

## **Jones v Lipman [1962] 1 WLR 832**

<https://lawcasesummaries.com/knowledge-base/jones-v-lipman-1962-1-wlr-832/>

### **Facts**

- Mr Lipman contracted to sell a house with freehold title to Jones for £5,250.00.
- Pending completion, Lipman changed his mind and instead sold and transferred the land to a company, which he and a law clerk were the sole directors and shareholders of, for £3,000.00.
- The company had been set up for the sole purpose of receiving this land.
- \$1,554.00 of the £3,000.00 was borrowed by the company from a bank and the rest remaining owing to Lipman.

### **Issues**

- Was Lipman's company an attempt to avoid a pre-existing legal obligation?

### **Held**

- The English High Court held that the company was a sham or facade which Lipman intended to use to evade a pre-existing obligation.

### **Quotes**

"The defendant company is the creature of the first defendant, a device and a sham, a mask which he holds before his face in an attempt to avoid recognition by the eye of equity."

(Russell J at page 835)

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Law case summary from [www.lawcasesummaries.com](http://www.lawcasesummaries.com)