BEFORE THE XI ASSISTANT CITY CIVIL COURT, CHENNAI

Present : Tmt. S. Thamil Selvi, B.Com., M.L.,

VIII Assistant Judge

XI Assistant Court (FAC)

Thursday, the 06th day of August, 2026

IA.No.05/2026

in

OS.No.4029/2024

(CNR.No.TNCH01-023613-2024)

1. R. Muthukrishnan @ Ashwin Muthukrishnan

2. Mrs. Seetha Muthukrishnan

3. Mr. L Suresh-POA Holder … Petitioner/Defendants 1,2 & 5

-Vs-

1. Sugavanam Vijayakumar ...Respondent-1/Plaintiff

2. Mrs. Kripa Chandrakanthan

3. Mr. Karthik Krishnan ...Respondents 2 and 3/Defendants 3 and 4

This petition came up before me for final hearing 30.06.2026 in the presence of M/s. R. Ramasubramaniam Raja, Jansi Rani .C, Aravind .A and Thanigaivel .D learned counsels for the Petitioner/Defendants 1,2 & 5 and M/s.G.V.Sridharan, R. Narayanan and N. Swathy learned counsels for the 1st Respondent/Plaintiff and upon hearing the arguments of both sides and having stood over for consideration, this court delivers the following:-

O R D E R

This petition is filed u/o 7 Rule 11 of CPC to reject the plaint filed by the Petitioner as Defendants 1,2 & 5 as Plaintiff in OS.No.4029/2024.

1. Brief averments made in the affidavit filed by the Petitioner is as follows:-

(i) The 5th Petitioner, acting for themselves and as the Power of Attorney holder for Petitioners 1 and 2, has filed an application to dismiss the Respondent's lawsuit. The petition argues that the suit should be rejected because it fails to show a valid legal reason to sue, violates established laws, and abuses the judicial process. In the underlying lawsuit, the Respondent is asking the court to validate an agreement granting them a percentage (10% of principal and 15% of GST) of funds recovered from a specific property developer, while also seeking a permanent injunction to block the Defendants from selling, renting, or mortgaging their specified residential flats in Mylapore, Chennai, until those financial claims are fully paid. The Petitioner argues that the lawsuit must be dismissed because it lacks a valid cause of action and attempts to have the court illegally create a contract. Legal principles dictate that courts can only enforce existing contracts, not invent new ones. Because the Plaintiff relies entirely on an unexecuted, unsigned Memorandum of Understanding (MOU) to claim unquantified monetary dues, the Petitioner contends that the lawsuit is an untenable abuse of process designed to manufacture a fictitious agreement through a court decree.

(ii) The Petitioner argues that both primary reliefs sought by the Plaintiff are legally unsustainable, meaning the lawsuit fails on a simple reading. Regarding the contract declaration, the Petitioner cites the Supreme Court ruling in *Shree Ambica Medical Store* to emphasize that courts cannot create or rewrite agreements. Regarding the property injunction, the Petitioner states that because Defendants 1 to 4 are the undisputed owners and share no property-related agreement with the Plaintiff, a permanent freeze on their property violates their constitutional rights under Article 300A. Furthermore, the Petitioner asserts that the injunction claim violates Sections 38(3) and 41(h) of the Specific Relief Act, as there is no threat to any existing property right, nor can an injunction be used to secure an unquantified monetary claim.

(iii) The Petitioner argues that under Supreme Court precedents like *T.Arivandandam* and *Dahiben*, a lawsuit must be dismissed at the threshold if its cause of action is purely illusory or directly contradicts statutory law. The Plaintiff's first prayer illegally asks the court to declare a non-existent contract, which the Petitioner notes is a void "champerty" agreement (profiteering from litigation through influence) that violates public policy under Section 23 of the Indian Contract Act. Since the second prayer is also legally barred by Section 41(h) of the Specific Relief Act, and the Plaintiff's own pleadings admit to selling "connections and influence" for legal recovery, the Petitioner relies on the landmark *Rattan Chand Hira Chand* ruling to establish that contracts leveraging personal influence are illegal, void, and against public policy.

(iv) This Supreme Court excerpt establishes that any agreement with an unlawful object or consideration is strictly void if it opposes public policy or harms public welfare. It clarifies that public policy is an evolving judicial principle that changes over time to meet community needs. Crucially, the court rules that any contract where one party agrees to help another recover property or funds in exchange for a share of the proceeds by leveraging personal influence over the administration is fundamentally against public policy and illegal, regardless of whether that influence ultimately succeeds.

(v) The Petitioner argues that a combined review of the lawsuit reveals the Plaintiff's claim is an unenforceable champerty agreement and a wagering contract that must be dismissed. By admitting to trading on "fruitful connections" for financial gain, the Plaintiff's prayer for a contract declaration is fundamentally void *ab initio* and against public policy. Furthermore, the Petitioner asserts that the Plaintiff committed gross fraud by hiding the exact amount of money allegedly owed, while failing to ask for the actual recovery of those funds. Consequently, because an alternative and more effective legal remedy (a suit for money recovery) was available but ignored, the current suit is strictly barred under Section 41(h) of the Specific Relief Act.

