

TAJ MAHAL HOTEL v UNITED INDIA INSURANCE COMPANY LIMITED

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CASE	Taj Mahal Hotel v United India Insurance Company Limited & Others
CASE NUMBER	8611 of 2019
COURT	Supreme Court of India
CASE TYPE	Civil Appeal
APPELLANT	Taj Mahal Hotel
RESPONDENT	United India Insurance Company Limited & Others

INTRODUCTION

The Liability of the luxury Hotels for the theft of the car, which is parked on their premises, will lie on them, and they cannot escape from their liability by stating the negligence of their employee¹. The Supreme Court's bench consisting of Deepak Gupta and Mohan M. Shantana Goudar made this decision in the following case.

FACTS OF THE CASE

MISSING OF THE CAR

Sapan Dhawan, the Owner of the Maruti Suzuki Zen car visited the Hotel Taj Mahal on August 1, 1998, around midnight 11 PM, and gave his key for the valet parking, however the valet parking tag stated that the car was being 'parked at the request of the guest at his own risk and responsibility in or outside the Hotel premises. In the event of any loss, theft, or damage, the management shall not be held responsible for the same and the guest shall have no claim

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¹ Adrija Bhattacharyya, 'Case Comment: Taj Mahal Hotel v United India Insurance: A Case of Negligence under Bailment Laws' (2023) <<https://www.juscorpus.com/wp-content/uploads/2023/09/58.-Adrija-Bhattacharyya.pdf>> accessed 10 December 2023

whatsoever against the management. On returning, he found that his car was missing and the security of the hotel informed him that someone else had taken his car away. The car had not yet been located when the owner filed a complaint. The car's owner received a settlement of rupees two lakhs eighty thousand from the insurance company.

COMPLAINT BY THE UNITED INDIA COMPANY

After settling, Sapan Dhawan's claim along with him the insurance provider had filed a complaint against the hotel due to alleged negligence and deficiencies in hotel services. The State Consumer Dispute Redressal Commission due to a lack of locus standi rejected the insurance company's complaint. Afterward, an appeal was filed with the National Disputes Redressal Commission, and it was granted with the observation that the insurance provider had the legal right to bring a complaint as he has the sole locus standi in this case.²

ISSUES RAISED

- 1) Whether the insurer, acting as a subrogee, has locus standing to submit a complaint.
- 2) Is hotel management accountable for vehicle theft at the parking valet under Indian bailment law or any other law?
- 3) Whether the Appellant-hotel is exempt from the liability of the contract.³

KEY PROVISIONS INVOLVED

SECTION 148⁴ OF THE INDIAN CONTRACT ACT, 1872

Definition of Bailment, Bailor, and Bailee: The process of giving or receiving possession is referred to as bailment, and the individual receiving it is known as the bailee. The Taj Hotel is the bailee in this instance, and the car owner is the bailor.⁵

² Aashta Singh, Taj Mahal Hotel v. United India Insurance Ltd.(CALR,2020) < <https://calr.in/case-analysis-taj-mahal-hotel-vs-united-india-insurance-ltd/>> accessed 10 December 2023

³ Naman Bansal, Case Analysis on Taj Mahal Hotel VS United India Insurance Co. Ltd and ors, (2021) <https://www.linkedin.com/pulse/case-analysis-taj-mahal-hotel-vs-united-india-insurance-naman-bansal> > accessed 10 December 2023

⁴ The Indian Contract Act 1872, s148

⁵ Aashta Singh, Taj Mahal Hotel v. United India Insurance Ltd.(CALR,2020) < <https://calr.in/case-analysis-taj-mahal-hotel-vs-united-india-insurance-ltd/>> accessed 10 December 2023

SECTION 149⁶ OF THE INDIAN CONTRACT ACT, 1872

Delivery to Bailee: If the bailor takes any action that puts the good in the former's (bailee's) possession, the bailee is required to accept delivery.⁷

SECTION 151⁸ OF THE INDIAN CONTRACT ACT, 1872

Bailee's Care: Section 151 is interpreted to mean that Bailee has a responsibility care to for the goods entrusted to his care. He is responsible for treating the items that have been given to him with the same level of care as he would if they had been his own. The Bailee is expected to care for the items to the same degree that any reasonable person would in a comparable case.⁹

