

MIDDLETON, J.

SEPTEMBER 24TH, 1918.

STERLING BANK OF CANADA v. THORNE.

Bills of Exchange—Acceptances—Renewal of Earlier Instruments—Agreement—Sale of Patent Right—Bills of Exchange Act, secs. 14, 131, 145—Bills not Addressed to one of the Acceptors—Change in Address—Discount of Bills by Drawers—Adoption of Change—Bank—Holder in Due Course—Evidence—Ratification—Estoppel—Altered Bill—Title of Bank—Suspicion—Inquiry.

Action upon acceptances of two bills of exchange, both dated the 30th August, 1912.

The action was tried without a jury at a Toronto sittings.

Casey Wood, for the plaintiffs.

Gideon Grant, for the defendants.

MIDDLETON, J., in a written judgment, said that at the trial he allowed an amendment to be made to include earlier bills of which the bills sued on were renewals.

An agreement, bearing date the 22nd January, 1912, between the Interior Construction Company Limited, and Kilpatrick (one of the defendants), which was said to be the origin of the series of notes and bills, was put in. By this agreement, the company sold to K. for \$7,000 its right to manufacture and construct and to deal in certain building material within certain territory; and it was further agreed that K. should have all formulæ, processes, patents, and copyrights necessary to enable him to use the things purchased.

Two notes were said to have been given in payment of this \$7,000; and it was suggested that these were given for a patent right so as to render them void save as against a holder in due course, under sec. 14 of the Bills of Exchange Act; but there was no evidence properly identifying the notes in evidence with the notes given under the agreement. The notes were dated the 5th January, 1912, and the agreement was more than two weeks later.

On the 22nd June two bills were drawn by the company payable in 30 and 60 days, each for \$3,500. The proceeds of these were used to take care of the note held by the plaintiffs and (by a proper inference) that held by the Bank of Hamilton

These drafts, as drawn, were addressed to Kilpatrick and Mills only, and were sent through the bank for acceptance. Some one added Thorne's name as drawee, and the three accepted. After