

Contracts AY2020-21
Semester I

Short Quizzes

Quiz I

Wright is an associate under a 2-year employment contract (with a monthly salary of \$4500) with Fey Law LLP, ending on 31st July 2020.

On 1st March 2020, Fey (the managing partner) asked Wright if he was willing to take a pay-cut of \$1,000 a month going forward. Fey promised Wright that the firm would "take this strongly into account" in his upcoming annual performance review, to which Wright agreed.

During the review on 1st June 2020, Fey and Wright discussed Wright's future at the firm. Fey asked Wright, "Given the poor market situation, are you willing to consider a 2-year contract with us, for \$4,000 a month?" Wright replied "Thank you so much, that is fine with me. I look forward to continue working with the firm." Fey then said "I will prepare the employment contract for us to sign and finalise the arrangement."

By 31st July 2020, Wright had not received anything in writing from Fey Law LLP. Instead, Fey told Wright coldly, "Today is your last day at work, please turn in your staff pass and return the office laptop."

Wright comes to you, his only friend in law school, for help. He wants to know:

- (a) Whether he has a new employment contract with Fey Law LLP from 31st July 2020 onwards.
- (b) Whether he is able to recover the \$1000/month salary reductions from his full salary between the months of March 2020 to July 2020.

Quiz 2

Write not more than 1000 words.

On 1 January 2019, customer C contracted with a petrochemical plant owner P. Their contract provides that:

1. Each month, C must send 100 tonnes of C's petroleum to P and pay P \$100,000 for P's processing services;
2. Each month, P must process that petroleum into various chemical products for C; and
3. The contract period lasts the whole year from January 2019 to December 2019.

C contracted separately to sell those chemical products to C's own clients. P has purchased insurance cover for the plant's premises and machinery.

Between C and P, monthly processing, delivery and payment took place without any problems in January and February 2019.

In March 2019, financial turmoil from the American money markets plunged the world into a global recession, and orders from C's clients are dwindling. In the month of March 2019, C only sent 50 tonnes of petroleum to P for processing, and C only paid \$50,000 to P and payment was in fact one week late.

In early April 2019, the American assassination of an Iranian general disrupted C's oil supplies, deepened the recession, and caused C to suffer severe cashflow difficulties. C sent no petroleum to P for processing and paid P nothing for the month of April 2019.

In late April 2019, C emailed to ask P whether their contract has come to an end. P says nothing in response.

Assume that it is, now, early May 2019. A fire just broke out and destroyed P's premises and machinery. The insurance money will help P rebuild the plant, but production will be restored only in August 2019. P's plant will not be operational for May, June and July 2019. **Advise C on issues of discharge by frustration and termination for breach of contract.**

Quiz 3

Koh enters a contract to hire a 60 ft yacht from Sailtime Pte Ltd. During negotiations, he tells Sailtime's representative that he intends to use the vessel for family holidays, to reward his daughter who has done well in her school exams, and also to make a few business trips. The representative writes "family (3 pax) and business trips" into the box titled "Purpose of hire". The hiring fees are \$10,000 per month for a period of two months. The contract contains an exclusion clause:

Sailtime excludes all liability, howsoever caused, for damage to or loss of any passenger's property arising out of use of the vessel.

The vessel's engine is unreliable and frequently cuts out. Koh dares not sail more than a few kilometres from the coast of Singapore. Koh and his daughter are keen sailors and are very frustrated by the limited range. Koh had also been advertising online, to take paying customers on extended diving trips during weekends. He is forced to cancel two such trips and must refund \$5000 in fees from confirmed bookings. Further, there is a minor but persistent water leak somewhere below deck; the vessel is generally damp and mouldy. Koh's daughter left some expensive clothes on board for a week and they were totally ruined by mould. (You may assume that the engine troubles and dampness/mould are attributable to Sailtime's breaches of contractual duties of care to maintain the vessel).

After one month, Koh loses patience. He decides to keep his family onshore and rents the vessel to a friend for \$4,000 for the final month.

Advise:

- (1) Koh as to any claims he may have for breach of contract against Sailtime.
- (2) Koh's daughter as to any claims she may have for breach of contract against Sailtime in relation to the limited range and damaged clothes.

Indicate how damages would be assessed for each of these claims.