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What's more, I know that it is impossible to inflict this type of damage with modern taps."

After being contacted by Times Money, Bathroom City offered to replace the basin as a goodwill gesture, but maintains that it has 'clear proof' that it did not damage the basin because "Mr. Bell clearly states that when it was delivered, he checked the goods over and found no initial fault".

- (i) Identify the elements of sale of goods.
- (ii) Identify in which point the case supports or deviates the rule of Sale of Goods Act.

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**M. B. A. (FIRST SEMESTER)
MID SEMESTER EXAMINATION, 2021-22**

LEGAL ASPECTS OF BUSINESS

Time : 1 : 30 Hours

Maximum Marks : 50

Note : (i) This question paper contains two Sections.

(ii) Both Sections are compulsory.

Section-A

1. Fill in the blanks/True or False : (1×10=10)

- (i) The person who promises to make good the loss is called _____.
- (ii) The bailment in which neither the bailor nor the bailee is entitled to any remuneration is called _____ bailment.

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(iii) _____ is a remedy that orders the defendant party to perform his obligations under the contract.

(iv) Ignorance of _____ is no excuse.

(v) Consideration may move from the _____ or any third party.

(vi) Warranty is a stipulation which is collateral to the main purpose of the contract. (True/False)

(vii) Delivery of goods and payment of price are prerequisites to form a valid contract of sale. (True/False)

(viii) Physical possession of goods results in transfer of ownership therein.

(ix) The term "right to pass ownership" is wider than the term "right to sell." (True/False)

(x) Puffers are the persons employed by the auctioneer to raise the price. (True/False)

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Section-B

Note : Each question contains three parts (a), (b) &

(c). Attempt any *one* part of choice (a) or (b) from each question and part (c) is compulsory of each question. 2×20=40

2. (a) (i) State the exception to the rule "no consideration, no contract."

(ii) A offers to sell to B, a painting knowing it to be an imitation of a well known masterpiece. B, believing it to be the original painting, accepts the offer. Later, he wants to cancel the contract on the ground of mistake.

Decide.

(CO1)

OR

(b) Comment on the following : (CO1)

(i) Mere silence as to facts is not fraud.

(ii) Discuss the position of a minor in a contract.

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(c) Caselet/Numerical (Compulsory) : (CO1)

Mr. and Mrs. Garmin a middle-aged newlywed couple, booked their two week honeymoon package to Bali from "Tours with Us" in Melbourne, after reading their advertised travel brochure. The brochure had many promises but only a few were fulfilled during the couple's trip. They were the only guests in the Hotel. The owner couldn't speak English and the room provided to them was not the honeymoon suite as advertised. They were promised that breakfast would be included, but only coffee was provide for them during their stay. Mr. Garmin who was very distressed decided to sue "Tours with Us" for breach of contract.

(i) Briefly explain whether there is a contractual relationship between Mr. and Mrs. Garmin and "Tours with Us". If you have identified that contract is created amongst these

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parties, then advise whether that contract was a valid contract.

(ii) Briefly explain what sort of remedies are available for Mr. and Mrs. Garmin for breach of contract by "Tours with Us".

3. (a) (i) Define condition and warranty and explain the following :

(I) Condition as to merchantability

(II) Condition as to sample

(ii) What is doctrine of caveat emptor ? Explain its exception. (CO2)

OR

(b) (i) Distinguish between sale and agreement to sell.

(ii) X shows a sample to Y describing it as "Chinese silk". Y approves of the sample and places an order for the supply of "Chinese silk". The goods delivered are according to sample but it turns out the sample as well as the

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bulk was "Japanese silk". Discuss the rights of the buyer against the seller.

- (iii) A finds a costly ring and after making reasonable efforts to discover the owner, sells it to B who buys without knowledge that A was merely a finder of the ring. Can the true owner recover the ring from B ? State reasons. (CO2)

(c) Caselet/Numerical(Compulsory) : (CO2)

Simon Bell, of King's Lynn, Norfolk, has been battling with Bathroom City, Birmingham, over a cracked bathroom unit for six months after buying a shower tray, cabinet and basin in March. The delivery did not turn up for a month, despite a promise that it would arrive within days. Mr. Bell, left, who is a former heating and plumbing engineer, says :
"When the delivery was made I inspected the goods and could see nothing wrong.

But because the delivery was so late I missed my opportunity to fit it immediately."

It wasn't until a couple of days later that he noticed a "hairline crack" on the basin when he took it out of the box. He sent a photograph of the damage to Bathroom City, which said that there was nothing it could do because he had not reported it within two days of delivery. The company also claimed that it did not look like a manufacturing fault but damage caused when fitting the taps. However, Consumer Direct says that it is the duty of Bathroom City to prove that it was not responsible; if it cannot, then the company owes Mr. Bell a replacement or repair. Mr. Bell says :

"Bathroom City has refused to budge and my e-mails and letters have been ignored. I have fitted many bathroom suites over the years and have never broken anything.