SEAT AND VENUE OF ARBITRATION: WHICH ONE BINDS?

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In arbitration, when two parties fall into a dispute, they go back to their agreement. That agreement usually names a place where the arbitration will happen. Sometimes it names two places, one where the proceedings will be legally anchored and one where the hearings will physically take place. These two places are not the same thing. They do different jobs and carry different legal weight. The legal anchor is called the seat. The place of hearings is called the venue. The seat determines jurisdiction and the applicable law. The venue decides where the lawyers and arbitrators will sit. One is about law. The other is about logistics. In short, the seat is where the law sits. The venue is just where everyone else does. Though as the law shows, the line between the two is not always drawn clearly in the agreement itself. Many agreements name only a venue without ever using the word “seat”. When that happens, questions arise. Can that venue be treated as the seat? Does naming a place for hearings also mean choosing it as the legal home of the arbitration? And even where a seat is clearly agreed upon, a separate question follows i.e. does anything that happens at the venue, hearings held there, an award signed there, have the power to move jurisdiction to the courts of that venue? When only a venue is named, how do courts decide where jurisdiction truly lies?

The Legal Journey of Seat and Venue

The law on seat and venue did not arrive fully formed in Indian law. It developed gradually through a sequence of pronouncements, beginning in English courts and finding its way into Indian law over time. Among the earliest of these was the English Court of Appeal’s decision in ***Naviera Amazonica Peruana S.A. v. Compania Internacional de Seguros del Peru (1988) 1 Lloyd's Rep 116 (CA)***. The court identified three distinct systems of law that may apply to any contract containing an arbitration agreement namely the law governing the substantive contract, the law governing the agreement to arbitrate and the law governing the conduct of the arbitration (curial law). The court held that where parties have failed to choose the law governing the arbitration proceedings, those proceedings must be considered, at any rate prima facie, as being governed by the law of the country in which the arbitration is held, on the ground that it is the country most closely connected with the proceedings.

Another English decision that shaped the law on seat and venue was ***Shashoua v. Sharma (2009) 2 Lloyd's Law Rep 376***. The court held that an agreement on the seat of arbitration brings in the law of that country as the curial law and is analogous to an exclusive jurisdiction clause, meaning any challenge to an award must be made only in the courts of the designated seat. The court also held that while “venue” is not synonymous with “seat”, in the present case, a clause designating London as the “venue” of arbitration did amount to the designation of a

juridical seat. The seat carries with it something akin to an exclusive jurisdiction clause, and it would be wrong in principle to allow a foreign court to decide matters falling within the supervisory jurisdiction of the court of the seat. This is not an exception to the distinction between seat and venue. It is a rule of construction applied only where the parties' intention to treat the named place as the juridical seat is sufficiently clear from the agreement and surrounding circumstances.

The law on the seat and venue then found its way into Indian law through the decisions of the Supreme Court of India. In ***Bharat Aluminium Co. v. Kaiser Aluminium Technical Services Inc. (2012) 9 SCC 552***, the Supreme Court recognised that arbitration is anchored to the seat or place chosen by the parties, and that the law of that seat governs the arbitration. The court observed that Section 20 of the Arbitration and Conciliation Act, 1996 ("Act") embodies party autonomy in the choice of seat, while also permitting, under sub-section (3) of Section 20 of the Act, the holding of hearings at a place convenient to the parties. The distinction is both deliberate and doctrinal while the seat determines jurisdiction and the applicable law, the venue is merely a matter of convenience for conducting proceedings.

Building on this, in ***Enercon (India) Ltd. v. Enercon GmbH (2014) 5 SCC 1***, the Supreme Court, placing reliance on the "closest and most intimate connection" test from Naviera Amazonica case (supra) held that the seat of arbitration is the juridical home of the arbitration. Where the agreement of the parties is clear, such designation must be given full effect. Even in cases of ambiguity, the seat is to be determined by identifying the place with the closest and most intimate connection to the arbitration.

