
CASE COMMENT ON M/S. ACME PAPERS LTD. VS. CHINTAMAN DEVELOPERS PVT. LTD.

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INTRODUCTION

The Supreme Court's decision in *Acme Papers Ltd. v. Chintaman Developers Pvt. Ltd.*¹ provides compelling insight into the procedural complexities that arise when multiple suits between the same parties, concerning the same subject matter, are filed in different jurisdictions. The lawsuit revolved on a Memorandum of Understanding (MoU) signed in 2022 between Acme Papers Ltd. and Chintaman Developers Pvt. Ltd. for the sale of roughly 74.06 acres of land in Sehore, Madhya Pradesh. According to the MoU, the seller (Acme) was responsible for getting all required government clearances to complete the deal. When permissions could not be obtained, the buyer (Chintaman) filed a petition for specific performance in the District Court of Sehore. Acme responded by filing a declaratory litigation in the City Civil Court of Calcutta, claiming that the MoU had been terminated and was no longer enforceable.

This triggered competing transfer petitions before the Supreme Court under Section 25 of the Civil Procedure Code of 1908. While Acme sought to transfer the Sehore suit to Calcutta, Chintaman requested the opposite. The case asked the Court to evaluate the respective scope and priority of Sections 10, 16, and 20 of the CPC, as well as establish which venue was suitable for resolving the disagreement.

The Court resolved the problem by addressing fundamental concerns of jurisdiction, suit scheduling, judicial economy, and party convenience. Finally, the judgement emphasised the relevance of the immovable property's situs in establishing jurisdiction and provided explicit direction on avoiding multiple lawsuits.

This case comment explores the merits and pitfalls of the judgment passed by the Supreme Court and dissects 2 other Supreme Court judgments that were passed after the cases that were

¹ *Acme Papers Ltd. v. Chintaman Developers Pvt. Ltd.* (2024) SCC OnLine SC 376

cited.

ANALYSIS

MoU and it's terms:

- A Memorandum of Understanding (MoU) was executed between Acme papers and Chintaman Developers on 10th November 2022.
- According to the MoU, Acme Papers had agreed to sell a land lot for Rs. 20.69 crores. This lot measured upto approximately 70.06 acres and this was located in Sehore, Madhya Pradesh.
- The land was to be sold on an “as is where is” basis indicating that the land being an asset is to be sold or transferred in it's current condition with no guarantees or warranties regarding it's condition.
- The petitioner was also responsible for obtaining the government's necessary approvals and No-Objection Certificates (NOCs) which are necessary for obtaining transfers.
- A significant clause allowed Acme to treat the MoU as cancelled or terminated and deal with the land on its own in the event of an excessive delay in securing clearances.

Suits filed in different forums

- On 12th May 2023, the respondents (Chintaman Developer) filed a suit for specific performance of the MoU before the District Court in Sehore, Madhya Pradesh.
- On 20th July 2023, the petitioners (Acme Papers) filed a declaratory suit before the City Civil Court, Calcutta, West Bengal seeking a certain declaration that the memorandum was void and incapable of performance.

Transfer Petitions Filed before the Supreme Court:

- The petitioners (Acme Papers) filed a Transfer Petition (Civil) No. 2664 of 2023 requesting the Supreme Court to transfer the suit from Sehore to Calcutta.

- The respondents (Chintaman Developers) filed a Transfer Petition (Civil) No. 499 of 2024 requesting the Supreme Court the vice-versa (transfer from Calcutta to Sehore).

Judgment

The court dismissed Acme Papers' petition and upheld Chintaman Developers' petition stating that the suit must be transferred from Calcutta to Sehore.

As per Section 16 of CPC, the Court held that suits are to be instituted where the subject matter of the suit arose. The Court prioritised this section over Section 20, because it cannot override the specific jurisdictional provisions of Section 16 pertaining to immovable property.

The court relied on *Harshad Chiman Lal Modi vs. DLF Universal Pvt. Ltd.* and stated that Section 20 is more of a residuary provision and that it will not be applicable when a suit deals with immovable property. Section 16 of the CPC, which requires proceedings involving immovable property rights to be lodged where the property is located, was deemed necessary. DLF Universal recognised that Section 20 is subservient to Sections 15-19, strengthening the notion that a cause of action emerging elsewhere cannot supersede territorial jurisdiction determined by property location.

The court also cited *Gupte Cardiac Care Centre vs. Olympic Pharma Care* wherein, it was referred that Section 10 CPC, which prohibits duplicate litigation (multiple proceedings) over the same matter between the same parties. This case emphasised the importance of judicial economy and avoiding multiple levels of litigation when deciding transfer petitions under Section 25 CPC. Applying this, the Court ruled in favour of Sehore since the complaint was filed earlier and covered all of the key points in dispute.

