



NATIONAL OPEN UNIVERSITY OF NIGERIA
UNIVERSITY VILLAGE, PLOT 91, NNAMDI AZIKWE EXPRESSWAY
JABI, ABUJA
FACULTY OF LAW
JULY 2017_1 SEMESTER EXAMINATION

COURSE CODE: LAW 332

COURSE TITLE: LAW OF COMMERCIAL TRANSACTION 2

COURSE UNIT : 4 UNITS

TIME ALLOWED: 2 ½ HOURS.

INSTRUCTION: ANSWER FOUR QUESTIONS INCLUSIVE OF QUESTION 1.
[QUESTION NO.1 CARRIES 25 MARKS AND ATTEMPT IS COMPULSORY]

1. Gbewiri International Company was established in 1991 by some group of people comprising of Nigerians and Britons and are registered with the Lagos State Chambers of Commerce and Industry and there major business is trading in lands and building materials. Chief Ajeigbe a subscriber and Acting MD on behalf of the Company ordered for Italian roofing sheets worth the sum of 55 Million Naira from Omugo International Company Limited. The sum of money involved in this contract is one which Omugo Company Limited had never made since its registration with Corporate Affairs Commission and the Gbewiri International Company has refused to make due payment under the contract till now and Omugo International Company Ltd has threatened to exercise a right of lien on the roofing sheets kept at a warehouse in Ilupeju. This threat motivated Chief Ajeigbe to contract Mr Oponu, the head of Harvest Auctioneer of Olomori Catholic Mission to carry out a public auction of the roofing sheets in order to prevent Omugo International Company Ltd from exercising a right of lien on the roofing sheets. Mr. Serebe the Director of Operations of Omugo International Company Ltd pursuant to instruction has reported the matter as a case of Fraud at Bojuboju Police Station where at interrogation having invited all concerned, Chief Ajeigbe declined to answer to any case on the ground that Mr. Serebe is not the MD of Omugo International Company Ltd and is in no good position to stand for it. The MD of Omugo International Company Ltd is considering taking a suit as regards this matter and demands your advice on the issues relating to a). Gbewiri International Company and Chief Ajeigbe, b). Mr Oponu and the Auction, c). Mr. Serebe and Omugo International Company Ltd, kindly advise him accordingly giving a proper background to your views. (25 Marks)
2. Chinedu a mercantile Agent who also has international license informed Madam Chinyere an importer of Gold from Dubai that he is licensed to buy gold on behalf of CookUp International Ltd and that he also acts on behalf of LittleLight British International Company a major dealer and exporter in Vehicles' Tyre, to source for rubber for the production of tyre. Chinedu had continued to do the trading of Gold with Madam Chinyerer in the name of CoookUp International Ltd. on the 25th day of April, 2017 while Chinedu was on a business trip with madam Chinyere, discovered that there is high production of rubber in Enugu where Madam Chinyere hails from. Subsequently, he requested Madam Chinyere to supply him Italian gold worth 2 Million Naira and also rubber product worth 3 Million Naira, the payment which Chinedu promise will be made by his principals on or before the 5th day of May, 2017. Since after 5th day of May, 2017, Chinedu has disappeared and vacated his trading office in Enugu,

Mrs Chinyere thereafter sent “Demand Notices ” to both CookUp International Ltd which has its registered office and operations in Calabar and LittleLight British International Company operating and registered in Dubai. LittleLight British International Company though identified Chinedu as one of their Agents declined to make payment on the ground that they never authorised that payment. CookUp International Ltd on its own also did not honour the request on the ground that such order by Chinedu was not authorised by them. But Mrs Chinyere stated that the Deed of Sales purportedly executed and personally signed by Chinedu for the transaction stated in the content that he was representing CookUp International Ltd in the deal. Madam Chinyere intends to maintain an action for the recovery of the money and wants your advice on relative issues to canvas and her likelihood of having justice accordingly. (15 Marks)

3. CHIEF ALAYAGBANGBA is in a working relationship with MADAM KOGBEREGBE because they occupy the same apartment though they operate by different Company names but by virtue of their same office space occupation and with the technical skill of MADAM KOGBEREGBE a trained Computer Operator. MADAM KOGBEREGBE operates the daily administrative office works Clients’ files of CHIEF ALAYAGBANGBA which includes collection of rents and dues and in return for this MADAM KOGBEREGBE is paid steady 10% commission on each payment remitted to her. MRS DAGUNRO rented an apartment from the office of CHIEF ALAYAGBANGBA upon which she made payment of the sum of N200,000.00 to MADAM KOGBEREGBE for CHIEF ALAYAGBANGBA and same was receipted CHIEF ALAYAGBANGBA who has now refused to pay MADAM KOGBEREGBE the usual due commission and she has consistently demanded for same and intends to maintain an action for such payment. It was in the midst of this rancour between the two of them that it was discovered that MR CHUKWUDI, a client of CHIEF ALAYAGBANGBA made payment of his rent sometimes in the year 2016 to MADAM KOGBEREGBE a development and fact which CHIEF ALAYAGBANGBA disapproved and is asking MR CHUKWUDI to come and make a fresh payment. MADAM KOGBEREGBE is your sister’s friend and just got to know that you are a final year Law Student of Noun and wants your candid advice on the issues involved in this matter. (15 Marks)
4. The general principle of law in this regard is that the competency of a person to entrust to another the performance of a task for and on his behalf is co-existent with the competency of that person to perform the task himself. Critically examine this in line with the legal status of the competency of infants, mentally ill person and corporations. (15 Marks)
5. Expressly embark on a voyage of examining the major characteristics that underlines the creation of agency relationship vis-à-vis the identification of the types of agency authority existing using appropriate judicial authorities. (15 Marks)
6. In order to protect the general public from loss or damage at the hands of unscrupulous, unqualified and inexperienced persons who may take advantage of the ignorance of the consuming public, the law has placed limitations on the right of certain trade, business or professionals to be or act as an agent. Discuss. (15 Marks)