

IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NOS. 5819-5822 OF 2021

[Arising out of SLP(C) Nos. 2779-2782 of 2019]

RAJENDRA BAJORIA AND OTHERS

...APPELLANT(S)

VERSUS

**HEMANT KUMAR JALAN
AND OTHERS**

...RESPONDENT(S)

J U D G M E N T

B.R. GAVALI, J.

1. Leave granted.
2. These appeals challenge the judgment and order passed by the Division Bench of the High Court of Calcutta dated 14th September 2018, thereby allowing the appeals being **APO Nos.** 491 and 520 of 2017 filed by the respondents-defendants, challenging the order passed by the Single Judge of the High Court of Calcutta dated 22nd September 2017. Vide the said order dated 22nd September 2017, the Single Judge had

dismissed **G.A. Nos.1688** and 1571 of 2017 filed by the original defendants, seeking dismissal of the suit, alternatively for rejection of the plaint as well as for revocation of the leave granted under Clause 12 of the Letters Patent in the instant suit being **C.S. No.79** of 2017.

3. A partnership firm namely 'Soorajmull Nagarmull' (hereinafter referred to as, 'the partnership firm') was constituted under a Deed of Partnership dated 6th December 1943. Baijnath Jalan, Mohanlal Jalan, Babulal Jalan, Sewbhagwan Jalan, Keshabdeo Jalan, Nandkishore Jalan, Deokinandan Jalan, Chiranjilal Bajoria and Kishorilal Jalan were the partners in the partnership firm. It is not in dispute that none of the partners are alive. Plaintiff Nos. 1, 2 and 3 are the sons of Late Chiranjilal Bajoria, who died on 31st December 1981. Plaintiff Nos. 4 and 5 are the sons of Late Deokinandan Jalan, who died on 12th July 1997. Plaintiff No. 6 is the son of Late Mohanlal Jalan, who died on 1st May 1982. The defendants are the legal heirs of the other original partners in the partnership firm.

4. A civil suit being C.S. No. 79 of 2017 came to be filed by the plaintiffs before the Calcutta High Court seeking, *inter alia*, the following reliefs:-

- “(a) Decree for declaration that the plaintiffs along with the defendants are entitled to the assets and properties of the firm "Soorajmull Nagarmull" as the heirs of the original partners of the reconstituted firm under the partnership deed dated 6th December, 1943, in the share of the said original partners as mentioned in paragraph 3 above;
- (b) Decree for declaration that the plaintiffs along with the defendants are consequently entitled to represent the firm in all proceedings before the concerned authorities of the State of Bihar for the acquisition of its Bhagalpur land;
- (c) Decree for perpetual injunction restraining the defendant No.1 or any of the other defendants from in any manner representing or holding themselves out to be the authorised representative of the firm or the repository of all its authority, moneys assets and properties or from seeking to represent the firm in its dealings and transactions in respect of any of its assets and properties including the acquisition proceeding of the firm's Bhagalpur land or from receiving any monies on behalf of the firm, whether

- on account of compensation for its Bhagalpur land or otherwise;
- (d) Decree for mandatory injunction directing the defendant No. 1 to disclose full particulars of all assets and properties of the firm, full particulars of all its dealings and transactions including any dealing or transaction concerning any asset or property of the firm, and full accounts of the firm for the purpose of its dissolution;
 - (e) Decree for the dissolution of the firm Soorajmull Nagarmull and for the winding up of its affairs upon realising the assets and properties of the firm, collecting all moneys due to the firm, applying the same in paying the debts of the firm, if any, in paying the capital contributed by any partner and thereafter by dividing the residue amongst the heirs of the original partners in the shares to which they were entitled to the profits of the firm in terms of the Partnership Deed dated 6th December, 1943."

