

liens were not paid, they might be enforced by a reseizure and another sale of the mortgaged property. This appeal was not taken until March 25, 1898, more than four years after the decree which established the lien was rendered, and it does not challenge or mention that adjudication. For these reasons, I am constrained to believe that the question of the existence of Jackson's lien upon the railroad in the hands of these appellees is not here for our consideration; that it was finally adjudicated by the decree of April 18, 1893; and that this court has no jurisdiction to review or reverse that decree on an appeal from a mere order in execution of it made more than four years after its entry.

I attach no importance to the disposition of the \$30,000 paid into the registry of the court, or to the futile attempts of Jackson to secure payment of his claim by means of worthless orders upon a fund that was gone. If, as the majority of the court hold, the question of the existence of his lien upon the railroad property is reviewable upon this appeal, and if the order for the deposit and the deposit of the \$30,000 divested that lien from this property and transferred it to the lost fund, then the lien upon the railroad does not exist, and the order below should be reversed. If, on the other hand, the question of lien or no lien, which was determined by the decree of April 18, 1893, is not reviewable here in the absence of an appeal from that decree, or if the order for the deposit and the deposit did not divest that lien, then it exists, and it will continue to exist until it is either paid in full, or released by Jackson, or discharged by the decree of a court; and the order below was right. It seems to me that that order should be affirmed.

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SOUTHERN PAC. CO. v. BOARD OF R. R. COM'RS et al. (UNITED STATES, Intervener).

(Circuit Court, N. D. California. July 7, 1899.)

**COSTS—AMENDMENT OF DECREE—ESTOPPEL.**

Where a state railroad commission repealed resolutions it had previously adopted relating to freight rates, for the declared purpose of removing the cause of litigation then pending commenced by a railroad company to enjoin the reduction of rates contemplated by such resolutions, and asks that the suit be dismissed without costs to either party, which is done on motion of the complainant, the commission is estopped to ask an amendment of the decree so as to allow it costs as the successful party, on the ground that the resolutions repealed were not in fact the subject of the controversy, but were merely preliminary to subsequent action taken by the board, which was not repealed; nor will the decree be modified to allow costs to the complainant which were not asked for in its motion, no claim of mistake or inadvertence being made.

On motions by both respondents and complainant to modify decree by awarding costs to the parties, respectively.

W. F. Herrin and E. S. Pillsbury, for complainant.  
Tirey L. Ford, Atty. Gen., George A. Sturtevant, Dep. Atty. Gen.,  
and R. Y. Hayne, for respondents.

Marshall B. Woodworth, Asst. U. S. Atty.

MORROW, J. (orally). On the 8th day of May, 1889, the attorney general of the state and special counsel for the respondent the board of railroad commissioners of this state made a motion for the dismissal of this case, upon each party to the action paying its own costs incurred in the case. The motion was based upon certain resolutions adopted by the respondent board on the 24th day of April, 1899, whereby certain previous resolutions adopted by the board on the 12th and 13th days of September, 1895, relating to freight and grain rates on complainant's system of railroads in California, were rescinded, annulled, vacated, set aside, and repealed. It was recited in the resolutions of April 24, 1899, that the respondent board deemed it expedient, and for the best interests of the people of the state, that said litigation be not further maintained or carried on, but that the same be discontinued; and, the board being advised and of the opinion that the best and only method of stopping said litigation was by removing the cause of it, it was therefore resolved that the resolutions of September 12 and 13, 1895, should be repealed. In other words, the respondent the board of railroad commissioners came into this court and asked for a dismissal of this case, upon the recital that it had repealed the resolutions relating to freight charges which had led to the institution of the suit. The court denied the motion as then made, because there were certain recitals contained in those resolutions which it appeared were not in conformity with the record in the case. It was also suggested by the court at that time that this motion, as the case then stood, should properly come from the complainant in the action. Upon this suggestion of the court, complainant's counsel made a motion for the dismissal of the cause on the 19th day of May, 1899. This motion was accompanied by a copy of the proceedings of the respondent board, as set forth in the motion made theretofore by its counsel, as to the repeal of the resolutions adopted by it in September, 1895. Upon that motion of complainant, a decree was entered by the court that the cause be dismissed. The decree was silent as to costs. The complainant did not ask for such a decree, presumably for the reason that the motion was made on the proceedings had by the respondent board, and upon the previous motion made by the attorney general, specifically providing that each party should pay its own costs incurred. Thereafter, on the 24th day of May, 1899, the attorney general of the state, and the special counsel representing the respondent board, filed a motion to so amend the decree as to award to the respondent board, as against the complainant, all the costs by it incurred in the action. On the same day the complainant filed a similar motion.

