



Key Contacts



'Mobola Tejuoso
Partner
mobola.ainkugbe@ao2law.com



Mohammed Adediji
Senior Associate
mohammed.adediji@ao2law.com



Daniel Ajiboye
Associate
daniel.ajiboye@ao2law.com

HAS THE COURT OF APPEAL CREATED A JURISDICTIONAL EXCEPTION IN MATTERS OF SIMPLE CONTRACT?

A COMMENTARY ON CENTRAL BANK OF NIGERIA V. ADANI MEGA SYSTEM LIMITED

INTRODUCTION

In Nigerian jurisprudence, the principle that the Federal High Court lacks jurisdiction over matters founded solely on simple contracts has been firmly established through decades of judicial precedent. This position is so settled and elementary that it is often regarded as unassailable.

However, this seemingly immutable doctrine was recently revisited by the Court of Appeal, Abuja Judicial Division, in its judgment delivered on the 25th of April 2025 in **Appeal No. CA/ABJ/CV/1300/2023: Central Bank of Nigeria v. Adani Mega System Limited (Unreported)**.

As expected, the decision has generated significant discourse within the legal community, prompting critical inquiry and raising pertinent jurisprudential questions.

This article undertakes a careful examination of the Court of Appeal's reasoning and posits that, notwithstanding the ostensible novelty of the Court's findings, the established principle remains fundamentally intact. The judgment, upon close analysis, represents more of a nuanced clarification than a doctrinal upheaval. It is, at best, a jurisprudential affirmation, not an erosion of the well-settled legal position regarding the jurisdictional limits of the Federal High Court in simple contract matters.

BRIEF FACTS:

By virtue of a project engagement mandate and a Build, Operate and Own Agreement, the Respondent entered into a contract with the technical committee of the Comprehensive Import Supervision Scheme (CISS) of the Appellant acting on behalf of the Federal Government of Nigeria principally for:

- the provision of scanning infrastructure for the inspection of all inbound and outbound cargo as required by Nigeria law.

- the purpose of acting as service provider/vendor for the Federal Government of Nigeria's cargo screening platform, as prescribed by Nigerian Law.

It was equally agreed and incorporated in the contract between the parties that its terms were to be regulated by the **Pre-Shipment Inspection of Import Act, Cap 25 Laws of the Federation of Nigeria 2004** and **Pre Shipment Inspection of Export Act, Cap 26 Laws of the Federation of Nigeria 2004** ("the Pre-Shipment Inspection of Import/Export Acts").

The Appellant obtained a Certificate of No Objection from the Bureau of Public Procurement and issued same to the Respondent. Upon issuance of this Certificate, the Respondent set to work by expending its capital and obtaining loan facilities in millions of dollars from its Bankers towards the fulfilment of its obligations under the agreement.

Subsequently, the Appellant wrote to the Respondent initially suspending the execution of the project and later terminated the contract on the alleged ground that the Respondent had subcontracted/outsourced critical component of the project to third parties and entities in the United Kingdom without its knowledge and/or consent.

The Respondent challenged the termination at the Federal High Court, Abuja stating that it had completed execution of the contract before its termination. It relied heavily amongst others on the provisions of the Pre-Shipment Inspection of Import/Export Acts to argue its case. The trial Federal High Court found for the Respondent (as the Plaintiff thereat) in part prompting the Appellant (the Central Bank of Nigeria) to appeal the decision at the Court of Appeal.

Among the several questions for determination at the Court of Appeal, the one question that took the spotlight and has generated legal discourse is: **whether the Federal High Court had jurisdiction to determine the suit which according to the Appellant was based on simple contract?**

APPELLANT'S ARGUMENT ON THE ISSUE OF JURISDICTION:

In its argument, the Appellant contended that the Respondent's case is one founded on a simple contract between the parties as all the reliefs claimed by the Respondent were related, connected and dealt with either the specific performance or enforcement of the contract or perpetual injunction restraining the Appellant from breaching the contract and damages for breach of the contract.

The Appellant argued that contrary to the Respondent's contention, the case was not predicated on the Pre-Shipment Inspection of Import/Export Acts as the Respondent did not

in the entirety of its amended statement of claim, plead any facts on the enforcement of the provisions of the said statutes.

The Appellant also contended that it was only in two reliefs out of the Respondent's twelve reliefs that the Respondent mentioned the Pre-Shipment Inspection of Import/Export Acts. According to the Appellant, these two reliefs are ancillary reliefs and are incapable of conferring jurisdiction on the Federal High Court over an action founded on or arising from a simple contract.

COURT'S RESOLUTION ON THE ISSUE OF JURISDICTION:

After a careful review of the contract between the parties, the letter of the award of contract issued to the Respondent, the Project Engagement Mandate and the Certificate of No Objection issued by the Bureau of Public Procurement to the Appellant, the Court of Appeal found that the contract between the parties is not an ordinary simple contract.



The Court noted that the contract between the parties is one that has statutory flavour and is regulated by statute—the Pre-Shipment Inspection of Import/Export Acts. Therefore, where there is a dispute arising from the said contract regulated by statute, the Court held that it is the statute that will be considered to determine the forum where the aggrieved party will ventilate its grievance.

