



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 1ST DAY OF APRIL, 2026

BEFORE

THE HON'BLE MR. JUSTICE H.T. NARENDRA PRASAD

WRIT PETITION NO. 9923 OF 2026 (GM-CPC)

BETWEEN:

MRS. SUNANDAMMA P
SINCE DEAD BY HER LR

RATHNAMMA,
DAUGHTER OF MR. PAPAIAHREDDY,
AGED ABOUT 74 YEARS,
RESIDING AT NO.1323-10,
BIDARAHALLI PAPAIAHREDDY BUILDING,
YELLAMMA WATER TANK, ANNASANDRAPALYA,
VIMMANAPURA, BENGALURU NORTH,
BENGALURU – 560017.

...PETITIONER

(BY SRI. BHARGAVA D BHAT, ADVOCATE)

AND:

M/S GTL INFRASTRUCTURE LIMITED
OFFICE AT NO.3 AND 5, CONNAUGHT ROAD,
OFF QUEEN ROAD, TASKER TOWN,
BENGALURU-560052.
REP BY ITS DIRECTOR.

...RESPONDENT

THIS WRIT PETITION IS FILED UNDER ARTICLE 227 OF THE CONSTITUTION OF INDIA, PRAYING TO SET ASIDE THE ORDER DATED 22.01.2025 IN COM. O.S. NO.936 OF 2024 PASSED BY THE LXXXV ADDITIONAL CITY CIVIL AND SESSIONS JUDGE, COMMERCIAL COURT, BENGALURU (CCH-86) (AS PER ANNEXURE-A) TO THE EXTENT THAT IT REFUSES THE REQUEST FOR REFUND OF COURT FEES AND ETC.





THIS WRIT PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE H.T. NARENDRA PRASAD

ORAL ORDER

1. In this writ petition, the petitioner-plaintiff is challenging the order dated 22.01.2025 passed by the LXXXV Addl. City Civil & Sessions Judge, Bengaluru (for short 'Trial Court'), in Com.O.S.No.936/2024, only to the extent of refusal of the request of the plaintiff for refund of court fees.

2. For the sake of convenience, the parties are referred to as per their ranking before the Trial Court in Original Suit.

3. The plaintiff filed a suit in Com.O.S.No.936/2024 before the Trial Court for eviction. On appearance, the defendant filed an application under Section 8 of the Arbitration and Conciliation Act, 1996 seeking the Court to refer the matter to Arbitration. The Trial Court by order



dated 22.01.2025 has allowed the application and referred the matter to Arbitration. However, the request of the plaintiff for refund of Court fee has been rejected. Being aggrieved by the order of the Trial Court refusing to refund the Court fee, the present writ petition is filed.

4. This Court in W.P.No.9801/2025 disposed of on 19.08.2025 while considering an identical issue, relying upon decisions of various High Courts and the Hon'ble Supreme Court has held that the reference of a dispute to arbitration is one of the modes of settlement contemplated under Section 89 of the Code of Civil Procedure. Consequently, a party would be entitled to refund of court fee upon such reference. The consistent judicial view, as noticed therein, is that once the matter is relegated to arbitration, the litigant ought not to be deprived of refund of the Court fee, as the very object of Section 89 CPC is to encourage alternative dispute resolution and reduce the



burden on courts. Relevant paragraphs of the order passed in W.P.No.9801/2025 is extracted hereinbelow.

"9. *The High Court of Madras in the case of **TIDEL PARK LIMITED v. ARKAY ENERGY (RAMESWARM) LIMITED**¹ considering the interplay between Section 16 of the Court Fees Act and Section 69A of the Tamil Nadu Court Fees Act, which is in parimateria with the Court Fees Act quoted hereinabove, has held as follows:*

"2 . Vide separate proceedings in the main Suit today (26.2.2018) and an order in Application No. 1101 of 2018 (Amendment Application), Plaintiff prayers contained in subparagraphs 'a' to 'c' have been given up in the light of a reference to Arbitration made in a Section 8-Application being Application No. 4804 of 2011 by an Order dated 17.1.2013 made by a learned Single Judge of this Court. I am informed that the Order of the learned Single Judge was carried in Appeal by way of an Intra-Court Appeal in O.S.A. No. 313 of 2013 and by an Order dated 8.2.2017, the aforesaid Appeal was dismissed confirming the Order of the learned Single Judge. In other words, there is a reference to Arbitration as far as Plaintiff prayers 'a', 'b' & 'c' are concerned. In such circumstances, refund of Court-fee paid on the Plaintiff with regard to subparagraphs 'a', 'b' & 'c' alone are sought for by the Plaintiff. In sum and substance, this is the prayer in this Application. In this regard, I deem it appropriate to extract the Memo of Valuation Paragraph in the Plaintiff, which is in Tabular Column form. The same reads as follows:

