

University of Colombo, Sri Lanka

Faculty of Law

Bachelor of Laws Degree Honors, Year I Examination

2nd Semester – End Examination – 2023

LAW 12404 – Contract Law

(2 hours and 15 minutes)

Total Number of Questions: 04

Answer **any TWO (02) questions** and no more.

(Candidates will be penalized for illegible handwriting.)

1. Answer parts (a), (b) and (c).

On the 5th December 2023, Nilu placed an advertisement in the newspaper indicating that she was selling an antique chest for LKR 100,000/-. Mali responded to this the same day by telephoning the number indicated, stating she was willing to buy the chest by paying LKR 80,000/- in cash and by giving an antique vase that she said was worth LKR 20,000/-. The call was received by Nilu's secretary Amila, who agreed to what Mali said. Amila sent Mali the draft contract by email, asking her to fill her details, place her electronic signature on the document and send it back via email. Mali had some problem with her email account and therefore printed and signed the contract, scanned it through her phone and sent it by WhatsApp to Amila on the 7th December. She got a notification that it was delivered. However, before Amila could read the messages, he lost his phone and could replace it only on the 10th December. Meanwhile, Praveena who also saw the newspaper advertisement, contacted Nilu on the 8th December and said she was willing to buy the chest for LKR 100,000/-. As Nilu had not heard anything from Mali this time, Nilu agreed to sell the chest to Praveena. Since Praveena was a friend of Nilu, she dropped off the money at Nilu's house on the 9th December.

(a) With focus on the aspects of offer and acceptance, discuss as to whether there is a valid contract to sell the chest, and with whom.

(10 marks)

(b) Nilu found out that the vase that Mali was going to give her in lieu of LKR 20,000/- was cracked and not worth anything. Discuss, with reference to decided cases, whether it could still form part of valuable consideration.

(10 marks)

(c) With reference to the facts of the above scenario, discuss the application or otherwise of the postal rule in communicating acceptance in electronic commerce.

(10 marks)

(Total: 30 marks)

2 Ramani entered into an agreement with 'WJ Tailors' to stitch twenty - five concert costumes. At the time of entering into the agreement, Ramani paid an advance of LKR 75,000 and the balance sum of LKR 250,000 to be paid at the time delivery. The costumes were scheduled to be delivered on the 20th of December 2023 at Ramani's residence before the end of the business day. Ramani provided the fabric and invited 'WJ Tailors' to get the measurements from the concert participants on or before 15th November 2023. WJ Tailors could not complete the stitching by the 20th of December 2023 and the delivery was made only on the 22nd of December 2023 around 9 p. m. On the next day, during the concert, Ramani noticed that 'WJ Tailors' had mixed a different fabric other than what Ramani gave, and six costumes did not fit well on the participants. Ramani was of the opinion that if the costumes were delivered on time, she could have had a trial session with the participants. When Ramani refused to pay the balance to 'WJ Tailors' and expressed her disappointments, 'WJ Tailors' claimed that the delay was due to extra labour hours required to stitch the costumes as the fabric given by Ramani was different in nature.

Ramani seeks your legal advice. Advise her focusing on the law relating to terms of a contract.

(30 marks)

3. The 'multi-factorial approach' adopted to interpret 'doctrine of frustration' has widened its scope to cover complex circumstances of the contemporary environment. Critically examine the above statement with reference to legal authorities.

(30 marks)

4. Answer parts (a), (b) and (c).

- (a) Duress as a vitiating factor has been widened in scope compared to its narrow beginnings to such an extent that undue influence as a vitiating factor is unnecessary. Discuss this statement by comparing and contrasting the vitiating factors of duress and undue influence. Support your answer with decided cases.

(10 marks)

- (b) Explain through comparison and contrast, errors preventing the formation of agreement and errors nullifying agreement under the vitiating factor of mistake. Support your answer with decided cases.

(10 marks)

- (c) Discuss the elements that must be proven in order to be successful in a claim of misrepresentation to vitiate a contract. Support your answer with decided cases.

(10 marks)

(Total: 30 marks)
