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IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on	25.08.2026
Pronounced on	31.08.2026

CORAM

THE HON'BLE MR JUSTICE P. VELMURUGAN

AND

THE HON'BLE MR.JUSTICE GK.MUTHUKUMAAR

CMA No. 1074 of 2023
and CMP.No.10152 of 2023

M/s.Orvis Paints India Private Limited,
Rep. by its Director S.Ananthkumar, Plot No.147,
N.No.64, SIDCO Industrial Estate, Ambattur,
Chennai-600 098
By its Managing Director L.Murali.

..Appellant

Vs

1. M/s.Jotun India Private Limited
   Fulcrum, A Wing, 601 (11) /602,
   Next to Hyatt Regency, Sahar Road,
   Andheri East, Mumbai-400 099.

2. Areas Sales Manager
   M/s.Jotun India Private Limited,
   Ega Trade Centre, B & C, 10th Floor,
   Old No.809, New No.318,
   Poonamallee High Road, Kilpauk,
   Chennai-600 010.

..Respondents

PRAYER: This Civil Miscellaneous Appeal is filed Under Order 43 Rule 1(a) CPC r/w Section 13(1-A) of the Commercial Courts Act, 2015, against the order passed in I.A.No.2 of 2019 in COS No.1298 of 2022 (O.S.No.3178/2019) on the file of the Commercial Court, Egmore, Chennai, dated 12-12-2022.

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For Appellant(s): Mr.Charles Kamalesh M.Appaji

For Respondent(s): Mr.Muhmmed Tareq for R1

JUDGMENT

(Judgment of the Court was delivered by GK. Muthukumaar J.)

This Civil Miscellaneous Appeal has been preferred against the order passed in I.A.No.2 of 2019 in COS.No.1298 of 2022 (O.S.No.3178 of 2019) on the file of the Commercial Court, Egmore, Chennai, dated 12.12.2022 returning the plaint and directing the appellant to represent the same before the appropriate forum of law within three months.

2. Mr.Charles Kamalesh M.Appaji, learned counsel appearing for the appellant would submit that the present appeal has been preferred challenging the order passed by the Commercial Court, Egmore, Chennai, allowing the application filed by the respondents under Order VII Rule 10 of the Code of Civil Procedure and returned the plaint for being represented in the appropriate forum. He would further submit that the parties had entered into a hire purchase agreement dated 15.12.2015 with regard to purchase and lease of one MCI machine. As per Clause 10 of the said agreement, all civil disputes arising under the agreement shall be subject to the exclusive jurisdiction of the Courts at Mumbai. He would contend that subsequently, by a letter dated 28.1.2016, the

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respondents had appointed the appellant as the authorized distributor of its products and services within Tamil Nadu. This dealership authorization letter did not contain any exclusive jurisdiction clause. He would further contend that on 17.6.2017, the respondents took back the defective MCI machine along with Tinting machine and Tinting and colouring materials and undertook to reimburse the entire amount with interest. However, since the same was not forthcoming, the appellant was compelled to file the present suit seeking payment of a sum of Rs.7,12,903.50 from the defendants with interest. In arriving at the said sum, the plaintiff had deducted a sum of Rs.7,07,344/- owed by the appellant to the respondents. Thus, the total sum due from the respondents was Rs.14,20,247.50, which after deduction of the said amount owed by the appellant to the respondents came to Rs.7,12,903.50. By relying upon various invoices, he would contend that the cause of action arose under the distrbution authorisation letter and the invoices pertaining to the same, and hence the suit was very well maintainable and that the Commercial Court was wrong in allowing the application filed by the respondents under Order VII Rule 10 CPC for return of the plaint.

3. Per contra, Mr.Muhmmed Tareq, learned counsel appearing for the first respondent would submit that the cause of action pertaining to the present money claim of the appellant arose under the hire purchase agreement and not under the distribution authorisation letter, as the plaintiff had sought payment of

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the sum due to it only based on the hire purchase agreement and not the distribution authorisation letter. He would further submit that, the said sum is the reimbursement by the respondents to the appellant towards the cost of the said machine and other materials supplied by the respondents to the appellant under the hire purchase agreement, necessitated by the respondents taking back the defective machine from the plaintiff. He would further contend that it was only the amount owed by the plaintiff to the defendants, as per the invoices and statement of accounts under the distribution authorisation letter, that was deducted/set off by the appellant before arriving at the suit claim amount of Rs.7,12,903.50/-, for the defective machines taken back by the respondents. He would therefore strongly contend that the cause of action and the suit claim arose only under the hire purchase agreement and as per Clause 10 of the said agreement, only the Courts at Mumbai had exclusive jurisdiction to decide the dispute. Hence, the present suit before the Commercial Court, Chennai, was without jurisdiction.

4. Heard the learned counsel for the parties and upon consideration of the documents on record, particularly, the hire purchase agreement dated 15.12.2015, the distribution authorization letter dated 28.1.2016 issued by the second respondent to the appellant, the invoices and the statement of accounts filed by the appellant in this appeal, this Court holds as follows;

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5. The appellant and the first respondent had entered into a hire purchase agreement dated 15.12.2015 with regard to the purchase of one MCI machine, along with tinting machine, tinting and colouring materials. The validity and binding nature of the said agreement is not in dispute. Clause 10 of the said agreement reads as follows:

> *"10.In case of civil disputes arising under this agreement, the Courts at Mumbai, India shall have exclusive jurisdiction over the same."*

From a reading of the above, it is clear that any civil dispute arising under the hire purchase agreement shall be subject to the exclusive jurisdiction of the Courts at Mumbai.

