

NATIONAL UNIVERSITY OF SINGAPORE

LC 1003
LAW OF CONTRACT

Final Examination (50%)
Friday 4th May 2018
(Semester 2 : AY2017-2018)

Time Allowed : 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 **FOUR (4)** printed pages, inclusive of this cover page.
3. Students are required to answer **ALL** questions. Every question carries the same weightage.
4. Students using the hardcopy answer books should write the answers for each question on a new book.
5. This is a **CLOSED BOOK** examination. However, a case list and statute list will be supplied to you for your reference. You are allowed to have **TEN (10)** A4 sheets of papers with your own notes with you in the examination hall

Question 1

“While statutes and Equity play pivotal roles in the law of contract, they do not always enhance the overall coherence of the law.”

Discuss with reference to at least one example of a statute, and at least one example of an equitable doctrine, that you have encountered in this module.

Question 2

Gruber is Singapore’s leading food-delivery service provider, with a wide network of partnerships with food and beverage (F&B) outlets across the island, operating an online platform through which customers can order hundreds of food dishes to be delivered to their doorsteps. Customers who place their orders on *Gruber*’s online platform have to agree to a set of standard contractual terms, including the following:

“The customer promises to exempt *Gruber*, and all delivery-service riders engaged by *Gruber*, from all liability for any losses, arising from negligence or otherwise, that result from the use of our food delivery service.”

Helga uses the *Gruber* application on her smartphone to place an order for a dozen bowls of coconut cream durian chendol for her colleagues who are attending a staff training seminar. When placing the order, Helga indicates that these desserts are to be delivered to “the occupants of Suite 077V, OLLA Hotel”. The chendol is delivered promptly to Helga’s colleagues but many of them become violently ill shortly after consuming these desserts. It turns out that the chendol was not properly stored in a temperature-controlled environment while it was conveyed by Xiao Wu, the delivery-service rider who picked up the food, to the OLLA Hotel.

One of the F&B outlets which *Gruber* has partnered with is *Nouvion Novena* (NN), a French café which has worked with various different food-delivery service companies in Singapore. In order to persuade NN to sign an exclusive service contract with *Gruber*, the *Gruber* sales representative tells Rene, NN’s managing director, that “*Gruber* has the strongest technology infrastructure of all food delivery service providers in Singapore” and “offers the highest levels of customer satisfaction”. Rene eventually enters into a 5-year exclusive contract with *Gruber* for an annual service fee of \$5000, only to discover that *Gruber*’s electronic booking platform is

riddled with programming **errors**, resulting in frequent periods when NN's customers are **unable** to successfully place their food orders. Rene **estimates** that NN's revenues from its home-delivery customers has fallen by \$10 000 per month since NN stopped using the food-delivery services of Gruber's competitors.

Otto is *Gruber's* disgruntled technology officer whose contract of employment with *Gruber* prohibits him from "**working in any direct or indirect competitor of *Gruber*, including any business in the food and beverage industry, for a period of 10 years after leaving the employment of *Gruber***". Otto decides to leave *Gruber's* employment and wants to work for a health food home-catering service company.

Helga decides to sue *Gruber* and Xiao Wu seeking damages to the fullest extent available to her. Rene, after being disappointed by the poor technology platform provided by *Gruber*, does not wish to pay *Gruber* the annual service fee.

Hubert, the managing director of *Gruber*, and Xiao Wu come to you for advice. Advise them.

Question 3

Nouvion Novena (NN), a French food business co-owned by Rene and his wife Edith, supplies hotels and restaurants with luxury European food products and ingredients. Michelle, a catering operations officer at the OLLA hotel, has been tasked with planning the menu for a state banquet to welcome an entourage of Middle Eastern heads of state. Despite having a terrible cold, Michelle meets with Edith to order a large quantity of **cheese** for the banquet, **informing** the latter about the **religious dietary needs of these diners**. After perusing the catalogue of cheeses offered by NN, Michelle is drawn to the Windsor Red Cheese because its scarlet hues resemble the royal colours of the kingdoms that her foreign guests hail from. Feeling thoroughly sick despite all the cold **medication** she had consumed earlier that day, Michelle telephoned her colleagues after she made her cheese selection, wheezing **(with Edith present)**, "Listen very carefully, **[cough, cough]** I will say this only once. Make sure that all the ingredients for the banquet contain no lard or alcohol". Michelle hurriedly completes her purchase of 30kg of Windsor Red Cheese with NN for \$5,000, **unaware** of that the red colouration of the cheese comes from using port and brandy in the cheese-making process. **Edith** says nothing to Michelle about the **alcohol** content of the Windsor Red Cheese.

When Edith confides in Rene about her less-than-candid exchange with Michelle, Rene loses his temper and yells, “You stupid woman – OLLA hotel is one of our biggest corporate customers! Are you trying to ruin *Nouvion Novena*?” Rene then proceeds to belittle Edith for over an hour, who has always been deferential towards her husband over the course of their 20 year marriage. Rene has, for some time, wanted to assume full and exclusive control over NN and has gotten his lawyers to draw up the necessary paperwork for a deed of transfer for Edith to sign. Rene tells Edith that unless she transfers her share of NN to him, he will leave her to co-habit with his mistress, Yvette, in Johor Bahru. Beset with guilt and fear, Edith signs the deed of transfer to give Rene her stake in NN.

Over the weekend, Rene tells Edith that he is going fishing in the waters off Pulau Ubin. Edith is extremely suspicious that her husband is sneaking off to meet Yvette and surreptitiously follows her husband to Punggol Jetty, where she observes him getting into a speedboat without any fishing equipment and heading out in the direction of Pulau Ubin. Edith decides to hire a vessel from *Crabtree Cruises*, telling the owner, retired naval officer Crabtree (who has had significant naval combat experience), that to “do whatever it takes to stop that boat”. To sweeten the deal, Edith offers to pay Crabtree Cruises \$10,000 for a boat to pursue Rene’s boat and to “send it to the bottom of the Straits of Johor”. Officer Crabtree agrees and collects the payment upfront before piloting the vessel, *The Fallen Madonna*, conveying Edith and himself in the direction to which Rene’s boat had headed. Before they are able to catch up with Rene’s boat, *The Fallen Madonna* experiences engine trouble and stalls in the open sea. Frustrated and sunburnt, Edith returns to shore with Officer Crabtree and demands the latter return the \$10,000 payment to her.

Advise Edith on the contract law issues arising from her transactions with Michelle, Rene and *Crabtree Cruises*.

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