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ALL BENGAL EXCISE LICENSEES ASSOCIATION

v.

RAGHABENDRA SINGH AND ORS.

MARCH 9, 2007

B

[DR. AR. LAKSHMANAN AND ALTAMAS KABIR, JJ.]

*Contempt of Court Act, 1971: Section 2.*

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*Contempt of court—Deliberate and willful—Unqualified apology—Liquor license—Grant of—A Single Judge of the High Court passed an interim order to the effect that the Govt. officials would be at liberty to process the applications in respect of grant of licenses for excise shops but no final selection in respect of such shops shall be made without obtaining specific leave of the Court—The High Court made it clear that the Govt.*

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*officials would not hold any lottery for the purpose of final selection of the excise shops in question without obtaining further orders from the High Court—The said interim order was passed after hearing and in the presence of the advocate for the Govt. officials and was still continuing—The said order was communicated by the appellant's advocate vide his letter enclosing therewith the Xerox copies of the signed copies of the said dictated order—*

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*In spite of the full knowledge about the said orders, the Govt. officials caused an advertisement published in the newspapers for holding lottery for final selection of excise shops—Pursuant to the said advertisement, a lottery had been held for the purpose of final selection of the excise shops—The High Court dismissed the contempt petition filed against the Govt. officials—*

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*Correctness of—Held: The Single Judge for the purpose of upholding the majesty of law and the sanctity of the solemn order of the court of law should have set aside the lottery and should not have allowed the Govt. officials to gain a wrongful advantage thereby—A party to the litigation cannot be allowed to take an unfair advantage by committing breach of an interim order and escape the consequences thereof by pleading misunderstanding and thereafter retain the said advantage gained in breach of the order of the Court—The act of the Govt. officials is not only willful but also deliberate and contumacious—Hence, the Govt. officials are guilty of contempt of Court*

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*and their conduct is censured.*

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The appellant was an Association of Excise Licensees including the country spirit shop owners. A Single Judge of the High Court passed an interim order to the effect that the respondent-authorities would be at liberty to process the applications in respect of grant of licenses for excise shops but no final selection in respect of such shops shall be made without obtaining specific leave of the Court. The High Court made it clear that the respondent-authorities would not hold any lottery for the purpose of final selection of the excise shops in question without obtaining further orders from the High Court. The said interim order was passed after hearing and in the presence of the advocate for the respondents and was still continuing.

The said order was communicated by the appellant's advocate vide his letter enclosing therewith the Xerox copies of the signed copies of the said dictated order. In spite of the full knowledge about the said orders, the respondents caused an advertisement published in the newspapers for holding lottery for final selection of excise shops.

Pursuant to the said advertisement, a lottery had been held for the purpose of final selection of the excise shops. The appellant filed a contempt petition against the respondents before the High Court on the ground that the respondents had deliberately and willfully violated the orders passed by the High Court and were thus guilty of the contempt of Court. The High Court dismissed the contempt petition. Hence the appeal.

Allowing the appeal, the Court

**HELD:** 1. It is not in dispute that an injunction order was passed and on subsequent extension is still subsisting. Respondents Nos. 1-4 admittedly are highly qualified and highly placed government officials. Admittedly, by the advocate's letter, it was pointed out to them that the injunction order and its subsequent extensions are still subsisting. They have also acknowledged the receipt of the said communication. Under such circumstances, the High Court is not justified in holding that the highly qualified and well placed government officials did not understand the implication and/or consequence of the prohibitory order in an independent proceeding and by sheer misconception thought that there is no bar to issue excise licenses as was held by the Single Judge in the impugned order. This Court can only say it is rather unfortunate that such officers who are not capable of or not able to understand the implication of the prohibitory orders passed by the High Court should be allowed to hold such high offices. During the course of the hearing of the contempt application, the matter was adjourned by the High Court to enable

A the respondents to consider whether the contemnors were prepared to cancel the lottery held in violation of the Court's orders and on such adjourned date, the contemnors did not agree to cancel the lottery. Under such circumstances, the plea of mistake of understanding the order cannot at all be accepted. Likewise, the High Court also was not justified in not directing the contemnors to cancel the lottery held in violation of the solemn orders passed by the very same judge and in view of the clear finding of the Court that they had acted in clear violation of the said interim order made by the High Court.

[Para 23] [831-B, C, D, E, F]

2. Even assuming that there was any scope for bona fide misunderstanding on the part of the respondents, once it was found that the respondents had disobeyed the specific order passed earlier by the Court, the High Court should have directed the contemnors to undo the wrong committed by them which was done in clear breach of the order of the Court by restoring the status quo ante by canceling the lottery wrongfully held by them. The Single Judge found that the respondents-contemnors had held the lottery in violation of the Court's order and the results of the said lottery should not be permitted to take effect and should be treated as unlawful and invalid for the purpose of grant of license. The Single Judge for the purpose of upholding the majesty of law and the sanctity of the solemn order of the court of law which cannot be violated by the executive authority either deliberately or unwittingly should have set aside the lottery and should not have allowed the respondents to gain a wrongful advantage thereby. [Para 24] [831-G, H]

3. A party to the litigation cannot be allowed to take an unfair advantage by committing breach of an interim order and escape the consequences thereof. By pleading misunderstanding and thereafter retaining the said advantage gained in breach of the order of the Court and the wrong perpetrated by the respondents-contemnors in contumacious disregard of the order of the High Court should not be permitted to hold good. The impugned order passed by the High Court is not sustainable in law and should not be allowed to operate as a precedent and the wrong perpetrated by the respondents-contemnors in utter disregard of the order of the High Court should not be permitted to hold good. The High Court has committed a grievous error of law in holding that failure to understand the implication and consequences of the order passed by the High Court by highly placed government officers cannot be construed as an act of contempt. The High Court has failed to understand that the highly educated and highly placed government officials have competent legal advisors and it was not open to them to allege and contend that the respondents-contemnors did not understand the implication of the order. Such officers are

required to be dealt with effectively to uphold the dignity of the High Court and the efficiency of the system itself. The High Court committed a grave error of law by not taking into consideration the most important fact that in the course of the hearing of the contempt application the matter was adjourned in order to enable the contemnor to consider whether they were prepared to cancel the lottery and, on the adjourned date, the respondents did not agree to cancel the lottery. In such view of the matter, the significant stand being the plea of mistake of understanding cannot prevail. The High Court in that view of the matter committed a grave miscarriage of justice by not taking into consideration another most important fact that if actually the lottery was held by mistake or by misunderstanding of the orders, then the respondents would have immediately rectified it and would have cancelled the lottery but in the instant case, instead of canceling the lottery, the respondents have justified their conduct from which the determined declination of obeying the order is clearly proved. In other words, if there was a doubt about the implication of the order of the Court, the respondents should have approached the Court and should have clarified their alleged confusion. But in the instant case, the respondents have not only violated the order but when the contempt application was moved and opportunity was given by the Court to cancel the lottery they refused to cancel the said lottery from which it is proved that they deliberately held the lottery in clear violation of the order passed by the High Court having regard to the admissions made on behalf of the contemnors that there is violation of the order and also having regard to the Single Judge's own finding that "*there is no doubt that the alleged contemnor disobeyed the specific directions passed earlier by this Bench*". The High Court should have directed the contemnor to cancel the lottery. The High Court also failed to consider the effect of the appellant's advocate's letter whereby it was clearly pointed out about the subsistence of the order and its subsequent extension. By the said letter, the appellant's advocate categorically pointed out further that in spite of the above if the lottery is held or further action is taken for issue of excise license, the appellant shall be compelled to take legal action.

[Para 25] [832-B, C, D, E, F, G, H; 833-A, B, C]

4. The respondent Nos. 1-4 had deliberately and with *mala fide* motive have committed contempt of the High Court in conducting the lottery quite contrary to the order of injunction passed by the High Court and its subsequent extensions. When the auction was held, the order passed by the High Court remains operative at the relevant time. The High Court has miserably failed in not issuing direction to the contemnors to cancel the lottery held in violation of the solemn order passed by the High Court. In view of the clear finding of

**A** the Court that the respondent had acted in clear violation of the order made by the High Court, it is settled law that a party to the litigation cannot be allowed to take an unfair advantage by committing breach of an interim order and escape the consequences thereof by pleading misunderstanding and thereafter retain the said advantage gained in breach of the order of the Court.

