

The appeals were heard by MOSS, C.J.O., OSLER, GARROW, and MACLAREN, J.J.A.

G. F. Shepley, K.C., and J. F. Orde, Ottawa, for defendants.

W. Barwick, K.C., and J. H. Moss, for the Crown.

W. R. Riddell, K.C., and R. B. Matheson, Ottawa, for the Quebec Bank.

J. A. Ritchie, Ottawa, for the Sovereign Bank.

G. F. Henderson, Ottawa, for the Royal Bank.

MACLAREN, J.A. (after setting out the facts):—The trial Judge has reviewed very fully the leading English and American cases in which the effect of the receipt from a bank of a pass-book and vouchers and their retention by a customer have been considered and discussed. He comes to the conclusion that under the principles laid down in *Leather Manufacturers' Bank v. Morgan*, 117 U. S. 96, and *Critton v. Chemical National Bank*, 171 N. Y. 219, the customer might be held in the United States to be estopped from objecting where he had failed to check over his pass-book himself or had not exercised reasonable supervision over the clerk to whom he had intrusted it, under circumstances where he would not be estopped in England. In support of this conclusion he refers particularly to the case of *Chatterton v. London and Counties Bank*, a summarized report of which appears in *Paget on Banking*, at pp. 120 et seq., and also to the cases discussed in *Hart on Banking*, at pp. 200-203.

It is to be observed that in most of these cases the question considered is whether the customer who receives his pass-book and vouchers owes a duty to the bank to examine them, and whether he is estopped from objecting if he does not do so, or does not object before the bank has altered its position. In the present case there is more. The department regularly notified the bank each month that the cheques and statement had been examined and the balance had been found to be correct. Such receipts are not at all on the same footing as those that are frequently signed at a bank by the messenger of the customer when he receives the cheques and vouchers at the end of the month or at other periods. These latter can have little binding effect unless there be an express or implied contract that the customer will examine them and report within a reasonable time as to their correctness. Or-