Sl. No.	Description of Claim	Amount(₹)	C.F. Paid(₹)
1	Prayer (a) & (b) being claim for Discount	₹4,85,32,773	₹4,88,853
2	Prayer (d) being	₹77,79,945	₹81,325

¹ MANU/TN/2457/2018



	<i>claim for guaranteed interest</i>		
3	<i>?5Prayer (f) being declaration by a Preliminary Decree</i>	<i>₹1000</i>	<i>₹75</i>
4	<i>Prayer (g) being claim for minimum value of shares</i>	<i>₹90,00,000</i>	<i>₹93,525</i>
	Total	₹6,53,13,718	₹6,63,778

3. To be precise, there is a prayer for refund of ' 4,85,32,773, being the Court-fee paid qua sub-paragraphs 'a' & 'b' of Prayer Paragraphs, which have now been deleted from the Plaint as the same are in seizin by an Arbitral Tribunal. To be noted, sub-paragraph 'c' of Plaint Prayer Paragraph pertains to future Interest and therefore, does not find place in the extracted tabulation supra.

4 . Mr. Anirudh Krishnan, learned Counsel appearing for the Defendants, while not opposing the request for refund, submitted that it is necessary to bring to the notice of this Commercial Division the obtaining position of law qua recent amendments to the Tamil Nadu Court Fees and Suits Valuation Act, 1955 (hereinafter referred to as 'Court Fees Act' for brevity).

5. Learned Counsel drew my attention to amended Section 69-A of the Court Fees Act, which reads as follows:

"69-A. Refund on Settlement of disputes under Section 69 of Code of Civil Procedure.- Where the Court refers the parties to the Suit to any of the modes of Settlement of dispute referred to in Section 89 of the Code of Civil Procedure, 1908 (Central Act V of 1908), the fee paid shall be refunded upon such reference. Such refund need not await for Settlement of the dispute."

6 . Mr. Anirudh Krishnan also points out that this Amendment to the Court Fees Act found its way into the Statute only on 1.3.2017. It is clear



from the narrative supra that the reference to the Arbitration was made by a learned Single Judge on 17.1.2013 and confirmed by a Division Bench on 8.2.2017, both of which are prior to the Amendment on 1.3.2017. In this view of the matter learned Counsel for Defendants brought to the notice of the Court that there may be some doubt as to whether the Plaintiff is entitled to refund of Court-fee as prayed for in this Application.

7. *For examination of this aspect of the matter in the light of the language of 69-A of Court Fees Act, it is necessary to extract Section 89 of the Code of Civil Procedure, 1908 ('C.P.C.' for brevity). Section 89, C.P.C. reads as follows:*

"89. Settlement of disputes outside the Court.- (1) Where it appears to the Court that there exist elements of a Settlement, which may be acceptable to the parties, the Court shall formulate the terms of Settlement and give them to the parties for their observations and after receiving the observation of the parties, the Court may reformulate the terms of a possible Settlement and refer the same for-

- (a) Arbitration;*
- (b) Conciliation*
- (c) Judicial Settlement including settlement through Lok Adalat; or*
- (d) Mediation.*

(2) Where a dispute had been referred-

- (a) for Arbitration or Conciliation, the provisions of the Arbitration and Conciliation Act, 1996 shall apply as if the proceedings for Arbitration or Conciliation were referred for Settlement under the provisions of that Act.*
- (b) to Lok Adalat, the Court shall refer the same to the Lok Adalat in accordance with the provisions of sub-section (1) of Section 20 of the Legal Services Authority Act, 1987 and all other provisions of that Act shall apply in*



respect of the dispute so referred to the Lok Adalat;

- (c) *for Judicial Settlement, the Court shall refer the same to a suitable institution or person and such institution or person shall be deemed to be a Lok Adalat and all the provisions of the Legal Services Authority Act, 1987 shall apply as if the dispute were referred to a Lok Adalat under the provisions of that Act;*
- (d) *for mediation, the Court shall effect a Compromise between the parties and shall follow such procedure as may be prescribed."*

8. A bare perusal of Section 89, C.P.C. reveals that 'Arbitration' is one of the modes of Settlement that has been contemplated in Section 89, C.P.C. In other words, if a Suit is referred to Arbitration, the Plaintiff will be entitled to refund of Court-fee under Section 89, C.P.C.

