THE “DOCTRINE OF ULTRA VIRES” AND ITS SUBSEQUENT DEVELOPMENT IN THE FRAMEWORK OF COMPANY LAW.


Abstract

The phrase Ultra vires is a combination of Latin words which refers to “Exceed of Authority”. It introduces us to certain limitations provided by law. Where an act for which certain limitations are prescribed by law that certain act must be done within these legal limits. Whenever an act is done while transcending the authority conferred by law, it is known as the doctrine of ultra vires this literally means “Beyond the Powers or Authority”. On contrary to it, is the doctrine of “Intra Vires” which means within the power or authority as provided by the law?

Key words: Ultra vires, intra vires, object clause.

Introduction:

Those acts which are performed beyond the authority conferred by law are termed as “Invalid” while Intra Vires acts as “Valid”. The application of ultra vires doctrine is made to corporate entities i.e. a limited company, a government entity or a local council. Where any institute did certain acts which are beyond its authority as provided by law will be deemed as void. Since a corporation is an entity recognized by the law, having a separate personality, the analogy with a real person can plainly never be completed or complete one. There are, as we have seen, some attributes which a corporation in the nature of things cannot have (race or sex) and there are some acts which it cannot perform (marry): to; to these natural limitations (which effects the capacity of all corporations) the law has by the doctrine of ultra vires, added further

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artificial limitations, which applies only to the corporations created by statutes.

The idea was first coined regarding statutory companies, (those companies which are regulated under a statute) i.e. Railway etc. which grew rapidly in number significantly during the first half of nineteenth century. The companies before 1855 were usually gigantic in nature and came under regulation of Partnerships’ rules. These rules were deemed suffice to protect the investors at its dawn. The concept of ultra vires does not enjoy any philosophical backing but all the registered companies derive their complete authority from object clause that was included into the memorandum. The inclusion of object clause was made under 1856 Act. According to the object clause as specified in the memorandum of a company, if any deviation is made from the object clause in exercise of the authority or while initiating any transaction, the authority will be deem to exercise beyond the legal limits conferred by law and all acts performed under such authority will be declared as void. As stated above that object clause was included into the company’s memorandum through 1856 Act but want for any prescribed mechanism, strategy to secure any changes and modification of the object clause brought the effectiveness and status of the object clause under the shadow of doubt and make it ambiguous. An attempt to clarify the ambiguity of the object clause was made by 1862 Act but that effort bear no fruit except making improvement to some extent, which remove the ambiguity related to the object clause and bring things a little under light.

The ultra vires principle never formed part of common law of many European Countries and as a step in the direction of harmonization a partial reform of the law was introduced by the European Communities Act 1975. The fact that the company could not only be restricted from doing an Ultra vires act at the suit of his member but any contract entered into by the company while transcending their legal authority were declared void and could not enforced as provided in a

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1 An objects clause is a provision in a company's constitution stating the purpose and range of activities for which the company is carried on. In UK company law up until reforms in the Companies Act 1989 and the Companies Act 2006, an objects clause circumscribed the capacity, or power, of a company to act. The legal position was that any contract entered into beyond the power, or ultra vires, would be deemed void ab initio.

2 United Kingdom, Joint stock companies act 1956.

3 Companies Act 1862, United Kingdom.
In the legendary case Teller vs. Chic Hester Midhurst Rail company 1867\(^4\). In spite of the power full dissenting Judgment by the Blackburn\(^5\) who sought to restrict the application of the Doctrine to action brought by the member against the company through injunction. Theories behind the application of ultra vires principle were provided in a famous case titled Ash Bury Railway Carriage & Iron co v Riche 1875\(^6\).

Owing to the doctrine of ultra vires a strange situation arise on the point of difference between an ultra vires and illegal act. Though both acts are void but the difference arises owing to two separate causes. An ultra vires act is void because it transcend object clause even if it is legal, while an illegal act is void though it is within the object clause. In the context of ultra vires doctrine there was a case, which can be regarded as the proof or evidence of its application. In the Ash Bury Railway and Iron Co- v Rich case court gives its decision.

“a company incorporated under the companies act has power to do only those things which are authorized by the memorandum of association. Anything not so authorized, expressly or by implication, is ultra Vires”.\(^7\)

which in plain words means that all companies registered through company Act are at liberty to do certain acts as memorandum of association permit and all such acts which either in clear words or by any implication are not permitted fall into the circle of ultra vires.

