



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 9TH DAY OF APRIL, 2025

PRESENT

THE HON'BLE MR N. V. ANJARIA, CHIEF JUSTICE

AND

THE HON'BLE MR JUSTICE K. V. ARAVIND

COMMERCIAL APPEAL No. 192 OF 2025

C/W

COMMERCIAL APPEAL No. 193 OF 2025

COMMERCIAL APPEAL No. 199 OF 2025

IN COMAP 192/2025

BETWEEN:

1 . N. H. GOWDA,
S/O NAGALINGAPPA,
AGED ABOUT 32 YEARS,
RESIDING AT No.15,
NEAR PATALAMMA TEMPLE,
DASANAPURA HOBLI,
LAKSHMIPURA,
BANGALORE 562123.

...APPELLANT

(BY SRI K.N. PHANINDRA, SENIOR ADVOCATE A/W
SRI PRASHANTH KUMAR D., ADVOCATE)

AND:

1 . MR. RANGARAMA,
AGED 50 YEARS,
S/O GANGAPPA,
RESIDING AT
No.71, NEAR MARIKAMBA TEMPLE,





KATHRIGUPPE, BANASHANKARI 3RD STAGE,
BANGALORE 560085.

- 2 . SMT. REKHA K. N.,
AGED 38 YEARS,
W/O SHIVAKUMAR D,
RESIDING AT No. 40, 1ST CROSS,
1ST MAIN ROAD,
SOUNDARYA LAYOUT,
SIDEDAHALLI,
BANGALORE NORTH-560072.

- 3 . M/S NORTH CITY VENTURES
A REGISTERED PARTNERSHIP FIRM,
HAVING ITS OFFICE AT
SY No.9/2, AND 62,
KG LAKKENAHALLI,
LAKSHMIPURA POST,
DASANAPURA HOBLI,
BANGALORE 562123.

...RESPONDENTS

(BY SRI N. BASAVARAJU, SENIOR ADVOCATE A/W
SRI VIJAY B. K., ADVOCATE FOR C/R1)

THIS COMMERCIAL APPEAL FILED UNDER SECTION 37(1)(a)
OF THE ARBITRATION AND CONCILIATION ACT, 1996, R/W SEC.
13(IA) OF THE COMMERCIAL COURTS ACT, 2015, PRAYING TO SET
ASIDE THE ORDER (EXPARTE) DATED 29.03.2025 ON IA No.1 IN
COMM A.A No. 8/2025 FILED BY THE APPELLANT HEREIN UNDER
SECTION 9 OF THE ARBITRATION AND CONCILIATION ACT, 1996
PASSED BY THE X ADDITIONAL DISTRICT AND SESSIONS JUDGE,
(DEDICATED COMMERCIAL COURT) BENGALURU RURAL,
BENGALURU.

IN COMAP 193/2025

BETWEEN:

- 1 . N. H. GOWDA,
S/O. NAGALINGAPPA,
AGED ABOUT 32 YEARS,
RESIDING AT No. 15,



NEAR PATALAMMA TEMPLE,
DASANAPURA HOBLI,
LAKSHMIPURA,
BANGALORE- 562 123

...APPELLANT

(BY SRI K.N. PHANINDRA, SENIOR ADVOCATE A/W
SRI PRASHANTH KUMAR D., ADVOCATE)

AND:

- 1 . MR. RANGARAMA,
AGED 50 YEARS,
S/O. GANGAPPA,
RESIDING AT No.71,
NEAR MARIKAMBHA TEMPLE,
KATHRIGUPPE,
BANASHANKARI 3RD STAGE,
BANGALORE -560 085.
- 2 . SMT. REKHA K.N.,
AGED 38 YEARS,
W/O. SHIVAKUMAR. D.,
RESIDING AT No.40, 1ST CROSS,
1ST MAIN ROAD,
SOUNDARYA LAYOUT,
SIDEDAHALLI,
BANGALORE NORTH-560 072.

...RESPONDENTS

(BY SRI N. BASAVARAJU, SENIOR ADVOCATE A/W
SRI VIJAY B. K., ADVOCATE FOR C/R1)

THIS COMAP IS FILED UNDER SECTION 13 (1-A) OF THE
COMMERCIAL COURTS ACT, 2015 PRAYING TO SET ASIDE THE
ORDER (EX PARTE) DATED 24.03.2025 ON IA No.2 IN COM.A.A. No.
7/2025 FILED BY THE RESPONDENTS HEREIN UNDER SEC. 9 OF
THE ARBITRATION AND CONCILIATION ACT, 1996 PASSED BY THE
X ADDITIONAL DISTRICT AND SESSIONS JUDGE (DEDICATED
COMMERCIAL COURT) BENGALURU RURAL, BENGALURU.



