

other contracting party had failed in his fiduciary duty as a director of the company to disclose the material facts to the shareholders on arranging with his fellow-directors that the contract should be given him on his resigning his directorship, the court may award him compensation on a quantum meruit basis for services rendered as sales agent for the company in faith of the contract so set aside.

*Denman v. Clover Bar Coal Co.*, 7 D.L.R. 96, affirmed.

*Corporations and companies—Director resigning to take contract with company—Fiduciary relation.*

Full and complete disclosure to the shareholders of the material circumstances surrounding the bargain is essential to support, as against the company, an arrangement made by one director with the other directors whereby he obtained a contract with the company highly advantageous to himself, on resigning his directorship.

*Denman v. Clover Bar Coal Co.*, 7 D.L.R. 96, affirmed on other grounds.

*Evidence—Burden of proof—Representations by person in fiduciary capacity.*

A director of a company who resigns his position as director to accept a contract of employment with the company obtained upon his representations as to material facts, has cast upon him the burden of proof of the truth of such representations, where his employment contract was in fact a bargain extravagantly advantageous to him and which would affect shareholders not concurring therein, and where the consideration for same consisted partly of an arrangement made between the resigning director and his fellow-directors by which the latter would obtain personal benefits from him.

*Appeal—Supreme Court of Canada—Final judgment.*

Where the highest provincial appellate court had dismissed the plaintiff's claim for breach of contract with a company to employ him for a fixed term with an exclusive territory as sales agent because of non-disclosure of material facts to the shareholders by the plaintiff in his fiduciary position as a director up to the time of making the contract, on his failure to shew that the contract was a fair and reasonable one for the company, such judgment is a final disposal of a distinct and separate ground of action entitling the plaintiff to appeal to the Supreme Court of Canada, although the court appealed from had, at the same time, allowed to the plaintiff remuneration by way of quantum meruit