

Chapter VIII

ESTOPPEL

114. Estoppel.--When one person has, by his declaration, act or omission, intentionally caused or permitted another person to believe a thing to be true and to act upon such belief, neither he nor his representative shall be allowed, in any suit or proceeding between himself and such person or his representative, to deny the truth of that thing.

Illustrations

A intentionally and falsely leads B to believe that certain land belongs to A, and thereby induces B to buy and pay for it.

The land afterwards becomes the property of A, and A seeks to set aside the sale on the ground that, at the time of the sale he had no title. He must not be allowed to prove his want of title.

COMMENTS

Principle.--Estoppel is based on the principle that it would be most inequitable and unjust that if one person, by a representation made, or by conduct amounting to a representation, has induced another to act as he would not otherwise have done, the person who made the representation should not be allowed to deny or repudiate the effect of his former statement, to the loss and injury of the person who acted on it.¹

The Article says that when one person has by his--

(a) declaration, (b) act, or (c) omission,

intentionally caused or permitted another person--

(i) to believe a thing to be true, and (ii) to act upon such belief,

neither he nor his representative shall be allowed to deny the truth of that thing in any suit or proceeding between himself and such person or his representative.

The principle which is incorporated in Article 114 is a simple and equitable doctrine which lays down that if a person has acted to his detriment or altered his position on the basis of any declaration, act or omission of another person that other person will not be allowed in any suit or proceedings between himself and the other person or his representative to go back upon it to the detriment of the opposite-party.²

Principle of estoppel between a landlord and tenant was always relevant the point of time when tenancy was created. Status that existed at time of such creation of tenancy, could not be denied by the parties, especially the tenant, but any development

1. (1892) 19 I A 203.

2. 1989 CLC 1850.

Art. 115]

Principle of estoppel.--Income once declared by assessee on basis of certain rates could not be altered. Assessee was estopped by his conduct. Benefit of such S.R.O., was not extended to assessee in circumstances.¹

Promissory estoppel.--Rule of promissory estoppel was that where one party had, by his word or conduct, made to the other party, a clear promise which was intended to create or effect a legal relationship to arise in future knowing or intending that it would be acted upon by the other party to whom promise was made and it was, in fact so acted upon by the other party, that promise would be binding on the party making it and he was not entitled to resile from it.²

Receipt of awarded compensation by landowner without protest.--Such landowner would have no cause of action and would be estopped by his conduct to claim enhancement of compensation at later stage.³

115. Estoppel of tenant and of licensee of person in possession.--No tenant of immovable property, or person claiming through such tenant, shall, during the continuance of the tenancy, be permitted to deny that the landlord of such tenant had, at the beginning of the tenancy, a title to such immovable property; and no person who came upon any immovable property by the licence of the person in possession thereof shall be permitted to deny that such person had a title to such possession at the time when such licence was given.

COMMENTS

Promissory note estoppel.--Held, principle of promissory estoppel was not available to the company. No representation or inducement was made by the State Bank to the company nor any steps were taken consequent thereto so as to irrevocably commit the property or the reputation of the party invoking it. Party which had indulged in fraud or collusion for obtaining some benefits under the representation could not be rewarded by the enforcement of the promise as fraud and deceit vitiate the most solemn proceedings. Principles.⁴

According to the case of⁵ where a person enters upon joint property as tenant or licensee on behalf of other co-owner, in such case principle of estoppel comes into play, debarring other co-owner in such possession to deny title of his co-owner landlord.

Ejectment petition. Denial of relationship. Ejectment ordered on the ground of default. Estoppel to deny relationship of landlord and tenant. Applicability of principle of estoppel. **Held:** Principle of Art. 115 of Qanun-e-Shahadat was applicable to the facts and circumstances of the case and unless the petitioners had surrendered possession,

1. 2006 PTD 2436 (b).
2. 2005 CLC 564 (a).
3. 2006 CLC 1555 (d).
4. 2005 CLD 884.
5. PLD 1989 Pesh. 67.

question as lessee under plaintiffs. Defendant during continuation of his possession as such claimed to have purchased land. Original defendant, having failed to prove such sale in his favour, his possession would be deemed to be in continuation of lease agreement till such time that he surrendered possession to lessor even if he had denied title of lessor during his lease period. Decision of High Court in restoring decision of Trial Court whereby plaintiff's suit had been decreed and setting aside decision of First Appellate Court whereby plaintiff's suit had been dismissed, was not open to interference. No infirmity in the judgment of High Court existed. Leave to appeal to Supreme Court was refused in circumstances.¹

Order of ejectment against alleged tenant maintained in appeal. Validity. Relationship of landlord and tenant not being in existence between parties, order of ejectment passed against alleged tenant by Rent Controller as maintained in appeal, was without jurisdiction and same was not maintainable.²

Father of petitioner was made a party who never disclosed throughout proceeding that actual vendee was his son. Petitioner also opted to remain silent spectator when such litigation was going on and he has no where pleaded ignorance of same. Even of petitioners was not a party to previous Judgment, he was estopped by his conduct to get matter re-opened which has already been finally decided.³

116. Estoppel of acceptor of bill of exchange, bailee or licensee.--No acceptor of a bill of exchange shall be permitted to deny that the drawer had authority to draw such bill or to endorse it; nor shall any bailee or licensee be permitted to deny that his bailor or licensor had, at the time when the bailment or licence commenced, authority to make such bailment or grant such licence.

Explanation 1 : The acceptor of a bill of exchange may deny that the bill was really drawn by the person by whom it purports to have been drawn.

Explanation 2 : If a bailee delivers the goods bailed to a person other than the bailor, he may prove that such person had a right to them as against the bailor.

COMMENTS

Scope.--This Article deals with further instances of estoppel by agreement. Articles 115 and 116 are, however, not exhaustive of the doctrine of estoppel by agreement. Agents, for instance, are not ordinarily permitted to set up the adverse title of a third person to defeat the rights of their principals.

Existence of relationship of landlord and tenant.--Issue relating to existence of relationship of landlord and tenant between parties being issue of fact stood concluded by concurrent findings recorded by Rent Controller and Appellate Authority whereby they had found that respondents were inducted into property in question as

1. PLD 1997 SC 879.

2. 1996 MLD 1543.

3. PLJ 2003 Lahore 707 (DB) = 2003 YLR 874.