

Deshler Vs. Dodge

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Court : US Supreme Court

Decided On : 1853

Appeal No. : 57 U.S. 622

Appellant : Deshler

Respondent : Dodge

Judgement :

Deshler v. Dodge - 57 U.S. 622 (1853)

U.S. Supreme Court Deshler v. Dodge, 57 U.S. 16 How. 622 622 (1853)

Deshler v. Dodge

57 U.S. (16 How.) 622

ERROR TO THE CIRCUIT COURT OF THE

UNITED STATES FOR THE DISTRICT OF OHIO

SYLLABUS

The eleventh section of the Judiciary act of 1789 says

"Nor shall any district or circuit court have cognizance of any suit to recover the contents of any promissory note or other chose in action in favor of an assignee unless a suit might have been prosecuted in such court to recover the said contents if no assignment had been made except in cases of foreign bills of exchange."

This clause has no application to the case of a suit by the assignee of a chose in action to recover possession of the thing in specie, or damages for its wrongful caption or detention.

Therefore where an assignee of a package of bank notes brought an action of replevin for the package, the action can be maintained in the circuit court, although the assignor could not himself have sued in that court.

This was an action of replevin brought by Deshler, a resident and citizen of the State of New York, against Dodge, a citizen and resident of the State of Ohio.

The proceedings in the case were these:

In March, 1853, Deshler filed in the Circuit Court of the United States for the District of Ohio the following praecipe and affidavit.

" *Praecipe*. Issue a writ of replevin for the following goods and chattels, to-wit, a quantity of bank bills of various denominations, consisting of fives, tens, twenties, and fifties, given for the payment, in the aggregate, of the sum of ten thousand five hundred and eighty dollars, being the same bank bills taken by the said George C. Dodge, from the City Bank of Cleveland on the 26th day of March, 1853. Also another quantity of bank bills of various denominations consisting of ones, twos, threes, fours, fives, tens, twenties, fifties, and hundreds and given for the payment, in the aggregate, for the sum of seven thousand nine hundred sixty-five dollars, being the same bank bills taken by the said George C. Dodge, from the Merchants Bank of Cleveland on the 26th day of March, A.D. 1853. Also another quantity of bank bills of various denominations, consisting of ones twos,

threes, fives, tens, twenties, fifties, and hundreds, and given for the payment, in the aggregate, of the sum of nine thousand two hundred and sixteen dollars, being the same bank bills taken by the said George C. Dodge from the Canal Bank of Cleveland on the 26th day of March, A.D. 1853. Also another quantity of bank bills of various denominations, consisting of ones, twos, threes, fives, tens, twenties, fifties, and hundreds, and given for the payment, in the aggregate, of the sum of eleven thousand two hundred and twenty dollars, being the same bank bills taken by the said George C. Dodge, from the Commercial Bank of Cleveland, on the 26th day of March, A.D. 1853."

" *Affidavit.* John G. Deshler, plaintiff in the case in the annexed praecipe named, being first duly sworn, does depose and say that he has good right to the possession of the goods and chattels described in the annexed praecipe, and that the same are wrongfully detained by the said George C. Dodge, named as defendant in the said praecipe, and that the said goods and chattels were not taken in execution on any judgment against the said John G. Deshler, nor for the payment of any tax, fine, or amercement assessed against the said Deshler, nor by virtue of any writ of replevin or any other mesne or final process whatsoever issued against the said Deshler. Said Deshler further makes oath and says, that he is a citizen and resident of the State of New York, and that the said George C. Dodge is a citizen and a resident of the State of Ohio."

" *U.S. America, District of Ohio, ss. JOHN G. DESHLER*"

The writ was issued accordingly, and served by the marshal. The property was appraised at \$38,592. Deshler gave the usual replevin bond.

