Eustis Vs. Bolles

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SooperKanoon Citation : sooperkanoon.com/87209

Court : US Supreme Court

Decided On : Nov-20-1893

Appeal No. : 150 U.S. 361

Appellant : Eustis

Respondent : Bolles

Judgement :

Eustis v. Bolles - 150 U.S. 361 (1893)
U.S. Supreme Court Eustis v. Bolles, 150 U.S. 361 (1893)

Eustis v. Bolles

No. 74

Argued November 9-10, 1893

Decided November 20, 1893

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ERROR TO THE SUPREME JUDICIAL COURT

OF THE COMMONWEALTH OF MASSACHUSETTS

SYLLABUS

The decision by the Supreme Judicial Court of Massachusetts that a creditor of an insolvent debtor who proves his debt in insolvency and accepts the benefit of proceedings under the state statute of May 13, 1884, entitled "An act to provide for composition with creditors in

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insolvency," Mass.Stats. 1854, c. 236, and the act amending the same, thereby waives any right which he might otherwise have had to object to the validity of the composition statutes as impairing the obligation of contracts presents no federal question for review by this Court.

To give this Court jurisdiction of a writ of error to a state court, it must appear affirmatively not only that a federal question was presented for decision by the state court, but that its decision was necessary to the determination of the cause and that it was decided adversely to the party claiming a right under the federal laws or Constitution, or that the judgment, as rendered, could not have been given without deciding it.

Where the record discloses that if a question has been raised and decided adversely to a party claiming the benefit of a provision of the Constitution or laws of the United States, another question, not federal, has been also raised and decided against such party, and the decision of the latter question is sufficient, notwithstanding the federal question, to sustain the judgment, this Court will not review the judgment.

When this Court, in a case brought here by writ of error to a state court, finds it unnecessary to decide any federal question, its logical course is to dismiss the writ of error.

On February 14, 1887, Charles H. Bolles and George F. Wilde, as surviving members of the firm of B. Collender & Co., filed a petition in insolvency in the Insolvency Court within and for the County of Suffolk, State of Massachusetts. On

February 16, 1887, they filed in the same insolvency court a written proposal for composition with their copartnership creditors under the so-called "composition acts" of 1884 and 1885, and they therein proposed to pay fifty cents on the dollar of their debts in money. On February 24, 1887, the first meetings of creditors were held in both the ordinary insolvency proceedings, which were begun on February 14, and in the composition proceedings, which were begun on February 16, and William T. Eustis proved a claim on a promissory note for $16,000, dated January 1, 1880, and due on demand, and voted for assignees in the ordinary insolvency proceeding, but the record does not show that he proved his claim in the composition proceedings. On March 10, 1887, an adjourned hearing in the composition proceedings was held in the insolvency court to determine whether said proposal for composition should be confirmed, and Eustis appeared by counsel at said hearing and opposed the confirmation of said

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proposal, and the granting of a discharge to said Bolles and Wilde, on the ground that the said composition acts were unconstitutional and void. Eustis also filed written objections to the discharge of the debtors, alleging that the composition acts, having been passed after the execution and delivery of the note held by Eustis, were in violation of that part of the Constitution of the United States which forbids any state to pass a law impairing the obligation of contracts.

Bolles and Wilde, having filed in the insolvency court the written assent of a majority in number and value of their creditors who had proved their claims, and having deposited in court one-half the aggregate amount of their debts, were granted by the court, on March 31, 1887, certificates of discharge under and in pursuance of the composition acts. On May 14, 1887, Eustis received the sum of $8,020, being one-half the amount of his claim, and signed a receipt therefor, reciting that it was "according to the composition confirmed by the court in the case." All the other creditors of said Bolles and Wilde accepted the offer and signed similar receipts.

Subsequently, in July, 1887, Eustis brought an action in the Supreme Judicial Court against Bolles and Wilde wherein he sought to recover the balance of his note remaining unpaid after the receipt of the one-half received under the insolvency proceedings. The defendants pleaded the proceedings in insolvency, their offer of composition, its acceptance by the majority in number and value of their creditors, their discharge, and the acceptance by Eustis of the amount coming to him under the offer of composition, and to this answer the plaintiff demurred. Subsequently, the death of William T. Eustis was suggested, and Isabel B. Eustis and Florence D. Eustis were permitted to appear and prosecute said action as executrices.

