Brewster Vs. Wakefield

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Court : US Supreme Court

Decided On : 1859

Appeal No. : 63 U.S. 118

Appellant : Brewster

Respondent : Wakefield

Judgement :

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Brewster v. Wakefield

63 U.S. (22 How.) 118

APPEAL FROM THE SUPREME COURT

OF THE TERRITORY OF MINNESOTA

SYLLABUS

Whilst Minnesota was a territory, the following statute was passed:

"Sec. 1. Any rate of interest agreed upon by the parties in contract, specifying the same in writing, shall be legal and valid."

"Sec. 2. When no rate of interest is agreed upon or specified in a note or other contract, seven percent per annum shall be the legal rate."

Where a party gave two promissory notes, in one of which he promised to pay, twelve months after the date thereof, a sum of money, with interest thereon at the rate of twenty percent per annum from the date thereof, and in another promised to pay another sum, six months after date, with interest at the rate of two percent per month, the mode of computing interest under the statute was to calculate the interest stipulated for up to the time when the notes became due, and after that time at the rate of seven percent per annum.

Although the laws of the territory abolished the distinction between cases at law and cases in equity and required all cases to be removed from an inferior to a higher court by writ of error, and not by appeal, yet such laws cannot regulate the process of this Court, and the present case, being in the nature of a bill in equity, is properly brought up by appeal.

The parties who acquired liens on the mortgaged property subsequent to the mortgage in question were not necessarily parties to this appeal, and if they had appeared to the suit in the court below, one defendant, whose interest is separate from that of the other defendants, may appeal without them.

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The facts of the case are fully stated in the opinion of the Court.

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MR. CHIEF JUSTICE TANEY delivered the opinion of the Court.

It appears that a suit was instituted in the district court, in the County of Ramsey, by Wakefield, the appellee, against the appellant and others, in order to foreclose

a mortgage made by the said Brewster and his wife, of certain lands, to secure the payment of three promissory notes mentioned in the proceedings. The notes are not set out in full in the transcript, but are stated by the complainant in his petition, or bill of complaint, to have been all given by Brewster on the 11th of July, 1854, whereby, in one of them, he promised to pay, twelve months after the date thereof, to the order of

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Wakefield, the appellee, the sum of five thousand five hundred and eighty-three dollars and twenty-five cents, with interest thereon at the rate of twenty percent per annum from the date thereof, for value received; and in another, promised to pay to the order of the said Wakefield the further sum of two thousand dollars, twelve months after the date thereof, with interest thereon at the rate of two percent per month from the date; and by a third one, promised to pay to the order of the said Wakefield, six months after date, the further sum of one thousand dollars, with interest at the rate of two percent per month. This last-mentioned note is admitted to have been paid, and these proceedings were instituted to recover the principal and interest due on the two first.

No defense appears to have been made by the appellant, and the notes were admitted to be due. But when the court was about to pass its decree for the sale of the mortgaged premises and ascertain and determine the sum due, the appellant, by his counsel, appeared and objected to the allowance of more than the legal rate of interest seven percent after the notes became due and payable. Wakefield, on the contrary, claimed that interest should be allowed at the rate mentioned in the notes, up to the time of the judgment or decree for the sale. And of this opinion was the court, and by its decree, dated June 20, 1855, adjudged that the sum of $10,670.77 was then due and owing for principal and interest on the said two notes, and ordered the mortgaged premises, or so much thereof as might be necessary, to be sold to raise that sum.

This decree or judgment was carried by writ of error, according to the practice in the territory, before the supreme territorial court, and was there, on the 29th of

January, 1857, affirmed, with ten percent damages, and also legal interest on the sum awarded by the district court, amounting altogether to the sum of twelve thousand five hundred and thirty-eight dollars and nine cents. For the payment of that amount, with costs, the mortgaged premises were ordered to be sold.

From this last-mentioned decision an appeal was taken to this Court.

