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IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 06.02.2026

PRONOUNCED ON : 13.03.2026

CORAM

**THE HONOURABLE MR JUSTICE C.V. KARTHIKEYAN
AND
THE HONOURABLE MR.JUSTICE K.KUMARESH BABU**

OSA Nos.311 & 312 of 2019

O.Muthu

Appellant(s) in both OSAs

Vs.

1.P.Ashok

2.Rama Srinivasan

3.M.K.Phandian

4.D.Balan

5.R.S.Anbazzhagan,
Deputy Collector (Retd.)
Sole Arbitrator,
No.15, Shanthi Colony, Main Road,
Anna Nagar, Chennai 600 040.

Respondent (s) in OSA No.311 of 2019

1.M.K.Phandian

2.R.S.Anbazzhagan,
Deputy Collector (Retd.)
Sole Arbitrator,
No.15, Shanthi Colony, Main Road,
Anna Nagar, Chennai 600 040.

3.D.Balan



4.Jyotheeswari

5.P.Ashok

6.Rama Srinivasan

Respondent (s) in OSA No.312 of 2019

COMMON PRAYER: Appeals filed under Order XXXVI Rule 1 of O.S.Rules to set aside the order and decree passed by this Court dated 25.06.2019, passed in OP No.1050 of 2017 & A.No.8697 of 2017 and OP No.476 of 2015.

For Appellant(s): Mr.V.K.Vijayaragavan
in both Appeals

For Respondent(s): Mr.C.P.Sivamohan for R1 & R2
Mr.K.Ramkumar for R3 & R4
R5- Sole Arbitrator
(in OSA No.311 of 2019)

Mr.K.Ramkumar for R1 & R3
Mr.C.P.Sivamohan for R5 & R6
R2 Sole Arbitrator
(in OSA No.312 of 2019)

COMMON JUDGMENT

(Judgment of the Court was made by C.V.Karthikeyan, J.)

Both these Original Side Appeals arises from a common order passed by a learned Single Judge of this Court dated 25.06.2019 in O.P. No.476 of 2015 and in O.P.No.1050 of 2017.

2.O.P.No.476 of 2016 had been filed under Section 34 of the Arbitration and Conciliation Act, 1996 seeking interference with the Award dated



23.03.2015 in ACP No.01 of 2014 passed by the second respondent/Sole Arbitrator. O.P.No.1050 of 2017 had also been filed under Section 34 of the said Act again seeking to set aside the Award dated 23.03.2015 in ACP No.1 of 2014 so far as the petitioners and their mother are concerned.

3.The entire issue surrounds the land measuring 6800 sq.mts. equal to 22 grounds in S.No.259/1 at Mogappair Village, Ambattur Taluk, Kancheepuram District. One K.M.Parameswaran was stated to be the absolute owner of the said land. He died on 27.01.2005 leaving behind his wife Jyotheeswari, his son P.Ashok and daughter Rama Srinivasan as his legal heirs. It had been contended that he had orally agreed to convey the suit property to M.K. Phandian, D.Balan and that consequent to such oral agreement, they have protected the property from encroachment and taken steps to retain the land from Land Acquisition and Urban Land Ceiling. After death of K.M.Parameswaran, his legal heirs namely, his wife son and daughter entered into an agreement of sale with M.K.Phandian, D.Balan, on 17.02.2005 to convey the said property for a total consideration of Rs.1,00,00,000/- and the agreement contemplated that the balance sale consideration of Rs.99,00,000/- would be payable within a period of three months from the date of conclusion of the writ petition which had been filed in connection with the said land. The writ petitions were W.P.Nos.10972 of 2008, 25071/2008, 25072 of 2008 and 25073 of 2008. Subsequently, on 28.07.2010, nearly five years later, the intending purchaser M.K.Phandian and D.Balan



