

**(1986) 10 P&H CK 0009**

**High Court Of Punjab And Haryana At Chandigarh**

**Case No:** First Appeal Order No. 584 of 1986

M/s Punjab Spinning and  
Weaving Mills Ltd. Sco No. 54-56,  
Sector 17-A, Chandigarh

APPELLANT

Vs

M/s Bhiwani Trading Co. 176,  
Shivaji Gali, Hissar and Others

RESPONDENT

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**Date of Decision:** Oct. 22, 1986

**Acts Referred:**

- Arbitration Act, 1940 - Section 20, 3

**Hon'ble Judges:** S.S. Sodhi, J

**Bench:** Single Bench

**Advocate:** Vinod Sharma and Mr. K.S. Dadwar, for the Appellant; Hamant Kumar, for the Respondent

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**Judgement**

S.S. Sodhi, J.

As is well-settled, parties cannot by agreement confer jurisdiction upon a court not possessed of it under the CPC and this being so, no exception can indeed be taken to the impugned order of the trial court holding that the court at Chandigarh lacked territorial jurisdiction.

2. The matter here arises from an application filed under Sections 3 and 20 of the Arbitration Act, 1940 by the Plaintiffs M/s Punjab Spinning and Weaving Mills, seeking reference of the dispute between them and the Defendants to arbitration and the appointment of an arbitrator. The controversy being with regard to a contract for supply of cotton-yarn from the Mill at Bhatinda to Hissar. Admittedly, no part of the cause of action arose in Chandigarh and there is no dispute that the Defendants do not reside or carry on business at Chandigarh.

3. Mr. Vinod Sharma, counsel for the Plaintiffs sought to assert jurisdiction in the court at Chandigarh, on the plea that according to the agreement between the

parties, it was only the courts at Chandigarh that had jurisdiction to entertain any proceedings in respect of the contract between them and further that the principal office of the Plaintiff-Mills was located at Chandigarh. The contention raised being founded upon the judgment of Supreme Court in [Globe Transport Corporation Vs. Triveni Engineering Works and Another,](#) . A reading of this judgment would, however, show that the Plaintiffs can seek no support from it inasmuch as it was observed there " It is now settled law that it is not competent to the parties, by agreement, to invest a court with jurisdiction which it does not otherwise possess but if there are more than one forum where a suit can be filed, it is open to the parties to select a particular forum and exclude the other forums in regard to claims which one party may have against the other under a contract." In this case the Plaintiff filed a suit against the Defendants at Allahabad claiming damages for the loss suffered by them in respect of goods carried by the Defendants. The goods were damaged at Naini within the jurisdiction of Allahabad. The head-office of the Defendants was however in Jaipur and a clause in the contract between the parties provided that the courts at Jaipur alone would have jurisdiction in respect of all claims and matters arising under the contract. In view of this clause, the jurisdiction of the court at Allahabad was questioned. The court up-held this objection in view of the agreement between the parties to effect that only the courts at Jaipur had jurisdiction on account of the fact that the head-office of the Defendants-firm was at Jaipur was consequently the place where the Defendants reside or carried on business in terms of the Section 19 and 20 of the Code of Civil Procedure. In the present case, on the other hand, there is no such suggestion even that the Defendants reside or carry on business at Chandigarh. The mere fact that the Plaintiffs have their head-office in Chandigarh, cannot, by itself be taken to confer jurisdiction upon the courts at Chandigarh.

4. The impugned order of the trial court holding that the courts at Chandigarh lacked jurisdiction is consequently hereby up-held and affirmed.

5. The plaint is ordered to be returned to the Plaintiffs to be presented before the competent court. This appeal is disposed of accordingly. There will, however, be no order as to costs.