

JUS5260 Spring 2023

English Law of Contract (JUS 5260)

Exam question

Answer all of the following six questions, using English law of contract as the applicable law. Expressed as percentages of the final grade, the answer to question 6 will count approximately 25% of the final grade, the answer to question 1 will count approximately 10%, while the answers to the remaining questions will each count approximately 16%.

1. A contract which lacks certainty is:

[A] unenforceable.

[B] repudiated.

[C] voidable.

[D] void.

Which of the above alternatives most accurately reflects English law of contract? Explain your answer.

2. Eve wants to hire a boat for a holiday cruise for herself and her family along some of the canals in the countryside of southern England. She looks up the website of a company that hires out boats for such purposes. She chooses a boat that seems to meet her needs and enters into an online rental agreement for hire of the boat for a two-week period beginning on 1 July 2022. The following term is included in the agreement: 'The hirer accepts the boat in good order'. When Eve and her family enter the boat on 1 July, they find that the boat cabin smells of old rubbish, the gas cooking equipment in the kitchen alcove has bits of old food sticking to it; and the mattresses in the sleeping compartment are dirty. Eve wants to cancel the rental agreement. She claims that the boat-hire company has breached a condition of the contract, thereby giving her the right to end the contract.

Is Eve's claim correct? Give reasons for your answer.

3. Phoebe has a Tesla Model S car that she offers to sell to Harald for £75,000.

Which of the following three situations DO NOT destroy Phoebe's offer? Give reasons for your answer in relation to each situation:

[i] Harald asks Phoebe if she would consider selling him the car for £65,000 but adds that if she does not want to sell it for that price then he would still like the opportunity to purchase it for the original asking price.

[ii] Harald asks Phoebe if hire purchase is available to help him buy the car.

[iii] Harald agrees to buy the car for £75,000 if Phoebe installs new loudspeakers in the car.

4. Erik runs a restaurant, 'Erik's Eatery', in Coventry. In March 2020, he enters into a wine-purchasing agreement with Exotic Excess, a company that imports exclusive wines from small wine producers in Georgia. The agreement prohibits Erik from purchasing wines for his restaurant from other wine importers for a four-year period. By November 2020, Exotic Excess is facing difficulties in expanding its business due to the Covid-19 pandemic. In order to stimulate business growth, the company decides to offer discounted prices for its wine imports to selected restaurants, including two restaurants in Coventry, but not to Erik's Eatery. Erik is angered by this and finds another supplier of specialty Georgian wine for his restaurant, so that he can maintain his market share in competition with the two local restaurants that are offered the discounts from Exotic Excess. Subsequently, Exotic Excess sues Erik for breach of contract. Erik argues that the agreement with Exotic Excess contains an implied term not to discriminate unfairly against his restaurant business in favour of competing local restaurants and that Exotic Excess has breached this term by offering price discounts to the two other restaurants in Coventry but not to his restaurant.

What is the legal validity of his argument concerning the alleged implied term? Give reasons for your answer.

5. Margaret is the Chief Executive Officer of an advertising company, Go-Get-It-At-All-Costs. In September 2022, she hires Stephen as her personal secretary. The work contract for Stephen contains the following clauses:

'(j) The personal secretary will dress smartly at all times. Jeans are not an acceptable form of dress in any work situation.

(k) The personal secretary will work whatever hours are required to complete the tasks given to him.'

On 1 October, Margaret requests Stephen to prepare sales statistics that she will present to an important client at a meeting scheduled for 10 a.m. on 2 October. Stephen works until midnight to prepare the statistics, and comes back to the office at 7 a.m. on 2 October to keep working on the statistics. As there are no

other staff at the office then, Stephen wears jeans as he finds these are more comfortable, and his intention is to change into more formal pants before the meeting. When Margaret arrives at the office at 9:30 a.m. she finds that Stephen still has not finished preparing the sales statistics and that he is wearing jeans (he was so preoccupied with the statistics preparation that he had forgotten to change into more formal attire). Margaret is angry and, in front of several staff, tells Stephen that he is fired from his position. Stephen feels upset and humiliated. In subsequent days, he receives medical treatment for depression.

What legal remedies, if any, are available to Stephen under English law of contract? Give reasons for your answer. You do not need to consider the possible impact of legislation concerning employment and workplace conditions.

6. Peter is the lead singer in a punk rock band called 'Never Give Up'. He is also the band's manager. Joy runs a concert business called 'Joyous Division' in Birmingham. Peter enters into a contract with Joy whereby his band will perform at a concert organized by Joy a month later and the band will receive £20,000 for the performance. A few hours before the concert, Peter takes an hallucinatory drug. The effect of the drug is that he is unable to sing properly and, as a result, he and the rest of the band are booed off the stage early in the concert. Joy then receives massive numbers of complaints from the fans who, altogether, had paid her company £25,000 to attend the concert. She returns the £25,000 to the dissatisfied fans. Additionally, she has paid £10,000 to hire the concert venue.

What remedies, if any, does Joy have in respect of the doctrine of frustration under English law of contract? Would your answer be different if Peter's concert performance was ruined by a third party covertly lacing his drink with the hallucinatory drug just before he went on stage, and, if so, what legal consequences would ensue? Give reasons for each answer.