entered into a memorandum of understanding with a third party stranger O.Muthu, whereby the said O.Muthu took up the responsibility of obtaining necessary orders from the High Court and Appellate Court in retrieving the property from Land Acquisition and Urban Land Ceiling at his risk and cost. The terms relating to the consideration to be paid was also given in the Memorandum of Understanding. The said document also provided the settlement of disputes by engaging *“services of a common person Mr.Anbalagan of Annanagar for arbitration and his decision will be final and conclusive.”* The aforementioned writ petitions were allowed on 02.08.2012 and writ appeals had been filed in W.A.Nos.2564 to 2567 of 2013 by BSNL and they were also allowed by Judgment dated 27.03.2014. Disputes arose between the parties in the Memorandum of Understanding and the said Mr.Anbalagan, who was a retired Deputy Collector was appointed as Arbitrator. He entered appearance and in ACP No.1 of 2014 passed an Award on 23.03.2015 directing compensation of Rs.24,00,00,000/- to be paid by the respondents in the arbitration proceedings, M.K.Phandian and D.Balan and also Jyotheeswari, P.Ashok and Rama Srinivasan. They were also directed to refund the cash deposit of Rs.42,30,000/- held by them. They were also directed to pay interest at the rate of 12% per annum on the said sum of Rs.24,00,00,000/- from the date of the claim till the date of realisation. They were also further directed to pay costs of Rs.26,320/-.



4.Challenging that Award M.K.Phandian filed O.P.No.476 of 2015 and P.Ashok and Rama Srinivasan filed O.P.No.1050 of 2017 both under section 34 of the Arbitration and Conciliation Act, 1996. A learned Single Judge of this Court (*N.Sathish Kumar, J.*) by a common order dated 25.06.019 had set aside the said Award necessitating filing of the present two original side appeals by the claimant O.Muthu. The learned Single Judge in the course of his order had stated that the said agreement was to solicit litigation and to clear the property from acquisition and land ceiling and therefore concluded that it was in the nature of a champerty. He further observed that the owners of the property were not parties to the agreement but they were brought bound by the arbitrator to pay compensation of Rs.24,00,00,000/- to the claimant/appellant herein. The learned Single Judge further held that the said Memorandum of Understanding was opposed to public policy. He further held that the Award had been passed without any evidence adduced by the parties signifying the quantum of the compensation that could be awarded. He also found that when the Memorandum of Understanding was to a value of Rs.1,00,00,000/-, grant of compensation for a sum of Rs.24,00,00,000/- was patently illegal, opposed to public policy and perverse. Challenging the said common order passed, the present Appeals had been filed.



5. We have considered the submissions made and perused the material records.

6. The land measuring 6800 sq. mts. equal to 22 grounds was said to be owned by K.M. Parameswaran. No document has been produced to show that he was the lawful and legal title holder over the said property. It is stated that he has entered into an oral agreement of sale with two individuals M.K. Phandian and D. Balan. No evidence had been produced to show that K.M. Parameswaran had marketable title over the said property and had authority to enter into such agreement of sale. No witnesses have spoken to prove the oral agreement of sale. The total sale consideration agreed was also not mentioned. Thereafter, K.M. Parameswaran died on 27.01.2005. It is claimed that he left behind three legal heirs, namely, his wife Jyotheeswari, his son P. Ashok and daughter Rama Srinivasan. The agreement of sale had been produced as a document dated 17.02.2005 entered into by the legal heirs of K.M. Parameswaran with two individuals M.K. Phandian and D. Balan *"in order to fulfill the wishes of K.M. Parameswaran"*. The very right of the said parties to enter into such agreement itself is debatable and questionable. It is also seen that the said agreement of sale is not registered. There are references to protect the property from encroachment and taking legal measures to retrieve the land from Land Acquisition and Urban Land Ceiling. It was also mentioned in the



agreement that a writ petition was pending, however, details have not been given. The details of the acquisition proceedings or proceedings under the Urban Land Ceiling Act have also not been given. The consideration was Rs.1,00,00,000 /- and an advance of Rs.1,00,000/- had been paid.

7.We hold that the said agreement is unenforceable in law as it is bereft of necessary details, particularly, the right and title of the intending vendors over the suit schedule property.

8.The intending purchasers M.K.Phandian and D.Balan then entered into a Memorandum of Understanding on 28.07.2010 with the appellant herein O.Muthu with respect to the very same land. They had no right or title, but entered into the said agreement. They were only agreement holders. The agreement in their favour itself is questionable. We hold that they can never claim any interest over the property.

