in good faith has paid it over to his principal: Bavins v. London and S. W. Bank, [1900] 1 K. B. 270. Each of the collecting banks in this case had placed to the credit of Martineau the face value of the respective cheques before they were presented to the Bank of Montreal for payment, so that they did not present them as his agents, but as holders for value: Capital and Counties Bank v. Gordon, [1903] A. C. 240.

The third party banks not having indorsed any of these cheques, there was no person to whom it would have been necessary to give notice of dishonour in case payment had been refused, and there is no ground for the application of the strict rule laid down in Cocks v. Masterman, 9 B. & C. 902, and London and River Plate Bank v. Bank of Liverpool, [1896] 1 Q. B. 7. See Imperial Bank v. Bank of Hamilton, [1903] A. C. 49.

The evidence in this case shews conclusively that with regard to each one of these cheques, if payment had been refused, or if notice of the forgery had been given shortly after payment, the banks could have protected themselves, as the proceeds were still in their hands. As to the two cheques deposited in the Royal Bank, instructions were given to the ledger-keeper not to allow Martineau to withdraw any of the money until after payment by the Bank of Montreal, and none of the money was actually withdrawn until several days later. The Quebec Bank had a rule requiring notice to be given before withdrawal, and this was printed in the pass-book given to Martineau, but the rule was not always strictly enforced.

Martineau's forgeries were perpetrated so skilfully that it has been held that the Bank of Montreal were not guilty of negligence in honouring the cheques. No doubt bankers are bound to know the signature of their customer, and are liable to him if they pay on a forged signature, even if there be no negligence. But it is said that they are under no such obligation or liability to the holder of paper purporting to bear the signature of the customer, or to any person but the customer himself.

Can the fact that the bank paid these cheques be taken as a representation that they were genuine, upon which the collecting banks were entitled to rely? No doubt, if they had made an express representation to that effect, and it had been acted upon, they would be bound. There is direct evidence that the Royal Bank did in fact rely upon the action of