Jus Corpus Law Journal
Open Access Law Journal – Copyright © 2023 – ISSN 2582-7820
Editor-in-Chief – Prof. (Dr.) Rhishikesh Dave; Publisher – Ayush Pandey

Case Comment: Taj Mahal Hotel v United India Insurance: A Case of Negligence under Bailment Laws

Adrija Bhattacharyya[a]

[a]KIIT University, Bhubaneswar, India

Received 02 August 2023; *Accepted* 18 August 2023; *Published* 23 August 2023

INTRODUCTION

In the landmark judgment of Taj Mahal Hotel v United India Insurance Co. Ltd[1], the Supreme Court of India answered a very pertinent question, "What is the liability of a five-star hotel for the theft of a car parked in its premises through valet parking?".[2] To give a judgment for this case, the court consists of a bench of J. Mohan M. Shantanagoudar and J. Deepak Gupta[3], who had to peruse contract laws, as well as consumer laws, especially certain sections of the Indian

[1] *Taj Mahal Hotel v United India Insurance Co. Ltd* (2020) 2 SCC 224
[2] Sharad Bansal, 'TAJ MAHAL HOTEL V UNITED INDIA INSURANCE CO. LTD.: RE-ALIGNING THE FOCUS ON CONSUMER PROTECTION ACT' (*Chair on Consumer Law and Practice*, 2020) <http://clap.nls.ac.in/wp-content/uploads/2021/01/TAJ-MAHAL-HOTEL-V-UNITED-INDIA-INSURANCE-CO-LTD-RE-ALIGNING-THE-FOCUS-ON-CONSUMER-PROTECTION-ACT-Sharad-Bansal.pdf> accessed 16 July 2023
[3] Megha Jain, 'Case Summary: Taj Mahal Hotel vs United India Insurance Company Ltd. & Ors' (*LawLex*, 27 May 2020) <https://lawlex.org/lex-bulletin/case-summary-taj-mahal-hotel-vs-united-india-insurance-company-ltd-ors/20851> accessed 16 July 2023

Contract Act 1872 such as sections 148[4], 149[5], 151[6] and 152[7]. Finally, they held that the Appellant in this case, or the hotel was liable for such loss.

The fact of this case have been fully detailed in this case commentary in many sections. The present case's legal issues have since been brought to light, and in response, the judgment and ratio decidendi of the case are thoroughly described. The analysis and conclusion sections are the main emphasis of this discussion. This essay has placed a lot of emphasis on the contract laws that apply in our nation, particularly the obligations and bailor-bailee interactions that are involved. This essay has demonstrated in detail how the Hotel could not shirk its responsibilities or fail to fulfill them without providing a valid justification.

FACTS OF THE CASE

On 08 January 1998 at about 11 pm, an individual (Here in after Respondent No. 2) drove his 'Maruti Zen' to the Appellant's hotel. The automobile owner or Respondent No. 2 arrived at the hotel, gave the staff the keys to his vehicle for valet parking, and then entered the building. Before entering, the valet gave him a parking tag, noting that the hotel or the Appellant would not be held liable for any automobile theft, loss, or harm and that he was parking his vehicle at his own risk and expense.

When the car owner left the hotel that night at about 1 a.m., the security personnel notified him that someone else had taken his car. It was informed to Respondent No. 2 that while he was inside the Appellant's Hotel, three boys had entered the hotel, and one of them had stolen the Respondent's car keys from the counter. Respondent No. 2 had already insured his vehicle and had ceded its rights concerning the theft or loss of the vehicle to the insurer (hereafter, Respondent No. 1) after his insurance claim was resolved by Respondent No. 1.

Following the 1986 Act, Respondents No. 1 and 2 complained to the State Commission about the Appellant, requesting the required payment for the right value of the vehicle and monetary

[4] Indian Contract Act 1872, s 148
[5] Indian Contract Act 1872, s 149
[6] Indian Contract Act 1872, s 151
[7] Indian Contract Act 1872, s 152

compensation for poor treatment. After Respondent No. 2 here executed a Power of Attorney (POV) and a letter of subrogation in favor of Respondent No. 1, Respondent No. 1 (the car insurer) settled the insurance claim submitted by Respondent No. 2 (the car owner) regarding the stolen car for Rs. 2, 80,000/-. This payment was received by Respondent No. 2 from Respondent No. 1. Later, they both filed a lawsuit in opposition to the hotel with the State Commission, seeking restitution for the value of the car as well as damages for poor service. Because an insurance business acting as a 'Subrogee' cannot be considered a 'Consumer', the 'State Commission' dismissed the lawsuit. As a result, Respondent No. 1 appealed to the National Commission.

The case was transferred back to the State Commission after the National Commission determined that Respondent No. 1 had locus standing to bring the suit. The State Commission upheld the grievance and ordered the appellant here to pay Respondent No. 1 a total of Rs. 2, 80,000, plus interest at a rate of 12% per year, as well as Rs. 50,000 for court costs. Additionally, it commanded Respondent No. 2 to pay Rs. 1,00,000 as compensation for the trouble and nuisance they caused the appellant. According to the National Commission, a written note of caution on the provided parking tag cannot prohibit the hotel's liability. Since the interest that was awarded was changed from 12% per year to 9% per year, the appeal against the State Commission's order was denied. Thus, the current appeal.