IN COMAP 199/2025

BETWEEN:

1. MR. RANGARAMA G.,
AGED 50 YEARS,
S/O GANGAPPA,
RESIDING AT No.71,
NEAR MARIKAMBHA TEMPLE,
KATHRIGUPPE, BANASHANKARI 3RD STAGE,
BENGALURU-560085.
2. SMT. REKHA K. N.,
AGED 38 YEARS,
W/O SHIVAKUMAR D.,
R/A No.40, 1ST CROSS,
1ST MAIN ROAD,
SOUNDARYA LAYOUT, SIDDEHALLI,
BENGALURU NORTH-560072.

...APPELLANTS

(BY SRI VIJAY B. K., ADVOCATE)

AND:

1. MR. N. H. GOWDA,
AGED ABOUT 32 YEARS,
S/O NAGALINGAPPA,
R/AT No.15,
NEAR PAALAMMA TEMPLE,
DASANPURA HOBLI,
LAKSHMIPURA,
BENGALURU-562123.

...RESPONDENT

(BY SRI K.N. PHANINDRA, SENIOR ADVOCATE A/W
SRI PRASHANTH KUMAR D., ADVOCATE)

THIS COMMERCIAL APPEAL IS FILED UNDER SECTION 13
(1-A) OF THE COMMERCIAL COURTS ACT, 2015 PRAYING TO SET
ASIDE THE INTERIM ORDER DATED 29.03.2025 PASSED IN IA No.2,
IN COM.AA.08/2025 BY THE X ADDITIONAL DISTRICT AND
SESSIONS JUDGE, (DEDICATED COMMERCIAL COURT),



BENGALURU RURAL DISTRICT, BENGALURU AS OBTAINED BY SUPPRESSION AND CONTRADICTION OF MATERIAL FACTS.

THESE APPEALS COMING ON FOR ORDERS THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE THE CHIEF JUSTICE MR. JUSTICE
N. V. ANJARIA
and
HON'BLE MR JUSTICE K. V. ARAVIND

ORAL JUDGMENT

(PER: HON'BLE MR JUSTICE K. V. ARAVIND)

Heard learned Senior Advocate Mr. K.N. Phanindra along with learned advocate Mr. D. Prashanth Kumar for the appellant and learned Senior advocate Mr. N. Basavaraju along with learned advocate Mr. B.K. Vijay for respondent No.1 in COMAP Nos.192 and 193 of 2025 and learned advocate Mr. B.K. Vijay for the appellant and learned Senior Advocate Mr. K.N. Phanindra along with learned advocate Mr. D. Prashanth Kumar for the respondent in COMAP No.199 of 2025.

2. The appellant in COMAP No.192 of 2025 preferred Com.A.A. No.8 of 2025 under Section 9 of the Arbitration and Conciliation Act, 1996 (hereinafter referred to as 'the Act') against the respondents, on the file of the Principal District and Sessions Judge, Bengaluru Rural. Respondent Nos.1 and 2 also filed



Com.A.A. No.7 of 2025 under Section 9 of the Act before the Principal District and Sessions Judge, Bengaluru Rural. The Commercial Court passed separate orders in all the matters; however, they arise out of the same dispute between the same parties. Common arguments were addressed by the learned advocates for the parties. Hence, all the appeals are heard together and are disposed of by this common order.

3. COMAP No.192 of 2025 is preferred by the appellant and COMAP No.199 of 2025 is preferred by respondent Nos.1 and 2 against the order in Com.A.A. No.8 of 2025, dated 29.03.2025 passed by X Additional District and Sessions Judge, Bengaluru. COMAP No.193 of 2025 is preferred by the appellant against Com.A.A.No.7 of 2025, dated 24.03.2025 on I.A.No.2 passed by X Additional District and Sessions Judge, Bengaluru.

4. The ranks of the parties are referred to as they stand in COMAP No.192 of 2025.

5. The appellant and respondent Nos.1 and 2 are partners in appellant No.3 firm. As per the pleadings, the lands bearing Sy.No.62 measuring 2 acres 2 guntas, Sy.No.9/2 measuring 1 acre



31 guntas, and Sy.No.65/1 measuring 1 acre, situated at K.G. Lakkenahalli, Dasanapura Hobli, Bengaluru North, are owned by the appellant and his family members. The appellant developed the said family properties and constructed a wedding destination by name “Kalyani Vasti and De Destino”, suitable for traditional weddings and theme-based events.