(vi) The Petitioner concludes that the lawsuit is a meaningless, vexatious, and sham litigation designed through clever drafting to create an illusion of a cause of action. Citing Supreme Court mandates to dismiss such suits at the threshold under Order VII Rule 11(a) to protect judicial time, the Petitioner reiterates that the claim lacks any clear right, violates Section 41(h) of the Specific Relief Act, and is a void champerty contract under Section 23 of the Contract Act. Structurally, the Petitioner notes that a previous striking-out application (I.A. No. 4 of 2025) was dismissed, but the Hon'ble Madras High Court subsequently disposed of the revision petition (CRP No. 4459 of 2025) on March 17, 2026, explicitly granting them the liberty to file this current application to reject the Plaint in O.S. No. 4029 of 2024.

2. Brief averments made in the Counter affidavit filed by the Respondent/Plaintiff is as follows:-

(i) The Respondent argues that the application to reject the plaint is a frivolous, stalling tactic that falls outside the legal scope of Order VII Rule 11 of the CPC. They point out that the petition is brought by only three of the Defendants via a power agent, while the 4th Defendant has already been set *ex-parte* (declared non-participating). The Respondent contends that the application is an unauthorized abuse of civil procedure designed solely to evade a full trial, block their legitimate right to prove their claim, and delay the court proceedings because the Defendants are afraid to face trial. The Respondent contends that the lawsuit is valid and backed by concrete electronic evidence, directly refuting the Petitioners' claims of it being frivolous. The Respondent highlights that Petitioners 1 and 2 successfully recovered multiple crores of rupees using their assistance, but subsequently breached their obligations by failing to pay an outstanding due of Rs.31,30,000. This claim is supported by a termination letter and a legal demand notice dated 14.05.2024, which went unheeded. Furthermore, the Respondent has submitted crucial WhatsApp admissions (marked as Ex.R1 to Ex.R3) along with the mandatory Section 65B authentication certificate under the Information Technology Act, arguing that these digital statements legally stop the Defendants from denying their contractual commitments.

(ii) The Respondent argues that the application must be dismissed at the threshold because the 5th Defendant lacks the legal authority to represent the 1st and 2nd Defendants. The Respondent reveals that the registered Power of Attorney (Doc. No. 120 of 2017, SRO-Mylapore) dated 11.04.2017, does not actually empower the 5th Defendant to appear or act before courts. By deliberately withholding this document from the court while aggressively filing applications, the 5th Defendant is accused of abusing the judicial process. Furthermore, the Respondent emphasizes that the 5th Defendant's own admission in Exhibit R3 proves he is merely a personal party to the underlying business transactions, making his unauthorized legal representation of the other Defendants improper and procedurally illegal.

(iii) The Respondent denied all allegations made in the Petitioners' affidavit, stating that the petition is completely false and should be dismissed because a plaint cannot be rejected when triable issues exist. Under Section 92 of the Indian Evidence Act and Sections 2(e) and 10 of the Indian Contract Act, oral and electronic agreements (including those sent via WhatsApp chats) are fully enforceable if they fulfill basic criteria like free consent and lawful consideration. The Respondent emphasizes that the 1st Defendant made an explicit contractual offer through WhatsApp messages subsequently accepted by the Respondent and that these admissions, along with statements from the 2nd and 5th Defendants, can only be evaluated through a full-fledged trial, making an Order VII Rule 11 application legally inapplicable.

ELECTRONIC EVIDENCE AS SECONDARY EVIDENCE UNDER THE INDIAN EVIDENCE ACT

(iv) The Respondent argues that the application to reject the lawsuit must be dismissed because a Plaintiff is not required to plead specific evidence in their plaint, as evidence is a matter to be proved strictly at trial. Citing Sections 61 to 90A of the Indian Evidence Act, 1872, they contend that the admissibility of secondary evidence which requires explaining why primary evidence is unavailable must be decided during the trial stage rather than at this preliminary threshold. The Respondent maintains that the Petitioners' objections are merely a frivolous attempt to escape their financial liability to him, especially after he successfully helped the Petitioner and their family recover Rs.4.2 crores from the real estate developer.

(v) The Respondent asserts that the lawsuit arises from a legitimate commercial transaction that yielded huge profits for the Petitioners, directly refuting the claim that it is an illegal champerty agreement. They point out that their involvement was critical in realizing these financial gains, stating that they were treated like a savior during the recovery process but are now vilified simply for demanding their agreed-upon payment. Because the arrangement was a standard, binding commercial understanding that the Petitioners and other Respondents already partially performed, the Respondent argues that the Supreme Court's ruling on void champerty contracts is completely irrelevant to this case.

