

News

The Supreme Court demands that records be digitized since registered sale deeds cannot be casually labeled as "shams."



The systemic effects of weakening the sanctity of registered papers were also noted by the Court.

In *Hemlatha v. Tukaram*, the Supreme Court warned judges on Thursday not to quickly label registered sale deeds as "**sham.**"

A bench of Justices Rajesh Bindal and Manmohan ruled that courts need to be wary of the

increasing trend of attacking registered instruments without solid factual underpinnings, cautioning that doing so compromises the certainty of real estate transactions.

The Bench emphasized that regular or loosely argued challenges cannot weaken the substantial presumption of validity and genuineness that registration confers.

"There is a strong presumption of legitimacy and authenticity associated with a registered sale deed. Registration is a serious step that gives the document a high level of sanctity rather than just being a formality. As a result, a court cannot arbitrarily or carelessly label a registered instrument as a "sham," the court stated.

In order to avoid recurring arguments regarding the legitimacy of papers, the Court asked for the digitization of land records and registration documents.

The increasing propensity to contest registered instruments "at the drop of a hat" is something this Court must warn against. The security of titles would be threatened and public trust in real estate transactions would be undermined if the integrity of registered documents were compromised. Registered papers must inspire assurance in a society regulated by the Rule of Law; frivolous litigation cannot make them hazardous.

A disagreement over a registered sale deed and a registered rental agreement that were both signed on the same day gave rise to the case. In accordance with the same, respondent Tukaram sold his Bidar home to Hemalatha, who then continued to live there as a tenant.

Following the start of eviction procedures in 1975 due to rent defaults, Tukaram launched a civil lawsuit in 1977 to have the sale deed and lease declared to be fraudulent and nominal. The first appellate court overturned the trial court's decision to rule in favor of Tukaram.

Hemalatha is currently appealing to the highest court after the Karnataka High Court upheld the lower court's ruling in a second appeal.

The Supreme Court ruled that a person claiming that a registered deed is fraudulent cannot rely on ambiguous claims or deft wording; instead, they must plead with specificity and important details.

"The individual claiming that a registered deed is a fraud must meet a strict standard

of pleading by providing relevant details in his pleadings and proof, as well as making clear, coherent, and convincing averments. This Court believes that a criteria similar to that under Order VI Rule 4 CPC applies to such a pleading. The Court held that a clear right to suit would need to be demonstrated in the plaint and that deft wording that creates the appearance of a cause of action would not be allowed.

The ruling emphasized that the statutory presumption related to registered instruments cannot be removed by simply using labels like "fraud" or "sham."

"The Court can undoubtedly unravel and expose the ritual of repeating a word like 'fraud' or creating an illusion in the plaint at the early stages of litigation without waiting for a full trial." According to the ruling, "the presumption under Sections 91 and 92 of the Indian Evidence Act, 1872 would not be dislodged by mere suspicion or vague allegations without material particulars."

The Court made it plain that the evidentiary burden is still quite high even in cases that go to trial.

The ruling was also used by the Supreme Court to highlight the necessity of systemic changes to land and registration procedures as well as the digitization of land records and registered documents.

According to the Bench, ***"persistent disputes over registered instruments undermine transactional certainty and place a heavy burden on courts." "This court feels compelled to advise the Union and State Governments of the pressing need to digitize land records and registered papers utilizing safe, impenetrable technologies like blockchain. According to the Court, "many experts think that Blockchain, a shared digital record book (ledger) system, would guarantee that once a transaction of a sale, mortgage, or similar nature is recorded, it becomes immutable and cryptographically secured."***

According to the Bench, such reforms would prevent counterfeiting, lessen pointless objections to registered deeds, and clear the court system.

It connected economic efficiency and investor confidence, especially in real estate transactions, to the integrity of registration processes.

In light of the aforementioned, it granted the appeal and determined that the respondent's

actions, such as paying rent under a registered lease, failing to raise any "sham" defense in response to the eviction notice, and instituting the lawsuit only after eviction proceedings, severely damaged his case.

As a result, it dismissed the lawsuit with costs, overturned the High Court's ruling, and upheld the first appellate court's ruling.

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