6. The partnership firm was incorporated by the appellant along with respondent Nos.1 and 2 under the Partnership Deed dated 22.08.2022. As per the partnership deed, respondent Nos.1 and 2 held 30% share, and the appellant and one Girish M held 20% each in the partnership firm. The partnership firm was reconstituted on 23 August 2024, whereunder Girish M retired from the firm and the appellant and respondent Nos.1 and 2 continued as partners. The share in the reconstituted partnership firm was determined as 36.67% each to respondent Nos.1 and 2, and 26.66% to the appellant. Disputes arose between the partners with regard to maintenance of accounts and affairs of the firm. The appellant issued a notice purportedly under Section 43 of the Partnership Act, 1932, expressing intention to dissolve the firm contending that the partnership was “at will.” The legal notice also invoked the



arbitration clause contained in the partnership deed by calling upon the respondents to resolve the dispute in accordance with the provisions of the Act. Respondent Nos.1 and 2 similarly expressed willingness to resolve the dispute under the Act. The appellant and respondent Nos.1 and 2 preferred separate applications under Section 9 of the Act. The application filed by respondent Nos.1 and 2 was numbered as Com.A.A.No.7 of 2025, and that filed by the appellant was numbered as Com.A.A.No.8 of 2025.

7. The Commercial Court in the application filed by the appellant passed the following order,

"... The petitioner is permitted to participate in day-to-day activities of the respondent No.3 partnership till next date of hearing and the respondents shall not cause obstruction to the petitioner for the same.

However, it is made clear that this order shall not be used to exclude any partner from participating in the affairs of the partnership firm by giving wrong interpretation that there is a restraint order against any partner."

8. The Commercial Court in the application filed by respondent Nos.1 and 2 by order dated 24.03.2025 issued the following directions,



" ... The petitioner No.1 and 2 are permitted to participate in the operation/business of the partnership firm- The north City Ventures till next date of hearing. The respondent is hereby restrained from objecting the petitioners from participating in the affairs of the partnership firm."

In effect, the Commercial Court permitted both rival parties to carry on and participate in the day-to-day affairs of the partnership firm, without conferring exclusive right on either party.

9. Learned Senior Advocate Mr. K.N. Phanindra, appearing for the appellant, submits that the entire property on which the business of the firm is carried on is owned by the appellant and that the appellant has established the entire infrastructure at his own cost. It was stated that respondent Nos.1 and 2 were included as partners to carry on the business activities without any right, title or interest in the properties in question. It was submitted that the partnership firm, being "at will", can be dissolved by issuance of notice under Section 43 of the Partnership Act. It was submitted that upon issuance of such notice, the partnership stands dissolved by operation of law, and in such event, permitting respondent Nos.1 and 2 to participate in and carry on the day-to-day activities of the firm is impermissible. In the Commercial Court, it was



submitted, without considering the aforesaid aspect, has proceeded to pass the impugned order, which is contrary to the true spirit and scope of Section 43 of the Partnership Act.

10. Learned Senior Advocate further submitted that in the notice of dissolution issued under Section 43 of the Partnership Act, the appellant has invoked the arbitration clause. He further submits that the appellant is willing to refer the dispute to arbitration before an arbitrator mutually agreed upon by the parties.

10.1. Learned Senior Advocate further submits that, till the appointment of an arbitrator, the activities of respondent No.3- M/s. North City Ventures may be carried out through a receiver to be appointed either by mutual consent or by this Court.

11. Learned Senior Advocate Mr. Basavaraju, appearing for respondent Nos.1 and 2, submits that while the appellant contributed the lands, the entire infrastructure for various activities, including the wedding destination and other purposes, was provided by respondent Nos.1 and 2. He submits that it is the skill, expertise, and conceptualisation by respondent Nos.1 and 2 that led to the establishment of the business. In other words, learned



Senior Advocate submits that the entire infrastructure standing on the properties belongs to respondent Nos.1 and 2.

