one insuring the interest of the mortgagees alone; that the interest of the mortgagees in the policy was the same as if they were assignees of a policy effected with the mortgagor; and that the payment to the mortgagee discharged the mortgage.

Held also that the company were not justified in paying the mortgagees without first contesting their liability to the mortgagor and establishing their indemnity from liability to him. Not having done so, they could not, in the present action, raise any question which might have afforded them a defence in an action against them on the policy.

The result of the decision of the Court of Appeal and of the Divisional Court was affirmed.

CARTER, MACY & Co. v. THE QUEEN.—The plaintiff made two shipments of tea from Japan to New York for transportation in bond to Canada; in one case the bills of lading were marked "in transit to Canada," in the other the teas appeared upon the consular invoice made at the place of shipment, to be consigned to the plaintiff's brokers in New York for transhipment to Canada. On the arrival of both lots at New York, and pending a sale thereof in Canada, they were allowed to be sent to a bonded warehouse as unclaimed goods for some five or six months, and were finally entered at the New York Customs House for transportation to Canada and forwarded to Montreal. There was nothing to show that the plaintiff at any time proposed to make any other disposition of the teas, and there was nothing in what they did that contravened the laws or regulations of the United States or of Canada with respect to the transportation of goods in bond.

Held by the Supreme Court of Canada that as it clearly appeared that the tea was never entered for sale or consumption in the United States; that it was shipped from there within the time limited by law for goods in transit to remain in a warehouse; and that no act had been done changing its character during the transit, it was therefore "tea imported into Canada from a country other than the United States, but passing in bond through the United States," and under section 10 of the Act relating to duties on Customs (R. S. C., c. 33), not liable to duty as goods exported from the United States to Canada.

MERCHANTS BANK OF CANADA v. LUCAS.—Y., who had been in partnership with the defendants, trading under the name of the H. C. Company, but had retired from the firm and become the general manager of the company, but with no power to sign drafts, drew a bill of exchange for his own private purposes in the name of the defendants on a firm in Montreal, which was discounted by the plaintiff bank. Before the bill matured Y. wrote to defendants informing them of having used their name, but that they would not have to pay the draft; the bill purported to be indorsed by the company per J. M. Y. (one of the defendants), and the other defendant having seen it in the bank, examined it carefully and remarked that "J. M. Y.'s signature was not usually so shaky." J. M. Y. afterwards called at the bank and examined the bill very carefully, and in answer to a request from the manager for a cheque, he said that it was too late that day, but he would send a cheque the day following. No cheque was sent, and a few days before the bill matured the manager and solicitor of the bank called to see J. M. Y. and asked why he had not sent the cheque. He admitted that he had promised to do so, and at the time he thought he would. Y. afterwards left the country, and in an action against defendants on the bill they pleaded that the signature of J. M. Y. was forged, and on the trial the jury found that it was forged and judgment was given for the defendants.

Held by the Supreme Court of Canada that though fraud or breach of trust may be ratified, forgery cannot, and the bank could not recover on the forged bill against the defendants.

LEGAL NOTES.

An important English decision in a fire insurance case was that in Trainor v. Phœnix Insurance Co., a case tried in the Court of Queen's Bench last month before the Lord Chief Justice and Mr. Justice Henn Collins. The question involved was in regard to the legal interpretation of the arbitration clause in the policy of the Phœnix. The first trial of the case was before Mr. Justice Charles, who stopped proceedings on the ground that under the conditions of the policy the dispute must be settled by arbitration. The defendant appealed to the Court of Queen's Bench to set aside the order of Mr. Justice Charles staying the action.

