Privy Council Appeal No. 22 of 1973

Wah Tat Bank Ltd. and Oversea-Chinese Banking Corporation Ltd. - - - - - - *Appellants*

v.

Chan Cheng Kum - - - - - - - *Respondent*

FROM

THE COURT OF APPEAL IN SINGAPORE

JUDGMENT OF THE LORDS OF THE JUDICIAL COMMITTEE OF THE PRIVY COUNCIL, DELIVERED THE 27TH JANUARY 1975

Present at the Hearing:
LORD WILBERFORCE
VISCOUNT DILHORNE
LORD KILBRANDON
LORD SALMON

[*Delivered by* LORD SALMON]

From 1926 until 30th December 1960 the respondent was the sole managing proprietor of a shipping business which he carried on under the style of the Hua Siang Steamship Company. From 1954 until the end of 1960, one of his regular customers was Tiang Seng Chan (Singapore) Limited (referred to in this judgment as T.S.C.). T.S.C. bought goods which were loaded on to the respondent's ships at the Sarawak port of Sibu for carriage to Singapore where they were destined to be sold. T.S.C. financed these purchases through loans from the first appellants, who were its bankers in Sarawak. When the goods were loaded on board, Mate's receipts were used instead of bills of lading. The Mate gave T.S.C. receipts for the goods acknowledging that they had been received on board in apparently good condition and designating the second appellants, who were the first appellants' agents in Singapore, as the consignees of the goods. The Mate's receipts were passed on by T.S.C. to the banks who advanced money against them. The delivery on board in the above circumstances constituted a delivery to the ship as bailee for the banks and gave the banks a good possessory title to the cargo. It follows that if, on arrival at Singapore, the ship delivered the cargo to T.S.C. or to anyone else without authority from the banks, this would constitute a conversion for which the respondent would be responsible. Nevertheless the respondent pursued a deliberate policy of delivering cargoes to T.S.C. in Singapore without production of the Mate's receipts, or an authority from the banks or anything else other than an indemnity from T.S.C. This means that the respondent habitually converted the goods comprising the cargoes and would have been liable in damages had the banks suffered any damage as a result of the conversion. Fortunately for him this did not happen because the goods were turned over quickly in Singapore and T.S.C. were able

to make the necessary payments to the banks, and the banks then released the Mate's receipts which in due course were returned to the respondent.

On the 30th December 1960 the respondent caused the Hua Siang Steamship Company Limited (referred to in this judgment as H.S.C.) to be incorporated. He became Chairman and Managing Director of this company which took over the whole of his shipping business. He however retained ownership of the ships which had been used in the business and chartered them to H.S.C.

From the 31st December 1960 onwards, the business was carried on by H.S.C. without any change of policy. More particularly H.S.C. continued the policy of accepting goods on board for which a Mate's receipt was given designating the banks as consignees and thereafter delivering the goods to T.S.C. in Singapore on their indemnity and without production of Mate's receipts or any authority from the banks. After the incorporation of H.S.C. the respondent concerned himself with finance, freight-rates and ship repairs whilst his son Chan Kim Yam concerned himself with decisions as to whether or not to release cargo on indemnity. Early in 1961 only a few weeks after the incorporation of H.S.C., the respondent was told by his son of prolonged delays between the delivery of the goods to T.S.C. and the production by T.S.C. of the relevant Mate's receipts. This suggested that T.S.C. were experiencing difficulties in meeting their obligations to the banks. The respondent immediately went to see the directors of T.S.C. and came to an agreement with them that H.S.C. would thereafter continue to release goods to T.S.C. as before, but only if the directors would on demand give their personal indemnity to H.S.C. against any liabilities which that company might incur arising from such release.

Four shipments of goods were made from Sibu in Sarawak arriving in Singapore between the end of May and the beginning of July 1961. The usual practice was followed. On the arrival of those goods in Singapore, they were all delivered to T.S.C. without the production of any Mate's receipts or authority from the banks. In order to obtain this delivery, the directors of T.S.C. had, in accordance with the agreement made between them and the respondent early in 1961, given their personal indemnity to H.S.C., in addition to the indemnity of their company, against any liability which H.S.C. might incur as a result of so delivering the goods to T.S.C.

