



IN THE HIGH COURT OF JUDICATURE AT BOMBAY
NAGPUR BENCH AT NAGPUR

WRIT PETITION NO.6936/2022

Sau. Preeti w/o Sudhir Purohit

...Versus...

A-One Lighting and Marketing Partnership Firm, Wardha through its Partner
Ajay s/o Yashwantrao Kadam and others

Office Notes, Office Memoranda of Coram,
appearances, Court's orders or directions
and Registrar's orders

Court's or Judge's orders

Mr. K.J. Topale, Advocate for petitioner
Mr. P.A. Dharaskar, Advocate for respondent No.4

CORAM : SACHIN S. DESHMUKH, J.

DATE : 05/08/2025

1. The partnership-deed was duly registered between the partners wherein petitioner was one of the partner. In Clause 17 of the said partnership-deed, there is a specific reference to arbitration clause, which reads as under :-

“17. ARBITRATION :

That all the disputes and differences, which may arise between the Partners or their representatives during the course of the Business or afterwards with regard to the construction and meaning and effects of this deed of any part thereof with respect to the accounts profit and Loss Account of the Business or the rights and liabilities of the partners or their interest or with relation to the Firm in the course of dissolution or winding up of the Business or any other matter of the Firm shall be referred to Arbitrators to be appointed by each party and in case of differences of opinion between them to the Umpire already selected by the Arbitration Act.

The decision of the Arbitrators or the Umpire as the case may be shall be final and binding on the Parties. Also the said partners shall not become and shall not be liable for any criminal action for any default or offence committed by other partners or employees or authorised representatives of the firm under the Income Tax Act, Custom Act, FEMA Act, Sales Tax Laws or other Central or State Acts, Laws, Rules or Regulations.

Also the above mentioned partners shall not be liable for any Civil or Criminal liability of other Partners.

The provisions of the Partnership Act 1932 as amended from time to time shall apply to those matters which are not specifically mentioned in this Deed.”

2. After forming partnership firm, the petitioner retired as a partner of the firm. In the process, it was settled that some amount would be paid to the petitioner and accordingly an instrument in favour of petitioner was issued by other partners. However, on account of the same being dishonoured, the petitioner has filed civil summary suit under Order 37 of the Code of Civil Procedure. In response to the said suit summons, while causing appearance, the respondents herein have presented an application in the wake of Clause 17 of the partnership-deed, that dispute has to be referred to the Arbitrator, in the wake of Section 8 of Arbitration Act.

3. The learned trial Court while allowing the said application has referred the dispute to the Arbitrator. Aggrieved by the same, the petitioner is before this Court.

4. It is the contention of the petitioner that once Petitioner has retired as a partner, ceases to be a partner, as such, Clause 17 of the partnership-deed would not be attracted.

5. Per contra, learned Counsel for the respondents supported the order rendered by the trial Court by submitting that Clause 17 of the partnership-deed is comprehensive one and partners have agreed that during the course of business or afterwards the said clause would be binding upon the partners of firm. Therefore, even if, petitioner now is no more partner, still dispute is in relation to the business of firm in relation to the entitlement of the petitioner as its erstwhile partner.

6. In support of the same, learned Counsel for the respondents have relied upon the judgments of the Hon'ble Apex Court in the case of *Hindusthan Petroleum Corporation Vs. Pink City Midway Petroleums*, AIR 2003 SC 2881 para 15 and 16, and in case of *Vidya Drolia and others Vs. Durga Trading Corporation and others*, (2021) 2 SCC 1, more particularly para 95 and 96, to contend that scope of jurisdiction of the Court under Section 8 and 11 of Arbitration and Conciliation Act is extremely limited and restricted.

7. Considering the settled legal position as is emerging from the judgments cited supra. Admittedly, the partnership-deed contains arbitration clause and the same is rather comprehensive in nature and it includes all eventualities. Although the claim of the petitioner is that petitioner is retired partner, as such, Clause 17 of the partnership-deed would not attract. However, considering the expressions employed in Clause 17 of the partnership-deed more particularly “during the course of business” or “afterwards”, “their interest”, or “any other matter of the firm” shall be referred to the Arbitrator to be appointed by each partner. It unequivocally applies to the case of the petitioner,

even if the petitioner has ceased to be the partner of the firm and issuance of cheque in favour of petitioner is in relation to the business of firm of which petitioner was partner, therefore, interest of petitioner which is in relation to the business conducted by the firm still subsists. The learned trial Court is justified in allowing the application. As such, no case is made out by the petitioner to interfere with order. Resultantly, the writ petition under challenge is dismissed. No costs.

(SACHIN S. DESHMUKH, J.)

Wadkar