

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD**R/FIRST APPEAL NO. 960 of 2026****With****CIVIL APPLICATION (FOR STAY) NO. 1 of 2026
In R/FIRST APPEAL NO. 960 of 2026****With****R/FIRST APPEAL NO. 962 of 2026****With****CIVIL APPLICATION (FOR STAY) NO. 1 of 2026
In R/FIRST APPEAL NO. 962 of 2026****With****R/CROSS OBJECTION NO. 69 of 2026****In****R/FIRST APPEAL NO. 962 of 2026****With****R/CROSS OBJECTION NO. 70 of 2026****In****R/FIRST APPEAL NO. 960 of 2026**=====
M/S. OYO HOTELS AND HOMES PRIVATE LIMITED**Versus****M/S. MERIDIAN HOTELS PRIVATE LIMITED**
=====**Appearance:****R/FIRST APPEAL NO.960 of 2026:-**MR SAURABH SOPARKAR, SENIOR ADVOCATE WITH MS PRAGATI PAHWA WITH MS KANICKA MITTAL, ADVOCATES FOR THAKKAR AND PAHWA ADVOCATES(1357) for the Appellant(s) No. 1
PARAS K SUKHWANI(8284) for the Defendant(s) No. 1**R/FIRST APPEAL NO.962 of 2026:-**MR SAURABH SOPARKAR, SENIOR ADVOCATE WITH MS PRAGATI PAHWA WITH MS KANICKA MITTAL, ADVOCATES FOR THAKKAR AND PAHWA ADVOCATES(1357) for the Appellant(s) No. 1
PARAS K SUKHWANI(8284) for the Defendant(s) No. 1
=====**CORAM:HONOURABLE THE CHIEF JUSTICE MRS.
JUSTICE SUNITA AGARWAL
and
HONOURABLE MR.JUSTICE D.N.RAY****Date : 20/04/2026****ORAL JUDGMENT****(PER : HONOURABLE THE CHIEF JUSTICE MRS. JUSTICE SUNITA AGARWAL)**

1. Both the above set of appeals under Section-37 of the Arbitration and Conciliation Act' 1996 [in short as "the Act'1996"] and cross-objections filed by the respondent/cross-objector, are raising common issues and are between the same parties, arising out of two separate judgments in two proceedings under Section-34, passed by the Commercial Court at City Civil Court at Ahmedabad. Hence, all the matters have been heard together and are being decided by this common judgment with the consent of the learned counsels for the parties.

2. Mr. Saurabh Soparkar, learned senior counsel assisted by Ms. Pragati Pahwa, learned advocate for the appellant in the instant appeal, would submit that the cross-objections filed by the respondent herein are not maintainable, inasmuch as, the respondent has earlier filed an appeal under Section-37 being First Appeal No.595 of 2026 to challenge the findings of the Court in the impugned order under Section-34, on the issue of territorial jurisdiction. The said appeal, however, has been withdrawn by the order dated 26.02.2026

on the request of the respondent, they cannot, therefore, be permitted to maintain the cross-objections in the instant appeal.

3. This submission will not detain us for long, inasmuch as, on a bare reading of the order of withdrawal dated 26.02.2026 of First Appeal No.595 of 2026 filed by the respondent herein, would indicate that liberty was granted to the appellant therein/respondent herein to approach this Court at an appropriate stage. In view of the liberty granted by this Court, the cross-objections of the respondent herein cannot be rejected as not maintainable.

4. Even otherwise, as per own submission of the learned senior counsel for the appellant, the cross-objections are maintainable in an appeal against the order of the Court under Section-34, on an issue decided against the objector.

5. In view of the above, while holding that the cross-objections filed by the respondent herein are maintainable, we treat them as cross-appeals under Section-37 of the Arbitration and Conciliation Act' 1996.

6. We, therefore, proceed with the hearing of all the appeals including cross-appeals filed by the parties.

7. Having heard learned counsel for the parties and perused the record, pertinent is to note that the First Appeals and the cross-objections are filed by the rival parties against the judgment and order dated 09.02.2026 passed by the Judge, Commercial Court, City Civil Court, Ahmedabad in dismissing the application under Section-34 of the Act' 1996. Insofar as the appeal filed by the appellant herein namely the original applicant, who had filed the application under Section-34 of the Act' 1996, the challenge is on the ground that the commercial court once has decided the issue qua lack of its territorial jurisdiction, it could not have proceeded to decide on the merits of the application under Section-34 of the Act' 1996. The submission is that only course open for the Court under Section 34, was to return the application in accordance with the provision of Order 7 Rule of Code of Civil Procedure, leaving it open for the applicant to present it before the competent court having territorial jurisdiction to adjudicate the dispute.