The above mentioned case laid down a precedent that a company or its directors or even its shareholders cannot ratify or made effective the act which has been done beyond the scope of an object Clause mentioned in memorandum of Association at any cost. Further it was also urged that the act which is beyond the objects clause cannot be validated by the subsequent agreement. However this doctrine was made much clearer by court in A.G Vs great Eastern Railway Company\(^8\). In this case the House of Lords affirmed the following precedent;

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\(^4\) The Brighton Railway\(^5\) was a railway company in the United Kingdom from 1846 to 1922... inland towns/cities of Chichester, Horsham, East.

\(^5\) Kari Boto née Blackburn (30 March 1954 – 27 June 2007) was a BBC reporter and... response to the coroner’s judgment, describing Blackburn.

\(^6\) Ashbury Railway Carriage and Iron Co Ltd v Riche (1875) LR 7 HL 653 is a UK company law.

\(^7\) Ashbury Railway and Iron Co- v Rich 1875.

\(^8\) Abergavenny railway station (Y Fenni) is situated southeast of the town centre of... of the Great Western Railway during the Grouping of 1923.
“The ultra vires doctrine may be understood in reasonable sense rather than unreasonable and its application may justly be considered as an act of chance under certain situations which are either permitted by legislature or not declared as ultra vires by judicial construction. It would be void in allowing the company and its business which is incidental or which is ancillary to its object clause.”

**Scope of the Rule:**

It is stated that ultra vires principle should be limited to only such cases which are done beyond the legal authority since declared as void. The question whether the making of a particular contract is or is not ultra vires depends upon the terms and conditions as prescribed in the objective clause in the company’s memorandum of association. The object of company must be stated in its memorandum of association.

Lord Wren bury in one of the case has explained:

“The purpose, I apprehend, is twofold. The first is that the intending corporate who contemplates the investment of his capital shall know within what field it is to be put at risk. The second is that anyone who shall deal with the company shall know without reasonable doubt whether the contractual relationship into which he contemplates entering with the company is one relating to a matter within its corporate objects.”

As was stated by Brown- Wilkinson L.J. in Rolled Steel Products (Holdings) Ltd Vs British Steel Corporation

“The question whether a transaction is outside the capacity of the company depends solely upon whether, on the true construction of its memorandum of association, the transaction is capable of falling within the objects of the company.”


10 Rolled Steel Products (Holdings) Ltd v British Steel Corp [1985] Ch 246
common law the doctrine is not dependent on the person dealing with
the company having notice of the company's lack of capacity; it operates
regardless of the third party's state of knowledge as regards the contents
of the company's objects clause. In many cases court is of the opinion
that if a company make use of an authority which it undoubtedly
possessed but for a purpose which was Ultra vires, and this purpose was
known to the party dealing with the company, the contract would
be Ultra vires in the sense of being outside the capacity of the company
and hence void.\(^\text{11}\)

It has been repeatedly asserted by the courts in various cases that
the Ultra vires doctrine must be reasonably applied, and that any
contract made by a company which may justly considered as an
incidental to or consequential with respect to certain things which are as
permitted by memorandum could not, unless expressly prohibited, to be
held ultra vires. This depends on the circumstances of each case. Thus a
trading corporation has implied power to borrow money either upon
security or otherwise, to sell its property, to purchase the subject matter
of its business, or to compromise claims made by or against it.

It is a breach of duty for directors to enter into an Ultra vires
transaction since as fiduciaries they must keep within the limit of their
powers arising from the limit on their principal's capacity. The reform
of Ultra vires so as to ensure security of transactions does not require
that a director's duty to the company to act within its objects should in
any way be modified.\(^\text{12}\)

**The Doctrine of ultra vires in U.K.**

Section 2(1) clause (c) of the UK Companies Act 1985 Stressed
for the object clause because it described the scope, purpose and aim of
the company. It also makes it illegal to act beyond the powers prescribed
in object clause. Thus, it was held in *Ashbury Railway Carriage and Iron
Co Ltd v Riche*\(^\text{13}\) that any contract outside the scope of the objects

\(^{11}\) *Re Lee, Behrens & Co* [1932] 2 Ch. 46; *Re Jon Beauforte (London) Ltd* [1953] Ch.
131. cf. Insolvency Act 1986 s.238 (5); Westdeutsche Landesbank Girozentrale v Islington LBC

\(^{12}\) Section 282, Companies Act 1985.

