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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ O.M.P.(I) (COMM.) 108/2025
OYO HOTELS AND HOMES PRIVATE LIMITEDPetitioner

Through: Mr. Mridul Jain, Mr. Sagar Pradhan,
Mr. Diptiman Acharya, Advs.

Versus

RAHUL MALHOTRARespondent
Through: Ms. Gargi Sharma, Adv.

CORAM:
HON'BLE MR. JUSTICE JASMEET SINGH

ORDER
28.04.2025

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1. This is a petition filed under Section 9 of the Arbitration and Conciliation Act, 1996 seeking the following reliefs:

“a) this Hon'ble Court may kindly be pleased to pass necessary directions restraining the respondent from entering, operating, dealing in any other manner with the property in question, i.e., 8572, Arakshan Road, Paharganj, Near Delhi Railway Station, New Delhi, Delhi, India- 110055;

b) this Hon'ble Court may kindly be pleased to pass necessary directions restraining the respondent from representing to third persons himself, to be operating the property in question, i.e., 8572, Arakshan Road, Paharganj, Near Delhi Railway Station, New Delhi, Delhi, India - 110055;

c) this Hon'ble Court may kindly be pleased to pass necessary directions directing the Respondent to immediately vacate the subject property in accordance with the termination of the



Operations Agreement dated 13.08.2024 and to hand over keys, etc., of the property in question, i.e., 8572, Arakshan Road, Paharganj, Near Delhi Railway Station, New Delhi, Delhi, India - 110055 to the Petitioner;

d) grant an injunction restraining the Respondent from any further unauthorized occupation or interference with the Petitioner's management and operational rights over the subject property;"

2. The facts of the present case are that the petitioner entered into a Management Service Agreement dated 27.12.2023 renewed on 12.12.2024 with M/s Hotel Pallavi Palace, a partnership firm through its partner.
3. By way of the agreement, the petitioner was given rights to manage and operate the property as a hotel.
4. The petitioner entered into an Operation Agreement dated 13.08.2024 with the respondent, wherein the respondent was to operate the property for and on behalf of the petitioner.
5. It is alleged that the respondent committed breach of the terms of the Operation Agreement, the petitioner sent a breach and cure notice on 20.01.2025, highlighting material breaches being committed by the respondent.
6. Since the reply of the respondent was not satisfactory, the petitioner terminated the Operations Agreement on 08.02.2025 and asked the respondent to vacate the property immediately.
7. Despite the termination notice, the respondent continues to occupy the property and continues to run the same under the name, goodwill and reputation of the petitioner.
8. Hence, the present petition.



9. Ms. Sharma, learned counsel for the respondent states that the petitioner in fact owes substantial sums of money to the respondent.

10. The Operation Agreement contains arbitration clause being Clause 30 which reads as under:

“30. GOVERNING LAW AND DISPUTE RESOLUTION

30.1. This Agreement and any shall be construed and enforced in accordance with the laws of India.

30.2. Any dispute, claim or controversy arising out of or in connection with this Agreement or its performance, including the validity, interpretation or application hereof ("Dispute"), shall to the extent possible be settled amicably by negotiation and discussion among the Parties. Failing such an amicable settlement within 30 days from the receipt of a written notice the dispute shall be referred to arbitration under the Arbitration and Conciliation Act as amended till date. Such arbitration shall be conducted by a sole arbitrator mutually appointed by the Parties. The arbitration shall be conducted in English. The juridical seat and venue of arbitration shall be Delhi and the courts of New Delhi shall have exclusive jurisdiction for any applications arising out of the arbitration

30.3. The award shall be in writing and final and binding on the Parties. The Parties shall be responsible to bear their respective costs and expenses in relation to any such arbitration proceeding and are subject to the final award being passed by the arbitrator Le. both the parties shall share the cost jointly during the conduct of the arbitration proceedings with respect to the administrative



charges and arbitrator fees. However the arbitrator shall have the discretion to order costs i.e. passing a cost award in favour of the successful party along with the final award.”

11. Ms. Sharma, learned counsel for the respondent states that the petitioner is continuing to provide bookings to the respondent and hence the termination notice has already been waived off.

12. Admittedly, the respondent has been granted entry into the hotel as an operator and management service provider.

13. The privity of contract for running the hotel is between the petitioner and M/s Hotel Pallavi Palace and it is the petitioner who is having the Management Services Agreement with the owner of the property.

14. The right of the respondent was only to run the property under the name of the petitioner and nothing more and the said contract has been terminated.

15. Hence, it appears that the continuance of the respondent, is contrary to the terms of the Operation Agreement and to my mind is causing loss of reputation and goodwill to the petitioner. The goodwill and reputation of the petitioner needs to be protected. Additionally, the status of the respondent to occupy the premises in question is also that of a trespasser.

16. I am of the view that the petitioner has made out a *prima facie* case, and the balance of convenience lies in their favour. If an *ex-parte ad interim* order is not passed, the petitioner is likely to suffer irreparable loss and injury, which cannot be adequately compensated in monetary terms.

17. In order to protect the goodwill and reputation of the petitioner, the respondent is restrained from running the property in question situated at 8572, Arakshan Road, Paharganj, Near Delhi Railway Station, New Delhi,



Delhi, India- 110055 and also using the name and goodwill of the petitioner, till the application under Section 17 of the Arbitration and Conciliation Act, 1996 is decided by the Arbitrator.

18. The parties are agreeable for appointment of the arbitrator for adjudication of their disputes.

19. For the said reasons and with consent of parties, Mr. Jaiveer Shergill, Adv. (Mobile No. 9910470757) is appointed as a Sole Arbitrator to adjudicate the disputes between the parties.

20. The arbitration will be held under the aegis and rules of the Delhi International Arbitration Centre, Delhi High Court, Sher Shah Road, New Delhi (hereinafter, referred to as the 'DIAC').

21. The remuneration of the learned Arbitrator shall be in terms of DIAC (Administrative Cost and Arbitrators' Fees) Rules, 2018.

22. The learned Arbitrator is requested to furnish a declaration in terms of Section 12 of the Act prior to entering into the reference.

23. It is made clear that all the rights and contentions of the parties, including as to the arbitrability of any of the claim, any other preliminary objection, as well as claims/counter-claims and merits of the dispute of either of the parties, are left open for adjudication by the learned arbitrator.

24. The parties shall approach the learned Arbitrator within 1 week from today.

25. The present petition will be treated as an application under Section 17 of the Arbitration and Conciliation Act, 1996 and shall be decided by the Arbitrator expeditiously and within a maximum period of 3 weeks from entering reference.



26. This order is passed only in the application 9 of the Arbitration and Conciliation Act, 1996 and will not influence the decision of the Arbitrator.

27. The present petition is disposed of in the aforesaid terms.

JASMEET SINGH, J

APRIL 28, 2025/DM

Click here to check corrigendum, if any