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IN THE HIGH COURT OF DELHI AT NEW DELHI***Date of Decision: 09.07.2025***

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C.R.P. 191/2025, CM APPLs. 39834-35/2025**EURO GLOBAL BHARAT PVT. LTD**

.....Petitioner

Through: Mr. Tarun Khanna and Mr. C. Vijay
Sharma, Advocates

versus

SHARMILA YADAV

.....Respondent

Through:

CORAM:**HON'BLE MS. JUSTICE TARA VITASTA GANJU****TARA VITASTA GANJU, J.: (Oral)**

1. The present Petition has been filed on behalf of the Petitioner seeking to challenge the Order dated 07.05.2025 passed by the learned District Judge-04, Patiala House Courts, New Delhi in Civil Suit No. 326/2024 [hereinafter referred to as "Impugned Order"]. By the Impugned Order, the learned Trial Court has dismissed the Application filed by the Respondent under Order VII Rule 11 of the Code of Civil Procedure, 1908 [hereinafter referred to as "Application"] giving a finding that the nature of dispute between the parties is not commercial.

2. Learned Counsel appearing on behalf of the Petitioner [Defendant before the Trial Court] submits that there were three premises that were let out by separate lease deeds and all these three premises were for different purposes, two for the commercial purposes and one for residential purposes.

3. A perusal of the record reflects that there is no mention of the three different premises and three different lease deeds in the Application. The Application shows that the dispute is a commercial dispute as set out in



Section 2(c)(vii) of the Commercial Courts Act, 2015 [hereinafter referred to as “CC Act”] and that the Court lacks jurisdiction and hence the Plaint must be rejected. It is apposite to set out paragraphs 2 and 3 of the Application in this behalf.

“2. That the plaint filed by the plaintiff is liable to be rejected under Order VII Rule 11 of the Code of Civil Procedure, 1908, on the grounds that the subject matter of the dispute pertains to a “commercial dispute” as defined under Section 2(c)(vii) of the Commercial Courts Act, 2015 (Act No. 4 of 2016). The plaintiff’s case clearly falls under this definition, and therefore, the jurisdiction to adjudicate the same rests with the appropriate Commercial Court.

3. That as per the provisions of law and the Delhi High Court Rules governing commercial disputes, the jurisdiction to entertain and adjudicate disputes involving commercial matters lies with the District Judge (Commercial Court) of the respective district. Since the subject matter in question is of a commercial nature, this Hon’ble Court lacks jurisdiction to entertain the suit, and hence, the plaint must be rejected.”

[Emphasis Supplied]

3.1 The Application further states that according to Clause 7 of the lease deed dated 24.04.2024 [hereinafter referred to as “Lease Deed”] which pertains to First Floor of property bearing no. F-22, Bhagat Singh Market, New Delhi, the purpose for letting out was purely commercial. The relevant extract is extracted below:

“4. That, according to Clause 7 of the Lease Agreement dated 24.04.2024 pertaining to F-22, First Floor, Bhagat Singh Market, New Delhi-11001 (annexed herein as Annexure A), the purpose of the lease was purely commercial. The relevant clause explicitly states: “That the purpose of letting is purely a lawful commercial purpose only”.”

[Emphasis Supplied]

4. The learned Trial Court after examining Section 2(c)(vii) of the CC Act as well as the judgment of the Supreme Court in *Ambalal Sarabhai*



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Enterprise Ltd. v. K.S Infraspace LLP Ltd. & Anr.¹ has held that the legal notice dated 07.05.2024 [hereinafter referred to as “Legal Notice”] which has been annexed with the Complaint sets out that Flat bearing No. F-22 & 23, First Floor, Bhagat Singh, Market, New Delhi [hereinafter referred to as “suit properties”] were let out for both residential and commercial purposes.

5. Learned Counsel appearing on behalf of the Petitioner submits that the Legal Notice which has been relied upon by the learned Trial Court was in respect of the one flat bearing No. F-23 and not flat bearing No. F-22. This submission is, however, neither borne from the Application nor borne from the record.

6. The learned Trial Court has examined the Legal Notice and found that the Legal Notice sets out that the suit properties can be used for both residential and commercial purposes. Upon the reading of the Complaint and the documents, Learned Trial Court also found that it cannot be said that the suit properties were being used exclusively for commercial purposes.

