

JOSEPH T. HAGE, representing **NATIONAL PANASONIC SHOWROOM**,
Appellant, v. **H. D. MOHAM**, Appellee.

APPEAL FROM THE DEBT COURT FOR MONTSERRADO COUNTY.

Heard: November 8, 1983. Decided: December 21, 1983.

1. Before any person can hold himself out as the agent or attorney-in-fact of another, he should have received a power of attorney, and same should have been probated and registered.
2. Every employee has an authority to act for his employer only in a related matter connected with and in keeping with the terms of his employment contract.

Appellee, who, while in the employ of the appellant had entered a lease agreement in his own name, as lessor, sued the employer for debt, claiming that under the lease agreement the appellee owed him an amount of \$6,000.00. The appellant denied that it owed any amount to the appellee stating, firstly, that it had never entered into any lease with the appellee; secondly, that while the appellee was in its employ, it had never authorized him to enter into any agreement for or on its behalf; and thirdly, that the appellee had entered into the lease for his own personal use and benefit, and not for the benefit of the appellee.

The trial court sustained the appellee's contention and entered judgment in favor of the said appellee. An appeal was taken therefrom to the Supreme Court. The Supreme Court reversed the judgment, noting that the appellee had admitted that he had rented premises in his own name and that he, the appellee, had failed to produce any evidence to prove otherwise. The Court observed that the appellee's duty did not include entering into a lease agreement and that in so doing he acted without any authority from the appellant. The Court therefore concluded that as the appellee had acted outside the scope of his employment, the appellant was not liable to him for any lease amount. The Court therefore held for the appellant and reversed the judgment of the power court.

James Bull of the Bull Law Firm appeared for the appellant. Elijah J. Garnett appeared for the appellee.

MR. CHIEF JUSTICE GBALAZEH delivered the opinion of the Court Mr. H. D. Moham, plaintiff/appellee instituted this action of debt by attachment in the People's Debt Court for Montserrado County against National Panasonic Showroom, defendant/ appellant, a branch of Consolidated African Trading Corporation (CATCO), alleging that the National Panasonic Showroom was indebted to him in the sum of \$6,000.00, growing out of an agreement of lease purportedly entered into by and between plaintiff, as lessor, and defendant, as lessee, for a building located in Logan Town. Appellant appeared and filed an answer in which it contended that the agreement of lease was neither entered into by National Panasonic Showroom nor was it executed by authority of authorized personnel.

The appellant further contended that even though Joseph T. Hage was its employee, notwithstanding the lease agreement entered into by the employee was for his own personal use and benefit and not for the benefit and/or use of the National Panasonic Showroom. It pointed out also that the property attached was the property of Consolidated African Trading Corporation (CATCO) and not that of Joseph T. Hage, the named lessee in the said contract. Hence, National Panasonic Showroom was not the proper party defendant in the case. After a duly and timely trial, the lower court entered its final judgement adjudging the appellant liable to appellee in the sum of \$6,000.00, plus interest at the rate of 6% and costs of court. To this final judgement, National Panasonic Showroom excepted and has appealed to this Court for a final review on a thirteen-count bill of exceptions.

In its bill of exceptions and brief, the appellant contended that Mr. Joseph Hage entered into the lease agreement for himself and not for and on behalf of the National Panasonic Showroom, Inc. The appellee, on the other hand, held the view that the said Joseph Hage entered into the lease agreement in his representative capacity as an employee of the National Panasonic Showroom, Inc.

A review of the records submitted to us along with the bill of exceptions disclosed only one major issue for our consideration and the determination of this controversy and that issue is: whether or not Joseph T. Hage, as an employee of the defendant/ appellant herein, had any authority to enter the lease agreement with plaintiff/appellee herein for and on behalf of the National Panasonic Showroom, Incorporated. The other issues, considered in this opinion as minor issues, include: (a) whether or not every employee has authority to act for his employer; (b) under what circumstances may the conduct of an employee bind the employer?

A direct answer cannot be given without firstly taking into consideration certain legal principles, including the examination of the particular relationship that existed between National Panasonic and Mr. Joseph Hage at the time the agreement for leasing the property was entered into.

