

NATIONAL UNIVERSITY OF SINGAPORE

**LC1003
LAW OF CONTRACT**

(Semester 2 : AY2015-2016)

Time Allowed : 2 / 2½ 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 **FIVE (5)** printed pages, inclusive of this cover page.
3. Students are to answer **3 questions – 1 essay and 2 hypothetical questions**. The 2 hypothetical questions are compulsory. You are required to answer only 1 essay question out of the 2 essay questions given.
4. **STUDENTS ARE REQUIRED TO WRITE THE ANSWERS FOR EACH QUESTION IN A NEW BOOKLET.**
5. This is a CLOSED BOOK examination.

Question 1

Answer either (a) **or** (b)

- (a) “Despite the inherent flexibility of the common law, the law of contract cannot do without statutes to achieve just results.”

Critically discuss this statement with reference to 2 of the 3 following topics: (1) *Privity of Contract*; (2) *Misrepresentation*; (3) *Illegality*.

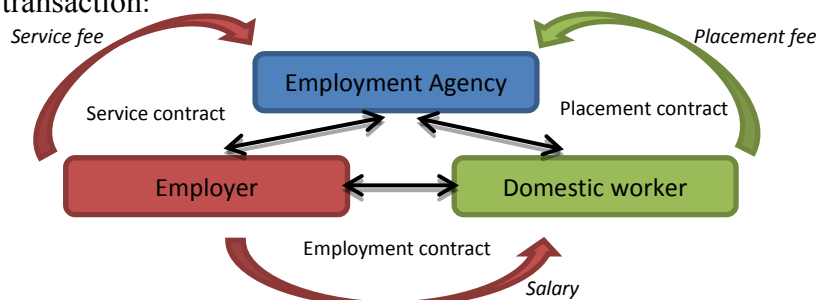
OR

- (b) “The doctrine of *Mistake* in contract law is incoherent and unnecessary.”

Critically discuss this statement.

Question 2

Cora is the proprietor of *Downton Domestic Services* (DDS), an employment agency which matches domestic workers with suitable employers. Three contracts are typically entered into in every transaction:



Violet, an elderly client of Cora's, engages DDS to recruit an experienced housekeeper for her large bungalow in Katong. The Service contract between Violet and DDS contains the following term:

"The Employer shall provide the Domestic worker with a room of her own and three full meals a day."

Cora checks her database of potential hires and tries to get in touch with **Denker**, a 30-year old domestic worker from Sri Lanka who has worked in Singapore for more than two decades, to arrange for her to meet Violet. When Cora tries to call Denker using the mobile telephone number listed on her resume, she reaches Daisy instead and they arrange to meet at DDS' premises. Daisy is actually Denker's 25-year old niece who has just arrived in Singapore, whereupon her aunt transferred her mobile telephone account to her. Before arriving in Singapore, Daisy was a housewife in Sri Lanka. Cora tells Daisy that she has an attractive job opening for someone with her housekeeping experience. Cora tells Daisy that Violet is a **"sweet-natured"** grandmother with a big heart" and that **"most of the job"** involves cooking and cleaning for the widow who lives alone in a big house". Cora prepares a Placement contract naming "Mdm D. Fellows" (Daisy and Denker share the same surname) as the worker for whom DDS will recommend to Violet for employment.

After Cora introduces Daisy to Violet, Violet **interviews** Daisy and **hires her** for the housekeeper position. Violet pays DDS \$2,000 as a service fee under the Service contract, while Daisy pays DDS \$1,500 as a placement fee under the Placement contract. The Employment contract provides for Daisy to receive a monthly salary of \$1,000.

When Daisy starts working for Violet, she discovers that Violet has and suffers from extreme **mood** swings and does not have any living relatives. Violet also keeps 25 cats in her bungalow, with most of the rooms occupied with cages and pens for her feline family. Daisy has to share a room with 4 cats and spends **most** of her day taking care of Violet's menagerie. After 6 months with Violet, Daisy has lost a significant amount of weight because of **poor nutrition (she was only allowed to eat leftovers) and homesickness**.

Daisy decides that she no longer wishes to work in Singapore and comes to you for legal advice on her contractual rights and obligations.

Question 3

Robert is the owner of *Abbey Financial Investments Ltd* (AFI), a firm that manages the financial portfolios of wealthy individuals. Robert offers Carson a position as **Vice-President** (Administration) of AFI. Robert was Carson's **commanding** officer, and someone whom Carson looks up to with great **respect**, when they both were in the armed forces while serving National Service. While serving together, Robert saved **Carson's life** during a training accident in which another serviceman was killed. Carson has always felt **indebted** to Robert since then and **did not hesitate** to join AFI.

While working at AFI, Carson makes friends with his fellow employees, including Anna and Bates, two very **likeable** client service officers who are in a long-term relationship with each other. Seeing how close Carson has grown with AFI's **best performing staff members**, Robert **persuades** Carson to sign an "employee loyalty deed" with him containing the following clause:

"Upon termination of the employment relationship with AFI, the ex-employee agrees **not to solicit any of AFI's frontline officers, administrators, support staff or any other employee for a period of 10 years from the date of termination.** Breach of this term will require the **ex-employee to pay AFI 6 times of his last drawn monthly salary.**"

One year later, Rosamund, who runs a smaller rival financial consultancy, *Crawley Capital* (CC), entices Carson to join her firm. She learns from Carson that Anna and Bates are AFI's star employees and **instructs Carson to lure them over to CC as well**. Carson approaches his former colleagues and presents them with employment offers from CC. Rosamund learns that Bates has a **dark secret** from his past that he would rather not have revealed. Rosamund meets with Bates and threatens to disclose Bates' embarrassing secret to Robert if the couple do not agree to quit AFI and join CC.

Bates and Anna realise that quitting AFI to join CC would require them to forsake valuable year-end salary **bonuses** that they believed they would receive because of their stellar work performance in the past financial year. Mortified by the prospect of being shamed by Rosamund's threatened disclosure to Robert, Bates tells Anna that he has decided to quit AFI and join CC and persuades her to do the same. Anna, who had a very conservative **patriarchal** upbringing, which instilled a deeply ingrained sense of deference to male authority figures, agrees to follow Bates' actions despite her initial reservations.

Anna and Bates resign from AFI and reluctantly enter into employment contracts with CC. Shortly thereafter, they regret their decision and want to return to AFI. Robert is also furious with Carson's "betrayal" and threatens to take legal action against Carson.

Advise Anna, Bates and Carson.

End of Paper

