

**SUPPLEMENT NO. 1 TO  
LECTURE NOTES ON SOME  
OF THE BUSINESS FEATURES  
OF ENGINEERING PRACTICE**

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Supplement No. 1 to Lecture Notes on Some of the Business Features of Engineering Practice by  
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**ALEXANDER C. HUMPHREYS**

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OF  
Engineering  
Practice

BY  
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## INTRODUCTORY.

These notes are intended to supplement the matter contained in "Lecture Notes on Some of the Business Features of Engineering Practice," lately issued.

Work in the class-room has subsequently developed the fact that these additions are advisable, and as the course already covers far more ground than is represented in the original notes and these additions, other supplements will probably be issued from time to time.

Again I have to thank Mr. White for his valuable assistance, so willingly rendered.

ALEX. C. HUMPHREYS.

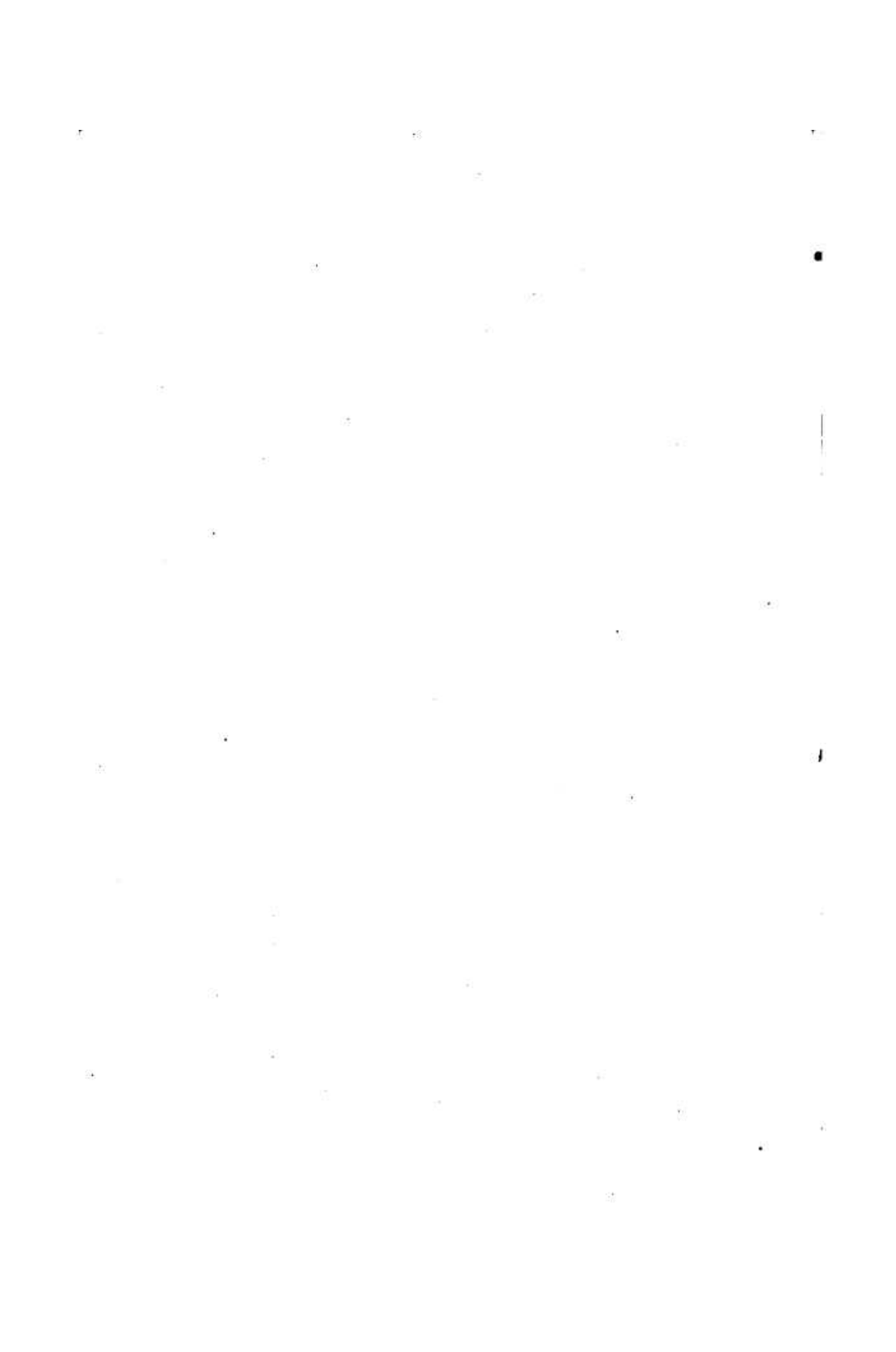
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SUPPLEMENTAL NOTES  
ON  
COMMERCIAL LAW

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PREPARED BY HOWARD E. WHITE, Esq.

