

(1869) 03 CAL CK 0027
In the Calcutta High Court

Knowles

APPELLANT

Vs

The National Bank of India

RESPONDENT

Date of Decision : 02-03-1869

Acts Referred:

Citation : (1869) 03 CAL CK 0027

Final Decision : Dismissed

Judgement

Sir Barnes Peacock, Kt., C.J.—It appears to me that the judgment in this case ought to be affirmed. Even, if the Directors were not justified in refusing to register Mr. Knowles as the transferee of the shares in question, it appears that, after the refusal, Mr. Knowles received back from the Indian Peninsular London and China Bank, the sum of Rupees 13,500, being the amount of the purchase-money which he had paid to the Bank, and he thereby relinquished in favor of the said Indian Peninsular London and China Bank all the right and interest he had to the said shares, the scrip certificates of which he handed over to the said Bank: and he agreed to accept the amount of Rupees 13,500 as in full satisfaction of all claim or demand by him against them, whether in respect of the said shares or otherwise. It is clear, then, that even if Mr. Knowles had a cause of action against the defendants, he ceased, to have been damaged long before he commenced this suit. But I am of opinion that Mr. Justice Markby was right. The Directors of the defendant Bank had very good ground for refusing to register the transfer to Mr. Knowles. It appears that prior to the 2nd May 1865, the Indian Peninsular London and China Bank applied to the Directors of the National Bank to register their lien over the shares, and that the National Bank wrote in answer to the application, stating that before they could comply with the request, they would thank the Indian Peninsular Bank to furnish them with a letter of pledge from the pledgee (intending I presume the pledgor) who must be registered in their books as the proprietor of the shares.

2. The certificate of shares had originally been issued to Mr. Dhanjibhai Byramji Mehta, but that had been done at the request and for the benefit of Messrs Cama

and Co., in whose office he was employed. Messrs. Cama were indebted to the National Bank; and if the shares had been pledged to the Indian Peninsular London and China Bank by or for the benefit of Messrs Cama, the National Bank had a very good ground for refusing to register the shares in the name of the Indian Peninsular London and China Bank, until they were satisfied that the Indian Peninsular London and China Bank held them from a person who had bona fide purchased them from Mehta. They were clearly justified in refusing to acknowledge the pledge until they were informed of the circumstances under which it was made. The Indian Peninsular London and China Bank never gave them any satisfactory answer as to the pledge of the fifty shares to which this suit relates; but, instead of doing so, they on 29th May 1865 acquainted the National Bank that they had disposed of the shares, the transfer being to Mr. Knowles. Whether Mr. Knowles was informed of the refusal to register, without further explanation, does not appear.

3. The National Bank were perfectly justified in refusing to transfer to the name of Mr. Knowles until they knew who the persons were who pledged them to the Indian Peninsular London and China Bank. Mr. Knowles, therefore, acquired no cause of action in consequence of the refusal; and, instead of at once hanging an action for the refusal, he appears to have returned the shares to the Indian Peninsular London and China Bank, and to have received back his purchase-money. We do not know exactly what took place between Mr. Knowles and the Indian Peninsular London and China Bank in July 1866; but we do know that nearly two years before this action was commenced, the Indian Peninsular London and China Bank returned to Mr. Knowles all the money which he had given them for the shares, and that Mr. Knowles relinquished the shares to them. The deed of transfer was cancelled, and Mr. Knowles' name was struck out in the instrument of transfer. Mr. Knowles has not any cause of action against the National Bank, and the Indian Peninsular London and China Bank cannot sue in his name to recover the amount for which they sold the shares to him after the National Bank had refused to register their claim, and which money they returned to Knowles taking the shares back. It appears to me that the appeal must be dismissed with costs.

Macpherson, J.

I am of the same opinion.