.2017. The termination notice, clearly, indicated that the MOU would cease to have effect upon expiry of the notice period of 15 days.

7. The petitioner, on the other hand, to ventilate its grievance and exists its rights approached the Additional District Judge, Gurugram (in short 'ADJ') with a petition under Section 9 of the Arbitration and Conciliation Act, 1996 (in short '1996 Act'). This petition was numbered as: Arb. Case No. 54/2017.

8. Parallely, the petitioner issued a response to the respondent's termination notice. In this communication, the petitioner called upon the respondent to cease and desist from exploiting the IBW trademark. Furthermore, the petitioner also triggered the arbitration agreement incorporated in clause XIII of the MOU and proposed appointment of a sole Arbitrator.

9. Even while the petitioner was awaiting the respondent's response to its suggestion for appointment of an Arbitrator, the Additional District and Sessions Judge rendered its decision on the petitioner's application preferred under Section 9 of the 1996 Act vide order dated 16.11.2017. The learned ADJ dismissed the Section 9 petition filed by the petitioner, *inter alia*, on the ground that it had failed to make out a *prima facie* case and that the balance of convenience was also not in favour of the petitioner apart from the fact that injuncting the 2017 IBW Event would cause irreparable harm to the respondent. The learned ADJ, however, directed the respondent to maintain accounts with respect to the Event that it proposed to hold so that they could be produced before the Arbitrator at the time of adjudication.

10 Being aggrieved, the petitioner carried the matter in appeal to the Punjab and Haryana High Court. The appeal came up for hearing for the first time on 22.11.2017, when, the learned Single Judge passed the following order:

"It is contended that the effect of Clause 10 of the Memorandum of Understanding (MOU) dated 16.10.2012 has

been illegally ignored by the learned Additional District Judge, Gurugram, while dismissing the application for temporary injunction vide impugned order dated 16.11.2017. Learned counsel for the respondent-caveator submits that in view of the urgency of the matter, without going into the merits of the contention, his clients are ready and willing to work out workable modalities for the successful holding of the event, subject to the ultimate' decision by the Arbitrator.

In response, counsel for the appellant is not averse to such an arrangement at this stage.

List on 24.11.2017 for further consideration.

Let the parties to file an affidavit detailing the modalities thrashed out on the date fixed.

To be shown in the urgent list."

(emphasis is mine)

11 As directed, the matter was listed on the board of the learned Single Judge on 24.11.2017. On the said date, counsel for the parties, placed for

consideration of the Court a joint statement dated 23.11.2017. Furthermore, counsel for the parties not only sought modification of the order dated 16.11.2017 passed by the learned ADJ but also sought a further direction that the appeal be disposed of as having being rendered infructuous.

11.1 Accordingly, the learned Single Judge, keeping in mind the submissions of the counsel and the joint statement placed before him, modified the order dated 16.11.2017, passed by the ADJ, and disposed of the appeal as having being rendered infructuous. Furthermore, the learned Judge explicitly stated that the parties would be bound by the stand taken before him.

12. Given this background, it would be necessary to cull out, verbatim, the joint statement dated 23.11.2017 as extracted in the judgment of the learned Single Judge as much has been said on behalf of the parties as to the nature of interim arrangement they intended to put in place till the final adjudication of their *inter se* disputes took place.

" · For ready reference the joint statement dated 23.11.2017 reads as under:-

" That NGC Network (India) Pvt. Ltd. & Orangefish Entertainment

Pvt. Ltd. Jointly held the IPR as defined in Clause 1.3 of the MoU dated 16th October, 2012. Disputes have arisen with regard to the same and the same is subject matter of determination in Arbitration. Adequate notice or mention of this shall be made by Orangefish Entertainment Pvt. Ltd. on the website [www. Indiabikeweek.in](http://www.Indiabikeweek.in), Facebook Page, Twitter Page of India Bike Week as well as on the website of Orangefish Entertainment Pvt. Ltd. being [www. Seventyemg.com](http://www.Seventyemg.com). The disclaimer to the contrary posted by Orangefish Entertainment Pvt. Ltd. shall be removed/deleted from the above websites/facebook and twitter handle.

Orangefish Entertainment Pvt Ltd. shall maintain ledger account while trading as Seventy EMG for organizing the Event 'India Bike Week' on 24-25th November, 2017 and shall preserve the accounts which can be audited by NGC Network (India) Pvt Ltd. Orangefish Entertainment Pvt. Ltd. shall render its audited accounts with the Arbitrator for IBW 2017 on or before 25th December, 2017.

NGC Network (India) Pvt. Ltd., and Orangefish Entertainment Pvt. Ltd., post conduct of the IBW 2017 event on 24-25 November, 2017 shall not directly or indirectly organize India Bike Week event as defined in Clause 1.1 of the MoU or use the IPR as defined under Clause 1.3 of the MOU uptill the arbitration proceedings commence and for a period of one week thereafter, subject to a maximum of two months from today. Both the parties will be at liberty to move an appropriate application including an application under Section 17 of the Arbitration and Conciliation Act, 1996 before the Arbitrator for appropriate Orders.

The present statement would be without prejudice to rights of both the parties to raise all pleas in all forums including before the Arbitrator both at the interim stage as well as final hearing and the statement made would have no bearing in the said adjudication.

Both the parties shall meet within one week from today to discuss and decide the name of the Arbitrator”.

12.1 A perusal of the joint statement would show that the parties bought temporary peace, inasmuch as while the respondent was allowed to go ahead with the 2017 IBW Event a caveat was entered, which was, that it would maintain and preserve accounts which could be audited by the petitioner, enabling, in effect, the production of audited accounts before the learned Arbitrator on or before 25.12.2017.

12.2 Furthermore, parties also bound themselves to desist from organizing directly or indirectly an IBW Event after the 2017 IBW Event (as defined in clause 1.1 of the MOU) or use the Intellectual Property Rights (in short 'IPR') [as defined in clause 1.3 of the MOU] until the commencement of arbitration proceedings and for a period of one week thereafter subject to a maximum period of two months from the date when the joint statement was executed *inter se* the parties.

12.3 *Inter alia*, the parties also agreed, as evident on a plain reading of the joint statement, to convene a meeting for the purposes of zeroing down on the name of the Arbitrator.

13 It appears on 18.12.2017 the respondent conveyed to the petitioner that it was agreeable that the disputes be referred to the Delhi International Arbitration Centre (in short 'DIAC'). Evidently, this step was taken as parties were unable to agree on their own as to who should act as the Arbitrator for adjudication of disputes which had arisen between them.

14 While there is nothing on record to show as to what transpired between 18.12.2017 and February, 2018 qua reference of the disputes to the DIAC, the record does reveal that on 17.02.2018, the petitioner served a cease and desist notice on the respondent.

14.1 This notice, as it appears, was, inter-alia, issued since the respondent had put out in the public domain that it was going to hold an event, similar to IBW Event, under the caption "MOTOCAMP" and for this purpose, intended to use the IBW trademark.

14.2 In response thereto, the respondent issued a communication dated 28.02.2018 via its counsel. The stand taken by the respondent was that, it was free to hold the event qua which grievance has been raised by the petitioner as the order of the learned ADJ dated 16.11.2017, which had

merged in the judgment dated 24.11.2017, passed by the learned Single Judge of the Punjab and Haryana High Court, had worked itself out.

15. It appears that notwithstanding the stand taken by the parties in their respective communications, the stand taken by them in the joint statement before the Punjab and Haryana High Court weighed heavily on them and consequently, parties entered into a fresh Arbitration Agreement dated 21.03.2018 (hereafter referred to as '2018 Arbitration Agreement'). By virtue of the 2018 Arbitration Agreement, the parties agreed that the disputes which had arisen between them would be adjudicated upon by the Arbitrator, *albeit*, under the aegis of the DIAC. This agreement was in line with the discussion that the parties had in December, 2017, immediately, after the disposal of the petitioner's appeal by the Punjab and Haryana High Court.

