

**Supreme Court of The Maldives**

**Malé**

**Republic of Maldives**



## **CPS Maldives Pvt. Ltd v Works Corporation Pvt. Ltd**

- **Case Number:** 2013/SC-A/27
- **Applicant:** CPS Maldives Pvt. Ltd
- **Respondent:** Works Corporation Pvt. Ltd
- **Nature of the Case:** Payment Collection
- **Date of Decision:** 19 May 2014
- **Bench:** Justice Adhulla Areef, Justice Abhdullah Saeed, Justice Ali Hameed Mohamed
- **Case Summary:**

This case was reviewed by the Supreme Court of the Maldives when it was appealed at the court stating that Case Number 2012/HC-A/291 of the High Court of the Maldives which annulled Case Number 372/Cv-C/2012 of the Civil Court, wherein it was decided that the fine specified in the invoice has to be paid to the applicant, was in contravention to the legal and judicial principles.

- **Summary of Highlighted Issues:**

1. Under the agreement signed between the two parties, the defendant has accepted the responsibility to pay the amount specified in the invoice, within 5 days from the

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date the invoice is submitted by the applicant for the work carried out as part of the agreement.

2. No legal or judicial principle exists whereby a person is exempted from the responsibilities of a contract which has indisputably been accepted, after having responded in a manner which indicated that the recipient had accepted the document, claim later, albeit verbally or in writing, that the affirmation of acceptance was not complete.
3. Having accepted the invoices earlier without objecting to the penalty clause included within, the defendant does not have the right to object to them when a case has been filed in court to seek payment for the money owed as surcharge in the invoice.
4. The fact that penalty clause was not included in the contract is no reason to believe that such an understanding between the two parties does not exist.

- **Judgment:**

While the reasons are as stated above and as it evident from their testimonials at the trial proceedings of the Supreme Court of the Maldives that Works Corporation Pvt. Ltd has failed to settle the payments owed to CPS Maldives Pvt. Ltd under Clause 3 (a) of the contract signed between them on 10 October 2010 as payment for the work and delivery of supplies by CPS Maldives Pvt. Ltd, and the fact that Works Corporation Pvt.

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Ltd has been receiving the invoices sent by CPS Maldives Pvt. Ltd with no objection whatsoever and making payments subject to the availability of funds, is testimony that Works Corporation Pvt. Ltd has accepted the penalty clause stated in the invoices, and while Case Number 2012/HC-A/291 of the High Court is hereby nullified for the reason that the references made in the case to the penalty clause of the invoice was contrary to the legal and judicial principles, the segment of the ruling of Case Number 372/Cv-C/2012 of the Civil Court which decided that under the agreement signed between Works Corporation Pvt. Ltd and CPS Maldives Pvt. Ltd on 10 October 2010, Works Corporation Pvt. Ltd has to pay CPS Maldives Pvt. Ltd for the work carried out and the supplies delivered by the latter under the contract, a total of US\$ 4,417,446.93 (Four Million Four Lakh Seventeen Thousand Four Hundred and Forty Six point Nine Three US Dollars) including the principal amount of US\$ 286,649.23 (Two Lakh Eighty Six Thousand Six Hundred and Forty Nine point Two Three US Dollars) stated in the invoice and the sum of US\$ 4,130,797.70 (Four Million One Lakh Thirty Thousand Seven Hundred and Ninety Seven point Seven Zero US Dollars) decided as penalty under the penalty clause of the invoice in Case Number 372/Cv-C/2012 of the Civil Court, and by a majority decision the Justices of the Supreme Court who reviewed the case rule to order

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Works Corporation Pvt. Ltd to make the payment to CPS Maldives within 03 months, by paying the amount allotted for each month starting from today, 19 May 2014.

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