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(Learning Judgements For A Living)

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Reasonable restrictions for negative covenants to be legally enforceable in a contract

CONTEXT: Secan had entered into an NDA with Smidth in 2006 under which a non-solicitation clause was also placed and accepted. Secan was in the business of manufacturing heat resistant castings and was a vendor of Smidth. In 2008 Smidth came to know that Secan had directly procured an order from one of its client violating the non-solicitation clause.

The Court held that “As per various judicial pronouncements, the reasonable restraint is permitted and does not render the contract void ab initio. Reasonable restrictions can be placed in the following ways: -

- 1 Distance: Suitable restrictions can be placed on employees to not practice the same profession within a stipulated distance, the stipulation being reasonable.
- 2 Time limit: If there is a reasonable time provided in this clause then it will fall under reasonable restrictions.
- 3 Trade secrets: The employer can put reasonable restrictions on the letting out of trade secrets.
- 4 Goodwill: There is an exception under Section 27 of the Indian Contract Act on the distribution of goodwill.”

Finally, the case was dismissed as there was insufficient material on record to arrive at the fact that Secan solicited Smidth’s clients.

FL SMIDTH PVT.
LTD. V M/S. SECAN
INVESCAST (INDIA)
PVT. LTD.
[(2013) 1 CTC 886]

INDIAN CONTRACT
ACT, 1872

What are the prime considerations while providing anticipatory bail regarding white-collar crimes?

CONTEXT: The petitioner, Narinderjit Singh Sahni was accused of defrauding investors and has been in jail for over ten years. He approached the Supreme Court under Article 32 of the Constitution, seeking bail and the enforcement of his fundamental rights, particularly under Articles 19, 20, and 21.

In this case, it was held that “In an application for anticipatory bail, the gravity of the offences involved ought to be the prime consideration

① since thousands of investors have lost their lives' savings after being duped by the petitioners - It is an "economic murder" of an entire community of people and thus has necessarily to be dealt with the utmost severity.”

They also mentioned that “The victim is deprived of his economic life. The crime is no

② less heinous than putting an end to the life of a person. A large number of suicides which follow such white collared crime is indicative of the magnitude of the crime involved.”

NARINDERJIT SINGH
SAHNI & ANR VS
UNION OF INDIA AND
ORS.
[AIR 2001 SUPREME
COURT 3810]

**CODE OF CRIMINAL
PROCEDURE, 1973**

**THE INDIAN PENAL
CODE, 1860**

**THE CONSTITUTION
OF INDIA**

How misinterpretation of court orders by revenue authorities lead to improper partition proceedings?

CONTEXT: This case involves a dispute over property rights and partition proceedings. The petitioner challenged orders passed by revenue authorities (Tahsildar and Additional Collector) regarding the mutation and partition of certain properties.

1 The Tahsildar misinterpreted previous High Court orders by directing partition proceedings instead of re-examining mutation entries. The court quashed these proceedings and ordered the original mutation case to be reopened.

2 The Additional Collector dismissed the revision petition without proper examination. The Court granted the petitioner liberty to prosecute these officials under the Prevention of Corruption Act, 1988, suggesting their actions may have been influenced by extraneous factors.

3 The Court directed that the Tahsildar and Additional Collector be sent for six months of training and be barred from exercising quasi-judicial and magisterial powers for one year.

4 The Collector attempted to directly communicate with the Court through a letter, which was deemed highly improper. The Court directed the Chief Secretary to take action against the Collector for this conduct.

PRADEEP KUMAR
AGARWAL VS NITIN
AGARWAL AND
OTHERS [2024 SCC
ONLINE MP 5049]

MADHYA PRADESH
LAND REVENUE
CODE, 1959

PREVENTION OF
CORRUPTION ACT,
1988

Conviction of four Individuals for luring schoolgirls into commercial sex trade upheld

CONTEXT: The case involved the abduction and forced prostitution of the victim girls, highlighting the dangers posed by manipulative individuals in vulnerable communities.

1 The Madras High Court upheld the conviction of three women and a man for luring two schoolgirls into the commercial sex trade, emphasizing that extreme poverty was a crucial factor in the victims' exploitation.

2 Sentences for the convicted individuals were modified to a minimum of ten years of rigorous imprisonment plus fines for specific offences under the Indian Penal Code, 1860 and Protection of Children from Sexual Offences Act, 2012.

3 The Court acquitted 11 other accused due to insufficient evidence and contradictions in the victims' testimonies. The ruling also included a significant compensation awarded to the victim girls, which amounted to Rs. 3,00,000 each, to be sourced from the Tamil Nadu Child Victims Compensation Fund.

**MOHANRAJ AND
ORS. VS. STATE**
**[MANU/TN/3527/2
024]**

**PROTECTION OF
CHILDREN FROM
SEXUAL OFFENCES
ACT, 2012**

**INDIAN PENAL
CODE, 1860**

Can a claimant seek enhancement of compensation awarded by a Tribunal in a motor accident case?

CONTEXT:

In a motor vehicle accident case, the claimant was awarded ₹87,700 as compensation by the Motor Accidents Claims Tribunal which was later increased to ₹1,27,700 by the Madhya Pradesh High Court. Dissatisfied, the claimant appealed to the Supreme Court, arguing that the compensation remained inadequate. The claimant had suffered a compound fracture with a 17% whole-body disability. The Supreme Court found that the lower courts had incorrectly assessed the disability at only 10% and had not properly computed the loss of future income.

1 The Supreme Court enhanced the compensation amount awarded by the High Court from ₹1,27,700 to ₹2,42,120. This enhanced compensation included loss of future income due to permanent disability, medical expenses, attendant charges, pain and suffering, and transportation costs.

2 The Court also directed the Insurance Company to pay the balance amount of compensation with an interest at 7% per annum within six weeks from the date of the order.

AABID KHAN VS
DINESH AND ORS.
[2024 SCC ONLINE
SC 521]

MOTOR VEHICLES
ACT, 1988