5. In the said suit, the defendants filed two applications being G.A. Nos. 1688 and 1571 of 2017, *inter alia*, seeking dismissal of the suit, or in the alternative, rejection of the plaint on the ground that the plaint does not disclose any cause of action, and the relief as claimed in the plaint could not be granted. It was also urged on behalf of the defendants that the

suit was filed beyond the period of limitation, and as such, was also liable to be rejected on the said ground. The Single Judge vide judgment and order dated 22nd September 2017, dismissed the said applications. Insofar as the ground with regard to limitation is concerned, the Single Judge found that the issue of limitation was a mixed question of fact and law and did not consider the prayer of the defendants on that ground. Being aggrieved thereby, the original defendants filed appeals being APO Nos. 491 and 520 of 2017 before the Division Bench of the High Court. The Division Bench of the High Court by the impugned judgment and order dated 14th September 2018 held that the reliefs, as claimed in the plaint, could not be granted, and therefore, while allowing the appeals, rejected the plaint being C.S. No. 79 of 2017. It, however, observed that, as provided under Order VII Rule 13 of the Civil Procedure Code (hereinafter referred to as the “CPC”), the order of rejection of the plaint shall not of its own force preclude the plaintiffs from presenting a fresh plaint in respect of the same cause of action. Being aggrieved thereby, the present appeals.

6. We have heard Shri Gopal Jain, learned Senior Counsel appearing on behalf of the appellants, Dr. A.M. Singhvi, learned Senior Counsel appearing on behalf of the respondent No.1, and Shri K.V. Viswanathan and Shri Gopal Sankaranarayanan, learned Senior Counsel appearing on behalf of the respondent Nos. 2, 3, 7 to 9, 11, 12 and 16 to 21.

7. Shri Gopal Jain, learned Senior Counsel appearing on behalf of the appellants, submitted that the Division Bench of the High Court of Calcutta has grossly erred in allowing the appeals and reversing the well-reasoned judgment and order passed by the Single Judge of the High Court of Calcutta. Shri Jain submitted that the Single Judge, after reading the averments in the plaint, had rightly come to the conclusion that the plaint discloses cause of action, and as such, could not be rejected under Order VII Rule 11 of CPC. He submitted that the Division Bench, in the impugned judgment and order, has almost conducted a mini-trial to find out as to whether the relief as claimed in the plaint could be granted or not. He submitted that such an exercise is impermissible while considering an

application under Order VII Rule 11 of CPC. The learned Senior Counsel, relying on the judgment of this Court in the case of ***Dahiben v. Arvinbhai Kalyanji Bhanusali (Gajra) Dead Through Legal Representatives and Others***¹, submitted that the power conferred on the court to terminate a civil action is a drastic one. He submitted that such a power cannot be routinely exercised. The learned Senior Counsel submitted that for finding out as to whether the cause of action exists or not, it is necessary to read the averments made in the plaint in their entirety and not in piecemeal. Shri Jain, therefore, submitted that the impugned judgment and order is not sustainable and is liable to be set aside.

8. Dr. Singhvi, learned Senior Counsel appearing on behalf of the respondent No.1, submitted that if the averments made in the plaint were read in juxtaposition with the provisions of Sections 40, 42, 43, 44 and 48 of the Indian Partnership Act, 1932 (hereinafter referred to as “the said Act”) read with clauses in the Partnership Deed dated 6th December 1943, it would

¹(2020) 7 SCC 366

reveal that none of the reliefs, as claimed in the plaint, could be granted. He submitted that as per Section 40 of the said Act, a firm can be dissolved only with the consent of all the partners or in accordance with the contract between the partners. He submitted that, though under Section 42 of the said Act, a firm could be dissolved on the death of a partner, however, this is subjected to a contract between the partners. He submitted that, a perusal of clause 4 of the Partnership Deed dated 6th December 1943 would show that it specifically provides that upon the death of any partner, the partnership shall not be automatically dissolved. As such, the submission in that regard is without merit. He submitted that Section 44 of the said Act provides that the dissolution of the firm could be maintained on the ground specified therein, only if the suit is at the instance of the partners. He submitted that admittedly the plaintiffs were not the partners, and as such, the suit at their instance was not tenable. The learned Senior Counsel relies on the judgments of this Court in the cases of ***T. Arivandandam v. T.V. Satyapal***

*and Another*² and *Pearlite Liners (P) Ltd. v. Manorama Sirsi*³, in support of his submission, that if the reliefs, as sought in the plaint, cannot be granted, then the only option available to the Court is to reject the plaint.

9. Shri Viswanathan and Shri Gopal Sankaranarayanan, learned Senior Counsel appearing on behalf of respondent Nos. 2, 3, 7 to 9, 11, 12 and 16 to 21, also made similar submissions.

