THE HONORABLE SOCIETY OF KINGS INNS

ENTRANCE EXAMINATION

AUGUST 2011

Examination: Contract Law

Date: Wednesday 17 August 2011

Time: 10.00 a.m. – 1.00 p.m.

Internal Examiner: Prof Steve Hedley UCC

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.
Q1 compulsory (50%), then two others (25% each)

1. Deirdre runs an antique shop. After various disputes with customers, and after taking legal advice, she hangs a prominent notice in the back of her shop saying “WARNING: Caveat emptor! All purchasers act at their own risk. Identifying antiques is a matter requiring considerable skill and judgement, and accordingly Deirdre cannot be held responsible for any representation or statement which she or any of her employees makes about any of the items in this shop.”

Eunice visits Deirdre’s shop and offers to sell her a cabinet, obviously of considerable age. Deirdre gives it a thorough inspection and secretly concludes that it is a very valuable piece indeed, probably late-18th century, and worth several thousand euro. She offers Eunice €250 for it, which Eunice accepts. Eunice is surprised to be offered so much, as she had been told (correctly) that it was an early 20th century imitation of no great value, but she says nothing of her view to Deirdre, and departs with the money. Deirdre then immediately displays in her shop, with a price tag of €3,000.

Frederic sees the cabinet in Deirdre’s shop and takes an immediate liking to it. He discusses it with Deirdre, who enthuses about its antiquity and high quality of workmanship. After some discussion and bargaining, Frederic buys the cabinet, though (having pleaded temporary lack of resources) the price is reduced to €2,400. It is delivered to Frederic’s house a week later.

Frederic now realises that the cabinet is worth much less than he paid for it, and wants his money back. He protests that he did not see the notice, would not have read it if he had, and has no idea what “Caveat emptor” means. Discuss.

2. Glengarriff Football Club agree to let Hazel, a music promoter, have the use of its stadium for a concert, and to provide stewards for the affair, the total fee to be €20,000. The concert was meant to be given by the rap duo Edwohn. Unfortunately, the day after the agreement was signed, both members of Edwohn were injured in a car crash and would be too ill to perform for the foreseeable future. When Hazel found this out she immediately telephoned Glengarriff, saying “Of course you realise that the deal’s off now”. Glengarriff replied: “It certainly isn’t. As far as we’re concerned the show goes on: you’ll just have to find another act to replace them”. Glengarriff duly opened their stadium and provided the stewards: nobody came, because Hazel had cancelled the concert. Can Glengarriff sue Hazel for €20,000 or any sum?

3. Iain agrees to sell his house to Jana for €500,000. Jana pays Iain’s auctioneer a deposit of €50,000. She signs a receipt (headed ‘Purchase Note’) which sets out the address of the house, and other details of the transaction; as Iain and Jana had agreed, the price and the deposit are stated as €40,000 and €4,000 in an attempt to reduce stamp duty. The auctioneer also signs the note, acknowledging receipt of the deposit. Jana now discovers that her loan approval facility with the bank
has been cancelled, and she is unable to proceed with the transaction. Iain, who cannot find another buyer, refuses to refund the deposit. Discuss.

4. Konstantin hired Liam, Mairead and Noreen as crew to assist him on a voyage on Konstantin’s yacht, The Elephant. The written terms of hire were: “to work on board The Elephant from Arklow to Bilbao and back, total wages €7,500 to be split equally between the three members of the crew once the yacht is safely back in Arklow. At Bilbao, Mairead absconds with a new friend. Liam and Noreen initially refuse to complete the voyage back without additional payment; Konstantin, whose business commitments oblige him to resolve the matter quickly, reluctantly agrees that they can have Mairead’s share as well as their own. On safe arrival in Arklow, he insists that they are only entitled to €2,500 each. Advise Liam and Noreen.

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

   a) Whether one spouse can be said to have unduly influenced the other;

   b) When an agreement may be enforced by someone not party to it;

   c) To what extent must a minor pay for benefits received under a contract with an adult.