The trial court, which overruled the demurrer, made a finding of facts, and reported the case for the determination of the full court. The Supreme Judicial Court was of opinion that Eustis, by accepting the benefit of the composition, had waived any right that he might otherwise have had to object

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to the validity of the composition statutes as impairing the obligation of contracts. 146 Mass. 413. Final judgment was entered for the defendants on November 26, 1889, and on January 29, 1890, a writ of error was allowed by the Chief Justice of the Supreme Judicial Court to this Court.

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MR. JUSTICE SHIRAS, after stating the case as above reported, delivered the opinion of the Court.

It is settled law that to give this Court jurisdiction of a writ of error to a state court, it must appear affirmatively not only that a federal question was presented for decision by the state court, but that its decision was necessary to the determination of the cause and that it was actually decided adversely to the party claiming a right under the federal laws or Constitution or that the judgment as rendered could not have been given without deciding it. *Murdock v. Memphis,* 20

Wall. 590; *Cook County v. Calumet & Chicago Canal Co.,* 138 U. S. 635 .

It is likewise settled law that where the record discloses that if a question has been raised and decided adversely to a party claiming the benefit of a provision of the Constitution or laws of the United States, another question, not federal, has been also raised and decided against such party, and the decision of the latter question is sufficient, notwithstanding the federal question, to sustain the judgment, this Court will not review the judgment.

In *Klinger v. Missouri,* 13 Wall. 257, 80 U. S. 263 , this Court, through Mr. Justice Bradley, said:

"The rules which govern

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the action of this Court in cases of this sort are well settled. Where it appears by the record that the judgment of the state court might have been based either upon a law which would raise a question of repugnancy to the Constitution, laws, or treaties of the United States, or upon some other independent ground, and it appears that the court did in fact base its judgment on such independent ground, and not on the law raising the federal question, this Court will not take jurisdiction of the case even though it might think the position of the state court an unsound one. But where it does not appear on which of the two grounds the judgment was based, then, if the independent ground on which it might have been based was a good and valid one, sufficient of itself to sustain the judgment, this Court will not assume jurisdiction of the case; but if such independent ground was not a good and valid one, it will be presumed that the state court based its judgment on the law raising the federal question, and this Court will then take jurisdiction."

In *Johnson v. Risk,* 137 U. S. 300 , 137 U. S. 307 , the record showed that in the Supreme Court of Tennessee, two grounds of defense had been urged, one of which involved the construction of the provisions of the federal Bankrupt Act of March 2, 1867, and the other the bar of the statute of limitations of the State of Tennessee, and this Court held that

"where, in action pending in a state court, two grounds of defense are interposed, each broad enough to defeat a recovery, and only one of them involves a federal question, and judgment passes for the defendant, the record must show, in order to justify a writ of error from this Court, that the judgment was rested upon the disposition of the federal question, and if this does not affirmatively appear, the writ of error will be dismissed unless the defense which does not involve a federal question is so palpably unfounded that it cannot be presumed to have been entertained by the state court."

Different phases of the question were presented, and the same conclusion was reached, in *Murray v. Charleston,* 96 U. S. 432 , 96 U. S. 441 ; *Jenkins v. Loewenthal,* 110 U. S. 222 ; *Hale v. Akers,* 132 U. S. 554 .

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In this state of the law, we are met at the threshold in the present case with the question whether the record discloses that the Supreme Judicial Court of Massachusetts decided adversely to the plaintiffs in error any claim arising under the Constitution or laws of the United States, or whether the judgment of that court was placed on another ground, not involving federal law and sufficient of itself to sustain the judgment.

