

October 2025

## **Delhi High Court has held that an agreement for mere provision of services does not *ipso facto* qualify as a commercial dispute under the Commercial Courts Act, 2015**

The Hon'ble Delhi High Court ("**Delhi HC**"), in the matter of *Chand Mehra and Anr. vs. British Airways PLC*<sup>1</sup> has held that for a dispute to qualify as a 'commercial dispute' within the meaning of the Commercial Courts Act, 2015 ("**CC Act**"), the transaction must inherently involve an element of commerce, trade, business, or finance.

### **Brief facts**

Mr. Chand Mehra and another ("**Appellants**") purchased 2 (two) business class tickets from British Airways PLC ("**Respondent**") for a total of INR 5,09,918 (Indian Rupees five lakh nine thousand nine hundred and eighty-one). In May 2023, due to a family emergency, the Appellants were constrained to cancel their travel plans and requested the Respondent to issue a refund for the purchase price of the flight tickets. The Respondent informed the Appellants that it would refund an amount of INR 2,04,876 (Indian Rupees two lakh four thousand eight hundred and seventy-six) while an amount of INR 3,05,042 (Indian Rupees three lakh five thousand and forty-two) would be deducted towards cancellation charges. Instead of processing the refund, the Respondent converted the refund amount into a future travel voucher, which could be used at a later date.

The Appellants issued a legal notice on October 9, 2023, demanding a full refund with interest at 18% per annum. As the Respondent failed to provide the refund, the Appellants approached the South-East District Legal Services Authority for pre-institution mediation, which failed since the Respondent did not provide any response. Consequently, the Appellants sought interest at the same rate, along with punitive damages of INR 10,19,836 (Indian Rupees ten lakh nineteen thousand eight hundred and thirty-six) alleging that the Respondent engaged in unethical conduct for unjust enrichment.

The Respondent contested the suit before the District Court and filed a consolidated application seeking either return of the plaint under Order VII Rule 10 or rejection of the plaint under Order VII Rule 11 of the Civil Procedure Code, 1908 ("**CPC**") *inter alia* contending that the matter was not a 'commercial dispute' under Section 2 (1) (c) of the CC Act. The District Court allowed the application under Order VII Rule 10 of the CPC and held that the plaint did not disclose a 'commercial dispute' within the meaning of Section 2 (1) (c) of the CC Act and returned the plaint with liberty to file the same before a court of competent jurisdiction ("**Impugned Order**").

The Appellants preferred an appeal before the Delhi HC against the Impugned Order ("**Appeal**").

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<sup>1</sup> 2025:DHC:8427:DB (decided on September 23, 2025)

## Issue

Whether the plaint filed by the Appellants fell with the purview of a 'commercial dispute' under Section 2 (1) (c) of the CC Act?

## Findings and analysis

The Delhi HC dismissed the Appeal and *inter alia* held as follows:

1. it is undisputed that the purchase of the air tickets resulted in the creation of a contract. However, the mere creation of a contract would not result in a commercial transaction between the parties. The transaction in the present case was *sans* any element of business, trade, or commerce and could not be termed as an ordinary transaction of merchants or bankers or financiers or traders or of export or import of mercantile or services;
2. even though the contract between the parties was for provision of services, the same could only be a 'commercial dispute' within the meaning of Section 2 (1) (c) of the CC Act if it involved some or the other kind of trade or business or financing. To constitute a commercial dispute arising out of an agreement for services, the agreement or transaction would necessarily have to contain an element of commerce or trade or business, which was absent in the present case;
3. In *Ambalal Sarabhai Enterprises Limited vs. K.S. Infraspace LLP and Anr.*<sup>2</sup> the Supreme Court of India had held that the CC Act was enacted for the specific purpose of creating a judicial forum to provide speedy disposal of high value commercial disputes. Thus, the crucial aspect for instituting a suit under the CC Act would be commercial or business or trading activity and any suit of a high valuation minus these elements could not be instituted under the CC Act.

## Conclusion

This decision reinforces the specific and narrow scope of 'commercial disputes' under the CC Act. The mere fact that a transaction falls within the broad description of matters under Section 2 (1) (c) of the CC Act would not by itself constitute a commercial dispute. The element of commerce is an inherent feature which cannot be done away with. These clarifications may result in a plethora of non-commercial disputes being removed from the jurisdiction of commercial courts, thus easing the burden on commercial courts in the country.

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<sup>2</sup> (2020) 15 SCC 585

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