

Rights of An Agent

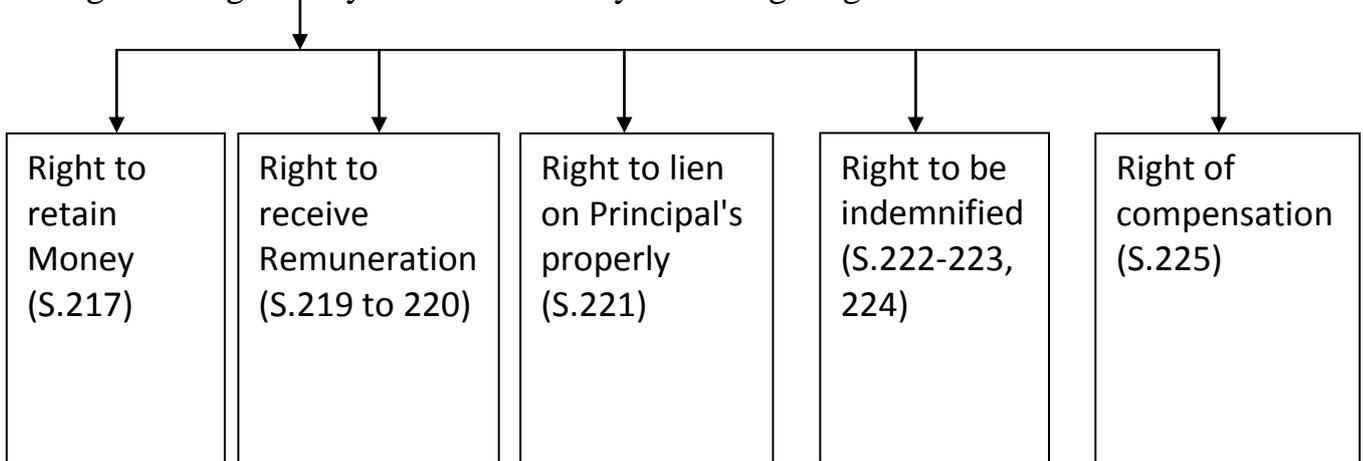
(S. 217, 219 to 225)

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Rights of Agent may be understood by following diagram:-



1. Right to Retain Money [S.217]- In respect of this right of an agent S.217 contract Act provides as under:

An agent may retain, out of any sums received on account of the principal in the business of the agency, all moneys due to himself in respect of advances made or expenses properly incurred by him in conducting such business, and also such remuneration as may be payable to him for acting as agent.

Thus, Agent has right to retain principal money for the following-

- (i) Advances made by the agent for conducting Agency business
- (ii) Expenses properly incurred by the agent in conducting the agency's business,
- (iii) for payable remuneration.

2. Right to receive Remuneration [S.219, 220]- In this regard S.219 provides under: In the absence of any special contract, payment for the performance of any act is not due to the agent until the completion of such act; but an agent may retain moneys received by him on account of goods sold,

although the whole of the goods consigned to him for sale may not have been sold, or although the sale may not be actually complete.

Thus when the Agent completes his work, he has right to receive from the principal: -

- (i) Agreed charges, or
- (ii) Reasonable charge if no remuneration is fixed.

Agent has also right to remuneration when resulted transaction is the result of Agent's efforts. In an old case **Sheikh Farid Baksh v. Har Gulal Singh. [1937]**, Principal employed an agent to introduce a customer who is willing to purchase the principal's property. The customer was introduced by the agent for purchasing principal's property. The sale was settled Customer had also paid advance money. But sale was not completed cause customer was not able to pay full money. It was held that the agent was entitled for his remuneration.

Section 220 provides the circumstance when agent will not entitle to receive remuneration: An agent who is guilty of misconduct in the business of the agency, is not entitled to any remuneration in respect of that part of the business which he has misconnected.