At April term, 1853, Dodge made the following motion:

"And now comes the said George C. Dodge, by R. P. Spalding, his attorney, and moves the court for a rule on the plaintiff to show cause, during the present term, why the said suit should not stand dismissed for all and singular the reasons following, to-wit: "

"1st. Because there is no sufficient affidavit filed by plaintiff as a predicate for the writ of replevin."

"2d. Because it does not comport with sound public policy that any portion of the revenue of the state should be arrested, at the instance of the taxpayers or other person for his benefit, and taken from the hands of the collector through the instrumentality of the writ of replevin."

"3d. Because the several bank bills in the writ specified were assigned to the plaintiff by said several banks in the City of Cleveland for the sole purpose of instituting suit in this court. "

Page 57 U. S. 624

"4th. Because said assignment from said banks to said John G. Deshler was colorable merely, and operates as a fraud upon the Act of Congress of September 24, 1789, establishing the judicial courts of the United States."

"5th. Because this court is debarred taking jurisdiction of this case by a provision contained in the eleventh section of said Act of Congress of September 24, 1789, in the words following:"

" Nor shall any district or circuit court have cognizance of any suit to recover the contents of any promissory note or other chose in action in favor of any assignee unless a suit might have been prosecuted in such court to recover the said contents if no assignment had been made, except in cases of foreign bills of exchange."

"It being admitted, for the purposes of this motion, that the said John G. Deshler derived all his right to said bank notes from an assignment in writing made to him by the Commercial Bank, the Merchants Bank, the City Bank, and the Canal Bank of Cleveland, all corporate bodies in the State of Ohio, after the seizure of the said bank bills by the said George C. Dodge, as Treasurer of Cuyahoga County, to satisfy sundry taxes assessed against said banks."

"R. P. SPALDING"

" *Attorney for defendant* "

In August, 1853, the court overruled the motion, but permitted the defendant to set up the same matter, by plea.

At the same term, the plaintiff, Deshler, filed his declaration, and Dodge filed the following plea:

"And the said George C. Dodge, in his own proper person, comes and says that this court ought not to have or take further cognizance of the action aforesaid, because he says that on the day and year in the said declaration mentioned, to-wit, on the twenty-sixth day of March in the year one thousand eight hundred and fifty-three, he, the said George C. Dodge, was acting as Treasurer of the County of Cuyahoga in the State of Ohio, and as such treasurer on the day and year last mentioned, at Cleveland, in the County of Cuyahoga aforesaid, held in his hands for collection the tax duplicate of said County of Cuyahoga, for the year one thousand eight hundred and fifty-two, upon which tax duplicate sundry large amounts of taxes stood assessed against the several banks in the plaintiff's declaration mentioned, to-wit, against the City Bank of Cleveland, the Merchants Bank of Cleveland, the Canal Bank of Cleveland, and the Commercial Bank of Cleveland, which said taxes, with a large amount of penalty thereon, were then due and unpaid, and it then and there became, and was the official duty of the said George C. Dodge, as such treasurer, to distrain a sufficient amount of bank bills belonging to said banks and in their possession,

Page 57 U. S. 625

respectively, to satisfy the said taxes and penalties, amounting in the aggregate to a large sum of money, to-wit, to the sum of thirty-eight thousand nine hundred and eighty-one dollars. And the said George C. Dodge did in fact, then and there, to-wit, on the 26th day of March, in the year one thousand eight hundred and fifty-three, at the City of Cleveland, in the County of Cuyahoga aforesaid, enter into said banks and take and distrain from them, respectively, the amount of taxes and penalty as aforesaid, to-wit: from the City Bank of Cleveland he took and

