

joint stock company (the Montreal Rolling Mills company) pledged to the Bank of Montreal by one Rose. Miss Sweeney allowed certain shares to be placed in the name of Rose in the books of the joint stock company, and they had the words "in trust" attached to them, and the certificate was given to Rose of these shares which bore on the face of it "James Rose, in trust." Rose pledged these shares to the Bank of Montreal, and Miss Sweeney claimed them as being her property. It did not appear conclusively that the bank knew anything of the transactions between Rose and Miss Sweeney, except what appeared on the face of the document itself, "James Rose, in trust."

LORD MONKSWELL—Rose sold these shares to the Bank?

Mr. *Jeune*.—Deposited them as security.

LORD MONKSWELL—But they had been entered in his name "in trust" before that, and the words, "in trust" stood?

Mr. *Jeune*.—Yes.

SIR R. COUCH.—Then he pledged those certificates to the Bank of Montreal?

Mr. *Jeune*.—Yes. On the third of June, Rose transferred them to Buchanan (the manager of the Bank of Montreal) in trust, but he did not state anything as to the nature of the trust. Buchanan had no knowledge that Rose held the shares in trust for Miss Sweeney or any particular person. The transfers were given as collateral security for advances by the bank to Rose personally. Rose was largely indebted to the bank, and Miss Sweeney was unaware of the transfer to Buchanan until she was informed in January, 1880. The Court of first instance held that Miss Sweeney was not entitled to recover, and when the case came before the Court of Appeal of the province of Quebec, all the judges held that under French law the respondent was not entitled to recover. On the other hand, the majority of the judges of the Supreme Court held that the respondent was entitled to recover. The point he wished to put before their Lordships was that the decisions given in favor of the respondent were really based on the English law as to trusts, and that the French law was immaterial to it. He admitted that it was difficult for an English lawyer to take a different view, but

what he submitted was that the judgments given by the French Courts and a very elaborate judgment given in the Supreme Court, show that there is considerable ground for saying, indeed the authorities referred to by the learned judges were conclusive that, according to French law the whole position of things was different. French law did not recognize trusts in our sense of the word at all; nor did it correspond to the doctrine of notice; they looked at the matter from quite a different point of view, and they thought that the respondent should not suffer. According to French decisions, the doctrine of trusts ought not to be brought in, and the bank were entitled to hold the shares.

SIR R. COUCH.—Shall we have to decide it on the French code?

Mr. *Jeune*.—Not so much on the code as upon principle. I agree that upon English law a person seeing shares "in trust" would be put upon notice, but that is not so according to the French law at all. There is one fact which shows that there is very strong *prima facie* ground for thinking so, and also as showing the importance of this case, viz., that this bank was constantly in the habit of taking deposits of this kind from persons who held shares of this sort in trust, and that they never thought of inquiring and never felt bound to say what the trust was. If this judgment were right then it upsets the ordinary opinion of commercial people on this subject. The learned counsel having reviewed some of the judgments of the court below,

LORD MONKSWELL delivered the judgment of the Court. He said in this case there was a question of great interest and importance, viz.; whether the English or the French law should prevail. As this was a matter of general public interest we think that the case should be heard.

Judgment accordingly.

#### RECENT U. S. DECISIONS.

*Coupon Tickets over Several Lines—Liability of Companies—Ejection of Passenger—Damages.*—Through tickets in the form of coupons, sold to a passenger by one railroad company, entitling him to pass over successive connecting lines of road, in the absence of