

Eley v Positive Government Security Life Assurance Co Ltd (1875) 1 Ex D 88

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Facts

- Eley was a member who was also employed as the company's solicitor.
- Article 118 of the company's constitution stated "*Mr William Eley of 27 New Broad Street, City of London, shall be the solicitor to the company...*".
- When the company ceased employing him as solicitor, Eley brought an action claiming that the the company constitution had been infringed.
- The Exchequer Division held the articles did not create any contract between Eley and the company.

Held

- The Court of Appeal held that there was no infringement as Eley was not suing as a member.
- Eley had not been employed as a member and the termination of work as a solicitor did not affect Eley's status as a member of the company.

Quotes

"The matter has been put in another way. It is said, this, though not an agreement in itself, is at all events a statement of what had been agreed upon; it must have been intended to be brought to the plaintiff's knowledge, he has accepted and acted upon it, and therefore it is evidence of another agreement on which he can rely. Now it may be considered that Art. 118 would have warranted the directors in entering into an agreement with the plaintiff by which they should contract to employ the plaintiff; but I ask, was such a contract ever made? A joint stock company may act under their seal, or by the signature of their directors, which may have equal effect as their seal, or possibly by a resolution of the board. Nothing of the kind exists here; and if the article is not an agreement on which the plaintiff can rely, there is nothing in the case before us but the fact of his employment, and that would entitle him to remuneration only for work he has done. This seems to us to dispose of the whole of the case; and I think that, irrespective of any question on the Statute of Frauds, the judgment of the Court below must be affirmed."

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