

Delhi High Court rules against defamatory termination letter: A case of contractual termination *versus* reputational harm

In a significant judgment addressing the limits of employer discretion and the boundaries of reputational harm within private employment relationships, the Hon'ble High Court of Delhi ("**Delhi HC**") recently in the case of **Abhijit Mishra vs. Wipro Limited**¹ ruled in favour of an individual who had challenged the defamatory language used in the termination letter issued by his ex-employer. While the Delhi HC upheld the employer's contractual right to terminate employment under a determinable agreement, it found that the employer had exceeded the permissible bounds of administrative communication by including stigmatic and unsubstantiated assertions that impugned the employee's professional integrity.

Brief facts

The case arose from a suit filed by an individual ("**Plaintiff**") against his ex-employer ("**Employer**") who was terminated from services on June 5, 2020. Upon cessation of employment, the employer had issued a termination letter that described the Plaintiff's conduct as 'malicious' and referred to a 'complete loss of trust, and confidence' alleging a breakdown of the employer-employee relationship.

The Plaintiff contended that these remarks were defamatory, untrue, and unsubstantiated, causing grave harm to his reputation and future employability. He argued that the letter went beyond a mere administrative act of termination and constituted a personal attack that cast aspersions on his professional conduct without any supporting evidence. Seeking redress, the Plaintiff filed a civil suit seeking the issuance of a fresh termination letter expunging the stigmatic termination, along with damages for reputational harm.

The Employer in defence, argued that the statements were a factual account of the employee's conduct and were made internally without publication to third parties. It asserted that the remarks were justified in light of the individual's insubordination, underperformance, and repeated complaints to senior management.

Issues

1. Whether the termination of the Plaintiff was in violation of the employment contract.
2. Whether the language used in the termination letter amounted to defamation, thereby causing reputational harm to the Plaintiff.

¹ CS (OS) 31/2021

Analysis and findings

1. **Termination Under a Determinable Contract:** The Delhi HC began its analysis by interpreting Clause 10 of the Plaintiff's employment contract, which allowed either party to terminate the employment without assigning any reasons, subject to a 1 (one) month notice during probation or a 2 (two) month notice post-confirmation. The Delhi HC observed that this clause reflected the essence of a determinable contract, i.e., one that may be unilaterally terminated without cause or breach.

Drawing from a well-established body of precedents, the Delhi HC reiterated that contracts of private employment, unless governed by statutory protections or public law obligations, do not warrant specific performance or reinstatement as a remedy for wrongful termination. Such relief is limited to 3 (three) narrow exceptions: (a) dismissal of a public servant in violation of Article 311 of the Constitution of India ("**Constitution**"); (b) reinstatement sought by a worker under industrial law; or (c) where a statutory body has acted in breach of a mandatory obligation imposed by statute.

Accordingly, even if the Plaintiff's termination was arbitrary or tainted with procedural infirmities, the Delhi HC held that such a claim could only result in monetary compensation, not reinstatement. The right to terminate, said the Delhi HC, stood unaffected by the presence or absence of cause, and the mere inclusion of reasons in a termination letter does not transform the nature of the termination or invite a higher standard of scrutiny.

Therefore, the first issue, on whether the termination was in violation of the employment contract, was decided against the Plaintiff.

While the Delhi HC upheld that a determinable employment contract permits either party to terminate the engagement without assigning reasons, thereby insulating the Employer from a claim of wrongful termination, it did not equate this with an endorsement of arbitrary or unregulated dismissal. Indian employment law does not recognise the doctrine of *at-will employment* as understood in the United States. Even within private contractual arrangements, a termination must not be arbitrary, vindictive, or procedurally unfair, and must generally rest on reasonable cause or demonstrable misconduct.

2. **Defamation and the right to reputation:** While the Delhi HC upheld the Employer's contractual right to terminate, it took a sharply different view of the language used in the termination letter. The Plaintiff argued that phrases such as 'malicious conduct' and 'complete loss of trust' were defamatory, lacked any factual basis, and amounted to character assassination.

The Delhi HC acknowledged the right to reputation as a fundamental right under Article 21 of the Constitution. While a termination letter can validly state the employer's reasons for cessation of employment, any assertions that are false, unsubstantiated, and injurious to a person's standing in society may amount to civil defamation.

The Delhi HC laid out the essential ingredients for defamation under civil law:

- a) a false statement, either written (libel) or spoken (slander), which tends to lower the Plaintiff's reputation;
- b) publication of that statement to at least 1 (one) person other than the Plaintiff;
- c) reference or identification of the Plaintiff in the statement (whether expressly or by implication); and
- d) absence of a valid defence such as justification, truth, privilege, or fair comment.

Keeping in mind the above parameters, the Delhi HC analysed whether the statements/remarks made in the termination letter would qualify as defamation.

- a) *Whether the purportedly defamatory remarks are false and defamatory, and is there an absence of a valid defence?*

On perusal of the record, the Delhi HC compared the stigmatic phrases 'malicious conduct' and 'complete loss of trust' with the employee's contemporaneous performance appraisals, all of which categorised him as a highly

valued contributor. Basis the said documentary evidence on record, the Delhi HC held the above remarks as unsubstantiated remarks which would inevitably lower the employee's reputation in the society.

