



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level



LAW

9084/03

Paper 3 Law of Contract

October/November 2007

1 hour 30 minutes

Additional Materials: Answer Booklet/Paper



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.

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.

This document consists of **3** printed pages and **1** blank page.



Candidates must attempt **one** question from **Section A**, **one** from **Section B** and **one** from **Section C**, making a total of **three** responses required.

Section A

- 1 In *Gibson v Manchester City Council* (1979), Lord Denning expressed a view that, in determining whether a contract was formed, the court should look at all the negotiations between the parties, rather than simply at offer and acceptance.

Evaluate the arguments for and against the view expressed in this case by Lord Denning. [25]

- 2 Innocent parties to a breach of contract are entitled to such damages as will put them in the position that they would have been in if the contract had been performed.

Using case law to support your arguments, analyse the extent to which this statement can be substantiated. [25]

- 3 Critically assess the extent to which the doctrine of equitable or promissory estoppel prevents parties to a contract from enforcing their rights under it. [25]

Section B

- 4 A1 Wines in England receive a fax from Down Under Winery in Australia offering to sell 500 cases of red wine at a discount of 30% off the usual price of £20 per case. It states that orders must be placed without delay as stocks are selling quickly. A1 Wines send a fax immediately, ordering all 500 cases offered and asking for confirmation of receipt. Due to international time differences, the fax arrives at Down Under Winery after the office is closed. When the office re-opens the following morning the fax gets mistakenly thrown away. By the time the mistake is discovered, all the special price wine has been sold to other buyers.

Using case law, advise the parties concerned whether a valid contract was formed. [25]

- 5 Maria sets up her own weaving business. She asks Pablo, a carpenter, to build her a workshop. They negotiate a price of £10,000 for the job and Pablo promises to have it finished by 31 August. The work gets delayed because of raw material delivery problems and Pablo doesn't finish it until 15 October.

As a consequence of this delay, Maria experiences a loss of profit from general weaving contracts that had to be cancelled between 31 August and 15 October. She also loses a special contract to weave blankets as a wedding gift for a member of the British Royal Family and suffers considerable mental distress caused by being unable to get her business running properly until 15 October.

Consider whether Pablo is liable in contract for the losses sustained by Maria. [25]

- 6 Leroy inherits an antique cricket bat once owned by a famous West Indian cricketer. He decides to sell it, so advertises it for sale in the magazine, Cricket World. Marlon sees the advert, contacts Leroy and arranges to meet him. At their meeting, a price is agreed for the cricket bat and Marlon attempts to give him a cheque in payment. Leroy tells Marlon that he would prefer payment in cash. Marlon then pretends that his name is Ritchie and expresses amazement that Leroy hasn't recognized him as a cricket commentator on satellite television. He produces several pieces of identification with Ritchie's name on it and shows them to Leroy who agrees to accept payment by cheque.

Two weeks later, a letter arrives from the bank, saying that the cheque has been dishonoured. Leroy is unable to trace Marlon, but is fortunate to see the antique bat for sale in the window of a shop owned by Maisie. He enters the shop but, despite his explanation, Maisie refuses to hand the cricket bat over to Leroy, saying that she had paid a fair price for it to someone who was leaving the country.

Using case law, advise Leroy and Maisie of their respective rights with regard to the ownership of the antique cricket bat. [25]