10. It will be relevant to refer to Sections 40, 42, 43 and 44 of the said Act:-

“40. Dissolution by agreement.—A firm may be dissolved with the consent of all the partners or in accordance with a contract between the partners.

41.

42. Dissolution on the happening of certain contingencies.—Subject to contract between the partners a firm is dissolved—

- (a) if constituted for a fixed term, by the expiry of the term;
- (b) if constituted to carry out one or more adventures or undertakings, by the completion thereof;

2(1977) 4 SCC 467
3(2004) 3 SCC 172

- (c) by the death of a partner; and
- (d) by the adjudication of a partner as an insolvent.

43. Dissolution by notice of partnership at will.—Where the partnership is at will, the firm may be dissolved by any partner giving notice in writing to all the other partners of his intention to dissolve the firm.

(2) The firm is dissolved as from the date mentioned in the notice as the date of dissolution or, if no date is so mentioned, as from the date of the communication of the notice.

44. Dissolution by the Court.—At the suit of a partner, the Court may dissolve a firm on any of following grounds, namely:—

- (a) that a partner has become of unsound mind, in which case the suit may be brought as well by the next friend of the partner who has become of unsound mind as by any other partner;
- (b) that a partner, other than the partner suing, has become in any way permanently incapable of performing his duties as partner;
- (c) that a partner, other than the partner suing, is guilty of conduct which is likely to affect prejudicially the carrying on of the business, regard being had to the nature of the business;
- (d) that a partner, other than the partner suing, willfully or persistently

commits breach of agreements relating to the management of the affairs of the firm or the conduct of its business, or otherwise so conducts himself in matters relating to the business that it is not reasonably practicable for the other partners to carry on the business in partnership with him;

- (e) that a partner, other than the partner, suing, has in any way transferred the whole of his interest in the firm to a third party, or has allowed his share to be charged under the provisions of Rule 49 of Order XXI of the First Schedule to the Code of Civil Procedure, 1908 (5 of 1908), or has allowed it to be sold in the recovery of arrears of land revenue or of any dues recoverable as arrears of land revenue due by the partner;
- (f) that the business of the firm cannot be carried on save at a loss; or
- (g) on any other ground which renders it just and equitable that the firm should be dissolved.”

11. It will also be relevant to refer to Clauses 4, 6 and 7 of the Partnership Deed dated 6th December 1943:

“4. That upon the death of any partner the partnership shall not be automatically dissolved but the surviving partners may admit the legal representative of the

deceased unto the partnership by mutual consent.

5.

6. In case of death of any partner or retirement during the continuance of the partnership shall be deemed to exist only upto to the end of the accounting period of the year during which the death or retirement occurs and the estate of the deceased partner or the retiring partner shall be entitled to receive and be responsible for all profits and losses of the partnership up to the end of the accounting period as the case may be.

7. This Indenture further witnesseth that the said parties hereto hereby mutually covenant and agree that they will carry on the said business in partnership until dissolution under and in accordance with the provisions and stipulation hereinbefore stated or contained in the said Indenture dated the 1st day of September, 1938 so far as the same respectively are now subsisting and capable of taking and are applicable to the altered circumstances hereinbefore appearing And any dispute in relation to the said partnership shall be decided by Arbitration according to the provisions of the Indian Arbitration and for that purpose each of the disputing parties may nominate one Arbitrator Provided. However that none of the parties hereto shall at any time be entitled to apply to any Court of law for the dissolution of the partnership or for appointment of a Receiver over the partnership or! any portion of its assets.”

12. From the perusal of the plaint, it could be gathered that the case of the plaintiffs is that in spite of demise of the three original partners of the partnership firm, through whom the plaintiffs were claiming, the defendants have been carrying on the business of the partnership firm. It is their case that the accounts of the partnership firm have not been finalized and that the share of the profits of the partnership firm has not been paid to them. It is also the case of the plaintiffs that the defendants are seeking to represent the partnership firm to the exclusion of the plaintiffs and that the defendants are siphoning off funds of the partnership firm. It is their case that they along with the defendants are entitled to the assets and properties of the partnership firm as legal heirs of the original partners of the partnership firm, reconstituted under the Partnership Deed dated 6th December 1943.

