

This is known as the rule in *Foss v. Harbottle*, 2 Ha. 461, but the meaning and scope of the rule are not apparent until the cases which lay it down have been examined.

The reason for the rule is set out very clearly by Vice-Chancellor Wigram in *Bagshaw v. Eastern Union Railway*, 7 Ha. 114. He says in that case, "if the act . . . be one which a general meeting of the company could sanction, a bill by some of the shareholders on behalf of themselves and others to impeach that cannot be sustained, because a general meeting of the company might immediately confirm and give validity to the act of which the bill complains." In other words, the court has no jurisdiction. Nor for a mere irregularity is there any equity, for a dissatisfied member to complain. In *MacDougall v. Gardiner*, 1 Ch. Div. 13, the adjournment of a general meeting was moved, and, on being put to the vote, was declared by the chairman who was one of the directors, to be carried. A poll was duly demanded, but the chairman ruled that there could not be a poll on the question of adjournment, and left the room. One of the shareholders sued on behalf of himself and all other shareholders, alleging that that course was taken with a view to stifling discussion. Lord Justice Mellish says in his judgment: "Looking to the nature of these companies, looking at the way in which their articles are formed, and that they are not all lawyers who attend these meetings, nothing can be more likely than that there should be something more or less irregular done at them. . . . Now, if that gives a right to every member of the company to file a bill to have the question decided, then if there happens to be one cantakerous member . . . everything of this kind will be litigated; whereas if the bill must be filed in the name of the company, then, unless there is a majority who really wish for litigation, the litigation will not go on. Therefore, holding that such suits must be brought in the name of the company does certainly greatly tend to stop litigation."

That there must be exceptions to the rule was recognized in *Foss v. Harbottle*: "Corporations like this of a private nature are in truth little more than private partnerships, and, in cases