

Ch-2

Unit - 9

\* Agent: Person employed to do any act for another, or to represent another.

\* Who can Appoint?  $\Rightarrow$  Major, Person of sound mind

\* Who may be?  $\Rightarrow$  Any person

\* Consideration  $\Rightarrow$  Not Required.

\* Modes:

1. Express Agreement

2. Implied Agreement (By Estoppel or Holding Out, By Necessity)

3. Operation of Law

4. By Ratification

\* Valid Ratification:

1. Existence of Principal

2. Contractual capacity of Principal

3. Full knowledge of facts

4. Reasonable time

5. Only Lawful Acts

6. Whole transaction must be ratified

7. Communication

8. Within the authority of Principal

9. Ratification not put a third party to damages.

\* Agent's Authority:

1. An agent, having an authority to do an act, has

⇒ has authority to do every lawful thing which is necessary in order to do such act.

2. An agent having an authority to carry on a business,

⇒ has authority to do every lawful thing necessary for the purpose, or usually done in the course, of conducting such business.

3. In emergency,

⇒ an agent has authority to do all such acts for the purpose of protecting his principal from loss.



\* Sub-Agent:

A person who is appointed by and acts under the control and direction of original agent.

\* Rules of Sub-Agent:

1. Work under the control and directions of agent

2. Agent delegates a part of his own duties to Sub Agent.

3. No privity of contract between principal and sub-agent.

4. Sub-agent is responsible to the agent only.

5. Agent is responsible to the principal for the acts of the sub-agent.

6. Sub-agent has no right of action against the principal for remuneration due to him.

\* Substituted Agent:

1. Works under the instructions of the principal

2. Agent does not delegate any part of his task to a substituted agent.

3. Priority of contract between a principal and a substituted agent.
4. Substituted agent is responsible to the principal.
5. Agent is not responsible to the principal for the acts of the substituted agent.
6. Substituted agent can sue the principal for remuneration due to him.

#### \* Duties of Agent :

1. To act as per direction of Principal

a. Reasonable care

2. Present proper accounts

4. Communicate with principal

5. Not to deal on his own account

6. Protect interests of the principal

7. Pay sum received

8. Not to Mis-use information obtained

9. Not to delegate authority.



## \* Rights of Agent:

1. Rights of Retainer

2. Rights of Lien

3. Right of indemnification

4. To receive agreed remuneration

5. Right of Compensation for injuries

## \* Personal Liability of Agent:

i) Foreign principal

ii) Undisclosed principal

iii) Principal incompetent

iv) Acts beyond his authority

v) Express Contract

vi) Sign in own name

vii) Principal not in existence

viii) Mistake or fraud

ix) Interest coupled

x) Pretended Agent.

\* Undisclosed Principal:

The third party has rights against agent as he is a principal.

\* Termination of Agency:

A. By act of Parties: By Agreement, By Revocation, By Renunciation of agency by agent.

B. Operation of Law:

a) By Performance      b) By expiry of time

c) By death or insanity

d) By insolvency of the principal

e) By destruction of the subject matter

f) By the principal becoming an alien enemy

g) By dissolution of the company where it is an agent or principal.