16. As a result of this development, the petitioner, on 06.04.2018, tendered a request to the Coordinator, DIAC, to initiate the process of appointment of an Arbitrator. The petitioner also undertook to file its Statement of Claim (in short 'SOC') with the DIAC in consonance with the

DIAC Rules within a period of 15 days of its request or within such time frame as may be specified by the Coordinator in that behalf.

17. The record shows that the DIAC invited the petitioner to file its SOC vide communication dated 20.04.2018. Notably, a copy of this communication was dispatched to the respondent.

18 As directed on 21.04.2018, the petitioner filed its SOC. The petitioner followed it up by writing to the DIAC, on 27.04.2018, proposing five names of former Supreme Court Judges for appointment of a sole Arbitrator qua its disputes with the respondent.

19 Evidently, the DIAC, upon scrutiny of the SOC came to the conclusion that the petitioner had failed to quantify its claims (a) to (d) in monetary terms. This fact was communicated to the petitioner vide letter dated 12.06.2018.

19.1 It appears that DIAC had brought this aspect to the notice of the petitioner as quantification of claims in monetary terms would have facilitated the fixation of fee that would have to be paid to the Arbitrator. Importantly, by this very communication, the DIAC conveyed to the

petitioner that it should choose an Arbitrator from a panel maintained by it. For this purpose, the petitioner was requested to visit its website.

20 Upon the respondent receiving copy of the DIAC's communication dated 20.04.2018, it advised its Advocate to respond to the said communication. Accordingly, on 16.05.2018, the respondent's Advocate wrote to the DIAC, making a grievance that the petitioner had not served upon it the copy of the request dated 06.04.2018 and the documents, if any, which accompanied the request, which included the 2018 Arbitration Agreement executed between the parties. Furthermore, it was sought to be brought to the notice of the DIAC that fees of the Arbitrator was to be shared by the parties as stipulated in clause 6 of the Arbitration Agreement and not in equal measure as was indicated in DIAC's letter.

21 The petitioner, it appears, in the meanwhile, vide e-mail dated 19.06.2018, suggested a panel of five names for appointment of a sole Arbitrator.

22 Since, the process of appointment of the Arbitrator, was consuming far too much time, the petitioner vide a letter dated 21.06.2018 called upon the Coordinator, DIAC to appoint an Emergency Arbitrator. This

communication, *inter-alia*, enclosed an application for grant of urgent relief by the Emergency Arbitrator as also an application under Section 17 of the 1996 Act along with an amendment application.

22.1 It appears that the petitioner had filed an application under Section 17 prior to the request made for appointment of an Emergency Arbitrator in the hope that the process of appointment of an Arbitrator would get concluded at the earliest and in anticipation thereof, had suggested names of five former Supreme Court Judges for appointment of a sole Arbitrator.

23 On 27.06.2018 DIAC called upon the respondent to either agree on one of the names out of five, suggested by the petitioner for appointment of a sole Arbitrator or in the alternative convey five names of its choice from the panel maintained by it.

23.1 It appears that the respondent had also written a letter of even date i.e. 27.06.2018, to the DIAC. Though, this letter is not on record what is available on record is a communication dated 03.07.2018 issued by DIAC in response to the said letter issued by the respondent. A perusal of the DIAC's response would show that certain concerns were raised by the respondent with regard to the request made by the petitioner for

appointment of the Arbitrator. These concerns were sought to be addressed by the DIAC vide its letter dated 03.07.2018.

24 In the interregnum, the petitioner, once again, on 02.07.2018 wrote to the DIAC to expedite the process of appointment of an Arbitrator.

25 The respondent, on the other hand, via its Advocate's communication dated 07.07.2018, reiterated its concerns with respect to the triggering of the arbitration process by the petitioner and in this behalf adverted to the DIAC's Rules and the 2018 Arbitration Agreement. The respondent, while calling upon the DIAC to furnish a copy of the request made by the petitioner and the copies of the documents appended to the said request, sought time to file a reply and its counter claim.

25.1 Interestingly, the communication ended with a without prejudice assertion that the 2018 Arbitration Agreement enabling the DIAC to appoint an Arbitrator had ceased to have effect and therefore, the DIAC had no 'jurisdiction', 'authority' or 'dominion' over the instant matter. The respondent, thus, made it a point to convey to the DIAC that any proceedings that it intended to conduct would be "void" and "invalid".

26 This was followed by the respondent writing to the DIAC, on 13.07.2018, indicating its disapproval of the names suggested by the petitioner and in turn, suggested its own set of names.

27 The petitioner, in order to expedite the process, on the very same date via e-mail dated 13.07.2018, conveyed to the DIAC its consent to the appointment of Hon'ble Mr. Justice K.S.P. Radhakrishnan, former Judge, Supreme Court, as the sole Arbitrator from amongst the panel of names suggested by the respondent.

28 Evidently, on 16.07.2018, the DIAC wrote to the learned Arbitrator i.e. Hon'ble Mr. Justice K.S.P. Radhakrishnan, that the parties had agreed to his appointment as the sole Arbitrator. Furthermore, by this very communication, the DIAC called upon the Arbitrator to file its declaration of acceptance and statement of independence as per Schedule IV of the DIAC (Arbitration Proceedings) Rules. In addition thereto, the DIAC indicated to the learned Arbitrator that the petitioner had already filed its SOC along with an application under Section 17 of the 1996 Act. A copy of this communication was dispatched to the Advocates of the petitioner and the respondent.

29 The petitioner claims that the copy of the DIAC letter dated 16.07.2018, addressed to the learned Arbitrator, was received by it only on 24.07.2018.

30 The petitioner, after a gap of nearly a week, wrote to the Coordinator, DIAC, that there had been no further movement in the constitution of the Arbitral Tribunal and that there was urgency in the matter on account of continued usage of the IBW trademark by the respondent, causing detriment to its interest.

31 Evidently, while the matter regarding the consent of the learned Arbitrator was hanging fire, on 07.08.2018, the respondent advertized on the social media that tickets for the 2018 IBW Event would be available from 15.08.2018. For this purpose, it encouraged the viewers to visit its website WWW.INDIABIKEWEEK.IN.

32 Given this provocation, the petitioner moved this Court by way of the instant petition. The petition came for hearing for the first time before me, on 14.08.2018, when an ad interim order was passed against the respondent injunctioning it from selling tickets with the trademark "India Bike

Week", "The Biker's Festival", "IBW2018" and "#Indiabikeweek" or any other mark which was deceptively similar to the foregoing marks.

33 The respondent, it appears, carried the matter in appeal to the Division Bench. The said appeal was numbered as: FAO(OS)(COMM) No.187/2018. The appeal was disposed of by the Division Bench vide order dated 21.08.2018. In short, the Division Bench after noticing that the returnable date fixed before me was 06.09.2018 exhorted the parties to have the instant petition heard and disposed of on merits.

34 The respondent, since then, has filed its reply to the petition.

Submissions of counsel

35 In support of the petitioner's case, arguments have been advanced by Mr. Dayan Krishnan, Senior Advocate, instructed by Mr. Sahil Sethi, while submissions on behalf of the respondent have been made by Mr. Suhail Dutt, Senior Advocate instructed by Mr. R.S. Mittal.

36 The arguments advanced by Mr. Krishnan can, broadly, be paraphrased as follows:

36.1 The IPR which emanated from the MOU was a joint property of the parties. The parties were required to share the benefit emanating from the IPR in the ratio of 60:40. The petitioner, under the MOU, is thus, entitled to 40% share in the said joint property. This aspect is provided for in Clauses I (1.3) & (1.7), Clause IV (1) and Clause V(6) of the MOU.

36.2 Furthermore, in the event of breach by either party, the '*non-defaulting*' party under clause IX of the MOU is empowered to buy out the shares of the defaulting party for a maximum value of INR 1 million.

36.3 In the instant case, since the respondent had breached the terms of the MOU by filing the application for registration of the subject trademark without prior written consent or approval of the petitioner, the petitioner was left with no choice but to terminate the MOU vide notice dated 24.08.2017. Therefore, the respondent's notice to terminate dated 24.08.2017, followed by a termination notice dated 09.09.2017 can have no effect as the MOU had already been terminated by the petitioner.

