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Piercing the corporate veil in Carlton v Walkovszky Grade SmithStearn Yachts vs Gyrographic Communications, Inc

1. Issue Statement

SmithStearn Yachts, Inc had entered into an agreement with Gyrographic Communications, Inc, for the advertisement services that were to be offered to the former by the later company. However, in entering the contract, SmithStearn Yachts entered the contract as SmithStearn Yachts, LLC which was formed before it, even though it went ahead to fulfill its obligation of the contract through paying the required fees and receiving the contract benefits in return. The issue in this case is; did SmithStearn Yachts, Inc ratify the pre-conceived persona as SmithStearn Yachts, LLC and consequently, does SmithStearn Yachts, Inc has a better title to the claim of the contract?

2. Rule Statement

SmithStearn Yachts, Inc has a better title to the claim of the contract over SmithStearn Yachts, LLC.

3. Analysis Section

SmithStearn Yachts, LLC was conceived earlier, though never ratified to become a fully operational company. According to the company law, until a certificate of incorporation has been issued, then a corporation has no being, even though it might be registered (Mallor, J. et al., 2013). On the other hand, SmithStearn Yachts, Inc was subsequently formed and it ratified the pre-conceived form, replacing SmithStearn Yachts, LLC. After a subsequent company goes ahead to full the required contract obligations of the previously conceived company and in turn receives the accruing the accruing benefits, the company has ratified its pre-conceived form (Mallor, J. et al., 2013). On the other hand, the actions of Gyrographic Communications, <https://assignbuster.com/the-topic-can-be-proposed-by-the-writer/>

Inc amounted to recognizing and acknowledging the status of SmithStearn Yachts, Inc as the party to the contract, through receiving the agreed fees and in turn delivering the advertisement services to it.

4. Conclusion Statement

The actions of both SmithStearn Yachts, Inc and Gyrographic Communications, Inc amounts to the ratification of the pre-conceived form of SmithStearn Yachts, LLC through both parties performing their initial contract obligations. Thus, the status of SmithStearn Yachts, Inc as a claimant in the contract is legalized, and thus Gyrographic Communications, Inc is liable to continue fulfilling its side of the contract obligations, until the contract expires (Mallor, J. et al., 2013).

References

Mallor, J. et al. (2013). Business Law: The Ethical, Global, and E-Commerce Environment. McGraw-Hill/Irwin.