Order QR

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 30-10-2026

CORAM

THE HON'BLE MR JUSTICE N. SATHISH KUMAR

AND

THE HON'BLE MR.JUSTICE GK.MUTHUKUMAAR

OSA No. 202 of 2026

CNR: {HCMA011808572026}

M.Surendar

..Appellant(s)

Vs

1. J.Jenifer Flora Navamani
2. Johnson Jayakumar Chrishtopher
3. Sijini O.C

..Respondent(s)

Original Side Appeal filed under Order XXXVI Rule 1 of OS Rules read with Clause 15 of Letters Patent to set aside the Judgment and Decree dated 01-07-2026 passed in C.S.No.294/2025 rejecting the claim of the appellant/Plaintiff for refund of court fee and consequently direct the registry to refund the court fee to the appellant/Plaintiff according to law.

For Appellant(s): Mr.M.Fazulul Haq
for Juris and Justia

JUDGMENT

(Judgment of the Court was delivered by N.Sathish Kumar J.)

Challenging the order of the learned Single Judge refusing to return the court fee, the present appeal has been filed.

2. The petitioner has originally filed a suit for declaration against the respondents. As the matter has been settled out of the court, memo has been filed to the effect that the matter has been settled out of Court, therefore, the suit

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was withdrawn and the memo is also taken on record. However, the learned Single Judge dismissed the plea of the petitioner for refund of court fee on the ground that under Section 69A of the Tamil Nadu Court Fees and Suits Valuation Act, 1955, he is not entitled to refund of court fee since he has withdrawn the suit.

3. Heard the learned counsel for the appellant and perused the materials placed on record. Since the issue is only with regard to the refund of Court fee, no notice is required.

4. In light of the above, now the point that arise for consideration in this appeal is whether in the matter settled out of Court between the parties, the parties are entitled to refund of Court fee?

5. On perusal of the memo filed by the parties before the learned Single Judge, it would clearly indicate that dispute has been settled between the parties out of the Court. The issue in this appeal is no longer res integra. The Hon'ble Supreme Court in the case of the *High Court of Madras, Rep by its Registrar General vs. M.C.Subramaniam and others* reported in *2021 AIR (SC) 2662* has held as follows:-

> *"15. In light of these established principles of statutory interpretation, we shall now proceed to advert to the specific provisions that are the subject of the present controversy. The narrow interpretation of Section 89 of CPC and Section 69-A of the 1955 Act sought to be imposed by the Petitioner would lead to an outcome wherein parties who are referred to a Mediation Centre or other centres by the Court will be entitled to a full refund of their court fee; whilst parties who similarly save the Court's time and resources by privately settling their dispute themselves will be deprived of the same benefit, simply because they did not require the Court's interference to seek a settlement. Such an interpretation, in our*

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opinion, clearly leads to an absurd and unjust outcome, where two classes of parties who are equally facilitating the object and purpose of the aforesaid provisions are treated differentially, with one class being deprived of the benefit of Section 69-A of the 1955 Act. A literal or technical interpretation, in this background, would only lead to injustice and render the purpose of the provisions nugatory and thus, needs to be departed from, in favour of a purposive interpretation of the provisions.

16. It is pertinent to note that the view taken by the High Court in the impugned judgement has been affirmed by the High Courts in other states as well. Reference may be had to the decision of the Karnataka High Court in Kamalamma & ors. v. Honnali Taluk Agricultural Produce Co-operative Marketing Society Ltd., (2010) 1 AIR Kar. R 279, wherein it was held as follows:

6. Whether the parties to a suit or appeal or any other proceeding get their dispute settled amicably through Arbitration, or meditation or conciliation in the Lok Adalath, by invoking provisions of Section 89, C.P.C. or they get the same settled between themselves without the intervention of any Arbitrator/Mediator/Conciliators in Lokadalath etc., and without invoking the provision of Section 89, C.P.C. the fact remains that they get their dispute settled without the intervention of the Court. If they get their dispute settled by invoking Section 89 C.P.C., in that event the State may have to incur some expenditure but, if they get their dispute settled between themselves without the intervention of the Court or anyone else, such as arbitrator/mediator etc., the State would not be incurring any expenditure. This being so, I am of the considered opinion that whether the parties to a litigation get their dispute settled by invoking Section 89, C.P.C. or they get the same settled between themselves without invoking Section 89, C.P.C. the party paying Court-Fees in respect thereof should be entitled to the refund of full Court-Fees as provided under Section 16 of the Court-Fees Act, 1870."

(emphasis supplied)

Section 16 of the Court-Fees Act, 1870 is in parimateria with Section 69-A of the 1955 Act, and hence the above stated principles are equally applicable to the present case.