6.1 The suit which has been filed by the Respondent/Plaintiff is a suit for possession, arrears of rent, mesne profits and permanent injunction. A perusal of the Complaint shows that the Complaint has been filed with respect to suit properties. The Complaint sets out that the Petitioner/Defendant is occupying the suit properties as tenants by virtue of separate registered lease agreements. The Complaint further sets out that the Petitioner/Defendant is not making payments in accordance with the registered lease agreements and in view of the fact that the rent was not deposited, notice for eviction was sent to the Petitioner/Defendant. Since the suit properties were not vacated, the present

¹ (2020) 15 SCC 585



Petition has been filed. It is apposite to set out relevant paragraphs of the
Plaint in this behalf below:

“3. That the defendants are occupying the suit property as tenant for their Company's Branch Office belonging to the plaintiff since 23.04.2024, in this regard separate lease agreement deed dated 23.04.2024 for separate flat were duly registered with the office of Sub registrar Delhi, New Delhi vide registration No. 2024/11/L/3693 in book no. I Volume no. 9488 pages no 55 to 64 for flat no. F-22, First Floor and 2024/11/L/3694 in book no. I Volume no. 9488 pages no 65 to 74 for flat no. F-23, First Floor. Copy of the registered lease Agreements dated 23.04.2024 are attached herewith as ANNEXURE-B (COLLY).

....

7. That after all the facts came in the knowledge of plaintiff, plaintiff did not ask the defendant to vacate the premises but since defendants have taken the premises on rent, the defendants have not deposited the rent from 07th May and 07th June 2024 (two continuous months) to the plaintiff since inception which is a clear violation of Para no. 2 of the lease agreement which states:-

"That the SECOND PARTY assures the FIRST PARTY that the SECOND PARTY will pay the said monthly rent to the FIRST PARTY by stipulated date under all circumstances. That the tenancy will automatically be treated as cancelled if the rent is not paid for two continuous months and in this case the Second Party shall be treated as unauthorized tenant and shall be liable to handover back the vacant physical possession of the said property to the FIRST PARTY or to her representative without any objection".

And after seeing the conduct of the defendants, the plaintiff does not wish to keep defendants as tenant in future, therefore vide legal notice dated 17.06.2024 the plaintiff had issued an eviction notice to the defendants to terminate their tenancy and were directed to remove their belongings from the suit property within 15 days. The copy of the legal notice with its postal receipts are annexed along with documents as ANNEXURE-E.

....

10. That after the notice issued by the counsel for the plaintiff the defendants duly replied the same dated 03.07.2024 and admitted the contents of lease agreements dated 23.04.2024 but not paid the rent agreed. Copies of the same are attached herewith as ANNEXURE-F (COLLY).



11. That despite of legal notice the defendant has neither cleared the arrears of the rent nor vacated the suit property therefore the defendant is an unauthorized occupant in the suit property, hence, the plaintiff is entitled for mesne profit @ Rs. 1,10,000/- per month per flat i.e. market rent rate of the suit property.”

[Emphasis Supplied]

6.2 Thus, the Plaint was filed *inter alia* seeking the relief of injunction, possession, payment of arrears of rent as well as mesne profits.

7. Learned Counsel appearing on behalf of the Petitioner has also handed across a copy of the Legal Notice dated 07.05.2024, which was inadvertently not placed on record.

8. As stated above, the examination by the learned Trial Court is on the basis of a Legal Notice. The Legal Notice in paragraph 1 sets out that the Petitioner/Defendant was in a requirement of commercial premises. The suit properties were owned by the Respondent and was let out by a lease deed dated 22.04.2024. It further sets out that the lease deed was purely for commercial purposes, however, it was agreed that it was let out for both residential and commercial purposes. Paragraph 1 and 2 of the Legal Notice is set out below:

*“1. That, our client was in need of commercial premises to run his manpower business under the name and style of ‘Euro Global Bharat,’ a recruitment consultancy, and placement services company. **That, thereafter, you the noticee entered into a lease deed dated 22.04.2024 with my client, wherein you notice has portrayed yourself as the absolute and legal owner of Commercial Property, Flat bearing No. F-22, First Floor, Bhagat Singh Market, New Delhi, whilst my client was the lessee therein, and it was agreed vide lease deed dated 22.04.2024 that you noticee shall rent out the property to my client under terms and conditions stipulated under the terms of lease deed.***

*2. That, **on a bare perusal of Clause 7 the lease deed dated 22.04.2024, it has been stated that, the purpose of letting is purely a lawful commercial purpose only, despite the fact that it was agreed upon***



between you notice and my client that the property shall be let out for both commercial and residential purposes.”