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There is no question as to the validity of the notes or mortgage, and it is admitted that no and it is admitted that no paid. The question in controversy between the parties is whether, after the day specified for the payment of the notes, the interest is to be calculated at the rates therein mentioned or according to the rate established by law when there is no written contract on the subject between the parties. The question depends upon the construction of a statute of the territory, which is in the following words:

"Sec. 1. Any rate of interest agreed upon by the parties in contract, specifying the same in writing, shall be legal and valid."

"Sec. 2. When no rate of interest is agreed upon or specified in a note or other contract, seven percent per annum shall be the legal rate."

Now the notes which formed the written contracts between the parties, as we have already said, are not set out in full in the record. We must take them, therefore, as they are described by the complainant, as his description is not disputed by the appellant, and according to that statement, the written stipulation as to interest is interest from the date to the day specified for the payment. There is no stipulation in relation to interest, after the notes become due, in case the debtor should fail to pay them, and if the right to interest depended altogether on contract, and was not given by law in a case of this kind, the appellee would be entitled to no interest whatever after the day of payment.

The contract being entirely silent as to interest, if the notes should not be punctually paid, the creditor is entitled to interest after that time by operation of

law, and not by any provision in the contract. And in this view of the subject we think the territorial courts committed an error in allowing, after the notes fell due, a higher rate of interest than that established by law where there was no contract to regulate it. The cases of *Macomber v. Dunham,* 8 Wend. 550; *United States Bank v. Chapin,* 9 Wend. 471; and *Ludwick v. Huntsinger,* 5 Watts & Serg. 51, 60, were decided upon this principle, and, in the opinion of this Court, correctly decided.

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Nor is there anything in the character of this contract that should induce the court, by supposed intendment of the parties or doubtful inferences, to extend the stipulation for interest beyond the time specified in the written contract. The law of Minnesota has fixed seven percent per annum as a reasonable and fair compensation for the use of money, and where a party desires to exact, from the necessities of a borrower, more than three times as much as the legislature deems reasonable and just, he must take care that the contract is so written in plain and unambiguous terms, for with such a claim he must stand upon his bond.

A question has been raised by the appellee as to the jurisdiction of this Court. The laws of the territory have abolished the distinction between cases at law and cases in equity, and both are blended in the same proceeding, without any regard to the forms and rules of proceeding, either at law or in equity, and a case cannot be removed from an inferior to an appellate territorial court except by writ of error. And it is urged that this case, under the laws of Minnesota, ought to be regarded as a case at law, and removable to this Court by writ of error only, and not by appeal.

But the case presented by the record is not a case at law, according to the meaning of those words, in courts which recognize the distinction between law and equity. On the contrary, it is a proceeding in the nature of a bill in equity to foreclose a mortgage, in which the facts as well as the law are to be decided by the court, and an appeal, and not a writ of error, was the appropriate mode of

bringing the case before this Court. The laws or practice of the territory cannot regulate the process by which this Court exercises its appellate power. Nor, indeed, can there be any such thing as a suit at law, as contradistinguished from a suit in equity, in the courts of the territory, where legal rights and equitable rights must be blended together and prosecuted in the same suit, without any regard to the rules and practice of courts of common law or courts of equity.

Nor was it necessary that the parties who acquired liens on the mortgaged premises subsequent to the mortgage in question

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should join in the appeal. They were not necessary parties in a proceeding in equity to foreclose the mortgage, and none of them has appeared to the suit to contest the claim of Wakefield. And if it had been otherwise, yet the question in controversy here is the amount of the debt due from the appellant, and in the case of *Forgay v. Conrad,* 6 How. 201, this Court decided that a defendant in equity, whose interest is separate from that of the other defendants, may appeal without them.

We have no doubt of the jurisdiction of the Court upon this appeal, and the judgment and decree of the supreme court of the territory must be

Reversed for the error above mentioned.