The Delhi HC observed that nowhere was there any mention of 'malicious conduct' or even substandard performance by the Plaintiff. In fact, the Employer had failed to place on record any disciplinary records, warning letters, or internal inquiries that would justify the remarks made in the termination letter.

The Delhi HC concluded that the defamatory assertions were not merely unsupported but also directly contradicted by the Employer's own internal documents. These remarks, according to the Delhi HC, were intended to stigmatise the Plaintiff's reputation and damage his credibility in future professional settings.

Accordingly, the Delhi HC concluded that the impugned statements were factually baseless, defamatory in nature, and made without any valid justification or defence. The Delhi HC held that the elements of falsity and absence of a valid defence stood clearly satisfied.

b) *Whether the defamatory remarks are identifiably referring to the Plaintiff?*

The Delhi HC held there was no ambiguity with respect to identification of the Plaintiff as the person alluded in the termination letter.

c) *Whether the Employer published the defamatory remarks?*

Judicial precedents have held that publication is a *sine qua non* for the tort of defamation and it must be the case that the defamatory statement is brought to the awareness of a third party. Although the Employer argued that there was no third-party publication of the termination letter and that the letter was issued solely to the Plaintiff, the Delhi HC rejected this defence by invoking the doctrine of compelled self-publication, a concept which is widely recognised in American jurisprudence.

Before the Delhi HC, foreseeability, not physical dissemination, became the fulcrum for the publication limb. Because employers universally know that background-check protocols oblige candidates to share prior separation documents, the Delhi HC held that the employer ought to have foreseen that the defamatory remarks would reach third parties.

The Delhi HC observed that the Employer must have been fully aware that the Plaintiff would be required to furnish details of his exit in subsequent employment. The Delhi HC likened this situation to several international precedents, including the Minnesota Supreme Court's ruling in *Lewis vs. Equitable Life Assurance Society*², where in cases of compelled self-publication, an employer cannot claim absence of publication. The Delhi HC also cited other similar rulings involving compelled disclosure of termination reasons to future employers.

Therefore, the Delhi HC held that the element of publication was satisfied, even in the absence of direct transmission to a third party. The foreseeability of compelled self-disclosure made the employer liable for the natural and probable consequences of its defamatory statements.

3. Quantum of Damages

Having established that the termination letter was defamatory and unsupported by evidence proving the contrary *vis-à-vis* the statements made, the Delhi HC turned to the assessment of damages. It acknowledged that Indian law generally does not favour punitive or exemplary damages in routine defamation claims. Instead, courts seek to award general compensatory damages, aimed at achieving 3 (three) core objectives: (a) console the Plaintiff for emotional suffering, (b) repair the damage to his personal and professional reputation, (c) vindicate the Plaintiff's standing in society.

The Delhi HC emphasised that there is no fixed formula for calculating damages in defamation claims, and the amount must reflect the gravity of the defamatory remarks, the extent of their dissemination, and their impact on the Plaintiff's career and emotional well-being.

² 389 N.W.2d 876 (1986)

In view of these considerations, and the absence of any documentary evidence to substantiate the statements made in the termination letter, the Delhi HC found it appropriate to award the Plaintiff a sum of INR 2,00,000 (Indian Rupees two lakh) in general compensatory damages.

Conclusion

This judgment establishes a crucial precedent for the intersection of employment law and defamation, particularly in private sector employment relationships. While the Employer had the contractual right to terminate the Plaintiff, it breached the bounds of propriety by inserting stigmatic and unsupported allegations in the termination letter which amounted to defamation.

By recognising the doctrine of *compelled self-publication* and drawing on both Indian and international precedents, the Delhi HC signalled a maturing judicial sensitivity to the reputational fallout of termination practices and the lasting harm caused by defamatory employment communications. The Delhi HC acknowledged the practical reality that employees are often compelled to share their termination letters with future employers during background checks or interviews, making the damaging content effectively 'published' even when not formally circulated.

By way of this judgment, the Delhi HC also laid down the 4 (four) essentials of civil defamation: (a) false and stigmatic statement; (b) publication (including through compelled self-publication); (c) clear identification; and (d) absence of any sustaining defence. In essence, the Delhi HC held that termination letters were not privileged documents and statements/remarks made therein (without any substantial proof) would amount to defamation.

This judgment establishes that whilst companies invest heavily in protecting their own reputational interests, they cannot carelessly damage employee reputations through internal communications.

For employers, this ruling is a cautionary precedent. It makes clear that termination communications must remain factual, measured in tone, and substantiated by documented evidence if they venture into reasons for dismissal. The inclusion of defamatory language, especially without due process or supporting records, could attract civil liability, even in private employment arrangements. The case thereby establishes that defamation in employment is not shielded by the veil of contractual autonomy.

The Delhi HC's application of defamation principles, combined with its adoption of international legal doctrines, makes this judgment an invaluable precedent for employment law practitioners and an essential reference for understanding the evolving landscape of workplace defamation in India.

Employment Practice

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