11.1. It is further submitted for the respondents that as the expertise and skill were employed by respondent Nos.1 and 2 in the business, the appellant has no role to play in its activities, and his intervention, as permitted by the Commercial Court, would obstruct the smooth functioning of the business. However, learned Senior Advocate for respondent Nos.1 and 2 is in complete agreement with the submissions of the learned Senior Advocate for the appellant, insofar as appointment of an arbitrator is concerned. He further submits that, considering the nature of the business and the expertise of respondent Nos.1 and 2, the appointment of a receiver to manage the business activities is incorrect and detrimental to the interests of both parties. Learned Senior Advocate, however, agrees to the appointment of a receiver for the limited purpose of managing the accounts until an arbitrator is appointed.

11.2. Learned Senior Advocate for the respondents further submits that, though the partnership firm is described as a partnership “at will”, a reading of the relevant clauses in the partnership deed



would indicate otherwise. He submits that dissolution at the instance of a partner can only be by issuance of a notice of three calendar months, expressing the intention to retire from the firm, and that the retiring partner would be entitled to a share in the assets and profits of the firm till the date of retirement, and the retirement shall be effected by execution of a retirement deed. He submits that it is the agreement as a whole that must be considered to determine whether the partnership is “at will” or otherwise.

12. Having considered the submissions of learned advocates for the parties, the issue that arises for consideration is,

“Whether the partnership firm is “at will” or otherwise in order to apply Section 43 of the partnership Act?”

13. Learned Senior Advocate for both parties vehemently urged that the respective parties are entitled to carry on the business exclusively, without interference from the other party. However, there is no dispute between the parties that any dispute arising out of the partnership shall be subject to arbitration. Whether the partnership is “at will” or otherwise is also an arbitrable dispute. Having regard to the undisputed fact and the agreement between



the parties to resolve the dispute regarding dissolution through arbitral proceedings, examination of the merits of the dispute as canvassed by the learned advocates is unnecessary and would encroach upon the subject matter to be adjudicated in arbitration. Hence, the point framed for consideration is left open to be agitated by the parties before the arbitrator.

14. In the course of hearing, learned Senior Advocates for both parties submitted that the Court may appoint an arbitrator as mutually agreed by them. Today, a joint memo is filed, wherein both parties have agreed to appoint Hon'ble Shri Justice V. Jagannathan, former Judge of this Court, to arbitrate the dispute.

15. The business of respondent No.3 is to provide venue and other facilities for conducting marriages. The appellant contends that the venue is merely rented out for conducting functions. On the other hand, respondent Nos.1 and 2 contend that venue bookings are made not only for providing the place but also for extending other facilities and services, such as photography, decoration, and related arrangements. The additional services are rendered by respondent Nos.1 and 2 in their capacity as event organisers. It is



submitted that, without the involvement of respondent Nos.1 and 2, the bookings or contracts already accepted cannot be effectively discharged.

16. On consideration of the rival contentions, one common aspect that emerges is with regard to the maintenance of accounts of respondent No.3. Both parties are in agreement for appointment of a receiver to manage the accounts of respondent No.3.

17. Insofar as the appointment of receiver in addition to providing instructions to the receiver, separate memos are filed suggesting names to be considered for appointment as receiver. The appellant has suggested three retired government officials, one of them to be appointed as receiver. The respondent has suggested Shri H.R Srinivas, former Principal District and Sessions Judge to be appointed as receiver. In view of the difference in the names suggested by both the parties, the Court suggested to appoint Shri H.R. Srinivas, former Principal District and Sessions Judge as receiver. The appellant readily agreed to the suggestion made. The Court appoints Shri H.R. Srinivas, former Principal District and Sessions Judge as receiver who shall act and perform as per the directions and instructions provided in this order.



18. Learned Senior advocate for the appellant has filed memo of instructions to the receiver along with the venue tariff details, list of venue bookings by the appellant and respondent Nos.1 and 2. Learned Senior advocate for respondent Nos.1 and 2 broadly accepts the details and the instructions to the receiver as provided in the memo.

19. The instructions to the receiver as agreed and provided by both parties reads as under,

- "(a) Parties shall not take or reserve any further events on the Appeal Schedule Properties.
- (b) The Parties shall assist the Receiver appointed by this Hon'ble Court in smooth running of the events.
- (c) The Parties shall disclose all the bookings or reservations made before the Receiver and also to account for the advance or booking amount received.
- (d) All the payments shall be channelised through bank account of the Respondent No.3 and the Receiver shall monitor all the financial transactions.
- (e) All the transactions shall be through the bank accounts and no cash transactions shall be entertained strictly.
- (f) The Receiver shall be authorised to manage the bank accounts including the net banking.