36.4 The respondent has repeatedly violated the terms and conditions of the MOU. This aspect came to the fore in July/August, 2017 when the respondent attempted to and was successful in holding the 2017 IBW Event

to the detriment of the petitioner's interest. Though, the petitioner sought to protect its rights, as conferred upon it under the MOU, it failed to stop the respondent from holding the 2017 IBW Event as the respondent had gone too far in having third parties invest in the Event.

36.5 Given these circumstances, the petitioner had agreed to the disposal of its appeal in the Punjab and Haryana High Court, based on an understanding that till the rights in the IBW trademark/Event are finally adjudicated upon by an Arbitrator, no precipitate action would be taken by either party which could affect the interest of the other party. The respondent, however, has chosen to, once again, embark on a course which is wholly detrimental to the petitioner's rights under the MOU by proposing to hold the 2018 IBW Event on 30.11.2018-01.12.2018.

36.6 Since, the parties could not agree on the appointment of a sole Arbitrator, it was decided to have the arbitration proceedings conducted under the aegis of the DIAC. The fact that the respondent agreed to this suggestion is evident upon a bare perusal of the e-mail dated 18.12.2017, addressed by the respondent to the petitioner. The intention of the parties to

have the DIAC involved in the arbitration process got morphed into a formal agreement, that is, the 2018 Arbitration Agreement.

36.7 However, even while the process of appointment of an Arbitrator was on, the respondent precipitated the matter by advertising the sale of tickets for the 2018 IBW Event. This unwarranted act of the respondent propelled the petitioner to approach this Court for grant of injunctive relief.

36.8 The petitioner was constrained to move the Court as despite having filed an application under Section 17 of the 1996 Act, as far back as on 21.06.2018 and an application for appointment of an Emergency Arbitrator on 21.06.2018 with the DIAC, there was no movement in the matter. Due to the dilatory tactics adopted by the respondent and the failure of DIAC to move with alacrity in appointing an Emergency Arbitrator, the petitioner's remedy under Section 17 of the 1996 Act had been rendered inefficacious.

37 On the other hand, Mr. Suhail Dutt, vigorously pressed for dismissal of the petition and/or vacation of the interim order dated 14.08.2018. In support of his prayers, Mr. Dutt advanced the following arguments:

37.1 The petitioner having approached the District Court at Gurugram, in the first instance, by way of a petition under Section 9 of the 1996 Act, this

Court would have no jurisdiction in view of the provisions of Section 42 of the very same Act.

37.2 The contention that the Courts in Gurugram would have the exclusive jurisdiction in the matter was sought to be supported by Mr. Dutt by relying upon clause 9 of the 2018 Arbitration Agreement. Mr. Dutt submitted that if clause 9 of the 2018 Arbitration Agreement were to be read with clause XIII (which contained the arbitration clause) of the MOU, it would be clear that the said clause had only been modified and not superseded. In other words, according to Mr. Dutt, the jurisdictional Court for filing of such a petition remained the Courts at Gurugram.

37.3 The Learned counsel went on to contend that the 2018 Arbitration Agreement only changed the venue of the arbitration to Delhi without affecting the exclusive jurisdictional clause contained in the MOU. In support of this contention, reliance was placed by Mr. Dutt on the judgment of the Supreme Court in: *M/s Emkay Global Financial Services Ltd Vs. Girdhar Sondhi*, 2018 (10) SCALE 15.

37.4 Besides this, according to the counsel, the 2018 Arbitration Agreement had ceased to operate in terms of clause 7 as arbitration

between parties had not commenced within 30 days. It was stated that neither the arbitration notice was served, as envisaged under Section 21 of the 1996 Act and nor was a request given in accordance with Rule 3 of the DIAC Rules nor was the same served on the respondent within the stipulated period; as a matter of fact, the request has not been served on the respondent till date.

37.5 The joint statement made by the parties before the Punjab and Haryana High Court barred both parties from holding either an IBW Event and/or from making use of the IPR for a maximum period of two months, which came to an end on 23.01.2018. Therefore, the *ex parte* order dated 14.08.2018 was obtained by the petitioner on a clear misrepresentation of facts and hence, the same ought to be vacated.

37.6 The petitioner, on the principle analogous to the doctrine of *res-judicata*, is barred from filing successive petitions under Section 9 of the 1996 Act for the very same relief. The proceedings initiated before the District Court at Gurugram, which culminated with the disposal of the appeal by the Punjab and Haryana High Court was not limited to the 2017

IBW Event. The order of the learned ADJ was not set aside but was only modified by the Punjab and Haryana High Court.

37.7 Since, the Arbitral Tribunal was already in place w.e.f. 23.07.2018, by virtue of the provisions of Section 9 (3) of the 1996 Act, the present petition ought to have been dismissed in limine. This fact was in the knowledge of the petitioner, which was, however, dishonestly, not conveyed to the Court while securing the *ex-parte* order.

37.8 Assuming, without admitting, that the petitioner was unaware of the constitution of the Arbitral Tribunal, even then, the bar under Section 9 (3) of the 1996 Act would apply. The present petition, not being maintainable, ought to be dismissed and the interim order be vacated.

37.9 The termination of the MOU by the petitioner was malafide on account of the following:

(i) Firstly, the petitioner was aware since, January, 2013, that the respondent had filed a trademark application. In this behalf, reference was made to the documents appended by the respondent at pages 53 to 55 of its document file.

(ii) Secondly, the MOU was terminated by the petitioner without providing for a 15 days cure period as mandated in clause VIII (3) of the MOU.

(iii) Thirdly, filing of the trademark application in the sole name of the respondent was merely a procedural issue and, therefore, sudden termination of the MOU by the petitioner on this ground alone without prior discussion or notice to the respondent, was *mala fide* and contrary to the terms of the MOU.

38 The respondent was forced to terminate the MOU after giving 15 days notice to cure the breaches, as the petitioner had failed to bring sponsors, or to promote, or even publicize the IBW Event.

38.1 Therefore, the petitioner being the defaulting party, the respondent became the absolute owner of the IPR on tendering the stipulated amount, equivalent to, INR 1 million to the petitioner in terms of clause IX(b) of the MOU. The petitioner's contention that the IPR could not be used without its consent had no merit as the MOU, admittedly, now stands terminated and the respondent has become its absolute owner in terms of clause IX (b) of the MOU.

38.2 The continuance of the ex-parte order passed by this Court is causing hardship and prejudice to the respondent as the entire work connected with organizing the 2018 IBW Event has reached a standstill. The dates of 2018 IBW Event were announced on 11.07.2018. The sale of the tickets was to commence on 15.08.2018, in view of the size of the annual Event, which is being organized in Goa. The Event is expected to be attended by over 7500 bikers, 100 clubs and 75 exhibitors who hail from India and abroad. Given the scale, necessary arrangements have to be completed, on an expedited basis. Since, numerous sponsors for the 2018 IBW Event are in the process of signing agreement(s) with the respondent, any hindrance in the form of an interim order would have them back out from their commitment(s).

38.3 The necessary arrangements, which include, inter-alia, tying up with media agencies and ticketing agencies etc. have already been put in place including the venue where the Event is to be held. The petitioner was aware, all along, that the respondent would be holding the 2018 IBW Event at the end of the year and, therefore, had managed to impact its interest by delaying the initiation of arbitration proceedings, including the triggering of Section 9 proceedings. The petitioner is not interested in organizing the

annual Event, an aspect which has been recorded by the ADJ in its order dated 16.11.2017. The respondent is the sole and exclusive inventor and organizer as also responsible for conceptualizing the IBW Event and, therefore, has an exclusive and superior interest in the IPR as well as in keeping intact the value and reputation of the Event.