distraigned the sum of ten thousand five hundred and eighty dollars in bank bills of various denominations, consisting of fives, tens, twenties, and fifties, the same being at the time said distress was made the exclusive property of said City Bank of Cleveland. From the Merchants Bank of Cleveland he took and distraigned the sum of seven thousand nine hundred and sixty-five dollars in bank bills of various denominations, consisting of ones, twos, threes, fours, fives, tens, twenties, fifties, and hundreds, the same being at the time said distress was made the exclusive property of said Merchants Bank of Cleveland. From the Canal Bank of Cleveland he took and distraigned the sum of nine thousand two hundred and sixteen dollars in bank bills of various denominations, consisting of ones, twos, threes, fives, tens, twenties, fifties, and hundreds, the same being at the time said distress was made the exclusive property of said Canal Bank of Cleveland. And from the Commercial Bank of Cleveland he took and distraigned the sum of eleven thousand two hundred and twenty dollars in bank bills of various denominations, consisting of ones, twos, threes, fives, tens, twenties, fifties, and hundreds, the same being at the time said distress was made the exclusive property of said Commercial Bank of Cleveland. And the said George C. Dodge, having thus then and there taken and distraigned said bank bills, being all and singular the bank bills in the plaintiff's declaration set forth and described, immediately, to-wit, on the twenty-sixth day of March, in the year one thousand eight hundred and fifty-three aforesaid, removed said several bank bills from said several banks, respectively, to a place of security, to-wit, to the vault of the Cleveland Insurance Company, where the same were specially deposited by the said George C. Dodge, and where the same in fact remained to the credit of the said George C. Dodge as a special deposit, until they were afterwards seized and taken by force of the writ of replevin issued at the instance of the said John G. Deshler, plaintiff in this suit."

"And the said George C. Dodge further saith that on the same twenty-sixth day of March, A.D. 1853, but after the said George C. Dodge had so as aforesaid distraigned, and taken away from

the possession and keeping of the said several banks herein before mentioned, the said bank bills above mentioned, and after he had deposited the same for safekeeping in the vault of the Cleveland Insurance Company in manner aforesaid the said several banks above mentioned, all of which were incorporated by the laws of the State of Ohio to transact a general banking business in said City of Cleveland, in the County of Cuyahoga aforesaid, and not elsewhere, and all of which in fact were at the time said taxes were assessed, and at the time the said bank bills were so as aforesaid distrained for the payment of said taxes, transacting a general banking business in the City of Cleveland aforesaid, entered into an arrangement with the said John G. Deshler, the plaintiff in this suit, who claims to be a citizen and resident in the State of New York, whereby the said several banks, by written instruments of assignment, bearing date on the said twenty-sixth day of March, A.D. 1853, and executed in behalf of said banks by their cashiers or other agents duly authorized by the directors of the same, sold, assigned, and transferred to the said John G. Deshler, plaintiff in this suit, all and singular the bank bills so as aforesaid taken and distrained by the said George C. Dodge, and which said bank bills were, by the express terms of said several assignments in writing, declared to be then, and at the time of the execution of said several instruments of assignment, in the possession of George C. Dodge, Treasurer of the County of Cuyahoga, in the State of Ohio."

"And the said George C. Dodge further saith that before and at the time of the taking and distraining said several bank bills for the payment of said taxes and penalties assessed as aforesaid against said several banks, he, the said John G. Deshler, had no right of property in, or claim to, the possession of said several bank bills whatsoever, but that all the pretended right, interest, and claim of the said John G. Deshler thereto arose under and by virtue of said several instruments of assignments, executed and delivered long after said bank bills had been taken and distrained by the said George C. Dodge, as treasurer as aforesaid, in satisfaction of the taxes and penalty so due as aforesaid from said banks, and while the said bank bills were on special deposit in the vault of the said Cleveland Insurance Company to the credit of the said George C. Dodge, treasurer as aforesaid. And the said George C. Dodge further saith that he is a citizen of and

resident in the State of Ohio, and was such at the time when this suit was instituted, and that all and singular said banks are corporate bodies of said State of Ohio, and have not now and never had any legal existence except within the limits of said state. And so the said George C. Dodge pleads, and

Page 57 U. S. 627

says, that said supposed causes of action are not within the jurisdiction of this court, and this he is ready to verify; whereof he prays judgment whether this Court can or will take further cognizance of the action aforesaid."

