

Lennard's Carrying Co Ltd v Asiatic Petroleum Co Ltd [1915] AC 705

<https://lawcasesummaries.com/knowledge-base/lennards-carrying-co-ltd-v-asiatic-petroleum-co-ltd-1915-ac-705/>

Facts

- A ship owned by Lennard's Carrying Co was transporting some goods on a voyage from Novorossiysk, Russia to the Asiatic Petroleum Company, a joint venture of the Shell and Royal Dutch oil companies.
- The ship unfortunately sank and the cargo was lost.
- The judge found that the director, Mr Lennard, did know or should have known about defects in the ship, which led its boiler to catching fire, sinking the ship.
- There was an exemption from liability under section 502 of the *Merchant Shipping Act 1894* (UK). Section 502 stated that a ship owner would not be liable for losses if an event happened without "*actual fault or privity*".
- Asiatic Petroleum Co Ltd sued Mr Lennard's company for negligence under the Act.
- The issue was whether the guilty acts of a director would be imposed upon the corporation.
- Lennard's Carrying Co Ltd argued that it was not liable and could be exempt under section 502.

Held

- The House of Lords held that liability could be imposed on a corporation for the acts of the directors because there is a rebuttable presumption the directors are the controlling minds of the company.
- Mr Lennard did not rebut the presumption.

Quotes

"...if Lennard was the directing mind of the company, then his action must, unless a corporation is not to be liable at all, have been an action of the company itself."

(Lord Haldane)

"...a corporation is an abstraction. It has no mind of its own any more than it has a body of its own; its active and directing will must consequently be sought in the person of somebody who for some purposes may be called an agent but who is really the directing mind and will of the corporation, the very ego and centre of the personality of the corporation...somebody who is not merely an agent or servant for whom the company is liable upon the footing respondeat superior [let the superior answer], but somebody for

whom the company is liable because his action is the very action of the company itself."

(Lord Haldane)

Full Text

The full text is available here: <http://www.uniset.ca/other/cs2/1915AC705.html>

Law case summary from www.lawcasesummaries.com