II.1 - Prerequisites and effects of agency

Content:
No. II.1 - Prerequisites and effects of agency

Where an agent acts on behalf of a principal within the scope of his authority which has been granted to him expressly or can be implied from the circumstances, his acts bind the principal and the third party unless it follows from the circumstances of the case that the agent undertakes to bind himself only.

Commentary:
1 If the prerequisites of the Principle are met, the contract is concluded between the third party and the party which has granted the authority to the agent (the "principal").

2 The scope of the agent's authority must be determined through interpretation of the terms of the power of attorney (in case of an express authority) or the principal's conduct or other circumstances from which the principal's intention to confer authority on the agent can be inferred (implied authority). Even absent an express or implied authority, the acts of the agent may bind the principal vis-à-vis the third party in a case of apparent authority.

3 The authority of organs or officers of corporations are not governed by the Principle, but by special rules of domestic corporation law.