Unfortunately, T.S.C. failed to discharge their obligations to the banks in respect of the money which had been advanced by the banks on the security of those goods and of the Mate's receipts relating to them. The banks then brought an action in the High Court of Malaysia against the respondent and H.S.C. claiming damages for conversion of the goods in question. This action was originally tried before Kulasekaram J. who, for reasons to which it is unnecessary to refer, dismissed the claim and entered judgment in favour of both defendants. The banks then appealed to the Federal Court of Malaysia. That appeal was allowed and the judgment of Kulasekaram J. was set aside. The Federal Court held that the evidence clearly established conversion against H.S.C., ordered that judgment should be entered against that company for damages to be assessed and that "the remaining issue as to whether [the respondent] is also liable in conversion be remitted for a re-trial." H.S.C. and the respondent then appealed to this Board from that decision and both appeals were dismissed on the 29th March 1971. By that date, the damages against H.S.C. for conversion had been finally assessed at $570,500 and judgment entered for that amount. That judgment remains wholly unsatisfied.

The issue as to whether the respondent was jointly responsible with H.S.C. for the now undisputed conversion by H.S.C. was re-tried by Winslow J. At that trial the banks put in evidence certain passages from the testimony given by the respondent before Kulasekaram J. at the original trial. The banks contended that this evidence afforded strong prima facie proof that the respondent had procured the commission of the conversion by H.S.C. It is possible that if the respondent had gone into the witness box, he might have explained this evidence away or adduced other evidence which would have thrown a new light on the case exculpating him from liability. On the other hand, his evidence might have made the case against him even stronger than it is, if that is possible. However this may be, the respondent elected not to give any evidence himself nor to call any witness on his behalf. Winslow J. held that the respondent was responsible for the conversion but that the action against him was barred by the judgment already entered in favour of the banks for $570,500 against H.S.C. The banks appealed and the Court of Appeal of Singapore dismissed that appeal on the ground that the action against the respondent was barred as Winslow J. had found and also on the ground that Winslow J. had erred in holding that the respondent had been a party to the conversion by H.S.C. From that decision the banks now appeal to this Board.

The facts set out in this judgment are uncontradicted and mostly taken from passages in the respondent's own evidence before Kulasekaram J. Their Lordships consider that these facts speak for themselves and lead irresistibly to the conclusion reached by Winslow J. namely that the respondent was a party to the conversion. In their Lordships' respectful view the Court of Appeal had no grounds for reversing the judgment of Winslow J. on this point.

No doubt the fact that the respondent is Chairman and Managing Director of H.S.C. does not of itself make him personally liable in respect of that company's tortious acts. A tort may be committed through an officer or servant of a company without the Chairman or Managing Director being in any way implicated. There are many such cases reported in the books. If however the Chairman or Managing Director procures or directs the commission of the tort he may be personally liable for the tort and the damage flowing from it. *Performing Right Society v. Ciryl Theatrical Syndicate* [1924] 1 K.B.1 *per* Atkin L.J. at pages 14 and 15. Each case depends upon its own particular facts. In the instant case the uncontradicted evidence proves that early in 1961 the respondent, as Chairman and Managing Director of H.S.C., agreed with the directors of T.S.C. the terms upon which H.S.C. would continue wrongfully to convert goods consigned to the banks just as they had done in the past. Their Lordships consider that, in all the circumstances, there is no answer to the appellants' contention that the respondent was personally liable for the conversion in respect of which judgment has been entered against H.S.C.

