

**NATIONAL UNIVERSITY OF SINGAPORE**

**LC1003**

**Law of Contract**

(Semester 2 : AY2019-2020)

30 April 2020 (0900-1130)

Time Allowed : 2½ Hours

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**INSTRUCTIONS TO STUDENTS**

1. This **OPEN-BOOK take-home examination** paper contains **THREE (3)** compulsory questions. For the avoidance of doubt, candidates taking this examination are expected to prepare answers to these questions entirely on their own without any external assistance.

The standard disciplinary proceedings and penalties applied to invigilated examinations will be applied with equal vigour to this take-home examination.

2. Each question should be **answered separately** (i.e. with each written answer typed into a separate Word Document) using the Word Document template provided to you.
3. **EACH** of the **THREE (3)** answer scripts you have prepared should be **uploaded into the appropriate submission folder**.

These folders are marked “Final Examination – Answers for Question 1”, “Final Examination – Answers for Question 2” and “Final Examination – Answers for Question 3”).

You are strongly encouraged to upload each answer script as early as possible, rather than waiting till the last possible moment to upload all three scripts.

4. The duration of this exam is **2.5 hours**. All of your answer scripts **must be uploaded into the appropriately marked submission folder by 1130**, 30 April 2020.
5. The **maximum** word limit for **each** answer script is **1500 words**. (i.e. You can write up to 1500 words for Question 1, up to 1500 words for Question 2 and up to 1500 words for Question 3).

6. Your answer script(s) should contain:

- a) Your Student ID (Axxxxxxx). Do **NOT** include your name within the text of the Word Document;
- b) The question number;
- c) Number of words;
- d) Name each of the Word Documents containing your individual answers in the following format:

**<LC1003> <Student ID > <Question number>. Eg. LC1003 Axxxxxxx Q1/2/3**

7. Your answer scripts should comply with the provisions found in the **NUS Law Ethical Conduct Guidelines / Plagiarism Policy** available at [http://law.nus.edu.sg/student\\_matters/ethical\\_conduct.html](http://law.nus.edu.sg/student_matters/ethical_conduct.html), must be typed and saved as MS Word doc and uploaded onto the LumiNUS platform no later than the deadline stipulated above.

Students entitled to additional time on medical grounds should upload their answer scripts to the same submission folder even after the stipulated deadline, **but should ensure that the time of submission is no later than the end of the time extension periods given to them by the Faculty.**

**Penalties for non-compliance:**

Candidates whose answer scripts have been flagged by the LumiNUS plagiarism-detection software will be subject to the usual disciplinary measures administered by the Faculty, which, in extreme cases, could result in expulsion.

Penalties for **non-compliance with the word limit** or uploading answer scripts into the **wrong submission folder** include **reductions of half a grade or more.**

Penalties for **late submissions** (which exceed the time limits prescribed above) can include mark **deductions of up to 100%.**

8. Please call the NUS IT Care hotline at 6516 2080 for help in accessing LumiNUS.

9. Should you face difficulties when uploading your answer script, please email your answer script **immediately** to [lawexams@nus.edu.sg](mailto:lawexams@nus.edu.sg). Do **NOT** send your answer scripts to the convenor.

### Question 1

What are some of the competing interests and policies that **Contract Law seeks to balance, and how are these balances struck?**

Illustrate your answer with reference to examples from (1) at least one common law or equitable doctrine, and (2) at least one statute that you have encountered this semester.

### Question 2

Maggie is the proprietor of *Charmed Chambermaids*, a specialist cleaning services provider in Singapore which entered into contracts with the following parties.

The *Halliwell School of Arts* (HSA) entered into a 5-year supply contract (in **writing**) with Maggie under which *Charmed Chambermaids* would provide **weekly deep-cleaning services in various locations throughout the school**, where large numbers of staff and students congregate in various performance and rehearsal spaces. The written contract, worth \$10,000 annually, was concluded after the HAS representative, during negotiations with Maggie, inquired whether the disinfectants used would be **“of a hospital-grade standard that was highly effective against all corona viruses”**. Eager to secure this lucrative contract, **Maggie grunted affirmatively, flashed a beguiling smile and quickly changed the topic.**

A few weeks later, dozens of students and staff members succumbed to a severe viral outbreak that was **traced back to HSA's premises**. Further investigations revealed that the disinfectants used by *Charmed Chambermaids* were of a relatively mild formulation, quite unlike the cleaning products used in hospitals, and only eliminated certain corona virus strains. HSA subsequently informed Maggie that they wanted to get out of their contract and recover \$25,000 in medical expenses (that HSA had already incurred) from her, as well as \$2,000 they have spent on minor renovations around the school to facilitate the movement of bulky cleaning equipment and sanitation devices around HAS's premises.

