

without notice of a prior restrictive covenant affecting it, he is not bound by the covenant, nor is a purchaser from him, even though such purchaser may have actual, or constructive, notice of the covenant. There are, it is conceded, exceptions to the rule, which would prevent persons taking advantage of their own wrong, as, for example, a trustee in breach of trust selling trust property to a bona fide purchaser without notice, cannot himself buy it back so as to hold the property freed from the trust.

SOLICITOR AND CLIENT—MANAGING CLERK—PRINCIPAL AND
AGENT—FRAUD OF AGENT—LIABILITY OF PRINCIPAL.

Lloyd v. Grace (1911) 2 K.B. 489 was happily a somewhat unusual case. The plaintiff went to the office of the defendant, a solicitor, to consult about her investments, and there conferred with the managing clerk, and on his advice and suggestion handed to him the title deeds of certain freehold property, and also a mortgage on land, and she also executed in favour of the clerk a conveyance of the freehold and an assignment of the mortgage. The clerk deposited the title deeds as security for an advance to himself which he retained for his own use, and he also called in the mortgage and misappropriated the proceeds. The plaintiff claimed that the defendant as the employer of the fraudulent clerk was bound to make good the losses she had sustained by his fraud. Scrutton, J., who tried the action gave judgment in favour of the plaintiff, but the majority of the Court of Appeal (Farwell and Kennedy, L.J.J.), allowed the appeal, on the ground that the clerk's taking in his own name a conveyance of the land and a transfer of the mortgage was not acting within the scope of his authority as managing clerk, and therefore the defendant was not liable for his acts. Williams, L.J., was for granting a new trial, not being satisfied, that there was not some evidence of such a holding out by the defendant of the clerk as being authorized to act on his own behalf, as would estop him from denying the authority of the clerk to take transfers of the plaintiff's property. The case shews the difficulty in the way of a client consulting a solicitor. He goes to one solicitor and is advised by the person apparently in charge of the business to do a certain thing, but before he does it, he ought to go to another solicitor to find out how far he will be justified in acting on the advice he has received. This might go on *ad infinitum*. Fortunately cases of this