

Mills Limited, an incorporated company, carrying on a manufacturing business in Ontario, and the defendant was appointed liquidator.

Some time before the order, the company had hypothecated all their stock of manufactured linens to the Crown Bank as security for advances. An inventory of the stock was prepared by the former officials of the company, and the stock was sold by the liquidator to one Todd, who on the 26th April, 1906, assigned his rights as purchaser to the plaintiffs.

The agreement for sale provided, as to parcel 3, being all the company's raw material, goods in process of manufacture, and manufactured goods, as per inventory, that the price should be 80 cents on the dollar on the inventory value, "subject to shorts and longs." All the properties (with one exception, not material) were to be free from incumbrance.

Amongst the articles in the inventory, put therein as being "at bleach," were certain unbleached goods which had been sent to Lumsden & Mackenzie, Scotland, to be bleached, and which, therefore, were not delivered to Todd or his assignees, the plaintiffs.

On the 6th May, 1906, the defendant wrote to Lumsden & Mackenzie: "I, as liquidator, have no objection to your disposing of the goods in the highest market, applying the proceeds of such sale on your claim (for the expense of the bleaching) and advising me accordingly." On the 8th June, 1906, Lumsden & Mackenzie wrote to the defendant that they had sold the goods for the highest offer made.

On the 29th May the plaintiffs sent to Lumsden & Mackenzie a draft for £87 10s. 10d, the amount of their claim against the old company for the amount due for bleaching these goods. But this letter did not reach Lumsden & Mackenzie till after the goods had been sold.

An admission was made by the defendant and recited in an order made by the Master in Chambers on the 25th June, 1909, "that the goods sued for (in this action) were included in the inventory accompanying the agreement of sale between the defendant and F. C. Todd, and assigned by the said Todd to the plaintiffs."

In the same order an admission was also recited that the following was a correct statement of the law of Scotland applicable to this transaction: "Messrs. Lumsden & Mackenzie had no right at common law to sell the goods in question without the authority of the Court or the consent of the owners. According to the law of Scotland, any one employed to perform a piece of work on