REPORTS OF CASES

OF PRACTICAL VALUE IN THE

PROVINCE OF ONTARIO

SUTHERLAND, J. (TRIAL.) 4TH AUGUST, 1916.

CLARKSON v. DOMINION BANK.

Banks and Banking—Bank Act, R. S. C. (1906), c. 29, s. 88, and Schedule C.—Validity of Securities taken by Bank from Manufacturer—Sufficiency of Description of Goods Hypothecated—Right of Bank to take Security on Goods Bought from Other Manufacturers to be Sold as Jobbers — Mortgages on Real Estate.

Land security:—Where a customer agrees to give a bank as collateral security, a mortgage on real estate on or before a date named, there is nothing improper or illegal in the bank, in pursuance to such previous agreement, in insisting upon and obtaining the security on such real estate, more than a year subsequent to that date.

Jobbers hypothecation:—While a bank has, under s. 88 of the Bank Act, the right to advance a wholesale manufacturer, upon the security of the goods, wares and merchandise manufactured by him, or procured for such manufacture, still, it has no authority to take security on goods purchased by him from other manufacturers for the purpose of carrying on a jobbing business as a side line.

Description of goods hypothecated:—Where goods are hypothecated to a bank according to form "C" and particular warehouses are mentioned in which the goods are said to be and the description covers all the goods, it is sufficient.

Renewing security: — Where a bank, from time to time, makes advances and takes security, under s. 88 of the Bank Act, on new goods which come into a customer's business to replace old stock sold out, and for each advance a separate note and security is taken, and at the same time a general security is taken which covers all outstanding notes for which a previous individual note has been taken, it is not a renewal of the security, but is a valid consolidation of securities not prohibited by the Bank Act.

Action by the liquidator of Thomas Brothers, Limited, an insolvent company, being wound up under the Dominion Winding-up