\(^{13}\) *Ashbury Railway Carriage & Iron Co Ltd v Riche* Also known as: *Riche v Ashbury
Railway Carriage & Iron Co Ltd* House of Lords 07 June 1875, *(1873-74) L.R. 9 Ex. 224, (1875) L.R. 7 H.L.
653; and see *Att-Gen v Great Eastern Ry* (1880) 5 App. Cas. 473; *Wenlock (Baroness) v River Dee
Co* (1885) 10 App. Cas. 354; *L.C.C. v Att-Gen* [1902] A.C. 165; *Att-Gen v Mersey Ry* [1907] 1 Ch.
81; [1907] A.C. 415; *Re Jon Beauforte (London) Ltd* [1953] Ch. 131; *Parke v Daily News Ltd*
clause is Ultra vires of the company and void, even if the whole body of shareholders in the company assents to it. A member of a company is entitled to an injunction to restrain the company and its directors from entering into and Ultra vires contract or otherwise acting outside the powers of the company, e.g. criminally. Although ss.35-35C of the Companies Act 1985 (originally s.9(1) of the European Communities Act 1972) greatly reduced the importance of the Ultra vires doctrine, the provisions did not completely abrogate the effect of the doctrine, and there were some situations (although these were rare) where the common law doctrine had relevance. More importantly, as stated earlier, some knowledge of the common law is needed in order to understand fully the statutory modifications of the Ultra vires doctrine. Accordingly, to the Companies Act 2006 the concept of the doctrine of Ultra Vires has fully changed it contains certain rules with respect to the director’s status as to make company bound. It also addressed the issue if someone acts ultra vires; the Section 40 chapter 6 of Companies Act 2006 applies. It is pertinent to mention here that the exception for acts

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14 "An Ultra vires agreement cannot become intra vires by means of estoppels, lapse of time, ratification, acquiescence, or delay": York Corp v Henry Leetham & Sons Ltd [1924] 1 Ch. 557, 573; see also para.9-024
15 But not, in general, a creditor: Mills v Northern Ry of Buenos Aires Co (1870) L.R. 5 Ch. App. 621; Cross v Imperial Continental Gas Association [1923] 2 Ch. 553; Lawrence v W. Somerset Mineral Ry Co [1918] 2 Ch. 250; contrast Maunsell v Midland G.W. (Ireland) Ry (1863) 1 Hem. & M. 130. See also Charles Roberts & Co Ltd v British Railways Board [1965] 1 W.L.R. 396 (action for declaration by business competitor of a nationalized industry); and as to relator actions, see Att-Gen v Crayford U.D.C. [1962] Ch. 575.
16 Hoole v G.W. Ry (1867) L.R. 3 Ch. App. 262. The right to restrain prospective Ultra vires acts is based on the contract constituted by s.33 of the Companies Act 2006. A shareholder's standing to complain of past Ultra vires acts gives rise to more complex problems: see Smith v Croft (No.2) [1988] Ch. 114.
17 Proposals for the reform of the Ultra vires doctrine were put forward in a DTI consultative document: Reform of the Ultra vires Rule: A Consultative Report (1986). These were partly implemented by ss.108-109 of the Companies Act 1989.
18 Power of directors to bind the company

"(1) In favor of a person dealing with a company in good faith, the power of the directors to bind the company, or authorize others to do so, is deemed to be free of any limitation under the company’s constitution.
(2) For this purpose—
(a) a person “deals with” a company if he is a party to any transaction or other act to which the company is a party,
(b) a person dealing with a company—
(i) is not bound to enquire as to any limitation on the powers of the directors to bind the company or authorize others to do so,
(ii) is presumed to have acted in good faith unless the contrary is proved, and
(iii) is not to be regarded as acting in bad faith by reason only of his knowing that an act is beyond the powers of the directors under the company’s constitution".

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involving directors or connected persons is depicted in section 41. These provisions, which almost completely abolish Ultra vires, have the effect that once an act has been done by a company, that act can only very rarely be challenged on the Ultra vires basis so as to upset the rights of third parties.

