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IN THE HIGH COURT OF JUDICATURE AT MADRAS

Orders Reserved on : 20.11.2026
Pronouncing orders on : 24.11.2026

CORAM

THE HON'BLE MR JUSTICE N. ANAND VENKATESH

CRP No. 5293 of 2026
and CMP No. 23013 of 2026

Case QR

CNR: {HCMA011982622026}

1. R.Muthukrishnan Alias Ashwin Muthukrishnan
   No.9, (Old No.2), Krishnaswamy Avenue,
   Mylaoper,
   Chennai-04.

2. Seetha Muthukrishnan
   No.9, (Old No.2), Krishnaswamy Avenue,
   Mylaoper,
   Chennai-04.

3. L.Suresh
   POA for 2nd, 3rd and 4th Defendants,
   Anandha No.7, Bhaskarapuram,
   Mylaoper,
   Chennai-04.

..Petitioner(s)

Vs

1. Sugavanam Vijayakumar
   No.12/8A, Shagun Villa,
   Yogambal Street,
   T-Nagar, Chennai-17.

2. Kripa Chandrakanthan
   No.9, (Old No.2), Krishnaswamy Avenue,
   Mylaoper, Chennai-04.

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3. Karthik Krishnan
No.9, (Old No.2), Krishnaswamy Avenue,
Mylaoper, Chennai-04.

..Respondent(s)

PRAYER: Civil Revision Petition filed under Article 227 of the Constitution of India, to allow the above CRP and set aside the order dated 06.08.2026 in IA No.5 of 2026 in OS No. 4029 of 2024 by the Learned XI Assistant Judge, City Civil Court, Chennai.

For Petitioner(s): Mr.K.Harishankar for
Mr.M.R.Ramasubramaniam Raja

For Respondent(s): G.V.Sridharan for R1

ORDER

This Civil Revision Petition has been filed under Article 227 of the Constitution of India, challenging the order dated 06.08.2026 passed in IA No.5 of 2026 in OS No. 4029 of 2024 on the file of XI Assistant Judge, City Civil Court, Chennai, wherein the application filed by the petitioners/defendants 1, 2 and 5 under Order VII Rule 11 of C.P.C., came to be dismissed by the Court below.

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2.Heard the learned counsel for the petitioners and the learned counsel appearing on behalf of the 1st respondent and carefully perused the materials available on record and this Court also carefully went through the order passed by the Court below.

3.The 1st respondent is the plaintiff who filed the suit in O.S.No.4029 of 2024, seeking for the relief of declaration to declare that defendants 1 to 5 had agreed to pay 10% of the principal recovered through the acts of the plaintiff and 15% on the recovery of the GST amount as per the Memorandum of Understanding negotiated with the builder and for permanent injunction restraining defendants 1 to 5 from in any manner alienating or encumbering the properties.

4.The 1st respondent/plaintiff has filed the suit on the ground that the defendants had entered into a Joint Development Agreement with the builder, M/s.Sumanth & Co., and there was a violation of the terms of the agreement, as a result of which receivables to the tune of nearly Rs.5 Crores became due and payable to the 1st and 2nd defendants and the 5th defendant, who is the Power of

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Attorney agent, approached the plaintiff for liasoning the services and the plaintiff through his fruitful connections and contacts, brought the builder to the negotiating table, which resulted in the builder and the 1st and 2nd defendants entering into a Memorandum of Understanding, In this dealing, it is alleged that the plaintiff was entitled for 10% of the principal amount recovered by the defendants and 15% towards the recovery of the GST amount from the builder under the Memorandum of Understanding. The grievance of the plaintiff is that the defendants, after utilizing the services of the plaintiff, deprived the plaintiff of his dues payable on the basis of the percentage out of the money recovered by the defendants from the builder.

5.The petitioners, who are defendants 1, 2 & 5, filed IA No.5 of 2026 under Order VII Rule 11 of C.P.C., for rejection of plaint on the ground that the basic ingredients of the so-called agreement are nothing but an agreement of champerty, since the consideration or object of the agreement was unlawful and opposed to public policy, Apart from that, the plaintiff had only sought for declaring of such a right without even seeking for the relief of recovery of the dues. Therefore, it was contended that the suit itself is barred by law and is liable to be rejected.

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6.The Court below, after considering the contentions raised on either side, came to the conclusion that the validity or otherwise of the agreement/arrangement between the parties can be decided only on the basis of oral and documentary evidence and the same could not be decided at the initial stage. Accordingly, the application was dismissed. Aggrieved by the same, the present Civil Revision Petition has been filed before this Court.

7.A careful reading of the averments made in the plaint clearly brings out the fact that the plaintiff is none other than a middleman, who seems to have helped the defendants to reach an amicable settlement with the builder, as a result of which the defendants and the builder entered into a Memorandum of Understanding for repayment of the amounts due and payable to the defendants.