**AGENCY.**

In notes previously prepared, the general subject of contracts has been considered, and an attempt made to give in a not too technical form the general principles which underlie all agreements. If these have been mastered it is now possible to proceed to a consideration of some special forms of contracts which the business or professional man is most frequently called upon to make. The general principles are common to all, but, in addition, each variety of contract gives rise to special rules, which must be considered.

One of the most common acts of everyday life is to delegate authority to another, for some more or less general purpose. A moment's consideration will disclose to anyone how frequent this act is. It is often done so casually as to escape notice, but from the act of sending a street urchin to buy a morning paper to the broad power of attorney which the multi-millionaire gives to his confidential secretary the principle is the same, and the two operations stand side by side before the law as the establishment of an agency. Let the terms which we are about to use be clearly defined.

A Principal is one who delegates to another the authority to represent and act for him.

An Agent is one to whom such authority is delegated.

Agency is the relationship existing between Principal and Agent.

An agency may be either *general* or *special*, depending upon

the scope of the powers granted. It is general when the agent is empowered to represent his principal in all his affairs, or all his affairs of a particular kind. It is special when the authority is of any less extent.

This distinction is of the utmost importance to consider, for it must be remembered that the relationship of agency concerns not only the principal and agent, but also those with whom the agent deals in behalf of the principal. If the agent's authority to bind the principal is to be in any way limited, great care must be taken that the limitation be apparent to outsiders.

The key to the relationship of agency which unlocks many doors, and makes simple the problems presented, lies in the consideration that the act of the agent within the scope of his authority is the act of the principal, as truly as though it had been personally performed, and once performed the agent disappears from the operation, and leaves the principal alone involved. Much of the difficulty of the subject arises from a misapprehension of this fact. The agent is the *alter ego* or other self of the principal, and the law makes no distinction as to the liability of the principal between acts personally performed and those done by a duly authorized agent.

It will at once be seen what an important subject agency is, and how great should be the care used in selecting an agent.

#### WHY IS AGENCY A CONTRACT?

At first sight it seems somewhat strange to denominate such a relationship a contract, but a moment's thought will show that the agreement of the agent to represent the principal, and of the principal to employ the agent, forms an obvious contract, for which the consideration is the remuneration received by the agent and the benefit received by the principal from being able to delegate certain duties to another.

#### ESTABLISHMENT OF AGENCY.

An agency, like almost every other contract, may be created orally or by written instrument. The authority may be conferred

either before the act contemplated or, in some cases, by a subsequent approval and ratification of a previously unauthorized act.

Let us suppose that A, without authority from B, should go to C, and purporting to represent B, purchase a stock of merchandise; A or C then notifies B; and the latter acquiesces in A's acts. B thus ratifies A's acts and becomes bound thereby. Disaffirmance of an unauthorized act must be prompt and complete if liability is to be avoided. It need hardly be said that ratification can only be predicated upon full knowledge of all the facts involved. Sometimes an agency is implied by operation of law, as where one person knowingly permits, without objection, another to hold himself out as a representative, and to enter into agreements in his behalf.

#### RELATIONSHIP INVOLVED IN AGENCY.

A consideration of the relationships arising out of agency falls naturally under three heads:

- a. Relationship between principal and agent.
- b. Relationship between principal and third persons with whom the agent deals.
- c. Relationship of the agent to third persons.

These three will be considered in turn:

a. The extent of the agency depends entirely upon the agreement between principal and agent. It may be as broad or as narrow as the principal pleases, but it should always be clearly defined, otherwise endless trouble ensues from the commission of unauthorized acts. In all but the simplest cases the scope of the agency should be defined either by formal power of attorney or by a memorandum in writing.

An agent who is authorized to accomplish a given result is usually considered, by implication, to be possessed of authority to do any act necessary to effect such end in a reasonable and prudent way.

Practically speaking, the more indefinite the language defining the power of the agent, the broader and more general will be his authority, and conversely, the more explicit the language,