

**NATIONAL UNIVERSITY OF SINGAPORE
EXAMINATION FOR THE DEGREE OF BACHELOR OF LAWS**

**LC 1003
LAW OF CONTRACT**

(Semesters 1 and 2 : AY2014-2015)
Saturday 25th April 2015

Time Allowed : 2 Hours and 30 Minutes

INSTRUCTIONS TO CANDIDATES

1. **DO NOT READ BEYOND THIS COVER PAGE UNTIL YOU ARE INSTRUCTED TO DO SO.**
2. This examination paper contains **FIVE (5)** questions and comprises **SIX (6)** printed pages, inclusive of this cover page.
3. Students are required to answer **ALL** questions. Equal weightage is given to every question.
4. Students should write the answers for **EACH** question on a **SEPARATE** answer booklet.
5. This is a **CLOSED BOOK** (with authorised materials) examination.
6. Do not bring in any written materials into the examination venue. A case list and relevant statutory materials will be provided to you.

Question 1

“Statutes which attempt to reform or supplement the common law contract rules often end up creating new difficulties, diminishing the value of these statutes as a result.”

Discuss this statement with reference to at least 2 statutes you have studied.

Question 2

Rachel's boutique ("New Directions") stocks dresses made by up-and-coming young designers. For an end-of-season sale, Rachel installs an eye-catching window display incorporating two similar cocktail dresses – a black-and-blue dress designed by Mercedes and a white-and-gold dress designed by Kurt. Rachel puts up a sign in the window which reads:

"Genuine end-of-season special offers! 60% off regular prices, strictly one-piece-per-customer"

Becky wants to purchase the dress designed by Mercedes. She sees the sign and joins the queue. When she is finally served by Rachel, Becky learns that the **last two pieces** of the dress she wants were sold to the customer just ahead of her in the queue. Furthermore, Becky discovers that not **all of the items in the boutique are discounted by 60% off their regular prices**.

Tina is another customer shopping at New Directions interested in purchasing a dress designed by Mercedes, who has been featured extensively in many fashion magazines that Tina has read. However, Tina is confused by the similarity of the dresses in the window display and, thinking that the white-and-gold dress in the window was designed by Mercedes, tells Rachel that she **"loves the Mercedes dress in the window"** and takes a white-and-gold dress from one of the clothing racks to the cash register, on which a small placard ("All sales final: Strictly No Refunds and Exchanges") has been placed. Rachel knows that the white-and-gold dress is designed by Kurt, not Mercedes. Rachel completes the sale of the dress selected by Tina quickly because this is an unpopular design and there are many unsold units of this dress in the storeroom.

Advise **Becky and Tina** about their legal rights, if any, against the New Directions boutique.

Question 3

Kurt is a successful menswear designer who contracts to supply \$10,000 worth of merchandise to Rachel's boutique over a period of 2 years. Blaine is Kurt's best friend who designs preppy blazers which Kurt hopes to promote through Kurt's contract with Rachel. Kurt's menswear supply contract with Rachel contains a provision that Rachel will "only display Kurt's dress shirts on mannequins together with Blaine's blazers".

A few months into the supply contract, Rachel decides to create an eye-catching window display for her boutique, Rachel purchases second-hand blazers from Blaine's 2014 collection that she finds in a thrift shop, washes them in acid and dyes them in fluorescent colours. Fashion bloggers write scathing reviews about the aesthetic tastelessness of Kurt and Blaine's clothing. Kurt and Blaine are aggrieved by Rachel's actions which have tarnished both their reputations in the fashion industry. Kurt decides to stop supplying Rachel's boutique with any more of his merchandise.

Kurt had informed Rachel, just before they signed the clothing supply contract, that he was on the cusp of securing a \$500,000 deal with a large buyer – Cheerios Clothing. However, as a result of all the negative publicity they have received following Rachel's actions, Kurt's deal with Cheerios Clothing falls through.

Advise Kurt and Blaine of their legal rights and liabilities against Rachel, if any.

Question 4

Having inherited a small fortune from her late husband, Britney – an elderly childless widow – decided to go on an extended holiday in China and hires Mike to be her tour guide. When Britney fell ill during her trip, Mike nursed her back to health, for which Britney was extremely grateful. The pair grew close over the 4-week duration of her trip. Upon her return to Singapore, Mike continues to shower Britney with attention, discouraging her from interacting with her extended family members and friends. Mike persuades Britney to treat him as her “grandson” so that he can continue to take care of her in her twilight years. Britney enters into a contract to sell her landed property (worth \$10,000,000) to Mike for \$10,000.

Britney’s twin nephews, Puck and Jake, contract with Mike to take them, separately, on a tour of Borneo. At the time of contracting, Mike’s tour guide licence has expired. Operating as an unlicensed tour guide is an offence. Puck returns from a disastrous trip due to Mike’s inadequate planning: the accommodation was substandard, the food was inedible and they were unable to climb Kota Kinabalu due to Mike’s omission to obtain the requisite permit. On hearing this, Jake (who has paid for his trip in advance), decides to exercise a right to cancel the contract provided for in one of the terms of the contract.

Both brothers wish to sue Mike: Puck for damages for his awful experience and Jake seeks to recover his advance payment. Mike’s response is that the contract is illegal due to his being unlicensed, and that the brothers will have no chance in court. Having had a change of heart about Mike, Britney decides that she no longer wants to sell her landed property to Mike.

Advise Mike on his rights and liabilities, if any, against Britney and her nephews.

Question 5

Britney decides to refurbish her home to provide a more comfortable living environment for herself and her twelve cats. She hires Sam, a home renovation contractor, to resurface her hardwood floors with a special cat-safe anti-allergen carpeting.

Just after commencing the home renovation works, Sam discovers that he had severely underestimated the cost of the carpeting material (by about \$5,000) when he negotiated the contract price. Sam knows that Britney is a wealthy client, with a soft spot for her feline companions, who could easily afford to pay more. Sam tells Britney that unless she pays him an additional \$10,000, he will not continue with the project and she will have to hire someone else to finish the job.

When Britney hesitates, Sam tells her that he is the only authorised contractor appointed by the manufacturer of the special carpeting, Lord Tubbington Enterprises (LTE), to install these floor coverings in Singapore's homes. Sam was **unaware** that LTE had, in fact, recently expanded its network of authorised contractors to include more than a dozen qualified carpet installation specialists. **Sam also warns Britney that he will report her to the authorities for housing a large number of animals without an animal shelter licence.** Fearful that her beloved pets may be taken away from her, Britney capitulates to Sam's demands and they **sign a fresh contract under which Britney would pay Sam an additional \$10,000 upon completion of the renovation project.**

On reflection, Britney decides that she no longer wishes to pay Sam the additional \$10,000. Advise Britney on her legal options.

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