8. The submission in the cross-objections filed on behalf of the respondent, on the other-hand, is about the correctness of the impugned judgment on point no.1, on the issue of lack of territorial jurisdiction, only. The submission is that in view of the facts brought on record about the place of agreement, execution and performance of agreement in question etc., the City Civil Court at Ahmedabad had territorial jurisdiction to adjudicate the application under Section-34. Moreover, the agreement itself conferred the jurisdiction upon the said Court by conferring the exclusive jurisdiction to the court at Ahmedabad and deciding on the seat of arbitration. Moreover, the appellants herein themselves filed application under Section-34 of the Act' 1996 believing that the commercial court at City Civil Court, Ahmedbad has territorial jurisdiction to adjudicate.

9. It was vehemently argued by Mr. Paras K. Sukhwani, learned advocate for the respondent in cross-objections that both the dispute resolution Clause No.10.1 and the exclusive jurisdiction Clause No.10.6 of the agreement in question conferred jurisdiction to the Courts at Ahmedabad. The place

of arbitration is the city of Ahmedabad and even the place of signing of the award is also the city of Ahmedabad. The submission is that once the parties had decided to confer jurisdiction to the Civil Court at Ahmedabad, the commercial court at City Civil Court was required to respect the choice of the parties, keeping in mind the principles of party autonomy incorporated in the entire scheme of the Arbitration and Conciliation Act' 1996.

10. Moreover, the advocates of both the parties have filed joint pursis before the Commercial Court stating that they had no objection to the jurisdiction of the City Civil Court to conduct the proceedings under Section-34 of the Act' 1996.

11. It was vehemently argued by the learned advocate for the respondent that even the learned senior counsel appearing for the applicant therein [before the City Civil Court] had argued that the said court has territorial jurisdiction, inasmuch as, (i) agreement in respect of the property situated at Usmanpura and Ellisbridge, is entered into, which is undoubtedly within the territorial jurisdiction of the City Civil Court; (ii) the agreement was executed in

Ahmedabad city and not within the jurisdictional area of Ahmedabad Rural Court; and (iii) the agreement was to be performed at Ahmedabad City and also breach was occurred in the same area. In the context of the said undisputed fact and in light of Clause Nos.10.1 and 10.6 of the agreement in question, exclusive jurisdiction, lies with the Commercial Court at City Civil Court at Ahmedabad and not to the Court at Ahmedabad Rural.

12. The learned advocate appearing for the respondent/cross-objector has repeatedly referred to the stand of the applicant in its application as well the as the arguments made before the City Civil Court asserting that the City Civil Court has territorial jurisdiction to conduct the proceedings.

13. However, the fact remains that no dispute could be raised about the findings returned by the commercial court in Paragraph-19.1 of the judgment impugned, which reads as under:-

“19.1 Now, on switching over the arbitration clause as well as exclusive jurisdiction, there is mention of Ahmedabad only. Now, in Ahmedabad two courts are

working viz. City Civil Court which is present one and Ahmedabad District (Rural) Court. To decide the jurisdiction under section 34, cause of action is not required to be seen. That means, section 20 which has been reiterated by the Hon'ble Apex Court, in the case of BGS SGS Soma JV (supra), that jurisdiction in the the arbitral proceedings is a departure of section 20 of the Code. Further, consent does not confer jurisdiction. Only on the basis of the place on which the arbitration proceedings were conducted, decides the jurisdiction of the fora, by which an application under section 34 shall be heard and disposed of finally as per section 10(3) of the Commercial Courts Act, 2015. In the present case, it is undisputed that the proceedings were conducted at the residence of the Ld. Arbitrator, which is admittedly outside the jurisdiction of this Court and even the same facts were conceded by way of separate affidavit (in application under Order VII, Rule 11 of the Code Exh.37). Therefore, now the Commercial Court presided over such place of arbitral proceedings shall alone have jurisdiction, that means Ahmedabad District (Rural) Court. Therefore, once the seat of arbitration is designated or determined, ultimately, it could have only jurisdiction. At this juncture, relevant head-note of the judgment, in the case of BGS SGS Soma JV (supra) is very much important, which is reproduced here-in-below:-

Thus, once the seat of arbitration is designated or determined, the same operates as an exclusive jurisdiction clause as a result of which only the courts where the seat is located would have jurisdiction over the arbitration, to the exclusion of all other courts, even courts where part of the cause of action may have arisen."

