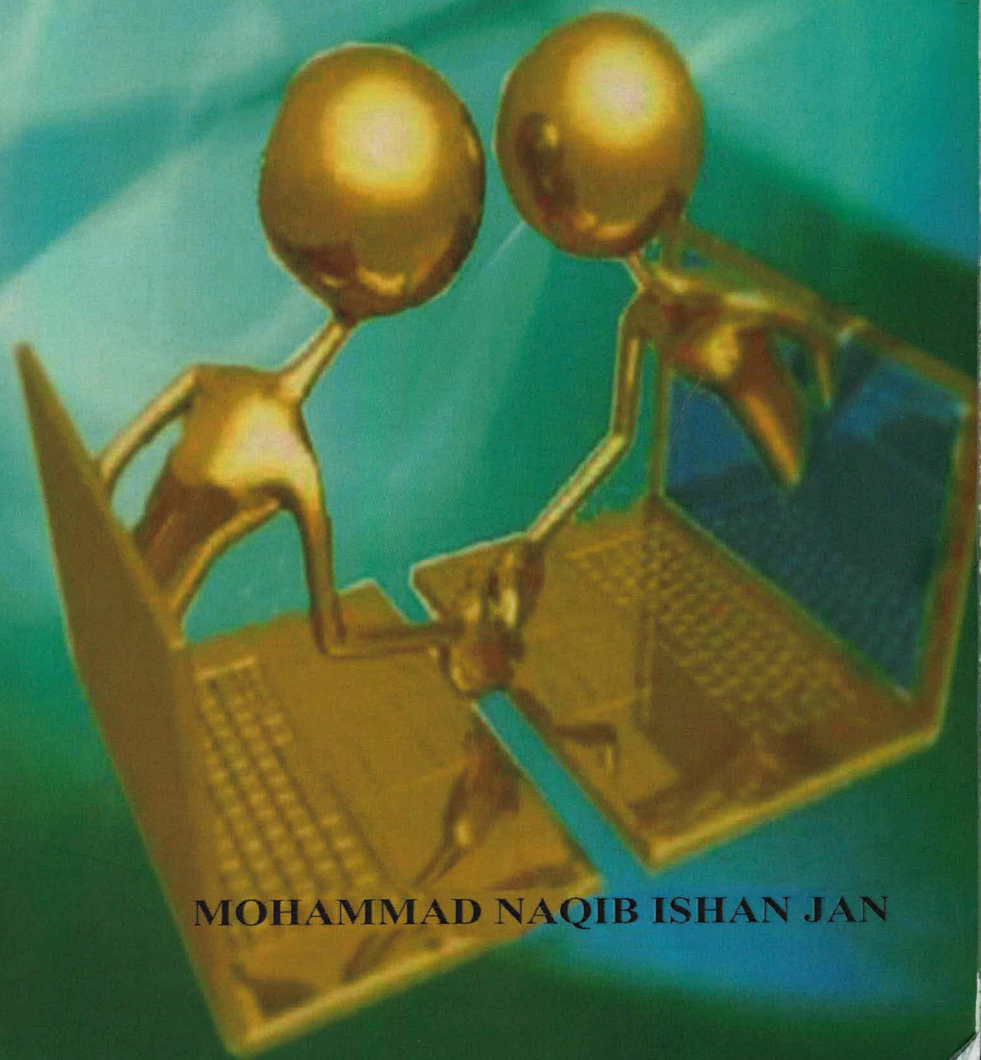


LAW AND COMMERCE : THE MALAYSIAN PERSPECTIVE



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LAW AND COMMERCE: THE MALAYSIAN PERSPECTIVE

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CHAPTER 19

AGENCY LAW

by

ZURAIDAH BT HJ ALI*

Aunty Jah is an old lady. Everyday she asks Ajak (her grandson) to buy a loaf of bread for her. Aunty Jah is the principal while Ajak, her grandson is an agent. In another situation, Zuri, a lecturer, wants to sell his house. He approaches Abdul, a real estate agent to sell his house. Zuri is a principal while Abdul is an agent. Looking at these two different situations, what can be said is that agency is very important in the world of business. It is part of a contract and it represents a very unique relationship. This act of agency is an act that may occur in everyday situation and the varieties can be seen from a simple one up until the very formal and well structured pattern.

The term such as sole agent, real estate agent, commercial agent, stock agent and many other shows that agency is very synonyms in the world of business. It involves two types of relationship namely, the relationship between an agent and principal and a relationship between the principal and third party via the agent. In Malaysia, matters on agency are governed by the Contracts Act 1950 (CA 1950). This chapter will basically deal with the meaning of agency, the creation and operation of agency, and the various types of authority.