**B** Such violations should be put an end with an iron hand. It is not possible to accept the argument that the respondents did not understand the implication and consequences of a prohibitory order passed by the High Court. Their conduct and the refusal to cancel the order when they were advised to do so by the High Court during the pendency of the contempt proceedings have already been explained. The act of the respondents is not only willful but also

**C** deliberate and contumacious. The High Court committed a grave error of law by not holding that if there was a doubt about the implication of the order of the Court, the alleged contemnors should have approached the Court and should have got their alleged confusion clarified. Likewise, this Court while ordering notice in the present appeal has clearly directed that no license shall be granted on the basis of the lottery and pursuant to the circular. Even after

**D** the receipt of the order, the respondents have not cancelled the license, but allowed them to continue the business. The reason is obvious. The respondents though tendered unqualified apology before the High Court, the High Court was not inclined to go into the question of apology in view of the observations made by it in the order impugned in this civil appeal. Even before this Court

**E** no apology whatsoever was tendered by respondents Nos. 1-4. They are, therefore, held guilty of willful and deliberate act of contempt. As it is evident that respondent Nos. 1-4 have no regard for the orders passed by this Court and have scant respect for the Court's orders and have deliberately and willfully and with utter disregard violated all the orders and are thus guilty of contempt of Court. However, taking a lenient view and taking into

**F** consideration of the future prospects of the officers - respondents Nos. 1-4 no punishment for their willful violation of the order of the High Court is being imposed and their unqualified apology filed before the High Court is accepted. Respondents Nos. 1-4 are severely warned that they shall not involve themselves or violate the order passed by any Court of law and will not resort to the unacceptable plea that the said highly placed and highly qualified

**G** government officials did not understand the implication and/or consequences of a prohibitory order passed by the Courts of law. They shall not hereafter also take the plea of inventing an innovative defence that they did not realize the implications of the order passed by the High Court which remained operative at the relevant time. [Para 28] [845-G, H; 846-A, B, C, D, E, F, G, H]

**H**

5. In the instant case, the respondents have conducted the auction quite contrary to and in violation of an injunction order passed by the High Court. Courts have held in a catena of decisions that where in violation of a restraint order or an injunction order against a party, something has been done in disobedience, it will be the duty of the Court as a policy to set the wrong right and not allow the perpetuation of the wrong doing. The inherent power will not only be available under Section 151 CPC as available to this Court in such a case but it is bound to be exercised in that manner in the interest of justice and public interest. As a matter of judicial policy the Court should guard against itself being stultified in circumstances like this by holding that it is powerless to undo a wrong done in disobedience of the Court's orders. All the auctions are, therefore, cancelled and respondents Nos. 1-4 are directed not to allow the successful bidders to continue the business and shall stop them forthwith and submit a report to this Court for strict compliance. It is made clear that no opinion is being expressed on the merits of the claim made by the appellant-Association in the writ petition filed by it before the High Court which is pending. All the respondents Nos. 1-4 are senior and experienced officers and must be presumed to know that under the constitutional scheme of this country orders of the High Court have to be obeyed implicitly and that orders of this Court - for that matter any Court should not be trifled with. It has been found hereinabove that they have acted deliberately to subvert the orders of the High Court evidently. It is equally necessary to erase an impression which appears to be gaining ground that the mantra of unconditional apology is a complete answer to violations and infractions of the orders of the High Court or of this Court. [Para 29]

[847-B, C, D, E, F]

*Century Flour Mills Ltd. v. S. Suppiah*, AIR (1975) Mad 323, approved.

6. It is, therefore, held that respondent Nos. 1-4 are guilty of contempt of Court and their conduct is hereby censured. Though a copy of this order could be sent which shall form a part of the annual confidential record of services of each of the said officers, this Court it is refrained from doing so by taking a lenient view of the matter considering the future prospects of the officers. As already stated, the officers shall not indulge in any adventurous act and strictly obey the orders passed by the Courts of law. [Para 29]

[847-G]

*Kapildeo Prasad Sah v. State of Bihar*, [1999] 7 SCC 569, *Tayabhai M. Bagasarwalla v. Hind Rubber Industries Pvt. Ltd.*, [1997] 3 SCC 443, *Eastern Trust Company v. MaKenzie Mann & Co. Ltd.*, AIR (1915) PC 106, *Anil Ratan Sarkar v. Hirak Ghosh*, [2002] 4 SCC 21, *All India Regional Rural Bank*

- A *Officers Federation v. Govt. of India*, [2002] 3 SCC 554, *Ravi S. Naik v. Union of India*, [1994] Supp. 2 SCC 641, *Surjit Singh v. Harbans Singh*, [1995] 6 SCC 50, *Delhi Development Authority v. Skipper Construction Co.*, [1996] 4 SCC 622, *Satyabrata Biswas v. Kalyan Kumar Kisku*, [1994] 2 SCC 266, *T.M.A. Pai Foundation v. State of Karnataka*, [1995] 4 SCC 1 and *Vidya Charan Shukla v. Tamil Nadu Olympic Assn.* AIR (1991) Mad 323, referred to.

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 1246 of 2007.

- C From the Final Judgment and Order dated 29.8.2006 of the High Court of Calcutta in C.C. No. 62/2005 @ WP No. 2248/2004.

K.K. Venugopal, Pradip Ghosh, Joydip Gupta, Deep Narayan Mukherjee and Chanchal Kumar Ganguli for the Appellant.

- D Gopal Subramaniam, A.S.G., Bhaskar P. Gupta, P.N. Misra, M.N. Krishnamani, J. Kar, Rana Mukherjee, Siddharth Gautam, Goodwill Indeevar, Aman Vachher, Ashutosh Dubey, Krishnandu Sarkar, P.N. Puri, K.V. Vishwanathan, Abhijit Sengupta, Azim H. Laskar, Indrani and Anand for the Respondents.

- E The Judgment of the Court was delivered by

**DR. AR. LAKSHMANAN, J.** 1. Leave granted.

- F 2. The above appeal was filed by All Bengal Licensees Association, Kolkata against 1) Raghendra Singh, Principal Secretary, Excise Department, Govt. of West Bengal 2) Tallen Kumar, Excise Commissioner, Excise Department, 3) Manoj Kumar Panth, District Magistrate and Collector, 24-Parganas 4) Parvez Siddique, Addl. District Magistrate, 24-Parganas as contesting respondents and 5) Pradyut Kumar Saha, General Secretary of All Bengal Excise Licensees Association, Kolkata as proforma respondent.

- G 3. The above appeal is directed against the final judgment and order dated 29.08.2006 of the Calcutta High Court passed in CC No. 62 of 2005 arising out of Writ Petition No. 2248 of 2004 whereby a learned Single Judge of the said High Court has dismissed the application for contempt filed by the appellant herein. According to the appellant, the contesting respondents have deliberately and willfully violated and were in utter disregard of the H solemn order dated 04.01.2005, 19.01.2005 and 20.01.2005 passed by Hon'ble

Mr. Justice Pranab Kumar Chattopadhyay in Writ Petition No. 2248 of 2004 filed by *All Bengal Excise Licensees Assn. & Anr. v. State of West Bengal & Ors.*

The background facts are as under:

4. By an order dated 04.01.2005, a learned Single Judge passed an interim order to the effect that the respondent-authorities will be at liberty to process the applications in respect of grant of licenses for excise shops but no final selection in respect of such shops shall be made without obtaining specific leave of the Court. The High Court made it clear that the respondent-authorities will not hold any lottery for the purpose of final selection of the excise shops in question without obtaining further orders from the High Court. The said order dated 04.01.2005 was passed after hearing and in the presence of the learned advocate for the respondents.

5. The said interim order dated 04.01.2005 was extended by the order dated 19.01.2005 until further orders by the High Court.

6. Thereafter, on 28.01.2005 a learned Single Judge gave direction for filing the affidavit and the said interim order was further extended until further orders and the said interim order is still continuing.

7. The said orders dated 04.01.2005, 19.01.2005 and 20.01.2005 were communicated by the appellant's advocate's letter dated 15.03.2005 enclosing therewith the Xerox copies of the signed copies of the said dictated order. In spite of full knowledge about the said order each of the respondents, in deliberate and wilful disregard of the orders, caused an advertisement to be published in the newspapers for holding lottery for final selection of excise shops to be held on 20.03.2005, 21.03.2005 and 22.03.2005.