13. No doubt that, it is rightly contended on behalf of the plaintiffs that, only on the basis of the averments made in the plaint, it could be ascertained as to whether a cause of action is

made out or not. It is equally true that for finding out the same, the entire pleadings in the plaint will have to be read and that too, at their face value. At this stage, the defence taken by the defendants cannot be looked into.

14. We may gainfully refer to the observations of this Court in the case of *T. Arivandandam v. T.V. Satyapal and Another* (supra):

“5. We have not the slightest hesitation in condemning the petitioner for the gross abuse of the process of the court repeatedly and unrepentently resorted to. From the statement of the facts found in the judgment of the High Court, it is perfectly plain that the suit now pending before the First Munsif’s Court, Bangalore, is a flagrant misuse of the mercies of the law in receiving plaints. **The learned Munsif must remember that if on a meaningful — not formal — reading of the plaint it is manifestly vexatious, and meritless, in the sense of not disclosing a clear right to sue, he should exercise his power under Order 7, Rule 11 CPC taking care to see that the ground mentioned therein is fulfilled. And, if clever drafting has created the illusion of a cause of action, nip it in the bud at the first hearing by examining the party searchingly under Order 10, CPC.** An activist Judge is the

answer to irresponsible law suits. The trial courts would insist imperatively on examining the party at the first hearing so that bogus litigation can be shot down at the earliest stage. The Penal Code is also resourceful enough to meet such men, (Cr. XI) and must be triggered against them. In this case, the learned Judge to his cost realised what George Bernard Shaw remarked on the assassination of Mahatma Gandhi:

“It is dangerous to be too good.”

[emphasis supplied]

15. It could thus be seen that this Court has held that reading of the averments made in the plaint should not only be formal but also meaningful. It has been held that if clever drafting has created the illusion of a cause of action, and a meaningful reading thereof would show that the pleadings are manifestly vexatious and meritless, in the sense of not disclosing a clear right to sue, then the court should exercise its power under Order VII Rule 11 of CPC. It has been held that such a suit has to be nipped in the bud at the first hearing itself.

16. It will also be apposite to refer to the following observations of this Court in the case of ***Pearlite Liners (P)***

Ltd. (supra):

“**10.** The question arises as to whether in the background of the facts already stated, such reliefs can be granted to the plaintiff. Unless there is a term to the contrary in the contract of service, a transfer order is a normal incidence of service. Further, it is to be considered that if the plaintiff does not comply with the transfer order, it may ultimately lead to termination of service. Therefore, a declaration that the transfer order is illegal and void, in fact amounts to imposing the plaintiff on the defendant in spite of the fact that the plaintiff allegedly does not obey order of her superiors in the management of the defendant Company. Such a relief cannot be granted. Next relief sought in the plaint is for a declaration that she continues to be in service of the defendant Company. Such a declaration again amounts to enforcing a contract of personal service which is barred under the law. The third relief sought by the plaintiff is a permanent injunction to restrain the defendant from holding an enquiry against her. If the management feels that the plaintiff is not complying with its directions it has a right to decide to hold an enquiry against her. The management cannot be restrained from exercising its discretion in this behalf. Ultimately, this relief, if granted, would indirectly mean that the court is

assisting the plaintiff in continuing with her employment with the defendant Company, which is nothing but enforcing a contract of personal service. **Thus, none of the reliefs sought in the plaint can be granted to the plaintiff under the law. The question then arises as to whether such a suit should be allowed to continue and go for trial. The answer in our view is clear, that is, such a suit should be thrown out at the threshold. Why should a suit which is bound to be dismissed for want of jurisdiction of a court to grant the reliefs prayed for, be tried at all?** Accordingly, we hold that the trial court was absolutely right in rejecting the plaint and the lower appellate court rightly affirmed the decision of the trial court in this behalf. The High Court was clearly in error in passing the impugned judgment whereby the suit was restored and remanded to the trial court for being decided on merits. The judgment of the High Court is hereby set aside and the judgments of the courts below, that is, the trial court and the lower appellate court are restored. The plaint in the suit stands rejected.”