8.The material averment that has been made in the plaint is that the plaintiff used his fruitful connection and helped the defendants to recover the dues payable by the builder. The plaintiff claims a percentage out of the amounts recovered from the builder in consideration of the alleged assistance and liasoning done by the plaintiff. Curiously, the plaintiff has not sought for

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the relief of recovery of money and has only sought for the relief of declaration to declare that he is entitled for 10% out of the principal amount recovered by the defendants from the builder and 15% of the GST amount recovered from the builder, as per the Memorandum of Understanding negotiated with the builder. The plaintiff is also seeking for the relief of permanent injunction restraining the defendants not to alienate the properties.

9.The Court below, while dismissing the application, came to the conclusion that the question as to whether the arrangement is champertous can be decided only after recording oral and documentary evidence.

10.The crucial issue that is involved in the present case is not regarding the existence of an agreement/arrangement between the plaintiff and the defendants, but how far such an agreement/arrangement is enforceable in law.

11.At this juncture, it will be relevant to take note of the judgment of the Apex Court in ***Rattan Chand Hira Chand vs. Askar Nawaz Jung (Dead) by Lrs. and Others*** reported in ***1991 3 SCC 67***. The relevant portions are extracted hereunder:

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17. I am in respectful agreement with the conclusion arrived at by the High Court. It cannot be disputed that a contract which has a tendency to injure public interests or public welfare is one against public policy. What constitutes an injury to public interests or welfare would depend upon the times and climes. The social milieu in which the contract is sought to be enforced would decide the factum, the nature and the degree of the injury. It is contrary to the concept of public policy to contend that it is immutable, since it must vary with the varying needs of the society. What those needs are would depend upon the consensus value judgments of the enlightened section of the society. These values may sometimes get incorporated in the legislation, but sometimes they may not. The legislature often fails to keep pace with the changing needs and values nor is it realistic to expect that it will have provided for all contingencies and eventualities. It is, therefore, not only necessary but obligatory on the courts to step in to fill the lacuna. When courts per-form this function undoubtedly they legislate judicially. But that is a kind of legislation which stands implicitly delegated to them to further the object of the legislation and to promote the goals of the society. Or to put it negatively, to prevent the frustration of the legislation or perversion of the goals and values of the society. So long as the courts keep themselves tethered to the ethos of the society and do not travel off its course, so long as they attempt to furnish the felt necessities of the time and do not refurbish them, their role in this respect has to be welcomed.

18. It is true that as observed by Burrough, J. in Richardson v. Mellish public policy is "an unruly horse and dangerous to ride" and as observed by Cave, J. in Re Mirams", it is "a branch of the law, however, which certainly should not be extended, as judges are more to be trusted as interpreters of the law than as expounders of what is called public policy". But as observed by Prof. Winfield in his article "Public Policy in the English Common Law":

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> "Some judges appear to have thought it [the unruly horse of public policy] more like a tiger, and refused to mount it at all, per-haps because they feared the fate of the young lady of Riga. Others have regarded ded it like Balaam's ass which would carry its rider nowhere. But none, at any rate at the present day, has looked upon it as a Pegasus that might soar beyond the momentary needs of the community."

All courts have at one time or the other felt the need to bridge the gap between what is and what is intended to be. The courts cannot in such circumstances shirk from their duty and refuse to fill the gap. In performing this duty they do not foist upon the society their value judgments. They respect and accept the prevailing values, and do what is expected of them. The courts will, on the other hand, fail in their duty if they do not rise to the occasion but approve helplessly of an interpretation of a statute or a document or of an action of an individual which is certain to subvert the societal goals and endanger the public good.

19. The contract such as the present one which is found by the city civil court as well as the High Court to have been entered into with the obvious purpose of influencing the authorities to procure a verdict in favour of the late Nawab was obviously a "carrier" contract. To enforce such a contract although its tendencies to injure public weal is manifest is not only to abdicate one's public duty but to assist in the promotion of a pernicious practice of procuring decisions by influencing authorities when they should abide by the law. To strike down such contracts is not to invent a new head of public policy but to give effect to its true implications. A democratic society is founded on the rule of law and any practice which seeks to subvert or circumvent the law strikes at its very root. When the court discountenances such practice, it only safeguards

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the foundation of the society. Even assuming, therefore, that the court finds a new head of public policy to strike down such practice, its activism is not only warranted but desired.

