

Ghost writing machines can effectively bind a person where there is authority for its use

Gordon James Ramsay v Gary Love [2015] EWHC 65 (Ch)

The High Court have recently ruled against Celebrity chef Gordon Ramsay (“GR”) stating that he is required to personally guarantee the annual rent for The York and Albany pub, near Regent's Park in London which was let to his company Gordon Ramsay Holdings International Ltd (“GRHI”) for a period of 25 years in 2007.

Mr Hutcheson (GR’s father in law) used a ghost-writing machine to sign the counterpart lease which provided a personal guarantee that GR would ensure that GRHI fulfils its obligations to lease the pub for 25 years at an annual rent of £640,000 or GR would fulfil those obligations himself. Mr Hutcheson acted as an agent on behalf of GR and had authority to enter into transactions without limitations under the wide general authority provided to him by GR.

GR stated his signature had not been “lawfully authorised”. It was not disputed that GR did not know he had given the guarantee for this particular agreement and there was no basis to refute his evidence that he did not know one was required. However, it was clear that Mr Hutcheson was aware of the guarantee as he had installed a clause which limited the guarantee to 2 years rent by providing a rent deposit in place of the guarantee.

When considering whether a ghost-writing machine could be used to validly sign a document, Mr Justice Morgan stated that “it was not necessary that the guarantor should sign the document with a pen in his own hand”. It was accepted that if GR had himself operated the signature writing machine to place his signature on the deed, then the deed would have been effectively signed by him. Similarly it was accepted that GR had expressly authorised another person to operate the signature writing machine to place his signature on the deed and that it was “entirely implausible” that he did not know the signature machine was being used to sign legal documents therefore, the guarantee in the lease was binding.

PRACTICAL ADVICE

1. A clear record should be kept of the scope of an agents’ authority in order to avoid and/or manage similar disputes.
2. Directors should be aware that when giving a personal guarantee they are taking on financial obligations and risks which could result in their personal assets being placed at risk if they fail to satisfy any demand made under the personal guarantee.
3. A principal must clearly set out the scope of an agent’s authority in a formal Agency Agreement and there should be regular reviews to make sure that a course of dealings hasn’t changed the scope of the agent’s authority.
4. Read important documents carefully before signing or asking others to sign on your behalf.
5. Ensure agents i.e. manager/employees are aware of the extent of their authority e.g. can only enter into certain types of transactions. This should be reviewed regularly.
6. Ensure that others dealing with your business are aware of the extent of the agent’s authority.

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