14. We may also extract the relevant Clause Nos.10.1 and 10.6 of the agreement as under:-

***“10.1** In the event of a dispute arising out of this Agreement, the Parties shall confer and make a good faith effort to settle the dispute. If the dispute cannot be settled in three (3) days following the day of such conference, then the Parties shall refer the dispute to a single arbitrator who shall be mutually appointed. The arbitration proceedings shall be governed by the provisions of Arbitration and Conciliation Act, 1996. The arbitration shall be held in English language only and the seat of arbitration shall be in Ahmedabad.*

***10.6** Subject to Clause 10 above, all disputes relating to this Agreement between the Parties shall be subject to exclusive jurisdiction of Ahmedabad, Gujarat courts only.”*

15. From a careful reading of the relevant clauses of the agreement relied by the learned advocate for the respondent/cross-objector herein and the findings in the judgment impugned with regard to the lack of territorial jurisdiction of the City Civil Court, suffice is to note that the Commercial Court has decided the issue of jurisdiction taking note of the Clause Nos.10.1 and 10.6 of the agreement, wherein the parties had agreed to the seat of the arbitration and further

noticing that the place of arbitration being the residence of the learned Arbitrator, which is outside the jurisdiction of the Commercial Court at City Civil Court, it was decided that the Commercial Court which has jurisdiction to supervise over the place of arbitral proceeding, shall alone have jurisdiction, which means the Ahmedabad (Rural) District Court.

16. The learned Commercial Court has concluded that once the seat of arbitration has been designated or determined, it should have been treated as conferring exclusive jurisdiction to the Supervisory Court, by referring to the decision of the Apex Court in the case of **BGS SGS SOMA JV Vs. NHPC Ltd.**, reported in **(2020) 4 SCC 234**.

17. Taking note of these findings of the learned Commercial Court, pertinent is to note the peculiarity of the present case where the City of Ahmedabad is bifurcated in two parts, insofar as conferring jurisdiction to the original ordinary Court of Civil jurisdiction is concerned. There are two courts, namely the City Civil Court and Ahmedabad Rural Court exercising territorial jurisdiction within their respective areas notified by the State Government. The territorial jurisdiction

of both the courts are, thus, clearly defined and bifurcated and there is no dispute about the same.

18. The question in the present matter is as to which of the two courts will have jurisdiction to decide the dispute in view of Clause Nos.10.1 and 10.6 of the agreement, wherein the parties have jointly conferred exclusive jurisdiction to the courts at Ahmedabad.

19. A reading of Clause No.10.1 of the agreement, extracted herein above, shows that the parties decided on the seat of arbitration being in Ahmedabad. Whereas, the exclusive jurisdiction clause states that all disputes relating to the agreement between the parties shall be subject to exclusive jurisdiction of Ahmedabad, Gujarat courts only.

20. It is, thus, clear that though the parties have decided on the seat of the arbitration being in Ahmedabad in their agreement, but they had not decided as to which of the two courts having territorial jurisdiction in two different territorial areas of the City of Ahmedabad would have supervisory jurisdiction in the matter arising out of or in relation to the

agreement or the arbitration proceedings conducted in relation to the dispute under the agreement.

21. We may also note that the conferment of exclusive jurisdiction related to the seat of Arbitration under Section-20(1) of the Act' 1996 is with the consent of the parties. As per the decision of the Apex Court in the case of **BGS SGS SOMA JV Vs. NHPC Ltd.**, once the parties decide on the seat of arbitration, the exclusive jurisdiction would be conferred to the Court which exercise the territorial jurisdiction over the seat of arbitration.

22. However, as per Sub-section (2) of Section-20, in case there being no agreement as per Sub-section (1) of Section-20, the place of arbitration determined by the Arbitral Tribunal having regard to the circumstances of the case including convenience of the parties, shall be the seat of Arbitration and exclusive jurisdiction clause accordingly, would apply.

23. Sub-section (3) of Section-20 refers to only venue or the place of arbitration which may be one or more than one

depending upon the requirement of the proceedings of arbitration which may held at one place or more than one.

24. In any case, once the Arbitrator decides on the place of arbitration as per Sub-section (2) of Section-20, the same shall also be treated as the seat of arbitration conferring exclusive jurisdiction to the Court having territorial supervisory jurisdiction of being ordinary original court of civil jurisdiction.

25. In the instant case, the parties though decided on the seat of arbitration being at Ahmedabad and the arbitration proceedings have also been conducted at Ahmedabad, but they seek to submit that there was no consensus of the parties to confer jurisdiction to the courts at Ahmedabad (Rural) in the City of Ahmedabad, rather the parties understood and considered that the exclusive jurisdiction would be to the Commercial Court at City Civil Court, Ahmedabad. The submission is that once the parties had agreed to the said aspect, it was not open for the Commercial Court at City Civil Court to decide on the issue of territorial jurisdiction, as against the intention of the parties.