SECTION 152¹⁰ OF THE INDIAN CONTRACT ACT, 1872

Bailee's exemption from loss when bailed: If the bailor has taken reasonable care of the goods and complies with the standards provided in section 152 of the Indian Contract Act 1872, the bailee is free from obligation for any loss or damage to the item bailed or the bailor in general.¹¹

ARGUMENTS ADVANCED**APPELLANT**

The appellant argued that the insurer had no standing in the dispute since he was not a 'consumer'. The appellant further contended that since the appellant-hotel and the car owner never entered into a contract, there was no bailment. No money was paid for parking; hence, there was insufficient consideration to create a contract. In addition, it was argued that since Respondent No. 2 had already received a warning from the hotel regarding the conditions of

⁶ The Indian Contract Act 1872, s149

⁷ Aashta Singh, Taj Mahal Hotel v. United India Insurance Ltd.(CALR,2020) < <https://calr.in/case-analysis-taj-mahal-hotel-vs-united-india-insurance-ltd/>> accessed 10 December 2023

⁸ The Indian Contract Act 1872, s151

⁹ Aashta Singh, Taj Mahal Hotel v. United India Insurance Ltd.(CALR,2020) < <https://calr.in/case-analysis-taj-mahal-hotel-vs-united-india-insurance-ltd/>> accessed 10 December 2023

¹⁰ The Indian Contract Act 1872, s152

¹¹ Aashta Singh, Taj Mahal Hotel v. United India Insurance Ltd.(CALR,2020) < <https://calr.in/case-analysis-taj-mahal-hotel-vs-united-india-insurance-ltd/>> accessed 10 December 2023

valet parking, the appellant was not responsible for the loss. The parking badge makes it clear that the hotel will not be responsible for any kind of loss, damage, or other issues.¹²

RESPONDENT

According to the respondents, the insurer, acting as a 'subrogee', was permitted to bring a joint complaint with the original customer. There was also an argument made since five-star hotels have a higher duty of care, the appellant should be held to the highest level of insurer responsibility if goods are stolen from its premises.¹³

OTHER SUPPORTING CASES

- The fundamental component of bailment was possession in *New India Assurance Co. Ltd. v. The Delhi Development Authority*¹⁴ It was when the vehicle was parked in the defendants' parking center that the truck was turned over to the defendants. A bailment contract was created right away at that moment. Because they neglected to return the car, the defendants were held accountable for any loss as the Bailee.¹⁵
- In the case of *Chhatumull Chowthmull v. Union of India*,¹⁶ it was decided that even though the goods may not have been delivered via bailment, the person in possession of the goods under another contract became the bailee and the owner became the bailor.¹⁷
- A person who is in possession or custody of goods may make a bailment, as demonstrated by the case of *M/S Rasiklal Kantilal Co. vs. Board of Trustee of Port of Bombay*¹⁸ He doesn't need to be the owner of the goods.¹⁹

¹² Megha Jain, Lex Bulletin, Case Summary: Taj Mahal Hotel vs United India Insurance Company Ltd. & Ors < <https://lawlex.org/lex-bulletin/case-summary-taj-mahal-hotel-vs-united-india-insurance-company-ltd-ors/20851> > accessed 16 December 2023

¹³ Megha Jain, Lex Bulletin, Case Summary: Taj Mahal Hotel vs United India Insurance Company Ltd. & Ors < <https://lawlex.org/lex-bulletin/case-summary-taj-mahal-hotel-vs-united-india-insurance-company-ltd-ors/20851> > accessed 16 December 2023

¹⁴ *The New India Assurance Co. Ltd vs The Delhi Development Authority* AIR 1991 Delhi 298, ILR 1991 Delhi 634

¹⁵ Aashta Singh, *Taj Mahal Hotel v. United India Insurance Ltd.*(CALR,2020) < <https://calr.in/case-analysis-taj-mahal-hotel-vs-united-india-insurance-ltd/> > accessed 16 December 2023

¹⁶ *Chhatumull Chowthmull v. Union of India*, AIR 1955 Cal 264, 59 CWN 504

¹⁷ Aashta Singh, *Taj Mahal Hotel v. United India Insurance Ltd.*(CALR,2020) < <https://calr.in/case-analysis-taj-mahal-hotel-vs-united-india-insurance-ltd/> > accessed 16 December 2023

¹⁸ *M/S Rasiklal Kantilal Co. vs. Board of Trustee of Port of Bombay*, AIR 2017 SC 1283.