8. Pursuant to the said advertisement, a lottery has been held on 20.03.2005 for the purpose of final selection of the excise shops. It was submitted by the appellants that from the act and conduct of the respondents, it is evident that each of them have no regard for the orders dated 04.01.2005, 19.01.2005 and 20.01.2005 passed by this Court and are deliberately violating the said orders passed by the High Court and are thus guilty of contempt of Court. With these allegations, the appellants filed CC No. 62 of 2005 in the High Court.

9. The appellant is an Association of Excise Licensees including the

A country spirit shop owners. Challenging the policy decisions for issuance of thousands of excise licenses for opening of new foreign liquor off shop and country spirit shops in the State of West Bengal in violation of the provisions of the Bengal Excise Act, 1909 and the rules framed thereunder, the appellant, amongst others, moved a writ petition being No. 1982 of 2004 in the High Court upon notice to the respondents. A copy of the writ petition was also filed and marked as annexures in this civil appeal. The High Court (Hon'ble Mr. Justice Pinaki Chander Ghosh), after hearing the advocates for the parties on 24.11.2004 passed an order, *Inter alia* as follows:

“...that the respondent authorities will process the matter but will not finalise and issue the licence without the leave of the court.

The matter will appear on 9th December, 2004.

10. Thereafter, the above-mentioned matter appeared in the list on 09.12.2004 before the very same Judge. The learned Judge, after hearing the advocates for the parties, gave a direction to file affidavit and the matter was directed to appear 4 weeks after vacation and also further directed that the interim order already passed in the matter will continue.

11. Although there was no direction for making any further advertisement by the respondent-authorities inviting any application for obtaining excise licenses for the new excise shops proposed to be give on or about 20.12.2004, some of the members of the appellant came to know that an advertisement was published on 30.11.2004 in the Bengali Daily newspaper Janashakti by the Excise Department, Government of West Bengal, whereby applications had been invited for giving new licenses for excise including country spirit shops within the Districts of Coochbehar, Jalpaiguri, North 24 Parganas and Hooghly.

The members also came to know that the Excise Authorities have issued a memo No. 23-5(XX)/2003-04 3268 (21E) dated 07.12.2004 and rest to the District Magistrates and Collectors that there has been a proposal for granting supplementary country spirit license to the existing tari shop owners. The appellants made representations before the Excise Authorities and contended that since the matter is sub-judice, the respondent authorities cannot publish the said advertisement on 30.11.2005 and cannot issue the said memo. However, the Excise Authorities have further decided to hold lottery on 05.01.2005 for allotment of excise shops including the country spirit and foreign liquor shops. Immediately after coming to know about the above-mentioned fact, the North 24 Parganas Excise Licenses Assn. have moved a writ petition on 30.12.2004 before the vacation Judge of the High Court. In the said writ

petition, the appellant No.1 herein was made a party respondent. The vacation Judge did not pass any interim order on the said writ petition against the said order dated 30.12.2004. The North 24 Parganas Excise Licencees Assn. preferred an appeal on 30.12.2004 and the Division Bench of the High Court passed an interim order on 30.12.2004 to the effect that the processing in respect of grant of issuance of country spirit license will continue but finalization and selection will not be made till 3 weeks after the vacation. However, they made it clear that finalisation include holding of lottery. The said order was restricted to only in the case of District North 24 Parganas. It was submitted that the subject-matter of writ petition No. 2248 of 2004 is that during the pendency of earlier writ petition, the respondent-authorities cannot issue any advertisement for inviting applications for obtaining new excise license including the country spirit shops and foreign liquor shops and cannot hold any lottery and further they cannot give the effect to the proposal for giving supplementary excise licensees to the tari shops. It was submitted that in order to frustrate the order dated 24.11.2004, the respondent authorities have made an advertisement dated 30.11.2004 and thereby invited applications from intending candidates from obtaining new licenses in respect of 4 Districts and further making attempt to hold lottery in respect of applications already received. In spite of repeated requests, the respondents have pre-determined to hold the lottery on 05.01.2005 which amounts to finalization of the applications for granting of licenses and they are also trying to issue supplementary licenses to the existing shop owners.

12. On 04.01.2005, the Court passed the following order:-

“Let this matter be listed before the regular bench one week after the Christmas vacation.

In the meantime, let there be an interim order only to the effect that the respondent authorities herein will be at liberty to process the applications in respect of grant of licence for excise shops but no final selection in respect of such shops shall be made without obtaining specific leave of this court.

I also make it clear that the respondent authorities will also not hold any lottery for the purpose of final selection of the aforesaid excise shops in question without obtaining further orders from this court.

All parties are to act on a Xerox signed copy of this dictated order on the usual undertaking.”

A 13. Again, the interim order was directed to continue until further orders on 28.01.2005. As already stated, the counsel for the appellant communicated the said orders and served upon the respondents the Xerox copies of the signed copies of the order dated 04.01.2005, 19.01.2005 and 20.01.2005. Although the said interim order dated 04.01.2005 which has been extended from time to time and is still continuing the respondents in utter disregard caused publication of the advertisement of the newspapers for holding lottery for the purpose of final selection of excise shops in question. It is also pertinent to mention here that both the Division Bench of the High Court order dated 15.03.2005 in APOT No. 770/2004 vacated the interim order passed in the appeal preferred by the North 24 Parganas Excise Licensees Assn. but the interim order passed in the writ petition being No. 2248 of 2004 is relating to any proposed new excise licenses through out the State of West Bengal is still continuing. However, in pursuance to the advertisement, the respondent authorities on 20th March held lottery for final selection of the aforesaid excise shops and shall hold further lottery on 22nd and 23rd March, 2005. It was, therefore, submitted that each of the respondents deliberately and willfully and in utter disregard to the orders dated 04.01.2005 held lottery for final selection of excise shops. It is further submitted that the respondents are guilty of deliberate and willful violation of the 3 orders passed by this Court and committed contumacious act and in spite of full knowledge about the orders. It was further submitted that the respondents have scant respect for the orders passed on all the 3 days in January, 2005 and are deliberately ignoring the said orders and are thus guilty of contempt of court. According to the appellant, by the above-mentioned act and conduct of the contemnors/ respondents the majesty and dignity of the High Court have been lowered down and, therefore, the respondents should be suitably dealt with and punished. It was also further submitted that having regard to the facts and circumstances of the case, the respondents should be restrained from holding any further lottery and/or from giving any effect and/or further effect of the lottery already held and/or from taking any further steps for issuance of any excise license to any person so that the majesty and dignity of the High Court is not lowered down. In the circumstances, they requested the High Court to issue rule nisi calling upon the respondents and each of them to show cause as to why the respondents and each of them should not be committed to prison or otherwise be suitably dealt with and/or punished for deliberate and willful violation and utter disregard of the solemn orders dated 04/19 and 20.01.2005 passed in writ petition No. 2248 of 2004.

H 14. In the contempt petition, rule was issued on 23.03.2005. The

respondents filed an application praying for discharge of the rule issued in the contempt proceedings on 02.05.2005 North 24 Parganas Excise Licensees Assn. filed SLP (C) No. 10820 of 2005 against the order dated 15.03.2005 passed by the Division Bench of the High Court. The State of West Bengal filed an application for vacating the interim order dated 04.01.2005 passed in writ petition No. 2248 of 2004. On 26.07.2005, a learned Single Judge allowed the application and vacated the interim order but, however, directed the Government that they would be free to take steps in issuing license in terms of the policy but it will be mentioned in the license that it is subject to the result of the writ petition and further directed that all steps taken for issuing excise license would abide by the result of the writ petition.

15. Being aggrieved by the order of the learned Single Judge dated 26.07.2005, the appellant preferred an appeal being APOT No. 494 of 2005 on 10.08.2005. A Division Bench of the High Court dismissed the said appeal and confirmed the order of the single judge dated 26.07.2005. The Appellant's Assn. preferred SLP No. 17371 of 2005 against the said judgment. This Court on 29.08.2005 issued notice with an interim direction to the effect that no license be issued in terms of the circular dated 20.01.2004 and the matter was directed to be listed along with SLP No. 10820 of 2005. Both the SLPs were dismissed by this Court on 07.11.2005.