"GEORGE C. DODGE"

This plea was verified by affidavit.

The plaintiff demurred to this plea, when the court overruled the demurrer and sustained the plea upon the ground

"that the matters therein contained are sufficient in law to preclude the said Deshler from having and maintaining said action against the said Dodge in this Court, and that the court has no jurisdiction of the same."

Deshler sued out a writ of error, and brought the case up to this Court.

Page 57 U. S. 630

MR. JUSTICE NELSON delivered the opinion of the Court.

The suit below was an action of replevin to recover the possession of a quantity of bank bills, in the hands of the defendant, upon banks in the City of Cleveland amounting in the whole to the sum of thirty-eight thousand five hundred and ninety-two dollars, and the title to which was derived by an assignment from the banks to the plaintiff. The declaration is in the usual form for wrongfully and unjustly detaining the possession of the property, the plaintiff averring that he is a citizen and resident of the State of New York; and the defendant a citizen and resident of the State of Ohio.

To this declaration the defendant plead to the jurisdiction of the court, setting up that the defendant was Acting Treasurer of the County of Cuyahoga, Ohio, and had distrained the bills in question belonging to the banks to satisfy the taxes and penalties duly imposed upon them, and that after the said bills had been thus distrained and in his possession, the said banks being incorporated companies by the laws of the State of Ohio, and doing business in the City of Cleveland, sold, assigned, and transferred the same to the plaintiff, and that all the right and title to the said bills belonging to him is derived from the aforesaid assignment, wherefore the defendant says the supposed causes of action are not within the jurisdiction of the court, and prays judgment if it will take further cognizance of the suit.

To this plea the plaintiff demurred, and the defendant joined in demurrer, upon which judgment in the court below was given for the defendant.

The only question presented in the case by either of the parties is whether or not the court below had jurisdiction of the case within the true meaning of the 11th section of the Judiciary Act of 1789, the material part of which is as follows:

"Nor shall any

Page 57 U. S. 631

district or circuit court have cognizance of any suit to recover the contents of any promissory note or other chose in action in favor of an assignee unless a suit might have been prosecuted in such court to recover the said contents if no assignment had been made, except in cases of foreign bills of exchange."

It is admitted the assignors in this case could not have maintained the suit in the federal courts. We are of opinion that this clause of the statute has no application to the case of a suit by the assignee of a chose in action to recover possession of the thing in specie, or damages for its wrongful caption or detention, and that it applies only to cases in which the suit is brought to recover the contents, or to enforce the contract contained in the instrument assigned.

In the case of a tortious taking, or wrongful detention of a chose in action against the right or title of the assignee, the injury is one to the right of property in the thing, and it is therefore unimportant as it respects the derivation of the title; it is sufficient if it belongs to the party bringing the suit at the time of the injury.

The distinction as it respects the application of the 11th section of the Judiciary act to a suit concerning a chose in action is this -- where the suit is brought to enforce the contract, the assignee is disabled unless it might have been brought in the court if no assignment had been made; but if brought for a tortious taking or wrongful detention of the chattel, then the remedy accrues to the person who has the right of property or of possession at the time, the same as in case of a like wrong in respect to any other sort of personal chattel.

The principle governing the case will be found in cases that have frequently been before us arising out of the assignment of mortgages, where it has been held if the suit is brought to recover the possession of the mortgaged premises, the assignee may bring the suit in the federal courts if a citizen of a state other than that of the tenant in possession, whether the mortgagee could have maintained it or not within this section; but if brought to enforce the payment or collection of the debt by sale of the premises or by a decree against the mortgagor, then the assignee is disabled unless the like suit could have been maintained by the mortgagee. [48 U. S. 7](#) How. 198. This distinction is stated by MR. JUSTICE GRIER in the case of [Sheldon v. Sill](#), 8 How. 441. The learned Justice, in delivering the opinion of the Court in that case, observed

"that the term 'chose in action' is one of comprehensive import. It includes the infinite variety of contracts, covenants, and promises which confers on one party a right to recover a personal chattel, or sum of money from another, by action."

