

particulars in which the directors failed in their duty are thus specified by the learned judge:—(1) They never required the statement and balance sheets to be made out in the manner prescribed by the articles. (2) They failed properly to instruct the auditor, or at all events, to require him to report on the accounts and balance sheets in the mode prescribed by the articles. (3) They were content throughout to act on the statements of the manager, without inquiry or verification of any kind other than the imperfect audit of the accounts by the auditor.

ARBITRATION—BY-LAW PROVIDING FOR ARBITRATION.

In *Walker v. General Mutual Building Society*, 36 Chy. D. 77. This was an action brought by a member of the defendant society who claimed to have (under the provisions of the by-laws) withdrawn from it, to recover payment of the subscriptions he had paid on his shares and for the appointment of a receiver. Under the by-laws it was provided that the subscriptions should be repaid to a withdrawing member "provided there shall be sufficient funds available;" and also that the board should have power to determine all disputes between the society and any member or person claiming an account of any member, and that if the party should be dissatisfied with their decision the matter should be referred to arbitration. The society declined to pay the plaintiff, on the ground that they had not sufficient funds on hand, the plaintiff claimed that they had. On the motion of the plaintiff for a receiver, the preliminary objection was taken that the jurisdiction of the court was ousted by the by-law providing for arbitration. The plaintiff waived any objection on the ground that the defendant had not moved to stay the proceedings, and the Court of Appeal (Cotton, Bowen & Fry, LL.J.), held, affirming North, J., that though the plaintiff as a retired member might be in some sense a creditor, he was still so far a member as to be bound by the rules, and that the dispute must be referred to arbitration.

We proceed now to the appeal cases:—

PATENT—CHEMICAL PROCESS—SPECIFICATION.

In *Badische v. Levinstein*, 12 App. Cas. 710, the House of Lords determined that a patent for producing colouring matters for dyeing and printing by a chemical process was valid, and their Lordships reversed the decision of the Court of Appeal, 29 Chy. D. 366, noted *ante* vol. 21, p. 315, and restored the judgment of Pearson, J., 24 Chy. D. 156. Lord Halsbury, L.C., says that the chief reliance of the respondent was placed upon an argument as new as it was unsound, and for which he thought there was not the least judicial authority. This argument, he said, was: This thing is not new, because things of the same sort in analogous chemical relations had been discovered; people ought to have discovered it, or were on the brink of discovering it; therefore this true and first inventor only completed by one step the route to which chemical discoveries had been tending without his aid. Such a principle applied to patent law, he considered, would be fatal to the rights of all inventors.