

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education
Advanced Subsidiary Level and Advanced Level

LAW

9084/03

Paper 3 Law of Contract

October/November 2005

Additional Materials: Answer Booklet/Paper

1 hour 30 minutes

READ THESE INSTRUCTIONS FIRST

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.
Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen on both sides of the paper.
Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer **one question from section A, one from section B** and **one other**, thus making a total of **three** responses required.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

Section A

You must attempt at least one question from this section.

- 1** 'Silence, even as to known defects, does not amount to an actionable misrepresentation'.

Using case law to support your arguments, discuss the validity of this statement. [25]

- 2** 'An uneasy balance is frequently struck in English Law between rules based on freedom of contract and doctrines designed to protect those in society unable to protect themselves'.

Consider the current rules relating to the use of exclusion clauses in contracts and, using examples, discuss the extent to which such a balance has been achieved. [25]

- 3** Of the requirements for a binding contract (agreement, consideration and intention), intention to create legal relations is the most recently developed and the least practically important.

Using decided case law in support of your conclusions, critically assess this statement. [25]

Section B

You must attempt at least one question from this section.

- 4 Abdul is an artist. He contracts with Mustapha to build him a new studio. Abdul agrees to pay \$100,000 for the job, on the condition that, if it is not completed by 31 January, Mustapha will pay him the sum of \$25,000 by way of compensation for the delay. These terms are put into writing and signed by both parties.

Mustapha does not complete the studio until the end of February. He has problems obtaining building materials and also with the sub-contractors completing the work. As a consequence of the delay, Abdul loses several commissions of work to be completed in February and March and the loss of a very lucrative special contract with a local art gallery to restore a painting. The \$25,000 compensation allowed under the terms of the contract is insufficient to cover the actual loss suffered by Abdul.

Consider Mustapha's liability for his breach of contract and any remedies that Abdul may pursue. [25]

- 5 Philippe pretends to be The Italian Motor Garage and orders six new Maserati cars from Jean, a car importer in Paris. Each of the cars costs \$200,000. Philippe's premises in Paris are located in a street occupied by a number of car sales garages, some of which are established customers of Jean. Consequently, Jean thinks that he is dealing once again with one of these customers when he confirms the order that appears to have come from The Italian Motor Garage. He therefore ships the cars on credit terms to the address on the order form received. As soon as Philippe takes delivery of the cars, he sells them to unsuspecting customers.

Philippe fails to honour the contract with Jean to pay for the cars. Discuss the legal position of (i) Jean and (ii) Philippe's customers. [25]

- 6 Jack gives up his job in England to work with an aid agency in Africa, where he meets a local lady called Jill who he discovers wants to make a new life for herself overseas. Jack promises to try to obtain the necessary papers that would enable Jill to legally reside in the United Kingdom. On his return to England, Jack spends hours of his time and a lot of his money visiting immigration offices in London and successfully obtains the visa that Jill needs. He buys an air ticket which he sends to her together with the visa.

When Jill arrives in England she is so pleased with what Jack has done for her that she promises to give him \$2000. A few months later she has still not paid him the \$2000 and is now refusing to do so.

Explain the basis of any liability that Jill may have to honour her promise to pay Jack and discuss any remedies that may be granted against her. [25]

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