

If, of course, the agent knew at the time that he had no authority, he would render himself liable in an action of deceit to the person who suffered damage in consequence of acting on such misrepresentation. (*Polhill v. Walter*, 1 L.J.K.B. 92.)

The principle laid down in *Collen v. Wright* has been repeatedly followed in cases too numerous to mention, and seems reasonable enough, but of recent years it has been extended in such an alarming manner that one feels compelled to ask "when is it going to stop?" The liability was, by the decision in the leading case, applicable to cases in which a contract was brought about by the innocent assumption of a non-existent authority, but more recent cases have extended the liability to every transaction, contracted or otherwise, brought about by such an assumption. Thus, in *Fairbank v. Humphreys*, 18 Q.B.D. 54, by an agreement made between a company and a contractor engaged under a contract in carrying out works for the company, it was agreed, that in consideration that the contractor would proceed with the works, the company would issue to him, in discharge of a debt then due to him under the contract, debenture stock of the company. Certificates of debenture stock were thereupon signed by two of the directors and issued to the contractor. The company had, at the time, exhausted its power of issuing debenture stock, but the directors were ignorant of the fact. Held, in an action by the contractor against the directors for breach of an implied warranty that they had power to issue valid debenture stock, that the directors were liable, and that the damages were the nominal value of the debenture stock purported to be issued. "The rule to be deduced," said Lord Esher, M.R., "is that when a person by asserting that he has the authority of the principal induces another person to enter into any transaction which he would not have entered into but for that assertion, and the assertion turns out to be untrue, to the injury of the person to whom it is made, it must be taken that the person making it undertook that it was true, and he is personally liable for the damage that has occurred."