Elements of the Law of Contract

Thursday 22 May 2014: 10.00 – 13.15

Candidates will have fifteen minutes during which they may read the paper and make rough notes ONLY in their answer books. They then have the remaining THREE HOURS in which to answer the questions.

Candidates should answer FOUR of the following EIGHT questions.

Candidates should answer all parts of a question unless otherwise stated.
1. On 1st May Aga decides to sell her collection of pots. She places an advert in the local paper, ‘Beautiful Arden pot for Sale. £500 or nearest offer.’ She includes her telephone number, email address and postal address on the advert. On 2nd May Beatrice emails Aga saying, ‘I will buy the pot for £450.’ Aga replies saying, ‘I will take £475 but please let me know by 5pm today as another customer is calling to see the pot tomorrow.’ Beatrice immediately emails back asking if Aga will accept payment by cheque. By 4.30pm she has not heard from Aga so sends a further email to say she will buy the pot for £475. Aga’s internet connection is lost that afternoon and Aga does not get this email until it is reconnected on 5th May. On 3rd May Chad calls Aga and says he will buy the pot for £400 but Aga says she would not take less than £475. Chad says he will think about this. Later that day Chad writes to Aga saying he will pay £475 but the letter is misaddressed and never arrives. On 4th May Aga sells the pot to Didier for £500. Didier, a friend of Beatrice, meets her on 5th May and tells her of his luck in getting the pot. Beatrice is upset as the pot would complete her Arden Collection.

Advise Aga.

2. ‘It is important to understand that the legal regulation of illegal contracts and contracts which are contrary to public policy is characterised by a tension between competing policies.’ (McKendrick, Contract Law)

Explain the situations when a contract will be tainted by illegality and the policy behind such rules.

3. Brenda wishes to rent business premises in Eastfield Shopping Centre from which to run her cookware business. Norman, the owner of Eastfield Shopping Centre, informs Brenda that she should rent the premises opposite the busy supermarket chain, Price Cutters, since she would be assured of a large number of customers walking past. He also tells her that he will be launching a nationwide advertising campaign to ensure that Eastfield Shopping Centre is a success. Later that week, Norman discovers that Price Cutters has gone into receivership and is closing all of its stores. Brenda is looking to attract upmarket customers for her range of cookware and, on discovering that the premises Norman suggested are next door to an exclusive fashion shop, decides to rent the premises from Norman. The next day, Norman realises that he does not have enough money to launch his advertising campaign. Several months later, Brenda’s cookware business is in serious financial trouble. Shoppers have not heard of Eastfield Shopping Centre and it is rarely visited. Since the closure of Price Cutters the situation has become worse. Brenda’s bank demands that she repay her loan and she is forced to sell her family house.

Advise Brenda.
4. Simon is a famous record producer and talent show host. His nephew, Louis, is desperate for the chance to enter the music business and begs Simon to give him the opportunity to perform at a televised talent show that Simon is organising. Simon tells Louis that, if he stops having his singing lessons at Simon’s house, he will let him perform at the show. Louis cancels all his singing lessons. Simon later regrets his decision and informs Louis that he will not permit him to perform at the show.

Carmel, Simon’s girlfriend, wishes to do something special for Simon. Two weeks before the talent show she contacts Roses, a florist, and pays £1,000 for them to send a bouquet of flowers to Simon’s house every day until the day of the show. She tells them that the flowers are for a very famous person in the music industry. Roses stop sending the flowers after only two days. Simon is upset, and rings them to demand that they continue to send the flowers, in accordance with their contract.

Two days before the show is to start, one of the talent show judges, Diva, informs Simon that she has been offered her dream chance to perform in Los Angeles and no longer wishes to appear as a judge on his show. Simon is devastated since Diva is the most popular judge and attracts high viewing figures. He fears that the show will not be a success without her. He tells Diva that he will double her salary if she stays. Diva agrees. However, after the show has finished, Simon changes his mind and refuses to pay her the extra money.

Advise Simon.

5. On 3rd May Zalmi contracted with Bilal to headline at the 6th June concert in the park for a fee of £10,000. £1,000 was paid on 3rd May, with the remainder payable after the performance. Bilal spent £2,000 in preparing the necessary light show for his performance. Zalmi was delighted that Bilal had agreed as this would result in high profile coverage by TV. Bilal later got a better offer and informed Zalmi he would not be there. Zalmi said that he would expect him to arrive as promised on 6th June and Bilal had better uphold their agreement. Bilal said he would not.

Bilal later decided that it was unfair to let Zalmi down and on 30th May called Zalmi to say he would be there after all. However on 28th May there had been terrible floods in the area and Zalmi had cancelled the concert. Zalmi had leased the land for three months (May, June and July) for the concert and follow up events, with a monthly rent of £1,000 payable on 1st of each month. On 30th May Zalmi had told the landlord he would no longer need the field and the landlord asked for the balance of the rent.

Advise Zalmi on his rights and liabilities.
6. Paul wants to buy a present for his partner Gianni, who is a fan of sports memorabilia, although Paul hates all sports. In a London wine bar Paul meets Clovis who claims to be Nicole, a well-known female boxer and Olympic Gold medal winner. Paul remembers that there had been a female boxing gold medalist who looked like Clovis. Clovis says she has her winning gloves with her, and would sell them to Paul for £2,000, with her own message to Gianni. Paul does not have that money with him and so offers to pay £500 and give his gold watch as security for the payment. Clovis agrees, and hands over the gloves, signed ‘To Gianni, simply the best, love Nicole’ and an address for Paul to forward the money to. Paul thanks Clovis for her trust in him. Clovis leaves taking the money and the watch. When Paul hands the gloves to Gianni they discover they cannot be genuine as Nicole is currently in New Zealand and could not have been in a London Wine Bar. They try to find the address and discover that it does not exist. On their way back home they see Paul’s watch in Yazmine’s jewellery shop window. Yazmine explains she bought it earlier from a young lady for cash.

Gianni had also purchased a pair of gloves from Rocky’s. He believed the gloves belonged to Rocky Marciano as they were in the Marciano section of the shop. He was delighted as they were priced at only £50 when an original pair of gloves would normally cost over £500. When he got them home he found that they were in fact Rocky Graziani gloves and worth only the £50 he paid.

Advise Paul on any claims he can have for the return of the watch and if Gianni can return the gloves to Rocky’s.

7. ‘The traditional approach in English contract law is to award damages for non-pecuniary losses very reluctantly. Recent case law, however, reveals a more generous attitude towards the recovery of this type of loss. It is difficult to justify this latter approach.’

Discuss.
8. Terence wishes to hire a bicycle for the day from Rides Ltd, a bicycle hire company that supplies bicycles at various docking stations across London. He arrives at a docking station and carefully reads the instructions written on the docking station’s screen. He is asked to insert his credit card and on doing so the machine prints out a ticket. Terence is then asked to confirm the hire charge of £20. Terence confirms this hire charge and the machine returns the credit card. On one side of the ticket is a code which unlocks the bicycle from the docking station. On the other side of the ticket is a term that states: ‘Rides Ltd limit liability for any damage whatsoever and howsoever caused during the operation of their bikes to the daily hire charge of £20’.

Terence is enjoying his ride across London when suddenly the brakes on the bicycle fail and he falls into a canal. Terence injures his right arm and needs physiotherapy. He also ruins his £2,000 laptop that he was carrying at the time of the accident.

Advise Terence.

END OF PAPER