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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 02-03-2026

CORAM

THE HON'BLE MR JUSTICE SENTHILKUMAR RAMAMOORTHY

A No. 4679 of 2025
IN
C.S(COMM DIV) NO. 154 OF 2025

J Nithyanandham, Partner of M/s M.V.S.Gramany and Sons, residing at 171/70, Kodambakkam High Road, T Nagar, Chennai 600 001, Tamil Nadu.

..Applicant(s)

Vs

1. M/s M.V.S.Gramany and Sons (A Registered Partnership Firm - Reg.No.365/2005) No.70, Chinnambedu Sakkarachetty Kulam, GNT Road, Puduvayal PO 601 206, Thiruvallur District Tamilnadu Rep.by its partner Mr.J.Nandakumar and Mr.J.Vimalanathan.

2. J.Nandakumar Partner of M/s M.V.S. Gramany and Sons, No. 70, Chinnamedu Sakkarachetty Kulam, GNT Road, Puduvayal P.O- 601206, Thiruvallur District, Tamil Nadu

3. J.Vimalanathan Partner of M/s M.V.S Gramany and Sons No. 70, Chinnambedu Sakkarachetty Kulam, GNT Road, Puduvayal P.O.- 601206, Thiruvallur District, Tamil Nadu

4. Mr.Gautham Nithyanandham Proprietor of M/s TVS Snuff Company, 171/70, Kodambakkam High Road, T.Nagar, Chennai-600 017 , Tamil Nadu

   Also at Survey No.151/12, B.N.Kandigai

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Village, Aaladu Post, Ponneri Taluk,
Thiruvallur District-601204

..Respondent(s)

PRAYER: Judge's summons under Order-XIV Rule 8 of Original Side Rules read with Section 8 of the Arbitration and Conciliation Act, 1996, praying to refer the dispute raised in C.S.(Comm.Div) No.154 of 2025 to arbitration.

For Applicant(s): Mr. S. Diwakar
for M/s Rajesh Ramanathan

For Respondent(s): Mr. S. Shivathanu Mohan
for M/s Ramesh Umapathy for R1 to R3

Ms. Aanchal M.Nichani
for M/s Eswar Sabapathy for R4

ORDER

The suit has been instituted by a registered partnership firm and two of its partners against Mr. Gautham Nithyanandham, Proprietor of M/s.TVS Snuff Company, and Mr. J.Nandakumar, Partner of the 1st Plaintiff-Firm. The remedies claimed in the suit *inter alia* relate to alleged infringement of the trademark 'J.S.Madras Snuff' and alleged passing off by use of the marks M.V.S.Gramany and Sons and J.S.Madras Snuff. This is evident from clauses (c) and (d) of the prayer, which are set out below:

"(b) Granting a permanent injunction restraining the Defendants,, its men, servants, agents,

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dealers, representatives, customers, users and any other person acting through or under them from manufacturing, marketing, selling, supplying, and/or dealing in Snuff products or any other products under the brand 'M.V.S.Gramany', 'J.S.Madras Snuff' or any other brands, logos and packaging that are same or deceptively similar to the brands, logos and packaging of the Plaintiffs;

(d) Granting a permanent injunction restraining the Defendants, its men, servants, agents, dealers, representatives, customers, users and any other person acting through or under them from infringing the trademarks of the plaintiffs including but not limited to 'J.S.Madras Snuff'."

2. The second defendant has filed this application seeking reference of the dispute to arbitration by relying on the arbitration clause in a partnership deed between the second and third plaintiffs and the second defendant. The dispute resolution clause in such partnership deed is as under:

> *"13. In the event of disputes or differences arising between the parties hereto the same shall be settled by reference to arbitration."*

3. Learned counsel for the applicant/second defendant referred to paragraph-16 of the plaint, particularly clause(c) thereof, to contend that the foundation of the suit is the allegation that the second defendant colluded with

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the first defendant in committing acts of infringement and passing off. According to learned counsel, the present suit is an action *in personam* and is arbitrable. Because of the ground on which the suit is framed, learned counsel also contends that the first defendant could be added as a party to arbitral proceedings as per principles formulated in respect of the joinder of a non-signatory to arbitral proceedings. In support of these contentions, learned counsel relied on the judgment of the Division Bench of this Court in *Lifestyle Equities CV PrinsBernhardplein v. QDSeatoman Designs Pvt. Ltd., 2017 SCC OnLine Mad 7055,* and the judgment of the Hon'ble Supreme Court in *K.Mangayarkarasi and Another v. N.J.Sundaresan and Another (Mangayarkarasi), 2025 SCC OnLine SC 1104*.

