



# **THE HONORABLE SOCIETY OF KING'S INNS**

## **ENTRANCE EXAMINATION**

**AUGUST 2020**

**Examination: Contract Law**

**Date: Thursday 27 August**

**Time: 3.5 hour examination**

**Internal Examiner: Professor Raymond J Friel (UL)**

**External Examiner: Mr James O'Callaghan SC**

### **Instructions:**

**Candidates must answer Question 1 and any TWO of the remaining questions.**

**Question 1 carries 50 marks, all other questions carry 25 marks each.**

This paper is 5 pages long including the cover sheet.

## Question 1 Compulsory

Maddie had been driving through a small village when she spotted a classic car for sale by Acme Motors. Although Acme Motors was closed, the car was on display with the following sign: *First to offer €20,000 buys this car*. Maddie was smitten and took the details down.

The following Monday, Maddie telephoned Acme Motors and spoke to the owner, Thomas. Maddie said that she would pay €20,000 for the car. However, Maddie was leaving for a two week holiday the next day and she asked if Thomas could hold the vehicle until her return. Thomas agreed but said given the unique nature of the vehicle, he would insist that she would have to pay €4,000 in agreed damages in the event that she did not proceed with the sale upon her return for whatever reason. Maddie agreed. Thomas said that he would send her the written contract in the post and that she should bring both the signed contract and full payment with her so that they could conclude their agreement.

Just before Maddie left for the airport the following day, the contract arrived in the post. It stated that there was no binding contract until signed by both parties and that the purchase price was €30,000. Maddie called Thomas, who said unfortunately he could not remember what price they had agreed. He said that he would have to check his records but he would stand over what they had agreed. However, he also said that someone else had shown an interest in the vehicle. Maddie said that based on a price of €20,000 euros she would transfer €4,000 to ensure that Thomas did not sell the vehicle to anyone else until she returned. Thomas agreed and Maddie put a cheque in the post with a post-it note that said: *Hold the car for me and we will complete this sale when I return, Maddie*.

When Maddie returned from her holiday, she received notification that she was being made redundant from her job. She instantly called Thomas saying she could not now proceed. Thomas said that he would keep the €4,000 for breaching their agreement. Maddie on the other hand said that she had never signed anything and so was not bound by any 'agreement' and demanded that he return the money.

Advise Maddie as to her legal position under the law of contract in these circumstances.

## Question 2

Angela is a regular at the Bake Shack Restaurant and has been going there for the last 5 years. She is well known to the owner, Pierre, and over the years they have become good friends.

One day, Angela came in to the restaurant and whispered to Pierre that she had just won the lottery but she did not want people to know this. She showed Pierre the ticket and asked him to keep it until she claimed her prize money. She also asked if he could give her a meal on credit. Pierre agreed. About a week later, Angela returned and told Pierre she wanted her ticket and would collect her winnings that day. To celebrate, she wanted to buy dinner for everyone in the restaurant. She said she would pay Pierre all the money she owed him after she collected her winnings. Pierre noticed the smell of alcohol on Angela, but believed that she had just had a small drink to celebrate.

The following day Angela had no recollection of these events as she had taken alcohol while on prescription medication. Moreover, she had only won €100 on the lottery and the bill from Pierre was for €400.

Advise Angela as to her liability in contract law to Pierre.

[25 Marks]

## Question 3

April sought to hire a commercial grade ride-on lawnmower for her guesthouse from Manifest Garden Equipment.

April signed the contract at the office of Manifest Garden Equipment and at several points she was asked to initial certain sections of the document.

One of the sections April was asked to initial was an exclusion clause which purported to exclude liability for any damages howsoever arising from the use of the ride-on

lawnmower that would in normal commercial practice be the subject of an independent policy of insurance by the hirer to cover any such harm arising, regardless of whether any actual insurance cover had been put in place by the hirer.

The ride on mower was faulty and went on fire, destroying April's garage. Manifest refused any liability, saying that April could recover any loss from her property insurance policy. Unfortunately, April had allowed this policy to lapse.

Advise April as to the law relating to this exclusion clause and the potential impact on any claim she might have against Manifest.

**[25 Marks]**

#### **Question 4**

Regal Hotel advertised a St Patrick's Day Special which involved a luxury suite for 3 nights from March 16<sup>th</sup> overlooking the scheduled St Patrick's Day parade in the city, as well as breakfast, lunch and dinner for 2 people together with a range of spa treatments during the three-day booking. In total, it came to €600, but it had to be paid in advance and could not be cancelled.

Edward thought this was great value and booked a suite for himself and his wife. He paid the money to the hotel and was looking forward to what would be three days of absolute luxury. On March 13<sup>th</sup> however, the city announced it would no longer permit the St Patrick's Day parade due to a threatened snow storm that would render it too dangerous. Edward believed that since the payment was non-refundable he had no option but to continue with the booking.

On March 16<sup>th</sup> the snow storm hit and the government advised that people should avoid all travel. However, a number of other people did check in with the Regal Hotel that day for the same package that Edward had booked.

Advise Edward whether these events have any impact on the contract between him and the hotel.

**[25 Marks]**

## Question 5

In relation to any **TWO** of the following issues, comment on whether the law is in need of reform, illustrating your answer with relevant case law where appropriate.

- (a) The interpretation of contract terms.
- (b) The use of undue influence to vitiate a contract.
- (c) The role of formalities in contract enforcement.

**[25 Marks]**