[Emphasis Supplied]

9. It is now been contended by the learned Counsel for the Petitioner that the Legal Notice was not in respect of the suit properties. However, as can be stated above, the Legal Notice clearly sets out in paragraph 1 that it was for the suit properties.

10. It is settled law that in an Application under Order VII Rule 11 of the CPC, the Court is required to examine the plaint and the documents filed along with the plaint. It is the contention of the Petitioner that the Lease Deed in question was a commercial agreement in view of Clause 7, which specifically states that the premises were to be used for commercial purposes only. However, a perusal of the Legal Notice, as noted above, reflects that it was the Petitioner’s own case that the suit properties were occupied for both residential and commercial purposes. It is apposite to reproduce the relevant extract of the Lease Deed as set out below:

“7. That the purpose of letting is purely a lawful commercial purpose only”.

11. In order to ascertain whether the transaction between the parties which is the subject matter of the suit could be considered as a “commercial dispute”, it is relevant to examine Section 2(1)(c)(vii) of the CC Act on which reliance has been placed by the Petitioner and which reads as follows:

“ 2. Definitions.— (1) In this Act, unless the context otherwise requires,—

...

(c) “commercial dispute” means a dispute arising out of—

....

(vii) agreements relating to immovable property used exclusively in trade or commerce;

....



Explanation.—A commercial dispute shall not cease to be a commercial dispute merely because— (a) it also involves action for recovery of immovable property or for realisation of monies out of immovable property given as security or involves any other relief pertaining to immovable property;...”

[Emphasis Supplied]

11.1 In ***Ambalal Sarabhai*** case, the Supreme Court observed that the question of whether the suit falls within the scope of a ‘commercial dispute’, as defined under the CC Act, cannot be dealt with in abstract. Instead, the nature of the dispute and the jurisdiction to try the same is to be reflected in the suit itself, since in a civil suit, the pleadings, namely, averments in the plaint would, at the outset, be relevant to confer jurisdiction.

11.2 The Supreme Court in ***Ambalal Sarabhai*** case has while discussing the definition of commercial dispute, including as provided in terms of the provisions of Section 2(1)(c)(vii) of the CC Act, has laid down the principles on the basis of which the Courts should invoke the jurisdiction of the CC Act. The Supreme Court has further held that the object of the CC Act would be defeated if every suit merely because it states that it is in respect of commercial dispute, is entertained. It was held that it is necessary to carefully examine whether the dispute will qualify to be a commercial dispute to be tried by a Commercial Court and only then would be CC Act be applicable. It was held that in order to adjudicate the same, the averments in the plaint would be relevant and the Court is required to examine the nature of the transaction. The relevant extract of the ***Ambalal Sarabhai*** case is below:

“8. Though such rival contentions are put forth by the learned Senior Advocate on either side, these aspects cannot be dealt with in abstract. Instead the nature of the dispute and the jurisdiction to try the same is to be reflected in the suit itself since in a civil suit the pleadings, namely,



averments in the plaint would at the outset be relevant to confer jurisdiction. Hence before advertng to the other aspects it would be necessary to carefully examine the plaint. The plaintiff has in detail referred to the nature of the transaction between the appellant and the respondents herein. In Para 5 thereof the detail of the land bearing R.S. No. 122 corresponding to City Survey Nos. 1101 and 1100/1 having land area of 9207 sq m at Mouje Subhanpura Reg. District, Vadodara is referred. Further the schedule of the property is indicated in Para 6 and reference is made to the Memorandum of Understanding where again the reference is made to the land. It is averred therein that it would be the total responsibility of Respondent 1 herein (Defendant 2 in the suit) to change the land use as well as to pay the amount that may be required for the permission. The amount to be paid as premium is referred and the right of the plaintiff to secure the mortgage deed in view of the terms of the MoU is stated. In the entire plaint there is no reference to the nature of the land or the type of use to which it was being put as on the date of the agreement to sell/sale deed/memorandum of understanding or as on the date of the suit.

