1918

Liability of Corporations for Slander

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Recommended Citation
LIABILITY OF CORPORATIONS FOR SLANDER.—S. entrusted by the president
and general manager of a corporation with the business of obtaining a set-
tlement from plaintiff for a mistakenly supposed shortage in his accounts
with the corporation, falsely orally charged him with embezzlement. This
charge was made to R., president of another corporation for which the
plaintiff was working at the time, and as a step toward getting a settlement
by the plaintiff. On the request for a directed verdict, by the defendant, the
legal question was presented whether a corporation is liable for slander
spoken by the agent of the corporation in the course of his business and in
the scope of his authority, and without direction to use, or ratification of
the use of, the words spoken, by the directors or chief officers of the cor-
poration. Held: the corporation is so liable. Buckeye Cotton Oil Co. v.
perceive no sound reason why the liability of a corporation for the act of
its agent should differ in an action for slander from that in actions for
libel, or other torts, and cannot agree with the view expressed in Southern
Ice Co. v. Black, (1916), 136 Tenn. 391, 189 S. W. 861, Ann. Cas. 1917
E. 695.

It is only within recent years that a corporation's liability for slander,
as for other torts, has become settled in the United States. Townshend,
Libel and Slander (3d. Ed. 1877), §265, said there could be no agency in
slander; and since a corporation can act only through agents, it would fol-
low that it could not be guilty of slander.

Obgers, Libel and Slander, (1st. Ed. 1881) said: “A corporation will
not, it is submitted be liable for any slander uttered by an officer even
though he be acting honestly for the benefit of the corporation and within
the scope of his duties, unless it can be proved that the corporation expressly
ordered and directed that officer to say those very words: for slander is the
voluntary and tortious act of the speaker. Newell, Defamation, (1st Ed.
1890), p. 361 says substantially the same. No cases are cited by any of these
authors. But in 1897, the Queens-Bench Division of the High Court of On-
tario, in Marshall v. Railroad Co., 28 Ont. 241, by Armour, C. J., says as to
one of the counts, “We are all agreed that slander will not lie against a
corporation,” and would not permit argument on the point. This was a suit
by a workman, discharged under a slanderous charge, by the road master
who had authority to hire and discharge an employe.

On the other hand in Dodge v. Bradstreet (1889) 59 How. Pr. (N. Y.)
104, and in Buffalo Lubricating Oil Co. v. Standard Oil Co. (1886), 42 Hun.
(N. Y.) 153, it was held that a corporation could be a party to a conspiracy
to slander, and be liable for such slander. Morawetz, Private Corpora-
tions (2d. Ed. 1885), par. 727, said a corporation can "be held responsible
for libel or slander published by its authority." He cites sixteen cases,—all
libel or malicious prosecution cases, but no slander cases. Corporations
were held liable for malicious prosecution in the United States as early as
1853, in Goodspeed v. East Haddam Bank, 22 Conn. 539, 58 Am. Dec. 439,
Wizous, Corporation Cases, 1266, but in England not till 1900, in Cornford
v. Carlton Bank, Ltd., 1 Q. B. 22 C. A. As early as 1858, corporations were
held liable for libel by the United States Supreme Court in Philadelphia,
etc., R. R. Co. v. Quigley, 21 How. 202; and in the same year by the English
C. L. 115.

ODGERS, LIBEL & SLANDER (5th Ed. 1911) leaves out the statement quoted
above, and puts nothing in its place as to Slander. Newell, Defamation,
(3d Ed. 1914), also leaves out the above statement and says a corporation
is liable for libel if the publication is made by authority, or ratified, or
made by one of the corporation's "agents or servants in the course of the
business in which he was employed. And the same is true as to slander."
He points out correctly that the late cases are not in accord: some holding
that the use of the words must be authorized or ratified, officially, to make
the corporation liable, as in Behre v. National Cash Register Co. (1897), 100
Self, 192 Ala. 403, 68 So. 328, L. R. A. 1915 F. 516; Kentucky (Pruit v.
Goldstein Millinery Co., (1916), 169 Ky. 655, 184 S. W. 1134,—a partner-
ship case, but citing several Kentucky corporation cases); Massachusetts,
(Kane v. Boston M. L. Ins. Co., (1908), 200 Mass. 265, 86 N. E. 302; Michi-
and Tennessee, (Southern Ice Co. v. Black, supra) follow this doctrine.