9. The only difficulty that the facts scenario in the instant lis presents is that reference to Arbitration was made prior to amendment to the Court Fees Act, particularly introduction of Section 69-A in Court Fees Act. In search for a answer to this situation, which this Application presents in the instant case, I perused Section 69-A of Court Fees Act as it stood prior to 1.3.2017. Section 69-A of Court Fees Act as it stood prior to 1.3.2017 is as follows:

"69-A. Refund on Settlement of disputes under Section 89 of Code of Civil Procedure.- (1) Where the Court refers the parties to the Suit to anyone of the modes of Settlement of dispute referred to in Section 89 of the Code of Civil Procedure, 1908 (Central Act V of 1908), the Plaintiff shall be entitled to a Certificate from the Court authorizing him to receive back the full amount of the fee paid in respect of



such plaint if the dispute referred by the Court is settled."

10. From the narration and reproduction of relevant provisions supra, it unfurls and emerges very clearly that a Plaintiff would certainly be entitled to refund of Court-fee when a matter is referred to Arbitration even prior to 1.3.2017, but the caveat or rider is, it should have culminated in a Settlement. In the light of the amendment Section 69- A of Court Fees Act now, a reference to Arbitration would suffice and it need not actually culminate in a Settlement. This is the obtaining position from 1.3.2017.

11. In the light of chronicled dates, which I have recorded, I now examine if the Plaintiff would be entitled to refund of Court-fee as sought for in this Application. In answer to this, the date on which the instant Application was filed becomes relevant. I see from the Suit file placed before me that the instant Application was filed on 11.1.2018, which is post 1.3.2017. In other words, on the date on which the instant application was filed, Section 69-A of the Court Fees Act, as amended, was operating. It follows that, on the date of filing of this Application, the Plaintiff was entitled to refund of Court-fee on a mere reference to Arbitration without waiting for the same to culminate in a Settlement. As alluded to supra, the Plaintiff was entitled to refund even prior to the amendment and I have already recorded that the Caveat/rider is that the Plaintiff had to wait for a Settlement. It does not have to do so now. In fact, in my reading whether it culminates in a Settlement or not is immaterial. Owing to all that I have set out supra, I have no hesitation in coming to the conclusion that the Plaintiff will be entitled to refund of Court-fee as sought for. In other words, prayer in this Application deserves to be acceded to and I do so.



This Application is allowed. Registry is directed to process refund of Court in accordance with law as expeditiously as possible and in any event complete the process within 30 days from the date of communication of this Order to the Registry.

(Emphasis supplied)

The High Court of Madras holds that arbitration is one of the modes of settlement provided under Section 89 of the CPC and if a suit is referred to arbitration, the plaintiff would be entitled to refund of Court fee under Section 89 of the CPC.

10. Likewise, the High Court of Delhi in the case of **R.V. SOLUTIONS (P) LIMITED v. AJAY KUMAR DIXIT**², has held as follows:

"17. At this stage, learned counsel for the plaintiff submits that as the matter has been referred to arbitration, this court may direct refund of the court fees under Section 89 of the CPC read with Section 16 of the Court Fees Act, 1870. It is ordered accordingly. The plaintiff shall be entitled to refund of the court fees."

(Emphasis supplied)

The Court directs refund of Court fee under Section 89 of the CPC r/w Section 16 of the Court Fees Act upon reference of the dispute to arbitration under Section 8 of the Act.

11. The High Court of Madras in the case of **MMTC LIMITED v. SHIV SAHAL & SONS**³ holds as follows:

"9. A brief and cursory narration of facts has been set out supra. As far as the trajectory of the litigation is concerned, Defendants 1 and 2 took out an application under Section 8 of the Arbitration and Conciliation Act, 1996

² 2019 SCC OnLine Del 6531

³ 2017 SCC OnLine Mad 11203



(hereinafter referred to as 'A and C Act' for brevity). This is Application No. 2830 of 2013 and the same, I am informed, was allowed by a learned single Judge of this Court on 30.06.2014. This was carried by way of an intra-court appeal, obviously by plaintiff, in O.S.A. No. 244 of 2014 and I am informed that the intra-court appeal came to be dismissed at the admission stage itself on 28.10.2014. Not satisfied, the plaintiff carried the matter to the Supreme Court. In the Supreme Court, i.e, C.A. No. 11148 of 2018, the matter ultimately came to be disposed of in and by an order dated 20.11.2017.

