



THE UNIVERSITY OF THE WEST INDIES

EXAMINATIONS OF _____ DECEMBER 19⁹⁹

CODE AND NAME OF COURSE: LA21A - LAW OF CONTRACT II

DATE AND TIME:

DURATION: 2 HOURS

INSTRUCTIONS TO CANDIDATES: This paper has 2 pages and 6 questions.

Answer **THREE** Questions, including **ONE** from Section B.

Answers may be confined to the law of any jurisdiction in the Commonwealth Caribbean unless the context indicates otherwise.

SECTION A

1. Critically analyse the circumstances in which damages may be recovered for an actionable misrepresentation.
2. "Even if a breach of contract does not cause a substantial deprivation of expected benefit, the innocent party might nevertheless be able to rescind the contract in certain situations ..."

Examine this statement critically.

3. "... [A] narrow doctrine of common law mistake ... supplemented by the more flexible doctrine of mistake in equity seems to me to be an entirely sensible and satisfactory state of the law ..." *per* Steyn J.

Discuss this statement.

SECTION B

4. Owing to the deplorable traffic conditions in Barnada, the state passes the Motor Vehicles Law which makes it an offence to buy and sell used cars without a permit from the Ministry of Public Transport. Ann agrees to sell her three year old Datsun to Beth for \$10,000. Neither of the parties possesses the required permit. Ann is of the view that the law applies only to foreign "re conditioned" vehicles, and Beth has assured her that she has a permit, but Beth is lying. The Motor Vehicles Law prescribes for a penalty of \$500 on summary conviction for breach of it.

PLEASE TURN OVER

Dec 99

After Beth has paid for and taken delivery of the car, she leases it to Calvin for him to use it as a taxicab. This lease agreement is not registered with the Department of Inland Revenue and is therefore illegal.

Beth has now discovered that Calvin, who is obliged to pay her one third of the gross income from the taxicab, has been less than honest in his reports to her of how much income he has received. Beth informs you that she now wants to recover her car and to recoup the sums properly due to her.

Advise Beth.

5. Caribu Ltd. owns a large 18th century property which it leases for social functions. On November 1, Caribu Ltd. leases the property to the Imperial Cricket Club (ICC) for the purpose of holding a dinner in the manor and a dance on the spacious grounds afterwards on November 11. Next day, Caribu Ltd. receives an anonymous letter which decries the lease of its property to "such a bourgeois institution as the ICC" and which also threatens "to use any means necessary to disrupt the event." Caribu Ltd. discusses the matter with the ICC and they agree to proceed with the event.

As is required under the agreement, ICC pays the rental fee of \$5000 on November 8 and is let into possession of the property in order to make preliminary arrangements. However, on November 10, the manor is destroyed by a fire bomb. The grounds are not affected and there is a clause in the lease which states that "in the event of rain or other unforeseen event, the lessor shall be entitled to extend the lease for a further three days without any increase in the rental fee".

Advise the parties.

6. Motor Tours Ltd., a firm which charters out luxury automobiles, has its fleet of vehicles repaired by Pepe, the sole operator of a mechanic business. On December 7, Motor Tours send a custom built Mercedes Benz S 250 to Pepe for some minor repairs. The agreement stipulates that time is to be of the essence and that redelivery of the car should be by December 14 in time for the beginning of the tourist season. The agreement also provides that Pepe should pay \$400 per day as "agreed damages" for each day the car is overdue.

The car is not ready for redelivery until December 21. Motor Tours Ltd. claims to have lost hire fees of \$350 per day as well as a special fee of \$5000 which it could have earned for the use of the car in a television advertisement. It was possible, during the period the car was at Pepe's workshop, for Motor Tours to have leased a similar car for \$200 per day from the dealers.

Advise Pepe.

END OF PAPER