

Hobbs Vs. Head and Dowst Co.

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Court : US Supreme Court

Decided On : Jan-05-1914

Appeal No. : 231 U.S. 692

Appellant : Hobbs

Respondent : Head and Dowst Co.

Judgement :

Hobbs v. Head & Dowst Co. - 231 U.S. 692 (1914)

U.S. Supreme Court Hobbs v. Head & Dowst Co., 231 U.S. 692 (1914)

Hobbs v. Head & Dowst Company

No. 148

Argued December 18, 19, 1913

Decided January 5, 1914

231 U.S. 692

APPEAL FROM THE CIRCUIT COURT OF APPEALS

FOR THE FIRST CIRCUIT

SYLLABUS

Even though contractors may not be entitled to a mechanics' lien under the statute unless the contract be completed, they may be entitled thereto if absolute completion is waived, and in this case, this Court will not go behind the finding of the master followed by the court below that there was a waiver and the contractor was justified in stopping work.

Where the state trial court had upheld a mechanics' lien before the petition and the trustee in bankruptcy seeks in the federal court to prevent the enforcement of the lien, this Court will not go behind the state judgment because exceptions thereto had not been passed upon owing to the action of those representing the estate.

In this case, this Court is satisfied that substantial justice has been

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done in enforcing a lien for over \$45,000 admittedly due to the contractor but contested because about \$1,000 of work remained uncompleted on a contract of \$187,000, the contractors having ceased work after the owner of the building had failed in its payments and was hopelessly insolvent.

175 F. 501 affirmed.

The facts, which involve the validity of lien for labor and materials on property of a bankrupt, and the necessity for completion of the contract in order to maintain the lien, are stated in the opinion.

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MR. JUSTICE HOLMES delivered the opinion of the Court.

This case arises upon a petition by a trustee in bankruptcy to prevent the enforcement of a lien for labor and materials in a state court. The proceedings in the state court were begun and had passed to a judgment in the Superior Court of

New Hampshire, subject to exceptions, before the adjudication of bankruptcy. Afterwards, the exceptions were overruled on technical grounds not touching the merits, the trustee in bankruptcy being heard at this stage. The action upon the matter in the courts of the United States will be seen in 169 F. 586, 175 F. 501, and 184 F. 409, a rehearing being denied upon the last decision in 185 F. 1006, and an appeal to this Court allowed in 191 F. 811. The allowance of the appeal was correct. *Knapp v. Milwaukee Trust Co.*, [216 U. S. 545](#) ; *Greey v. Dockendorff*, *ante*, p. [231 U. S. 513](#) .

The Head & Dowst Company had agreed with the bankrupt to erect a grandstand, clubhouse, and other buildings and structures for \$187,644, and had completed the work, with the exception of shutters on the grandstand that would cost about \$1,000 to finish. At this point,

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it was told by the bankrupt of the hopeless insolvency of the latter, and was informed that it must look to its lien to support its claim. Thereupon the company stopped work and began its lien suit. When the present attempt was made to reopen the matter, the case was sent to a master, who reported in great detail the facts just summed up, and concluded that the company was entitled to a lien for \$45,995.02, exclusive of interest, that being the part of the contract price remaining unpaid, less \$1,000 for the shutters, etc., and being also very nearly the same sum that was found due in the state court. The judge of the district court thereupon dismissed the trustee's petition, and his decree was affirmed by the circuit court of appeals. 175 F. 501, *supra*.

We shall consider such questions only as are sufficient to decide the case, omitting others that would have to be considered before the decree below could be reversed. The trustee argues that the failure to take the proper steps to get exceptions heard by the supreme court of the state on the merits constitutes an equitable ground for going behind the state judgment in order to defeat it by an objection of the most narrowly technical sort. The objection, of course, is that the contract was entire, and that whatever justification there may have been for

stopping work, or ground for a *quantum meruit*, nothing short of complete performance would earn the contract price as such, or establish a lien for the same. It is argued in the same connection that the facts did not justify the company in stopping work, but we shall not go behind the finding of the master in this respect, followed as it has been, or say more than that, as we construe the facts and finding, it was quite right, and that putting on the last touches was waived.

We are of opinion that the decision was equally right. The case was tried upon its merits and decided in favor of the lien by the state court. The failure to get the

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exceptions considered was due to no fault of the appellee, but solely to the conduct of those then representing the interests of the estate. It is a doubtful suggestion that an equity could be founded upon this. Certainly it is an inadequate ground for the intervention of equity to enforce forfeiture of a claim that could not be defeated, if at all, except by a most technical application of the law, and on the assumption that the state court did not know the law of the state. We shall not speculate upon that point beyond saying that we see no reason to doubt that the state court was right, *Bergfors v. Caron*, 190 Mass. 168, and cases in 27 Cyc. 85, 87, and 20 Am. & Eng. Enc.Law, 2d ed. 366-368, as we are satisfied that substantial justice has been done. Some subordinate matters of detail were argued, but they do not seem to us to need mention; the whole strength of the case lay in the matter of which we have disposed.

Decree affirmed.