10. *The copy of the order of the Supreme Court is jointly placed before me by all the learned counsel. A perusal of the order shows that the parties have agreed for appointment of a sole arbitrator to constitute an Arbitral Tribunal, further agreeing that the seat shall be Chennai and the venue shall be at a place convenient to the Hon'ble Arbitrator. In the order of the Hon'ble Supreme Court, there is also a mention about refund of Court fees to the plaintiff. I am informed that Arbitral Tribunal, consists of sole arbitrator, (a Hon'ble retired Judge of the Supreme Court of India) and he has fixed the first hearing on 14.12.2017.*

11. *In the light of the narrative supra, this suit has to be disposed of in terms of the above said order of the Supreme Court in C.A. No. 11148 of 2017 dated 20.11.2017. Therefore, I deem it appropriate to extract the order of the Hon'ble Supreme Court, which reads as follows:*

"Heard learned counsel for the parties.

At the joint request of the learned counsel for the parties, we appoint Hon'ble Mr. Justice R.V. Raveendran, former Judge of this Court as Arbitrator to decide all disputes arising out of Memorandum of Agreement dated 2nd April, 2008 between the parties.



The parties agree that the plaint in the suit be treated as claim of the appellants and the claim petition filed by the respondents before the Arbitrator be treated as counter claim. The said documents will be furnished by the appellant to the learned Arbitrator within a period of two weeks from today. The venue of the arbitration can be at place convenient to the Arbitrator. However, the seat of the Arbitrator will be taken to be at Chennai. The arbitrator will be at liberty to take any expert assistance.

In view of section 16 of the Court Fees Act 1870, the appellant will be entitled to move the Collector for refund of the Court fee.

The above order will supersede the Arbitration Clause 11 in the Memorandum of Agreement dated 2nd April, 2008.

Parties are at liberty to communicate with the learned Arbitrator for further proceedings.

The appeal is, accordingly, disposed of."

12. To be noted, there is a direction for refund of Court fees as would be evident from the extract of the order of the Supreme Court of India, It is open to the parties to the lis to pursue the same in a manner known to law. No costs."

(Emphasis supplied)

In the case before the Madras High Court, the matter was referred to arbitration on consent of parties. Therefore, there was a direction to refund the Court fee.

12. Again, the Madras High Court in the case of GOLDEN FALCON INDUSTRIES LIMITED v. INDIA INFOLINE INSURANCE BROKERS⁴ has held as follows:

"7. In view of the fact that the parties have been relegated to the arbitration process and even issues have not been

⁴ CS(OS) 96/2021 decided on 13-10-2022



framed, the request made by Mr. Anand for refund of the Court fee is agreed to and the same shall be refunded in accordance with law.”

(Emphasis supplied)

The Court ordered refund of Court fee on account of reference to arbitration under Section 8 of the Act.

13. A Division Bench of this Court in the case of **A. SREERAMIAH v. THE SOUTH INDIAN BANK LIMITED**⁵ has held as follows:

2. *In the light of settlement of the matter, learned Counsel appearing for the appellant submitted that the appellant is entitled for the refund of full court fees. He referred to Section 16 of the Court Fees Act, 1870 (Central Act) and submitted that any settlement arrived at, in terms of Section 89 of the Code of Civil Procedure 1908, party is entitled for refund of full court fees under Section 16 of the Court Fees Act 1870.*

3. *It is in this regard, we heard the learned Government Advocate and the Counsel appearing for the appellant and other Counsel appearing in the similar cases.*

4. *Section 89 was inserted by the Code of Civil Procedure (Amendment) Act 1999 inter alia providing for settlement of dispute outside the Court. This provision was inserted based on the acceptance of Justice Malimath Committee report, wherein the said Committee had emphasized for providing a legal sanction to such machinery for resolution of disputes and resort thereto in order to reduce and control the inflow of commercial transaction in regular civil courts. Justice Malimath Committee was also of the view that, the resolution of dispute be made obligatory on the part of the court, to resolve for settlement of the disputes and the Committee agreeing with the Law Commission*

⁵ 2006 SCC OnLine Kar.563



recommended to provide for settlement of disputes outside the court at any stage of the proceedings by means of judicial settlement, arbitration, conciliation, mediation or through Lok Adalat and it is only after the party fails to get the dispute settled through any one of the alternative dispute resolution method, the suit shall proceed further in the court in which it was filed. The object, for making it obligatory on the part of the Court to refer the matter to the alternate dispute resolution methods, is to provide early disposal of the disputes, avoiding long waiting for justice for years and further avoiding judicial wrangles and multiplicity of appeals/revisions and also to reduce the burden on the judiciary of huge areas of cases pending at different levels of courts. The result of this recommendation, Section 89 was inserted in the Code of Civil Procedure.

