



THE SUPREME COURT OF APPEAL
REPUBLIC OF SOUTH AFRICA

MEDIA SUMMARY – JUDGMENT DELIVERED IN THE SUPREME COURT OF APPEAL

From: The Registrar, Supreme Court of Appeal
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Please note that the media summary is intended for the benefit of the media and does not form part of the judgment of the Supreme Court of Appeal.

**NORTHERN METROPOLITAN LOCAL COUNCIL v COMPANY UNIQUE
FINANCE**

The Supreme Court of Appeal today upheld an appeal against an order of the South Gauteng High Court (Blieden J) in terms of which the Northern Metropolitan Local Council (Council) was ordered to pay certain moneys to Company Unique Finance (Compufin) and First National Bank (FNB). The amounts claimed by Compufin and First National Bank allegedly became due and payable when the Council disputed the validity of three contracts said to have been entered into between the Council and Compufin, one of which was ceded by Compufin to FNB.

The contracts were signed on the side of the Council, by one of its employees, Mr Du Plessis, who was employed in the security sub-cluster of the Council as a superintendent. Council denied liability to pay Compufin and FNB on the ground that Du Plessis had no authority to bind the Council. In the court below Compufin and FNB asserted that Du Plessis in fact had such authority, relying on a document containing a so-called resolution signed by Du Plessis's immediate superior. They alleged, however, in the alternative, that Du Plessis was clothed with ostensible authority and that the Council was therefore estopped from denying that he had authority to bind it.

In the SCA only the issue of ostensible authority had to be considered, the legal representatives of Compufin and FNB having conceded at the trial before Blieden J that Du Plessis did not have authority to bind the Council. The SCA found that Compufin and FNB failed to prove that by employing Du Plessis to the position he held, a position ranking second lowest in the security sub-cluster, the Council clothed him with ostensible authority. No evidence was led to show that the position held by Du Plessis ordinarily went with authority to sign agreements on behalf of the Council.

The SCA accordingly allowed the appeal, set aside the order of the court below and replaced it with one dismissing the claims against the Council with costs.