

FACULTY OF LAW – UGANDA MARTYRS UNIVERSITY NKOZI
BACHELOR OF LAWS (LLB)
YEAR III - END OF SEMESTER FINAL EXAMINATION

Academic year: 2021/2022

INTERNATIONAL TRADE & BUSINESS, LLB 3106

DATE: Thursday 7th April 2022

TIME: 9:30 – 1:00pm

INSTRUCTIONS

1. This is a fully open book examination.
2. Candidates must answer **Four 4** questions in total, with two questions from each section.
3. Start each number on a fresh/different page.
4. Well-structured and precise answers coupled with relevant authorities shall make for good consideration in awarding marks.

QUESTION 1

- a) Explain the different stages of delivery in a CIF Contract. **(10 Marks)**
- b) Outline the operations of a Bill of Lading and the practical ways in which a Bill of Lading can facilitate the needs of the buyer and the seller in an international sales transaction. **(25 marks)**

QUESTION 2

Write short notes on the following

- a) Passing of property in an FAS contract **(5 Marks)**
- b) Delivered Duty Paid **(5 marks)**
- c) The case of *Pyrene Co. Ltd Vs Sindia Navigation [1954] 2 QB 402* **(5 marks)**
- d) Appropriation of goods to a contract of international sale of goods **(5 marks)**
- e) Dispute settlement in international trade contracts **(5 marks)**

QUESTION 3

You are the legal counsel of Tusimbudde Produce Company Limited and are presented with the following facts-

Tusimbudde Produce Company Limited entered into a contract with Walukagga Food Supplies Limited on 28th March 2021 for the purchase of 100,000 tonnes of Liquid beef from Yoshimoto Japan. The contract expressed as FOB Yoshimoto. The beef was to be loaded at Yoshimoto; shipping arrangements to be made by Tusimbudde Ltd.

The delivery was to be made in three different instalments one in June, September and then December. The contract was made to be governed by the UN Convention on International Sale of Goods. Tusimbudde then arranged transportation under the Bill of Lading to which the Hague Visby Rules applied and took out a voyage insurance with Excel Insurance Company. Any disputes arising under the contract were to be settled by arbitration in Nairobi Kenya applying the UNCITRAL Model Law.

On 4th June 2021, Tusimbudde nominated Nandy K. Shippers expected ready to loaded on 11th June 2021. However, Walukagga food supplies loaded the 1st instalment on 5th July 2021. The cargo sent was however damaged and water sipped in due to a storm on the high seas. On arrival, the produce was found to be completely unfit for human consumption and could only be used as dog food.

Nandy K shippers denied any liability claiming that the ship was in good condition and sea worthy. The 2nd instalment did not make it to the shipping area. The 3rd instalment was loaded but the ship was lost at sea due to piracy activities. Walukagga company has denied liability, the shipping company has also denied liability.

Tusimbudde company however had already arranged for pre-storage facilities, it had assured customers who gave it money to obtain the said produce and had to cancel the said contracts.

- a) Discuss the legal position of the respective parties to the respective contracts (sale of goods; carriage of goods; marine insurance) **(15 marks)**
- b) Discuss the various duties of the buyer and seller in an FOB contract. **(10 Marks)**

SECTION B

QUESTION 4

Write short notes on the following-

- a) Illegality in documentary credits (6 marks)
- b) Contracts arising out of documentary credits (8 marks)
- c) The *ratio decidendi* in the case of *Ian Stach vs. Baker Bosley (1958) QB 130* (6 marks)
- d) Challenges of using documentary credits to finance international trade (5 marks)

QUESTION 5

The notion of “**payment under reserve**” is an efficient and efficacious intervention to the strict requirements provided for under the principle of strict compliance in financing international transactions. The notion, however, leaves a lot to chance which is an element unwelcome in transactions where parties do not see one another face to face?

Discuss this statement. (25 marks)

QUESTION 6

“The only exception is where there is clear fraud of which the bank had notice. But it is certainly not enough to allege fraud: it must be ‘established’ and in such, circumstances I say, very clearly established. It had to be clear and obvious to the bank that the buyers had been guilty of fraud.” *Edward Owen Engineering Ltd vs. Barclays Bank International Limited (1978) QB 159*

Discuss this statement in light of the relevant fundamental principle governing documentary credits. (25 marks)

BEST OF LUCK!