38.4 It is in the petitioner's interest that the subject mark is used and, in case the petitioner succeeds in the arbitration proceedings, it will be entitled to the 40% of the revenue/profits, in terms of the MOU. There is no merit in the petitioner's plea that the Event be enjoined. The respondent will, as, in the previous year, render accounts to the learned Arbitrator qua the 2018 IBW Event as and when it is called upon to do so by the learned Arbitrator.

38.5 The fact that the petitioner was aware of the alleged misuse of the IPR is evident from its cease and desist notice dated 17.02.2018. Since, the respondent refuted the same and followed it up by reply dated 28.02.2018, the petitioner ought to have approached the Court and taken recourse to an appropriate remedy at the earliest. The respondent is willing to publish a

suitable disclaimer in respect of the pending disputes on its website, tickets etc. and also to keep accounts, as indicated above.

39. In rejoinder, Mr. Krishnan stressed the point that the petitioner was unaware of the letter dated 16.07.2018 issued to the learned Arbitrator till its receipt on 24.07.2018. The fact that the petitioner was keen in having the arbitration process expedited was sought to be brought to fore by Mr. Krishnan, once again, by adverting to its letter dated 31.07.2018 addressed to the DIAC. The fine point that Mr. Krishnan sought to make, is that, via letter dated 16.07.2018, the DIAC, had called upon the learned Arbitrator to given his consent and make a declaration in terms of Schedule IV of the DIAC Rules, and therefore, the Arbitral Tribunal would get constituted only when the petitioner had notice of occurrence of such an eventuality.

39.1 Furthermore, Mr. Krishnan made it a point to lay stress on the fact that the petitioner was unaware of the purported declaration dated 23.07.2018, said to have been issued by the learned Arbitrator on which reliance was placed by the respondent to show that the Arbitral Tribunal had been constituted. In any event, according to Mr. Krishnan, the supposed declaration dated 23.07.2018, which had been placed on record,

was an unsigned document which did not reflect that the learned Arbitrator had accepted his appointment. Given this position, Mr. Krishnan contended that the bar under Section 9 of the 1996 Act would not apply in this case.

39.2 As regards the contention raised on behalf of the respondent that this Court had no jurisdiction in the matter, in view of the fact that the 2018 Arbitration Agreement only changed the venue of Arbitration from Gurugram to Delhi, Mr. Krishnan submitted to the contrary. It was the learned counsel's contention that the exclusive jurisdiction clause obtaining in the MOU ceased to have an effect with the execution of the 2018 Arbitration Agreement as the parties intended to change both, the seat as well the venue from Gurugram to Delhi. In support of his submission, that this court had the jurisdiction, reliance was placed by the learned counsel on the judgment of the Supreme Court in *Bharat Aluminium Co. Vs. Kaiser aluminium Technical Services Inc*¹, (2012) 9 SCC 552.

¹ "... 96. Section 2(1)(e) of the Arbitration Act, 1996 reads as under:
"2. Definitions.—(1) In this Part, unless the context otherwise requires—
(a)-(d)***

(e) 'Court' means the Principal Civil Court of Original Jurisdiction in a district, and includes the High Court in exercise of its ordinary original civil jurisdiction, having jurisdiction to decide the questions forming the subject-matter of the arbitration if the same had been the subject-matter of a suit, but does not include any civil court of a grade inferior to such Principal Civil Court, or any Court of Small Causes;"
We are of the opinion, the term "subject-matter of the arbitration" cannot be confused with "subject-matter of the suit". The term "subject-matter" in Section 2(1)(e) is confined to Part I. It has a reference and connection with the process of dispute resolution. Its purpose is to identify the courts having

39.3 With regard to the other submission that the instant petition was barred, in view of the provisions of Section 42 of the 1996 Act, learned counsel submitted that the earlier petition under Section 9 was filed in pursuance to the arbitration agreement which was incorporated in the MOU whereas the subject petition is filed pursuant to the 2018 Arbitration Agreement. It was contended that the two petitions pertained to different arbitration agreements and different cause of action and hence Section 42 of the 1996 Act could not come in the way of the subject petition being pursued by the petitioner in this Court.

39.4 As regards the argument of balance of convenience, put forth by the respondent, Mr. Krishnan submitted that in view of flagrant breach of the MOU by the respondent, the petitioner had exercised its option under

supervisory control over the arbitration proceedings. Hence, it refers to a court which would essentially be a court of the seat of the arbitration process. In our opinion, the provision in Section 2(1)(e) has to be construed keeping in view the provisions in Section 20 which give recognition to party autonomy. Accepting the narrow construction as projected by the learned counsel for the appellants would, in fact, render Section 20 nugatory. In our view, the legislature has intentionally given jurisdiction to two courts i.e. the court which would have jurisdiction where the cause of action is located and the courts where the arbitration takes place. This was necessary as on many occasions the agreement may provide for a seat of arbitration at a place which would be neutral to both the parties. Therefore, the courts where the arbitration takes place would be required to exercise supervisory control over the arbitral process. For example, if the arbitration is held in Delhi, where neither of the parties are from Delhi, (Delhi having been chosen as a neutral place as between a party from Mumbai and the other from Kolkata) and the tribunal sitting in Delhi passes an interim order under Section 17 of the Arbitration Act, 1996, the appeal against such an interim order under Section 37 must lie to the courts of Delhi being the courts having supervisory jurisdiction over the arbitration proceedings and the tribunal. This would be irrespective of the fact that the obligations to be performed under the contract were to be performed either at Mumbai or at Kolkata, and only arbitration is to take place in Delhi. In such circumstances, both the courts would have jurisdiction i.e. the court within whose jurisdiction the subject-matter of the suit is situated and the courts within the jurisdiction of which the dispute resolution i.e. arbitration is located.”

Section IX(b) of the MOU and had, thus, become the sole owner of IBW Event. In other words, at this juncture, according to Mr. Krishnan, the respondent had no right in the IPR. Furthermore, learned counsel submitted that the respondent chose, if at all, to invest the 2018 IBW Event, knowing fully well that the IPR created under the MOU, if not the sole property, was, in the very least, a joint property and that the respondent could not be permitted to canvass argument of creation of third party and financial difficulty, after having embarked on a similar course in 2017.

39.5 Mr. Krishnan, was at pains to point out that it cannot be that each year the respondent would violate the petitioner's right and because it claims to have invested funds and third party rights are involved, it would force the hand of the Court to put in place an ad-interim arrangement till the dispute is finally adjudicated upon by the Arbitrator.

39.6 In fact, Mr. Krishnan contended that since the learned Arbitrator has fixed 18.09.2018 as the date of hearing, no prejudice would be caused to the respondent, if the interim order is continued as the 2018 IBW Event is scheduled to be held only on 30.11.2018-01.12.2018.

39.7 In sum, the contention of Mr. Krishnan was that, if the respondent is allowed to sell the tickets for the 2018 IBW Event till final adjudication of disputes, indeterminable third party rights would get embedded, which would further only complicate the matter. According to Mr. Krishnan, balance of convenience lay with the petitioner and not the respondent.

Analysis and Reasons.

40 I have heard the arguments of learned counsel for the parties as also carefully examined the record.

41 What emerges upon the perusal of the record and on consideration of the submissions advanced by the counsel over which, there is largely no dispute is as follows:

(i) That in and about October, 2012 an MOU was executed between the parties concerning holding of an annual IBW Event and sharing of IPR generated therefrom, in 60:40 ratio. Forty percent (40%) share going to the petitioner.

(ii) That the respondent had taken steps, *albeit*, unilaterally to seek registration of IBW trademark/event by filing an application with the Trade Mark Authority on 10.12.2012, *albeit*, in its own name.

(iii) That apparently, respondent, sent an e-mail dated 14.01.2013 through, its Finance Manager, one, Mr. Deepak Bhagne, to Mr. Manoj Jain, said to be connected with the petitioner, informing him, *inter alia*, that “membership fee amounting to INR 56,000 for trademark registration had been paid”.