9.In the Memorandum of Understanding, entered into with the appellant herein O.Muthu, it had been stated that they had *“exhausted all their remedies to retrieve the land from the Land Acquisition Act and the Urban Land Ceiling Act”* and therefore approached O.Muthu *“who was influential with the Government and experienced in accommodating suitable Senior Counsels of the*



subject knowledge” to get clearance from land acquisition authorities through negotiations with the Government and to continue the pending suit and obtain orders on merits.

10.The said covenant is unlawful and opposed to public policy. They had not included the alleged owners of the land Jyotheeswari, P.Ashok and Rama Srinivasan as parties to the said Memorandum of Understanding. They had also not mentioned about consideration paid for the onerous task undertaken by O.Muthu. They had also agreed to refer the disputes and specifically to refer them to "*Mr.Anbalagan of Anna Nagar*" who would be the Sole Arbitrator. The aforementioned clause is legally untenable and could never be categorised as being within the confines of law.

11.Disputes arose and *Mr.Anbalagan of Anna Nagar* took up the role of Arbitrator and by Award dated 23.03.2015 directed a payment of compensation of Rs.24,00,00,000/- by Jyotheeswari, P.Ashok, Rama Srinivasan, M.K.Phandian and D.Balan. It must be straight away stated that the said Award is not worth the paper it had been written in. The Memorandum of Understanding is an unlawful agreement. The learned Single Judge had categorised it as a champerty. In Marriam Webster Dictionary, *champerty* had been defined as "*a proceeding by which a person not a party to suit bargains to*



aid in or carry on its prosecution or defense in consideration of a share of the matter in suit.”

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12.In *Rattan Chand Hira Chand Vs. Askar Nawaz Jung (Dead) by LRs and Others* reported in (1991) 3 SCC 67 : 1991 SCC Online SC 79, it had been held that a champerty agreement was unenforceable in law and opposed public policy and forbidden by law.

13.In the instant case, the Memorandum of Understanding which provided for obtaining favourable orders from the Government and engaging counsels to get favourable orders from the Court without the owners of the property being party to the said agreement is wholly an unlawful agreement. It was an exercise opposed to public policy, covenant in the said agreement is void ab initio.

14.The Arbitrator who was a retired Deputy Collector, *Mr.Anbalagan of Anna Nagar* had granted a compensation of Rs.24,00,00,000/- without any evidence. The said arbitration Award is a fraud played on the respondents herein. It is neither enforceable nor can it be termed as a valid, legal and enforceable document. The learned Single Judge had correctly appreciated the fraud which had been played and had refused to give his stand of approval over



the said Award which was opposed to public policy and unenforceable. We find no reason to interfere with the said order.

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15.The Original Side Appeals are dismissed. The appellant is directed to pay costs of Rs.50,000/- in each of the two appeals towards the Tamil Nadu State Legal Services Authority within a period of two months from this date. If the said costs are not paid, the Member Secretary, Tamil Nadu State Legal Services Authority is directed to proceed further by forwarding a report to the District Collector, Chennai to initiate proceeding under the Revenue Recovery Act against the appellant O.Muthu S/o.R.Odayappa Chettiar, having residential office at G1, 1st Floor, B.Block, Y.S.Enclave, No.134-A, Arcot Road, Virugambakkam, Chennai 600 092 for recovery of the costs.

(C.V.K.J.,) (K.B.J.,)
13.03.2026

Index:Yes/No
Speaking/Non-speaking order
Internet:Yes
Neutral Citation:Yes/No
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To:

R.S.Anbazzhagan,
Deputy Collector (Retd.)
Sole Arbitrator,
No.15, Shanthi Colony, Main Road,
Anna Nagar, Chennai 600 040.



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OSA Nos.311 & 312 of 2



**C.V.KARTHIKEYAN, J.
AND
K.KUMARESH BABU, J.**

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**Pre-delivery Judgment in
OSA Nos. 311 & 312 of 2019**

13.03.2026