

NATIONAL UNIVERSITY OF SINGAPORE
EXAMINATION FOR THE DEGREE OF BACHELOR OF LAWS
(Semester 2 : 2012-2013)

LC 1003
LAW OF CONTRACT

27 April 2013 – Time Allowed 2 Hours 30 Minutes

INSTRUCTIONS TO CANDIDATES

1. This examination paper contains **THREE (3)** questions and comprises **THREE (3)** printed pages, inclusive of this cover page.
2. Answer **ALL THREE (3)** questions.
3. Answer each question in a new answer booklet.
4. This is a CLOSED BOOK examination.
5. Do not bring any material into the exam venue. A case-list and relevant statutory provisions are provided.

Question 1

Answer either (a), (b) or (c)

(a) "It makes no sense to deny enforcement of an illegal contract and then to allow a remedy on another basis. The courts have not been consistent when dealing with this problem - it is time for a stricter approach to be taken." Discuss.

(b) Discuss the meaning and significance of the 'legal black hole' in relation to the law of privity of contract. What legal means based on case law and statute are available to fill up the hole and how effective are these methods?

(c) "As far as contract law is concerned, there is no need for a doctrine of mistake." Discuss.

Question 2

Brad and Angelina are a celebrity couple who have a number of employees in their entourage. The couple comes to you for legal advice on the following employment contracts they have entered into with the following members of their household staff.

(a) Cassandra is hired by the couple as their personal nutritionist. Promising to help Brad and Angelina get into shape, Cassandra impresses the couple during her job interview by telling the couple that she "is a leading expert in the health food industry" and "is a graduate from the National Physical Education College (NPEC)". She convinces them to employ her on a 2-year fixed term contract with a high monthly salary. A few weeks into her employment with the couple, Cassandra advises the couple to embark upon "an exclusive 5-Cs diet regime" (carrots, cucumbers, celery, cauliflower and cherry tomatoes). The diet causes them to become violently ill. While recovering in hospital, the couple learns that Cassandra's previous work experience was managing a popular organic supermarket. Furthermore, it turns out that Cassandra does not have any paper qualifications and only attended a one-month intensive adult-education course at the NPEC. The couple has lost faith in Cassandra's abilities and would like to hire someone else.

Advise the couple on their legal options against Cassandra.

(b) Deborah is hired by the couple as their chauffeur. During her job interview, Deborah tells the couple that she is "Delilah – the famous women's racing circuit champion" and that they should hire her if they want someone who can help them make quick getaways from the paparazzi. Under the terms of the employment contract, rather than paying Deborah a salary, the couple agrees to transfer ownership of one of their luxury sports cars to her as consideration for her services. Unknown to the couple and Deborah, who holds a foreign driving licence, Singapore legislation requires professional chauffeurs to hold a Singapore driving licence before they may be lawfully employed. After chalking up significant gambling

debts while employed by Brad and Angelina, Deborah sells the luxury sports car to Ernest and flees the country before these facts are discovered by the couple.

Advise the couple on their legal rights against Ernest.

(c) Elena is hired by the couple as their personal assistant. Fresh out of school, Elena was starstruck when offered a position in Brad and Angelina's household. In exchange for a modest salary, the employment contract required Elena to be on-call at all times of the day, to run the couple's errands and to manage their social calendars. Clause 5 of the contract provides:

"Upon cessation of the employment relationship, the employee promises that she will not communicate with or work for (whether as an employee or otherwise) any newspaper tabloid, magazine, news agency or other media organization for a period of 5 years"

Elena subsequently receives a lucrative job offer as a junior editor from Wanbao.sg, an online celebrity gossip portal, and decides to quit her job with Brad and Angelina.

Advise the couple on their contractual rights against Elena.

Question 3

Murdoch is resolved to do something for his son James who has done very well at university and is ready to be launched into a career. Murdoch has dinner with his old business associate Wendy. She informs him that her new business venture (in respect of which she has consistently followed Murdoch's advice) is doing badly, and she is in treatment for depression because of this, her divorce and her children's school problems. Murdoch suggests that he runs full-page advertisements in one of his newspapers for six months to bring more clients to Wendy's business. In exchange, Wendy should transfer her significant shareholding in Murdoch's newspaper business to James. Wendy has always deferred to Murdoch in the past, but she demurs because she does not want to inject more investment into a 'lost cause' and she wants to keep the shares. Murdoch argues with increasing vehemence for the deal. After three hours, he insists on driving her home since it is dark. On the way, he stops the car and continues to press his demands, saying that she owes him for all he has done for her. Two hours later, she relents and he finally drives her home.

James is very grateful to Murdoch for this arrangement. On the strength of this expectation, he turns down a good job offer, parties every night, drinks too much alcohol and cavorts with 'unsuitable' women. Murdoch becomes so annoyed that he calls off the contract with Wendy to deprive James of the shares. Murdoch assures Wendy that he will still run the advertisements (gratis). Wendy is happy with this.

Advise James.

- END OF PAPER -