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14. In that view it is also necessary to carefully examine and entertain only disputes which actually answers the definition “commercial disputes” as provided under the Act. In the instant case, as already taken note neither the agreement between the parties refers to the nature of the immovable property being exclusively used for trade or commerce as on the date of the agreement nor is there any pleading to that effect in the plaint. Further the very relief sought in the suit is for execution of the mortgage deed which is in the nature of specific performance of the terms of Memorandum of Understanding without reference to nature of the use of the immovable property in trade or commerce as on the date of the suit. Therefore, if all these aspects are kept in view, we are of the opinion that in the present facts the High Court was justified in its conclusion arrived through the order dated 1-3-2019 [K.S. Infraspac LLP v. Ambalal Sarabhai Enterprises Ltd., 2019 SCC OnLine Guj 1926] impugned herein. The Commercial Court shall therefore return the plaint indicating a date for its presentation before the Court having jurisdiction.

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26. A matter will fall under the jurisdiction of the Commercial Court or the Commercial Division of the High Court on the following factors:

- (i) it shall be a commercial dispute within the meaning of Section 2(1)(c) of the Act; and
- (ii) such commercial disputes are of a specified value as per Section 2(i) of the Act.

27. As per Section 11 of the Act, notwithstanding anything contained in



the Act, a Commercial Court or a Commercial Division shall not entertain or decide any suit relating to any commercial dispute in respect of which the jurisdiction of the civil court is either expressly or impliedly barred under any other law for the time being in force.

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36. A perusal of the Statement of Objects and Reasons of the Commercial Courts Act, 2015 and the various amendments to the Civil Procedure Code and insertion of new rules to the Code applicable to suits of commercial disputes show that it has been enacted for the purpose of providing an early disposal of high value commercial disputes. **A purposive interpretation of the Statement of Objects and Reasons and various amendments to the Civil Procedure Code leaves no room for doubt that the provisions of the Act require to be strictly construed. If the provisions are given a liberal interpretation, the object behind constitution of Commercial Division of Courts viz. putting the matter on fast track and speedy resolution of commercial disputes, will be defeated.** If we take a closer look at the Statement of Objects and Reasons, words such as “early” and “speedy” have been incorporated and reiterated. **The object shall be fulfilled only if the provisions of the Act are interpreted in a narrow sense and not hampered by the usual procedural delays plaguing our traditional legal system.”**

[Emphasis Supplied]

12. At its core, a commercial dispute arises when the terms or consequences of an agreement extend beyond a purely private arrangement between the contracting parties and generate broader commercial activity between them. The specific types of agreements listed under Section 2(1)(c) of the CC Act suggest that not every dispute can automatically be classified as commercial dispute. It is essential to examine the substance and detailed provisions of the agreement to determine whether it aligns with any of the categories outlined in the sub-clauses of Section 2(1)(c). A key consideration is whether the parties, at the time of entering into the contract, recognized and intended for the agreement to fall within the scope of sub-clauses (i) to (xxii) of Section 2(1)(c) of the CC Act.

13. Admittedly, it is the case of the Petitioner that Clause 7 of the Lease



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Deed renders the dispute a commercial dispute and, hence, the jurisdiction of the Civil Court is barred under Section 11 of the CC Act. However, this assertion is not conclusive, as the Legal Notice issued by the Petitioner itself indicates that the suit properties were being used for both residential and commercial/office purposes. The Petitioner has also failed to substantiate that the said Legal Notice did not pertain to the properties in question. In addition, a plain reading of the plaint does not indicate that the parties, at the time of executing the Lease Deed, mutually recognized and intended for the agreement to fall within the ambit of Section 2(1)(c)(vii) of the CC Act. In the absence of any clear pleading or material to demonstrate exclusive commercial use, the dispute cannot at this stage, be said to fall within the meaning of a "commercial dispute" as defined under Section 2(1)(c) of the CC Act. Consequently, the bar under Section 11 of the CC Act would not apply, and the jurisdiction of the Civil Court cannot be ousted on this ground alone.

14. In view of the foregoing discussions and for the reasons as stated above this Court finds no infirmity with the Impugned Order.

15. The Petition is, accordingly, dismissed. All pending Applications stand closed. The Petitioner is, however, at liberty to take appropriate steps in accordance with law for redressal of its grievances. All rights and contentions of the parties are left open in this behalf.

16. The parties will act based on the digitally signed copy of the order.

TARA VITASTA GANJU, J

JULY 9, 2025/g.joshi/r