

PERSONAL CHARACTER OF OBLIGATIONS.—CORPORATE SEALS.

It would be a matter of some interest, and probably also of some difficulty, to determine the true character of the relation between persons claiming adversely to one another as *cestuis que trust* under the same disposition; but this does not fall within the scope of the present discussion.—*Law Magazine*.

CORPORATE SEAL—HOW FAR ESSENTIAL TO A CONTRACT.

The recent case of *Crampton v. The Verna Railway Company*, decided by Lord Hatherley (L. Rep. 7 Ch. App. 562), in affirmance of the Master of the Rolls, furnishes an unpleasant illustration of the difficulties, or, perhaps, we might say, the absolute denial of justice which may result from the rule that a corporation can contract only under its common seal. Notwithstanding the numerous and important exceptions which have been established, the rule is still a rule, though in many cases it will be found very difficult to determine the line at which the rule ends and the exceptions begin. In *Crampton v. The Verna Railway Company*, the agent of the company which was constructing a railway in Turkey, agreed verbally with the contractors, through whom the plaintiff claimed, that if the plaintiff would build on the company's land certain cottages, in a substantial manner, and leave them for the use of the company, the company would pay them 5000*l*. The cottages having been accordingly built, the agent of the company agreed with the contractors that they should be paid 500*l*. annually, by way of rent, and that the company should have an option to purchase for 5000*l*. The agreement was confirmed by a resolution from the board of directors, and the company paid the 500*l*. a year for some years, and then refused to make any further payment. The court holding that the claim of the plaintiff was only a money demand, also held that the fact of the agreement not being under seal, constituted no ground for the interference of a court of equity to compel performance of the contract, and a demurrer for want of equity was consequently allowed.

This decision was fully in accordance with that of Lord Cottenham in *Kirk v. The Guardians of the Bromley Union* (2

Phil. 640), and there can, we think, be little doubt that the plaintiff's remedy, if any, was either at law under the contract, or in equity to the extent, and only to the extent of the benefit conferred. The remarks of Lord Hatherley, in the conclusion of his judgment, are interesting, as indicating the consequences which, in his Lordship's opinion, result from the absence of the corporate seal. He says:—"The truth is, that every one who deals with corporations like these, must be taken to know what are their powers of contracting, and must take a contract accordingly; and when there is only a money demand, and there is no valid contract, then this court cannot interfere in the matter. I certainly was impressed with the consideration of the length to which these doctrines might be carried; but I think the arm of the court is always strong enough to deal properly with such cases. There might be a contract without seal, under which the whole railway was made, and of which the company would reap the profit, and yet it might be said that they were not liable to pay for the making of the line. When any such case comes to be considered, I think there will be two ways of meeting it. It may be (and perhaps is so in this case) that the contractor has his remedy against the individual with whom he entered into the contract, although he may have no remedy against the company; or it may be that the court, acting on well recognised principles, will say that the company shall not in such a case be allowed to raise any difficulty as to payment. But the matter in question here is collateral to the main object of the company, and is not essential to the existence of the railway for which the company was incorporated; and in that respect this case differs from the case I have supposed, and does not call for the interference of the court. I think the position of the plaintiff is very unfortunate; but subject to that remedy he may have at law against the persons who entered into the engagement with him, it appears to me that he is left without remedy."

In regard to the remedy suggested by proceeding against the agent of the company, it is difficult to see in what way an agent acting *bond fide* and professedly as such, and making no false representations of any matter of fact, could by possibility