

(a) in their representative capacity, and
(b) within their authority as such agents,
their acts and contracts are the acts and contracts of the company.

The statutes of both Canada and Ontario recognize and apply this law by express enactment to companies subject to the legislative jurisdiction of the Dominion and the Province respectively. The Dominion Companies Act (R.S.C., cap. 119, sec. 35) provides that "the directors of the company may administer the affairs of the company in all things, and make or cause to be made for the company any description of contract which the company may by law enter into." The Dominion Companies Clauses Act (R.S.C., cap. 118, sec. 13) makes a precisely similar provision, in words almost identical. The corresponding Provincial Acts, The Joint Stock Companies Letters Patent Act (R.S.O., cap. 157, sec. 36) and The Joint Stock Companies General Clauses Act (R.S.O., cap. 156, sec. 14), enact provisions which, though couched in slightly different words, are to the same effect.

(a) The directors in order to bind the company must be acting in their representative capacity as agents.

Only a word or two need be said in explanation of this requisite. Each director is not, in and by himself, an agent to bind the company. If the affairs of the company are entrusted to a board composed of five directors, they are entrusted to a body composed of five agents, and not severally to each one of five independent agents. In other words, it is the *body* that must act in order to efficiently represent the company. Of course "the majority of a duly convened and duly constituted board of directors can act for the whole board, and bind the company."¹

(b) The directors, in order to bind the company, must be acting within their delegated authority as agents.

It is plain that the important inquiry to be made when considering the validity and binding effect of any given act or contract, done, made or proposed on behalf of a company, by the directors, the company's agents, is whether the act or con-

¹Lindley on Companies, 5th Ed., 156.