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COMMUNIQUE

MAY 2025

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SUPREME COURT THIS MONTH

- The Hon'ble Supreme Court in the case of *Dhanbad Fuels Private Limited vs.Union of India (C.A No. 6846 of 2025)* reaffirmed that while pre-institution mediation under Section 12A of the Commercial Courts Act, 2015 is mandatory, the rejection of a suit for non-compliance with this requirement applies only to suits filed on or after 20 August 2022. The case arose when the Union of India filed a money suit in 2019 without urgent relief and without undergoing pre-institution mediation. The Division Bench comprising of Justice J.B. Pardiwala and Justice R. Mahadevan concluded that *"…we find it difficult to accept the contention of the appellant that the Trial Court as well as the High Court committed an error in refusing to reject the plaint under Order VII Rule 11. On the contrary, the approach adopted by the High Court in the impugned order in keeping the suit in abeyance and referring the parties to mediation, strikes a perfect balance between the mandatory nature of Section 12A of the 2015 Act as well as the prospective applicability of the consequence of non-compliance with Section 12A as held in Patil Automation (supra)."*

- The Hon'ble Supreme Court in the case of *Saroj Salkan vs. Huma Singh and Ors. (Civil Appeal No. 6389 of 2025)* reaffirmed that under Order XII Rule 6 of the Civil Procedure Code, 1908 ("**CPC**"), the Courts possesses the authority to dismiss suits suo motu based on admissions made by the parties. In the present case, the appellant, Saroj Salkan, had filed a partition suit under Section 6 of the Hindu Succession Act, 1956, concerning five properties allegedly held by her late father. The Single-Judge dismissed the suit, citing admissions that indicated the properties had already been partitioned among family members, wherein the High Court of Delhi had upheld this dismissal, granting liberty to approach the competent Court. The Bench comprising of Justice Sanjay Karol and Justice Manmohan observed that *"…the view that the submission that the learned Single Judge could have dismissed the suit under Order VII Rule 11 CPC alone and not under Order XII Rule 6 CPC and that too without any application being filed by the Respondents, is untenable in law."*

- The Hon'ble Supreme Court, in the case of *IEEE Mumbai Section Welfare Association vs. Global IEEE Institute for Engineers (Civil Appeal Nos. 7235 of 2025)*, observed that there ought to be a subsisting plaint to seek an injunction order. The Court added that an injunction order loses its validity upon rejection of the plaint and would be back in operation only when the plaint is restored /revived. The Bench comprising of Justice BV Nagarathna and SC Sharma stated that *"once the plaint has been rejected by the trial court i.e. the Commercial Court, in the instant case, until it is revived / restored, an order of temporary injunction cannot operate against the defendant in the suit, who is the respondent in the appeal filed against the rejection of the plaint. In other words, it is necessary that there ought to be a subsisting plaint in order to seek an order of temporary injunction."*

- The Hon'ble Supreme Court, in the case of *All India Judges Association vs. Union of India (2025 INSC 735)*, restored the condition that a minimum practice of three years as an advocate is necessary for a candidate to apply for entry-level posts in judiciary services. This period of practice could be reckoned from the date of provisional enrollment. The Bench comprising of Justice B. R. Gavai stated that *"All High Courts and State Governments shall amend the service rules to the effect that candidates desirous of appearing in Civil Judge (Junior Division) must have a practice of a minimum period of 3 years to be eligible for said examination…The said requirement of minimum years of practice shall not be applicable where the concerned High Court has already initiated the selection process for the post of civil judge and shall be applicable for next recruitment process."*

- The Hon'ble Supreme Court, in the case of *South Delhi Municipal Corporation vs. SMS Limited (2024 INSC 693)*, deprecated the practice of arbitration clauses being deliberately phrased *"ambiguously"* by members of legal fraternity and urged judicial forums across the country to throw out cases involving *"shoddily drafted arbitration clauses".* The case arose from a dispute regarding

the interpretation of an arbitration clause in a contract between the South Delhi Municipal Corporation and the respondent, which led to unnecessary litigation due to its vague wording. The Bench comprising Justice Surya Kant and Justice N Kotiswar Singh stated that, *"This willful and wanton wastage of judicial time is a practice that is highly deplorable. It is high time that arbitration clauses are phrased with precision and not couched in ambiguous phraseology…We take this opportunity to advise, if not caution and warn, legal fraternity against engaging in practices which result in a criminal wastage of judicial time. Equally, the Courts or judicial fora of our country—as a matter of judicial best policy must show unwavering tendency towards rejecting shoddily drafted clauses."*

- In the matter of *Vijaya Bank vs. Prashant B. Narnaware (2025 INSC 691)*, the Hon'ble Supreme Court upheld the validity of a clause in Vijaya Bank's employment contract requiring employees to either serve a minimum of three years or pay INR 2,00,000 as liquidated damages upon early resignation. The Court ruled that such a clause does not constitute a restraint of trade under Section 27 of the Indian Contract Act, 1872 ("**Act**"), nor is it opposed to public policy under Section 23 of the Act. The Court emphasized that such clauses, when reasonable and proportionate, serve legitimate business interests like talent retention and operational continuity, and do not infringe upon employees' rights to seek other employment opportunities. The Bench comprising Justice Pamidighantam Sri Narasimha and Justice Joymalya Bagchi observed that *"the object of the restrictive covenant was in furtherance of the employment contract and not to restrain future employment. Hence, it cannot be said to be violative of Section 27 of the Indian Contract Act, 1872."*