7. The holding in Kamalamma (supra) has been followed by the Punjab & Haryana High Court in Pradeep Sonwat v. Satish Prakash, 2015 (1) RCR Civil 955 and Pritam Singh v.Ashok Kumar, 2019 (1) Law Herald (P&H) 721, which in turn were further affirmed in Raj Kumar v. Gainda Devi through LRs & ors., 2019 SCC OnLine P&H 658

18. The Delhi High Court has also taken a similar view in J.K.Forgigns v. Essar Construction India Ltd & Ors. (2009) 113 DRJ 612:

"11. The laudable object sought to be achieved by inserting and amending these sections seems to be speedy disposal. The policy behind the statute is to reduce the No. of cases by settlement. Section 89, C.P.C.C. and Section 16 Court Fee Act are welcome step in that direction, as the No. of cases has increased, it is the duty of court to encourage settlement. In present scenario of huge pendency of cases in the courts a purposive and

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progressive interpretation is the requirement of present hour. The intention of the Legislature is primarily to be gathered from the object and the words used in the material provisions. The statute must be interpreted in their plain grammatical meaning.

12. It is very clear that the Legislative intent of Section 16 of Court Fees Act was made broad enough to take cognizance of all situations in which parties arrive at a settlement irrespective of the stage of the proceedings. It is also obvious that the purpose of making this provision was in order to provide some sort of incentive to the party who has approached the court to resolve the dispute amicably and obtain a full refund of the court fees. Having regard to this position, the present application will have to be allowed.

14. This is not a case where parties to the suit after long drawn trial have come to the court for settlement. Had it been the case of long drawn trial non-refund of court fees could have been justified but in such like cases courts endeavor should be to encourage the parties and court fees attached with the plaint should be refunded as an incentive to them.

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17. Settlement of dispute only through any of the mode prescribed under Section 89, C.P.C. is not sine qua non of Section 89, C.P.C. rather it prescribes few methods through which settlement can be reached, sine qua non for applicability of section 89 is settlement between the parties outside the court without the intervention of the courts.

18. It is also not the requirement of the section that court must always refer the parties to Dispute Resolution Forum. If parties have arrived at out of court settlement it should be welcomed subject to principles of equity.

19. Court Fees Act is a taxing statute and has to be construed strictly and benefit of any ambiguity if any has to go in favour of the party and not to the state."

(emphasis supplied)

The view taken in both Kamalamma (supra) and J.K.Forgings (supra) has been subsequently relied upon by the Delhi High Court in Inderjeet Kaur Raina v. Harvinder Kaur Anand, 2018 SCC OnLine Del 6557.

19. We find ourselves in agreement with the approach taken by the High Courts in the decisions stated supra. The purpose of Section 69-A is to reward parties who have chosen to withdraw their litigations in favour of more conciliatory dispute settlement mechanisms, thus saving the time and resources of the Court, by enabling them to claim refund of the court fees deposited by them. Such refund of court fee, though it may not be connected to the substance of the dispute between the parties, is certainly an ancillary economic incentive for pushing them towards exploring alternative methods of dispute settlement. As the Karnataka High Court has rightly observed in Kamalamma (supra), parties who have agreed to settle their disputes without requiring judicial intervention under Section 89, C.P.C. are even more deserving of this benefit. This is because by choosing to resolve their claims themselves, they have saved the State of

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the logistical hassle of arranging for a third-party institution to settle the dispute. Though arbitration and mediation are certainly salutary dispute resolution mechanisms, we also find that the importance of private amicable negotiation between the parties cannot be understated. In our view, there is no justifiable reason why Section 69-A should only incentivize the methods of out-of-court settlement stated in Section 89, C.P.C. and afford step-brotherly treatment to other methods availed of by the parties. Admittedly, there may be situations wherein the parties have after the course of a long-drawn trial, or multiple frivolous litigations, approached the Court seeking refund of court fees in the guise of having settled their disputes. In such cases, the Court may, having regard to the previous conduct of the parties and the principles of equity, refuse to grant relief under the relevant rules pertaining to court fees. However, we do not find the present case as being of such nature.

20. Thus, even though a strict construction of the terms of Section 89, C.P.C. and 69-A of the 1955 Act may not encompass such private negotiations and settlements between the parties, we emphasize that the participants in such settlements will be entitled to the same benefits as those who have been referred to explore alternate dispute settlement methods under Section 89, C.P.C. Indeed, we find it puzzling that the Petitioner should be so vehemently opposed to granting such benefit. Though the Registry/State Government will be losing a one-time court fee in the short term, they will be saved the expense and opportunity cost of managing an endless cycle of litigation in the long term. It is therefore in their own interest to allow the Respondent No. 1's claim."

6. In view of the above, we are of the view that the order of the learned Single Judge rejecting the refund of court fee is set aside and the Registry is directed to refund the Court fee. Accordingly, this appeal stands allowed. No costs.

(N.S.K.,J.) (G.K.M.,J.)
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Index: Yes/No
Speaking/Non-speaking order
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