[emphasis supplied]

17. It could thus be seen that the court has to find out as to whether in the background of the facts, the relief, as claimed in the plaint, can be granted to the plaintiff. It has been held that if the court finds that none of the reliefs sought in the plaint

can be granted to the plaintiff under the law, the question then arises is as to whether such a suit is to be allowed to continue and go for trial. This Court answered the said question by holding that such a suit should be thrown out at the threshold. This Court, therefore, upheld the order passed by the trial court of rejecting the suit and that of the appellate court, thereby affirming the decision of the trial court. This Court set aside the order passed by the High Court, wherein the High Court had set aside the concurrent orders of the trial court and the appellate court and had restored and remanded the suit for trial to the trial court.

18. Therefore, the question that will have to be considered is as to whether the reliefs as claimed in the plaint by the plaintiffs could be granted or not. We do not propose to do that exercise, inasmuch as the Division Bench of the High Court has elaborately considered the issue as to whether, applying the provisions of the said Act read with the aforesaid clauses in the Partnership Deed, the reliefs, as claimed in the plaint, could be

granted or not. The relevant discussion by the High Court reads thus:

“(31) Let us take the prayers one by one. The first prayer is for a declaration that the plaintiffs and the defendants are entitled to the assets and properties of the said firm as the legal heirs of the original partners. It is trite law that the partners of a firm are entitled only to the profits of the firm and upon dissolution of the firm they are entitled to the surplus of the sale proceeds of the assets and properties of the firm, if any, after meeting the liabilities of the firm, in the share agreed upon in the partnership deed.

The partners do not have any right, title or interest in respect of the assets and properties of a firm so long as the firm is carrying on business. Hence, the plaintiffs as legal heirs of some of the original partners cannot maintain any claim in respect of the assets and properties of the said firm. Their prayer for declaration of co-ownership of the assets and properties of the said firm is not maintainable in law.

The second prayer in the plaint is for a declaration that the plaintiffs along with the defendants are entitled to represent the firm in all proceedings before the concerned authorities of the State of Bihar for the acquisition of its Bhagalpur land. The framing of this prayer shows that this is a consequential relief claimed by the plaintiffs which can only be granted if the first prayer is allowed. Since, in our opinion, prayer (a) of the plaint cannot be granted in law, prayer

(b) also cannot be granted. Prayer (c) is also a consequential relief. Only if the plaintiffs were entitled to claim prayer (a), they could claim prayer (c). We are not on whether or not the plaintiffs will succeed in obtaining prayer (a). According to us, the plaintiffs are not even entitled to pray for the first relief indicated above as the same cannot be granted under the law of the land. Consequently, prayer (c) also cannot be granted.

Prayers (d) and (e) both pertain to dissolution of the firm. Prayer (e) is for a decree of dissolution and for winding up of the affairs of the firm. Prayer (d) is for full accounts of the firm for the purpose of its dissolution (emphasis is ours). However, it is settled law that only the partners of a firm can seek dissolution of the firm. Admittedly, the plaintiffs are not partners of the said firm. Sec. 39 of the Partnership Act provides that the dissolution of partnership between all the partners of a firm is called 'the dissolution of the firm'. Sec. 40 provides that a firm may be dissolved with the consent of all the partners or in accordance with a contract between the partners. Sec. 41 provides for compulsory dissolution of a firm. Sec. 42 stipulates that happening of certain contingencies will cause dissolution of a firm but this is subject to contract between the partners. A partnership-at-will may be dissolved by any partner giving notice in writing to the other partners of his intention to dissolve the firm, as provided in Sec. 43 of the Act. Sec. 44 empowers the Court to dissolve a firm on the grounds mentioned therein on a suit of a partner.

Thus, it is clear that it is only a partner of a firm who can seek dissolution of the firm. The dissolution of a firm cannot be ordered by the court at the instance of a non-partner. Hence, the plaintiffs are not entitled to claim dissolution of the said firm. Consequently, they are also not entitled to pray for accounts for the purpose of dissolution of the firm.