Example's –

(a) A employs B to recover, 1,00,000 rupees from C, and to lay it out on good security. B recovers the 1,00,000 rupees; and lays out 90,000 rupees on good security, but lays out 10,000 rupees on security which he ought to have known to be bad, whereby A loses 2,000 rupees. B is entitled to remuneration for recovering the 1,00,000 rupees and for investing the 90,000 rupees. He is not entitled to any remuneration for investing the 10,000 rupees, and he must make good the 2,000 rupees to B.

(b) A employs B to recover 1,000 rupees from C. Through B's misconduct the money is not recovered. B is entitled to no remuneration for his services, and must make good the loss.

3. Right of lien on principal's Property [S.221]-Agent has particular lien on principal's property. As S.221 provides; that in the absence of any contract to the contrary, an agent is entitled to retain goods, papers and other property, whether movable or immovable of the principal received by him, until the amount due to himself for commission, disbursements and services in respect of the same has been paid or accounted for to him.

Essential conditions for Agent's lien-

- (i) The possession of the agent on principal's property must be lawful.
- (ii) The property may movable or immovable;
- (iii) The possession of agent on principal's property in his capacity as an Agent.
- (iv) The agent has already waived his right's of lienor there must not be contrary agreement between Principal and Agent.

4. Right to be indemnified [S.222, 223 and 224]-S.222 and S.223 states the circumstances in which agent has right to indemnified. In following two circumstances the agent has right to be indemnified:

(i) **Section 222** provides that the employer of an agent is bound to indemnify him against the consequences of all lawful acts done by such agent in exercise of the authority conferred upon him.

Examples:

(a) B, at Singapur, under instructions from A of Calcutta, contracts with C to deliver certain goods to him. A does not send the goods to B, and C sues B for breach of contract. B informs A of the suit, and A authorizes him to defend the suit. B defends the suit, and is compelled to pay damages and costs and incurs expenses. A is liable to B for such damages, costs and expenses.

(b) B, a broker at Calcutta, by the orders of A, a merchant there, contracts with C for the purchase of 10 casks of oil for A. Afterwards A refuses to receive the oil, and C sues B. B informs, who repudiates the contract altogether. B defends, but unsuccessfully, and has to pay damages and costs and incurs expenses. A is liable to B for such damages, costs and expenses.

(ii) **Secondary is S. 223** Where one person employs another to do an act, and the agent does the act in good faith, the employer is liable to indemnify the agent against the consequences of that act, though it cause an injury to the rights of third persons.

Examples:

(a) A, a decree-holder and entitled to execution of B's requires the officer of the Court to seize certain goods, representing them to be the goods of B. The officer seizes the goods, and issued by C, the true owner of the goods. A is liable to indemnify the officer for the sum which he is compelled to pay to C, in consequence of obeying A's directions.

(b) B, at the request of A, sells goods in the possession of A, but which A had no right to dispose of, B does not know this, and hands over the proceeds of the sale to A. Afterwards C, the true owner of the goods, sues B and recovers the value of the goods and costs. A is liable to indemnify B for what he has been compelled to pay to C, and for B's own expenses.

Non-liability of employer of agent to do a criminal act [s. 225]- Where one person employs another to do an act which is criminal, the employer is not liable to the agent, either upon an express or an implied promise, to indemnify him against the consequences of that Act.

Examples:

(a) A employs B to beat C, and agrees to indemnify him against all consequences of the act. B thereupon beats C, and has to pay damages to C for so doing. A is not liable to indemnify B for those damages.

(b) B, the proprietor of a newspaper, publishes, at A's request, a libel upon C in the paper, and A agrees to indemnify B against the consequences of the publication, and all costs and damages of any action in respect thereof. B is sued by C and has to pay damages, and also incurs expenses. A is not liable to B upon the indemnity.

5. Right of compensation [S.225]- The principal must make compensation to his agent in respect of injury caused to such agent by the principal's neglect or want of skill.

For Example:

A employs B as a bricklayer in building a house, and puts up the scaffolding himself. The scaffolding is unskilfully put up, and B is in consequence hurt. A must make compensation to B.