Taking it further, in ***Indus Mobile Distribution Pvt. Ltd. v. Datawind Innovations Pvt. Ltd. (2017) 7 SCC 678***, the Supreme Court expounded the concept of the juridical seat and held that the designation of a seat of arbitration is akin to an exclusive jurisdiction clause. It was observed that the expression "subject-matter of arbitration" in Section 2(1)(e) of the Act is not to be confused with the subject-matter of the suit, but rather refers to the process of dispute resolution, thereby identifying the court which exercises supervisory jurisdiction over the arbitral proceedings. It was further held that once a seat is designated, it operates as the centre of gravity of the arbitration and vests exclusive jurisdiction in the courts of that place for all matters arising out of the arbitration, including challenges to the arbitral award. The designation of a seat, therefore, is not a matter of mere form but carries with it significant legal consequences.

A larger bench of the Supreme Court then stepped in. In ***BGS SGS Soma JV v. NHPC Ltd. (2020) 4 SCC 234***, a three-judge bench affirmed the principle laid down in Indus Mobile (supra) and held that the moment the seat is designated, it operates as an exclusive jurisdiction clause, irrespective of whether any part of the cause of action has arisen there. It was further observed that arbitration law, in this respect, departs from the Code of Civil Procedure, 1908, permitting parties to choose a neutral seat which may have no connection with the underlying dispute, yet vests exclusive jurisdiction in the courts of that place.

The same year, in ***Hindustan Construction Co. Ltd. v. NHPC Ltd. (2020) 4 SCC 310***, the Supreme Court held that once the seat of arbitration is designated, such clause becomes the exclusive jurisdiction clause, as a result of which only the courts where the seat is located would have jurisdiction to the exclusion of all other courts.

In 2025, in ***Arif Azam Co. Ltd. v. Micromax Informatics FZE (2025) 9 SCC 750***, the Supreme Court reaffirmed the principle that the seat remains the judicial anchor, determining both the applicable law and the supervisory jurisdiction.

The matter came up once more before the Supreme Court recently in ***J&K Economic Reconstruction Agency v. Rash Builders India Pvt. Ltd. 2026 INSC 368***. The Supreme Court set out six clear findings on the law. First, the seat of arbitration constitutes the juridical home or legal place of arbitration, determines the curial law governing the arbitral process, and identifies the court having supervisory control. Second, once the seat is designated by agreement of the parties, the courts of that place alone have exclusive jurisdiction to entertain

all proceedings arising out of the arbitration, including challenges to the award, excluding all other courts even those where the cause of action may have arisen. Third, the venue is merely a geographical location chosen for convenience and does not confer jurisdiction, alter, or determine the seat, the arbitral tribunal is free to conduct proceedings at locations different from the seat without affecting the juridical seat. Fourth, the mere fact that arbitral proceedings are conducted or the award is rendered at a particular place does not confer jurisdiction on courts of that place if it is different from the designated seat, and the seat remains fixed unless expressly altered by agreement. Fifth, where the seat is not expressly designated, courts determine it by applying the closest and most intimate connection test from Naviera Amazonica case (supra) and in appropriate cases by construing the venue as the seat where the agreement and surrounding circumstances indicate such intention as reflected in the Shashoua case (supra). Sixth, the intention of the parties, as discerned from the arbitration agreement and surrounding circumstances, is the paramount factor in determining the seat, and once expressed, either expressly or by necessary implication, it must be given full effect by courts.

Conclusion

The questions raised at the outset lead to one clear answer i.e. the venue does not bind. It is the seat that binds. The seat is chosen by the parties and fixed by their agreement. No activity at the venue, whether hearings held there or an award signed there, has the power to shift jurisdiction to the courts of that place. Where parties have not named a seat, courts have established principles to determine what the parties intended. The closest and most intimate connection test identifies the place most closely connected with the arbitration and in appropriate cases, courts may construe the venue itself as the seat, where the agreement and surrounding circumstances indicate that this was the intention of the parties. However, where a seat has been clearly agreed upon, it remains fixed unless the parties themselves choose to change it.