

NATIONAL UNIVERSITY OF SINGAPORE

**LC1003
LAW OF CONTRACT**

Final Examination
Friday, 28 April 2017
(Semester 2 : AY2016-2017)

Time Allowed : 214 Hours

INSTRUCTIONS TO CANDIDATES

1. **DO NOT READ BEYOND THIS COVER PAGE UNTIL YOU ARE INSTRUCTED TO DO SO.**
2. This examination paper contains THREE (3) questions and comprises FOUR (4) printed pages, inclusive of this cover page.
3. Students are required to answer **ALL** questions. All questions carry equal weightage.
4. Students using the hardcopy answer books should write the answers for **each question in a new book.**
5. Students using the e-examination facility should ensure that **answer-separators** are used between your answers for each question. The **sequence** in which you arrange the **answers must follow the same sequence as the questions** in this question paper. if, for example, you wish to answer question 3 before the other questions, you should insert 2 answer separators for questions 1 and 2 before starting on question 3.
6. This is a **CLOSED BOOK** examination. However, a case list and statute list will be supplied to you for your reference.

Question 1

Does "fairness" matter to the Law of Contract?

Explain your answer with reference to at least 2, but not more than 4, of the topics covered in this module.

Question 2

Stefan and Damon are brothers with a tragic family history. As a young child, Stefan had been sitting in the back of the family vehicle with his parents when they were involved in an accident that caused their car to crash into the Singapore River. Stefan was the sole **survivor** of the crash and grew up with a deep sense of **guilt** and a profound **fear** of water. After the death of their parents, Damon, the older brother and who was not involved in the accident, practically **raised** Stefan and has always been regarded as an **authority** figure by his younger brother. Both brothers inherited equal shares of the family fortune from the estate of their deceased parents.

As a result of his trauma of the car crash, Stefan's **fragile** emotional state made him unable to complete **secondary** school. Damon, on the other hand, went on to do a degree in medical biochemistry and used his inheritance to establish TVD Technologies, a biotechnology company specialising in developing cures for blood-related diseases. Despite Stefan's lack of **qualifications**, Damon hires his brother as an office administrator at TVD Technologies. After TVD Technologies conducted **successful trials** for a breakthrough cure for leukemia, Damon decided that he needs to find investors to inject fresh capital into TVD Technologies to expand the business and reap efficiencies of scale.

Damon **prepares** the paperwork for an investment contract in which Stefan would hand over his **entire inheritance** to Damon in exchange for shares in TVD Technologies. Over dinner at Boat Quay, Damon tells Stefan about how TVD **Technologies' successful pharmaceutical trials have augmented the financial prospects of the company**. Damon **cajoles** Stefan into signing the contract because "that is what **mom and dad would have wanted**". When Stefan hesitates, Damon grabs him by the arm and drags him to the **water's edge** and yells, "you're such a **disappointment** to our parents! You might as well join them!" In addition, Damon tells Stefan, "If you don't do as you're told, you're **fired!**"

Shaken by the incident, Stefan reluctantly signs the contract. Stefan subsequently discovers that the results of the pharmaceutical trials conducted by TVD Technologies were, unknown to Damon, forged by **renegade** employees, meaning that the "breakthrough cure for leukemia" never materialised.

Stefan comes to you for advice on whether he can recover the money he has paid to Damon. Advise Stefan.

Question 3

Elena is employed by TVD Technologies as its **chief sales representative**. Like **many** sales professionals in the pharmaceutical industry, Elena is **young**, **eloquent** and **attractive**, qualities which make her an effective salesperson to the male-dominated medical profession. Elena also bears an uncanny **resemblance** to Katherine, a famous international model-cum-brand-ambassador.

TVD Technologies participates in the **annual** Medical Technology Expo, held at the Changi Exhibition Centre. This year, TVD Technologies intends to launch its newest product at the Expo – Verve-vein®, an intravenous supplement that boosts consumer health and vitality. However, Verve-vein® has not received marketing **authorisation** from the Singapore Health Sciences Authority (HSA),

official approval that is required for a pharmaceutical product to be lawfully made available to consumers in Singapore. That Verve-vein has not received HSA approval is widely known amongst all industry players.

TVD Technologies hires Tyler Transport (TT), a specialist logistics firm that services the biotechnology industry exclusively, to deliver 200 cartons of Verve-vein® from TVD Technologies' production plant to the Changi Exhibition Centre. The contract between TVD Technologies and TT includes an exemption clause under which TVD Technologies purports to "exempt TT and any agent or sub-contractor subsequently appointed by TT from any kind of liability arising from the performance of the contract". TT engages another logistics company, Matt Movers (MM), to transport TVD Technologies' products to the Expo. MM does an abysmal job and all of the goods are irreparably damaged before they arrive at the Expo.

Without supplies of Verve-vein® to sell at the Expo, Elena focuses her sales efforts on another of TVD Technologies' products – Nerve-Ana®, which received HSA approval last year. Elena encounters Dr Rick, who wants to purchase supplies of Verve-vein® for his clinic. Dr Rick interacts with Elena and, believing that she is Katherine the celebrity, insists on taking selfies with her to impress his friends. Elena plays along and persuades the star-struck Dr Rick to place a \$100,000 deposit for an order of 10 cartons of Nerve-Ana®. A few days later, upon realising that his contract is for the supply of Nerve-Ana® rather than Verve-vein® products, as well as learning about the true identity of the sales representative he dealt with, Dr Rick demands a refund of his deposit from TVD Technologies.

Advise TVD Technologies on their contract rights and liabilities towards Dr Rick and Matt Movers.

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