Under the decrees of the German Federal Council of 10th and 12th August, 1914, and subsequent decrees extending them, a moratorium of nine months from the beginning of the war had been given to German debtors, but at the expiration of that period there was no legal suspension of payments generally applicable in Germany except for the special relief under paragraphs 2 to 4 of the decree of the 30th September, 1914, prohibiting payments to England, as modified by a decree of the 22nd December, 1914, the combined effect of which was to maintain in favour of a debtor the relief from the obligation to pay or accept bills of exchange issued in foreign countries, notwithstanding that the bill was drawn in favour of a German branch of the bank or had been presented by such branch for acceptance. In the case in question the branch had written to the debtors referring to the acceptance, which was the subject-matter of the claim, and the debtors had stated they were not in a position to redeem it.

The Tribunal, having regard to the correspondence which passed and the decrees of the 30th September and 22nd December, 1914, held that the amount of the bill constituted a debt which became payable during the war, and arose out of a transaction or contract of which the partial execution was suspended. They therefore awarded interest at the rate of 6 per cent., the amount fixed by the decrees of the 10th and 12th August, 1914, on moratorium bills, as from the expiration of nine months after the original due date.

In Standard Bank of South Africa Ltd. and Krause & Co. (No. 1197), where the claim was in respect of a letter of credit issued before the war by the debtors, under which two payments had been made prior to the beginning of the war by branches of the creditor bank in South Africa, the Tribunal found that there was a debt due under Article 296 (1), and that no question of suspension of the contract arose, for the payments by the South African branches gave rise to pre-war debts falling within Article 296 (1).

In Anglo-South American Bank Ltd. *v.* Bruno Teichmann Nachfolger (No. 1147), the Hamburg branch of the creditor bank had before the war forwarded for collection to the bank's agents in Brazil a bill drawn by the debtors on a Brazilian company and received by the branch as security for an advance. The bill was not presented to the drawees when it became due, nor was it paid by them. The Tribunal came to the conclusion that a suspension of the execution of the contract could apply in this case only if after the declaration of war between Brazil and Germany there existed a legal prohibition in Brazil against sending letters or other documents to Germany. If such existed, the branch was prevented from receiving back the bill dishonoured, and without the bill they would be unable to exercise their right of recourse against the debtors. They therefore adjourned the case for further information as to Brazilian law on the subject.

In Standard Bank of South Africa Ltd. *v.* Hecht & Co., Berlin (No. 1199), a question arose whether the German debtors, who had negotiated before the war with the creditor's branch in Hamburg certain bills of exchange drawn on Australia, were liable under the contract between them where the bills had been presented to the drawees for acceptance during the war and had been dishonoured by non-acceptance. The Tribunal gave it as their opinion that the creditors were entitled to succeed under Article 296 (2), for whatever the position between the Hamburg branch and the debtors might have been during the war the execution of the transactions involved intercourse with Australian banks, and between these and the Hamburg branch such intercourse became legally impossible as a consequence of the declaration of war.

As to certain further bills which had not been presented to the drawees before the coming into force of the Treaty, a somewhat different question arose, and the British Government Agent contended that by virtue of paragraph 6 of the Annex to Section V, Part X, of the Treaty the debt, being represented by bills of exchange, must be settled through the Clearing Offices. With regard to these bills the Tribunal called for further information as to the manner in which bills presented by virtue of the provisions of Article 301, which prolongs the time for presentation of negotiable instruments, have been dealt with between the different Clearing Offices; and no decision on that part of the case has yet been given.

In Pacific Phosphate Co. Ltd. and Anglo-Continentale, &c., Guano Werke (No. 1305) the question again arose as to whether a balance claimed as due from the debtors in respect of certain consignments purchased by them fell within Article 296 (2), the German Government Agent submitting that there was no suspension of payment in view of the fact that the creditors could at any time during the war have been paid by the branch office of the debtors in London. This branch office had been subjected during the war to British emergency war legislation, and an order had been made vesting the London branch in the Public Trustee as Custodian of Enemy Property. The Tribunal accordingly adjourned their decision pending an explanation of what had passed between the creditors and the Custodian, and further submissions to be made as to the right of a British creditor who, under such circumstances, had not been paid out of the funds in the hands of the Custodian, to claim payment from him.

In Konig Bros. *v.* Blunck (No. 1945) a German national resident in Poland, who carried on a business which had been there registered, was liable to put the British creditors in funds to meet a bill which they had accepted for him. The bill had not become due at the date of the outbreak of war, and the debtor's liability therefore accrued during the war. The debtor was interned in Russia until August, 1915, when the Germans occupied Warsaw. He subsequently died in Germany, and the present claim was made against one of his heirs resident in Germany on the 10th January, 1920. It was contested on the ground that the debtor's business was registered in Poland and was a Polish legal entity, and also on the ground that the execution of the contract was not postponed, and that one of the several heirs in Germany could not be personally liable until the estate had been divided, and that prior thereto the creditors only had a right to take the estate in satisfaction of debts. The Tribunal (Second Division) held that there was a debt under Article 296 for the full amount of the bill with interest.

Partial Suspension of Execution of Contract.

The question as to whether a contract was partially suspended within the meaning of Article 296 was also considered by the Tribunal (Second Division) in the case of Le Rossignol *v.* Deutsche Bank (No. 1310), (*Recueil*, iv, p. 10). The creditor at the outbreak of war had an account with the debtor bank, which collected dividends on his securities. He was in Germany until December, 1918, when he returned to England, and was permitted to draw on the account. The claim for the balance of the credit at the date of the Treaty was contested on the ground that the contract was not suspended by the declaration of war.

The Tribunal held that, the relation of banker and customer having subsisted at the outbreak of war, the balance at 10th January, 1920, could be claimed under clause 2 of Article 296, and that, having regard to the legal position of the parties in England and Germany respectively, the claimant had been unable to obtain payment between December, 1918, and the date of the Treaty coming into force. The execution of the contract was therefore held to have been suspended within the meaning of clause 2 of Article 296.

(6.) *Residence of Debtors and Creditors for the Purposes of Article 296 of the Treaty of Versailles.*

The meaning of the term "residing," as applied to nationals of one of the Contracting Powers under Article 296, has given rise to considerable interchange of views between the two Clearing Offices, and it has generally been recognized between them that, whilst the word cannot be regarded as equivalent to "domiciled," it cannot be confined to persons who happened on the material date—namely, the 10th January, 1920—to be physically present in one country or the other, but must be interpreted as applying to persons who may reasonably be regarded as having at that period their habitual abode in the country in question, even though they may have been temporarily absent for business or other reasons. The Tribunal has, however, in the case of Otto Cloos *v.* Chota Magpur Co-operative Credit Society (No. 1263), (*Recueil*, iv, p. 13), gone further than this, and held that the German creditor was to be deemed for the purposes of Article 296 as resident in Ulm, Germany, though he did not return there until after the 20th April, 1920, and had not before the war been residing there. The national in question had before the outbreak of war been residing in India, where he was employed, and in December, 1914, he was interned at Ahmeduagar,