To begin with, there is no evidence tending to show that Mr. Hage was an authorized agent of the appellant, rather the evidence available indicates that Mr. Hage was a mere employee of the National Panasonic Showroom, Inc., who had neither implied nor express authority to do any other duty but the promotion of sales, not to mention such intricate and complicated business as the execution of lease agreements with third parties. Sale is a contract, by which property real or personal, is transferred from the seller (vendedor) to the buyer (vendee) for a fixed price in money, paid or agreed to be paid by the buyer. 46 N.E. 2d. 184, 198. As a salesman, therefore, Mr. Hage's job description fell within the interstices of the definition given for sale. These duties had nothing to do with the leasing of a warehouse, or for that matter, any other real property, as sale is in no way connected with leasing. Aside from that

factor, there was no evidence indicative of the fact that Mr. Hage received any authority to bind his employer. Under these circumstances, therefore, even if Mr. Hage told Mr. Moham's agent that he was representing National Panasonic Showroom, Inc., it was incumbent upon the appellee to request for his credentials to so represent his employer (National Panasonic), otherwise, it must be concluded that Mr. Hage was without authority. In other words, the caveat, "let him beware", necessitated that Mr. Moham should have verified the authority of Mr. Hage before he entered into the lease agreement with him. 5 U.S. 45, 101. See also 3 AM. JUR. 2d, Agency, § 78.

In considering the other issues of whether the conduct of an employee binds his employer, this Court invokes the leading case on this matter, *Bryant v. The African Produce Company*, 6 LLR 27 (1937). In that case, the Court, speaking through Mr. Justice Russell, noted:

"Before any person can hold himself out as the agent or attorney of another, he should have received a power of attorney, and same should have been probated and registered."

The act complained of by the appellee not falling within Mr. Hage's line of duty, for which he was employed by National Panasonic Showroom, it can be said that Mr. Hage acted outside the perimeter of the employment.

Every employee has authority to act for his employer only in a related matter connected to and in keeping with the terms of his employment contract. A man hired as a mechanic in a car factory will not be considered to represent his employer in the diamond industry in undertaking the purchase of diamonds without implied or express authority from his employer. In other words, there is a limitation placed upon the duties any employee can perform. See 3 AM. JUR, 2d., Agency, § 77.

In addition to what we have said supra, let us have a look at the evidence adduced at the trial on both sides. From the outset, there is no dispute over the facts of the lease agreement. The only problem featuring in this case is the authority of Joseph Hage to contract for and on behalf of the National Panasonic Showroom, Inc., the appellant, which is the bone of contention in these proceedings.

There is sufficient evidence to show that Joseph Hage leased the property in question for himself; because the initial rental payment was made by him with his own personal check.

Furthermore, Mr. Hage's own testimony relevant portion of which is quoted hereunder is prime evidence.

"The 24th day of July 1980, I was looking for a warehouse and then I found the warehouse of Mr. H. D. Moham through his employee, Mr. Mohamed Shehab; Mr. Shehab told me that he is working for Mr. Moham and they have an empty warehouse in Logan Town and I asked him to ask Mr. Moham for how much he is going to lease the warehouse then he came back with the answer of \$6,000.00 per annual. I went myself with Mr. Shehab to have a look

at the warehouse, and I found it in good condition so I told Mr. Shehab to talk to Mr. Moham and to prepare the agreement so I could pay him the money. After two days, Mr. Shehab came back with the agreement and I signed the agreement and I paid him my personal check because the warehouse is belonging to myself as Joseph T. Hage."

Mr. Joseph Hage has by his own admission proved and substantiated that he did not lease the warehouse for National Panasonic Showroom, but rather for himself and contracted accordingly for it. Civil Procedure Law, Rev. Code I: 25.8. The question of a principal/agency relationship does not therefore arise.

In view of what we have said under the circumstances and the law controlling, this Court says that Mr. Joseph T. Hage being hired as a salesman had no authority to enter into a lease agreement with plaintiff/appellee on behalf of the defendant/ appellant. Consequently, the judgement of the lower court is reversed with costs against the appellee. And it is hereby so ordered.

Judgment reversed