(vi) The Respondent strongly objects to paragraphs 7 and 8, arguing that whether the transaction constitutes a champerty agreement is a triable issue that cannot be determined at this preliminary stage. The Respondent clarifies that the dispute erupted after they pressured the Petitioner and the other co-Defendants to submit their mandatory life certificates to register the property's sale deeds following a Rs.9.50 crore payout from the developer. According to internal disclosures from the third and fourth Respondents, the Petitioner allegedly swindled the entire Rs.9.50 crore without distributing the required shares, prompting family members to withhold their certificates until their Rs.5 crore allocation is paid. Because of this internal family dispute and the Petitioners' subsequent flight out of India, the developer has been left legally stranded, triggering ongoing litigation before the Real Estate Regulatory Authority (RERA) under Case No. 116 of 2024.

(vii) The Respondent concludes that the application to reject the plaint must be dismissed with exemplary costs because it improperly seeks to bypass a trial on deeply contested, triable issues. They reiterate that whether the underlying agreement is a valid commercial transaction or an illegal champerty contract can only be determined by evaluating oral and documentary evidence during a full trial. The Respondent points out that the Petitioners having already pocketed Rs.9.50 crores through the Respondent's efforts are the only beneficiaries evading their commitments and withholding their life certificates, while the other family co-

Defendants have raised no such objections. Furthermore, the Respondent highlights a critical procedural barrier: the Petitioners have failed to file a written statement or formal defense in the suit, and their previous revision petition (CRP No. 4459 of 2025) was dismissed by the Hon'ble Madras High Court hcmadras, making this threshold application compounded by the fifth Defendant's unfiled and defective Power of Attorney a groundless abuse of court process.

3. <u>Points for determination:-</u>

Whether this petition has to be allowed?

4. Heard counsel for Petitioner and Respondent. Records perused carefully.

5. <u>Points:-</u>

The parties are referred to as per their ranking in the plaint.

(i) This petition is filed by the defendants 1, 2 and 5 to reject the plaint on the ground that the claim of the plaintiff is nothing but an agreement of champerty and that the plaintiff himself has expressly admitted of making use of his fruitful connections in this process and as such the suit claim is thoroughly champerties and the declaratory prayer is incapable of being granted by this Court since the same is against the public policy and hence prayed to reject the plaint.

(ii) Law is well settled that in order to decide the petition filed under Order 7 Rule 11 CPC, the Court has to look into the plaint averments and the documents filed along with plaint alone and not any other documents relied by the defendant.

On careful perusal of the plaint and the plaint documents it could be seen that the plaintiff had acted on behalf of the defendants as Liaisoning person to recover the dues from the builder namely M/s.Sumanth & co., who had earlier entered into a joint development agreement but failed to act as per its terms and there was liability of nine crores and fifty lakhs. According to the plaintiff he was engaged by the defendants to realize the above said amount from the developer and it was agreed by the defendants to pay to the plaintiff 10% of the principal amount recovered through him. It was also agreed between them that 15% on the recovery of GST amount as per MOU negotiated with the developer by the defendants would also be paid to the plaintiff.

(iii) In the plaint, the plaintiff has stated about the steps taken by him to recover the said amount by engaging Senior counsels to file a case before NCLT and also the manner in which he came to know about the allocation of funds by the developer to one M/s.Srinidhi Capital and tracing the source of the developer to demand the payment to be made to the defendants 1 to 4. It is alleged that the 1st defendant due to the efforts taken by the plaintiff got credit of the amount in his ICICI Bank Account but the defendants 1 to 4 failed to pay the agreed 10% of amount received by them and also 15% on the recovery of GST amount which prompted him to file the present suit for the above stated reliefs.

(iv) On careful perusal of plaint documents particularly the whatsapp chats of the 1st defendant, 5th defendant and the plaintiff, it could be seen that the defendants had agreed to pay 10% for the work done by the plaintiff.

(v) Now present petition is filed to reject the plaint solely on the ground that said agreement as to payment of 10% for the work done by the plaintiff is of Champertous in nature and the same cannot be legally enforceable and hence prayed to reject the plaint. This court is of considered view that whether the agreement between the plaintiff and the defendants are champerty in nature could be decided only on the basis of oral and documentary evidences let in by both the parties and not at this initial stage. Moreover the determination of the validity of an arrangement between the plaintiff and the defendants is an exercise to be undertaken by this Court after examining whether the said agreement is unconscionable, inequitable or extortionate and by giving due regard to the prevalent facts and circumstances surrounding the agreement. At this initial stage it cannot be concluded that the agreement is unenforceable and barred by law.

(vi) Hence this court comes to the conclusion that the grounds raised by the defendants to reject the plaint does not comes under the purview of Order 7 Rule 11 CPC and this petition is devoid of merit and liable to be dismissed.

6. In the result, this petition is dismissed. No order as to costs.

Directly dictated to the steno - typist, typed by her, corrected and pronounced by me in open court on this the 06th day of August, 2026.

S THAMIL SELVI
Digitally signed by S THAMIL SELVI
Date: 2026.08.06 17:31:01 +0530

VIII Assistant Judge,
XI Assistant Court (FAC)

<u>Petitioner side Witness and Exhibits</u> : Nil

<u>Defendant side Witness and Exhibits</u>: Nil

S THAMIL SELVI
Digitally signed by S THAMIL SELVI
Date: 2026.08.06 17:31:09 +0530

VIII Assistant Judge,
XI Assistant Court (FAC)