There remains the important question as to whether the banks are now entitled to recover judgment against the respondent in respect of the conversion for which he was liable or whether their right to judgment against him is barred by the unsatisfied judgment recovered against H.S.C. This question depends entirely upon the true construction of section 11 (1) of the Civil Law Act (Cap. 30) which, like a number of other legislative enactments throughout the Commonwealth, reproduced section 6 (1) of the Law Reform (Married Women and Tortfeasors) Act 1935. It reads as follows:

> "(1) Where damage is suffered by any person as a result of a tort (whether a crime or not)—

(*a*) judgment recovered against any tortfeasor liable in respect of that damage shall not be a bar to an action against any other person who would, if sued, have been liable as a joint tortfeasor in respect of the same damage;

(*b*) if more than one action is brought in respect of that damage by or on behalf of the person by whom it was suffered . . . against tortfeasors liable in respect of the damage (whether as joint tortfeasors or otherwise) the sums recoverable under the judgments given in those actions by way of damages shall not in the aggregate exceed the amount of the damages awarded by the judgment first given; and in any of those actions, other than that in which judgment is first given, the plaintiff shall not be entitled to costs unless the court is of opinion that there was reasonable ground for bringing the action;

(*c*) any tortfeasor liable in respect of that damage may recover contribution from any other tortfeasor who is, or would if sued have been, liable in respect of the same damage, whether as a joint tortfeasor or otherwise, so however, that no person shall be entitled to recover contribution under this section from any person entitled to be indemnified by him in respect of the liability in respect of which the contribution is sought."

According to the Common Law rule, anyone who suffered damage by reason of a tort jointly committed by a number of persons was deemed to have but one cause of action which merged in the first judgment which he might recover in respect of it. *King v. Hoare* 13 M. & W. 494 *per* Parke B. at p. 504. Once he recovered final judgment against any tortfeasor, his cause of action in respect of that tort disappeared. He was accordingly barred from subsequently recovering judgment against any other joint tortfeasor responsible for that tort whether in an action commenced before, at the same time as or after the action in which a final judgment had already been recovered.

This was a highly technical and unsatisfactory rule but it prevailed even though the judgment recovered remained unsatisfied and the liability of joint tortfeasors is and always has been joint and several. It mattered not that at the time he recovered judgment, the plaintiff did not know the whereabouts nor even of the existence of the other tortfeasors. The rule often worked injustice on plaintiffs and allowed defendants without a spark of merit to escape liability. It was laid down as long ago as the reign of James I (see *Brown v. Wootton* Cro. Jac. 73) and survived in the United Kingdom until 1935. Its only possible justification was stated by Blackburn J. in *Brinsmead v. Harrison* L.R.7 C.P.547 at p.553:

"Is it for the general interest that, having once established and made certain his right by having obtained a judgment against one of several joint wrongdoers, a plaintiff should be allowed to bring a multiplicity of actions in respect of the same wrong? I apprehend it is not; and that, having established his right against one, the recovery in that action is a bar to any further proceedings against the others."

Blackburn J. however remarked that had the matter been "*res integra*", the American cases cited to the Court would have been entitled to great respect. Those cases decided that a judgment against one tortfeasor is no bar to a suit against another and that nothing short of full satisfaction could make such a judgment a bar (see for example *Lovejoy v. Murray*, 3 Wal. 1).

If the purpose of the rule was to prevent a multiplicity of actions, it undoubtedly did so but at what is now generally recognised as too high a price. It also had an unfortunate by-product which had nothing to

do with its purpose in that it prevented a plaintiff who had brought only one action against a number of joint tortfeasors from recovering final judgment, even by consent or default, against any of them without barring his right to judgment against the others. *Goldrei, Foucard & Son v. Sinclair* [1918] 1 K.B. 180. The Tomlin form of order (which recorded an agreement instead of entering judgment) was often used in an attempt to mitigate the hardships caused by the rule in such a case. It did not, however, by any means, wholly succeed in doing so. A plaintiff was still prevented from taking steps to levy execution against defendants who were prepared to consent to judgment or to allow judgment to be entered against them by default, until the action was finally disposed of against all the other defendants. In the meantime, assets which would otherwise have been available to satisfy the damages might have been put out of the plaintiff's reach.

