

Revision Summary Chapter 8

The law of agency

- Agency can be created (i) by agreement; (ii) by ratification; (iii) by the operation of law; and (iv) through estoppel.
- There are two principal types of authority, namely (i) actual authority; and (ii) apparent authority. Actual authority can be express or implied.
- Where a third party knows that a principal exists (although not necessarily who he is), that principal will be disclosed. An agent who contracts for a disclosed principal is not normally liable on any authorized contract into which he enters on the principal's behalf.
- Where the principal is undisclosed, both the principal and agent are liable on the contract, and the third party may elect which one to sue. The ability of the principal to enforce the contract is limited.
- An agent who acts outside his authority may be liable to the third party for breach of warranty of authority.
- Agents are subject to a number of duties, including a duty to perform personally any acts required by the agency agreement and a duty to obey the lawful instructions of the principal.
- Unless an agency is irrevocable, it can be terminated by one of the parties at any time, although such termination may amount to a breach of the agency agreement.