CASE LAW UPDATES

Case Brief: Sharada Sanghi & Ors. v. Asha Agarwal & Ors.

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The case of ***Sharada Sanghi & Ors. v. Asha Agarwal & Ors.*** centres on the boundaries of litigation strategy and the finality of judicial proceedings.

The Supreme Court of India had to determine whether a plaintiff, after allowing a direct suit challenging a rival's title to go down due to non-appearance, ***can get a "second shot" at contesting that same title during execution proceedings***.

The judgment serves as a vital reminder that while procedural technicalities might shield a litigant from *res judicata*, the doctrine of the **abuse of the judicial process** will step in to prevent vexatious and repetitive claims.

Citation (Sharada Sanghi & Ors. v. Asha Agarwal & Ors.)

- **Case Name:** *Sharada Sanghi & Ors. v. Asha Agarwal & Ors.*
- **Citation:** 2026 INSC 292
- **Date of Judgment:** March 25, 2026
- **Bench:** Justice Dipankar Datta and Justice Augustine George Masih

Facts of the Case

1. **The Original Decree:** The appellants (Sharada Sanghi & Ors.) entered into a sale agreement for an immovable property in Himayat Nagar, Hyderabad, back in 1986. They filed a suit for specific performance (O.S. No. 329 of 1988) against the original vendor, which was successfully decreed in their favour in 1998.
2. **The Third-Party Obstruction:** When the appellants moved to execute the decree to get physical possession of the property, they were resisted by the respondents (Asha Agarwal & Ors.). The respondents were third parties to the original specific performance suit and claimed

independent title to the land through separate sale deeds executed in July 1990.

3. **The Abandoned Lawsuits:** Crucially, way back in 1990, the appellants had actively recognized this threat and filed two distinct civil suits (O.S. Nos. 892 and 893 of 1990) explicitly seeking the cancellation of the respondents' 1990 sale deeds.
4. **Dismissal for Default:** The appellants failed to prosecute those 1990 suits. Consequently, both suits were **dismissed for default** due to non-appearance. Their later applications to restore the suits were also rejected, and that dismissal became absolute and final.
5. **The High Court Route:** Decades later, during the execution of their 1998 specific performance decree, the appellants tried to remove the respondents' obstruction by arguing that the respondents' 1990 deeds were invalid. The executing court and subsequently the High Court ruled against the appellants, leading to the appeal before the Supreme Court.

Issues for Consideration

1. Whether the *dismissal of a prior suit for default operates as res judicata under Section 11 of the Code of Civil Procedure (CPC), 1908, thereby barring a party from raising the same dispute later.*
2. Whether a *litigant, who abandons a direct challenge to a rival's title by letting their suit get dismissed for default, can re-agitate that exact same dispute under the guise of execution proceedings against the same parties.*

Arguments by the Appellants

- **Absence of Merits:** The appellants argued that **Section 11 of the CPC** (*res judicata*) only applies when a matter has been "**heard and finally decided**" on its actual merits.

Because their 1990 suits were dismissed purely for default (non-appearance), there was no adjudication on merits. Therefore, they claimed they were not legally barred from disputing the respondents' title.

- **Right to Execute:** They contended that as holder of a valid specific performance decree from 1998, t*hey had every right to seek complete, unencumbered delivery of the property, and the executing court was bound to assist them against any obstruction.*

Arguments by the Respondents

- **Conscious Abandonment:** The respondents argued that the appellants filed specific, dedicated suits in 1990 to invalidate the respondents' sale deeds. By failing to appear and allowing those suits to be dismissed - and failing to get them restored - the appellants effectively walked away from their claim.
- **Abuse of Process:** The respondents maintained that allowing the appellants to raise the exact same title dispute during execution proceedings would mean subjecting the *respondents to endless litigation, directly violating public policy and the finality of judicial actions*.

Legal Analysis

The Supreme Court structured its analysis into two distinct legal compartments:

1. **The Technical Scope of *Res Judicata* (Section 11 CPC):**
   The Apex Court agreed with the appellants on a strict reading of Section 11. **For a subsequent claim to be barred by *res judicata*, the prior suit must have progressed to an evaluation where the court actively decided the rights of the parties based on evidence or arguments.**

A dismissal for default under Order IX of the CPC is a procedural penalty for non-appearance; it is not a decision on merits. Thus, the lower courts erred in strictly applying Section 11.

1. **The Broader Doctrine of Abuse of Process:**
   However, the Court emphasized that the Code of Civil Procedure is not exhaustive, and courts possess inherent powers to prevent the manipulation of the legal system. The appellants' conduct fell squarely under the definition of an **abuse of the judicial process**.
   The Court relied on two foundational legal maxims:

Judgment

The Supreme Court **dismissed the appeal** filed by Sharada Sanghi & Ors. Although the Court clarified that the High Court's strict reliance on Section 11 CPC was technically incorrect, ***it upheld the ultimate dismissal of the appellants' claim on the grounds of equity, finality, and abuse of process.***

The respondents' possession and title could not be disturbed *through the execution of a decree stemming from a separate suit.*

Ratio Decidendi

1. A dismissal of a civil suit for default **does not operate as *res judicata* under Section 11 of the CPC because the dispute was never "heard and finally decided" on its merits.**
2. A litigant who actively abandons or fails to prosecute a direct legal challenge against a third party's title **cannot be allowed to circumvent their own default by re-introducing the same challenge during execution proceedings.**

Doing so amounts to a clear abuse of the process of the court.