On behalf of the plaintiff Trainor, it was contended that the arbitration clause in the policy only referred to the question of the amount for which the insurance company was liable—that the question of the liability of the company under the policy must be left to the courts. In the case the company denied their liability altogether and alleged that the plaintiff had been guilty of fraud. For that reason the action should be allowed to proceed. The charge of fraud could not properly be tried by arbitrators, and the plaintiff was therefore entitled to a public trial. He submitted that the order of Mr. Justice Charles should be set aside without calling on the respondent's counsel. Lord Coleridge said the policy contained a clause that the insurance company should not be bound in respect of any claim unless or until the liability of the company and the amount of its liability had been referred to and determined by arbitration. The award of the arbitrator or umpire was to be a condition precedent to any liability by the company or any right of action by the insured against the company. The appeal turned upon the meaning and validity of that clause of the policy. It was an important point. It had been decided by the authority of the House of Lords that an arbitration clause which precluded all recourse to the courts of law would not be held valid. But in this case of the Phœnix Company the clause merely provided for a condition precedent, which did not oust the jurisdiction of the ordinary courts of the country. As a general rule the courts would not allow investigation of a charge of fraud by a private tribunal. In this case, however, the question did not arise, as the question was not what would be the charge if an action was brought, but if an action would lie. Here the action would not lie because the parties had agreed to go to arbitration first. Mr. Justice Charles had properly stayed the action, and the appeal of the plaintiff must be dismissed. Mr. Justice Henn Collins concurred with the above. The appeal was dismissed, with costs. It was stated that the plaintiff will carry the case to the Court of Appeal.

—Notice is given by the Imperial Loan and Investment Company of a semi-annual dividend of three and a half per cent.

FIRES IN THE NORTH-WEST.

That scourge of new and careless communities, fire, has played havoc in various parts of the North-West within the past few days. Moosejaw, Calgary, and Lethbridge have all suffered, and the reasons are the usual ones of "scarcity of water, high winds, the failure of the engines to work properly," and in at least one case, apparently, the lack of proper means to deal with fire. At Lethbridge, on the 8th, a fire began in Lawrence's furniture store, which, together with the Royal Hotel and Macdonald's brick block, was destroyed before the townspeople, assisted by the Mounted Police, could get control. The loss is placed at $40,000, with perhaps $15,000 insurance.

Property to a like amount is said to have "gone up in smoke" at Moosejaw, on Saturday last, but sadder still, three persons were burned to death and a number of others injured. The Lorre House and the Queen's Hotel are gone, together with about twenty shops and dwellings, and the English church. There is about $5,000 insurance altogether, but in most cases the ominous words "no insurance" describe the situation of the luckless occupants. A high wind was blowing and the flames swept both sides of Main street. One can well believe that, as the telegram describes, "the scene was a heart-rending one, women and men being driven into the street in their night-clothes. The streets are strewn with furniture," says the Winnipeg *Free Press* special, "and special constables are patrolling the town." At Calgary, on the 12th instant, the Calgary and Edmonton Railway storehouse was destroyed by fire, "nothing saved." Owing to the great distance of the building from the town and the heavy wind blowing, the building was practically gone before the fire brigade arrived.

ST. JOHN AND THE GRAIN TRADE.

Observing the hundreds of carloads of western grain that have passed through St. John within the past few weeks, bound for Halifax, there to take ship for Europe, members of the Board of Trade in the former city have been considering ways and means of securing the shipment of some of this western grain at their own port by vessel. Halifax has elevator facilities, St. John has not. The question with St. John men now is whether to get elevators or something that will replace them.

A scheme has been propounded by Mr. Robert Cruickshank, which is considered feasible and is not costly. It is to extend the C. P. R. track west of the suspension bridge to curve through the asylum grounds, and follow around the side of Lancaster Heights down to the old Clark mill. Thereabout the river bank is high, and the water deep; berths could be readily made there to accommodate two large steamers at once. The railway track extended around the side of the hill would be at an elevation of between 60 and 80 feet above high water, and at a small cost shutes could be made that would carry the grain down over the hillside to the steamers as rapidly as it could run from the cars. This would be a much cheaper way than handling the grain with an elevator.

—Manitoba hard wheat is moving eastward we are told, at the rate of 100,000 bushels per day, which is equivalent to five train-loads of thirty cars each, or one hundred and fifty railway cars in all per day. Port Arthur and North Bay are the immediate points of destination, and ultimately the grain reaches New York, Boston and Portland. The export traffic at present is not very heavy, and not at all in proportion to the quantities moving.