Exceptions:

By Companies Act 2006, some fundamental amendments were introduced in the ultra vires doctrine and the object clauses of the company’s constitution. Section 8 of the UK Company’s Act 2006

19 Constitutional limitations: transactions involving directors or their associates

“(1) This section applies to a transaction if or to the extent that its validity depends on section 40 (power of directors deemed to be free of limitations under company’s constitution in favour of person dealing with company in good faith). Nothing in this section shall be read as excluding the operation of any other enactment or rule of law by virtue of which the transaction may be called in question or any liability to the company may arise.”

(2) Where—

“(a) a company enters into such a transaction, and
(b) the parties to the transaction include—
(i) a director of the company or of its holding company, or
(ii) a person connected with any such director, the transaction is voidable at the instance of the company.”

(3) “Whether or not it is avoided, any such party to the transaction as is mentioned in subsection (2)(b)(i) or (ii), and any director of the company who authorized the transaction, is liable—
(a) to account to the company for any gain he has made directly or indirectly by the transaction, and
(b) to indemnify the company for any loss or damage resulting from the transaction.”

(4) “The transaction ceases to be voidable if—
(a) restitution of any money or other asset which was the subject matter of the transaction is no longer possible, or
(b) the company is indemnified for any loss or damage resulting from the transaction, or
(c) rights acquired bona fide for value and without actual notice of the directors’ exceeding their powers by a person who is not party to the transaction would be affected by the avoidance, or
(d) the transaction is affirmed by the company.”

(5) “A person other than a director of the company is not liable under subsection (3) if he shows that at the time the transaction was entered into he did not know that the directors were exceeding their powers”.

(6) “Nothing in the preceding provisions of this section affects the rights of any party to the transaction not within subsection (2)(b)(i) or (ii). But the court may, on the application of the company or any such party, make an order affirming, severing or setting aside the transaction on such terms as appear to the court to be just.”

(7) “In this section—
(a) “transaction” includes any act; and
(b) the reference to a person connected with a director has the same meaning as in Part 10 (company directors).”

20 Memorandum of association,
describes certain liabilities with respect to those who are willing to constitute a company under the Act, with it the object clause cease any more to exist. A company’s objective can be found in its articles of association.

Hence the memorandum of the company no longer contains the objective clause. The objects of the company will be added in the company’s article of association. The UK 2006 companies Act stated in section 31 (1) that “[u]nless a company's articles specifically restrict the objects of the company, its objects are unrestricted”. Where a company amends it articles to add, remove or alter its objects, notice must be given to the registrar and the amendment is not effective until it is registered by the registrar. The company's constitution binds the company and its members “to the same extent as if there were covenants on the part of the company and of each member to observe” its provisions.

Section 171 of the 2006 Act dealt with the imposition of statutory duties on directors to act in conformity with constitution and shareholders have locus standee to bring into force duty such a nature. In order to determine the invalidity of specific nature contract as made by companies doctrine of ultra vires is invoke while in reality it manifest to have very little to do with companies contractual status. For instance before Companies Act 1981, a company was not permitted to buy shares in its own capacity as it was void and any contract for provision of financial assistance in relation to the purchase of its own shares was illegal and not enforceable. Again a company is not liable for any contract made by its directors with a mala fide intention and this fact was also bring into notice of other parties to contract.

“(1) A memorandum of association is a memorandum stating that the subscribers—
(a) wish to form a company under this Act, and
(b) agree to become members of the company and, in the case of a company that is to have a share capital, to take at least one share each.
(2) The memorandum must be in the prescribed form and must be authenticated by each subscriber.”

21 171 Duty to act within powers
“"A director of a company must—
(a) act in accordance with the company’s constitution, and
(b) only exercise powers for the purposes for which they are conferred."

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**Immunities:**

1) Shareholders may ratify an act that is intra vires by company but beyond the director’s authority.

2) The assent of shareholders is sufficed to validate an intra vires act that is done in an irregular manner.

3) Where through investment if any acquisition of property is made that is intra vires, it does not harm still company right over property.

4) Consequential or incidental effects would not be invalidated by applying doctrine of ultra vires if it is not expressly prohibited.

5) A company’s capacity to raise the capital by borrowing is such a power though it is provided in its memorandum but it is impliedly taken as with in company capacity and therefore, it is deem to intra vires.

6) Company by amending its articles can an ultra vires act of company but still some restriction are present on this power.

7) After complete performance of a transaction by one party, the estoppels rule come into action and bring an end to reliance on ultra vires doctrine.

