

Karnataka High Court Grants Interim Relief Against Non-Signatory in Singapore-Seated Arbitration

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Introduction

In *Aroha Labs Pte Ltd. v. Prem Dharmani*¹, the Karnataka High Court considered whether an Indian court could grant interim reliefs under Section 9 of the Arbitration and Conciliation Act, 1996 (the "**Arbitration Act**") in respect of an arbitration governed by Singapore law and seated in Singapore. The High Court also examined whether such protection could extend to a company that was not a signatory to the arbitration agreements but was alleged to be the *alter ego* of a signatory. The High Court held that Section 9 remained available because the parties had not expressly excluded its application and, on the facts, granted preservatory relief against the non-signatory company on a prima facie basis.

Facts

Aroha Labs Pte Ltd. ("**the Applicant**") is a Singapore-incorporated company engaged in the development and commercialisation of software applications and artificial intelligence products. It engaged Respondent Nos. 1 to 5 as independent consultants under Master Service Agreements ("**MSAs**") executed on different dates. The Applicant claimed that it had paid approximately INR 2.2 crores (INR 22 million) for the development of applications and related services, and that the MSAs assigned to it the intellectual property created in connection with those services.

The applications identified by the Applicant included "*Amore*", "*Astha 247: AI Spiritual App*", "*Creato*", "*Astro*", and "*Astro 247*". According to the Applicant, Respondent No. 1 suggested that the applications be launched through an Indian company to address regulatory concerns. A Term Sheet dated 7 September 2024 contemplated an investment by the Applicant in the proposed company and the execution of definitive agreements containing intellectual property assignment-related provisions.

Respondent No. 6, Creato Club Private Limited, was incorporated on 24 September 2024. Respondent No. 1 held 99.99% of its shares, while the remaining 0.01% was held by a close relative. The Applicant asserted that it continued to finance and oversee the development of the applications after the incorporation of Respondent No. 6 and that Respondent No. 6 raised invoices for services relating to the applications.

The relationship deteriorated in June 2026 when the Applicant sought to formalise the proposed investment, Respondent No. 6 asserted that it was an independent entity and that the MSAs did not bind it. Accordingly, Respondent No. 6 asserted that the intellectual property belonged to it. The Applicant terminated the MSAs on 16 June 2026. Respondent No. 6 thereafter instituted a civil suit seeking to restrain the initiation of arbitration. On 19 June 2026, the Applicant approached the Karnataka High Court under Section 9, seeking an

injunction against the use or transfer of the applications and a mandatory direction for delivery of source code, devices, credentials, records, and related property.

Legal Issues and Contentions

1. Jurisdiction of Indian Courts:

Clause 13 of the MSAs provided for arbitration administered by the Singapore International Arbitration Centre ("**SIAC**"), governed by Singapore law and seated in Singapore. However, Clause 13.1.7 permitted either party to seek interlocutory, provisional, or interim relief from any court. The Applicant relied upon the *proviso* to Section 2(2) of the Arbitration Act, which applies Section 9 to foreign-seated international commercial arbitrations unless the parties agree otherwise.

The Respondents argued that the choice of Singapore law and a Singapore seat constituted an "*agreement to the contrary*", leaving the Singapore courts with exclusive jurisdiction. They also submitted that the Applicant had neither pleaded nor proved Singapore law and had approached the High Court before the contractual thirty-day period for amicable settlement had expired.

2. Relief Against the Non-Signatory Company:

The Applicant contended that Respondent No. 6 had been incorporated to launch applications developed and funded by it. Relying upon the shareholding of Respondent No. 1, the Term Sheet, payment records, coding material, and communications predating the incorporation of Respondent No. 6, it alleged that Respondent No. 6 was the alter ego of Respondent No. 1 and was being used to appropriate its intellectual property.

Respondent No. 6 maintained that it had never consented to arbitration and had independently developed "Astro 247". It argued that Singapore law did not recognise the group of companies doctrine, that alter ego allegations involved disputed facts which could not be determined at the interim stage, and that the intellectual property dispute concerned rights in rem and was therefore non-arbitrable.

3. Nature of the Interim Relief:

The Respondents further submitted that the restraint sought would effectively prevent Respondent No. 6 from operating its business and affect investors, users, employees, and commercial counterparties. They contended that the request for delivery of devices, source code, and credentials amounted to final mandatory relief which could not be granted in interlocutory proceedings.

Court's Findings and Reasoning

1. Section 9 Applies to the Singapore-Seated Arbitration:

The High Court held that the proviso to Section 2(2) expressly extends Section 9 to international commercial arbitrations seated outside India, subject to an agreement to the contrary. The mere selection of a foreign seat and foreign governing law could not itself constitute such an agreement. Otherwise, the statutory proviso, introduced specifically to permit limited recourse to Indian courts in aid of foreign-seated arbitrations, would be rendered ineffective.

Relying upon *PASL Wind Solutions Private Limited v. GE Power Conversion India Private Limited*² and *Raffles Design International India Private Limited v. Educomp Professional Education Limited*³, the High Court held that the exclusion of Section 9 must be express. Clause 13.1.7 contained no exclusion and instead permitted applications for interim relief before "any court". Rule 45.2 of the SIAC Rules likewise provides that recourse to a judicial authority for interim or conservatory relief is not incompatible with the arbitration. The petition was therefore maintainable.

