H L Bolton (Engineering) Co Ltd v T J Graham & Sons Ltd [1957] 1 QB 159


Facts

- T J Graham & Sons Ltd (TJG) leased their premises to H L Bolton (Engineering) Co Ltd (HLB) in 1941. HLB sublet their premises in a similar lease.
- In 1954, TJG notified HLB that the lease would be terminated that year, and HLB gave their sub-tenants similar notice.
- Both notices were rendered ineffective by the enactment of the Landlord and Tenant Act 1954 (UK) (the Act).
- TJG gave the sub-tenants notice of termination under the Act in 1954 and opposed their application for a new tenancy under section 24(1) of the Act.
- The subtenants argued that they had "purchased" their interest in the premises within 5 years before termination.
- TJG argued that they were going to be occupying the premises to conduct business.
- No formal resolution from a directors meeting at been passed by TJG to this effect, but the company had been moving this way in other aspects (meeting with architects, etc.).

Issues

- Were TJG entitled to oppose the sub-tenants application on the grounds of occupying the premises to conduct business?

Held

- TJG were entitled to occupy the premises for the purposes of conducting business.
- The sub-tenants had not "purchased" their interest - they had provided no consideration when HLB surrendered the lease. Under the Act, consideration was said to be "bought for money".
- Despite TJG not formally passing a resolution because, having standing to the directors in charge of the business, the intention of the directors was the intention of TJG.
- It was clear that TJG intended to occupy the land for the purposes of conducting business.

Quotes

"A company may in many ways be likened to a human body. It has a brain and nerve centre which controls what it does. It also has hands which hold the tools an act in accordance with directions from the centre. Some of the people in the company are mere servants and agents who are nothing more than hands to do the work and cannot be said to represent the mind or will. Others are directors and managers.
who represent the directing mind and will of the company and control what it does. The state of mind of these managers is the state of mind of the company and is treated by law as such. So you will find that in cases where the law requires personal fault as a condition of liability in tort, the fault of the manager will be the personal fault of the company ... So also in the criminal law, in cases where the law requires a guilty mind as a condition of a criminal offence, the guilty mind of the directors and managers will render the company itself guilty."

(Lord Denning MR at page 172)