16. In the contempt application filed by the appellants, the learned Advocate General appearing for the contemnors submitted that there is a violation of the order passed earlier on 04.01.2005 but the said violation is not willful as the contemnor wrongly understood the implications of the orders passed by the High Court on 04.01.2005 and extended subsequently on 19th and 20th January, 2005 and also by the Division Bench on 15.03.2005, 18.03.2005 in two other different proceedings. It was further submitted that in order to hold a person guilty of contempt of court two things have to be proved. Firstly, disobedience of the order passed by the court and secondly such disobedience must be willful. The Advocate-General submitted that in the instant case there is no willful violation and, therefore, the contempt application should be dismissed. Some rulings were relied on by the learned Advocate General in support of his aforesaid contention.

17. A learned Single Judge of the High Court was of the opinion that the contemnors did not understand the implications and consequences of a prohibitory order passed in an independent proceedings and by sheer misconception thought that there is no bar to issue excise license in view of the

A orders dated 15.03.2005 and 18.05.2005 and that failure to understand the implications and/or consequences of the order passed by the High Court cannot be construed as an act of contempt.

18. In the light of the decisions cited, the High Court examined whether the alleged contemnors have committed any contempt of the High Court.

B While examining so, the High Court has observed as follows:-

C “Undisputedly this Bench on 4th January, 2005 passed an interim order restraining the alleged contemnors from holding any lottery for the purpose of final selection of the excise shops in question without obtaining further order from this court but the alleged contemnors published an advertisement in the daily newspaper for holding lottery for the purpose of final selection of excise shops in question. Therefore, there is no doubt that the alleged contemnors have disobeyed the specific direction passed earlier by this Bench.

D The Division Bench of this Hon’ble court in two different proceedings passed two separate orders on 15th March, 2005 and 18th March, 2005 respectively whereby and whereunder the alleged contemnors herein were permitted to grant excise licenses. The alleged contemnors herein reasonably understood that the orders passed by the Division Bench will have overriding effect on the order passed by the learned Single Judge of this Hon’ble court and thus committed mistake by not realising the implication of the order passed by this Bench which remained operative at the relevant time.

E If there is any doubt regarding interpretation and/or understanding of the orders passed by the courts of law, the alleged contemnors are entitled to have the benefit or advantage of such a doubt, as the act of contempt must be established beyond all reasonable doubt.

F In the aforesaid circumstances, it cannot be said that the alleged contemnors herein willfully and deliberately violated the solemn order passed by this Bench on 4th January, 2005. Mere disobedience of an order is not sufficient to hold any one guilty under the Contempt of Courts Act unless such obedience is deliberate and willful.”

G The High Court also observed as under:

H “Although the alleged contemnors in their respective affidavits have tendered unqualified apology after categorically stating therein that

they had no intention to willfully or deliberately violate the order passed earlier by this Bench but in view of the observations made hereinbefore, I am not inclined to go into the question of apology.” A

19. For the aforementioned reasons, the contempt petition was dismissed by the High Court. Aggrieved by the dismissal of the contempt petition, the appellant preferred the above appeal arising out of SLP No. 15224 of 2006. This Court on 18.09.2006 issued notice and in the meanwhile directed that no license shall be granted on the basis of the lottery and pursuant to the circular dated 20.01.2004. B

20. We heard Mr. K.K.Venugopal, Mr. L.N. Rao, Mr. Pradip Ghosh, Mr. Joydip Gupta, learned senior counsel for the appellant and Mr. Gopal Subramaniam, learned Addl. Solicitor General and Mr. Bhaskar P. Gupta, learned senior counsel for R1-R4 and Mr. Aman Vachher for R5 and Mr. P.N. Misra and Mr. M.N. Krishnamani, learned senior counsel in I.A. 3 and I.A.4. C

21. We dismissed all applications for impleadments/intervention on 21.02.2007 and heard the arguments of the appellants on merits. Elaborate and lengthy submissions were made by the respective parties with reference to the entire pleadings and various orders passed by the High Court and of this Court and also other annexures and case laws. Learned senior counsel appeared for the appellant submitted that in view of the finding of the learned Judge “that there is no doubt that alleged contemnor have disobeyed the specific direction passed earlier by this Bench”, the learned Judge of the High Court was not justified in holding that the alleged contemnor committed mistake by not realising the implication of the order passed by the High Court which remain operative at the relevant time and on that basis dismissing the application for contempt without making any order for restoration of the status quo ante to undo the mischief caused by such violation of the interim order. According to the learned senior counsel for the appellant, the impugned order is not sustainable in law and should not be allowed to operate as a precedent and the wrong perpetrated by the respondent/contemnors in contumacious disregard of the orders of the High Court should not be permitted to hold. Likewise, the High Court also committed a grievous error of law in holding that the alleged contemnors did not understand the implication and consequences of a prohibitory order passed in an independent proceedings and by sheer mis-conception thought that there is no bar to issue excise licenses in view of the order dated 15.03.2005 and 18.03.2005 by two different Division Benches of the High Court. In support of their D  
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A contention, they cited the following rulings:

(1) *Kapildeo Prasad Sah and Ors. v. State of Bihar & Ors.*, [1999] 7 SCC 569

B (2) *Tayabhai M. Bagasarwalla and Anr. v. Hind Rubber Industries Pvt. Ltd. & Ors.*, [1997] 3 SCC 443

(3) *Eastern Trust Company v. MacKenzie Mann & Co., Ltd.*, AIR (1915) Privy Council 106

C (4) *Anil Ratan Sarkar and Ors. v. Hirak Ghosh & Ors.*, [2002] 4 SCC 21

(5) *All India Regional Rural Bank Officers Federation & Ors. v. Govt. of India and Ors.*, [2002] 3 SCC 554

(6) *Ravi S. Naik v. Union of India & Ors.*, [1994] Supp 2 SCC 641

D (7) *Surjit Singh and Ors. v. Harbans Singh and Ors.*, [1995] 6 SCC 50

(8) *T.M.A. Pai Foundation and Ors. v. State of Karnataka & Ors.*, [1995] 4 SCC 1

E (9) *Vidya Charan Shukla v. Tamil Nadu Olympic Assn. & Anr.*, AIR (1991) Madras 323

(10) *Century Flour Mills Ltd. v. S. Suppiah and Ors.*, AIR (1975) Madras 270

22. Mr. Gopal Subramaniam and Mr. Bhaskar P. Gupta appearing for the contesting respondent Nos. 1-4 reiterated the same contentions which have been urged before the High Court and since the learned single Judge clearly found that there was no willful and deliberate violation of the order of the learned Single Judge pursuing the same in the further appeal does not arise and inasmuch as it was held that there was no deliberate and willful violation as such, this Court may not issue direction of setting aside the lottery already held. It was also denied that lottery was held in breach of the interim orders passed as alleged or at all. On the contrary, the learned single Judge held that there was no willful and deliberate violation of the order. It was further submitted that the entire judgment of the single Judge is required to be read and not in bits and pieces and that it would appear from the judgment that the single Judge has unequivocally held that there was no deliberate and willful violation of the order and thus has rightly dismissed the contempt

application.

23. We have carefully considered the rival submissions made by learned senior counsel appearing for the respective parties. It is not in dispute that an injunction order was passed on 04.01.2005 and on subsequent extension is still subsisting. Respondent Nos.1-4 admittedly are highly qualified and highly placed government officials. Admittedly, by advocate's letter dated 15.03.2005, it was pointed out to them that the injunction order dated 04.01.2005 and its subsequent extensions are still subsisting. They have also acknowledged the receipt of the communication dated 15.03.2005. Under such circumstances, the High Court is not justified in holding that the highly qualified and well placed government officials did not understand the implication and/or consequence of prohibitory order in an independent proceedings and by sheer mis-conception thought that there is no bar to issue excise licenses as was held by the learned Judge in the impugned order. This Court can only say it is rather unfortunate that such officers who are not capable of or not able to understand the implication of the prohibitory orders passed by the High Court should be allowed to hold such high offices. During the course of the hearing of the contempt application, the matter was adjourned by the High Court to enable the respondent to consider whether the contemnors was prepared to cancel the lottery held on 20, 21 and 22.03.2005 in violation of the Court's orders and on such adjourned date, the contemnors did not agree to cancel the lottery. Under such circumstances, the plea of mistake of understanding the order cannot at all be accepted. Likewise, the High Court also was not justified in not directing the contemnors to cancel the lottery held on 20, 21 and 22.03.2005 in violation of the solemn orders passed by the very same Judge and in view of the clear finding of the Court that they had acted in clear violation of the said interim order made by the High Court.