- (g) The Receiver shall through the Accounts Manager maintain books of accounts and all the parties shall be made available the copies of the same.
- (h) The Receiver shall protect the assets standing in the Appeal Schedule Properties and authorised to file Police complaint against any of the parties for any loss being caused to it.
- (i) The Receiver with the help of the Accounts Manager shall make the payments only against the invoices and after consulting the parties.
- (j) The Receiver in consultation with the parties shall make payment of ground rent payable to the Co-owner, Mr. M. Girish on the Appeal Schedule Properties."

20. While relegating the parties to resolve their dispute through arbitration, the arrangement made by the Commercial Court cannot be allowed to continue without modification. The interim arrangement directed by the Commercial Court appears to be impractical and creates an imbalance in the interests of both parties. If arrangement is allowed to continue, it would lead to further litigation. This Court finds it appropriate to provide an interim arrangement to balance the interests of both parties, to ensure the smooth functioning of respondent No.3, and to secure performance of the contracts already committed.



21. In light of the above, the following,

Order

- (i) All the appeals are allowed in-part.
- (ii) The orders of the Commercial Court in Com.A.A. No.8 of 2025 dated 29.03.2025, and Com.A.A.No.7 of 2025 dated 24.03.2025, stand modified.
- (iii) Hon'ble Shri. Justice V Jagannathan, former Judge of this Court, is appointed as the arbitrator by consent of both sides as agreed and suggested by the parties. The arbitrator shall immediately commence the arbitral proceedings. The arbitration shall be conducted through the Bengaluru Arbitration Centre, Bengaluru.
- (iv) Shri. H.R. Srinivas, former Principal District and Sessions Judge, is appointed by consent of both sides as agreed and suggested by the parties as the receiver to maintain the accounts of respondent No.3. Both parties shall hand over the accounts of respondent No.3 to the receiver forthwith. The receiver shall maintain and share the accounts with both parties on a quarterly basis.



(v) The receiver shall act and perform the following instructions:-

- "(a) Parties shall not take or reserve any further events on the Appeal Schedule Properties.
- (b) The Parties shall assist the Receiver appointed by this Hon'ble Court in smooth running of the events.
- (c) The Parties shall disclose all the bookings or reservations made before the Receiver and also to account for the advance or booking amount received.
- (d) All the payments shall be channelised through bank account of the Respondent No.3 and the Receiver shall monitor all the financial transactions.
- (e) All the transactions shall be through the bank accounts and no cash transactions shall be entertained strictly.
- (f) The Receiver shall be authorised to manage the bank accounts including the net banking.
- (g) The Receiver shall through the Accounts Manager maintain books of accounts and all the parties shall be made available the copies of the same.
- (h) The Receiver shall protect the assets standing in the Appeal Schedule Properties and authorised to file Police complaint against any of the parties for any loss being caused to it.
- (i) The Receiver with the help of the Accounts Manager shall make the payments only against the invoices and after consulting the parties.



- (j) The Receiver in consultation with the parties shall make payment of ground rent payable to the Co-owner, Mr. M. Girish on the Appeal Schedule Properties."
- (vi) All bookings of the venue of respondent No.3 shall be made by both parties only through the receiver. Any bookings already made shall be brought to the notice of the receiver forthwith.
- (vii) Any services to be rendered by respondent Nos.1 and 2 as part of the booking of the venue shall be coordinated through the receiver. The receiver shall be involved with respondent Nos.1 and 2 only to the extent of financial aspects and not in relation to the manner of rendering such services.
- (viii) The above interim arrangement shall continue during the pendency of the arbitration proceedings before the arbitrator. Liberty is reserved to both parties to seek appropriate orders, if required, before the arbitrator. The arbitrator is at liberty to consider such requests independently and without being influenced by the observations made hereinabove.



(ix) The receiver shall handover the accounts to either or both parties, subject to the outcome of the arbitral award and the directions of the arbitrator. The fee of the receiver shall be fixed by the arbitrator. The receiver's fee is tentatively fixed at Rs.2,00,000/- per month, payable out of the rents received from the subject property.

(x) The accounts shall be adjusted by the arbitrator, subject to the outcome of the arbitral proceedings.

(xi) Both parties shall cooperate for expeditious resolution of the dispute by the arbitrator.

Sd/-
(N. V. ANJARIA)
CHIEF JUSTICE

Sd/-
(K. V. ARAVIND)
JUDGE