(32) What should the Court do if it finds that even taking the averments in the plaint at face value, not one of the reliefs claimed in the plaint can be granted? Should the Court send the parties to trial? We think not. It will be an exercise in futility. It will be a waste of time, money and energy for both the plaintiffs and the defendants as well as unnecessary consumption of Court's time. It will not be fair to compel the defendants to go through the ordinarily long drawn process of trial of a suit at huge expense, not to speak of the anxiety and un-peace of mind caused by a litigation hanging over one's head like the Damocles's sword. No purpose will be served by allowing the suit to proceed to trial since the prayers as framed cannot be allowed on the basis of the pleadings in the plaint. The plaintiffs have not prayed for leave to amend the plaint. When the court is of the view just by reading the plaint alone and assuming the averments made in the plaint to be correct that none of the reliefs claimed can be granted in law since the plaintiffs are not entitled to claim such reliefs, the Court should reject the plaint as disclosing no cause of action. The reliefs claimed in a plaint flow from and are the culmination of the cause of action pleaded in

the plaint. The cause of action pleaded and the prayers made in a plaint are inextricably intertwined. In the present case, the cause of action pleaded and the reliefs claimed are not recognized by the law of the land. Such a suit should not be kept alive to go to trial.....”

19. We are in complete agreement with the findings of the High Court. Insofar as the reliance placed by Shri Jain on the judgment of this Court in the case of ***Dahiben*** (supra), to which one of us (L. Nageswara Rao, J.) was a member, is concerned, in our view, the said judgment rather than supporting the case of the plaintiffs, would support the case of the defendants. Paragraphs 23.3, 23.4, 23.5 and 23.6 in the case of ***Dahiben*** (supra) read thus:

“23.3. The underlying object of Order 7 Rule 11(a) is that if in a suit, no cause of action is disclosed, or the suit is barred by limitation under Rule 11(d), the court would not permit the plaintiff to unnecessarily protract the proceedings in the suit. In such a case, it would be necessary to put an end to the sham litigation, so that further judicial time is not wasted.

23.4. In *Azhar Hussain v. Rajiv Gandhi* [Azhar Hussain v. Rajiv Gandhi, 1986 Supp SCC 315. Followed in *Manvendrasinhji Ranjitsinhji Jadeja v. Vijaykunverba*, 1998 SCC OnLineGuj281 : (1998) 2 GLH 823] this Court held that the whole purpose of conferment of powers under this provision is to ensure that a litigation which is meaningless, and bound to prove abortive, should not be permitted to waste judicial time of the court, in the following words : (SCC p. 324, para 12)

“12. ... The whole purpose of conferment of such powers is to ensure that a litigation which is meaningless, and bound to prove abortive should not be permitted to occupy the time of the court, and exercise the mind of the respondent. The sword of Damocles need not be kept hanging over his head unnecessarily without point or purpose. Even in an ordinary civil litigation, the court readily exercises the power to reject a plaint, if it does not disclose any cause of action.”

23.5. The power conferred on the court to terminate a civil action is, however, a drastic one, and the conditions enumerated in Order 7 Rule 11 are required to be strictly adhered to.

23.6. Under Order 7 Rule 11, a duty is cast on the court to determine whether the plaint discloses a cause of action by scrutinising the averments in the plaint [*Liverpool & London S.P. & I Assn. Ltd. v. M.V. Sea Success I*, (2004) 9 SCC 512] , read in conjunction with the documents relied upon, or whether the suit is barred by any law.”

20. It could thus be seen that this Court has held that the power conferred on the court to terminate a civil action is a drastic one, and the conditions enumerated under Order VII Rule 11 of CPC are required to be strictly adhered to. However, under Order VII Rule 11 of **CPC**, the duty is cast upon the court to determine whether the plaint discloses a cause of action, by scrutinizing the averments in the plaint, read in conjunction with the documents relied upon, or whether the suit is barred by any law. This Court has held that the underlying object of Order VII Rule 11 of CPC is that when a plaint does not disclose a cause of action, the court would not permit the plaintiff to unnecessarily protract **the** proceedings. It has been held that in such a case, it will be necessary to put an end to the sham litigation so that further judicial time is not wasted.

21. We are in agreement with the Division Bench of the Calcutta High Court which, upon an elaborate scrutiny of the averments made in the plaint, the reliefs claimed therein, the provisions of the said Act and the clauses of the Partnership Deed, came to the conclusion that the reliefs as sought in the plaint, cannot be granted.

22. The appeals are found to be without merit, and as such, are dismissed. Pending application(s), if any, shall stand disposed of. No costs.

.....**J.**
[L. NAGESWARA RAO]

.....**J.**
[B.R. GAVAI]

NEW DELHI;
SEPTEMBER 21, 2021.