5. *In consonance with the provisions of Section 89 of CPC, the Parliament brought an amendment to the provisions of Court Fees Act 1870 by inserting Section 16, which reads as under:*

"Refund of Court Fee - *Where the Court refers the parties to the suit to any of the mode of settlement of dispute referred to in Section 89 of the Code of Civil Procedure, 1908, the plaintiff shall be entitled to a certificate from the Court authorising him to receive back from the collector, the full amount of the fee paid in respect of such plaint."*

The object behind insertion of Section 16 to the Central Court Fees Act was to encourage the litigant to adopt the alternate dispute resolution method for early disposal of the dispute.

6. *It is in this context, in matter referred to any of the methods specified under Section 89 of the CPC and if the dispute is resolved, the party is entitled for refund of full court fees as contemplated under Section 16 of the Court Fees Act. It is in this regard, the appellants Counsel had*



submitted that this dispute having been settled at the intervention of the Court by way of judicial settlement, party is entitled for refund of full court fees. He also submitted that in case of settlement arrived at Lok Adalat, Section 21 also provides for refund of full court fees in terms of section 16 of the Court Fees Act and it is also submitted by the learned Counsel for the appellant that in all the settlements arrived before the Lok Adalat, full court fees has been refunded.

7. Considering the object behind the Amendment Act 1999 inserting Section 89 of CPC and also the insertion of Section 16, it is clear, that the object of providing of refund of full court fees, is to encourage the settlement of the disputes in terms of Section 89 of CPC. In this case, the parties agreed for settlement in terms suggested by the Court and accordingly, they have settled their dispute outside the court. The judicial settlement is also one of the alternative method of settlement of the disputes. As such, in our considered view, in any settlement arrived in terms of Section 89 of CPC including the judicial settlements at the intervention and on term suggested by the Court, the appellant is entitled for refund of full court fees, as otherwise, it would be meaningless if the provisions of Section 16 are not applied for settlement of dispute by the parties under Section 89. Section 89 does provide for settlement of dispute at any stage of the proceeding, whether it is by way of method referred to therein or by judicial settlement as contemplated under Section 89 sub-section (1). As such, we are of the opinion that if the parties come forward to settle their dispute before the court itself, they should not be denied of refund of full court fees on the ground that they have not settled the dispute before any of the four methods provided under Section 89 of CPC. The object behind Section 89 is to encourage the parties to arrive at settlement and if that object is



sought to be achieved by means of referring the matter to any of the four methods mentioned in Section 89, then even the settlement arrived at the earliest stage before the Court would also be one of the method provided under Section 89 sub-section (1). Hence, we feel it as just and appropriate to order for full refund of court fees in the case of parties settling their dispute before the Court as well as before any of the Forum mentioned under Section 89 of the CPC. No party should be discriminated in the matter of refund of court fees mainly on the ground that they have settled the dispute at the earliest stage before the Court without recourse to any of the methods mentioned under Section 89 of the CPC. Hence, appellant is entitled for refund of full court fees.

Accordingly, the appeal stands disposed of."

(Emphasis supplied)

14. The High Court of Himachal Pradesh in the case of **HIMALAYAN SKI VILLAGE PRIVATE LIMITED COMPANY v. KAKA & ASSOCIATES⁶** has held as follows:

"Civil Suit No.4072 of 2013

In view of the order passed in OMP No. 296 of 2014, the suit is not maintainable and the plaint is ordered to be returned to the plaintiff. It is, however, made clear that the plaintiff shall be entitled to the refund of Court fee in accordance with law. The parties to bear their own costs. Decree sheet be drawn accordingly."

The High Court holds that when the matter is referred to arbitration, the Court fee must be refunded. The case

⁶ OMP 296 of 2024 in C.A.No.4072 of 2013 decided on 06-07-2017



before the High Court was allowing of an application under Section 8 of the Act for reference to arbitration.