24. Even assuming that there was any scope for bona fide misunderstanding on the part of the respondents, once it was found that the respondent had disobeyed the specific order passed earlier by the Court, the High Court should have directed the contemnors to undo the wrong committed by them which was done in clear breach of the order of the Court by restoring the status quo ante by canceling the lottery wrongfully held by them. The learned Judge found that the respondent-contemnors had held the lottery in violation of the Court's order and the results of the said lottery should not be permitted to take effect and should be treated as unlawful and invalid for the purpose of grant of license. The learned Single Judge for the purpose of

A upholding the majesty of law and the sanctity of the solemn order of the court of law which cannot be violated by the executive authority either deliberately or unwittingly should have set aside the lottery held and should not have allowed the respondents to gain a wrongful advantage thereby.

B 25. In our opinion, a party to the litigation cannot be allowed to take an unfair advantage by committing breach of an interim order and escape the consequences thereof. By pleading misunderstanding and thereafter retaining the said advantage gained in breach of the order of the Court and the wrong perpetrated by the respondent-contemnors in contumacious disregard of the order of the High Court should not be permitted to hold good. In our opinion, C the impugned order passed by the High court is not sustainable in law and should not be allowed to operate as a precedent and the wrong perpetrated by the respondent-contemnors in utter disregard of the order of the High Court should not be permitted to hold good. The High Court has committed D government officers cannot be construed as an act of contempt. The High Court has failed to understand that the highly educated and highly placed government officials have competent legal advisors and it was not open to them to allege and contend that the respondent-contemnors did not understand the implication of the order dated 04.01.2005. In our opinion, such officers are E required to be dealt with effectively to uphold the dignity of the High Court and the efficiency of the system itself. The High Court committed a grave error of law by not taking into consideration the most important fact that in the course of the hearing of the contempt application the matter was adjourned in order to enable the contemnor to consider whether they were prepared to cancel the lottery held on 20, 21 and 22.03.2005 and on the adjourned date, F the respondents did not agree to cancel the lottery. In such view of the matter, the significant stand being the plea of mistake of understanding cannot, in our opinion, prevail. The High Court in that view of the matter committed a grave mis-carrriage of justice by not taking into consideration another most important fact that if actually the lottery was held by mistake or by G misunderstanding of the orders, then the respondent would have immediately rectified it and would have cancelled the lottery but in the instant case, instead of canceling the lottery, the respondents have justified their conduct from which the determined declination of obeying the order is clearly proved. In other words, if there was a doubt about the implication of the order of the Court, the respondents should have approached the Court and should have H clarified their alleged confusion. But in the instant case, the respondents have

not only violated the order but when the contempt application was moved and opportunity was given by the Court to cancel the lottery they refused to cancel the said lottery from which it is proved that they deliberately held the lottery in clear violation of the order dated 04.01.2005 having regard to the admissions made on behalf of the contemnors that there is violation of the order dated 04.01.2005 and also having regard to the learned Single Judge's own finding that "*there is no doubt that the alleged contemnor disobeyed the specific directions passed earlier by this Bench*". The High Court should have directed the contemnor to cancel the lottery held on these 3 dates. The High Court also failed to consider the effect of the appellant's learned advocate's letter dated 15.03.2005 whereby it was clearly pointed out about the subsistence of the order dated 04.01.2005 and its subsequent extension. By the said letter, the appellant's advocate categorically pointed out further that in spite of the above if the lottery is held or further action is taken for issue of excise license, the appellant shall be compelled to take legal action.

26. In our opinion, the judgment and order passed by the High court are bad in law and is liable to be set aside.

*LAW ON THE SUBJECT:*

1. *Kapildeo Prasad Sah and Ors. v. State of Bihar & Ors.*, [1999] 7 SCC 569

"For holding the respondents to have committed contempt, civil contempt at that, it has to be shown that there has been willful disobedience of the judgment or order of the court. Power to punish for contempt is to be resorted to when there is clear violation of the court's order. Since notice of contempt and punishment for contempt is of far-reaching consequence, these powers should be invoked only when a clear case of willful disobedience of the court's order has been made out. Whether disobedience is willful in a particular case depends on the facts and circumstances of that case. Judicial orders are to be properly understood and complied with. Even negligence and carelessness can amount to disobedience particularly when the attention of the person is drawn to the court's orders and its implications. Disobedience of the court's order strikes at the very root of the rule of law on which Indian system of governance is based. Power to punish for contempt is for the maintenance of effective legal system. It is exercised to prevent perversion of the course of justice.

A Jurisdiction to punish for contempt exists to provide ultimate sanction against the person who refuses to comply with court's order or disregards the order continuously. No person can defy court's order. Wilful would exclude casual, accidental, bona fide or unintentional acts or genuine inability to comply with the terms of the order. A  
B petitioner who complains breach of the court's order must allege deliberate or contumacious disobedience of the court's order."

(2) *Tayabhai M. Bagasarwalla and Anr. v. Hind Rubber Industries Pvt. Ltd. & Ors.*, [1997] 3 SCC 443

C "16. According to this section, if an objection is raised to the jurisdiction of the court at the hearing of an application for grant of, or for vacating, interim relief, the court should determine that issue in the first instance as a preliminary issue before granting or setting aside the relief already granted. An application raising objection to the jurisdiction to the court is directed to be heard with all expedition.  
D Sub-rule (2), however, says that the command in Sub-rule (1) does not preclude the court from granting such interim relief as it may consider necessary pending the decision on the question of jurisdiction. In our opinion, the provision merely states the obvious. It makes explicit what is implicit in law. Just because an objection to the jurisdiction is raised, the court does not become helpless forthwith - nor does it become incompetent to grant the interim relief. It can. At the same time, it should also decide the objection to jurisdiction at the earlier possible moment. This is the general principle and this is what Section 9-A reiterates. Take this very case. The plaintiff asked for temporary  
E injunction. An ad-interim injunction was granted. Then the defendant came forward objecting to the grant of injunction and also raising an objection to the jurisdiction of the court. The court over-ruled the objection as to jurisdiction and made the interim injunction absolute. The defendants filed an appeal against the decision on the question of jurisdiction. While that appeal was pending, several other interim  
F order were passed both by the Civil Court as well as by the High Court. Ultimately, no doubt, High Court has found that the Civil Court had no jurisdiction to entertain the suit but all this took about six years. Can it be said that orders passed by the Civil Court and the High Court during this period of six years were all non-est and that  
G it is open to the defendants to flout them merrily, without fear of any consequence. Admittedly, this could not be done until the High Court's  
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decision on the question of jurisdiction. The question is whether the said decision of the High Court means that no person can be punished for flouting or disobeying the interim/interlocutory orders while they were in force, i.e., for violations and disobedience committed prior to the decision of the High Court on the question of jurisdiction. Holding that by virtue of the said decision of the High Court (on the question of jurisdiction, no one can be punished thereafter for disobedience or violation of the interim orders committed prior to the said decision of the High Court, would indeed be subversive of rule of law and would seriously erode the dignity and the authority of the courts. We must repeat that this is not even a case where a suit was filed in wrong court knowingly or only with a view to snatch an interim order. As pointed out hereinabove, the suit was filed in the Civil Court *bonafide*. We are of the opinion that in such a case the defendants cannot escape the consequences of their disobedience and violation of the interim injunction committed by them prior to the High Court's decision on the question of jurisdiction."

(3) *Eastern Trust Company v. MaKenzie Mann & Co., Ltd.*, AIR (1915) Privy Council 106

"There is a well-established practice in England in certain cases where no petition of right will lie, under which the Crown can be sued by the Attorney-General, and a declaratory order obtained, as has been recently explained by the Court of Appeal in England in *Dyson v. Attorney-General*, (1911) 1 KB 410 and in *Burghes v. Attorney-General* (1912) 1 Ch. 173. It is the duty of the Crown and of every branch of the Executive to abide by and obey the law. If there is any difficulty in ascertaining it, the courts are open to the Crown to sue, and it is the duty of the Executive in cases of doubt to ascertain the law, in order to obey it, not to disregard it. The proper course in the present case would have been either to apply to the Court to determine the question of construction of the contract, and to pay accordingly, or to pay the whole amount over to the Receiver and to obtain from the Court an order on the Receiver to pay the sums properly payable for labour and supplies, as to the construction of which their Lordships agree with Supreme Court of Nova Scotia.