This paragraph has been relied on

Page 57 U. S. 632

to sustain the plea in question; but other portions of this opinion will show, that the phrase "right to recover a personal chattel" was not meant a recovery in specie, or

damages for a tortious injury to the same, but a remedy on the contract for the breach of it, whether the contract was for the payment of money or the delivery of a personal chattel. Indeed, upon a close examination, this is the fair import of the language used, as he was speaking of the contract in the instrument assigned, not of the sale or transfer of it.

We have looked simply at the question of jurisdiction in the case, as that is the only question raised by the plea, and as we are satisfied that the demurrer to it is well taken, the judgment of the court below should be

Reversed with costs and proceedings remitted, with directions that judgment be given for the plaintiff that the defendant answer over.

MR. CHIEF JUSTICE TANEY, MR. JUSTICE CATRON, MR. JUSTICE DANIEL, and MR. JUSTICE CAMPBELL, dissented.

MR. JUSTICE CATRON, dissenting.

The defendant, Dodge, was Treasurer and Tax Collector of Cuyahoga County, in Ohio for the year 1852. There was assessed on the tax list of that year, against the Bank of Cleveland, \$10,580, against the Merchants Bank of Cleveland, \$7,965, on the Canal Bank of Cleveland, \$9,216, and on the Commercial Bank of Cleveland, \$11,981, making \$38,981.

These respective amounts were distrained in bank notes from each bank, and deposited by the tax collector with the Cleveland Insurance Company to his credit. As the four banks whose property was distrained were incapable of suing the tax collector, who was citizen of Ohio, in the circuit court of the United States, they joined in a written transfer of the bank notes to John G. Deshler, the plaintiff, a citizen of New York, and he obtained a writ of replevin, and process founded on it, out of the circuit court of the United States, and declared as a citizen of New York. The defendant Dodge pleaded in abatement, alleging that the causes of action are not within the jurisdiction of the court, to which plea there was a demurrer.

The first question is whether this plea in abatement is the proper defense, or should the plea have been in bar.

The plea sets forth the distress for taxes due and unpaid from the banks to the state; that the defendant Dodge was the tax collector, and had the proper authority to make the distress, and did distrain, by virtue of his authority. By the laws of England, replevin does not lie for goods taken in execution, nor in

Page 57 U. S. 633

cases where goods are taken by distress according to an act of Parliament, this being in the nature of an execution. 7 Bac.Ab. Replevin and Avowry, C. 71; 6 Comyns' Digest Replevin, D. 218; *Ilseley v. Stubbs*, 5 Mass. 282, per Parsons, Ch.J.

So the statute of Ohio under which the proceeding in this case was had gives the writ of replevin, and prescribes the mode of proceeding, requiring an affidavit from the owner or his agent that the goods were his that they are wrongfully detained by the defendants,

"and that said goods and chattels were not taken in the execution, on any judgment against said plaintiff, nor for the payment of any tax, fine, or amercement assessed against the plaintiff,"

and it is further provided that any writ of replevin issued without such affidavit shall be quashed at the costs of the clerk issuing it, and that he and the plaintiff shall be liable in damages to the party injured. This affidavit, Deshler made, and got the property into his possession on giving bond as the law requires.

The plea distinctly shows that the property was in a condition not to be taken by the writ of replevin, and that the circuit court had no jurisdiction to issue the writ, or in anywise interfere with the property by that suit in replevin, and there being no jurisdiction to try title or proceed further, the plea in abatement was the proper one. And so are the American decisions. *Shaw v. Levy*, 17 Serg. & Rawle 99.

The next question is whether these corporations could lawfully assign to a third person their rights of action to property out of their possession and held adversely? On common law principles, such an assignment is champerty. Blackstone says, vol. 4 135, *champart*, in French law, signified a similar division of profits:

"In our sense of the word, it signifies the purchasing of a suit, or right of suing, a practice so much abhorred by our law that it is one main reason why a chose in action, or thing of which one hath the right, but not the possession, is not assignable at common law, because no man should purchase any pretense to sue in another's right."

