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# The Insight

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## INSIGHT HIGHLIGHTS

### **Invalidity of Property Ownership Claims via Titleless Person's Sale Deed**

The Supreme Court ruled that property ownership cannot be claimed through a sale deed executed by a titleless person

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### **Unregistered Lease Deed and 'Collateral' Purpose**

Supreme Court ruled that an unregistered lease deed cannot determine the property's possession nature. Such documents can only be used for collateral purposes, not their primary intent. Therefore, the Tenant could not contest the eviction notice based on the unregistered deed, and the appeal was dismissed.

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# Foreword

Dear Readers,

Greetings from RGC Lawyers,

As we embark on this new edition of our newsletter, we're reminded of the ever-evolving landscape of real estate, corporate and commercial law. These sectors are not merely industries; they are the lifeblood of economic progress, driving innovation, and shaping our communities.

In these pages, we endeavor to unravel the intricacies, offering you a window into the latest trends, critical legal updates, and strategic insights. Whether you're a seasoned professional navigating complex transactions or an entrepreneur charting new territory, we believe the knowledge shared here will be your guiding light.

Our team at RGC Lawyers has poured their expertise and dedication into curating content that's not only informative but also practical in its application. We hope this newsletter serves as a valuable companion in your professional journey.

Thank you for entrusting us with your legal pursuits. Here's to staying ahead, together.

Warm Regards,

Rajesh Goel  
*Managing Partner*

# SUPREME COURT ON REAL ESTATE



## Invalidity of Property Ownership Claims via Titleless Person's Sale Deed

In the case of ***Savitri Bai and another v. Savitri Bai*** [Civil Appeal No. 9035 of 2013] the Supreme Court of India emphasized the necessity of adhering to Section 63 of the Indian Succession Act, 1925, regarding the validity of "Wills". It also ruled that the participation of an individual without a valid title in a sale deed does not grant ownership rights to the purchaser (the plaintiff in this instance).

The plaintiff filed a civil suit seeking (i) ownership and possession of the disputed property, and (ii) a declaration that the "Will" dated March 23, 1977, executed in favor of Defendant No. 2, was invalid. This "Will" was made by the late Babulal, bequeathing the property to his grandson, Defendant No. 2. Defendant No. 1 (the mother of Defendant No. 2) executed several sale deeds in favor of the plaintiff, including one for the property mentioned in the "Will". The civil suit was initially dismissed by the Civil Judge in Mudwara Katni and this decision was upheld by the Additional District Judge. However, the High Court of Madhya Pradesh ruled in favor of the plaintiff, declaring them the owner of the property via the sale deed dated January 18, 1979, and nullifying the "Will" in favor of Defendant No. 2.

Upon appeal, the Supreme Court overturned the High Court's decision, asserting that a transferee cannot claim ownership if the sale deed was executed by someone who lacked rightful ownership. Defendant No. 1, who had participated in executing the sale deeds, explained that she was uneducated and had been told her signatures were necessary as Babulal's daughter.

The Supreme Court concluded that Defendant No. 1 did not have conscious knowledge regarding the sale deed for the disputed property. She believed she was signing documents related to her family's share of the properties as a precaution. The Court criticized the High Court for not properly evaluating the evidence proving the "Will". According to Section 68 of the Evidence Act, 1872, and Section 63 of the Indian Succession Act, 1925, once these requirements are met, the "Will" is considered valid. As such, the sale deed executed by Defendant No. 1 for the disputed property was deemed insignificant. The property, according to the "Will", was bequeathed to Defendant No. 2, who neither participated in the sale deed nor had his mother sign on his behalf.

The appeal was thus upheld, confirming that Defendant No. 2 held the title to the property under the "Will", and the plaintiff could not claim ownership based on the sale deed dated January 18, 1979, since Defendant No. 2 was not involved in the transaction.

## **Supreme Court: Evidentiary Value of Unregistered Lease Deeds and 'Collateral' Purpose**

In the case of Paul Rubber Industries Private Limited v. Amit Chand Mitra and Another, the Supreme Court of India examined the evidentiary value of an unregistered lease deed and clarified what constitutes a 'collateral' purpose. The dispute arose over a property in Kolkata leased by Sabita Mitra (Owner) to Paul Rubber Industries Private Limited (Tenant) for a term of five years, extendable by mutual agreement. The lease was intended for manufacturing purposes but was not registered with the jurisdictional Sub-Registrar as required by the Registration Act, 1908.

After the lease term expired, the Owner requested the Tenant to vacate the property due to their refusal to pay increased rent and the Owner's need for the property for personal use. The Tenant refused to vacate, claiming they did not receive a valid notice. The Owner subsequently filed a suit seeking possession and mesne profits, which was upheld by both the Trial Court and the High Court. The Tenant then appealed to the Supreme Court.

The Tenant argued that since the Lease Deed was for manufacturing purposes, it should be governed by Section 106 of the Transfer of Property Act, 1882, requiring a six-month notice for eviction. However, the Supreme Court noted that the Lease Deed, having a term of five years, was mandatorily registrable but remained unregistered. As such, it could not be admitted as evidence to establish the nature and character of the possession, which is integral to the unregistered Lease Deed.

Reiterating the provisions of Section 49 of the Registration Act, 1908, the Court stated that unregistered documents requiring mandatory registration can only be used as evidence for any 'collateral' purpose. In this context, a 'collateral' transaction or purpose refers to any purpose other than the primary one for which the unregistered document was executed. Since the purpose of leasing the property for manufacturing was central to the agreement, it could not be determined using the unregistered Lease Deed. Consequently, the Tenant could not invoke Section 106 to challenge the notice and was required to vacate the property within 15 days.

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