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Greenleaf Vs. Cook

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Court : US Supreme Court

Decided On : 1817

Appeal No. : 15 U.S. 13

Appellant : Greenleaf

Respondent : Cook

Judgement :

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Greenleaf v. Cook

15 U.S. (2 Wheat.) 13

ERROR TO THE CIRCUIT COURT OF THE

UNITED STATES FOR THE DISTRICT OF COLUMBIA

SYLLABUS

Where a promissory note was given for the purchase of real property, held that the failure of consideration through defect of title must be total, in order to constitute a good defense to an action on the note.

Quaere whether, after receiving a deed, the party could avail himself even of a total failure of consideration?

But where the note is given with full knowledge of the extent of the encumbrance, and the party thus consents to receive the title, its defect is no legal bar to an action on the note.

Any partial defect in the title or the deed is not inequitable into by a court of law in an action on the note, but the party must seek relief in chancery.

James Greenleaf instituted a suit in that court on a promissory note executed by the defendant, who pleaded the general issue. On the trial, the defendant gave in evidence a deed executed by Pratt, Francis, and others by James Greenleaf their attorney

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conveying to him a lot of ground in the City of Washington for the purchase of which the promissory note in the declaration mentioned was given. He also gave in evidence a deed from Morris, Nicholson, and others to Thomas Law purporting to be a mortgage of a great number of squares and lots in the City of Washington, and among others, of the square comprehending the lot purchased by the defendant, together with the proceedings in a suit in chancery, instituted by the said Thomas Law against Pratt, Francis, and others in which a decree of foreclosure was pronounced. He then produced a witness who proved that at the time of the sale the lot was not in his opinion, exclusive of improvements, worth more than the sum mentioned in the note.

Upon this testimony, the counsel for the defendant moved the court to instruct the jury, that if they believed the testimony, the law was for the defendant, which instruction the court refused to give, the judges being divided in opinion thereon. The counsel for the plaintiff then moved the court to instruct the jury that the law was for the plaintiff, which opinion the court also refused to give, being still divided.

The counsel for the plaintiff then produced testimony to prove that the lot of ground in payment for which the promissory note mentioned in the declaration was given had been sold to a certain John Bickly, who took possession thereof and resided thereon during his life; that after his death, his widow continued to reside thereon until she intermarried

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with the defendant and that the defendant still resides thereon. That previous to the execution of the promissory note on which this suit is instituted, he received full and complete information of the deed of mortgage in the foregoing bill of exceptions mentioned, and of the probable effect of that deed. That with this knowledge, after consultation and mature consideration, he received the deed for the lot, and gave his promissory note for the purchase money. He then moved the court to instruct the jury that if they believed the facts thus stated on testimony, the plaintiff was entitled to recover in this action. But the court, being again divided, refused to give the opinion required.

The counsel for the plaintiff took exceptions to the proceedings of the court in each point in not giving their opinions as asked. The jury found a verdict for the defendant upon which judgment was rendered, and the cause came before this Court on a writ of error.

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MR. CHIEF JUSTICE MARSHALL delivered the opinion of the Court, and after stating the facts, proceeded as follows:

On the first exception it has been argued that there is a failure of consideration, which constitutes a good defense in this action.

Without deciding whether, after receiving a deed, the defendant could avail himself of even a total failure of consideration, the Court is of opinion that to make it a good defense in any case, the failure must be total. The prior mortgage of the premises, and the decree of foreclosure, do not produce a total failure of

consideration. The equity of redemption may be worth something: this Court cannot say how much, nor is the inquiry a proper

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one in a court of law in an action on the note. If the defendant be entitled to any relief, it is not in this action.

But if any doubt could exist on the first exception, there is none on the second. The note was given with full knowledge of the case. Acquainted with the extent of the encumbrance and its probable consequences, the defendant consents to receive the title which the plaintiff was able to make, and on receiving it, executes his note for the purchase money. To the payment of a note given under such circumstances the existence of the encumbrance can certainly furnish no legal objection.

It has been also said that the deed is defective. If it be, the defendant may require a proper deed, and it is not impossible but there may be circumstances which would induce a court of equity to enjoin this judgment until a proper deed be made. But the objections to the deed cannot be examined in this action.

Judgment reversed.

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JUDGMENT. This cause came on to be heard on the transcript of the record of the Circuit Court of the United States for the County of Washington and was argued by counsel. All which being seen and considered, it is the opinion of this Court that there is error in the proceedings of the said circuit court in this, that the said court refused to instruct the jury on the application of the counsel for the plaintiff that on the facts given in evidence to them, if believed, the plaintiff was entitled to recover in that action, wherefore it is considered by this Court that the said judgment of the said circuit court be reversed and annulled and that the cause be remanded to the said court to be proceeded in according to law.

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