

SUPREME COURT OF THE UNITED STATES

Waterman v. Canal-Louisiana Bank & Trust Co.

215 U.S. 33 (1909) · No. No. 306 · Decided November 8, 1909

SUMMARY

The Supreme Court considered whether a federal court could exercise equitable jurisdiction over a diversity suit concerning rights to lapsed legacies and a residuary estate being administered in a state probate proceeding. The Court held that the federal court could determine the parties' rights and bind the executor personally, but could not take possession of or interfere with property under the control of the state probate court or conduct the estate's entire administration. The absent heir was a necessary but not indispensable party, so the federal court could proceed without him while preserving his rights.

CASE DETAILS

COURT	Supreme Court of the United States
WRITING FOR THE COURT	Day
JURISDICTION	Federal
DECIDED	November 8, 1909
DOCKET	No. 306
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Frances E. Waterman and her husband appealed from the United States Circuit Court for the Eastern District of Louisiana's dismissal of their equity bill for lack of federal jurisdiction.
STANDARD OF REVIEW	De novo review of the lower court's determination concerning federal subject-matter jurisdiction.
PRECEDENTIAL VALUE	Published United States Supreme Court opinion; precedential.
PARTIES	Frances E. Waterman, Charles A. Crane v. Canal-Louisiana Bank and Trust Company, Executor, Charity Hospital of New Orleans, St. Ann's Asylum, Protestant Episcopal Orphan Asylum, Home for Incurables, Christian Woman's Exchange, State Insane Asylum of Jackson, Louisiana, City of New Orleans, Louisiana Retreat, Robert Waterman, Frederick Waterman

TOPICS

probate procedure

probate

subject matter jurisdiction

estate litigation

civil procedure

PRACTICE AREAS

Probate

Federal jurisdiction

Civil procedure

Equity

QUESTIONS PRESENTED

1. Whether a federal court exercising diversity equity jurisdiction may adjudicate an heir's or legatee's rights against an estate and executor when the estate is being administered in a state probate court.
2. Whether the federal court may grant relief without interfering with the state probate court's possession and administration of the estate.
3. Whether an absent heir with a separate interest in the estate is an indispensable party whose absence defeats federal jurisdiction.

HOLDINGS

1. Where diversity of citizenship exists, a federal court of equity may adjudicate the rights of creditors, heirs, and legatees against an estate and executor, notwithstanding state legislation assigning similar matters to probate courts, so long as the action is within established equity jurisdiction.
2. A federal court may not seize or control estate property in the possession of a state probate court or assume the entire settlement of the estate, but it may enter an in personam decree binding the executor and parties before it concerning their interests.
3. An absent heir whose interest is separate and distinct from the interests of the parties before the court is not an indispensable party when the court can adjudicate the present parties' rights without prejudicing the absent heir.

KEY QUOTATIONS

“The courts of the United States, while they may exercise the jurisdiction, and may make decrees binding upon the parties, cannot seize and control the property which is in the possession of the state court.” (44)

“With the parties before it the court may proceed to determine whether, because of the acts alleged in the bill, the heirs-at-law of Mrs. Tilton were entitled to recover because of the lapsed legacy.” (50)

FACTUAL BACKGROUND

Caroline Stannard Tilton, a Louisiana citizen, died after executing a will that had been admitted to probate in Louisiana. Her will made specific and residuary charitable bequests, including a bequest to a purported Home for Insane that allegedly did not exist, and named several relatives as legatees. Frances E. Waterman, an Illinois citizen, claimed that certain legacies had lapsed and that she was entitled to portions of the estate as heir and next of kin. She sued the Louisiana executor and other interested parties in federal court, while Frederick Tilton Davis, an Alabama resident, remained outside the court's jurisdiction.

PROCEDURAL HISTORY

The executor had probated Caroline Stannard Tilton's will in a Louisiana probate court and taken possession of the estate. Waterman filed a diversity equity action seeking adjudication of her claimed interests in allegedly lapsed legacies and the residue, along with an accounting and related relief. The Circuit Court construed the bill as seeking to remove the entire estate administration from the probate court and denied jurisdiction. The Supreme Court held that the bill stated a claim within federal equity jurisdiction to the extent it sought an in personam determination of the parties' rights, reversed, and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The Circuit Court was directed to entertain the bill to the extent it sought adjudication of Waterman's rights against the executor and the interests of parties before the court, while refraining from interfering with the state probate court's possession, administration, accounting, and distribution of the estate. The federal court could shape relief to preserve Frederick T. Davis's rights.

CASES CITED

- *Suydam v. Broadnax*, 14 Pet. 67
- *Hyde v. Stone*, 20 How. 170
- *Green's Administrator v. Creighton*, 23 How. 90
- *Payne v. Hook*, 7 Wall. 425
- *Lawrence v. Nelson*, 143 U.S. 215
- *Hayes v. Pratt*, 147 U.S. 557
- *Byers v. McAuley*, 149 U.S. 608
- *Ingersoll v. Coram*, 211 U.S. 335
- *Farrell v. O'Brien*, 199 U.S. 89
- *Yonley v. Lavender*, 21 Wall. 276
- *Hess v. Reynolds*, 113 U.S. 73
- *Borer v. Chapman*, 119 U.S. 587
- *Walden v. Bodley*, 14 Pet. 156
- *Shields v. Barrow*, 17 How. 130
- *Barney v. Baltimore*, 6 Wall. 280