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## Conflict of Laws—Public Policy—Due Process

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cured where the cause of action arose and the witnesses and evidence are; and because of this some courts have refused to take cognizance of any causes of action arising outside the jurisdiction between non-residents. Blair, *The Doctrine of Forum Non Conveniens* (1929) 29 Col. L. Rev. 1. Had not the Minnesota courts previously rejected this useful doctrine, they could have refused to entertain jurisdiction on this ground. *State v. District Court* (1914) 126 Minn. 501, 148 N. W. 463; *Boright v. C. R. & P. Ry.* (1930) 180 Minn. 52, 230 N. W. 457. The decision in the instant case apparently conforms to the cases above cited where the burden on interstate commerce was held a reasonable one by reason of the existence of special circumstances; the presence of the ship in Minnesota waters being equivalent to trackage and the operation of trains by a railroad corporation, the additional fact that the plaintiff's principal office was in Minnesota being considered by the court as the equivalent of residence of an individual plaintiff.

J. C. C. '35.

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CONFLICT OF LAWS—PUBLIC POLICY—DUE PROCESS.—The defendant, a citizen of New Jersey, obtained a loan from an Indiana corporation, the contract being made in Indiana. The note given by the defendant was usurious under the New Jersey Small Loan Act, but it was perfectly valid under the laws of Indiana. The plaintiff brought suit on the note in New Jersey. *Held*, a state is not bound to recognize or enforce the contract of another state if that contract is injurious to its own interests or the interests of its citizens or if it is contrary to the public policy of the state. *Continental Adjustment Corporation v. Klause* (N. J. 1934) 174 At. 246.

The decision is in accord with the majority rule that, although a contract valid where made is valid everywhere, one state will not enforce the contract of another if to do so would be in violation of its statutes or settled public policy, or if it would work an injury to that state or its citizens. *Bond v. Hume* (1916) 243 U. S. 15; *Green v. Van Buskirk* (1866) 5 Wall. 307, 18 L. Ed. 599; *International Harvester Co. v. McAdams* (1910) 142 Wis. 114; 124 N. W. 1042.

In cases in which the plaintiff's action fails only because of the public policy of the forum, the courts admit that the plaintiffs have acquired vested rights. When they in situations not involving any deep-rooted public policy refuse to recognize or enforce these rights, are they not denying due process of law? The United States Supreme Court has so held in cases involving the application of local statutes to foreign insurance contracts. In *Hartford Accident & Indemnity Co. v. Delta & Pine Land Co.* (1934) 54 S. Ct. 634 and *Home Insurance Co. v. Dick* (1929) 281 U. S. 397, the policies sued on contained clauses limiting the time for making a claim thereon. It was held a denial of due process to apply local statutes invalidating such clauses, since they were valid in the state where made. In *Aetna Life Insurance Co. v. Dunken* (1924) 266 U. S. 389 there was a similar holding when a Texas court, in a suit on a Tennessee policy, attempted to apply a local statute providing for payment of damages and attorneys fees if the insurer did not pay within thirty days after demand.

In *New York Life Insurance Co. v. Dodge* (1918) 246 U. S. 357 and *New York Life Insurance Co. v. Head* (1914) 234 U. S. 149 there was the same holding when the Missouri courts attempted to apply a nonforfeiture statute in spite of the fact that the loans under which the insurer claimed forfeiture were made in New York. See *Comment*, 19 St. Louis Law Rev. 348. Although the above mentioned cases all involve insurance policies there is no apparent reason why the principle announced cannot be applied to the problem as a whole. The general application of such a principle would be in accord with Cordozo's statement that "The fundamental public policy is perceived to be that rights lawfully vested shall be everywhere maintained." *Loucks v. Standard Oil Co. of New York* (1918) 224 N. Y. 99, at 113, 120 N. E. 198, at 202. This treatment of the problem might also bring about the desired result that the rights of parties would be the same in every jurisdiction, and the result of an action would not depend upon the forum in which it is brought. See Beach, *Uniform Enforcement of Vested Rights*, (1918) 27 Yale L. J. 656. Had due weight been attached to these considerations the principal case might easily have been decided otherwise.

W. C. S. '35.

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CONSTITUTIONAL LAW—DUE PROCESS—CONTRACTS WITH GOVERNMENT AS PROPERTY.—Plaintiff brought an action in a Federal District Court as beneficiary of an insurance policy issued by the United States Government pursuant to the War Risk Insurance Act of 1917, c. 105, art. 4, secs. 400-405 (40 Stat. 409). The United States demurred to the petition on the ground that the court had no jurisdiction, contending that the consent of the United States to be sued on the policy, expressly granted in the above Act, had been withdrawn by an Act of 1933, c. 3, (48 Stat. 8), commonly called the Economy Act (38 U. S. C. secs. 701 et seq.), purporting to repeal "all laws granting or pertaining to yearly renewable term insurance . . ." (Ibid. sec. 717). The plaintiff claimed that this Act deprived him of property without due process of law under the Fifth Amendment to the United States Constitution. The District court sustained the demurrer. On writ of certiorari to the Supreme Court of the United States;—*Held: Reversed*. War Risk Insurance policies are valid contracts with the United States, and as such create vested rights, and are property within the meaning of the Fifth Amendment. The due process clause prohibits the United States from annulling them. But the rule that the United States may not be sued without its consent is all-embracing. This consent creates a revocable privilege, and its withdrawal would not necessarily imply a repudiation of the contractual obligation, since Congress may direct its fulfillment without the interposition of either a court or an administrative tribunal, so long as the obligation is recognized. However, the language of the Economy Act, and other collateral evidence, clearly shows that Congress intended to destroy the right, and not merely the remedy, hence the Act is unconstitutional for the reason alleged. *Lynch v. U. S.* (1934) 292 U. S. 571.

A valid contract with the United States, enforceable only at the discretion of Congress, is nevertheless a vested right and constitutes property within