

Juristic Persons: Questions about Section 66 TCCC, Object of a Juristic Person

What law says: A juristic person has rights and duties only within the scope of its object, as written in its constitutive act (ตราสารจัดตั้ง)

Example: Phitak, Kankamol and Nawinda saw the business opportunity in the situation of COVID 19 pandemic, that a lot of lecturers struggle to teach online. They thus founded PKN Company and registered it with the object of providing IT support for educational purposes.

Question 1: Aj. Pananya recorded videos for TU 122 but was not satisfied with their quality. She therefore contacted the PKN Company to help her edit and refine the videos. Is this contract within the scope of the PKN Company?

Answer: Yes, editing videos for TU 122 classes is to provide IT support for educational purposes. The result is, the PKN Company, as a juristic person, has the right to form the contract with Aj. Pananya. The contract is formed between the PKN Company and Aj Pananya. The PKN company has rights and obligations arising from such contract.

Question 2: Aj. Pananya wants to open a Youtube channel to review the best delivery services, masks and most delicious bubble tea. She contacted the PKN Company to set up a home studio and support her in editing videos. Is this service within the scope of the object of the PKN Company?

Answer: The object of the PKN Company is to provide IT support for “educational purposes”. If you agree that reviewing best delivery service or mask is not for educational purposes, then the answer is “no”: such service is outside the object of the PKN Company. It means that the PKN Company does not have the right to conclude the contract with Aj Pananya, because it is outside its object. (Its rights and duties are limited only within the scope of its object). So, this contract personally binds the representative of the PKN Company, who forms the contract with Aj Pananya.

HOWEVER, there have been court decisions saying that: although the contract was outside the scope of the object of the juristic person, but if the juristic person or the contracting party has already benefitted from such contract, the juristic person or such contracting party cannot invoke the fact that this contract is outside the object of the juristic person, to refuse to comply with the contract.

Example: Pakpol has borrowed money from the Association “Connection in Social Distancing”, which has been established to promote social connection in the time of social distancing policy. He has already got the money from the Association. Although the Association does not have the object to lend money, he cannot say that this contract is outside the object of the Association, in order to refuse to return money. He needs to pay money back to the Association.