a bill of exchange should be held liable while the anomalous indorser of a note should not be. The doctrine that lies at the foundation of this distinction is familiarly known as the doctrine of *Penny* v. *Innis*, 4 C.M. & R. 439. The bill was drawn by W. Wilson in favour of himself or order and was specially indorsed to Brooks and Penny who alone could therefore indorse and transfer it, but the defendant wrote a blank indorsement on the bill after which Brooks & Penny indorsed. Could Innis be sued on this indorsement? On the principle that none but the payee or subsequent holder could be the indorser, he could not be held liable, for he could not be the indorser, but Lord Lyndhurst, C.B., said: "The indorsement of this bill by the defendant gave it all the effect of a new instrument as against him, though it did not in fact create a new instrument. It was competent to Brooks & Penny to strike out their own indorsement, and then the bill would have stood as a bill indorsed by the defendant in blank." It must be observed, by the way, that it is difficult to see how the striking out of the indorsement by Brooks & Penny would help to remove the difficulty that Innis could not be an indorser, not being a payee or subsequent holder, but this part of the judgment may have been misunderstood by the reporter. Parke, B., says: "Every indorser of a bill is a new drawer and it is part of the inherent property of the original instrument that an indorsement operates as against the indorser in the nature of a new drawing of the bill by him."

The effect of this case is very clear. The defendant who was a stranger to the bill, was made liable to the persons who had become payees by virtue of the special indorsement, and it is impossible to resist the logical conclusion that if the bill had been made payable on its face to Brooks & Penny and Innis had written his indorsement upon it, he would have been held liable to the payees as an indorser, because his indorsement operated as a new drawing of the bill. This is the logical consequence of what was held in *Penny* v. *Innis*, yet it was held in *Steele* v. *McKinley*, 5 App. Cas. 754, by the House of Lords that the party who wrote his name on the back of the bill under