

Exam - JUR620 - English Law of Contract

Autumn 2006

Please answer all of the following questions. Each of the questions will be given equal weight in the marking of the answers.

1.

Fudge (F) is a company that supplies and sells printers for computers. At 10.00 am on Tuesday 12th June, F sends a fax to the company, Processing Power (PP). The fax reads: "We can offer you great deals on the latest Whizzbang printer model. Ordinary retail price for such a printer is £150; our price is £100". Gloria, the secretary at PP, replies by fax at 10.30am on the same day. The fax reads: "We at Processing Power are interested in 10. Need delivery by next Tuesday". F then faxes immediately in reply: "Thank you for your fax. This is receiving our attention".

Advise PP of their legal position with respect to each of the alternative scenarios:

- (a) On the afternoon of Tuesday 12th June, an employee of F transports the printers in a van to PP's head office, but upon arrival at the office, the employee is told by Gloria that PP is no longer interested in purchasing the printers.
- (b) On the afternoon of Tuesday 12th June, an employee of F loads the printers into a van for transport to PP's head office, but before the van departs for the office, Gloria rings F and says that PP is no longer interested in purchasing the printers.
- (c) F delivers the printers to PP on the following Wednesday.
- (d) F never delivers any printers to PP.

2.

In January 2004, Christine enters into a contract to rent out her apartment in London to Solveig, who is a Norwegian finishing off her doctoral studies at the London School of Economics. The rental agreement is to run for 3 years starting on 1st February 2004, and it states that Solveig is to pay a monthly rent of £2000. At the beginning of 2005, Solveig's doctoral scholarship ends and Solveig is unable to find employment that can generate sufficient income for her to pay the full rental amount. Christine agrees to accept that Solveig pays only half the rental amount until Solveig's financial situation improves. At the end of March 2005, Solveig inherits NOK 2 million (approximately £200,000) after her mother suddenly dies. Solveig does not inform Christine of this dramatic improvement in her financial situation and continues to pay half rent. In June 2005, Christine meets by chance a friend of Solveig's who tells Christine that Solveig has inherited a large amount of money. Christine then contacts Solveig and demands that Solveig pay full rent for the remainder of the rental period and that she pay back to Christine the outstanding arrears, which by then amount to £6000.

Advise Christine of her legal position and what remedies, if any, she may have.

3.

Howard is an enterprising student who is studying business management at Oxford University. He sees that there is a potentially lucrative market for a helicopter service to fly small groups of Oxford University students to Paris, where they can dine and shop before being flown back to Oxford. Howard sees an advertisement in a magazine called "Helicopter Weekly" for the sale of a second-hand helicopter that can carry 6 persons. He contacts the sellers, Whirlwind Deals (WD), and informs the latter that he will need a helicopter that has capacity to fly from Oxford to Paris and back without having to refuel during the trip. WD states that the "fuel capacity of our helicopter is ample for your needs". Howard goes ahead and purchases the helicopter for £600,000 and sets up a company, Howard's End Enterprises Ltd. to conduct the planned business. On a trial flight out of Oxford, the helicopter is only able to fly as far as London before it has to stop for refueling. Howard then finds out that the helicopter only has a market value of £450,000. Further, Howard has incurred expenses of £40,000 in setting up HEE and signing up a helicopter pilot on a short-term contract.

Advise Howard whether he can recover any or all of his losses.

4.

Critically discuss the following claim: "The doctrine of consideration in English contract law is an obstacle to carrying on efficient business and should therefore be abolished".