

applies only to such lights as the grantor could by express words convey, and does not operate to convey an easement of light which he has no power to grant expressly.

COMPANY—WINDING UP—CONTRIBUTORY—FULLY PAID SHARES—GIFT OF SHARES—ULTRA VIRES.

In re Innes & Co. (1903), 1 Ch. 674, was an application by a liquidator of a joint stock company against the directors for a declaration that they were liable as contributories in respect of certain shares allotted to them as fully paid up, but without consideration. The company was formed by six ship owners for the purpose of buying certain patent rights, and for carrying on the business of working them. It was agreed that the purchase price to be paid to the patentees should be £6,000, half to be paid in cash, and the balance in shares; that the capital should consist of £25,000, divided into 2,500 shares of £10 each, which was to be distributed as follows: The six ship owners were to take 50 shares a piece for raising £3,000 to be paid to the vendors; 350 shares were to be allotted to the vendors for the balance of their purchase money. Each of the six ship owners were to take 300 fully paid shares for his own benefit and 100 shares were to be placed in the joint names of three of the ship owners who were directors of the company to be applied in rewarding persons who should bring business to the company. The company was incorporated, the only shareholders being the vendors and the six ship owners, and in order to carry out the arrangement above referred to an agreement was entered into between the vendors and the six ship owners whereby the vendors purported to sell the business and patent rights to the company for £25,000, as to £3,000 in cash, and as to £22,000 by the allotment to the vendors or their nominees of 2,200 fully paid shares, and this agreement was duly registered. The shares were allotted on the nomination of the vendors in accordance with the original agreement, and it was held by Kekewich, J., that the agreement between the company and the vendors was a sham, and that the shares were allotted not in pursuance of that agreement, but under the prior agreement between the vendors and the six ship owners, and that the allotment of the 1,900 shares was made without consideration, and the allottees were liable for the full amount of the shares allotted to them respectively.