26. The submission of Mr. Paras K. Sukhwani, learned advocate for the respondent/ cross-objector is that it is the party autonomy which is to be considered as supreme in view of the agreement entered into between them and also in light of the fact that the applicant/ appellant themselves had filed application under Section-34 before the Commercial Court at City Civil Court and they also submitted that the said court has jurisdiction.

27. Dealing with the said submission of the learned advocate for the respondent/ cross-objector, we may note that this is one of a peculiar case where one city is having two courts which are exercising exclusive territorial jurisdiction over two different areas being the ordinary original court of civil jurisdiction. As per the agreement of the parties, the seat of arbitration was fixed at Ahmedabad and the proceedings of arbitration was also conducted in the city of Ahmedabad, though at the place falling within the territorial jurisdiction of the Court namely Ahmedabad (Rural) District Court lying within the city of Ahmedabad itself.

28. In the said scenario, the seat as stated in Section-20(1) and 20(2) of the Act' 1996, would have to be fixed at the place where the arbitration proceedings have been conducted by the learned Arbitrator and the award has been signed and declared.

29. In this scenario, in the peculiar facts and circumstances of the present case, the territorial jurisdiction to adjudicate over the arbitration proceedings would be to the Ahmedabad (Rural) District Court being the ordinary original court of civil jurisdiction, in view of the agreement between the parties wherein they have decided on the seat of arbitration being Ahmedabad.

30. The place of arbitration, in the instant case, would have to be considered to be the seat of arbitration within the meaning of Section-20(1) read with Section-20(2), in view of the peculiar facts and circumstances of the present case. The arbitral tribunal which has rendered the award being the '*arbitral tribunal*' within the meaning of Section-2(1)(d) and the Ahmedabad (Rural) District Court being the supervisory court defined under Section-2(1)(e) read with Sections-20(1)

and 20(2) of the Arbitration and Conciliation Act, 1996, solely would have jurisdiction to adjudicate the dispute pertaining to the validity of the arbitration proceedings. No error, as such, can be found in the order impugned, qua the lack of jurisdiction of the Commercial Court at City Civil Court, adjudicated by the Court concerned.

31. Insofar as the submission of the learned advocate for the appellant/cross-objector about the conferment of territorial jurisdiction by referring to the properties subject matter of agreement, execution and performance of the agreement in question, the same become irrelevant in view of Clause Nos.10.1 and 10.6 of the agreement in question read with provisions of Section 20(1) and 20(2) of the Arbitration and Conciliation Act' 1996.

32. At the cost of repetition, it is reiterated that, in the instance case, the place of arbitration becomes the seat of arbitration and in view of the exclusive jurisdiction conferred by the parties in Clause Nos.10.1 and 10.6 of the agreement signed by them and there being no contrary indicia, no infirmity can be attached to the order passed by the

Commercial Court at City Civil Court in holding that it lacks territorial jurisdiction in respect of Section-34 proceedings.

33. However, once this was concluded by the commercial court in the order impugned that it lack territorial jurisdiction to conduct the proceedings, it clearly fell in error in entering into the merits of the application under Section-34 of the Act' 1996. The only course open for the Commercial Court was to return the application under Section-34 of the Act' 1996 to the applicant for its presentation to the Court of Competent territorial jurisdiction namely Ahmedabad (Rural) District Court, at Ahmedabad.

34. In view thereof, while setting aside the judgment and order dated 09.02.2026 passed by the Commercial Court, City Civil Court, Ahmedabad in Commercial Civil Misc. Application No.4 of 2024 and in Commercial Civil Misc. Application No.5 of 2024, both the applications under Section-34 of the Arbitration and Conciliation Act' 1996 filed by the appellant herein [in First Appeal No.960 of 2026 and in First Appeal No.962 of 2026] are hereby revived. The Commercial Court at City Civil Court at Ahmedabad, is directed to return the said

applications in accordance with the provisions of Order 7 Rule 10 of Code of Civil Procedure to the applicant by adopting due process. The applicant is at liberty to approach the competent courts as per this decision.

35. With the above, all the appeals and the cross-objections filed by the rival parties, stand disposed of.

Consequently, the civil applications for stay would not survive and hence, the same are disposed of accordingly.

(SUNITA AGARWAL, CJ)

(D.N.RAY,J)

A. B. VAGHELA