I am not aware that this, as a general rule, has been disputed. It therefore follows, as I think, that the assignment was void and that the causes of action belonged to the four banks as if it had never been made, and they alone having the right to sue in any form and being citizens of Ohio, no power to interfere with the tax collector, Dodge, or the property distrained, existed in the United States court.

A principal objection that I have heard urged is that as the plea sets forth matter in bar, and commences and concludes in abatement, it is bad for this reason: if we were allowed to rely on such a barren technicality, the assumption is not well

Page 57 U. S. 634

founded. In a replevin for goods, the defendant may plead property in another or that the goods were taken in execution either in abatement or bar. 1 Chit.Pl. 446; *Ilsey v. Stubbs*, 5 Mass. 284-285; 1 Johns. 380; 1 Salk. 5.

As the plaintiff had no title that he could assert, it is of no consequence to him who has, say some of the authorities, but if this second ground was doubtful, it is cured by the act of jeofails.

The thirty-second section of the Judiciary Act declares that no proceeding in civil causes shall be quashed or reversed for any defect of want of form, but that the courts shall proceed and give judgment according to the right of the cause without

regarding such defects or want of form in any pleading, except in cases of demurrer, where the party demurring shall have specially set down and expressed in his demurrer the causes thereof. The demurrer here is general, and no mere technicality was allowable.

"The right of the matter in law" in this case involves a very grave consideration, such as would in all probability deeply disturb the harmony of the Union if taxpayers in larger classes could combine together, let their property be distrained, and then assign it to a third person, a citizen of another state, and on the same day, as in this case, take it from the state authority by a federal court writ and let it be taken beyond the state's jurisdiction.

It was said by the Supreme Court of Pennsylvania, in a case where property had been seized for taxes due and taken from the officer's possession by a writ of replevin,

"that the court will not support this form of action in such a case, nor suffer such an abuse of their process. If one man may bring replevin where his goods have been taken for taxes, so may every other person, and thus the collection of all taxes might be evaded. Independently of the act of assembly, we are bound to quash this writ."

3 Yeates 82.

I deem the case before us to have been a very disreputable proceeding. The officers of these banks could not make the necessary oath required to obtain a writ of replevin, and to evade the laws of Ohio, the device of an assignment of their separate causes of action to a nonresident was resorted to, who could swear that this property was not distrained for his taxes, and thus apparently comply with the law so far as an oath was required whereas he violated its spirit, to bring into a tribunal of the Union a controversy that a state court would not sanction by practicing a fraud on the laws of Ohio and a fraud on the Constitution of the United States. And what adds to the grossness of this transaction is the attempt to assign and vest in this plaintiff divers causes of action by separate assignors, thus

seeking to practice champerty in a form and to an extent not heretofore devised. If four could assign, and their claims be combined in one suit by the assignee, so could as many hundreds. To sanction the validity of an assignment to a nonresident of property adversely held and let him sustain a suit for it would throw open the United States courts to every matter of litigation where property was in dispute exceeding the value of five hundred dollars.

I feel quite confident that the Constitution did not contemplate this mode of acquiring jurisdiction to the courts of the Union, and am of opinion, that the judgment of the circuit court sustaining the plea ought to be affirmed.

MR. JUSTICE DANIEL.

I also dissent from the opinion of the Court in this case, and concur in the views so conclusively taken of it by my brother Catron.

ORDER

This cause came on to be heard on the transcript of the record from the Circuit Court of the United States for the District of Ohio, and was argued by counsel. On consideration whereof, it is now here ordered and adjudged by this Court that the judgment of the said circuit court in this cause be, and the same is hereby, reversed with costs, and that this cause be and the same is hereby remanded to the said circuit court for further proceedings to be had therein in conformity to the opinion of this Court.