4. The contentions of learned counsel for the applicant / second defendant were responded to by learned counsel for the plaintiffs. Learned counsel for the plaintiffs submits that the suit is primarily directed against the first defendant in respect of acts of infringement and passing off committed by such defendant, albeit in collusion with the second defendant. He points out that the first defendant was a minor at the time of execution of the partnership deed dated 14.09.2005. Therefore, he submits that the first defendant cannot be joined as a party to arbitral proceedings. Consequently, he submits that the dispute cannot be referred for arbitration.

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5. He also contends that an action for infringement and passing off is non-arbitrable. In support of this contention, he relies upon the judgment of the Hon'ble Supreme Court in *Vidya Drolia and Ors. v. Durga Trading Corporation and Others, MANU/SC/0939/2020,* particularly paragraphs 87 and 96(d) of the report, which are extracted hereunder:

> *"87. Prima facie examination is not full review but a primary first review to weed out manifestly and ex facie non-existent and invalid arbitration agreements and non-arbitrable disputes. The prima facie review at the reference stage is to cut the deadwood and trim off the side branches in straight forward cases where dismissal is barefaced and pellucid and when on the facts and law the litigation must stop at the first stage. Only when the court is certain that no valid arbitration agreement exists or the disputes/subject matter are not arbitrable, the application Under Section 8 would be rejected. At this stage, the court should not get lost in thickets and decide debatable questions of facts. Referral proceedings are preliminary and summary and not a mini trial.*
>
> *96(d). Rarely as a demurrer the court may interfere at the Section 8 or 11 stage when it is manifestly and ex facie certain that the arbitration agreement is nonexistent, invalid or the disputes are non-arbitrable, though the nature and facet of non-arbitrability would, to some extent, determine the level and nature of judicial scrutiny. The restricted and limited review is to check and protect parties from being forced to arbitrate when the matter is demonstrably 'non-arbitrable' and to cut off the*

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deadwood. The court by default would refer the matter when contentions relating to non-arbitrability are plainly arguable; when consideration in summary proceedings would be insufficient and inconclusive; when facts are contested; when the party opposing arbitration adopts delaying tactics or impairs conduct of arbitration proceedings. This is not the stage for the court to enter into a mini trial or elaborate review so as to usurp the jurisdiction of the arbitral tribunal but to affirm and uphold integrity and efficacy of arbitration as an alternative dispute resolution mechanism."

6. Considering the fact that this application is under Section 8 of the Arbitration and Conciliation Act, 1996 (the A&C Act), I begin the discussion and analysis by setting out Section 8(1):

> *"8. Power to refer parties to arbitration where there is an arbitration agreement.*
> *- [(1) A judicial authority, before which an action is brought in a matter which is the subject of an arbitration agreement shall, if a party to the arbitration agreement or any person claiming through or under him, so applies not later than the date of submitting his first statement on the substance of the dispute, then, notwithstanding any judgment, decree or order of the Supreme Court or any Court, refer the parties to arbitration unless it finds that prima facie no valid arbitration agreement exists.]"*

As is evident from the text of sub-section (1), upon receipt of an application for reference, it is necessary to consider the following cumulatively:

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(i) Whether the action relates to a matter which is the subject of an arbitration agreement?

(ii) Whether the party applying has approached the Court before the date of submission of the first statement on the substance of the dispute?

(iii) Whether a valid arbitration agreement exists on *prima facie* review?

7. It is common ground that the arbitration clause is contained in the partnership deed. The arbitration clause has been extracted *supra* at paragraph – 2. The language of such clause makes it clear that it pertains to disputes or differences arising between the parties to the partnership deed. It is implicit that it should be a dispute pertaining to a matter dealt with at least broadly in the partnership deed. The partnership deed does not discuss the intellectual property of the partnership firm in general and clearly does not refer specifically to the marks forming the subject of this suit. The agreed position is that the first defendant is not a party to the partnership deed. Considering these aspects, in my view, the arbitration clause in the partnership deed would be confined to disputes between the partners and relating to the assets and affairs of the partnership. Given that the present dispute pertains to alleged acts of infringement and passing off by the first defendant in collusion with the second defendant, the action does not relate to a matter which is the subject of an arbitration agreement. This is sufficient to reject this application. Because contentions were advanced on whether the arbitration clause in the partnership deed would bind the first defendant, said aspect is briefly discussed next.

