

using language rigorously accurate, may be thus stated: If a person requests, and by asserting that he is clothed with the necessary authority, induces another to enter into a negotiation with himself, and a transaction with a person whose authority he represents he has, in that case there is a contract by him that he has the authority of the person with whom he requests the other to enter into a transaction." The case was also distinguished from *Collen v. Wright* because there was no contract induced by the defendants by the alleged misrepresentation; but it is doubtful whether that is a real ground of distinction.

Where the representations of directors, though erroneous, are made good by the company they represent, and the person dealing with them is not put to any loss by reason of such misrepresentation, no liability attaches to the directors. This may seem an almost self-evident proposition, but it was the point nevertheless carried to the Court of Appeal in *Beattie v. Ebury*, L.R. 7 Ch. 777. There three directors of a railway company opened, on behalf of the company, an account with a bank and sent a letter signed by the three requesting the bank to honour cheques signed by two of the directors and countersigned by the secretary. The account having been largely overdrawn by means of such cheques, the bank sued the company and recovered judgment against it for the amount of the overdraft, and being unable to collect the amount by execution, the bank then sued the directors on the letter, as being a representation that they had power to overdraw the account; but the Court of Appeal held that this was not a representation of fact, but of law, and even if it were such a false representation as the directors were bound to make good, yet, the bank had no claim against them, since it had been able to enforce the same remedies against the company as if the representation had been true.

It was decided by Kekewich, J., in *Halbot v. Lens* (1901) 1 Ch. 344, that a person who contracts as agent on behalf of an alleged principal without authority is not liable on an implied warranty if the other contracting party knows at the time of the transaction that the agent is acting without authority; thus, if