

UNIVERSITY OF COLOMBO, SRI LANKA
FACULTY OF LAW
MASTER OF LAWS EXAMINATION, SEMESTER I – 2024/26

Fundamentals of Commercial Law - LLM11405

(Three Hours)

Total Number of Questions: 04

Answer any **Three (03)** Questions.

(Candidates will be penalised for illegible handwriting.)

1. Consumers are particularly vulnerable to product defects and expect that manufacturers will fulfill their duty to produce safe, defect-free products. This vulnerability is further heightened by complex supply chains, rapidly evolving technologies, and insufficient transparency regarding product origins and safety standards. Therefore, the law emphasizes the responsibility of manufacturers that extends beyond mere contractual obligations.

Critically comment on the above statement with special reference to the consumer protection laws in Sri Lanka. Support your answer with relevant legal authorities and case laws.

(20 Marks)

2. Responsible business practices are essential for promoting sustainable development, and many organizations have introduced frameworks and concepts to incorporate sustainability into business operations. However, the significance of adopting these responsible business practices has not been fully recognized by the stakeholders involved.

In light of the above statement, critically analyse the duty of a state in promoting sustainable development norms. Substantiate your answer with relevant legal frameworks, theories and case studies.

(20 Marks)

3. In investor-state arbitration, consent is a crucial element that forms the foundation of the tribunal's jurisdiction. This aspect is essential for the resolution of disputes by such tribunals.

Critically analyze both express and implied consent in laws governing dispute resolution and examine how tribunals have interpreted these concepts in their rulings. Explore the challenges that arise from the standing required to initiate arbitration. Support your answer with relevant authorities.

(20 Marks)

4. Amal is the founder of a successful handicrafts business. As the business grows, Amal with a group of friends are considering transitioning from a sole proprietorship to a more suitable business structure. They are evaluating the options of forming a partnership or incorporating as a private limited company. Their primary concerns involve the risks and benefits associated with both a partnership and a private limited company.

As part of their financial operations, they intend to use cheques and bills of exchange but are aware of the associated risks of fraud and theft. They seek to understand the principle of negotiability in bearer and order instruments and how it can present both risks and opportunities in their business transactions.

Aware of the recent high-profile business collapses, they are keen to understand the benefits of establishing a strong framework of corporate governance practices that ensure investor confidence and align the interests of a wider range of stakeholders, if they decide to incorporate in the future.

In the above scenario advise Amal and his friends regarding the issues they are facing and seeking to understand.

(20 Marks)