8) Where execution of a contract is done, either party may have ultra vires as a defense plea.

9) Partial performance of a contract or transaction is not sufficed to invoke the plea of estoppels rule while the next option is suit for quasi contract for the recovery of business is available.

10) Where an employee within the course of his employment commit any tort then the corporation fail to protect itself with a plea that the act was beyond the authority conferred.

11) The doctrine is concerned with confining the activities of the company within its stated objects; it necessarily has the effect of restricting the company’s powers.
Developed principles of the courts to reduce the hardship of ultra vires doctrine:

Power implied by the statute and Principles of implied and incidental powers have given enhanced powers to the companies to reduce the hardship of the doctrine and any act which is not only necessary but incidental to or consequential on application of this authority. Incidental and implied powers mean that a company has extra power in addition to power on object clause of memorandum.

For Example:

A company which is only made for buying and selling coal but in order to run its business also buys and sells cart, trucks, hire and fire labors etc without them the company cannot carry the coal business. Hence is allowed and the act will be in-tra-vires however, Where company engages in any ultra vires act then the company members reserve the right of Injunction to stop company from doing such ultra vires act, they may render a contract invalid.

There is also “Right of other party” to an ultra vires transaction; if any one join an ultra vires contract with a company will obtain some redress in some circumstances as. The contract may be enforced, if the acts, though not specifically authorized by the memorandum, are fairly incidental to the company’s object as set out in the “Doucher “v” Gave light and Coke Company”.

The contracting party who cannot sue the company may sue the agent or the agents who negotiated the contract on behalf of the company. Money which is in a mixed fund with the company’s other money can be traced in equity. It has been held that the lender can sue the guarantor of an ultra vires loan on the contract of guarantee, if the guarantor has promised to pay, even though the contract is not enforceable. This seems to be at the root of the decision in Garrad “v” Sames if the guarantor promise to pay is based upon the assumption

22 Theft Auto 4 GTA4 is out and we gave it away to lucky winner wolfstrider! ... But, The Game Show, where can I read more about this douche.
23 Ian Garrad, became interested in the success of the AC Cobra , which mounted a small-block V-8 engine in the small AC Ace.
that the company is legally bound to repay the \textit{ultra vires} loan the guarantee may be void.

\textbf{Exception to the rule:} The only two situations where third party rights could be called into question are where a director or connected person involved or where the third party is proved to have acted in bad faith. Strictly speaking, the doctrine of \textit{ultra vires} should apply only to objects, however the court on numerous occasions have found that the company has acted outside its powers and held the act to be \textit{ultra vires}.

\textbf{Case name:} Hutton v. west Cork Railway Company (1883) 23 Ch D 654.

\textbf{Facts:} In this case the company was about to be dissolved. A resolution was passed to the effect that money would be paid by the company to its officials as compensation for loss of office and to other Directors who had never received remuneration for their work.

\textbf{Decision:} the court of appeal held that payment of this sort would be invalid, and one of the judges has given his famous remarks.

\begin{quote}
\textit{“the test … is not whether it is \textit{bona fide}, but whether, as well as being done \textit{bona fide}”}.\end{quote}

It must be noted that the decision related to the exercise of a power of the company; giving away money was something which the company had the power to do, but the court of appeal decided in this case that such a gift would be invalid if it were not exercised in the good faith for the welfare of company. The company the possibility under tracing rule to recover from the other party the property which has passed under the \textit{ultra vires} transaction, provided it is still in his possession, Colife Brook & Co. “V” Black Burn Building Society “1884” and any lending in violation of the legal restriction of object clause of memorandum of company is declared as \textit{ultra vires} borrowing.

\textbf{Role of the Directors:}

Whether a contract is \textit{ultra vires} or not depends in principle on whether the memorandum does in fact authorize the transaction in question, and not on whether the directors think that it does. But where a memorandum states that the company can continues such transaction...
about which board of directors think that it may as an advantage can carried along with authorized business and the position is different. In such circumstances the bona fide opinion of the directors that any business may carry advantageous along with the main company’s business and it would suffice to render the former business intra vires. The company memorandum may comprise statement that certain powers of company, or a particular power, must be exercised for “purposes of the company”. Normally the court will construe this as being a limitation on the powers of the directors and not as a “condition limiting the company's corporate capacity”.