15. The Apex Court interpreting Section 89 of the CPC and Tamil Nadu Court Fees and Suits Valuation Act, 1955 and its interplay, in the case of **HIGH COURT OF MADRAS V. M.C.SUBRAMANIAM**⁷ holds that if the parties are agreeing to settle the dispute outside Court, refund of Court fee must ensue. The Apex Court has held as follows:

"7. In addressing the question of whether the refund of court fee was permissible under the relevant rules, the High Court considered Section 69-A of the Tamil Nadu Court Fees and Suit Valuation Act, 1955 (hereinafter "the 1955 Act"), which reads as follows:

"69-A. Refund on settlement of disputes under Section 89 of Code of Civil Procedure.—Where the Court refers the parties to the suit to any of the modes of settlement of dispute referred to in Section 89 of the Code of Civil Procedure, 1908 (Central Act V of 1908), the fee paid shall be refunded upon such reference. Such refund need not await for settlement of the dispute."

(emphasis supplied)

8. *Considering the appeal suits to be continuation of the original suits, and therefore falling within the ambit of "suits" as provided in Section 69-A, the Court went on to take notice of Section 89 CPC which reads as follows:*

"89. Settlement of disputes outside the Court.—(1) *Where it appears to the court that there exist elements of a settlement which may be acceptable to the parties, the Court shall formulate the terms of settlement and give them to the parties for their observations and after*

⁷ (2021)3 SCC 560



receiving the observations of the parties, the court may reformulate the terms of a possible settlement and refer the same for—

(a) arbitration;

(b) conciliation;

(c) judicial settlement including settlement through Lok Adalat : or

(d) mediation.

(2) Were a dispute has been referred—

(a) for arbitration or conciliation, the provisions of the Arbitration and Conciliation Act, 1996 (26 of 1996) shall apply as if the proceedings for arbitration or conciliation were referred for settlement under the provisions of that Act;

(b) to Lok Adalat, the Court shall refer the same to the Lok Adalat in accordance with the provisions of sub-section (1) of Section 20 of the Legal Services Authority Act, 1987 (39 of 1987) and all other provisions of that Act shall apply in respect of the dispute so referred to the Lok Adalat;

(c) for judicial settlement, the Court shall refer the same to a suitable institution or person and such institution or person shall be deemed to be a Lok Adalat and all the provisions of the Legal Services Authority Act, 1987 (39 of 1987) shall apply as if the dispute were referred to a Lok Adalat under the provisions of that Act;

(d) for mediation, the Court shall effect a compromise between the parties and shall follow such procedure as may be prescribed.”

9. After giving due consideration to the above provisions, the High Court held that, given their beneficial intent, they must be interpreted liberally, in a manner that would serve their object and purpose. Construing them narrowly would lead to a situation



HC-KAR

wherein parties who settle their dispute through a mediation centre or other centres of alternative judicial settlement under Section 89 CPC would be entitled to claim refund of their court fee, whilst parties who settle the disputes privately by themselves will be left without any means to seek a refund. Accordingly, the High Court opined that such differential treatment between two similarly situated persons, would constitute a violation of Article 14 of the Constitution. Therefore, in the High Court's view, a constitutional interpretation of Section 89 CPC, and resultantly Section 69-A of the 1955 Act, would require that these provisions cover all methods of out-of-court dispute settlement between parties that the court subsequently finds to have been legally arrived at.

....

12. Having heard the petitioner and thoroughly considered the arguments advanced, we find ourselves unimpressed by the petitioner's contentions, for reasons outlined below.

13. The provisions of Section 89 CPC must be understood in the backdrop of the longstanding proliferation of litigation in the civil courts, which has placed undue burden on the judicial system, forcing speedy justice to become a casualty. As the Law Commission has observed in its 238th Report on Amendment of Section 89 of the Code of Civil Procedure, 1908 and Allied Provisions, Section 89 has now made it incumbent on civil courts to strive towards diverting civil disputes towards alternative dispute resolution processes, and encourage their settlement outside of court (Para 2.3). These observations make the object and purpose of Section 89 crystal clear – to facilitate private settlements, and enable lightening of the overcrowded docket of the Indian judiciary. This purpose, being sacrosanct and imperative



for the effecting of timely justice in Indian courts, also informs Section 69-A of the 1955 Act, which further encourages settlements by providing for refund of court fee. This overarching and beneficent object and purpose of the two provisions must, therefore, inform this Court's interpretation thereof.

....

17. In light of these established principles of statutory interpretation, we shall now proceed to advert to the specific provisions that are the subject of the present controversy. The narrow interpretation of Section 89 CPC and Section 69-A of the 1955 Act sought to be imposed by the petitioner would lead to an outcome wherein the parties who are referred to a mediation centre or other centres by the Court will be entitled to a full refund of their court fee; whilst the parties who similarly save the Court's time and resources by privately settling their dispute themselves will be deprived of the same benefit, simply because they did not require the Court's interference to seek a settlement. Such an interpretation, in our opinion, clearly leads to an absurd and unjust outcome, where two classes of parties who are equally facilitating the object and purpose of the aforesaid provisions are treated differentially, with one class being deprived of the benefit of Section 69-A of the 1955 Act. A literal or technical interpretation, in this background, would only lead to injustice and render the purpose of the provisions nugatory – and thus, needs to be departed from, in favour of a purposive interpretation of the provisions.