LEGAL ISSUES

1. Whether or not this is a bailment case.
2. Whether Respondent No. 1 or the car insurer here has the legal right to bring the complaint.
3. Whether the Hotel (hereafter, Appellant) can potentially be charged with negligence or theft under the bailment law given in the Indian Contract Act 1872.
4. Whether or not the absence of a proper consideration between Respondent No. 2 and the Appellant made Respondent No. 2 responsible for damages.
5. Whether or not the Appellant could be exonerated of Respondent No. 1's accusation.

JUDGEMENT

For answering the first legal issue, the Supreme Court declared it to be a bailment case and mentioned that a mere parking ticket does not answer for the breach of the established bailor-bailee relationship here, and nor does it relieve the bailee of his duties and let him off in case of clear negligence.

Following that, at first, the court held that Respondent No. 1 had failed to qualify as a 'Consumer' directly and as a result, had no rights to bring a lawsuit under the 1986 Act. But they also mentioned that their being the insurers for Respondent no. 2's vehicle also makes them an affected party in this case. This overruled the Hotel's argument for the complaint's maintainability. The Court determined that the prerequisite for launching a complaint had been satisfied and that Respondent No. 1 had a place of standing to do so. It was the first time that the 'Supreme Court' had been asked to rule on this matter, and the Court looked at the Hotel's obligation for the stolen car from a contract law perspective.

The Court determined that the prima facie culpability principle, which is predicated on the presence of a bailment connection between the visitor and the hotel owner, must be used because it strikes a balance between the benefits of hotel owners and visitors without placing an unreasonable burden on either. According to Section 148[8], the Court determined that the Consumer's and Hotel's arrangement at the Taj Mahal Hotel was one of bailor-bailee.

The Hotel was expected to exercise the level of care outlined in Section 151[9] concerning Respondent No. 2's vehicle. The Court found that the Hotel acted negligently because it failed to meet this obligation. The Court decided in favor of Respondent No. 1 and 2, finding that the 'Exclusion of Liability Clause' did not relieve the Appellant of responsibility for the theft of the car.

Thus to sum up the judgment, it can be said that the court pointed out that it is a case of bailment here. Even though Respondent No. 1 is unable to sue the Appellant on their own, Respondent

[8] Indian Contract Act 1872, s 148
[9] Indian Contract Act 1872, s 151

No. 2's allegations are true. The lawsuit brought by Respondent No. 2 against the Appellant is still pending, as the court has stated that merely presenting a parking tag stating that the Hotel disclaims all liability is not a sufficient defense for their negligence and in fact, the Appellant has been charged for the same.

RATIO DECIDENDI

The hotel owner is never permitted to sign a contract that absolves them of liability for their own or their employees' carelessness concerning a guest's vehicle. The hotel employee or valet has an implied contractual obligation to return the automobile to the owner's instructions in a secure condition once they get the keys. Even if there was a specific exemption clause, the appellant cannot excuse itself from the duties of section 151[10] and section 152[11]. However, the appellant hotel would have to show that any harm or loss was not the result of its negligence.

Additionally, the principle of apparent negligence was introduced. It was very obvious that the Appellant, in this case, did not provide a proper justification as to why it was not at fault or negligent on its part that the vehicle was not returned to 'Respondent No. 2'. As a result, the court mandated that the Appellant (Hotel) bear responsibility for failing to exercise the necessary care that was required for the car that was bailed to it. Therefore, the current appeal was denied.

ANALYSIS

The Taj Mahal Hotel ruling by the Supreme Court is an important development in contract law and consumer protection legislation. It was determined that while a hotel's responsibility as a bailor of its visitors' things is not strict, it is nevertheless the hotel's responsibility to demonstrate that any loss or damage was not the result of negligence. The provisions of the Consumer Protection Act 1986, which demand proof of a shortfall in service to receive redress, were not taken into account by the Court in its analysis. Due to this, even if the Act permits other sources

[10] Indian Contract Act 1872, s 151
[11] Indian Contract Act 1872, s 152

of such an obligation, the Court found that the contract of bailment was the only basis for the need to take reasonable care of automobiles parked on one's premises.

Following bailment legislation, the bailee is accountable unless they can demonstrate that they used reasonable care. In this instance, the hotel's negligence was clear, and the keys ought to have been stored out of sight or left in a more secure area. The bailee is obligated to take good care of the bailed possession and return it to the bailor at the appropriate time, according to our studies of basic bailor-bailee relationships. Therefore, the hotel cannot simply abdicate its duty here.

CONCLUSION

In conclusion, we can say that in this case decision by the Supreme Court emphasizes the significance of a hotel's duty to act as a bailee of guests' belongings. Although the hotel's liability is not very strict, the court determined that it must show that any loss or damage was not the result of any negligence of its staff and that they are also liable to give proper explanations for their actions. The court determined that the bailment agreement was the only justification for treating parked cars with due care.