(iv) That the respondent had issued a notice dated 24.08.2017 wherein, *inter alia*, it informed the petitioner that if it failed to remedy the breaches pointed out in the notice within a period of 15 days, then, it would have no other alternative but to terminate the MOU and the Addendum. Furthermore, it also indicated to the petitioner that if termination of the MOU and the Addendum became effective, it would be entitled to acquire petitioner's share/interest under the MOU by making the payment as stipulated in clause IX of the MOU.

(v) That the petitioner issued a termination notice of its own of even date i.e. 24.08.2017.

(vi) That the respondent, after the 15 days notice period was over, served a termination notice dated 09.09.2017, on the petitioner, since, according to it, breaches pointed out had not been cured.

(vii) Given the aforesaid circumstance, petitioner had approached the District Court at Gurugram to have the 2017 IBW Event injuncted. This endeavour of the petitioner failed as the learned ADJ vide order dated 16.11.2017, dismissed the Section 9 petitioner, *albeit*, with a direction to the respondent to maintain accounts for production before the Arbitrator.

(viii) That the matter was carried in appeal by the petitioner, to the Punjab and Haryana High Court, which was disposed of vide judgment dated 24.11.2017, based on a joint statement of the parties dated 23.11.2017. The interim arrangement put in place by the parties, pending final adjudication of *inter se* disputes received the imprimatur of the Court.

(ix) In pursuance, of the interim arrangement, on 18.12.2017, the respondent sent an e-mail to the petitioner, whereby it agreed in principle that the disputes obtaining between them could be adjudicated under the aegis of DIAC.

(x) The Parties entered into a fresh arbitration agreement i.e. the 2018 Arbitration Agreement. Via this agreement, the parties agreed that the sole Arbitrator would be appointed by the DIAC in accordance with its rules. Parties further agreed that the sole Arbitrator which the DIAC would appoint would be that former Judge of the Supreme Court who had not, previously, acted as an Arbitrator for either party or their affiliates. Parties also agreed that the venue of arbitration would be Delhi and, ordinarily, the place where DIAC was located i.e. at the High Court of Delhi at New Delhi. Clause 6 of the 2018 Arbitration Agreement also provided the manner in which the burden of fee would have to be shared by the parties. Clause 7 of the very same agreement provided that the said agreement would remain valid and binding between the parties only if arbitration was initiated within a period of 30 days of signing of the agreement. Interestingly, clause 8 of the 2018 Arbitration Agreement laid emphasis on the fact that the said agreement would be applicable only in respect of arbitration conducted under the aegis of the DIAC and not before any other forum/institution. Furthermore, clause 9 of the 2018 Arbitration Agreement indicated that clause XIII of the MOU shall continue to apply and will be

binding on the parties except insofar as it was modified by the said agreement.

(xi) Consequent thereto, a request for constituting an Arbitral Tribunal was made by the petitioner to the DIAC vide communication dated 06.04.2018. An acknowledgement was issued by the DIAC vide letter dated 20.04.2018. By this communication, DIAC required the petitioner to propose names of Arbitrator, albeit, from its own panel.

(xii) The petitioner filed its SOC with the DIAC on 21.04.2018. This was followed by an e-mail dated 27.04.2018, whereby the petitioner provided a panel of Arbitrators from which appointment could be made by the DIAC.

(xiii) On 16.05.2018, the respondent via its Advocates wrote to the DIAC raising certain procedural objections.

(xiv) On 21.06.2018, the petitioner applied to DIAC for appointment of an Emergency Arbitrator. The request was accompanied by an application for interim relief.

(xv) On 02.07.2018, the petitioner, once again, wrote to the DIAC to expedite the process of commencement of arbitration proceedings. This

was followed by a letter dated 12.07.2018 wherein, once again, it was brought to the notice of the DIAC that the respondent's actions taken *vis-à-vis* the 2018 IBW Event were causing detriment to its interest.

(xvi) On 13.07.2018, the petitioner conveyed its consent to one of the five names suggested by the respondent for being appointed as an Arbitrator via its letter dated 12.07.2018 addressed to DIAC. Accordingly, the petitioner in its letter gave consent to the appointment of Hon'ble Mr. Justice K.S.P. Radhakrishnan, former Judge, Supreme Court as an Arbitrator in the matter.

(xvii) The DIAC vide letter dated 16.07.2018, wrote to Hon'ble Mr. Justice K.S.P. Radhakrishnan, former Judge, Supreme Court that parties had agreed to his appointment as an Arbitrator. Furthermore, by this letter, the DIAC also requested the learned Arbitrator to file a declaration of acceptance and statement of independence as per Schedule IV of the DIAC Rules.

(xviii) The petitioner, however, claims (and there is no proof to the contrary) that it received DIAC's letter dated 16.07.2018 only on 24.07.2018.

(xix) On 24.07.2018, the DIAC appears to have received the declaration from the learned Arbitrator, which, apparently was signed by him on 23.07.2018. The petitioner claims that it had no knowledge of the document dated 23.07.2018. The petitioner also claims that the document dated 23.07.2018, on the face of it, does not bear the signature of DIAC and, therefore, would not establish that the learned Arbitrator has, in fact, given his consent.

(xx) On 31.07.2018, the petitioner, once again, addressed a letter to the DIAC, wherein it expressed its concern that the matter had not moved forward since the receipt of DIAC's letter dated 16.07.2018. This letter, in fact, is relied upon by the petitioner to buttress its contention that it was unaware of the fact that document dated 23.07.2018 had come into existence.

(xxi) On 07.08.2018, the respondent proclaimed on the social media that the tickets for 2018 IBW Event would be available from 15.08.2018 on its website. This communiqué exhorted interested person to visit its website [WWW. INDIABIKEWEEK.IN](http://WWW.INDIABIKEWEEK.IN).

(xxii) The instant petition was moved in Court on 14.08.2018.

ISSUES:

42 Given the aforesaid facts and circumstances, to my mind, the following issues arise for consideration:

- (i) Whether the petitioner was aware of the constitution of the Arbitral Tribunal? If so, what would be the consequences of such a fact having come to the knowledge of the petitioner?
- (ii) Would the bar under Section 9 (3) of the 1996 Act apply, even if a party is unaware of the constitution of the Arbitral Tribunal and seeks interim relief from the Court by filing a petition under Section 9 of the 1996 Act?
- (iii) Would this Court have jurisdiction to entertain the instant petition, given the fact that under clause XIII of the MOU, exclusive jurisdiction with regard to arbitration proceedings, including interim reliefs as available under Section 9 of the 1996 Act, vested with Courts at Gurugram?
- (iv) Is the instant petition not maintainable in view of the petitioner having approached the District court at Gurugram in an earlier round in view of the provisions of Section 42 of the 1996 Act?
- (v) Was the ex-parte interim order dated 14.08.2018 obtained by the petitioner by resorting to misrepresentation?

(vi) Was the petitioner entitled to injunction as prayed for in the facts and circumstances of the instant case?

Issue No. (i)

43 Insofar as this issue is concerned, in my view, the material placed before me persuades me to come to the conclusion that the petitioner was unaware of the fact that the declaration dated 23.07.2018 had been received by the DIAC on 24.07.2018. The preponderance of probability propels me to conclude that the petitioner had no knowledge that the learned Arbitrator had given his consent in response to the DIAC's letter of 16.07.2018. The communication dated 24.07.2018 sent by the petitioner to the DIAC, wherein it indicated to DIAC that it had received DIAC's communication dated 16.07.2018 only fortifies the conclusion that I have reached in this behalf. The fact that the petitioner wrote to the DIAC on 31.07.2018 indicating therein that there has been no movement in the matter after the DIAC's letter of 16.07.2018 would only further strengthen the probability that the petitioner was unaware of the DIAC having received the Arbitrator's declaration dated 23.07.2018. As a matter of fact, during the course of arguments, Mr. Dutt had conceded that the document dated 23.07.2018 was generated by the respondent after carrying out an

inspection of the file maintained by the DIAC. A bare perusal of the document would show that it is not a copy of the original. I had called for the original document from the DIAC. The original declaration bears the signature of the learned Arbitrator, whereas the document put before the Court simply bears the endorsement “Sd” instead of the signature of the learned Arbitrator.

