Oral evidence is inadmissible in any way to contradict or vary the effect of a bill or note; but it is admissible (a) to shew that what purports to be a complete contract has never come into operative existence; (b) to impeach the consideration for the contract. "Though the terms of a bill or note may not be contradicted by oral evidence, yet, as between immediate parties, effect may be given to a prior or collateral oral agreement by a cross-action or countrclaim." . . .

[Reference to Byles, 17th ed., p. 122; Lindley v. Lacey (1864), 34 L.J.C.P. 7; Wallis v. Littell (1861), 31 L.J.C.P. 100; Chalmers, 17th ed., p. 65; Foster v. Jolly (1835), 1 C. M. & R. 703; Abbott v. Hendricks (1840), 1 Man. & G. 791; Halsbury's Laws of England, vol. 2, pp. 467, 483, 508, 817; New London Credit Syndicate v. Neale, [1898] 2 Q.B. 487; Commercial Bank of Windsor v. Morrison (1902), 32 S.C.R. 98; Pym v. Campbell (1856), 6 E. & B. 370; Herdman v. Wheeler, [1902] 1 K.B. 361; Abrey v. Crux (1869), L.R. 5 C.P. 37; Young v. Austen (1869), L.R. 4 C.P. 553; Stott v. Fairlamb (1883), 52 L.J.Q.B. 420.]

In my view . . . in the present case . . . the agreement operated as a suspension of the bill until it was ascertained that there was an indebtedness at the end of the term mentioned in the bill.

The principle recognised in Wallis v. Littell, supra, was applied and followed in Ontario Ladies' College v. Kendry (1905), 10 O.L.R. 324. . . . See also Brown v. Howland (1885), 9 O.R. 48; . . . Long v. Smith (1911), 23 O.L.R. 121; . . . Holmes v Kidd (1858), 28 L.J. Ex. 113.

In the present case the bank had not only notice of the arrangement, but was a party to it, and the acceptance was signed only upon the distinct understanding that there was to be no liability unless there was an indebtedness from the defendants at the maturity of the bill. The plaintiffs were, therefore, in no better position than the new Hamburg Company, and were not holders in due course for value. The plaintiffs had no right, in my opinion, to treat the bill as one for discount; nor was it, so far as the evidence shews, any part of the arrangement, so far as the defendants were concerned, that any advances should be made upon the faith of the acceptance. The plaintiffs, it is true, passed it through their books in the form of a discount, and reduced the overdrawn account by so much; but that was a matter of bookkeeping. The bill was never in their hands as holders for value without notice, in which character they might claim