

**Personal Liability of Corporate Representatives:  
*Morris v. Call the Car Alarm Guys Inc.***

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The *Morris* case, decided by the Court of Appeal on January 13, 2005, while brief, is useful in outlining the circumstances in which a contract will be interpreted so as to impose personal liability on a corporate representative.

The case supports the proposition that, to be effective, unexpected provisions of a standard form contract must be drawn to the attention of the parties signing the contract and, more generally, unless it is crystal clear, personal liability will not be imposed on a corporate representative for contracts entered into on behalf of the corporation.

The important parts of the Decision follow:

In our opinion, the trial judge erred in holding the Appellant personally liable on the contract. Paragraph 8, when read in conjunction with the signing line, on the contract is ambiguous.

Paragraph 8 states:

That the signatory of the contract is personally liable. At the end of the contract, the name Don Barrie, is typed on the line reading "Full name of signatory". Underneath are printed the words, "For and on Behalf of Call The Alarm Guys Inc.". The contract does not say "For and on Behalf of Call the Alarm Guys As Well as Personally". The omission suggests the contract is being signed in a representative capacity only ...

The Respondent admits knowing that he was dealing with the corporation. Corporations can only enter into contracts where a person signing on their behalf. Having regard to the ambiguity in the contract, the doctrine of contra proferentum applies to assist the Appellant.

Further, the Respondent told the Appellant that he was signing a credit application. There was discussion about whether the time for payment should be 30 or 90 days. The title of the document reads "Standard Conditions of Agreement". The Respondent never drew to the Appellant's attention that his standard form made the person signing on behalf of the company personally liable and the form itself did not draw the reader's attention to the provision in question.

The importance of this brief decision is that it gives guidance to trial court, and counsel, as to when unexpected or onerous terms in standard form agreements will be enforced. The Rules taught for so many years in law school coming from cases such as *Tilden v Clendenning* 18 OR (2d) 601 remain in good force. If an unexpected or onerous clause in a standard agreement, it must be drawn to the special attention of the signatory. Corporate representatives will not be held closely liable unless it is clear they knew and accepted such responsibility.

*\* This article is intended to provide general information and is not specific legal advice.  
If you have a legal problem, you should not rely on this article alone but should speak to a lawyer.  
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