43.1 Therefore, as indicated above, this issue would have to be decided in favour of the petitioner.

Issue No. (ii)

44 As regards the aforesaid issue, the argument advanced by Mr. Suhail Dutt was that even if the petitioner was unaware of the factum of the constitution of the Arbitral Tribunal, the bar under Section 9 (3) of the 1996 Act would apply and, hence, the petition was not maintainable. It would be appropriate, at this juncture, to extract the relevant part of Section 9:

"9 Interim measures, etc. by Court.- (1) A party may, before or during arbitral proceedings or at any time after the making of the arbitral award but before it is enforced in accordance with section 36, apply to a court-

xxxxxxx

(3) Once the arbitral tribunal has been constituted, the Court shall not entertain an application under sub-section (1), unless the Court finds that circumstances exist which may not render the remedy provided under section 17 efficacious."

44.1 A bare perusal of Sub-Section (3) of Section 9 would show that once an Arbitral Tribunal has been constituted, the Court, ordinarily, would not entertain an application for interim relief unless the Court comes to the conclusion that circumstances obtain which have rendered the remedy under Section 17 of the 1996 Act ineffectual.

44.2 Having said so, in this case, what is required to be noticed, is that, at the point in time when the petition under Section 9 was instituted, the petitioner verily believed that the Arbitral Tribunal was not constituted. An explicit assertion to that effect, even according to the respondent, has been made in the petition. The reason articulated in the petition for approaching the Court was that the petitioner had failed to obtain interim relief despite having made a request to the DIAC, as far back as on 21.06.2018.

44.3 Furthermore, what made matters worse from the point of view of the petitioner was that despite having made a request for appointment of an Emergency Arbitrator pending constitution of the Arbitral Tribunal vide

communication dated 21.06.2018, there was no real alacrity shown in the matter by the DIAC.

44.4 The DIAC, instead of dealing with the request for appointment of an Emergency Arbitrator, processed, in the usual and ordinary course, the petitioner's earlier request for constitution of the Arbitral Tribunal.

44.5 The petitioner being keen to hasten the process of the constitution of the Arbitral Tribunal, immediately, upon receiving a copy of the respondent's letter dated 12.07.2018, seeking consensus on one of the five names suggested by it, agreed to one of the names via a return communication dated 13.07.2018.

44.6 Despite the petitioner showing acute keenness in the constitution of the Arbitral Tribunal, the same was not constituted with due expedition. The petitioner being unaware of the fact that the DIAC had received the Arbitrator's declaration of independence on 24.07.2018, had, in my view, every reason to approach this Court for grant of ad-interim relief, as the relief under Section 17 of the 1996 Act, though sought, was not immediately made available to it. Delay and lack of knowledge about the constitution of the Arbitral Tribunal, in my opinion, provided sufficient ground to the petitioner to approach this Court via the instant petition.

Therefore, in the instant case, in my view, the bar of Section 9 (3) of the 1996 Act would not apply, as was sought to be contended by Mr. Dutt.

44.7 I must also indicate at this juncture that at one point, it was suggested by Mr. Krishnan that since, according to the respondent, the Arbitral Tribunal had been constituted and the matter was posted before the learned Arbitrator on 18.09.2018, this application could be placed before the learned Arbitrator for appropriate orders. Mr. Dutt, however, did not agree to the suggestion made by Mr. Krishnan and pressed for the dismissal of the petition or in the very least, vacation of the interim order on the grounds articulated by him.

44.8 Given the foregoing discussion, this issue would also have to be decided in favour of the petitioner.

Issue No. (iii)

45 Insofar as the aforesaid issue is concerned, two important aspects have to be borne in mind. First, the scope and ambit of Clause XIII of the MOU. Second, as to how Clause XIII was impacted by the 2018 Arbitration Agreement. For the above said purpose, it would be necessary to extract Clause XIII of the MOU and relevant clauses of the 2018 Arbitration Agreement i.e. Clauses 1, 3, 5, 8 & 9:

"A) MOU

XIII. ARBITRATION

If any dispute arises between the Parties hereto during the subsistence of this MoU or thereafter, the Parties shall try and resolve the dispute amicably failing which the dispute shall be referred to arbitrator appointed mutually by both parties as per the Arbitration and Conciliation Act.

- 1. The venue of the arbitration shall be Gurgaon (India).*
- 2. The proceedings of arbitration shall be in the English language,*
- 3. The Arbitrator's award shall be substantiated in writing. The costs of arbitration procedure shall be borne equally by the parties.*
- 4. The Parties hereto shall submit to the Arbitrator's Award and the award shall be enforceable in any competent court of law.*

Subject to the above provisions, the Courts having jurisdiction under the provisions of the Arbitration and Conciliation Act, 1996, to determine all matter which the Court is entitled to determine under the Act, including, without limitation provision of interim reliefs under the provisions of Section 9 of the Arbitration and Conciliation Act, 1996, shall exclusively be the courts at Gurgaon, India."

B) 2018 Arbitration Agreement

1 The Parties agree to submit all disputes arising from, connected with and/or in relation to the Agreement to arbitration in accordance with the Rules of the DAC.

3 The Parties agree that the venue of the arbitration proceedings shall be. at Delhi and ordinarily at the Delhi International Arbitration Centre located at the High Court of Delhi, New Delhi, India.

5 This Arbitration Agreement is executed only for purpose of the present intended arbitration. This Arbitration Agreement will have no application or effect on any future arbitration proceedings between the Parties.

8 It is clearly understood that this Arbitration Agreement shall be applicable only in respect of an arbitration conducted under the aegis of DAC in terms referred above and not before any other forum/institution.

9 The Parties agree that the Arbitration clause being clause XIII of the Agreement, except in so far as modified by this Arbitration Agreement, shall continue to apply and be binding on the parties."

45.1 A perusal of Clause XIII of the MOU would show that no seat of arbitration was explicitly agreed to by the parties. However, in sub-clause

(1) of Clause XIII, the venue of the arbitration, at the relevant point in time, was indicated as Gurugram. Sub-clause (4) of Clause XIII also provided, as would be apparent upon reading of the extract culled out above, that the Award could be enforced in any competent Court of law.

45.2 Furthermore, the proviso to Clause XIII of the MOU states that *subject* to the aforementioned provisions, the Courts at Gurugram would have the exclusive jurisdiction including with regard to matters which came within the ambit of Section 9 of the 1996 Act.

45.3 The argument advanced on behalf of the respondent is that in view of the provisions of Clause 9 of the 2018 Arbitration Agreement, the provisions made in the proviso to clause XIII of the MOU which conferred exclusive jurisdiction on the Gurugram Courts remained unaffected despite the execution of 2018 Arbitration Agreement. In order to appreciate this contention, what one has to gather is the intention of the parties, given the facts and circumstances obtaining in the present case. Clearly, no part of cause of action, at any given point of time, arose in Gurugram. This fact has to be kept in mind while taking cognisance of another fact, which is,

that though the petitioner has its registered office at Gurugram, admittedly, respondent's registered office is located in Mumbai.

45.4 In the MOU, the parties provided for Gurugram to be the venue and conferred exclusive jurisdiction on Gurugram Courts subject to the other provisions including the sub-clause (I) and (4) of Clause XIII of the MOU, which, as indicated above, provided that the venue of arbitration would be in Gurugram and the Award could be enforced in any competent Court of law. Therefore, if the MOU had continued to operate and the 2018 Arbitration Agreement had not been executed by the parties then a petition under Section 9 could lie, perhaps, only in the Courts in Gurugram. This would be so, as the proviso to Clause XIII which conferred exclusive jurisdiction on Gurugram Courts, was subject to the provisions preceding the proviso.

