

Loke Yew v Port Swettenham Rubber (1913) AC 491

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Facts

- A person held a large parcel of land, and sold it to a company.
- The company was aware that there was an unregistered interest on the land
- The UR interest existed as long as the UR owner paid rent
- The owner of the land was concerned for the UR owner, and the company induced the owner to sell and signed a document stating they would make arrangements to purchase his smaller parcel of land.
- They then became the owner of it all and sought possession of the smaller, UR interested without offering to purchase.
- The UR owner said they had acted fraudulently, however the company argued it was indefeasible and that no fraud had occurred.

IssueS

- Indefeasibility; whether a registered title was indefeasible where it was obtained by the fraud of the purchaser
- Was it fraud how the company induced the man?

Held

- The new owners were ordered to register the land on the basis they had purchased with fraud and misrepresentation
- The Act provided a registered owner's interest would be indefeasible except in fraud, and the true conclusion was the company lied and fraudulently made a representation they did not keep.
- If it were not for that, the original owner would not have sold it.
- The Court examined the purchase price of the land that did not include the UR interest, they said the inference was obvious.
- The court therefore concluded that this fraud brought the transfer of the land within the exceptions and ordered rectification. The purchaser had more than just mere knowledge; they had actually induced the conduct.
- They cannot rely on their fraudulent security to protect them.

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