

SUPREME COURT OF INDIA

Prakash Narain Sharma

Vs.

Burmah Shell C.H.S. Ltd.

C.A.No.5180 of 2002

(R. C. Lahoti and Brijesh Kumar JJ.)

21.08.2002

JUDGEMENT

R.C.Lahoti, J.

1. Leave granted.

2. The respondent No.1 is a Co-operative Society governed by *Delhi Cooperative Societies Act, 1972* (hereinafter 'the Act', for short). There was a dispute between one S. N. Sharma and the respondent No.1. The former claimed to be a member of the Society entitled to allotment of a plot by the Society and complained of having been illegally and unjustifiably deprived of the allotment. The Joint Registrar (Arbitration), vide his order dated 29-7-1988, directed the dispute to be referred for adjudication by one Shri S. C. Gupta. S. N. Sharma expired on 28-12-1988 survived by legal representatives whose rights are claimed by the appellant to have come to vest in him.

3. The appointment of arbitrator was challenged by the Society by filing a civil suit in the Court of Additional District Judge, Delhi who, by an interim order dated 4-10-1989, restrained the arbitrator from proceeding ahead with the arbitration proceeding. There is some controversy whether the restraint order was communicated or brought to the knowledge of the arbitrator or not, the fact remains that on the next date of hearing appointed after 4-10-1989 the Society failed to make appearance before the arbitrator. The arbitrator proceeded ex-parte and on 26-10-1989 made an award upholding the claim of the appellant. The Society preferred an appeal against the award while the appellant sought for its execution. The executing authority directed a plot of land of the Society to be attached. A civil writ petition came to be filed by the Society in the High Court of Delhi which was heard by a learned single Judge, who, vide order dated 18-8-2000, set aside the ex-parte award dated 26-10-1989 forming an opinion that in view of the restraint order passed by the civil Court the ex-parte proceedings and the ex-parte award were vitiated. The learned single Judge directed bi-parte hearing being restored and an award being made afresh.

4. The appellant filed an intra-court appeal against the order of learned single Judge. The Division Bench held that in view of the provisions contained in Ss. 60 and 93 of the Act, a civil Court was not competent to entertain any civil suit touching a matter which any authority under the Act was competent to adjudicate upon, and therefore the restraint order passed by the civil Court was a nullity and an order by coram non-judice. The arbitrator, even if communicated with, or apprised of, the contents of the restraint order of the civil Court could have ignored it and proceeded ahead as the order of the civil Court lacking in jurisdiction was a nullity. In the opinion of the Division Bench the approach of the learned single Judge could not be countenanced. However, still the Division Bench opined :-

"It is also the stand of the first respondent that after the restraint order was passed by the civil court, it stopped appearing before the arbitrator. The first respondent is quite justified in taking this stand. Any one in the position of the first respondent would have thought that the arbitrator will not proceed with the adjudication of the disputes after passing of the restraint order by the Additional District Judge. In this view of the matter the first respondent cannot be faulted for not appearing before the arbitrator after 4th October, 1989. It would be unfair and unjust to deprive the first respondent from highlighting and arguing its case before the arbitrator"

5. The Division Bench noticed the factum of Shri S. C. Gupta, the then arbitrator having expired in between, and therefore directed the Registrar, Co-operative Society to appoint another arbitrator in place of late Shri S. C. Gupta to adjudicate upon the dispute between the parties. It was ordered accordingly and the writ appeal was disposed of.

6. Feeling aggrieved by the order of the Division Bench, this appeal has been filed by special leave.

7. Having heard the learned counsel for the parties, we are of the opinion that the appeal is liable to be dismissed. For the purpose of the present case we do not propose to enter into controversy whether the civil Court, on the averments made in the plaint, could have entertained a civil suit and could have passed the restraint order in the terms in which it did. It would suffice for our purpose to hold that the Society-respondent No.1, having successfully obtained interim order from the civil Court restraining the arbitrator from proceeding ahead with the arbitration proceeding, could have reasonably acted on the belief that in view of the restraint order of the civil Court the arbitrator would stay his hands and shall not proceed ahead. It would have been better if the Society, through its representative or counsel, would have made appearance before the arbitrator either to apprise the arbitrator with the order passed by the civil Court or at least to ascertain whether the order was communicated or brought to the knowledge of the arbitrator. In spite of such lapse on the part of the Society, it is not so much a question of legality or availability of jurisdiction with the civil Court in passing the restraint order as it is the question of finding out the availability of sufficient cause for non-appearance of the Society before the arbitrator on the appointed date of hearing. We do not agree with the reasoning of the Division Bench of the High Court that a civil Court cannot under any circumstances entertain a civil suit in respect of proceedings pending before the Registrar, Co-operative Society. Even where exclusion of

jurisdiction of the civil Court is statutorily provided still on availability of requisite grounds the civil Court can entertain a civil suit on well defined parameters settled by Constitution Bench of this Court in *Dhulabhai v. State of Madhya Pradesh*¹. In any case we are not prepared to subscribe to the view of the Division Bench that the Registrar of Co-operative Society could have ignored the order of the civil Court as not binding on him in view of the provisions contained in Ss. 93(3), 93(1)(c) and 60 of the Act. It will be a dangerous proposition to be laid down as one of law that any individual or authority can ignore the order of the civil court by assuming authority upon itself to decide that the order of civil court is one by coram non-judice. The appropriate course in such case is for the person aggrieved first to approach the civil Court inviting its attention to the relevant provisions of law and call it upon to adjudicate upon the question of its own jurisdiction and to vacate or recall its order if it be one which it did not have jurisdiction in law to make. So long as this is not done, the order of competent court must be obeyed and respected by all concerned. A judicial order, not invalid on its face, must be given effect entailing all consequences, till it is declared void in a duly constituted judicial proceedings.

8. Subject to the above we agree with the High Court that the ex-parte proceedings before the arbitrator deserve to be set aside and the parties heard bi-parte. In view of Shri S. C. Gupta, the then arbitrator having unfortunately expired, a fresh appointment in his place needs to be made. However, we clarify that the newly appointed arbitrator shall resume the proceeding from the date with which the predecessor arbitrator had proceeded ex-parte against the respondent No.1 after 4-10-1989 subject to the order which may be passed by Civil Court on injunction application filed by the Society.

9. For the foregoing reasons but subject to clarification as above the operative part of the order made by the Division Bench of the High Court is maintained. The appeal be treated as disposed of accordingly.

Order accordingly.

¹*AIR 1969 SC 78*