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23. In the face of the concurrent findings with which we agree, I have no doubt in my mind that the contract relating to the payment of the amount is not severable from the agreement to promote the cause of Sajjid Yar Jung by wielding the influence the plaintiff had. Every agreement of which the object or consideration is unlawful is void. The consideration or object of an agreement is unlawful when the court regards it as opposed to public policy. If anything is done against the public law or public policy that would be illegal inasmuch as the interest of the public would suffer in case a contract against public policy is permitted to stand. Public policy is a principle of judicial interpretation founded on the cur-rent needs of the community. The law relating to public policy cannot remain immutable. It must change with passage of time. A bargain whereby one party is to assist another in recovering property and is to share in the proceeds of the action and such assistance is by using the influence with the administration, irrespective of the fact that the per-sons intended to be influenced are not amenable to such influence is against protection and promotion of public welfare. It is opposed to public policy. In this view, we would hold that the plaintiff cannot enforce the agreement to recover the amount from the respondents.

12.It is clear from the above judgment that a bargain made by one party, who is said to have assisted another party in recovering property or money, cannot result in a claim for a share in the proceeds of the action and more

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particularly when such share is sought for such assistance by using influence or fruitful connections and any such claim is opposed to public policy.

13.Section 23 of the Indian Contract Act makes it very clear that an agreement with an unlawful object or consideration is void *ab initio* and it cannot be enforced by a Court. The provision itself provides what all agreements are unlawful and one such category is an agreement which is opposed to public policy.

14.If anything is done against public law or public policy, that would be illegal, in as much as the interests of the public would suffer if a contract opposed to public policy is permitted to stand.

15.A bargain whereby one party assists another in recovering money by using his liasoning skills and fruitful connections cannot ask for a share in the proceeds of such an action. Any such agreement/arrangement sought to be enforced will clearly be opposed to public policy.

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16.The English Law evolved the principles of champerty as a consideration for a contract. While the Indian legal system and its English counterpart share a conceptually similar doctrine of champerty, the approaches adopted are different. In India, the Courts scrutinize the nature of the agreement between the parties and decide whether the object behind the agreement is opposed to public policy. In India, the strict English Common Law Rules on maintenance and champerty are not applied and the Courts satisfies itself as to whether the champertous agreement comes within the four corners of Section 23 of the Indian Contract Act.

17.The expression 'Public Policy' has a wide meaning and it is now too well settled that public policy connotes matters which concerns public good and public interest. What is good for the public or in public interest, or what would be harmful or injurious to public good or interest, varies from time to time.

18.If a person introduces himself as a middleman or a liasoning men and undertakes to resolve an issue through his contacts/connections/influence etc., and as consideration, seeks for a percentage out of what is recovered in that

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deal, it certainly goes against public morality and decency. If such agreements are tolerated and enforced, it will give rise to a tout or a middleman using all his fruitful connections at all levels and getting a job done and asking for a share out of the proceeds and it will breed corruption in society. This Court can understand if a middleman enters into a proper agreement with a party (oral or documentary) and defines the scope of work and helps the party through lawful means to get his problem resolved, for which consideration in the name of fees or remuneration can be fixed. The Court must ensure that the arrangement/agreement between the parties is transparent and lawful and the person who aids in resolving the dispute also gets a reasonable remuneration. Such an agreement can be enforced through law.

19.As stated *supra*, the plaintiff has not even sought for the relief of recovery of money and only seeks for a declaration to declare that he his entitled for a percentage of the amount received by the defendants from the builder. The plaintiff is also seeking for the relief of permanent injunction without pleading any independent right, title or interest over the said properties and it is in direct violation of Section 41(h) of the Specific Relief Act, 1963, which provides that the Court cannot grant an injunction when the plaintiff has

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an equally efficacious remedy which can be obtained by any other usual mode of proceeding. The plaintiff in this case, instead of seeking for the relief of recovery of money, is indirectly arm twisting the defendants from dealing with the property without having any independent right over the property.

20.In the light of the above discussion, this Court holds that even if the entire averments made in the plaint are taken to be correct, the relief sought by the plaintiff, insofar as the relief of declaration is concerned, is unenforceable in law. Insofar as the second relief of permanent injunction is concerned, such an injunction cannot be granted in view of the bar under Section 41(h) of the Specific Relief Act, 1963.

21.The Court below failed to take into account these vital legal issues that are involved in the present case and has dismissed the application. The order suffers from perversity and illegality, warranting the interference of this Court.

22.In the result, the order dated 06.08.2026 passed in IA No.5 of 2026 in OS No.4029 of 2024 on the file of XI Assistant Judge, City Civil Court, Chennai, is hereby set aside and the plaint filed in OS No.4029 of 2024 is

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rejected on the ground that it is barred by law and this Civil Revision Petition stands allowed. No Costs. Consequently, the connected miscellaneous petition is closed.

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Index: Yes
Speaking order
Neutral Citation: Yes

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To

The XI Assistant Judge, City Civil Court, Chennai.

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N.ANAND VENKATESH, J.

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Pre-Delivery Order in
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