

*National Telephone Company, Limited*, 109 L.T. Rep. 389, was that, where preference shareholders are allowed a preferential right either as to dividend at a specified rate or in a winding-up, that is a definition of the whole of their rights. Any other right is, in effect, negatived. His Lordship's ruling was based on the canon of construction which was applied by the Court of Appeal in *Will v. United Lankat Plantations Company, Limited*, 107 L.T. Rep. 360, (1912), 2 Ch. 571. And as we ventured to remark when commenting upon the decision of the Court of Appeal in that case (see 134 L.T. Jour. 131), the strong argument in favour of the correctness thereof was that never before had the point there dealt with been raised in any reported authority. Although preferential dividends formed the subject of the decision in *Henry v. Great Northern Railway Company*, 1 DeG. & J. 606, no such claim as was made in *Will's* case (*ubi sup.*) was ever suggested. As appears from *Palmer's Company Precedents*, 11th ed., vol. 1, p. 814, the assumption has always been that the appropriation of a preferential dividend at a specified rate to preference shareholders deprived them of the right to any further participation in the profits of their company in the absence of any direction to the contrary. Exclusion from such right followed, it was conceived, as a matter of course, not only from the fact of their preferential claim both to dividend and capital, but also because the payment of a better dividend than was allocated to the ordinary shareholders was the common feature of preference shares. The opinion that we deferentially expressed that the Court of Appeal, in reversing the decision of Mr. Justice Joyce in the court of first instance, had come to a right conclusion, has since been justified by the decision of the House of Lords (noted ante, n. 6). The holders of preference shares were held to be only entitled to a cumulative preferential dividend of 10 per cent, per annum that being the rate that was fixed by the special resolution under which they were issued—and were not entitled to rank *pari passu* with the ordinary shareholders against any surplus profits available for distribution. The supposition seems to have been that so long