Overwhelmed by brisk business in its many branches across Singapore, *Parker Pharmacy Pte Ltd* (PP) approached *Charmed Chambermaids* to provide deep-cleaning services, using a **custom-made industrial-strength disinfectant liquid**, to all its stores on a daily basis. This required Maggie to place a **special order for a large quantity of this disinfectant, worth \$10,000, to be shipped from an overseas supplier on an urgent basis**. **Before** executing the contract with PP, Maggie engaged *Harry Up Logistics* (HUL) to make an express delivery of this custom-made disinfectant from China to Singapore on an urgent basis. HUL entered into a transportation services contract with Maggie which included the following contractual provision:

“The client (Maggie) agrees to limit the liability of HUL, and any agents appointed by HUL, for any and all losses incurred from the breach of this contract, including negligence liability, to \$1,000”

With all its logistic resources fully deployed elsewhere, HUL appointed *Leo Express Deliveries* (LED) to handle the shipment of the custom-made disinfectant, from suppliers in China, to *Charmed Chambermaids* in Singapore. Unfortunately, due to LED's **carelessness**, the liquid disinfectant was improperly packaged and irreparably degraded from heat exposure while onboard the vessel transporting them somewhere in the South China Sea.

Just before this vessel arrived in Singapore, with both parties unaware of what had happened to Maggie's cargo, PP and Maggie concluded a \$50,000 contract for *Charmed Chambermaids* to provide cleaning services to all of PP's branches for 3 months using the custom-made disinfectant liquid. Faced with the possibility of being sued by PP, Maggie contemplates taking legal action against LED for causing damage to the shipment of custom-made liquid disinfectant which made her unable to fulfil her service obligations to PP.

Advise Maggie on her legal rights and liabilities against the *Halliwell School of Arts* (HSA), *Parker Pharmacy Pte Ltd* (PP) and *Leo Express Deliveries* (LED).

### Question 3

Phoebe is the owner of *Whitelight Eldercare*, an upmarket hospice and nursing home offering **luxury** suite-only accommodation for wealthy individuals with serious medical conditions who require access to round-the-clock medical services. To maintain the **cleanliness** of the onsite clinic and treatment facilities at *Whitelight Eldercare*, Phoebe entered into a 2-year cleaning services contract with her **cousin** Maggie, the owner of *Charming Chambermaids*, for a monthly fee of \$10,000 and payments to be made on a **quarterly basis**. **At the time of the contract**, there were government regulations – issued under the *Healthcare Infrastructure (Sanitation) Regulations* – which required all operators of hospice-cleaning services to be **licensed by the National Environment Agency (NEA)**. The objective of the *Healthcare Infrastructure (Sanitation) Regulations* is to set stringent standards of hygiene for all medical facilities in Singapore so that public health is not jeopardised during pandemic events. Violations of these regulations attract fines of up to \$20,000.

*Charming Chambermaids* **did not possess the requisite licence** to offer hospice cleaning services, as required under the *Healthcare Infrastructure (Sanitation) Regulations*, and **this was known to both Phoebe and Maggie**. Three months into the contract, the NEA conducted a spot-check on *Whitelight Eldercare*'s premises and instructs Phoebe to replace *Charming Chambermaids* with a suitably qualified provider of hospice cleaning services.

To avoid getting in trouble with the authorities, **Maggie informed Phoebe that she was no longer able to render further cleaning services**. Phoebe refuses to pay Maggie for the cleaning services that had already been rendered in the first 3 months of the **contract**.

Prudence is an 80-year-old resident at *Whitelight Eldercare* who is suffering from a terminal illness. With no spouse or children, and estranged from her family, Prudence has become increasingly reliant on Phoebe (who Prudence has come to regard as a younger sister) and her caregivers at *Whitelight Eldercare* to manage her affairs, even though she was still of sound mind. When it was time for Prudence to renew her suite-tenancy contract, Phoebe proposed that Prudence lock herself into a 20-year “special long-term package” for a lump sum payment of \$2,000,000 (payable upfront). When Prudence hesitated, Phoebe told her that demand for accommodation at *Whitelight Eldercare* was rapidly rising, in light of the greying population, and that residents who committed to such long-term packages would get priority over those who did not. Prudence knew that *Whitelight Eldercare* was operating at full capacity at that time and, fearful that she might be evicted from surroundings she had grown very accustomed to, reluctantly agreed to sign the 15-year tenancy contract.

A few months later, Prudence reconciles with some of her relatives who invite her to leave *Whitelight Eldercare* to live at home with them. Prudence approaches Phoebe to try to get out of her tenancy contract.

Advise Phoebe on her legal rights and liabilities against Maggie and Prudence.

**-END OF PAPER-**