The duty of the Crown in such a case is well stated by Lord Abinger Chief Barren in *Deare v. Attorney General*, (1835) 1 y. &

A C.197. After pointing out that the Crown always appears (in England) by the Attorney- General in a Court of Justice-especially in a Court of Equity- where the interest of the Crown is concerned, even perhaps in a bill for discovery, he goes on to say:

B “It has been the practice, which I hope never will be discontinued, for the officers of the Crown to throw no difficulty in the way of any proceeding for the purpose of bringing matters before a court of Justice where any real point of difficulty that requires judicial decision has occurred.”

C 21 (4) *Anil Ratan Sarkar and Ors. v. Hirak Ghosh & Ors.*, [2002] 4 SCC

D “20. Similar is the situation in the counter-affidavit filed presently in this matter as well : Is this fair ? The answer having regard to the factual backdrop cannot but be in the negative. It is neither fair nor reasonable on the part of a senior Civil Service Personnel to feign ignorance or plead understanding when the direction of this Court stands crystal clear in the judgment. Government employees ought to be treated on a par with another set of employees and this Court on an earlier occasion lent concurrence to the view of the learned Single Judge that the Circulars issued by the State Government cannot but be ascribed to be arbitrary : Government is not a machinery for oppression and ours being a welfare State as a matter of fact be opposed thereto. It is the people’s welfare that the State is primarily concerned with and avoidance of compliance with a specific order of the Court cannot be termed to be a proper working of a State body in terms of the wishes and aspirations of the founding fathers of our Constitution. Classless, non- discriminate and egalitarian society are not meaningless jargons so that they only remain as the basic factors of our socialistic state on principles only and not to have any application in the realities of every-day life : one section of the employees would stand benefited but a similarly placed employee would not be so favoured why this attitude ? Obviously there is no answer. Surprisingly, this attitude persists even after six rounds of litigation travelling from Calcutta to Delhi more than once the answer as appears in the counter-affidavit is an expression of sorrow by reason of the understanding cannot be countenanced in the facts presently under consideration. A plain reading of the order negates the understanding of the Respondent State and the conduct in no

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uncertain terms can be ascribed to be the manifestation of an intent to deprive one section of the employees being equally circumstanced come what may and this state of mind is clearly expressed in the counter-affidavit though however in temperate language. The question of bona fide understanding thus does not and cannot arise in the facts presently. Is it a believable state of affairs that the order of the learned Single Judge as early as the first writ petition, has not been properly understood by the senior most bureaucrat of the State Government : the same misunderstanding continues in terms of the appellate Court's order and the third in the line of order is that of the apex Court. The understanding again continues even after the second writ petition was filed before the learned Single Judge in the High Court and the similar understanding continues even after the so to say clarificatory order by this Court, as appears from the order dated 20th April, 2001. Even in the counter-affidavit, filed in Contempt Petition, the understanding still continues we are at a loss as to what is this understanding about : the defence of 'understanding' undoubtedly is an ingenious effort to avoid the rigours of an order of Court but cannot obliterate the action the attempted avoidance through the introduction of the so-called concept of lack of understanding cannot, however, be a permanent avoidance, though there may be temporary and short-lived gains. The order of this Court cannot possibly be interpreted as per the understanding of the Respondents, but as appears from the plain language used therein. Neither the order is capable of two several interpretations nor there is any ambiguity and the same does not require further clarity. The order is categorical and clear in its context and meaning. The Court's orders are to be observed in its observance, rather than in its breach."

(5) *All India Regional Rural Bank Officers Federation & Ors. v. Govt. of India and Ors.*, [2002] 3 SCC 554

"4. Mr. Mukul Rohtagi, the learned Additional Solicitor General, however tried to impress upon us the circumstances under which the notification had been issued, the same being severe financial crisis and the learned Additional Solicitor General further urged that the monetary benefits of the employees of the banks will have to be so modulated so that the banks should be ultimately be closed down by merely paying the salary of the employees. Even though the financial position of the banks may not be disputed, but having regard to the

A directions issued by this Court, while disposing of the civil appeal and having regard to the circumstances under which such directions had been given, it would be difficult for us to sustain the plea of the union Government that the Notification is in compliance with the judgment and directions of this Court. The financial capacity of the Government cannot be pleaded as a ground for non-implementation of the directions of the Court inasmuch as even in the matter of determination of the pay-scale of the employees of the Regional Rural Banks and maintenance of parity with their counterparts, serving under the sponsorer commercial banks, Justice Obul Reddi had not accepted the said plea and that award reached its finality. Since the financial capacity of the employer cannot be held to be a germane consideration for determination of the wage structure of the employees and the Parliament enacted the Act for bringing into existence these regional rural banks with the idea of helping the rural mass of the country, the employees of such rural banks cannot suffer on account of financial incapacity of the employer. We have no hesitation in coming to the conclusion that the issuance of notification dated 1.4.2001, by the Government of India cannot be held to be in compliance with the judgment and directions of this Court in S.M.G. Bank. But at the same time, we are of the opinion that the appropriate authority need not be punished under the provisions of the Contempt of Courts Act, even if the notification is in direct contravention of the judgment of this Court, as we do not find a case of deliberate violation. While, therefore, we do not propose to take any action against the alleged contemnors, we direct that the employees of the Regional Rural Banks should be paid their current salaries on the basis of determination made under the notification dated 11.4.2001, the new basic pay having arrived at, as on 1.4.2000 forthwith Paragraph (i) of the aforesaid notification dated 11.4.2001 should be immediately implemented and the employees should be paid accordingly. Paragraphs (ii) and (iii) of the notification are quashed and the Central Government is directed to issue a fresh notification for proper implementation of the Judgment of this Court. We make it clear that the period of moratorium with regard to the payment of arrears, since is going to be over on 31.3.2002, the arrear salary accruing to the employees be paid to them in three equal annual installments, the first being on 30th of April, 2002, the second on 30th of April, 2003 and the third on 30th April, 2004. This payment has to be made as aforesaid without being any way dependant upon any other considerations and there cannot be any distinction

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between the regional rural banks incurring loss and the regional rural banks, making profit. Further, the question of anticipated cash outflow on account of increase in salary if exceeds 50% of the operating profit, then the current payment would be restricted only upto 50% is absolutely of no relevance, which was indicated in the impugned notification dated 11.4.2001. Having regard to the financial condition of the Government as well as these banks, the installment to be paid on 30.4.2002, pursuant to this order of ours, the same may be deposited in the employees' provident fund account. But all other installments will have to be paid in cash."

(6) *Ravi S. Naik v. Union of India & Ors.*, [1994] Supp 2 SCC 641

"40. We will first examine whether Bandekar and Chopdekar could be excluded from the group on the basis of order dated December 13, 1990 holding that they stood disqualified as members of the Goa Legislative Assembly. The said two members had filed Writ Petition No. 321 of 1990 in the Bombay High Court wherein they challenged the validity of the said order of disqualification and by order dated December 14, 1990 passed in the said writ petition the High Court had stayed the operation of the said order of disqualification dated December 13, 1990 passed by the Speaker. The effect of the stay of the operation of the order of disqualification dated December 13, 1990 was that with effect from December 14, 1990 the Declaration that Bandekar and Chopdekar were disqualified from being members of Goa Legislative Assembly under order dated December 13, 1991 was not operative and on December 24, 1990, the date of the alleged split, it could not be said that they were not members of Goa Legislative Assembly. One of the reasons given by the Speaker for not giving effect to the stay order passed by the High Court on December 14, 1990, was that the said order came after the order of disqualification was issued by him. We are unable to appreciate this reason. Since the said order was passed in a writ petition challenging the validity of the order dated December 13, 1990 passed by the Speaker it, obviously, had to come after the order of disqualification was issued by the Speaker. The other reason given by the Speaker was that Parliament had held that the Speaker's order cannot be a subject-matter of court proceedings and his decision is final as far as Tenth Schedule of the Constitution is concerned. The said reason is also unsustainable in law. As to whether the order of the Speaker could be a subject matter of court

A proceedings and whether his decision was final were questions  
involving the interpretation of the provisions contained in Tenth  
Schedule to the Constitution. On the date of the passing of the stay  
order dated December 14, 1990, the said questions were pending  
consideration before this Court. In the absence of an authoritative  
pronouncement by this Court the stay order passed by the High Court  
could not be ignored by the Speaker on the view that his order could  
not be a subject-matter of court proceedings and his decision was  
final. It is settled law that an order, even though interim in nature, is  
binding till it is set aside by a competent court and it cannot be  
ignored on the ground that the Court which passed the order had no  
jurisdiction to pass the same. Moreover the stay order was passed by  
the High Court which is a Superior Court of Record and "in the case  
of a superior Court of Record, it is for the court to consider whether  
any matter falls within its jurisdiction or not. Unlike a court of limited  
jurisdiction, the superior Court is entitled to determine for itself  
questions about its own jurisdiction." (See: Special Reference No. 1  
of 1964, [1965] 1 S.C.R. 413 at p. 499).

