

been based throughout on the principle of the law of estoppel, which in its turn is conformable with reason and business principles. An acceptance after sight of a bill is an admission by the acceptor of the genuineness of the signature of the drawer, an admission, that is to say, that the signature is either in his handwriting or placed to the draft by somebody who has authority to sign for him, and the acceptance is also a representation by the acceptor in favour of all bona fide holders that, so far as he knows, the payee exists and is a person of a capacity to indorse: *Drayton v. Dale* (1823) 2 B. & C. 293, and *Mead v. Young* (1790) 4 T.R. 28.

"The genuineness of the indorsement of the payee was, however, a matter as to which, except in one special instance, no estoppel prevailed. The one exception to the rule was the case described as follows in Story on Bills of Exchange, ss. 56, 200. Sec. 56: "A bill made payable to a fictitious person or his order and indorsed in the name of such fictitious payee in favour of a bona fide holder without notice of the fiction, will be deemed payable to the bearer and may be declared on as such against all the parties who knew the fictitious character of the transaction." Sec. 200. "If the bill is payable to a fictitious person or order (as has been sometimes, although rarely, done), then, as against all the persons who are parties thereto and aware of the fiction (as, for example, against the drawer, indorser or acceptor), it will be deemed a bill payable to the bearer in favour of a bona fide holder without notice of the fiction." This exceptional rule in the case of fictitious bills is based as has been stated, on a special application to a particular case of the principle of estoppel, which plays so important a part in the law merchant. Its history, so far as English law books are concerned, dates back to a century ago, and is set out in a note to *Bennett v. Farneil* (1807) 1 Camp. 130, at p. 180. In the first case which bears on the subject—*Tatlock v. Harris* (1789) 3 T.R. 174—at the time the bill was drawn there was no such person in existence as the payee, a fact which was notorious to all the parties in the transaction and particularly to the acceptor. It was