

both banks of a watercourse adjacent to the town, and generally known as the east branch of the Winnipeg river. The lands on the eastern bank (mainland) were the property of the Hudson's Bay Co., and those on the western bank (Tunnel Island) were owned by the Keewatin Power Co. The plaintiffs also asked declarations of certain rights which they asserted in the bed of the watercourse and in the water power which might be developed from it, and sought to prevent defendants from carrying on works designed for the development of such water power.

W. Nesbitt, K.C., and J. Jennings, for plaintiffs the Keewatin Power Co.

F. H. Phippen, K.C., and C. A. Moss, for plaintiffs the Hudson's Bay Co.

N. W. Rowell, K.C., G. Wilkie, and A. McLennan, Kenora, for defendants.

W. H. Hearst, Sault Ste. Marie, for the Attorney-General for Ontario.

ANGLIN, J.:—In 1892 the Hudson's Bay Co. leased part of their lands on the eastern bank for a term of 10 years to Messrs. McCrosson and Rideout for the purpose of establishing electric light and power works. The lessees took possession of these lands and constructed works on a small scale, using for their purposes a portion of the waters of the watercourse in question. In 1894 the term of this lease was extended to 20 years, subject to a provision for cancellation upon notice. This lease was at a later date transferred to the Citizens Telephone and Electric Power Co. of Rat Portage, which made a further development of the water power, and supplied the town of Rat Portage and its citizens with electric light, etc. By provincial statute 2 Edw. VII. ch. 62, defendants were authorized to acquire, and they subsequently purchased and took over, the water plant and works of the Citizens Telephone and Electric Co. Plaintiffs the Hudson's Bay Co. had meantime given a notice of cancellation to the Citizens Co., under which they allege that all rights under the lease above mentioned expired on 29th March, 1902. Defendants, however, took possession of the lands covered by the lease, and of the plant and works, under their assignment from the Citizens Co. They then conducted negotiations with the Hudson's Bay Co. for the