42. In *Mulraj v. Murti Raghonathji Maharaj*, this Court has dealt with  
effect of a stay order passed by a court and has laid down:

E In effect therefore a stay order is more or less in the same position  
as an order of injunction with one difference. An order of injunction  
is generally issued to a party and it is forbidden from doing certain  
acts. It is well settled that in such a case the party must have knowledge  
of the injunction order before it could be penalised for before  
disobeying it. Further it is equally well-settled that the injunction  
order not being addressed to the court, if the court proceeds in  
contravention of the injunction order, the proceedings are not a nullity.  
F In the case of a stay order, as it is addressed to the court and  
prohibits it from proceeding further, as soon as the court has knowledge  
of the order it is bound to obey it and if it does not, it acts illegally,  
and all proceedings taken after the knowledge of the order would be  
a nullity. That in our opinion is the only difference between an order  
of injunction to a party and an order of stay to a court.

This would mean that the Speaker was bound by the stay order  
passed by the High Court on December 14, 1990 and any action taken  
by him in disregard of the said stay order was a nullity. In the instant  
case the Speaker, in passing the order dated February 15, 1991 relating  
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to disqualification, treated Bandekar and Chopdekar as disqualified members. This action of the Speaker was in disregard of the stay order dated December 14, 1990 passed by the Bombay High Court.”

(7) *Surjit Singh and Ors. v. Harbans Singh and Ors.*, [1995] 6 SCC 50

“4. As said before, the assignment is by means of a registered deed. ‘The assignment had taken place after the passing of the preliminary decree in which Pritam Singh has been allotted 1/3rd share. His right to property to that extent stood established. A decree relating to immovable property worth more than hundred rupees, if being assigned, was required to be registered, that has instantly been done. It is per se property, for it relates to the immovable property involved in the suit. It clearly and squarely fell within the ambit of the restraint order. In sum, it did not make any appreciable-difference whether property per se had been alienated or a decree pertaining to that property. In defiance of the restraint order, the alienation/assignment was made. If we were to let it go as such, it would defeat the ends of justice and the prevalent public policy, When the court intends a particular state of affairs to exist while it is in seisin of a lis, that state of affairs is not only required to be maintained, but it is presumed to exist till the Court orders otherwise. The Court, in these circumstances has the duty, as also the right, to treat the alienation/assignment as having not taken place at all for its purposes. Once that is so, Pritam Singh and his assignees, respondents herein, cannot claim to be impleaded as parties on the basis of assignment. Therefore, the assignees-respondents could not have been impleaded by the trial court as parties to the suit, in disobedience of its orders. The principles of lis pendens are altogether on a different footing. We do not propose to examine their involvement presently. All what is emphasised is that the assignees in the present facts and circumstances had no cause to be impleaded as parties to the suit. On that basis, there was no cause for going into the question of interpretation of paragraphs 13 and 14 of the settlement deed. The path treated by the courts below was, in our view, out of their bounds. Unhesitatingly, we upset all the three orders of the courts below and reject the application of the assignees for impleadment under Order 22 Rule 10 C.P.C.”

(8) *Delhi Development Authority v. Skipper Construction Co. (P) Ltd. and Anr.*, [1996] 4 SCC 622

A “17. The principle that a contemnor ought not to be permitted to enjoy  
and/or keep the fruits of his contempt is well-settled. In *Mohd. Idris*  
v. *R.J. Babuji*, this Court held clearly that undergoing the punishment  
B for contempt does not mean that the Court is not entitled to give  
appropriate directions for remedying and rectifying the things done in  
violation of its Orders. The petitioners therein had given an undertaking  
C to the Bombay High Court. They acted in breach of it. A learned  
Single Judge held them guilty of contempt and imposed a sentence  
of one month’s imprisonment. In addition thereto, the learned Single  
Judge made appropriate directions to remedy the breach of undertaking.  
It was contended before this Court that the learned Judge was not  
justified in giving the aforesaid directions in addition to punishing the  
petitioners for contempt of court. The argument was rejected holding  
that “the Single Judge was quite right in giving appropriate directions  
to close the breach (of undertaking)”.

D 18. The above principle has been applied even in the case of violation  
of orders of injunction issued by Civil Courts. In *Clarke v. Chadburn*,  
[1985] 1 All. E.R. 211, Sir Robert Megarry V-C observed :

E I need not cite authority for the proposition that it is of high importance  
that orders of the court should be obeyed. Willful disobedience to an  
order of the court is punishable as a contempt of court, and I feel no  
doubt that such disobedience may properly be described as being  
F illegal. If by such disobedience the persons enjoined claim that they  
have validly effected some change in the rights and liabilities of  
others, I cannot see why it should be said that although they are  
liable to penalties for contempt of court for doing what they did,  
nevertheless those acts were validly done. Of course, if an act is  
done, it is not undone merely by pointing out that it was done in  
breach in law. If a meeting is held in breach of an injunction, it cannot  
be said that the meeting has not been held. But the legal consequences  
of what has been done in breach of the law may plainly be very much  
G affected by the illegality. It seems to me on principle that those who  
defy a prohibition ought not to be able to claim that the fruits of their  
defiance are good, and not tainted by the illegality that produced  
them.”

(9) *Vidya Charan Shukla v. Tamil Nadu Olympic Assn. & Anr.*, AIR  
(1991) Madras 323 (FB)

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“56-57. Adverting to the facts of this case, we knew that the main relief in the suit to declare that the notice dated 26-5-1990 issued by the first and second defendants on the basis of the requisition notices convening a Special General Meeting of the Association on 15-6-1990 is illegal, null and void cannot be said to have become infructuous merely because the Court instead of granting an injunction to hold the meeting on 15-6-1990, gave a direction to consider an agenda of no-confidence against the Executive Council and election of new President and members of the Council in a particular manner. It can still be found in the suit that the notice was illegal, null and void and as a consequence, the Court may suitably modulate the relief or permit the plaintiffs to amend the relief. Besides this the trial Court will have jurisdiction to consider the grant of a mandatory injunction even in a suit which stood disposed of if its decree is found to have been violated or frustrated. The trial Court being a Court of Record will have special jurisdiction/inherent power to pass such orders as are deemed necessary to meet the ends of justice since this power is saved for it under Sections 4 and 151 of the Code of Civil Procedure and Articles 215 and 225 of the Constitution. The instant suit which is still pending, shall give to the Court power to consider the desirability to grant a mandatory injunction, for the reason of its interim injunction having been violated, to remove the violation and until the suit is finally decided to preserve the property in dispute in Status Quo.”

(10) *Century Flour Mills Ltd. v. S. Suppiah and Ors.*, AIR (1975) Madras 270 (FB)

“9. In our opinion, the inherent powers of this court under Section 151 C.P.C. are wide and are not subject to any limitation. Where in violation of a stay order or injunction against a party, something has been done in disobedience, it will be the duty of the court as a policy to set the wrong right and not allow the perpetuation of the wrong doing. In our view, the inherent power will not only be available in such a case, but it is bound to be exercised in that manner in the interests of justice. Even apart from Section 151, we should observe that as a matter of judicial policy, the court should guard against itself being stultified in circumstances like this by holding that it is powerless to undo a wrong done in disobedience of the court’s orders. But in this case it is not necessary to so to that extent as we hold that the power is available under Section 151. C.P.C.”