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8. As held in *Chloro Controls (I) P. Ltd. v. Severn Trent Water Purification Inc. & Ors., (2013) 1 SCC 641* and later clarified in *Cox & Kings Ltd. v. SAP India Pvt. Ltd. (Cox & Kings) 2023 SCC OnLine SC 1634,* an arbitration agreement, could, in certain circumstances, bind a non-signatory. In *Cox & Kings,* it was recorded, in relevant part, as under in paragraph 70 thereof:

> *"70. .... A non-signatory is a person or entity that is implicated in a dispute which is the subject-matter of an arbitration, although it has not formally entered into an arbitration agreement [Stavros Brekoulakis, "Rethinking Consent in International Commercial Arbitration: A General Theory for Non-signatories" (2017) 8 Journal of International Dispute Settlement 610]. The important determination is whether such a non-signatory intended to effect legal relations with the signatory parties and be bound by the arbitration agreement...."*

Given that the first defendant is admittedly not a party to the partnership deed, in the absence of any evidence that he agreed to be bound thereby, on *prima facie* review, I conclude that, merely on the ground that he is the son of the second defendant, he cannot be joined as a party in an arbitral proceeding as per principles formulated in *Cox & Kings.*

9. Another contention regarding arbitrability warrants brief consideration. In *Booz-Allen & Hamilton Inc v. SBI Home Finance Ltd., 2011 (5) SCC 532,* the

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Hon'ble Supreme Court examined the arbitrability of disputes and classified disputes as arbitrable and non-arbitrable. In *Vidya Drolia*, this aspect was considered in greater detail and clarified. At paragraph-46 of the judgment, it was held that actions relating to grant and issue of patents and registration of trademarks are non-arbitrable. The Court did not, however, expressly examine whether an action for infringement and passing off would be non-arbitrable. In the subsequent judgment of the Hon'ble Supreme Court in *Mangayarkarasi, it* was held as under in paragraph-12:

> *"12. In Vidya Drolia v. Durga Trading Corporation, (2021) 2 SCC 1, this Court held that the grant and issue of patents and registration of trademarks are matters that fall within the sovereign or government functions and have erga omnes effect. Prima facie, the nature of disputes sought to be raised by the petitioners cannot be considered as actions in rem. The assumption that all matters relating to trademarks are outside the scope of arbitration is plainly erroneous. There may be disputes that may arise from subordinate rights such as licences granted by the proprietor of a registered trademark. Undisputedly these disputes, although, involving the right to use trademarks, are arbitrable as they relate to rights and obligations inter se the parties to a licence agreement."*

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10. The inference that flows from the above is that subordinate rights relating to intellectual property, such as those relating to licences granted by the proprietor of a registered trademark, are arbitrable. An action for infringement and passing off is not an action in relation to subordinate rights relating to a trademark. It is an action asserting a right *in rem*, but the proceedings are *in personam*. It is open to a defendant in such action to dispute the validity of the trade mark and follow it up with a rectification petition, if a *prima facie* case of invalidity were to be made out in the suit. Similarly, in an action for infringement of patent, it is open to the defendant to resist the suit by raising any of the grounds for revocation under Section 64 of the Patents Act, 1970. In those situations, registrations and grants in *in rem* proceedings could be called in question. The position prevailing throughout the country today is that actions for infringement and passing off are only adjudicated by jurisdictional District Courts and High Courts and not by arbitral tribunals. Considering these aspects, I lean in favour of non-arbitrability. Being a nuanced issue with far-reaching consequences, I consider it inappropriate and indeed unnecessary to definitively decide this issue in the light of the facts and circumstances of this case.

11. As discussed earlier, the first defendant is clearly not a party to the partnership deed containing the arbitration clause. The partnership deed does not discuss the intellectual property of the partnership firm. On *prima facie* examination of the plaint, it appears that the plaintiffs allege that the first

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defendant, a third party to the partnership, has committed acts of infringement relating to the trademark 'J.S. Madras Snuff', which appears *prima facie* to be registered in the name of the first plaintiff partnership firm. The plaintiffs also allege that the first defendant has committed acts of passing off by use of the marks M.V.S. Gramany and J.S. Madras Snuff. It is also alleged that these acts have been committed in collusion with the second defendant and, consequently, remedies are requested for not only against the first defendant but also against the second defendant. Considering all these aspects, on *prima facie* review, I conclude that no case is made out to refer the dispute for arbitration.

12. For reasons aforesaid, the application to refer the dispute for arbitration is dismissed without any order as to costs.

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Index: Yes/No
Speaking/Non-speaking order (1/3)
Neutral Citation: Yes/No

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SENTHILKUMAR RAMAMOORTHY, J.

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