

very conclusive in its reasoning and it would not be surprising if an appellate court were to take a different view.

COMPANY—PROSPECTUS—EXPERT'S REPORT—ADOPTION OF STATEMENTS IN REPORT BY PROSPECTUS—CONTRACT TO TAKE SHARES—BASIS OF CONTRACT—MATERIAL INACCURACY IN REPORT—RESCISSION.

*In re Pacaya Rubber Co.* (1914) 1 Ch. 542. This was an application by a shareholder of a limited company to rescind a contract to take shares, on the ground of material misrepresentation in the prospectus of the company. The prospectus in question in good faith set forth the statements made by an expert of the result of his examination of the company's property. The report, though not fraudulently made, contained several material misrepresentations and Astbury, J., therefore held that the applicant was entitled to the relief claimed; as in the circumstances he considered the representations in the report set forth in the prospectus constituted the basis of the contract to take the shares; and in such a case he held that calculations of future profits based on the false data of the report might and did amount to a material misrepresentation of fact. In the opinion of the learned judge a company cannot escape responsibility for the statements made in a report quoted in its prospectus, except by expressly disclaiming in a clear and unambiguous way any intention to vouch for the accuracy of the report, or any statement based thereon.

GOOD WILL—SALE OF BUSINESS BY ASSIGNEE FOR CREDITORS—SOLICITATION OF OLD CUSTOMERS BY ASSIGNOR.

*Green v. Morris* (1914) 1 Ch. 562. This was an action to restrain the defendant from soliciting the custom of his former customers; he had made an assignment for the benefit of his creditors and the trustee had sold the business formerly carried on by the defendant to the plaintiffs including the good will, and they claimed an injunction against the defendant. Warrington, J., who tried the case, held that although, if the defendant had himself been the vendor of the good will the plaintiffs would have been entitled to the relief claimed against him, yet as the sale was involuntary the exception established by *Walker v. Mottram* (1881), 19 Ch., D. 355, applied, and the defendant could not be restrained from soliciting the customers of his old business.