45.5 However, with the execution of the 2018 Arbitration Agreement, the parties consciously changed the venue to Delhi and went on to emphasize that arbitration would be held ordinarily where the DIAC sits, which is within the precincts of this Court i.e. High Court of Delhi. Clause 8 of 2018 Arbitration Agreement lays stress on the fact that the said agreement

would be applicable only in respect of an arbitration conducted under the aegis of DIAC. There is no provision regarding jurisdiction of Courts, in the 2018 Arbitration Agreement. Therefore, keeping in mind the conspectus of the provisions incorporated in the MOU pertaining to arbitration and those which obtain in the 2018 Arbitration Agreement coupled with the fact that no part of cause of action arose in Gurugram, in my opinion, the intention of the parties was to fix the seat of arbitration where DIAC is located, which is, Delhi. The argument advanced on behalf of the respondent that the provision in the MOU with regard Gurugram Courts having exclusive jurisdiction survives despite execution of 2018 Arbitration Agreement, in my opinion, fails to take into account the fact that the said provision was itself subject to what was stated in the preceding clauses including the clause in the MOU which fixed the venue of the arbitration at that point in time at Gurugram. Since, the venue was changed, the conferment of exclusive jurisdiction, in the Courts located in Gurugram failed to have any efficacy for the parties. The parties, to my mind, as indicated above, intended to fix Delhi as the seat of arbitration.

45.6 The decision in *M/s Emkay Global Financial Services Ltd*, to my mind, is distinguishable as a perusal of paragraph 5 of the said judgment

would show that under the National Stock Exchange bye laws, relevant authorities prescribed Regulations for "*creation of seats of arbitration for different regions, or prescribing geographical locations for conducting arbitrations and prescribing the Courts which will have the jurisdiction for the purposes of the Act*". In that case, the Arbitrator had held sittings in Delhi and thereafter delivered the Award, presumably, at Delhi. A Section 34 petition was filed in the District Court at Delhi, which was rejected on the ground that the jurisdiction in relation to disputes arising under the bye laws of National Stock Exchange was vested in the Civil Courts at Mumbai. Pertinently, Chapter VII of clause (1)(a) of the National Stock Exchange byelaws, inter alia, provided that any deal entered whether through automated trading system or via any proposal for buying and selling would be deemed to have been entered at the computerized processing units at **Mumbai** and the place of execution of the contract as between the trading members would be at Mumbai. The trading members of the Exchange under the said bye laws were expressly directed to record on their contract note that they had excluded the jurisdiction of all other courts, save and except, that of Civil Courts in Mumbai in relation to any dispute arising out or in connection or in relation to contract notes.

45.7 Clearly, in *Emkay's* case the cause of action, which arose out of contract notes or qua any deal entered through automated trading system was agreed to be located in Mumbai. Therefore, the exclusive jurisdiction clause in that case gave supervisory jurisdiction to Courts located in Mumbai as against those in Delhi where the Arbitrator had only held sittings. As indicated above, this judgment would not help the cause of the respondent, especially in the circumstances that after the MOU, the 2018 Arbitration Agreement was executed between the parties which did not confer exclusive jurisdiction on any Court much less Courts at Gurugram.

46 Therefore, this issue would also have to be answered in favour of the petitioner and against the respondent.

Issue No. (iv)

47 In view of the foregoing discussion with regard to issue No. (i), I am of the view that there can be no bar in the petitioner prosecuting the instant action. The earlier arbitration agreement which obtained between the parties and formed part of the MOU, was novated with the execution of the 2018 Arbitration Agreement. The instant action has been filed based on the 2018 Arbitration Agreement and not on the basis of arbitration

agreement which stood incorporated in Clause XIII of the MOU. The earlier petition under Section 9 was filed based on Clause XIII of the MOU. The instant petition is, in fact the first petition under the 2018 Arbitration Agreement. Therefore, to my mind, the bar of Section 42 would not come in the way of the petitioner prosecuting the instant petition.

47.1 Consequently, this issue is also decided in favour of the petitioner and against the respondent.

Issue No. (v)

48 As regard the aforementioned issue, Mr. Dutt drew my attention to the judgment dated 24.11.2017, passed by the learned Single Judge of the Punjab and Haryana High Court. Based on what is stated in the said judgement, Mr. Dutt emphasized the fact that the *ex-parte* order dated 14.08.2018 had been obtained by the petitioner by misrepresenting the facts.

48.1 Pertinently, in the order dated 14.08.2018, I had recorded Mr. Krishnan's submission that the sale of tickets for the subject Event i.e. 2018

IBW Event, was contrary to the "understanding" arrived at between the parties which was reflected in the order dated 24.11.2017.

48.2 Thereafter, in the very same order, I had extracted a part of the judgment dated 24.11.2017, on which, Mr. Krishnan had placed reliance. Mr. Dutt, based on the very same extract, argued that a perusal of the extract would show that the parties had agreed that they will not, directly or indirectly, organize an IBW Event or use the IPR, as adverted to in the MOU, up until such time arbitration proceedings commence and for a period of one week thereafter, subject to maximum of two months from that date. It was, thus, Mr. Dutt's contention that since the stipulated maximum period of two months had expired on 23.01.2018, the understanding had dissolved and, hence, could not have formed the basis of the *ex parte* order.

48.3 To my mind, this submission of Mr. Dutt loses sight of two important aspects. Firstly, the contention made before me by Mr. Krishnan was that there was an "understanding" between the parties that they would not organize an IBW Event or use the IPR till the arbitration proceedings commence and this understanding was sought to be disturbed by the

respondent, even though, to the knowledge of the respondent steps had been taken to have an Arbitrator appointed.

48.4 The documents filed with the petition including the e-mail dated 18.12.2017, addressed by the respondent to the petitioner, was clearly indicative of the fact that the respondent, in principle, had agreed to arbitration being conducted under the aegis of the DIAC.

48.5 Therefore, it was sought to be contended on that date (and this continues to be the contention of the petitioner before me, even today) that the respondent without waiting for the Arbitral Tribunal to be constituted had embarked upon a course which disturbed the understanding arrived at between the parties on 23.11.2017, which translated into the judgment of Punjab and Haryana High Court dated 24.11.2017.

48.6 Given these facts and the foregoing discussion, I am of the unequivocal view that there was no misrepresentation made by the petitioner while seeking to press for an ex-parte injunction.

48.7 Accordingly, in my opinion, there is no merit even in this contention advanced on behalf of the respondent. The same is, accordingly, rejected.

48.8 This issue is also decided in favour of the petitioner and against the respondent.

Issue No. (vi)

49 This issue pertains to merits of the petition, inasmuch as, whether or not in the given facts and circumstances of the case, the petitioner should be granted injunctive relief. For this purpose, one would have to examine the relevant provisions of the MOU. The relevant provisions of the MOU, to my mind, are Clause I (1.3), Clause IV (1) and Clause X (1). For the sake of convenience, the aforementioned provisions of the MOU are extracted hereafter:

"I DEFINITIONS AND INTERPRETATION

In this MOU, (including the Recitals) unless the context clearly indicates and intention to the contrary, a word or and expression, which denotes a natural person shall include an artificial person (and vice versa) any one gender shall include the other genders, the singular shall includes the plural (and vice verse) and the following words and expressions shall bear the meanings assigned to them below (and cognate words and expressions shall bear corresponding meanings):

xxxxxxxx

1.3. "IPR" shall mean the trademarks India Bike Week, IBW (both as a word-mark as well as a logo/label mark if applicable), and copyright in all artistic and literary works created in relation to the Event, and shall include nil associated rights in the nature of intellectual property rights (for instance, goodwill, exploitation and modification rights). All IPR shall be jointly held in Sharing Ratio as tenants-in-common, and neither Party shall have the right to alienate its share or deal with the IPR in any manner without the written consent of the other Party. "

IV RESPONSIBILITIES

1. 70 EMG shall be solely responsible for filing and obtaining all IPR protections with all relevant authorities within the Territory, and also for defending the said IPR against any infringement, subject to written notice and agreement with NGC for each such filing and/or infringement defense and any expenses incurred for the same shall be entitled to be deducted as expenses from the Profit. It has been explicitly agreed between the Parties that the IPR shall remain the joint property of both Parties in the Sharing Ratio and that either Party will not represent anything to the contrary. Any breach of this clause shall lead to immediate cessation of this MoU and shall specifically prohibit either Party from conducting

any business as is envisaged under this MoU or any business similar in nature and intent of this MoU.