There can be little doubt that by the time that section 11 (1) (*a*) of the Civil Law Act (Cap. 30) was enacted, it was generally recognised that the Common Law rule was far too favourable to tortfeasors and produced manifest injustice. Evidently the rule ought to have been expunged in its entirety. The question is—did the legislature succeed in doing so? It is conceded that under paragraph (*a*) judgment against one tortfeasor is no longer a bar to a subsequent action against another in respect of the same tort. The Courts below have however decided that on the true construction of the subsection, it leaves the bar against a second judgment firmly in place where two or more joint tortfeasors are sued in the same action in respect of the same tort: in such a case, if judgment is entered against any one of the defendants, it precludes judgment being subsequently entered in that action against any of the other defendants.

Since the only justification which has ever been offered for the rule was that it prevented a multiplicity of actions, it seems incredible that the legislature abolished it insofar as it indubitably prevented multiplicity of actions but left it alive in relation to its impact upon a single action brought against two or more joint tortfeasors—an impact for which no justification has ever been suggested save that it followed logically from the nature of the rule itself.

The construction of the Act which commended itself to the Courts below involved further anomalies. Suppose a case in which judgment is entered for £X against two joint tortfeasors and they both appeal. The appeal by one (possibly the impecunious one) is dismissed. The appeal of the other is allowed; the judgment against him is set aside and a new trial ordered. At the new trial, the evidence against him is overwhelming. If, however, the construction of the statute which commended itself to the Courts below is correct, the defendant would have a complete answer, namely, that the cause of action against him and his co-defendant was one and indivisible; it merged in the judgment against his co-defendant and therefore he is immune.

If the statute abolishes the old rule only insofar as it was intended to prevent multiplicity of actions but leaves it alive insofar as it applies to separate judgments in the same action, the anomalies and indeed the absurdities referred to above are inescapable. It hardly seems possible that they can have been intended; nor does it seem likely that they were overlooked. After all *Goldrei, Foucard & Son v. Sinclair* (*supra*) was just as well known as the Tomlin Order which was commonly used in attempting to avoid some of the unjust consequences of the Common Law rule.

In the end, whether or not the legislature did abolish the rule in its entirety must depend upon the true construction of paragraph (*a*) which has never yet been the subject of judicial decision. In other cases,

for example in *George Wimpey & Co. Ltd. v. B.O.A.C.* [1955] A.C.169, the meaning of paragraph (*c*) (which deals with the rights and liabilities of tortfeasors *inter se*) was considered and decided. There are no doubt similarities of structure and phraseology in paragraphs (*a*) and (*c*) but as Lord Reid pointed out at p.188 the language of the subsection does not appear to be used accurately and its drafting is so defective that it would be unsafe to rely upon any inference from the similarity of expression in the paragraphs comprising it.

It is, of course, a canon of construction that a statute should not be construed as altering the Common Law any further than it does so expressly or by necessary implication. It is however also a canon of construction that a statute should not be construed in such a way as to lead to injustice or absurdity unless its language makes no other course possible. Although paragraph (*a*) could easily have been couched in much simpler and more explicit language, their Lordships consider that it expresses with reasonable clarity the intention of the legislature to abolish the Common Law rule in its entirety.

The crucial words in paragraph (*a*) are "any other person who would, if sued, have been liable". Whether or not a person is liable for a tort cannot, apart from the context of those words, depend upon whether or not he is sued. He is liable for the tort from the moment when he commits it. But paragraph (*a*) contemplates the case of a person being "liable" only "if sued". A person is *held liable* only when he is *sued to judgment*, not at the moment when he is sued. Accordingly, to construe the words "if sued" as meaning "if sued to judgment" and the world "liable" as "held liable" is not to put a strained meaning upon words (as argued on behalf of the respondent) but to give them their ordinary and natural meaning in their context in paragraph (*a*). The paragraph begins by postulating that a person has recovered judgment against tortfeasor A for damages suffered as the result of a tort. It then goes on to state the circumstances in which that judgment shall not bar an action against tortfeasor B who was jointly responsible for the same tort. It does this by reference to a hypothetical action. It supposes such an action being brought against both A and B and lays down that if in such a hypothetical action B would, under the Common Law, have been held liable if sued to judgment, then the actual judgment already recovered against A shall not be a bar to an action against B.

