

UNIVERSITY OF COLOMBO, SRI LANKA
FACULTY OF LAW
DEGREE OF MASTER OF LAWS BY COURSEWORK – 2023/24
2nd SEMESTER END EXAMINATION

Comparative Contract Law – TLLM 1236
(Three Hours)

Total number of questions: 04

Answer any **Three (03)** questions.
(Candidates will be penalized for illegible handwriting.)

01. David places an advertisement to sell his old house for Rs. 9 million. Sunil sees the advertisement and contacts David, offering to purchase the house for Rs. 8.5 million. David counters with a price of Rs. 8.8 million, which Sunil agrees to. However, before signing the sale agreement, David changes his mind and decides not to sell the house. Sunil argues that there was an oral agreement between them, and David should be held to it, despite not having a formal contract. After a week, Sunil finds out that David agreed to sell the same house to Kamal for Rs. 8.9 million and received an advance payment of Rs. 3 million from Kamal.

Discuss the legal issues involved in the above scenario and the validity of the contracts between David and Sunil, as well as David and Kamal, providing case law authorities to support your analysis.

(20 Marks)

02. *“It may well be that according to English law, as a general rule, an existing moral obligation not enforceable at law does not furnish good consideration for a subsequent express promise, but according to the Roman-Dutch law a promise deliberately made to discharge a moral duty or to do an act of generosity or benevolence can be enforced at law, the *justa causa debendi*, sufficient according to the latter system of law to sustain a promise, being something far wider than what the English law treats as good consideration for a promise.”*

– *Jaywickreme v. Amarasuriya* (1918) 20 NLR 289.

Critically examine the above statement considering how does the concept of "causa" influence the interpretation and enforcement of contracts within Sri Lanka's modern legal framework. Your examination must refer to the relevant case law.

(20 Marks)

03. Nirmal had reserved a rental vehicle from Pick & Move Ltd online for a weekend trip to Galle. During the online booking, he was asked to confirm that he had read and understood the terms and conditions of the car hire contract. A link was provided for the full terms and conditions. Nirmal simply ticked the box confirming that he had read and understood the terms and conditions, even though he had not actually done so.

Upon arriving at the rental location, Nirmal was once again asked to sign and initial several forms. One of the forms stated: "*I, the Renter, confirm that I accept the terms and conditions for the hire of the vehicle, which I certify were read and understood when making the online booking.*" One of the terms of the contract stated that Pick & Move excludes all liability "*for any injury arising to the renter as a result of any defect in the rented vehicle whether or not that defect was intentionally or negligently caused by Pick & Move, its agents or otherwise.*" It was later discovered that the vehicle rented by Nirmal had a history of faulty brakes, which caused him to lose control of the vehicle and sustain serious injuries.

Advise Nirmal and Pick & Move Ltd on the applicability of the clauses mentioned in this context under contract law. Support your advice with decided cases. (Please note that you are not required to consider the specific rules on electronic contracts).

(20 Marks)

04. Answer **both** (a) and (b).

(a) Ravi has undertaken a small upscale housing project and was looking for *Kumbuk* wood due to its unique properties. He approaches Silva to supply the wood. During negotiations, Ravi clearly expresses his preference for *Kumbuk*, and they agree on a delivery in six months at Rs. 800 per meter. Silva confirms the agreement through a formal notice via e-mail. However, when the delivery date

arrives, Silva informs Ravi of unexpected government regulations that prohibits the cutting of *Kumbuk* wood, making it unavailable. Despite Ravi's disappointment and insistence on *Kumbuk*, Silva proposes using *Palu* wood as an alternative, priced at Rs. 950 per meter due to shortages.

Advise Ravi and Silva regarding their rights and obligations under contract law in this scenario. Support your analysis with relevant legal principles and case law.

(10 Marks)

- (b) Sarah operates a travel agency that sells plane tickets provided by Fly-Easy Airlines. A dispute has arisen because several travel agents, including Sarah, claim that Fly-Easy has not paid them the commissions owed to them. While the other agents are taking action to claim these payments, Sarah has chosen not to join them due to perceived pressure exerted from Fly-Easy. She fears potential repercussions on her business relationship with the airline.

In response to the escalating conflict, Fly-Easy decides to terminate its agency contract with Sarah, citing lawful grounds. However, instead of severing ties entirely, Fly-Easy offers Sarah a new contract, which includes a clause explicitly requiring Sarah to waive any claims for unpaid commission. Sarah reluctantly agrees to these terms. However, upon reflection and recognizing the significance of the outstanding commission payments, Sarah seeks to challenge the validity of the new contract and pursue a claim against Fly-Easy for the unpaid commissions.

Sarah seeks your advice on whether she can invalidate the new contract due to its circumstances and whether Fly-Easy's actions can be legally challenged under contract law. Advise Sarah.

(10 Marks)
