II.4 - Agency by estoppel / apparent authority

Where the conduct of the principal causes the third party reasonably and in good faith to believe that the agent has authority to act on behalf of the principal and the agent is acting within the scope of that authority, the principal may not invoke against the third party the lack of authority of the agent ("agency by estoppel", "Anscheinsvollmacht").

Commentary:
This Principle results from the general Principle of good faith and the prohibition of inconsistent behavior. The Principle requires reasonable reliance by the third party on the conduct of the principal, e.g. because the latter has made certain statements or has behaved in a way that causes a reasonable person in the same situation as the third party to believe that the agent has authority to act on behalf of the principal and that he is acting within the scope of that authority.