

Sarat Chandra Chakravarti Vs Tarak Chandra Chatterjee

Court: Calcutta High Court

Date of Decision: April 8, 1924

Citation: (1924) ILR (Cal) 916

Hon'ble Judges: Newbould, J; B.B. Ghose, J

Bench: Division Bench

Judgement

Newbould and Ghose, JJ.

This appeal arises out of a suit brought by four persons as plaintiffs against defendants Nos. 1 to 5, who are

stated to be acting as directors of the Company which was joined as defendant No. 6 on the ground that one of the plaintiffs has been prevented

from acting as director. The facts shortly stated are that at a meeting of the shareholders of the Company, which was held on the 32nd Ashar

1329, the plaintiff No. 2 and defendants Nos 1, 2 and 3 were elected directors. The meeting was subsequently adjourned and the adjourned

meeting was held on the 7th Sravan following. On that date on account of certain proceedings; which we need not state in detail, the election of the

directors held on the previous date was reconsidered and a new election took place the result of which was that defendants Nos. 1, 2, 3 and 4

were elected directors and plaintiff No. 2 was not elected. There was also some other alteration as regards the election of the Assistant Managing

Director. Several issues were framed, but the suit was dismissed by the Munsif on the first issue, that is, on the ground that the Court had no

jurisdiction to try the suit. The plaintiffs appealed against that decree and the learned Judge on appeal held that the Court had jurisdiction to

entertain the suit and remanded the case to the first Court for the trial of certain issues.

2. The defendants Nos. 2 and 3 have appealed to this Court and on their behalf the contention has been made that the Civil Court has no

jurisdiction to entertain such a suit as this. It was also argued that having regard to the facts stated in the judgment of the Court of appeal below the

Court ought not to interfere in this matter.

3. With regard to the second question we have only to observe that the learned Judge in the lower Appellate Court took the matter into his

consideration as a question distinct from one of jurisdiction and as we understand his judgment he has left the question open for decision by the trial

Court, that is to say, whether having regard to the circumstances of the case the Court will in the exercise of its proper discretion grant the relief

claimed by the plaintiffs. That discretion is a judicial discretion to be exercised by the Court in consideration of all the circumstances of the case

and it is liable to be reviewed on appeal by the Appellate Court. That matter is not properly before us now and we need not express any opinion

on the question. The only question that is properly before us is whether the Civil Court has jurisdiction to entertain the suit. It is contended on

behalf of the appellants that although there is no direct provision in the law that the Civil Court has no jurisdiction to entertain such a suit it is a

matter of internal management of a company with which the Court has no jurisdiction to interfere, and he cites in support of his contention the case

of *Mozley v. Alston* (1847) 1 P 790; 65 R.R. 520 and certain other cases following that case. In that case however there were various reasons on

which the Lord Chancellor sustained the demurrer of the defendant Company and we need not go into the reasons of the judgment in detail. The

concluding remarks in the judgment show that the Court did not exercise its equitable jurisdiction on a consideration of the facts of the case. As a

matter of fact an injunction may be granted on the application of a director restraining the plaintiff's co-directors from wrongfully excluding him

from acting as a director and we think that there is nothing which can be urged as excluding the jurisdiction of the Court from entertaining the suit.

As we have said, this question of jurisdiction is quite different from the question whether the Court will exercise its discretionary jurisdiction having

regard to the circumstances of a particular case.

4. We hold that the Court has jurisdiction to entertain the suit as framed and the appeal must be dismissed with costs.

5. Let the record be sent down without delay.