¹⁹ Aashta Singh, *Taj Mahal Hotel v. United India Insurance Ltd.*(CALR,2020) < <https://calr.in/case-analysis-taj-mahal-hotel-vs-united-india-insurance-ltd/> > accessed 16 December 2023

JUDGEMENT

1. The insurance company has filed a valid and maintainable complaint in the national forum because respondent number two, Sapan Dhawan, has given a subrogation letter to respondent number one. In addition, Sapan Dhawan has executed a power of attorney in the insurance company's favor. Sapan Dhawan, the owner of the car, and the insurance company are co-complainants²⁰. The Supreme Court first addressed the problem of an insurance company acting as a subrogate by referencing the case of Economic Transport Organization v Charan Spinning Mills Pvt SCC 114.²¹
2. The Court ruled that the Indian Contract Act of 1872's sections 148 and 149, which deal with the concept of bailment, would be applicable when a guest hands over their car to a hotel valet for parking. The hotel is unable to dispute this finding because providing parking creates an implied consideration for the bailment contract.²²
3. The hotel, before meeting its obligation under Sections 151 and 152[iii] of the Indian Contract Act, 1872, cannot claim exemption from liability in the event of theft of a vehicle provided for valet parking by claiming it was caused by acts of third parties beyond their control or that they are protected by an "owner's risk" clause.²³

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ANALYSIS

When staying at a hotel, a guest mostly relies on the managing parking of the establishment. Valet parking is occasionally provided as a complimentary service, similar to other offerings. Hotels are frequently located in places where there are only hotel parking lots available outside. People are left with little choice but to rely on hotel parking lots and the administration of the hotel; as a result, the management of the hotel should ensure that visitor cars are kept safe.²⁴

²⁰ Anvi Bhargava, case commentary Taj Mahal Hotel vs United India Insurance Company <https://www.brainboosterarticles.com/post/case-commentary-taj-mahal-hotel-vs-united-india-insurance-compant-ltd-ors> accessed 10 December 2023

²¹ Economic Transport organization v. Charans. Mills (p) Ltd., AIR 2002, SC 271

²² Anvi Bhargava, case commentary Taj Mahal Hotel vs United India Insurance Company <https://www.brainboosterarticles.com/post/case-commentary-taj-mahal-hotel-vs-united-india-insurance-compant-ltd-ors> accessed 10 December 2023

²³ Naman Bansal, Case Analysis on Taj Mahal Hotel VS United India Insurance Co. Ltd and ors, (2021) <https://www.linkedin.com/pulse/case-analysis-taj-mahal-hotel-vs-united-india-insurance-naman-bansal> > accessed 10 December 2023

²⁴ Anvi Bhargava, case commentary Taj Mahal Hotel vs United India Insurance Company <https://www.brainboosterarticles.com/post/case-commentary-taj-mahal-hotel-vs-united-india-insurance-compant-ltd-ors> accessed 16 December 2023

The Taj Mahal Hotel case resulted in a major ruling for contract law when the Supreme Court decided that, although a hotel's duty to serve as a bailor of its guests' goods is not rigorous, the hotel must nonetheless demonstrate that any loss or damage was not the result of carelessness. The bailee has responsibility unless they can demonstrate that they used reasonable precautions.

In this instance, the hotel acted irresponsibly; the keys ought to have been stored securely or out of sight. The bailee must take good care of the bailed possession and return it to the bailor at the right time, Therefore, the hotel cannot simply avoid its responsibilities in this situation.²⁵

CONCLUSION

The Supreme Court on the whole stated that the owner of the hotel cannot decline their contractual liability for the act of negligence by any of their servant about the vehicle of their guest. The court simply stated that it is the hotel's exclusive duty to care for its guests' belongings until they are returned, as stated in the implicit contract, once the vehicle is turned over to them through valet or parking it also stated that the hotel should take care of their security concerns like attaching CCTV cameras, additional security concerns should be well established to avoid future problems.

²⁵ Adrija Bhattacharyya, 'Case Comment: Taj Mahal Hotel v United India Insurance: A Case of Negligence under Bailment Laws' (2023) <<https://www.juscorpus.com/wp-content/uploads/2023/09/58.-Adrija-Bhattacharyya.pdf>> accessed 10 December 2023