The question before the court now is as to whether the decree so made by the court should be amended so as to provide for the payment of costs, and, if so, which party should be required to pay these costs. The respondent board in this case supports its motion for an amendment of the decree providing for the allowance of costs to it upon the ground that it has been successful in this suit. This claim is based upon the contention that the resolutions adopted by the respondent board on September 12 and 13, 1895, declaring a

proposed percentage of reduction, were merely preliminary to a reduction of freight charges upon the lines of the Southern Pacific Railroad, and that effective action of the board was not taken until September 17, 1895, when a schedule of rates was adopted by the board, and that what the board did on the 24th day of April, 1899, was to repeal these preliminary resolutions adopted by the railroad commission on September 12 and 13, 1895, while the schedule of rates adopted on September 17, 1895, was not disturbed; that the real action of the board of railroad commissioners was contained in the resolution of September 17, 1895, relating to the schedule of rates; and that the preliminary resolutions of the 12th and 13th of September, 1895, declaring the percentage of reduction, were in effect harmless. This proposition is remarkable, in view of the record I find in this case. The controversy in this court appears to have covered this whole question as to the scope of the original resolutions and their relation to the schedule of rates. The relation of these resolutions of September 13th and 14th to the schedule of rates adopted on September 17th appears to have been fully considered by the court, and, upon the decision of the motion for injunction, Judge McKenna pointed out, if not by express language, by implication, that it was the province of the court to arrest the uplifted arm before the blow should be struck. This was the theory of the interposition of the court with respect to the 8 per centum resolution relating to grain rates, after the threatened action of the respondent board when it adopted its resolution on the 12th and 13th of September, 1895, and before the schedule of rates had been put in operation. Judge McKenna indicated in his opinion that the time for the court to act in such a matter was after the threat, and before the blow fell; that, if the complainant had waited until after the schedule of rates had been put in operation, then some other action would have been necessary. With respect to the 25 per centum resolution, it appeared that the complainant had been premature in its application for an injunction, because the railroad commissioners had not yet reached the point of action where the court could properly arrest the proceedings of the board. Referring to this resolution, Judge McKenna quoted from the argument of Judge Hayne as follows:

"They say [the commission] that they do not consider it binding, and are not going to do anything without further consideration; which, of course, may lead to very different results. The service, if it is to be made, has to be made by their order, by their authority, and they have not yet even made up the schedule which is to be served. They come here, high officers of state, and swear they are not going to take the action without a further full, free, and fair investigation."

Judge McKenna then said:

"I am disposed to accept this as true and sincere. Indeed, I do not know how not to do so, regarding them, as they must be regarded, as truthful; nor do I care to risk the slightest embarrassment to them as officers in any proper investigation of the complainant, or any of its constituent roads, the results of which cannot be put into force, even if it was desired to, except in a direct and open way, and the detriment of which, if any, can be arrested before it fall." *Southern Pac. Co. v. Board of Railroad Com'rs*, 78 Fed. 236, 248.

The respondents' contention that there was no effective action in the resolutions of September 12th and 13th is clearly contrary to what the court determined, as well as contrary to the argument of counsel. The whole case, from the beginning to the end, outlines a procedure in a court of equity, on the part of the complainant, to arrest the action of the respondents before their action should be beyond the reach of the court. The resolutions of the board of September 13th and 14th were therefore effective as a declaration as to the purpose of the board with respect to the reduction of the grain rates. But if it be said that these preliminary resolutions were ineffective and harmless, and that the real assault was in this resolution of September 17, 1895, which latter resolution has not been disturbed by the board, then, in my judgment, upon that theory of the proceedings, the respondent board is estopped to make any such claim. They will not be permitted, after all this controversy, to say that the real conflict and the real action of the board were involved in this resolution of September 17, 1895, and that this resolution still remains as evidence that the respondents have been successful in this suit. It is not for this court, upon a motion of this character, to determine who has been successful in a suit. The decree or judgment speaks for itself upon such a question, but, when a court is called upon to modify a decree, it will not be misled by the mere form of the proceedings which have brought the case to a conclusion. A court of equity is never to be deceived by mere form, nor will it allow parties to come into court one day contending for supposed rights upon one theory, and the next day shift their position, and say there is no controversy upon that proposition at all, but it is somewhere else, and with respect to questions not before considered.

In my opinion, therefore, the respondent board is estopped to say now that there was nothing in the preliminary resolutions, and that they were passed for no purpose or by inadvertence. The attorney general suggested, by way of illustration, that the preliminary resolutions, in their relation to the resolution of September 17th, were of the same character as where a legislature composed of two houses passes a bill in each house, and both bills become laws by the action of the houses at different dates, the two bills being identical, and afterwards, upon examination, the two laws are found upon the statute book and to be identical, and the legislature then repeals one of them as useless and as a mere incumbrance on the books. The court cannot look at these resolutions in that light. I do not say what the court might have determined with respect to these resolutions when the cause was still in controversy and under consideration. But now that it is over, and the respondents have, by solemn resolution, declared that their purpose on April 24th of this year was to remove the cause of complaint, they cannot now claim that there was no cause of complaint, or, if there was, that they did not intend to remove it. They cannot in one breath say that, being advised and of the opinion that the best and only method of stopping the litigation was to remove the cause thereof, and to that end they will repeal certain resolutions, and

in another say that they did not remove anything by the repealing resolution, or that there was nothing in fact to remove. In any event, respondents cannot recover costs upon any such theory of the proceedings of the board of railroad commissioners.