If judgment in the hypothetical action had first been recovered against A, there could not, at Common Law, have subsequently been any judgment against B. Paragraph (*a*) must therefore assume that in the hypothetical action there can have been only one judgment against A and B. Unless that assumption is made, paragraph (*a*) is wholly nugatory. If it is made, it deprives B, in the actual action brought against him, of the immunity which he would have enjoyed at Common Law as a result of the judgment already recovered against A. This would follow whether in the actual action A were sued jointly with B (as in the present case) or whether the action against A had been instituted before or after the action against B.

Their Lordships accordingly conclude that paragraph (*a*) abolishes the old Common Law rule in its entirety; it does not abolish that part of it which according to one view may have been defensible and preserve the other part which is indefensible from any point of view save that it may have followed logically from the part which has been abolished. Their Lordships consider that this construction of paragraph (*a*) accords equally with the manifest intention of the legislature and with fairness and commonsense.

It has been rightly pointed out that paragraph (*b*) does not contemplate a single action but only a number of actions; moreover it limits only the amount of money to be awarded in judgments which may be recovered after the judgment in the first action and gives a discretion as to costs only in actions subsequent to the first. This is certainly true. It is argued that it follows from this that since paragraph (*b*) applies no limit to the amount recoverable in judgments given in one action against joint tortfeasors and makes no provision for any special discretion as to costs in such an action, paragraph (*a*) cannot be intended to apply to separate judgments given in one action. Their Lordships cannot accept this argument. Paragraph (*b*) is clearly devised merely to discourage the multiplicity of actions which the old rule was designed to prevent. Since more than one judgment being given in a single action has nothing to do with a multiplicity of actions, there is no reason why any express provision should be made to limit the amount of damages recoverable under such judgments nor to give any special discretion in respect of costs.

The House of Lords has decided that when the Court assesses the damages to be awarded against joint tortfeasors in a single action only one sum can be awarded—*Cassell & Co. Ltd. v. Broome and Another* [1972] A.C. 1027. In that case the House's attention was not called to the Act from which the Act now under consideration derives. That decision however compels a Court called upon to assess damages in one action against individual tortfeasors to assess the same amount against each joint tortfeasor. This, as a rule, would be the normal course to adopt quite apart from authority. The amount of damages awarded for a tort is normally awarded as compensation for the amount of damage which that tort has caused the plaintiff. Each joint tortfeasor, irrespective of the degree of his blame *vis-à-vis* other joint tortfeasors, is liable to the plaintiff for the whole of the damage which the tort has caused him. The plaintiff is therefore entitled to judgment against each of the joint tortfeasors for the whole of the damage which he has suffered but he cannot recover in the aggregate more than the sum at which that damage is assessed. The present is such a case. It is only in a very special case, for example where punitive damages may be awarded, that it could ever have been even arguable that different sums of damage could have been awarded against different joint tortfeasors in respect of the same tort.

It has also been argued that it would be unfair to allow the appeal because the Court would be bound to award the same damages against the respondent as were assessed against H.S.C.—and the respondent was not heard when that assessment was made. This argument has a hollow ring. Throughout this litigation up to the first appeal before this Board the respondent and H.S.C. were jointly represented. When the order was made for damages to be assessed against H.S.C. the respondent could, had he wished to do so, have applied to be separately represented at the assessment because in the event of his losing on the issue of liability he might be bound by the assessment of damages. He made no such application. This is hardly surprising. As Chairman and Managing Director of H.S.C. he would presumably have had every opportunity to give such instructions as he thought fit to those appearing for that company when the assessment was made.

For these reasons their Lordships will allow the appeal, set aside the orders of the Court of Appeal and of the High Court and remit the case to the High Court with a direction that judgment for $570,500 be entered for the appellants. The respondent must pay the costs of the appeal to their Lordships' Board and the costs in both Courts below.

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