6. The Hon'ble Supreme Court in the case of ***AVM Sales Corporation Vs. Anuradha Chemicals Private Limited [2012 (2) SCC 315]*** held that when there are two places of business, the parties, by mutual agreement, can exclude one jurisdiction and submit to another jurisdiction for adjudication of disputes.

7. Further, the Hon'ble Supreme Court in the case of ***Hanil Era Textiles Limited Vs Puromatic Filters (P) Limited [2004 (4) SCC 671]*** has held that the parties can, by mutual agreement, exclude the jurisdiction of one Court

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and accept the jurisdiction of another Court where a part of the cause of action arose. It further held that such agreements are not opposed to public policy.

8. In the instant case, it is clear that the appellant had purchased the said machine and materials from the respondents under the hire purchase agreement and not under the distribution authorisation letter. Further, the claim of the appellant against the respondents is for reimbursement of the cost of the said defective machine and accessories which were taken back by the respondents with a promise to reimburse the entire amount with interest. This has nothing to do with the distribution authorisation letter. Therefore, it is clear that the suit claim arises only under the hire purchase agreement.

9. Further, the total sum due to the appellant towards reimbursement for the cost of the defective machine and accessories, with interest, was Rs.14,20,247.50. In arriving at the suit claim, the appellant had reduced a sum of Rs.7,07,344/-, which was the sum owed by the appellant to the respondents. It is seen that this deducted sum was towards sale of respondents goods by the appellant under the distribution authorisation letter, arrived at on the basis of the invoices and the statement of accounts of the appellant.

10. In such circumstances, this Court is of the view that merely because the appellant deducted the sum owed by it to the respondents in arriving at the

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suit claim, which arose under the hire purchase agreement, it cannot be said that the suit cause of action arises under the distribution authorisation letter or that a part of the cause of action arises under the distribution authorisation letter.

11. The Hon'ble Supreme Court, in the above judgments, has clearly held that the exclusive jurisdiction clauses are valid. Therefore, this Court is inclined to hold that the appellant's monetary claim against the respondents arises out of the hire purchase agreement and in such event, the exclusive jurisdiction clause under Clause 10 of the hire purchase agreement comes into operation and in view of which, the present suit would have to be filed in the Courts at Mumbai and not anywhere else.

12. In such circumstances, the Commercial Court, Egmore, Chennai, will not have jurisdiction to entertain the said suit and hence it was right in allowing the respondents application under order VII Rule 10 CPC and returning the plaint for presentation before the Court of competent jurisdiction.

13. Further, even assuming that a part of cause of action arose in Chennai, as the amount deducted/set off arose under the distribution authorisation letter for the business done by the respondents in Chennai and in view of which, the present suit can be maintainable before the Commercial Court, Egmore, Chennai, then, we find that the distribution authorization letter was not a detailed contract entered into between both parties, but it was a short

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letter which appointed the appellant as the authorised distributor of the respondents for distribution of the respondents' products and services in Tamil Nadu. This letter did not mention any other clause more so a exclusive jurisdiction clause, as contended by the counsel for the appellant. However, in a situation such as this, we find that the appellants suit claim is based on machines supplied under the hire purchase agreement, the cause of action for which arises only out of the hire purchase agreement and not the distribution authorisation letter. It is also not the case of the appellant that the suit claim is based on the distribution authorisation letter. In such circumstances, the detailed hire purchase agreement and not the distribution authorization letter would prevail and in which event the exclusive jurisdiction clause in the hire purchase agreement will operate. The decision of the Hon'ble Supreme Court in ***Hanil Era,*** cited supra, holds that acceptance of exclusive jurisdiction under an agreement, where a part of the cause of action arose, is valid and not opposed to public policy. Therefore, even if a part of the cause of action arose in Chennai, in view of the specific exclusive jurisdiction clause contained in the earlier hire purchase agreement, which was not altered by the subsequent distribution authorisation letter, we hold that the exclusive jurisdiction clause under the hire purchase agreement will prevail in the facts and circumstances of this case, more so when supply was made under the hire purchase agreement, and hence any dispute in this regard will have to be litigated in the Courts at Mumbai and not elsewhere.

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14. For the reasons stated above, we find that the Commercial Court, Chennai, was right in allowing the application filed by the respondents under Order VII Rule 10 CPC, and in returning the plaint for being presented before the appropriate forum within three months. We confirm the order and hold accordingly.

15. In view thereof, this Civil Miscellaneous Appeal is dismissed. In facts and circumstances of the case, the parties are directed to bear their own costs. Consequently, connected Miscellaneous Petition is closed.

(P.V.,J.) (G.K.M.,J.)
31-08-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

VKR

To

The District Judge,
Commercial Court,
Egmore, Chennai.

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P.VELMURUGAN, J.
AND
GK.MUTHUKUMAAR, J.

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