

issuing paid-up shares in the following circumstances. In 1904 the company issued bonds for £50,000 repayable in seven years with a bonus of £25 exclusively out of the net profits of the company. These bonds were exchangeable for first mortgage debentures, but this was not to affect the bonus. In 1909 most of the bonds had been converted into debentures leaving only the £25 bonus payable. No profits had been earned and it was proposed to issue paid-up shares in order to extinguish the liability for the £25 bonus. The present action was brought to test the validity of that arrangement. Parker, J., who tried the action held that it was *intra vires* of the company, but the Court of Appeal (Cozens-Hardy, M.R. and Farwell, L.J.) overruled his decision and decided that there was nothing in the bonds authorizing the company to turn a contingent liability on income into a present liability on capital, and that the proposed arrangement was equivalent to paying dividends out of capital, and was an attempt to issue paid-up shares without consideration, and was *ultra vires* of the company.

RESTRAINT OF TRADE—PUBLIC POLICY—REASONABLE PROTECTION
OF COVENANTEE—NEWSPAPER REPORTER—UNUSUAL STIPULATION—INFANT.

Leng v. Andrews (1909) 1 Ch. 763, was an action to enforce an agreement in restraint of trade. The plaintiffs were publishers of a newspaper in a provincial town, and the defendant, while an infant, had entered their employment as a junior reporter, and had signed an agreement that he would not after leaving the plaintiffs' service "either on his own account or in partnership with any other person be connected with as proprietor, employee or otherwise with any other newspaper business carried on," in the same town as plaintiffs' or within twenty miles radius thereof. The defendant had left the plaintiffs' service and had entered the employment of a rival newspaper business carried on in the same town as the plaintiffs'. Eve, J., who tried the action had come to the conclusion that the agreement in question was not unreasonable and as it would be binding on an adult it was also binding on the defendant although he was an infant at the time of its execution and he granted an injunction. The Court of Appeal (Cozens-Hardy, M.R. and Moulton and Farwell, L.J.J.) however reversed his decision being of the opinion that the restriction was wider than was necessary for the reasonable protection of the plaintiffs and could not be enforced