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HIGH COURTS THIS MONTH

- The High Court of Karnataka, in the case of *PhonePe Private Limited vs. State of Karnataka and Another (W.P No. 3757 of 2023)*, held that the payment platforms must disclose user details to agencies investigating criminal case/cybercrimes. While dismissing the petition filed by 'Phonepe', challenging a police notice seeking details of its users while investigating a criminal case, the Single-Judge Bench comprising Justice M. Nagaprasanna, observed that *"The duty to protect data must yield, where public interest and criminal investigation intersect. The protection of consumer privacy cannot eclipse the lawful imperative of investigating officers to secure evidence and take the investigation to its logical conclusion. 'Confidentiality must coexist with accountability".*

- The High Court of Bombay, in the case of *Sanjay vs. Karan Johar and Ors. (Commercial Appeal (L) No. 9786 of 2025)*, has refused to lift the stay on the release of the film 'Shaadi Ke Director Karan Aur Johar', as the court found that the use of "Karan" and "Johar" in the film's title, along with the characters' roles as directors, directly referenced Karan Johar, exploiting his brand and goodwill without consent. The Bench comprising Chief Justice Alok Aradhe and Justice M.S. Karnik observed that *"The Plaintiff (Johar) has been able to establish that by using his brand name the defendants (makers) are attempting to ride upon the goodwill and reputation of the Plaintiff to earn unjust profits for itself. In the light of these circumstances, the relief sought for by the Plaintiff requires to be granted... In case that his name has become his brand name and he has the economic right, then is entitled to the protection of his personality and publicity rights and can claim protection against unauthorised commercial exploitation by third parties."*

- The High Court of Delhi in the case of *Vineet Kapur vs. Registrar of Trade Marks and Ors. (C.A. (Comm. IPD-TM) 22 of 2024)*, held that numeral trademarks can be inherently distinctive and can be registered without secondary meaning, as the mark '2929' was deemed to be distinctive. The case arose from the Registrar's refusal to register the mark '2929' on the ground that it was a mere combination of numerals and lacked distinctiveness. The Single Judge Bench comprising Justice Mini Pushkarna observed that *"Since numerals and their combination fall within the definition of 'Mark', the same are capable of being registered as a trademark if it fulfils the requirements of registration as provided under the Trade Marks Act. A mark cannot be refused registration merely on the ground that it consists of a combination of numbers. Rather it has to be seen, whether or not, such numeral mark is devoid of any distinctive character."*

- The High Court of Bombay, in the case of *Indus Power Tech Inc. vs. Echjay Industries Pvt. Ltd (Commercial Appeal No. 26031 of 2023)* held that while non-compete clauses are enforceable during the currency of a contract, any extension of such restrictions post-termination violates Section 27 of the Indian Contract Act, 1872 ("**Act**"), and is therefore void. The case concerned a Master Supply Agreement ("**MSA**") dated March 31, 2015, which included a clause preventing Echjay from engaging with Indus Power's clients for 24 months after contract termination. After Echjay terminated the MSA in January 2023, Indus Power obtained an interim injunction under Section 9 of the Arbitration and Conciliation Act, 1996 based on this clause; on appeal, the High Court, considering Section 27 of the Act and relevant case law, set aside the injunction. The Division Bench comprising of Justice A.S. Chandurkar and Justice Rajesh S. Patil duly confirmed that *"non-compete clause can operate validly during the term of the agreement, it would not be valid post-termination of the agreement as it would result in restraint of trade prohibited by Section 27 of the Act of 1872."*

- The High Court of Karnataka, in the case of *G. Linganagouda vs. General Manager, Karnataka Gramina Bank (Writ Petition No. 100339 of 2025)*, ruled that employers cannot withhold leave encashment from a dismissed employee, as it constitutes a property right

under Article 300A of the Constitution of India. The Single-Judge Bench comprising Justice M. Nagarprasanna observed that *"encashment is akin to a salary, which is property. Depriving a person of his property without any valid statutory provision would violate Article 300A of the Constitution of India. Leave encashment paid on account of unutilised leave is not a bounty. If an employee has earned it and the employee has chosen to accumulate his earned leave to his credit, then encashment becomes his right."*

- The High Court of Kolkata, in the case of *Maya Bouri vs. Eastern Coalfields Limited & Ors. (WPO No. 33 of 2025)*, has ruled that dependents of deceased worker are entitled to automatic compensation, as no separate application is required. The case arose when the petitioner, the widow of a deceased employee of Eastern Coalfields Limited, was denied compassionate benefits on the ground of procedural deficiencies, prompting her to challenge the denial. The Single-Judge Bench comprising Justice Aniruddha Roy observed that, *"The law is well-settled. The claim on account of compassionate appointment is not a matter of right. The policy for compassionate appointment is a benevolent policy of the State/employer. If the policy permits a beneficiary of such policy to receive the benefit under such benevolent policy in every respect, then, of course, such benefit has to be extended to the beneficiary in accordance with law."*