18. It is pertinent to note that the view taken by the High Court in the impugned judgment [M.C. Subramaniam v. Sakthi Finance Ltd. Civil Misc. Petition No. 26742 of 2019, decided on 8-1-2020 (Mad)] has been affirmed by the High Courts in other States as well. Reference



may be had to the decision of the Karnataka High Court in Kamamma v. Honnali Taluk Agricultural Produce Coop. Mktg. Society Ltd. [Kamamma v. Honnali Taluk Agricultural Produce Coop. Mktg. Society Ltd., 2009 SCC OnLine Kar 744 : (2010) 1 AIR Kant R 279] , wherein it was held as follows : (SCC OnLine Kar para 6)

"6. Whether the parties to a suit or appeal or any other proceeding get their dispute settled amicably through arbitration, or meditation or conciliation in the Lok Adalat, by invoking provisions of Section 89 CPC or they get the same settled between themselves without the intervention of any Arbitrator/Mediator/Conciliators in Lok Adalat, etc., and without invoking the provision of Section 89 CPC, the fact remains that they get their dispute settled without the intervention of the Court. If they get their dispute settled by invoking Section 89 CPC, in that event the State may have to incur some expenditure but, if they get their dispute settled between themselves without the intervention of the Court or anyone else, such as arbitrator/mediator, etc., the State would not be incurring any expenditure. This being so, I am of the considered opinion that whether the parties to a litigation get their dispute settled by invoking Section 89 CPC or they get the same settled between themselves without invoking Section 89 CPC, the party paying court fees in respect thereof should be entitled to the refund of full court fees as provided under Section 16 of the Court Fees Act, 1870."

(emphasis supplied)

19. Section 16 of the Court Fees Act, 1870 is in pari materia with Section 69-A of the 1955 Act, and hence the abovestated principles are equally applicable to the present case.

....



22. The view taken in both Kamalamma [Kamalamma v. Honnali Taluk Agricultural Produce Coop. Mktg. Society Ltd., 2009 SCC OnLine Kar 744 : (2010) 1 AIR Kant R 279] and J.K. Forgings [J.K. Forgings v. Essar Construction (India) Ltd., 2009 SCC OnLine Del 3134 : (2009) 113 DRJ 612] has been subsequently relied upon by the Delhi High Court in Inderjeet Kaur Raina v. Harvinder Kaur Anand [Inderjeet Kaur Raina v. Harvinder Kaur Anand, 2018 SCC OnLine Del 6557] .

23. We find ourselves in agreement with the approach taken by the High Courts in the decisions stated supra. The purpose of Section 69-A is to reward parties who have chosen to withdraw their litigations in favour of more conciliatory dispute settlement mechanisms, thus saving the time and resources of the Court, by enabling them to claim refund of the court fees deposited by them. Such refund of court fee, though it may not be connected to the substance of the dispute between the parties, is certainly an ancillary economic incentive for pushing them towards exploring alternative methods of dispute settlement. As the Karnataka High Court has rightly observed in Kamalamma [Kamalamma v. Honnali Taluk Agricultural Produce Coop. Mktg. Society Ltd., 2009 SCC OnLine Kar 744 : (2010) 1 AIR Kant R 279] , the parties who have agreed to settle their disputes without requiring judicial intervention under Section 89 CPC are even more deserving of this benefit. This is because by choosing to resolve their claims themselves, they have saved the State of the logistical hassle of arranging for a third-party institution to settle the dispute. Though arbitration and mediation are certainly salutary dispute resolution mechanisms, we also find that the importance of private amicable negotiation between the parties cannot be understated. In our view, there is no justifiable reason why Section 69-A should



only incentivise the methods of out-of-court settlement stated in Section 89 CPC and afford step-brotherly treatment to other methods availed of by the parties.

24. Admittedly, there may be situations wherein the parties have after the course of a long-drawn trial, or multiple frivolous litigations, approached the Court seeking refund of court fees in the guise of having settled their disputes. In such cases, the Court may, having regard to the previous conduct of the parties and the principles of equity, refuse to grant relief under the relevant rules pertaining to court fees. However, we do not find the present case as being of such nature.”