A (11) *T.M.A. Pai Foundation and Ors. v. State of Karnataka & Ors.*,  
[1995] 4 SCC 1

B 27. In this case, *suo motu* contempt proceedings was initiated by the  
Court against Secretary, Deputy Secretary and Under Secretary to Medical  
Education Department and few other officers of the State. Explanation was  
C given by these officers admitting bona fide error made in interpreting this  
Court's order. This Court having regard to the sequence of events, extraordinary  
speed in processing the representation of the Association and conduct of the  
officers, held, explanation not acceptable. Since the order of this Court was  
explicit and clear but it was subverted on an *ex facie* faulty and deliberately  
D distorted interpretation at the instance of the Association. Hence, this Court  
felt that to accept their unconditional apology would be travesty of justice  
and officers were thus held guilty of contempt of Court and their conduct  
censured by the Court. This Court also held that unconditional apology is not  
a complete answer to violations and infractions of the orders of this Court.

D (12) *Satyabrata Biswas and Ors. v. Kalyan Kumar Kisku and Ors.*,  
[1994] 2 SCC 266 This Court held thus:

E 4. From the above it is seen that in relation to the properties an order  
of status quo as of today, that is, 15th September, 1988, had been  
passed by the court. It is complained that there is a violation of these  
three orders by the six respondents, Satyabrata Biswas, Rev. Bilash  
Chandra Das, Salil Biswas, Sushil Sharma, Rt. Rev. Dinesh Chandra  
Gorai and Rt. Rev. John E. Ghosh. The contempt was for: (1) putting  
a padlock to the main entrance of the premises on 3.7.1993; (2)  
F disconnecting water supply, (3) obstructing sewerage line; and (4)  
preventing the appellants from getting the rooms repaired.

G 10. Under these circumstances the present civil appeal by special  
leave has come to be preferred. It is urged on behalf of the appellants  
that in view of status quo order dated 15th September, 1982 regarding  
the fixed property in possession of the Durgapur Diocese no tenancy  
or sub-tenancy rights could be created. It was also urged that the said  
Somani Builders became sub-tenant under an agreement dated 10th  
May, 1993. Such a sub-tenancy cannot be valid in view of the status-  
quo order. It is somewhat strange that Somani Builders should made  
an oral application before the learned Single Judge. On the basis of  
H the oral application, the order came to be passed in favour of the  
Somani Builders directing the Special Officer to remove the padlock.

As to what was the nature of the prayer, that too by a person who was not a party to any one of these proceedings, is not known. Therefore, the removal of padlock on its instance, as directed by the learned Single Judge, was not warranted. As though to add insult to injury when the appellant was complaining about this order, the Division Bench goes one step further and directs possession be given to Somani Builders. This direction would amount to putting a premium on the illegality committed by the former alleged tenant A.K. Ghosh.

23. Apart from the fact whether A.K. Ghosh had a legal authority to sub-lease or not it was not open to him to grant a sub-lease in violation of the order. It is no use contending as Mr. Chidambaram, learned Counsel for the respondents does, that there was a bar to such a sub-lease under the terms of the status quo order. It has the effect of violating the preservation of status of the property. This will all the more be so when this is done without the leave of the court to disturb the state of things as they then stood. It would amount to violation of the order. The principle contained in the maxim: 'Actus Curiae Neminem Gravabit' has no application at all to the facts of this case when in violation of status quo order a sub-tenancy has been created. Equally, the contention that even a trespasser cannot be evicted without recourse to law is without merit, because the state of affairs in relation to property as on 15.9.1988 is what the Court is concerned with. Such an order cannot be circumvented by parties with impunity and expect the court to confer its blessings. It does not matter that to the contempt proceedings Somani Builders was not a party. It cannot gain an advantage in derogation of the rights of the parties, who were litigating originally. If the right of sub-tenancy is recognised, how is status quo as of 15.9.1988 maintained? Hence, the grant of sub-lease is contrary to the order of status quo. Any act done in the teeth of the order of status quo is clearly illegal. All actions including the grant of sub-lease are clearly illegal.

28. In our opinion, the respondent Nos.1-4 had deliberately and with mala fide motive have committed contempt of the High Court in conducting the lottery quite contrary to the order of injunction passed by the High Court on 04.01.2005 and its subsequent extensions. When the auction was held, the order passed by the High Court remain operative at the relevant time. The High Court has miserably failed in not issuing direction to the contemnors to cancel the lottery held on 20, 21 and 22.03.2005 in violation of the solemn

A order passed by the High Court. In view of the clear finding of the Court that the respondent had acted in clear violation of the order made by the High Court. It is settled law that a party to the litigation cannot be allowed to take an unfair advantage by committing breach of an interim order and escape the consequences thereof by pleading misunderstanding and thereafter retain the said advantage gained in breach of the order of the Court. Such violations should be put an end with an iron hand. We are unable to accept the argument advanced by learned Addl. Solicitor General that the respondents did not understand the implication and consequences of a prohibitory order passed by the High Court. We have already explained their conduct and the refusal to cancel the order when they were advised to do so by the High Court during the pendency of the contempt proceedings. The act of the respondent is not only willful but also deliberate and contumacious. The High Court committed a grave error of law by not holding that if there was a doubt about the implication of the order of the Court, the alleged contemnors should have approached the Court and have clarified their alleged confusion. Likewise, this Court while ordering notice in the present appeal @ SLP No. 15224 of 2006 have clearly directed on 18.09.2006 that no license shall be granted on the basis of the lottery and pursuant to the circular dated 20.01.2004. Even after the receipt of the order, the respondents have not cancelled the license, but allowed them to continue the business. The reason is obvious. The respondents though tendered unqualified apology before the High Court, the High Court was not inclined to go into the question of apology in view of the observations made by it in the order impugned in this civil appeal. Even before us no apology whatsoever was tendered by respondent Nos.1-4. We, therefore, hold them guilty of willful and deliberate act of contempt. As it is evident that respondent Nos.1-4 have no regard for the orders passed by this Court on 4, 19 and 20.01.2005 and have scant respect for the Court's orders and have deliberately and willfully and with utter disregard violated all the 3 orders and are thus guilty of contempt of Court. However, taking a lenient view and taking into consideration of the future prospects of the officers, respondent Nos. 1-4 we are not imposing any punishment for their willful violation of the order of the High Court and accept the unqualified apology filed before the High Court. Respondent Nos. 1-4 are severely warned that they shall not involve themselves or violate the order passed by any Court of law and will not resort to the unacceptable plea that the said highly placed and highly qualified government officials did not understand the implication and/or consequences of a prohibitory order passed by the Courts of law. They shall not hereafter also take the plea of inventing an innovative defence that they did not realise the implications of the order passed by the High

Court which remained operative at the relevant time.

29. In the instant case, the respondents have conducted the auction quite contrary to and in violation of an injunction order passed by the High Court. Courts have held in a catena of decisions that where in violation of a restraint order or an injunction order against a party, something has been done in disobedience, it will be the duty of the Court as a policy to set the wrong right and not allow the perpetuation of the wrong doing. In our opinion, the inherent power will not only be available under Section 151 CPC as available to us in such a case but it is bound to be exercised in that manner in the interest of justice and public interest. As rightly observed by the Full Bench of the Madras High Court in AIR 1975 Madras 270, that as a matter of judicial policy the Court should guard against itself being stultified in circumstances like this by holding that it is powerless to undo a wrong done in disobedience of the Court's orders. We, therefore, cancel all the auctions held on 20, 21 and 22.03.2005 and direct the respondent Nos.1-4 not to allow the successful bidders to continue the business and shall stop them forthwith and submit a report to this Court of strict compliance. We make it clear that we are not expressing any opinion on the merits of the claim made by the appellant Association in the writ petition filed by them before the High Court which is pending. All the respondent Nos.1-4 are senior and experienced officers and must be presumed to know that under the constitutional scheme of this country orders of the High Court have to be obeyed implicitly and that orders of this Court - for that matter any Court should not be trifled with. We have already found hereinabove that they have acted deliberately to subvert the orders of the High Court evidently. It is equally necessary to erase an impression which appears to be gaining ground that the mantra of unconditional apology is a complete answer to violations and infractions of the orders of the High Court or of this Court. We, therefore hold them guilty of contempt of Court and do hereby censure their conduct. Though a copy of this order could be sent which shall form part of the annual confidential record of service of each of the said officers, we refrain from doing so by taking a lenient view of the matter considering the future prospects of the officers. As already stated, the officers shall not indulge in any adventurous act and strictly obey the orders passed by the Courts of law. The civil appeal stands allowed. Though this is a fit case for awarding exemplary costs, again taking a lenient view, we say no costs.

V.S.S.

Appeal allowed.