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NOTIFICATIONS / AMENDMENTS INSIGHTS

- On May 16, 2025, the Securities and Exchange Board of India ("**SEBI**") issued Circular No. SEBI/HO/AFD/AFD-POD-3/P/CIR/2025/71, extending the implementation timeline for provisions outlined in its December 17, 2024 circular. The original circular aimed to address regulatory arbitrage concerning Offshore Derivative Instruments ("**ODIs**") and Foreign Portfolio Investors ("**FPIs**") with segregated portfolios. Key measures included prohibiting FPIs from issuing ODIs with derivatives as underlying assets or using derivatives to hedge ODIs, mandating that ODIs be fully backed by non-derivative securities on a one-to-one basis, and requiring FPIs to obtain separate, dedicated registrations for issuing ODIs. Additionally, enhanced disclosure requirements were imposed on ODI subscribers with significant exposures. The extension provides market participants with additional time to comply with these regulatory changes, ensuring a smoother transition and adherence to the updated framework.

- On May 8, 2025, the Reserve Bank of India ("**RBI**") vide circular no. RBI/2025-26/36 has issued the RBI (Digital Lending) Directions, 2025, consolidating and updating guidelines for digital lending practices. These directions aim to address concerns related to third-party engagement, data privacy breaches, mis-selling, exorbitant interest rates, and unethical recovery practices in the digital lending ecosystem. Key provisions include stringent due diligence requirements for Lending Service Providers, mandatory disclosures to borrowers, clear protocols for loan disbursal and repayment, data privacy and storage standards, and the establishment of a directory of digital lending apps. Additionally, the directions outline the framework for Default Loss Guarantee arrangements, specifying eligibility criteria, structural norms, caps, and disclosure mandates. These comprehensive guidelines are designed to ensure responsible digital lending, safeguard borrower interests, and promote financial stability.

- SEBI vide Circular no SEBI/HO/AFD/AFD-POD-1/P/CIR/2025/066 dated May 13, 2025 has extended the deadline from May 9, 2025 to July 31, 2025 for the certification requirement for Alternative Investment Fund ("**AIF**") managers. Under the rules, the key investment team of an AIF manager is required to have at least one member certified as specified by SEBI.

- On May 8, 2025, RBI has issued a notification vide RBI/2025-26/35, removing the short-term investment and concentration limits for FPIs investing in corporate debt through the General Route. These relaxations, aimed at enhancing the attractiveness of India's corporate bond market to foreign investors, are effective immediately and reflect updates in the Master Direction – Non-resident Investment in Debt Instruments. The move simplifies regulatory compliance for FPIs and is expected to facilitate greater capital inflows into the debt segment.

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DEALS THIS MONTH

- Dream Sports, the parent company of fantasy sports platform Dream11, has announced a USD 50 million investment in Times Internet's cricket-focused platforms, Cricbuzz and Willow TV. This strategic move aims to enhance fan engagement, integrate shopping experiences, and leverage AI-driven features across both platforms. Cricbuzz, a leading cricket media platform in India, boasts over 185 million monthly users, while Willow TV streams more than 1,500 live matches annually to audiences in the United States and Canada, with recent expansions into the Middle East and Southeast Asia.

- Karan Bajaj, the founder of WhiteHat Jr., has launched a new venture, Complement1, a U.S.-based cancer care startup. The company has raised USD 16 million in seed funding led by Owl Ventures and Blume Ventures. Complement1 offers a tech-enabled, clinically validated lifestyle modification platform for cancer patients and high-risk individuals, providing personalized daily guidance through dedicated CoActive Coaches. The funds will be used to scale operations across the U.S., enhance AI-driven personalization, and develop partnerships with healthcare providers and employers.

- Data Sutram, a B2B SaaS startup specializing in AI-driven risk intelligence for financial institutions, has secured USD 9 million in its Series A funding round co-led by B Capital and Lightspeed. The Mumbai-based company, founded by Rajit Bhattacharya, Sagnik Poddar, and Ankit Das, leverages data from over 250 sources to help banks, NBFCs, and fintechs, mitigate fraud, enhance approval rates, and reduce non-performing assets. With this investment, Data Sutram plans to expand into sectors such as cryptocurrency, real-time payments, gaming, e-commerce, and insurance, as well as enter international markets in the Middle East and Southeast Asia.

- Farmley, a Noida-based healthy snacking brand, has raised USD 40 million in a Series C funding round led by global investment firm L Catterton, with participation from existing investor DSG Consumer Partners. Founded in 2017, Farmley offers a range of snacks such as makhana-based products, roasted nuts, and trail mixes, and sources directly from over 5,000 farmers. The funds will be used for capex, expanding domestic and international distribution, and product innovation, while 30% of the round involves secondary sales by early investors and ESOPs.

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