The defendants in the trial court depended on a discharge obtained by them under regular proceedings under the insolvency statutes of Massachusetts. This defense the plaintiffs met by alleging that the statutes under which the defendants had procured their discharge had been enacted after the promissory note sued on had been executed and delivered, and that to give effect to a discharge obtained under such subsequent laws would impair the obligation of a contract within the meaning of the Constitution of the United States. Upon such a state of facts, it is plain that a federal question, decisive of the case, was presented, and that if the judgment of the Supreme Judicial Court of Massachusetts adjudged that question adversely to the plaintiffs, it would be the duty of this Court to consider the soundness of such a judgment.

The record, however, further discloses that William T. Eustis represented in this Court by his executors, had accepted and receipted for the money which had been awarded him as his portion under the insolvency proceedings, and that the court below, conceding that his cause of action could not be taken away from him without his consent by proceedings under statutes of insolvency passed subsequently to the vesting of his rights, held that the action of Eustis in so accepting and receipting for his dividend in the insolvency proceedings was a waiver of his right to object to the validity of the insolvency statutes, and that accordingly the defendants were entitled to the judgment.

The view of the court was that when the composition was confirmed, Eustis was put to his election whether he would avail himself of the composition offer or would reject it and

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rely upon his right to enforce his debt against his debtors notwithstanding their discharge.

In its discussion of this question, the court below cited and claimed to follow the decision of this Court in the case of *Clay v. Smith,* 3 Pet. 411, where it was held that the plaintiff, by proving his debt and taking a dividend under the bankrupt laws of Louisiana, waived his right to object that the law did not constitutionally apply to his debt, he being a creditor residing in another state. But in deciding that it was competent for Eustis to waive his legal rights and that accepting his dividend under the insolvency proceedings was such a waiver, the court below did not decide a federal question. Whether that view of the case sound or not it is not for us to inquire. It was broad enough in itself to support the final judgment without reference to the federal question.

The case of *Beaupre v. Noyes,* 138 U. S. 397 , 138 U. S. 401 , seems to cover the present one. There, the plaintiff in error complained that an assignment of property, not accompanied by delivery and an actual change of possession, was, as to him, fraudulent, and as his contention to that effect was denied to him, he

claimed he was denied a right arising under an authority exercised under the United States. But this Court said:

"Whether the state court so interpreted the territorial statute as to deny such right to the plaintiff in error we need not inquire, for it proceeded in part on another and distinct ground not involving any federal question and sufficient in itself to maintain the judgment without reference to that question. That ground is that there was evidence tending to show that the defendants acquiesced in and assented to all that was done and waived any irregularity in the mode in which the assignee conducted the business, and that the question whether the defendants so acquiesced and assented with knowledge of all the facts, and thereby waived their right to treat the assignment as fraudulent, was properly submitted to the jury. The state court evidently intended to hold that even if the assignment was originally fraudulent as against the creditors by reason

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of Young, the assignor, remaining in apparent possession, it was competent for the plaintiffs in error to waive the fraud and treat the assignment as valid. That view does not involve a federal question. Whether sound or not we do not inquire. It is broad enough in itself to support the final judgment without reference to the federal question."

Having reached the conclusion that we are not called upon to determine any federal question nor to consider whether the state court was right or wrong in its decision of the other question in the case, it only remains to inquire whether that conclusion requires us to affirm the judgment of the court below or to dismiss the writ of error. An examination of our records will show that in similar cases, this Court has sometimes affirmed the judgment of the court below and sometimes has dismissed the writ or error. This discrepancy may have originated in a difference of views as to the precise scope of the questions presented. However that may be, we think that when we find it unnecessary to decide any federal question, and when the state court had based its decision on a local or state question, our logical course is to dismiss the writ of error. This was the judgment pronounced in *Klinger*

v. Missouri, 13 Wall. 263; *N.O. Waterworks v. Louisiana Sugar Co.,* 125 U. S. 39 ; *Kreiger v. Shelby Railroad,* 125 U. S. 46 ; *De Saussure v. Gaillard,* 127 U. S. 216 ; *Hale v. Akers,* 132 U. S. 565 ; *Hopkins v. McLure,* 133 U. S. 387 ; *Johnson v. Risk,* 137 U. S. 307 , and in numerous other cases which it is unnecessary to cite.

Accordingly, our judgment is that in the present case the writ of error must be

Dismissed.