

UNIVERSITY OF COLOMBO, SRI LANKA
FACULTY OF LAW

DEGREE OF MASTER OF LAWS IN COMMERCIAL LAW- 2023/24

SEMESTER I END EXAMINATION

International Business Law – TLLM 11313
(Three Hours)

Total number of questions: 04

Answer **THREE (03)** questions and **no more**
(Candidates will be penalized for illegible handwriting.)

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1. "The United Nations Convention on Contracts for the International Sale of Goods (CISG) aims to bring uniformity to global business by bridging differences in legal systems. However, its effectiveness is hindered by uneven implementation. Nevertheless, it can be used as a tool to reform domestic laws to improve compliance and address emerging global challenges."

Critically examine the above statement in light of Sale of Goods Ordinance of Sri Lanka, assessing its adequacy to address modern challenges. Support your answer with relevant authorities.

(20 Marks)

2. ABC Ltd., a seller based in Fiji, agreed to sell specialized machinery for the production of electronic devices to XYZ Corp., a buyer based in Colombo. The contractual negotiations were conducted via email. The machinery, manufactured and stored in a warehouse in Fiji, was to be shipped to XYZ Corp. in Colombo, with the delivery term specified in the contract as 'CIF Colombo.' However, upon arrival in Colombo, XYZ Corp. discovered that the machinery had sustained damage during transportation. XYZ Corp. claims that the damages rendered the machinery unusable and alleges that ABC Ltd. breached its contractual duty. ABC Ltd., on the other hand, claims that XYZ Corp. is obligated to make the payment upon receiving the shipping documents as per the contractual terms. Furthermore, they argue that the risk of loss or damage to the machinery is transferred to XYZ Corp. upon shipment.

Answer the following questions by supporting relevant authorities;

- a. Analyze the legal issues arising out of the above scenario and discuss the rights and liabilities of the parties concerned.

(12 marks)

- b. Would your answer be different if the above contract was made under "FOB Colombo" terms? Give reasons.

(8 marks)

(Total Marks 20)

3. "... the highest measure of liability as a cargo carrying adventure, that is, of 'cargo worthiness', is when cargo is commenced to be loaded. It has been decided that if at this stage the ship is fit to receive her contract cargo, it is immaterial when she sails on her voyage, though fit as a ship to sail, she is unfit by reason of stowage to carry her cargo safely."

Scrutton LJ in *Reed v Page*, [1927] 1 KB 743

Critically analyze the validity of the above statement with reference to the carrier's obligation of exercising due diligence under the Hague-Visby Rules. Compare your answer with the Hamburg and Rotterdam Rules. Your answer should be supported by relevant authorities including case law.

(20 marks)

4. Answer **Both (A) and (B)**.

A. Discuss the role of Bills of Exchange in documentary collections governed by URC 522, giving examples of avalization required by exporters in international trade.

(10 mark)

B. "Banks will act in good faith and exercise reasonable care" - Article 9 of URC 522.

Critically analyze the above statement citing Sri Lankan case law which created duties of banks in export financing.

(10 marks)

(Total marks 20)