

DIVISIONAL COURT.

DECEMBER 23RD, 1910.

## \*ALLEN MANUFACTURING CO. v. MURPHY.

*Covenant—Restraint of Trade—Agreement by Servant not to Engage in Business of a Similar Kind to that of Master—Engaging in one of two Departments of Business Carried on by Master—Breach of Contract—Restriction Extending to the whole of Canada—Validity—Interests and Requirements of Business of Covenantees—Knowledge of Improved Methods and Trade Secrets—Freedom of Contract—Public Policy—Injunction—Profits—Reference.*

Appeal by the plaintiffs from the judgment of MULOCK, C.J. Ex.D., dismissing the action, which was brought for an injunction and damages in respect of an alleged breach by the defendant of his contract or covenant not to engage in a business in competition with the plaintiffs' business, for three years after leaving their employment.

The appeal was heard by BOYD, C., LATCHFORD and MIDDLETON, JJ.

H. M. Mowat, K.C., for the plaintiffs.

I. F. Hellmuth, K.C., and H. H. Shaver, for the defendant.

BOYD, C.:—The plaintiffs' company was incorporated in 1902, and was authorised to "manufacture and deal in apparel and pressed goods of all kinds, in the machinery, raw material, ingredients, utensils, and appurtenances necessary to such manufacture, and to carry on a general laundry business, and to manufacture and deal in the machinery, appurtenances, and ingredients pertaining thereto." This was a compound business—manufacturing of whitewear and the laundering of it, and a general or custom laundry business. Laundering was common to both departments or branches of the one corporate business, in which were employed for the particular and the general laundering the same plant and machinery, the same premises, and the same employees, at the headquarters, in Toronto. The manufacturing part is not complete without the laundry for the finishing of the goods; and the laundry is, besides, a valuable adjunct for the utilisation of the special plant and machinery required for a large business. Both departments were

\*This case will be reported in the Ontario Law Reports.