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Equitable Conversion - Situation When Doctrine Will Not be Applied (Clay v. Landreth, 1948)

R. Harvey Chappell Jr.

EQUITABLE CONVERSATION - SITUATION WHEN DOCTRINE WILL NOT BE APPLIED

Plaintiff and defendent contracted for sale and purchase of a lot for the purpose of erecting thereon a storage plant for ice-cream and frozen fruits. Subsequently the section was rezoned from business to residental property by municipal ordinance. Plaintiff sought specific performance by application of doctrine of equitable conversion, whereby plaintiff would be considered the owner of the purchase money and defendent would be owner of the lot. Trial court denied relief. On appeal, held, affirmed. Equitable conversion should not be applied because of resultant hardship to purchaser. Glay v. Landreth, 45 S.E. 2d 875 (1948).

The doctrine of equitable conversion is a fiction devised to execute the intention of the testator or the contractors based upon the maxim that Equity regards as done that which ought to be done. (1) The application of this rule is limited, however, to cases where the enforcement of the contract is in accord with the presumed intention of the parties. (2) Application is also limited to cases where it will not produce inequitable results. (3) Specific performance of a contract is not a matter of absolute right in the party, but is in the sound discretion of the court. (4) Courts of Equity will not grant specific performance where hardship is imposed on persons not censurable in conduct. (5) If a contract will produce hardship and injustice by reason of subsequent changed conditions not contemplated by the parties at the time of making the contract, a court of Equity will not take jurisdiction. (6)

While a similar case in point of facts has not arisen in Virginia previously, the decision is in accord with the general principles of Equity frequently decided and an Equitable result attained.

(1) Craig v. Leslie, 3 Wheat, 563, 578, 16 U.S. 563, 4 L. Ed. 460 (1818); see Dunsmore v. Lyle, 87 Va. 391, 392, 12 S.E. 610, 611 (1891); Moore v. Kornachan, 133 Va. 206, 211, 112 S.E. 632, 633 (1922).

(2) National Bank of Topeka v. Saia, 154 Kan. 740, 121 P. 2d 251, 138 A.L.R. 1290 (1942); Edington v. Turner, Del., 38 A. 2d 738, 155 A.L.R. 562 (1944).

(3) Grizzle v. Sutherland, 88 Va. 584, 14 S.E. 332 (1892); see March v. Graham, 142 Va. 285, 293, 128 S. E. 550, 553 (1925).

(4) Gish's Ex'r v. Jamison, 96 Va. 312, 31 S. E. 521, 2 A.L.R. 416 (1898); Griscom v. Childress, 183 Va. 42, 31 S. E. 2d 309 (1944); Christianson v. Broxius, 184, Va. 958, 37 S. E. 2d 50 (1946); Mitchell v. Wayave, 185 Va. 679, 40 S.E. 2d 284 (1946).

(5) Dyer v. Duffy, 39 W. Va. 148, 19 S.E. 540, 24 L.R.A. 339 (1894).

(6) Anderson v. Steinway and Sons, 221 N.Y. 639, 117 N.E. 575 (1917); 4 Williston on Contracts, Rev. Ed. 2587.