

### **Paragraph 3.7.1 of the *Code of Ethics***

Estate agents and salespersons shall not seek unfair advantage over, nor injure directly or indirectly the reputation of, nor publicly disparage the business practice of other agencies.

## **Illustration (1)**

### **Injuring the Reputation of Another Estate Agency**

A vendor appointed Agent A to act as his exclusive agent in the sale of a property. Agent B had a client who would like to purchase the property. In order to induce the vendor to sell the property to his purchaser client through his estate agency, Agent B sent a fax to the vendor with remarks which were injurious or defamatory to the reputation of Agent A.

#### **Commentary and Suggestion:**

In this case, Agent B's remarks that Agent A was incapable of managing its estate agency business had injured the reputation of Agent A. Agent B thus failed to comply with paragraph 3.7.1 of the *Code of Ethics*.

Fair competition is an essential element for the efficient working of markets. For the purpose of ensuring fair competition, certain unscrupulous business practices, such as misleading consumers or disparaging competitors, should be prohibited.

Licensees should not do any act which is defamatory or injurious to the reputation of other licensees.

According to section 8(4) of the Practice Regulation, a licensee shall not solicit instructions from a vendor/landlord if the licensee is aware that the property is subject to an exclusive agency agreement with another licensee, unless the vendor/landlord has been advised that he may be liable for payment of additional commission if he enters into a second estate agency agreement concerning the property.