

The American standpoint is put in *Bloom v. National United Company* (1897) 152 N.Y. 114, "Directors are trustees in their relations towards the corporation but not in their relations towards the shareholders."

Jessel, M. R., expresses the opinion that if there has been any error at all in the course taken by the Courts of Equity it has been in pressing honest trustees too far. He therefore leans to the view (*In re Forest of Dean Mining Company* (1878) 10 C.D. 450) that directors are commercial men, managing a trading concern for the benefit of themselves and of all the other shareholders of it. They are no doubt trustees, he says, of assets which have come into their hands.

In a subsequent case, *Smith v. Anderson* (1880) 15 C.D. 247, Lord Justice James points out what he calls the broad distinction between trustee and director, an essential distinction founded on the nature of things:—"A trustee," he says, "is a man who is the owner of the property and deals with it as principal, as owner, and as master, subject only to an equitable obligation to account to some persons to whom he stands in the relation of trustee, and who are his *cestuis que trustent*. The same individual may fill the office of director and also be a trustee holding property, but that is a rare, exceptional and casual circumstance. The office of director is that of a paid servant of the company. A director never enters into a contract for himself, but he enters into contracts for his principal, that is, for the company for whom he is a director and for whom he is acting. He cannot sue on such contracts nor be sued on them unless he exceeds his authority."

Lord Justice Brett concurs in this distinction. Stirling, J., in *Leeds Estate Co. v. Sheppard* (1887) 36 C.D. 787, considers directors as trustees or quasi-trustees of the capital of the company and liable for any breach of duty as regards the application of it. In *Re Faure Electric, etc., Co.* (1888) 40 C.D. 141 Kay, J., says that directors are certainly not trustees in the sense of those words as used with reference to an instrument of trust such as a marriage settlement or a will: "One obvious