The complainant, in making its motion to dismiss, made the resolutions of the respondent board of April 24, 1899, a part of the proceedings. In effect it said: "The board of railroad commissioners has asked to have this case dismissed because the resolutions of September 12 and 13, 1895,—the cause of the litigation,—have been repealed. The court has said that this motion ought to come from the complainant. We accept the suggestion, and we make the motion. We propose to dismiss this suit. In the resolution it was said that each party should pay its costs. We have accepted that suggestion, and we propose to dismiss it, and say nothing about the costs." Thereupon the cause was dismissed. Under these circumstances, the court is unable to find anything in this record to justify a modification of the decree, and an award of costs to the respondents. The motion of the respondent board will therefore be denied.

The complainant has also made a motion to have costs awarded to it. That motion was noticed after the respondents had given notice of its motion. The complainant appears to have acted upon the theory that, if the case was to be reopened and the matter of costs considered, it was as much entitled to costs as the respondents. That is the probable motive that was behind this motion on the part of complainant. The complainant has, however, urged it on the ground that it appears from the record to be entitled to costs, and has cited a great many authorities which would seem to justify the claim. But the court is not in a position to follow the rules as declared in the cases cited. The decree was entered without costs upon the motion of complainant. There is nothing to show that there was any mistake or inadvertence or oversight on the part of the complainant in making this motion. As I have already indicated, the complainant knew what it was doing when it dismissed the case. It did so upon the faith of the original motion of the attorney general that each party was to pay its own costs. I shall therefore be compelled, under these circumstances, to deny the complainant's motion for costs. The decree will stand as it is, without modification, and the motions will be denied.

Mr. Sturtevant: I ask that an exception be allowed the respondents to that part of your honor's decision denying the respondents' motion to have their costs taxed against the complainant.

Mr. Pillsbury: That being the case, we reserve an exception to your honor's order denying our motion.

## STEWART et al. v. WISCONSIN CENT. R. CO.

(Circuit Court, E. D. Wisconsin, July 21, 1899.)

No. 314.

## 1. RAILROADS—EQUIPMENT SOLD TO LESSEE—LIEN ON EARNINGS OF ROAD.

The seller of equipment to the lessee of a railroad with knowledge that it is to be used on the rolling stock of such leased road is entitled to look to the earnings of such road for payment, and, in the absence of counter-vailing facts, the price is a charge upon such earnings in the hands of receivers for the lessor, to whom the road has been surrendered by the lessee, although, as between the lessor and lessee, it was the duty of the latter under the lease to furnish such equipment.

## 2. SAME—EQUITABLE RIGHTS OF SELLER—LACHES.

Certain equipment purchased by a lessee for use on a leased railroad, but not paid for, had not been used when the road was surrendered by the lessee to receivers appointed for the lessor, and with the approval of the court was purchased by the receivers with other material on hand. The claim of the original seller for the price of such equipment was then due, but was not presented against the lessee, which was also insolvent, for more than a year thereafter, and meantime the receivers of the lessor, without any knowledge of such claim, paid the lessee for the equipment. *Held*, that the seller was guilty of laches, which deprived it of its equitable right to enforce its claim against the earnings of the road in the hands of the receivers.

On the Intervening Petition of the Paige Car-Wheel Company.

Stark & Hansen, for intervening petitioner.

Howard Morris, for receivers.

JENKINS, Circuit Judge. On June 22, 1893, the intervener, on the order of the Northern Pacific Railroad Company, shipped 48 car wheels, which, by direction of that company, were consigned to "Wisconsin Central Lines" at Stevens Point, on the line of the Wisconsin Central Railway. At the time, as was known to the intervener, the Northern Pacific Railroad Company was the lessee of the system of railways known as the "Wisconsin Central." The price for these car wheels was \$2,712, and was payable August 28, 1893. These wheels were ordered for use upon the leased lines of the Wisconsin Central roads. On August 15, 1893, upon bill filed, receivers were appointed for the Northern Pacific Railroad Company, who took possession, temporarily, of the leased lines of the Wisconsin Central road. On September 26, 1893, upon the petition of the Wisconsin Central Companies, the court ordered the receivers to surrender on that date to the Wisconsin Central Companies possession of the leased lines, and provided that all material and supplies on the lines of the roads should be surrendered to the Wisconsin Central Companies; that an inventory thereof should be taken and filed, and the receivers of the Northern Pacific Company were authorized to sell to the receivers of the Wisconsin Central Companies all such supplies at such prices and upon such terms of payment as may be agreed upon, and approved by the court. Of these car wheels, 32 were put in service upon cars belonging to the Wisconsin Central Companies, and used in the operation of their railways by the Northern Pacific Railroad Company, or by its receivers, prior to this order