X. NON-COMPETITION AND NON-SOLICITATION

I . The Parties undertake that during the tenure of this MoU and for a period of twelve (12) months after the termination of this MoU neither Party nor any of its affiliates, associates, agents or representatives, shall directly or indirectly organize the Event or any event, which may be competitive with the Event.

(emphasis is mine)

49.1 A bare perusal of Clause I (1.3) would show that the IPR emanating from the MOU i.e. trademark "India Bike Week", "IBW" both, Word-Mark as well as logo/label mark and the copy right in all artistic work and literary works created in relation to the Event, and all associated rights in the nature of IPR, were to be jointly held by the parties as tenants-in-common. Neither party, as per the said clause, could alienate its share or deal with the IPR in any manner without the written consent of the other party.

49.2 As per Clause IV (1), the responsibility for filing and obtaining IPR protection with the relevant authorities and defending the IPR against the infringement, was the sole responsibility of the respondent subject to the

petitioner being notified in writing about such filing or institution of infringement action (s) etc. The expenses, if any, incurred in that behalf by the respondent were to be deducted from the profits that would be earned by the parties.

49.3 Clearly, Clause IV (1) provided that the IPR would remain the joint property of the parties in the sharing ratio provided in the MOU and that neither party would represent anything to the contrary. More importantly, Clause IV (1) also provided that in case of breach of the provisions of the said clause, there would be an immediate cessation of the MOU with both parties being enjoined from conducting any business as envisaged under the MOU or, any business similar in nature and/or intent.

49.4 Clause X (1) which is a non-compete clause provides that during the tenure of the MOU and for a period of 12 months post its termination neither party or any of its agents, affiliates, associates or representatives shall, directly or indirectly, organize the IBW Event or any other Event which may compete with the subject Event.

49.5 Clearly, a conjoint reading of the aforesaid clause establishes that the IPR which emanated pursuant to the Events organized in the past, based on

the understanding incorporated in the MOU, were to remain a joint property of the parties. The prescribed ratio under the MOU was 60:40. The 60% share being conferred upon the respondent and the balance 40% on the petitioner. The MOU in no uncertain terms sets out that the parties, insofar as the IPR were concerned, were tenants-in-common. This aspect is reflected in Clause I (1.3) and Clause IV (1) of the MOU.

49.6 As a matter of fact, as adverted to above breach of the conditions of clause IV (1) was designed to cause "*immediate cessation*" of the MOU. The concomitant consequences of which were (and that is something which is provided in Clause IV (1) itself) that both parties were prohibited from conducting any business as was envisaged under the MOU.

49.7 The facts, as delineated above, would show that the respondent, in fact, had made an application for registration with Trademark Authority, albeit, in its sole name on 10.12.2012. This is a document which the respondent has brought on record. The respondent, in terms of Clause IV (1), could not have done so without the written consent of the petitioner. The respondent was clearly in breach of its obligation. To get over this impediment, it was sought to be argued on behalf of the respondent that the

petitioner was aware of the registration. For this purpose, reliance was placed by the respondent on the e-mail dated 14.01.2013. This document, inter-alia, refers to payment of membership fee of INR 56,000 for trademark registration. This document has also been brought on record by the respondent. To my mind, the e-mail dated 23.01.2013 would not by itself help the respondent in answering the charge made against it that it could not have approached the Trademark Authority for registration of the IPR depicting itself to be the sole proprietor without the explicit written consent of the petitioner.

49.8 Knowledge about the payment of fees for filing the application, in my opinion, is not the same thing as knowledge of the contents of the application filed before the Trademark Authority by the respondent, with respect to ownership of the IPR. There is no good reason why the petitioner would give up its share in the IPR property without reasonable recompense. No document has been filed by the respondent on record which would show that for filing the application for registration of the trademark the petitioner's written consent had been obtained.

49.9 As indicated above, since the respondent was in breach with regard to the fundamental term contained in the MOU, which is, that the IPR would continue to remain the joint property of the parties, the MOU ceased to have effect.

50 Resultantly, the respondent brought about a situation whereby it could not have exploited the IPR. As a matter of fact, therefore, contrary to the argument advanced by Mr. Dutt that the petitioner's termination notice dated 24.08.2017 did not give an opportunity to cure the defect, in my view, is an argument which is not sustainable. Clause VIII (3) of the MOU, in my opinion, cannot whittle down the provisions of Clause IV (1) which specifically provides that breach of the provisions contained in the said clause would bring about the "*immediate cessation*" of the MOU. Therefore, Clause VIII (3) of the MOU, in my view, would apply to breaches other than those which fell within the ambit of Clause IV (1).

50.1 The other argument of Mr. Dutt that the respondent had invested time and money in the 2018 IBW Event and, therefore, the injunction order should be vacated and the respondent should be allowed to hold the Event subject to the condition that it would maintain accounts, which would be

produced before the Arbitrator cannot be accepted. The reason I say so is that the respondent, as correctly argued by Mr. Krishnan, appears to present the petitioner as well the Court with *fait accompli* for holding out that since time and money has been invested, the annual Event should be allowed to continue subject to the final adjudication of the disputes between the parties. The 2017 IBW Event was allowed to be continued with the understanding that the parties would have their disputes adjudicated before the next annual event. Record shows that the respondent has not displayed necessary alacrity in having the dispute adjudicated.

50.2 I am, therefore, not inclined to vacate the interim order on the ground of balance of convenience. The petitioner, on the other hand, has been able to demonstrate that it has a strong prima-facie case. The contention of the petitioner that the IPR is a joint property and that it has a 40% share in the same and with the breach, it has the right to claim full ownership has, prima facie, a great amount of merit. The petitioner has also been able to demonstrate, at this stage at least, that registration of IPR was sought to be made by the respondent in its sole name, *albeit*, without the written consent of the petitioner bringing about a breach of the fundamental term of the MOU.

50.3 Furthermore, in my view, the balance of convenience, if at all, is in the favour of the petitioner since the petitioner cannot put in a situation where its rights in the IPR get completely diluted with repeated infraction of the understanding arrived at between the parties which stands incorporated in the MOU. To my mind, if the respondent is allowed to hold the Event this year as well on the terms that it will maintain accounts, it would amount to rewarding a party which has embarked on a course that is plainly in the teeth of the explicit provisions of the MOU.

50.4 Having regard to the aforesaid, this issue is also decided in favour of the petitioner.

50.5 Before I conclude, there are two aspects which need to be addressed. First, whether the petitioner delayed the institution of the present petition? To my mind, the answer has to be in the negative. The reason being that while it is true that the petitioner had issued a cease and desist notice in February, 2018 for earlier breaches by the respondent, the immediate cause of provocation was the uploading of information on the social media by the respondent that the tickets for 2018 IBW Event would be available from

15.08.2018. Therefore, in my view, the petitioner had approached the court in time, contrary to what is suggested on behalf of the respondent.

50.6 As regards the argument that the 2018 Arbitration Agreement had come to an end because the Arbitral Tribunal was not constituted within 30 days, to my mind, this is an argument which is thoroughly misconceived. The petitioner had, as is evident from a narration of events set out above, taken every possible step for appointment of an Arbitrator beginning with placing its request with the DIAC qua the same on 06.04.2018, which was a date that fell well before the expiry of 30 days from the date of execution of the 2018 Arbitration Agreement.

Reliefs

51 Thus, having regard to the foregoing discussion, I am inclined to grant interim reliefs to the petitioner in terms of prayer clause (a) & (b) as set out in the instant petition, which would continue to obtain during the pendency of the arbitration proceedings.

52 Needless to say, nothing stated by me hereinabove will come in the way of the final adjudication of the disputes pending between the parties.

53 The petition is disposed of, accordingly, in the aforesaid terms.

**RAJIV SHAKDHER
(JUDGE)**

SEPTEMBER 18, 2018

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