

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
IN ITS COMMERCIAL DIVISION
COMMERCIAL ARBITRATION PETITION NO. 9 OF 2025

SML Ltd. ...Petitioner

Versus

ACT Agro Chem pvt Limited ...Respondent

WITH

COMMERCIAL ARBITRATION PETITION NO. 846 OF 2024

Mr. Mandar Soman, a/w Mrs. Lata Dhruv, Charu Budhadev i/b Dhru and Co. for the Petitioner.

Appearance not received for Respondent.

CORAM : SOMASEKHAR SUNDARESAN, J.

DATE : MAY 2, 2025

PC :

1. This Petition has been filed under Section 9 of the Arbitration and Conciliation Act, 1996 (***“the Act”***), seeking certain interlocutory reliefs in connection with disputes and differences that are said to have arisen between the parties an agreement dated May 4, 2019 (***“Agreement”***) relating to licensing of patented technology by the Petitioner to the Respondent.

2. Having heard the parties it was felt appropriate to suggest to them that they proceed to arbitration forthwith, and the parties have consented that any advocate with knowledge of intellectual property rights may be appointed as an arbitrator.

3. In these circumstances, without the need to file an Application under Section 11 an arbitral tribunal is hereby created referring all disputes and differences covered by this Petition for adjudication by the arbitrator, in the following terms:-

a) Mr. Rashmin Khandekar, a learned advocate of this Court is hereby appointed as the Sole Arbitrator to adjudicate upon the disputes and differences between the parties arising out of and in connection with the Agreement referred to above;

Office Address:-

Email ID:

b) A copy of this Order will be communicated to the Learned Sole Arbitrator by the Advocates for the Petitioner within a period of one week from the date

on which this order is uploaded on the website of this Court. The Petitioner shall provide the contact and communication particulars of the parties to the Arbitral Tribunal along with a copy of this Order;

c) The Learned Sole Arbitrator is requested to forward the statutory Statement of Disclosure under Section 11(8) read with Section 12(1) of the Act to the parties within a period of two weeks from receipt of a copy of this Order;

d) The parties shall appear before the Learned Sole Arbitrator on such date and at such place as indicated, to obtain appropriate directions with regard to conduct of the arbitration including fixing a schedule for pleadings, examination of witnesses, if any, schedule of hearings etc. At such meeting, the parties shall provide a valid and functional email address along with mobile and landline numbers of the respective Advocates of the parties to the Arbitral Tribunal. Communications to such email addresses

shall constitute valid service of correspondence in connection with the arbitration;

- e) All arbitral costs and fees of the Arbitral Tribunal shall be borne by the parties equally in the first instance, and shall be subject to any final Award that may be passed by the Tribunal in relation to costs.

4. Meanwhile, a quick word on the factual matrix would be in order. The parties have a legacy of a commercial relationship and eventually executed an agreement under which royalty was payable by the Respondent to the Petitioner at rate of eight rupees per kilo for all sales of the licensed product up to 800 Metric tones per financial year from the effective date of the agreement. Two different license agreements have different effective dates. Be that as it may, this royalty arrangement was scheduled to run its course until January 8, 2027. It is the case of the Petitioner that using the technology of the Petitioner, the licensed product is being exploited with no royalty amounts being paid despite a commercially contracted and binding commitment to pay royalty until January 8, 2027.

5. Learned Counsel for the Respondent submits that whether the product license to the Respondent are amenable to patent protection itself is under cloud, and he would seek to refer to a judgement of the Delhi High Court and point to the fact that there may be no intellectual property that the Petitioner may truly be entitled to exploit. Be that as it may, the bargains between the parties was a commercial bargain. Whether it is patentable is an argument that may be presented to the relevant authorities designated in law for the purpose. The subject matter of the dispute between the parties is the commercial exploitation of a technology licensed with consenting parties. The parties knew their respective positions and consciously and willingly agreed to the usage of the license and contracted the terms that they have reduced to writing.

6. The amounts computed under the agreement covered by Commercial Arbitration Petition No.846 of 2024 is about Rs.1.58 Crores while the amount covered under the agreement referred to in Commercial Arbitration Petition No.9 of 2025 is in the sum of Rs.6.97 Lakhs.

7. Therefore it would only be appropriate to secure the amounts due and owing under the agreement by way of royalty under a conscious

agreement executed by the parties in exercise of sovereign power with full information about the patentability or lack thereof. Therefore the defence that the products may not be amenable to patent protection would not be of any assistance for the commercial dispute for enforcement of the contract and further still for the limited issue of interlocutory arrangement pending arbitration.

8. In these circumstances, taking into account the amount involved, the Respondent is directed to deposit a sum of Rs.1.5 Crores in a Fixed Deposit within a period of one week from the date of upload of this order and mark a lien on the same in favour of the Prothonotary and Senior Master of this Court. The evidence of creating such deposit and marking a lien shall be delivered to the Prothonotary and Senior Master no later than **May 21, 2025**. In Commercial Arbitration Petition No.9 of 2025, no separate deposit is being ordered considering the scale of the amount involved, but this measure shall enure to both the Petitions.

9. The Fixed Deposit shall abide by the outcome of the arbitral proceedings. The parties shall approach the Learned Arbitrator within a week from the date of upload of this order. It is made clear that the

arbitral tribunal shall be entitled to revisit the interlocutory arrangement and enhance, vary, reduce or replace the interlocutory arrangement made hereby.

10. With the aforesaid directions both the Petitions are ***finally disposed of.***

11. All actions required to be taken pursuant to this order shall be taken upon receipt of a downloaded copy as available on this Court's website.

[SOMASEKHAR SUNDARESAN, J.]