(Emphasis supplied)

The Apex Court affirmed the finding in the case of **KAMALAMMA**. The judgment in the case of **KAMALAMMA v. HONNALI TALUK AGRICULTURAL PRODUCE CO-OPERATIVE MARKETING SOCIETY LIMITED**⁸ is rendered by a coordinate Bench of this Court, wherein the coordinate Bench had held that where parties to a suit or appeal or any other proceeding get their dispute settled amicably through arbitration, mediation or conciliation by invoking the provisions of Section 89 of the CPC or even before the Arbitrator, it would be that the dispute is settled without the intervention of the Court. The judgment in **KAMALAMMA** is subsequently followed by different High Courts which are noted by the Apex Court in the afore-quoted judgment.

16. In the light of the judgments quoted supra, the parties to the lis have on consensus sought reference of the matter to the Arbitrator. The Commercial O.S is withdrawn on that score. The claim for refund of Court Fee is rejected by the following order:

“Both parties absent.

⁸ 2009 SCC OnLine Kar 744



Counsel for plaintiff filed application U/O XXIII Rule 1(3) of CPC and prays to permit the plaintiff to withdraw the present suit with liberty to approach the arbitrator so as to resolve their disputes.

Counsel for defendant No.1 present and submits no objections.

Other defendants absent.

Heard.

To meet ends of justice the application filed by the plaintiff U/O XXIII Rule1(3) of CPC is hereby allowed.

The plaintiff is permitted to withdraw this suit keeping liberty to approach the arbitrator.

The plaintiff counsel also filed I.A U/Sec. 151 of CPC to direct the Registry to refund Court fees.

However, in my opinion in this case both parties have not amicably settled their dispute. Therefore, the plaintiff is not entitled for refund of the Court fees.

Accordingly, application seeking refund of Court fee stands rejected.

The suit filed by the plaintiff stands dismissed as withdrawn.

The plaintiff is at liberty to approach the arbitrator as per the procedure known to law.

Sd/-

03.09.2024

LXXXIX ACC & SJ, Bengaluru.

(03.09.2024),(CCH-90)"

If the order so passed is considered on the bedrock of the principles laid down by the Apex Court, what would



unmistakably emerge is, entitlement of the petitioner for refund of Court fee.

17. Before parting with the order, I deem it appropriate to notice that, Section 66 of the Act retains the words "and the dispute is settled". The refund though by an amendment is now at 100%, but is conditional on the dispute being settled. If Section 16 of the Court Fee Act and Section 89 of the CPC are noticed, it would become necessary for the State Government to consider the deletion of the words "and the dispute is settled", when the matter is referred to mediation, arbitration or any modes of closure as found in Section 89 of the CPC.

18. For the aforesaid reasons, the following:

ORDER

- (i) Writ Petition is allowed.*
- (ii) Order dated 03-09-2024 passed by the LXXXIX Additional City Civil and Sessions Judge, Commercial Court, Bengaluru in Commercial O.S.No.150 of 2024 stands quashed.*
- (iii) The Concerned Court is directed to refund the Court Fee paid by the plaintiff while instituting the suit, to the plaintiff, without brooking any further delay.*
- (iv) The Registry is directed to transmit the copy of this order to the office of the Advocate General, to transmit it further to the Secretary of the concerned department, for considering the observations and recommendations so made."*



5. In view of the above, this Court is of the opinion that once the dispute is referred to arbitration under Section 8 of the Arbitration and Conciliation Act, the civil court no longer deals with the matter and the parties have to resolve their dispute before the arbitrator. Arbitration is one of the methods of settlement recognized under Section 89 of the CPC. The purpose of granting refund of the Court fee is to encourage parties to choose such alternative methods of dispute resolution and reduce the burden on courts. Therefore, the Trial Court was not justified in rejecting the request of the plaintiff for refund of the Court fee. The refund should be granted once the matter is referred to arbitration, irrespective of the final outcome.

6. In that view of the matter, the following order is passed:

ORDER

- a) The writ petition is allowed.



- b) The impugned order dated 22.01.2025 passed by the LXXXV Addl. City Civil & Sessions Judge, Bengaluru, in Com.O.S.No.936/2024, only to the extent of refusal of the request of the plaintiff for refund of court fee, is hereby set aside.
- c) The concerned court is directed to refund the court fee to the petitioner-plaintiff, after due verification.

Sd/-
(H.T. NARENDRA PRASAD)
JUDGE

DM
List No.: 1 Sl No.: 38