

**Agency By Ratification
(Sec-196 to Sec- 200)**

Meaning-Ratification means approval of acts already done. When some person does some acts on behalf of another person without his knowledge or authority and such other person subsequently ratifies the acts done on his behalf. In such cases, a valid agency is created by the ratification Agency by ratification is also called ex post fact agency. As section 196 provides that where acts are done by one person on behalf of another, but without his knowledge or authority, he may elect to ratify or to disown such acts. If he ratifies them, the same effects will follow as if they had been performed by his authority.

Example:

(a) X, without authority, buys goods for Y. Afterwards Y sells them to Z on his own account: y's conduct implies a ratification of the purchase made for him by X.

(b) X, without Y's authority, lends Y's money to Z. Afterwards Y accepts interest on the money from Z. Y's conduct implies a ratification of the loan.

The case of In Williams v. North China Insurance company (1876) is a best illustration of Agency by ratification. In this case

X insured Y is goods without his authority. Subsequently, Y confirmed X's act of insuring the goods, and accepted the insurance policy. In this case, the insurance policy is as valid as if X had been authorised by Y to insure the goods.

Requisites of Valid Ratification

- 1. One person must have done some act on behalf of the ratifier-** For valid ratification it is necessary that agent must act in such a way that his conduct shows that he is doing the act on behalf of his principal. If a person acts in his own name, which does not indicate any agency relationship, his act cannot be ratified. In *Keighley Maxted and Co. v. Durant* (1901)

X authorised his agent Y to buy 'Karachi Wheat' at a specified rate. As the wheat was not available at those rates, y bought the wheat from z at a higher rate. However, Y bought the wheat in his own name and made no mention of his principal. X approved the purchase. Subsequently X refused to take delivery of the wheat and Z filed a suit against X. It was held that X was not liable to pay because ratification was not valid.

- 2. The principal must be competent to enter into contract –** The ratification is effective from the back date when the act was done by the agent. An act done on behalf of a minor, can not ratified by him on his attaining majority. (*Suraj Naryan v. Sukhkh Ahir*(1920).
- 3. The Principal must be in existence at the time of his contract:** For valid ratification it is necessary that the principal who works to ratify the act must be existence at the time of the contract. A company cannot ratify a contract made in its name before its incorporation. In *Kalner v. Baxten* (1866)

Example: X, a promoter, of an intended hotel company entered into a contract with Y on behalf of the company. When the company was duly formed, it ratified the contract. It was held that the ratification was not valid.

- 4. Ratification must be made with the full knowledge of all material facts**
[S-198]S-198 provides that no valid ratification can be made by a person whose knowledge of the facts of the case is materially defective.

Therefore, ratification shall be ineffective where the ratifier does not have full knowledge of the facts. In *Damodharan v. Sheoran* (1907)

X authorised his agent Y to purchase grains for him. Y supplied his own grains to A at a higher price. A ratified the purchase without knowing that the grains belonged to Y. It was held that the ratification made by X was not valid.

- 5. The whole transaction can be ratified (S-199)-** The whole transaction can be ratified. A person ratifying any unauthorized act done on his behalf ratifies the whole of the transaction of which such act formed a part.

If a person ratifies the part of the transaction it is treated as the ratification of the whole transaction. For Example X without authority from Y, purchased 1000 Air conditioner for him. After purchasing Y discovered that 800 Air conditioner were good while 200 were defective. Y accepted 800 Air conditioner and rejected 200 defective Air conditioner. In this case, the acceptance of part of the Air conditioner amounts to ratification of the whole transaction. He was liable to pay whole price of Air conditioner.

- 6. Ratification of unauthorized act cannot injure third person (Sec-200)-** An act done by one person on behalf of another, without such other person's authority, which, if done with authority, would have the effect of subjecting a third person to damages, or of terminating any right or interest of a third person, cannot, by ratification, be made to have such effect.

Illustrations –

- (a) X, not being authorized thereto by Y, demands, on behalf of Y, the delivery of a chattel, the property of Y, from Z, who is in possession of it. This demand cannot be ratified by Y, so as to make Z liable for damages for his refusal to deliver.

(b) X holds a lease from Y, terminable on three months notice. Z, an unauthorized person, gives notice of termination to X. The notice cannot be ratified by Y, so as to be binding on X.

7. The Act to be ratified must be lawful and valid – Only valid and lawful acts can be ratified void and illegal acts can not be ratified. However, voidable contract can be ratified.

8. The ratification must be made within reasonable time-Ratification will not be valid if it is not made within reasonable time for example in case of Groven and Groven Ltd. v.Mathews (1920)

X without authority from Y, insured his goods against fire. After the policy was taken, the goods were destroyed by fire. Subsequent to the fire, Y ratified X's act of insuring the goods, and accepted the insurance policy. In this case, the ratification made by Y is not valid.

9. The act to be ratified must be existing at the time of ratification. If the act to be ratified is not existing at the time of ratification, it is invalid.

X without authority from Y, let out his Flat to Z. After sometime, Z vacates the Flat In this case, there is no meaning of ratifying X's act after the tenancy is terminated.

10. Ratification must be communicated-Ratification must be communicated to the party who is sought to be bound by the act done by the Agent.