2. Interim Protection Could Be Granted Against Respondent No. 6:

The High Court relied upon *Cox and Kings Limited v. SAP India Private Limited & Anr.*⁴ to distinguish the group of companies doctrine from alter ego and piercing the corporate veil. While the former depends upon the mutual intention of signatory and non-signatory entities to arbitrate, alter ego permits separate corporate identities to be disregarded in appropriate circumstances, including to prevent fraud or misuse of the corporate form.

The Applicant clarified that it relied upon alter ego and not the group of companies doctrine. Although Singapore courts have rejected the group of companies doctrine, the Respondents had not shown that Singapore law imposed an absolute bar on alter ego principles. The High Court observed that, at the initial stage, similarity between Indian and foreign law could be presumed unless the party asserting a difference pleaded and proved it. It also noted that Rule 18.1 of the SIAC Rules permits joinder where an additional party is prima facie bound by the arbitration agreement.

The High Court also rejected the contention that the intellectual property dispute was necessarily non-arbitrable. Referring to *Vidya Drolia v. Durga Trading Corporation*⁵, it observed that a claim of copyright infringement against a particular person may be arbitrable as a right in personam, even though copyright itself is a right in rem. The final determination of arbitrability was left to the arbitral tribunal.

On the facts, the High Court found several strong prima facie indicators connecting Respondent No. 6 with the contractual arrangement. These included the MSAs executed before and after its incorporation, the Term Sheet, Respondent No. 1's 99.99% shareholding, invoices referring to "Astro Marketing" and "Astro Mark", and coding records referring to "Aaroha-Labs/Astro-247-landing" before Respondent No. 6 was incorporated.

The High Court also noted Respondent No. 1's dominant role in its affairs and legal actions.

The High Court therefore drew a tentative inference that Respondent No. 1 exercised de facto control over Respondent No. 6 and that the company was his alter ego. It emphasised that this conclusion was confined to the request for interim protection. Respondent No. 6 remained free to contest jurisdiction and arbitrability before the arbitral tribunal.

3. The Applicant Established a Case for Preservatory Relief:

The High Court found that the coding records, communications, invoices, and other documents established a strong prima facie case that "Astro 247" existed on a platform associated with the Applicant before Respondent No. 6 was incorporated. These materials weakened the assertion that the application had been independently developed by Respondent No. 6. The Applicant had also approached the High Court promptly after the dispute arose.

The requirements of a prima facie case, balance of convenience, and comparative hardship were therefore satisfied for a prohibitory injunction. The High Court restrained all six Respondents from using, copying, modifying, exploiting, operating, publishing, commercialising, licensing, transferring, assigning, disclosing, or creating third-party rights in the applications and materials described in the schedule to the petition.

The High Court declined to direct the immediate delivery of laptops, computers, storage devices, source code, credentials, and other property. Such a mandatory injunction would substantially grant final relief and required cogent evidence of a higher degree than the strong prima facie showing sufficient for a preservatory restraint.

Conclusion

The Karnataka High Court partly allowed the Section 9 petition. It granted the prohibitory injunction against Respondent Nos. 1 to 6 for the period contemplated under Rule 9(4) of the Arbitration (Proceedings before the Courts) Rules, 2001, but rejected the request for mandatory delivery of the disputed devices, records, and materials. The High Court expressly permitted Respondent No. 6 to raise all objections concerning arbitrability before the arbitral tribunal and clarified that its finding on the non-signatory issue was tentative and limited to interim measures.

Comment

The judgment confirms that choosing a foreign seat does not automatically exclude the limited remedies preserved by the proviso to Section 2(2) of the Arbitration Act. Parties wishing to exclude Section 9 must do so expressly, particularly where the arbitration clause itself preserves recourse to courts for interim protection.

The decision also demonstrates the cautious approach required when relief is sought against a non-signatory. The High Court did not finally bind Respondent No. 6 to the arbitration agreement. It granted narrowly preservative relief upon a strong prima facie record suggesting alter ego and de facto control, while leaving jurisdiction and arbitrability to the tribunal. This prevents the corporate form from defeating effective interim protection without prematurely determining the parties' substantive rights.

Finally, the refusal of the mandatory injunction distinguishes between preserving disputed property and transferring control of that property before adjudication. The ruling therefore supports the efficacy of foreign-seated arbitration while maintaining the limits of interlocutory judicial intervention.

Endnotes

1. *Aroha Labs Pte Ltd. v. Prem Dharmani & Ors.*, AP.IM. 4 of 2026 (Karnataka High Court), decided on 31 July 2026.
2. *PASL Wind Solutions Pvt. Ltd. v. GE Power Conversion India Pvt. Ltd.*, (2021) 7 SCC 1.
3. *Raffles Design International India Private Limited v. Educomp Professional Education Limited*, 2016 SCC OnLine Del 5521.
4. *Cox and Kings Limited v. SAP India Private Limited & Anr.*, (2024) 4 SCC 1.
5. *Vidya Drolia v. Durga Trading Corporation*, (2021) 2 SCC 1.

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