

FOUNDATIONS OF BUSINESS LAW

(A STUDY ON BUSINESS LAWS OF AUSTRALIAN FIRMS)

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Question 1

Issue

She was doing good for the company, and if the office is being built at that place, then, there would be good prospects for the Wexis book publishers. In this case study, it could be assumed that Wexis is liable to pay the accounts. The main question is – Is Anne or the company accountable to pay for the unwanted purchases made?

Rule

Anne was an agent of the company who she was representing and although she did not contact with the main head office, the liability of paying the money goes directly to the company. As a result, the company would be liable and not the relationship manager behind the purchase because she had selected the location seeing a sufficient amount of strength of the resources that place was having. Anne, being a relationship manager of Wexis book publishers, was instructed to check the potential of Rockhampton.

She founded the place to be worthy for opening a branch of the book publishing unit and made some unwanted purchases. The purchases included certain suitable premises, purchased office equipment, placed advertisements in the local newspaper and bought a small sailing boat which she intended to use for entertaining clients of the firm. However, the main problem is that the Wexis do not want to set up its branch in the Rockhampton, but the purchase of so many things rightly shows that Anne does not have any faulty attitudes.

Under the *Australian contract law*, there is a special rule called the privity rule. As per this rule, if a contract is made with anybody having trust in the third party, then, the third party is liable to pay the accounts (Utz, 2015). The corporation on behalf of which the purchase is being made should be registered as per the *Corporation Act 2011* and should possess the Australian business number to set up the branch on any place in Australia. In this case, the third party would be the Wexis book publishers who instead of absent in the contract stage, is liable to pay the accounts (Pearson, 2018, p. 75). The reason is that the vendors had given the right to purchase the utilities as it had some trust in the company. As per the act mentioned above, the trading of the essential services could be made transparent. The *Competition and Consumer Act 2010* states that the selling should be done smoothly

with special provisions in case the contract is breached (Fels, 2018, p. 343). This states that the company is liable to pay the accounts.

Application

The rules mentioned above rightly states that the issue could be solved under the acts described in the study. The case study correctly reveals that Anne was not an independent contractor but rather an agent on behalf of the company. This is why all the blame could not be laid upon the relationship manager only. She is an essential member of the company found that Rockhampton and the principal sources so that the book publishing house remains in a profitable stage. Therefore, she was working on behalf of the company and not for her benefits and if there is any penalty that had to be faced had to be settled by the company itself. In spite of not present in the time of purchase of the supplies, the company is liable to pay the penalties, and the reason could be seen in the *Australian contract law* (Alden, 2016, p.70).

Under this law, as per the privity rule, if a purchase is being made having trust on the third party, then, the third party is bound to pay the accounts and, in this case, it is the Wexis publishing house. The penalty would be more of the company is not registered under the *Corporation Act 2011*. However, the vendors might not have the necessary actions due to some restrictions present in the contracts (Weatherall, 2017, pp. 57-87). The rights could be more powerful if the monetary losses are not easy to be calculated with the help of the laws mentioned above. There is no doubt that the publishing house had to face some penalties, but those charges would not be imposed by the court but rather by the vendors (Hensher, Ho & Knowles, 2016, p.30). As per the *Competition and Consumer Act 2010*, there are some antitrust provisions based on which the conduct of the dealings could be regulated but the period based on which, the issue would be settled is not clear (Carter, 2014, p. 35). As per the *Australian consumer law 2011*, the corporations should make it sure that the conduct is not deceptive and might not reflect any false interpretations.

Conclusion

From the above analysis of the case study, it could be seen that Wexis book publishers are the main culprit. In spite of not being present on the stage of negotiation with the other vendors, but the company is liable to pay the accounts. Under the *Australian Contract Law*, as per the privity rule, if a purchase is being made having trust on the third party, then, the

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third party is bound to pay the accounts and, in this case, it is the Wexis book publishing house. The reason is that the vendors had given the right to purchase the utilities as it had some trust in the company. The corporation, in this case, the Wexis book publishers, should make sure that the dealings with the vendors should be made transparent as far as possible otherwise there could be penalty charges based on *Competition and Consumer Act 2010*.

Question 2

Issue

The entire fault was the company who had forced the relationship manager to preach the business activities in her premises. Is the agency or the company responsible for preaching the business activities in the premises?

Rule

The next case is contrary to the first one where the company wants to open an office at Rockhampton, and this is not desired by the relationship manager. In this case, the agent who is the relationship manager had to pursue the interests of the company and could not protect her interests. As a result, the premises which she had taken was taken for her personal use, but the landowner did not know that his apartment was being used for the company. As a result, the landowner had the right to penalize the women on rent who is Anne.

In this case, the principal and agent could be applied where it is seen that anything wrongdoing by the agent had to be answered by the company itself. As per the *agency agreement*, the principal is liable to pay the accounts and the principal is the Wexis book publishers (Lawyers, 2018). There are some rights and obligations that the agent had to accept where the agent had to act, so the interests of the principal are served in the best possible ways. The agent is bound to follow the fiduciary duty where the agent had to perform as per the interests of the principal. As the agent is a part of the principal following the agency agreement, the agent had to comply with the regulations given in the written document. Therefore, if the agent is doing something on behalf of the principal, then he/she is bound to follow the instructions in terms of the negotiations with the landowner.

Application

As per the *Agency Agreement* with the principal, the agent had to follow the instructions given in the written document. Otherwise, there could be legal actions against the agent. This case could be visualized in case of Anne, who is serving as an agent for the Wexis book publishers. Although, she did not want to carry out the business activities at the room rented to her by the landowner, she had to do as it falls under the fiduciary duty of the agent (Chew, Harding-Farrenberg& Gamble, 2017, p. 437). As per the fiduciary duty of the agent, she had to follow the instructions given to her by the company. However, the agency law principles do not provide Anne with enough right to say against the principal as this could

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terminate her role in the company. The main reason behind this is that the authority of the agent is not defined correctly, and so, it becomes hard for the agent to act so that she could remain safe on her side. It could be rightly said that Anne had been conducting the business activities of her company as per the ostensible authority based on which, the agent had to do something on behalf of the principal. This rightly puts forward that Wexis is liable to pay the penalty charges.

Conclusion

The agent law rightly signifies that the agent and principal are in an *agent agreement* where the agent had to perform the duties that suits the interests of the principal. This is the reason Anne had to perform the functions of the company in spite of not wanting to do it in her rented room. If the landowner wants to penalize her, then he/she had to file a case against the company because she was acting as an agent of her. Anne had been conducting the business activities of her company as per the ostensible authority.

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