Instructively, the Court of Appeal held that the cases of *Onuorah v. Kaduna Refining & Petro Chemical Co. Ltd* (2005) 6 NWLR (Pt. 921) 393; *Bank of Industry Limited v. Obeya* (2022) 4 NWLR (Pt. 1821) P. 589; *Wema Sec. & Finance Plc v. N.A.I.C.* (2015) 16 NWLR (Pt. 1484) P. 93; *Ikpekpe v. Warri Refinery & Petrochemical Company Ltd.* (2018) 17 NWLR (Pt. 1648) P. 280; *Rahman Brothers Limited v. NPA* (2019) 6 NWLR Pt. 1667 P. 126; *Dec Oil & Gas Ltd v. Shell (Nig) Gas Ltd* (2019) 14 NWLR (Pt. 1692) P. 273; *Oil and Gas*

Export Free Zone Authority v. T.C. Osanokpo (SAN) (2019) 6 NWLR (Pt. 4168) P.224 and **Olayemi & Others v. The Federal Housing Authority (2023) 3 NWLR (Pt. 1872) P. 445** relied on by the Appellant, in support of its contention that the Federal High Court lacks jurisdiction in simple contract matters, are heavily distinguishable from the facts and issues in this case.

While the subject matter in some of those cases bordered on simple contract, negligence or land, none of which fall within the eighteen items specified under Section 251 (1) of the 1999 Constitution (as amended), the Court held that the issue in contention in this case is novel, as the Supreme Court never reviewed the provisions of Sections 20(3) of the Pre-Shipment Inspection of Exports Act and 9(2) of the Pre-Shipment Inspection of Imports Act, which expressly confer additional jurisdiction on the Federal High Court to hear contractual disputes arising under those statutes.

Some opinions within the legal community suggest that the Court of Appeal's finding on this issue represents a departure from and creates an exception to the established principle that jurisdiction in matters of simple contract lie exclusively with the High Court of the States and the Federal Capital Territory.

Against a wholesome reliance on this decision, an appreciation of the ratio decendi behind this decision is the purpose of this article.

LEGAL COMMENTARY:

The position of law is clear that disputes purely grounded in simple contracts are within the exclusive preserve of the State High Courts and the High Court of the Federal Capital Territory. This principle has been upheld in a long line of judicial authorities.

However, an in-depth examination of the peculiar facts of *CBN V. Adani Mega System Ltd.* reveals that this case does not depart from the firm principle of law with respect to the appropriate Court vested with jurisdiction over matters of simple contract—it only applies the principle in light of an express statutory intervention.



It is our position that the term “**contract with statutory flavour**”, though novel in the circumstances, is not an invention that alters the existing jurisdictional principle. Contrariwise, it is a term that attempts to capture the character of contracts that derive their authority and operational framework from Acts of the National Assembly.

We posit that what distinguishes this case and justifies the Federal High Court’s jurisdiction is the express conferment of jurisdiction on the Court by Sections **20 (3) of the Pre-Shipment Inspection of Export Act** and **9 (2) of the Pre-Shipment Inspection of Import Act** to entertain and determine any matters arising from the Acts rather than the incorporation of the Pre-Shipment Inspection of Import/Export Acts into the contract by agreement of the parties. The said sections whose provisions are similar, provide that:

“Every proceeding under this Act shall be subject to the applicable procedure be commenced at the Federal High Court and any reference to this Act to Court shall be construed accordingly.”

This statutory conferral is in consonance with **Section 251(1)(s) of the 1999 Constitution (as amended)**, which provides that the National Assembly may, by an Act confer additional jurisdiction on the Federal High Court beyond the eighteen (18) items already listed under Section 251(1).

Thus, rather than creating an exception to the general rule on jurisdiction of the State and FCT High Courts in matters bordering on simple contract, the Court of Appeal’s decision is a reaffirmation of the provisions of Section 251(1)(s) of the Constitution.

The decision respects the boundary between simple contractual claims (which remain within the exclusive domain of the State and FCT High Courts) and contracts which, by their statutory underpinning and legislative endorsement, prescribe the involvement of the Federal High Court.

The contention that the decision represents a jurisprudential shift arises largely from the use of the phrase “**contract with statutory flavour**”. This terminology, borrowed by analogy from employment law, may have inadvertently suggested the emergence of a new category of contracts with jurisdictional consequences. However, it is our position that the critical determinant is not the label but the **source of the contract’s legal force**.

If that force emanates from an Act of the National Assembly that expressly vests jurisdiction in the Federal High Court, then the matter ceases to be a simple contract case and becomes one governed by the statute.

CONCLUSION:

While the decision of the Court of Appeal in **Central Bank of Nigeria v. Adani Mega System Limited** may, at first glance, appear to signal a departure from the long-standing principle that the Federal High Court lacks jurisdiction over matters founded on simple contracts, a closer examination reveals otherwise.

The judgment is distinguishable on its peculiar facts and should not be construed as an erosion of the established jurisprudence. The distinctive factors in this case are:

1. The Build, Own and Operate Contract between the parties is one with statutory flavour, having been made pursuant to the Pre-Shipment Inspection of Exports/Imports Act.
2. The statute is an Act of the National Assembly.
3. **Section 20(3) of the Pre-Shipment Inspection of Exports Act and Section 9(2) of the Pre-Shipment Inspection of Imports Act** prescribe that the Federal High Court is the appropriate forum for the institution of actions arising from the Acts.

Accordingly, the age-old doctrine limiting the Federal High Court's jurisdiction over simple contracts remains operative. The Court of Appeal's ruling should be properly understood as a case-specific application of statutory jurisdiction, not a blanket departure from settled precedent.

The principle continues to apply with full force, save where a contract derives its force from a federal enactment that expressly confers jurisdiction on the Federal High Court.