The following, however (with much better reason), hold the corporation
liable for slander spoken by an agent or servant in the course of his
employment, and in the scope of his authority, the same as for other torts:
Arkansas, (Waters Pierce Oil Co. v. Bridwell, (1911), 103 Ark. 345, 147 S.
W. 64, Ann. Cas. 1914 B 837; contrary to what is said in Lindsay v. Rail-
road Co., (1910), 95 Ark. 534, 129 S. W. 807; Minnesota, (Roemer v. Brewing
Co., (1916), 132 Minn. 399, 157 N. W. 640, L. R. A. 1916 E 771; Missis-
ippi, Rivers v. Yazoo R. R. Co., (1907), 90 Miss. 190, 43 So. 471, 9 L. R.
A. (N. S.) 931; Missouri, (Fensky v. Casualty Co., (1915), 264 Mo. 154, 174
S. W. 416, Ann. Cas. 1917 D 963; New York, (Kharas v. Barron C. Col-
lier, Inc., (1916), 157 N. Y. S. 419, overruling Eichner v. Bowery Bank,
(1897), 24 App. D. 63); North Carolina, (Sawyer v. Railroad Co., (1906),
142 N. C. 1, 54 S. E. 793, 115 Am. St. R. 716, Ann. Cas. 440; Ohio, (Citizens
Gas Co. v. Black, (1917), 95 Oh. St. 42, 115 N. E. 495, L. R. A. 1917 D

There seem to be no English cases directly holding a corporation liable for slander, but in Citizens Life Assurance Co., Ltd., v. Brown, (1904), A. C. 423, 73 L. J. P. C. N. S. 102, 90 L. T. N. S. 739, 20 T. L. R 497, 53 W. R. 176, 6 B. R. C. 675, the Privy Council rules that a corporation is liable for libel, “Although the servant may have had no actual authority, express or implied, to write the libel complained of, if he did so in the course of an employment which is authorized.” The leading English authors state the corporation's liability for torts in terms broad enough to include liability for slander by an agent in the course of his employment, and within the scope of his general authority, but cite no cases of slander. See Oggers, Libel and Slander, 5th Ed., p. 592; Clerk and Linseell, Torts, Canadian Ed. 1908, pp. 60-63; Pollock, Torts, 9th Ed. 1912, pp. 61-63; Salmond, Torts, 4th Ed. 1916, pp. 60-64; Halsbury's Laws of England, Vol. 5, Companies. 1910, p. 309; Hamilton's Company Law, 2d. Ed., 1901, p. 121, Canadian Ed., 1911, pp. 108-9; Linley, Company Law, 6th. Ed. 1902, p. 257 et seq.; Palmer, Company Precedents, Vol. i, 1912, p. 38.

There have been several Scotch cases, and in Finburgh v. Most Empires, Ltd., (1908), S. C. 928, it was expressly ruled that “an employer (a corporation), is liable for a verbal slander uttered by his servant in the course of the servant's employment and for the benefit of the employer.” The court relies upon Barwick v. English Joint Stock Bank, (1867), L. R. 2 Ex. 259, (a case of fraud), and Citizen's Life Assurance Co., Ltd., v. Brown, Supra. In Aiken v. Caledonian Ry. Co., (1913), S. C. 66, where the cases are reviewed, the judges insist that “for the benefit of the employer,” are important on the question of liability,—not necessarily meaning that the employer should reap some benefit from the use of the words, but the facts alleged and proved should show “that the verbal slander complained of is a slander that should be held in law to be imputable to the principals, so as to justify the issue that it was a slander uttered by them, by or through their servant.” See also Mandelson v. North British Ry., (1917), S. C. 442, to same effect.

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