

## Legal Aspects of Business

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#### Recapitulate

#### Classification of Agents

- Based on Extent of Authority
  - General Agent
  - Special Agent
  - Universal Agent
- Based on Nature of Work Performed by them
  - Commercial Agent
  - Non-Commercial Agent
  - Banker

Retainer

Stoppage in Transit

Rights of Agent

Compensation

Lien

Receive

Remuneration

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Indemnification

Retainer

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# **Duties of Agent**

## Law of Agency Duties of Agent

Carry out the work undertaken
Work with reasonable care, skill and diligence
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Render proper accounts
Communicate in case of difficulty
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Pay sums received

Protect and preserve the interest in case of death or insolvency

Not to use information obtained

Not to make secret profit

Not to set up adverse title

Not to delegate authority

# Law of Agency Rights of Principal

Recover Damages

Rights of Principal

Resist agent's claim for indemnity against liability incurred

Obtain secret profit and resist a claim for remuneration

# Law of Agency Duties of Principal

Indemnify in all lawful acts

Pay remuneration & commission

**Duties of Principal** 

Indemnify acts done in good faith

Indemnify for injury caused by principal's neglect

#### Review Questions

- 1. An agent is personally liable to his principal in respect of loss or damage which is indirectly or remotely caused by such neglect, want of skill or misconduct. True or False
- 2. Who is liable for wrongful acts of the agent done within the scope of his authority?
  - a. Agent
  - b. Principal
  - c. Both a & b
  - d. None of the above
- 3. A policeman, thinking that the driver of a bus was drunk, ordered him to leave the bus. The conductor asked a man in the street to drive the bus to its destination, a kilometre away. He drove the bus negligently and a passenger received injuries. Is the proprietor liable?

#### Answer

1. An agent is personally liable to his principal in respect of loss or damage which is indirectly or remotely caused by such neglect, want of skill or misconduct.

**Answer:** False

2. Who is liable for wrongful acts of the agent done within the scope of his authority?

**Answer:** b. Principal

3. A policeman, thinking that the driver of a bus was drunk, ordered him to leave the bus. The conductor asked a man in the street to drive the bus to its destination, a kilometre away. He drove the bus negligently and a passenger received injuries. Is the proprietor liable?

**Answer:** No, as the conductor cannot delegate authority

### Thank You