Pitfalls

While the Court's reliance on DLF Universal and Gupte Cardiac is doctrinally correct, the decision ignores more recent and commercially pragmatic case law that could have nuanced its interpretation, particularly in terms of party autonomy, commercial convenience, and contractual jurisdiction clauses.

However, there are some limitations:

1. Procedural inflexibility: The rigorous implementation of Section 16 may not always be

consistent with commercial reality. For example, parties frequently execute contracts in metropolitan commercial centres such as Calcutta while dealing with property in outlying locales. The Court's inability to consider the MoU's business context restricts flexibility. This may indirectly also lead to coercion wherein one of the parties is being undermined of free will.

2. Improper execution: The Court also failed to address whether parties might expressly commit to a certain jurisdiction (by contract terms) in immovable property problems, which is an essential consideration in commercial transactions. Nowhere in the agreement executed between the parties, was there a clause pertaining to dispute settlement meaning in case a dispute arises, where will the parties settle.

These 2 imply that when parties bring actions in distant or advantageous jurisdictions, it in a way leads to forum shopping in order to delay or control litigation. It further underlines that business transactions involving immovable property are not exempt from Section 16 CPC, even if some of the terms of the agreement were executed elsewhere.

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Post these cases, in 2009 a judgment was passed by the Supreme Court in *Rajasthan State Electricity Board vs. Universal Petro Chemicals Ltd.*² The Court ruled that the convenience of parties, witnesses, and the placement of evidence in commercial transactions must be considered while evaluating transfer petitions. The Court also upheld the validity of Section 20 of the CPC and ruled this in favour of Section 16. In *Acme Papers*, the Court ignored complaints about inconvenience to the company's business base, witnesses, and legal staff, all of whom were most likely based in Kolkata. Universal Petrochemicals would have promoted a more balanced forum conveniens study rather than focussing solely on the property's location. The Court also agreed for arbitration and an out of settlement for both the parties and cited that this was a valid procedure as it was already drafted in the agreement. Again, this instance (2009) occurred after both Gupte (2004) and DLF (2005), but was not cited.

² Rajasthan State Electricity Board vs. Universal Petro Chemicals Ltd (2009) 3 SCC 107

Similarly 4 years later in 2013, another Supreme Court judgment, *M/S Swastik Gases P. Ltd. vs. Indian Oil Corporation*³, the court held that even if an agreement may not clearly state "exclusive jurisdiction," a strong indication of desire to sue in a certain place or forum is enforceable. In *Acme Papers*, the MoU was signed in Calcutta. If there was an express or implicit forum selection provision, *Swastik Gases* would support the Calcutta court's jurisdiction, particularly in a commercial contract. The Supreme Court did not look into whether such a clause existed or if the parties' choice of Calcutta as the location of execution had jurisdictional consequences. This case is likewise more recent (2013) than *DLF Universal* (2005) or *Gupte Cardiac* (2004), yet it was not addressed, despite its direct relevance to commercial disputes and agreement-based jurisdiction.

CONCLUSION

The Supreme Court's decision in *Acme Papers Ltd. v. Chintaman Developers Pvt. Ltd.* supports the necessity of geographical jurisdiction under Section 16 CPC in immovable property disputes while also emphasising the need of procedural efficiency by utilising Section 10 to avoid parallel litigation. While the decision follows previous law, it also demonstrates certain limitations in its tight adherence to territorial concepts, particularly in the context of modern economic operations. The Court's unwillingness to examine more recent jurisprudence that favours party autonomy and contractual convenience, such as *Swastik Gases* and *Universal Petrochemicals*, is a wasted opportunity to reconcile statutory mandates with changing business realities. In the future, courts may need to strike a more delicate balance between procedural formality and contractual flexibility in cross-jurisdictional commercial relationships.

On a larger level, the decision serves as a warning note for parties entering into real estate or commercial transactions involving immovable property. It emphasises the importance of thoroughly draughting jurisdiction provisions and comprehending the consequences of where the property is located. While the Court prioritised legislative clarity and uniformity, it did not address the complications that occur in cross-border or interstate business transactions in which contracts are written and executed far from the property's location. This decision shows the ongoing conflict between procedural rigour and commercial flexibility—a balance that Indian courts will have to strike as interstate economic activity grows.

³ *M/S Swastik Gases P. Ltd. vs. Indian Oil Corporation* (2013) 9 SCC 32