

Business Law Exam Notes

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Contracting with the Company

- The Legal Effect of Registration of a Company: **Ss 119 & 124**
 1. Certification of Incorporation deems the Company as an official legal person.
- Company acts through directors and member: **Ss 198A, 250N(1) & 250N(2A)**
- A "company's power to make, vary, ratify or discharge a contract may be exercised by an individual acting with the company's express or implied authority and on behalf of the company." **S 126(1)**

Two ways a company can enter into Contract

1. Directly through the Board of Directors **s198A**
 2. Indirectly through agent **s126**
 1. Other agents than agents that manage the core of the company.
- If a contract is not binding on the company an outsider can recover damages from agent for **BREACH OF WARRANTY OF AUTHORITY**

Liability for Tort

- Primary: a tort is a civil wrong that unfairly causes someone else to suffer loss or harm, resulting in legal liability for the person who commits the tortious act.
- Secondary: arises when a party materially contributes to, facilitates, induces, or is otherwise responsible for directly infringing acts carried out by another party.

Directing mind of Company and Corporate Contracts

- Lennards Carrying Co Ltd v Asiatic Petroleum Co Ltd [1915] AC 705
- *Lennards was the owner and director of a ship carrying oil for Asiatic Petroleum, the cargo was destroyed in a fire and Asiatic sought to claim damages. The court held that Lennard's Carrying Co Ltd was liable because Lennard is the one who is directing the company and is the agent.*
- *'its active and directing will must consequently be sought in the person of somebody who ... is really the directing mind and will of the corporation, the very ego and center of the personality of the corporation.'*
- HL Bolton (Engineering) Co Ltd v TJ Graham & Sons Ltd [1957] 1 QB 159, Denning LJ
- *'The state of mind of these managers is the statement of mind of the company and is treated by the law as such .. Whether their intentions is the company's intention depends on the nature of the matter under consideration, the relative position of the officer or agent and the other relevant facts and circumstances of the case.'*
 1. Generally the decision of the directors etc, is the decision of the company **s198(A)**