**Independent Object Clause:**

If we read case “Cot man Vs Brougham” 1918 A.C 514, the inclination of inclusion of independent object clause is criticized in this case but in order to exclude the main object rule of construction the device declared as valid and suffice. IN “Bell House ltd V City wall properties ltd”, court decided in favor of the directors that directors think good for the benefits of company to carry any business in connection with company, though such business may not have any relevancy with the main business of company. Accepting a clause of such nature would equal to end of ultra vires concept as such type of clause state nothing and let the ball in the court of board of directors to determine the object.

**Conclusion:**

Under the common law if an act of the company was not authorized by the object clause in the memorandum it was Ultra vires. In
United Kingdom the Companies Act 2006 sections 31\(^{25}\) and 39\(^{26}\) greatly reduced the applicability of *ultra vires* in corporate law. The UK Companies Act 2006 imperfectly abolishes the doctrine, leaving it open to; A share holder who discovers in advance that an Ultra vires action is planned and seeks an injection. A member who alleges that there is a breach of duty by a director because he is acting Ultra vires, to raise the issue of Ultra vires, where upon the old case law may become relevant. In order to prevent the possibility of ultra vires in a company few modern developments have been made. However, almost all the corporations are authorized to carry on any lawful business. The United States Model Business Corporation Act stated that "The validity of corporate action may not be challenged on the ground that the corporation lacks or lacked power to act."

Now a days the applicability of this doctrine has almost finished however, there are few areas where this doctrine can be apply like nonprofit organizations which are made for a specific public purpose like Universities and charities etc.

In United States of America in few areas the legislation has been made where the concept of ultra vires can still arises like; when an organization has been made for charitable or political purposes, when loans are offers to the directors or when the power has been given to enter into a partnership etc.

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\(^{25}\)Section 31Statement of company's objects.

“(1) unless a company's articles specifically restrict the objects of the company, its objects are unrestricted.”

“(2)Where a company amends its articles so as to add, remove or alter a statement of the company's objects—“

“(a)it must give notice to the registrar,
(b)on receipt of the notice, the registrar shall register it, and
(c)the amendment is not effective until entry of that notice on the register.”

(3) “Any such amendment does not affect any rights or obligations of the company or render defective any legal proceedings by or against it.”

(4) “In the case of a company that is a charity, the provisions of this section have effect subject to—

(a)in England and Wales, section 64 of the Charities Act 1993 (c. 10);
(b)in Northern Ireland, Article 9 of the Charities (Northern Ireland) Order 1987 (S.I. 1987/2048 (N.I. 19)).

(5) “In the case of a company that is entered in the Scottish Charity Register, the provisions of this section have effect subject to the provisions of the Charities and Trustee Investment (Scotland) Act 2005 (asp 10).”

\(^{26}\)A company's capacity

“(1)The validity of an act done by a company shall not be called into question on the ground of lack of capacity by reason of anything in the company's constitution.”

(2)"This section has effect subject to section 42 (companies that are charities)."
So we can conclude that the company laws on ultra vires has changed the company’s actions, with certain provisions of the Companies Act 2006 coming into force on 1st October, 2009. Prior to this date companies were required by company law to have a Memorandum of Association, however, newly formed companies still required to have a Memorandum of association in order to registered themselves, however objective clause can never be the part of it. Nowadays the company laws have unrestricted the company’s objects, which definitely means that a company is free to choose and run its business in any area and can diversify from its original business. However if any company wants to restrict its objects, it can do so by altering its articles of association through special resolution.

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*Attorney General v Great Eastern Railway Co* (1880) 5 App Cas 473, companies have the power to do things reasonably incidental to their objects. Care must be taken to distinguish cases where directors abused their authority, but had not acted beyond the company's capacity.

*Bell Houses v City Wall Properties* [1966] 2 QB 656, objects clauses can give directors full discretion

*Re Introductions Ltd* [1970] Ch 199, Pig breeding was not within the company’s objects. A money lender knew the purpose of the loan was for pig breeding. Held, it was unable to enforce the loan. Furthermore, though there was an object for the company to borrow money, this object was construed as not being a substantive and separate object. Borrowing had to be for pig breeding.

*Rolled Steel Products (Holdings) Ltd v British Steel Corp* [1985] Ch 246, criticised *Re Introductions Ltd* for not holding that the directors had not merely abused their power.

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