BLOGS

Landmark Judgements on Arbitration in India

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Introduction

Arbitration, as a preferred method of alternative dispute resolution, has gained significant prominence over the years. It offers parties a private and efficient means of resolving disputes outside the traditional court system. The field of arbitration has witnessed several significant judgments that have shaped and influenced the practice.

In this post, we will explore some of the important judgments on arbitration that have had a lasting impact on the field.

1. Uttarakhand Purv Sainik Kalyan Nigam Ltd. v. Northern Coal Field Ltd

The Supreme Court held that the issue of limitation would be decided by an arbitrator based on the doctrine of kompetenz-kompetenz established in Section 16 of the Arbitration & Conciliation Act, 1996 (Arbitration Act) and the legislative intent to restrict judicial intervention at pre-reference stage.

Additionally, it underlined that the Arbitration Act's legislative objective is for parties to be autonomous and for court intrusion in the arbitration process to be kept to a minimum. It was noted that after an arbitrator has been chosen, all disputes and objections must be resolved by the arbitrator in accordance with the Arbitration Act's rules.

According to the Supreme Court, the question of limitation is a jurisdictional one that should be resolved by the arbitrator in accordance with Section 16 of the Arbitration Act, not the High Court at the pre- reference stage as provided for in Section 11 of the Arbitration Act.

The Supreme Court pointed out that the arbitrator should resolve all disputes, including those involving jurisdiction, once the arbitration agreement is not in question.

2. National Highways Authority of India v. Sayedabad Tea Estate

The Supreme Court ruled that an application made under Section 11 of the Arbitration & Conciliation Act, 1996 (Arbitration Act) cannot be accepted due to the provision outlined in Section 3G(5) of the National Highways Act, 1956 (NH Act), which empowers the central government to appoint an arbitrator.

The Supreme Court noted that the use of the term “subject to” in Section 3G(5) of the NH Act clearly indicates that the NH Act takes precedence over the Arbitration Act specifically concerning matters related to land compensation under the NH Act.

It determined that since the authority to appoint an arbitrator lies exclusively with the Central Government under Section 3G(5) of the NH Act, which is a specialized legislation, an application filed under Section 11(6) of the Arbitration Act for the appointment of an arbitrator is not permissible. The provisions of the Arbitration Act cannot be invoked for this purpose.

3. Parsoli Motor Works v. BMW India Pvt Ltd.

The power to grant injunctive relief under Section 9 of the Arbitration and Conciliation Act, 1996 (1996 Act) is subject to the provisions of the Specific Relief Act. Injunctions that cannot be granted under Section 41 of the Specific Relief Act, including those that would enforce a determinable contract or could adequately be compensated with monetary damages at the final stage of dispute resolution, cannot be granted under Section 9 of the 1996 Act either.

This ensures that injunctive relief in support of arbitration proceedings is granted judiciously and aligns with the efficient and expeditious nature of arbitration as a dispute resolution mechanism.

4. M/S NN Global Mercantile Pvt Ltd v. M/S Indo Unique Flame Ltd & Others

The power to grant injunctive relief under Section 9 of the Arbitration and Conciliation Act, 1996 (1996 Act) is subject to the provisions of the Specific Relief Act. Injunctions that cannot be granted under Section 41 of the Specific Relief Act, including those that would enforce a determinable contract or could adequately be compensated with monetary damages at the final

stage of dispute resolution, cannot be granted under Section 9 of the 1996 Act either.

This ensures that injunctive relief in support of arbitration proceedings is granted judiciously and aligns with the efficient and expeditious nature of arbitration as a dispute resolution mechanism.

5. Government of Maharashtra v. Borse Brothers Engineers & Contractors Pvt. Ltd

The Supreme Court's ruling clarified the application of the Commercial Courts Act to appeals under Section 37 of the Arbitration Act, based on the specified value. It also established the limitation periods under the Limitation Act for appeals falling outside the Commercial Courts Act's scope.

The Court further emphasized that delays in filing appeals should only be excused in exceptional circumstances, requiring the party seeking an extension to demonstrate good faith and the potential loss of equity and justice. These clarifications provide guidance to parties involved in arbitration proceedings and promote the timely and efficient resolution of disputes.

The Court has offered essential clarification on the limitation time for submitting appeals under Section 37 of the Arbitration Act, as well as the condonation of delays in filing such appeals, focusing on the underlying goal of quick resolution of disputes.

The Court has made comprehensive observations on the subject, taking into account the relevant legal rules as well as the importance of adhering to deadlines, particularly in business disputes.

Furthermore, in keeping with the principle of "equality before the law," the Court has tried to put all parties participating in commercial activity on an equal basis by adopting the same yardstick to postpone condonation in instances involving publicsector businesses. The Supreme Court has made yet another commendable and forward-thinking effort in the area of arbitration and commercial disputes.

Conclusion

Overall, these important judgments contribute to the development of arbitration law in India. They provide clarity on critical aspects such as arbitrator appointments, injunctive relief, limitation periods for appeals, and the excusal of delays. By offering guidance and promoting efficiency, fairness, and consistency in arbitration proceedings, these judgments strengthen India's

arbitration ecosystem and support the resolution of disputes through arbitration.