

Once a Court Rejects Reference to Arbitration Under Section 8, a Subsequent Section 11 Petition Is Barred by Res Judicata: Delhi High Court

Authors: **Vasanth Rajasekaran*** and **Harshvardhan Korada****

Introduction

In a recent decision, the Delhi High Court has reaffirmed that once a competent civil Court has declined a reference to arbitration under Section 8 of the Arbitration and Conciliation Act, 1996 ("**the Act**"), and such decision has attained finality, a subsequent petition under Section 11 seeking appointment of an arbitrator is barred by the principles of *res judicata* and estoppel.

In ***JSW MG Motor India Pvt. Ltd. v. Tristar Auto Agencies (Vizag) Pvt. Ltd.*** [2025:DHC:10164], the High Court dismissed a petition under Section 11 of the Act on the ground that the petitioner was bound by an earlier judicial determination holding that the relevant clause did not constitute an arbitration agreement.

Facts

JSW MG Motor India Pvt. Ltd., an automobile manufacturer, and Tristar Auto Agencies (Vizag) Pvt. Ltd., an authorised dealer, entered into successive dealership arrangements, the latest being a dealership agreement dated 17 July 2023. Disputes arose between the parties, leading JSW MG Motor to terminate the dealership agreement by a letter dated 29 November 2024.

The termination was challenged by Tristar before the Principal District Judge, Visakhapatnam, by way of a civil suit seeking, inter alia, a declaration that the termination was non est in law. During the pendency of the suit, JSW MG Motor filed an application under Section 8 of the Act seeking reference of the disputes to arbitration in terms of Clause 63 of the dealership agreement.

While the Section 8 application was pending, JSW MG Motor also approached the Delhi High Court under Section 11 of the Act for appointment of a sole arbitrator. Subsequently, the Principal District Judge dismissed the Section 8 application by an order dated 27 October 2025, holding that Clause 63 of the dealership agreement did not constitute an arbitration agreement. This order was not challenged further.

The Section 11 petition thereafter came up for final consideration before the Delhi High Court.

Arguments

The petitioner contended that disputes had arisen under the dealership agreement which were arbitrable in terms of Clause 63, and that the dismissal of the Section 8 application by the civil Court did not affect the jurisdiction of the High Court under Section 11. It was argued that the disputes sought to be referred in the Section 11 petition were distinct from those considered by the civil Court, and therefore the principles of *res judicata* were not attracted.

The respondent opposed the petition, submitting that the existence of an arbitration agreement had already been conclusively negated by a judicial order passed by a competent Court in proceedings between the same parties. Relying on settled precedent, it was argued that once a Section 8 application is rejected and such rejection has attained finality, a subsequent Section 11 petition seeking the same relief is barred by *res judicata* and estoppel.

Decision of the High Court

The Delhi High Court dismissed the Section 11 petition. The High Court noted that the Principal District Judge, while deciding the Section 8 application, had returned a clear finding that Clause 63 of the dealership agreement did not constitute an arbitration agreement. This finding, having attained finality, was binding on the parties.

Relying on the Supreme Court's decision in ***Anil v. Rajendra*** [(2015) 2 SCC 583] and subsequent judgments of the Delhi High Court, the High Court held that the principles of *res judicata* apply with full force to proceedings under Section 11 of the Act. Once a judicial authority has declined to refer the parties to arbitration, and such decision has become final, the Section 11 route cannot be invoked to achieve the same result indirectly.

The High Court rejected the petitioner's attempt to distinguish the disputes raised in the Section 11 petition from those considered by the civil Court, holding that the core issue decided earlier related to the interpretation and validity of the arbitration clause itself. That determination could not be rendered nugatory by seeking a fresh reference on the basis of alleged distinct disputes.

Accordingly, the High Court held that the Section 11 petition was barred by *res judicata* and issue estoppel and dismissed the same.

Comment

The decision highlights the importance of procedural finality in arbitration jurisprudence. Parties cannot pursue parallel or sequential remedies under Sections 8 and 11 of the Act in the hope of a different outcome once a competent Court has conclusively ruled on the existence of an arbitration agreement. The

judgment serves as a cautionary note against forum shopping and reinforces that findings on arbitrability, once rendered and left unchallenged, bind the parties across subsequent proceedings under the Act.

***Vasanth Rajasekaran** is the Founder and Head of Trinity Chambers, Delhi.

** **Harshvardhan Korada** is a Counsel at Trinity Chambers, Delhi.

For any query, help or assistance, please reach out at info@trinitychambers.in or visit us at www.trinitychambers.in.

Authors



Vasanth Rajasekaran
Founder & Head
vasanth@trinitychambers.in



Harshvardhan Korada
Counsel
harshvardhan@trinitychambers.in