THE HONORABLE SOCIETY OF KINGS INNS

ENTRANCE EXAMINATION

AUGUST 2016

Examination: Contract Law

Date: 17 August 2016

Time: 10am – 1pm

Internal Examiner: 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. You should check that you have all the pages and inform the invigilator immediately if any are missing.
Q 1. Kate was struggling to complete her PhD when her old laptop computer finally gave up. Although she managed to recover all her data, she urgently needed to buy a replacement. On her way to the local Computer Store, she saw an advert for a used laptop being sold by Bill on the University noticeboard. She called his number and arranged to visit his apartment right then. When she arrived, Bill showed her his old laptop and he said he would sell it to her for €500. Kate was tempted but wanted to see how much a new laptop would cost at the Computer Store. Bill was eager to sell so he wrote out the following on a piece of paper. "I will sell you the used laptop I have for €500, let me know by the end of the week if you do not want it."

When Kate arrived at the Computer Store she saw a big sign offering a brand new laptop for €500. She was excited. She spoke to the owner of the store, telling him that she did not have the cash on her but would return early the next day to buy one. The owner said "That’s fine, we only have a limited number to sell but we have plenty left in stock now. There will be a laptop for you tomorrow morning."

The next morning, Kate returned to the Computer Store and went directly to the owner showing him the €500 cash. The owner told her that there had been an unexpected rush on those laptops and that there were none of them left. However he did have another laptop for €650. Kate was devastated but he pointed to the sign which stated "Limited quantities available: First come, first served."

Kate telephoned Bill and when he answered, before he could say a word she said, "I will take the laptop as we agreed yesterday." Bill was silent: he had sold the laptop the previous evening when Harry had offered him €600.

Advise Kate as to whether she has any action in contract law as a result of these events.

[50 marks]
Q 2. Enda was selling his home as he was hoping to take up new employment in Europe in the very near future. He decided that he did not need the services of a professional but would sell it online. He posted an advertisement which claimed “The house is located on the historic seat of the noble Enda family clan, from which all of our genealogical line are descended.” Enda received two offers, the highest of which was from Martin and which was duly accepted and another offer from Enda’s cousin Leo which was well below what Martin had offered.

Shortly after purchase, Martin became disillusioned with the house and decided he would sell it. He put a For Sale sign outside the property with a price of €100,000. When Leo saw that the property was once again for sale, he raced around to Martin and offered the €100,000, saying “I simply must have the seat of our noble clan. It is the only reason I want this house.” Martin had never believed what Enda had said about this but decided not to share that with Leo and completed the sale.

Sometime afterwards, Leo discovered that the property never had anything to do with the noble Enda clan and that Enda had made it all up.

Advise Leo if he has any claim in contract for the statement that the property was the “…historic seat of the noble Enda family clan…”

[25 marks]

Q 3. Peter had provided consultancy work to Sharon in her business. When Sharon asked Peter if she owed him anything for his services, Peter said: “My fee is €20,000 but until you get that big contract, I know you cannot afford that. Perhaps we should just wait and see what happens?” Sharon wanted to give Peter something now. Peter thought about it and said that if Sharon paid college fees of €4,000 for his nephew, William, he would not look for any more from her as regards the balance. She agreed that she would pay William’s fees.

The next day she contacted William explaining what had been agreed. William was delighted and gave her all the relevant details. Later that same day, Peter phoned Sharon asking if she had paid William’s college fees. When she said she would be
paying them at the end of the month, Peter said “I am glad you have not done it yet. I have just discovered that William is a drug addict. I want nothing more to do with him. I heard you got that contract, you need to pay the €20,000 to me.”

Based on Peter’s promise not to charge the €20,000 fee, Sharon had just paid €16,000 towards a van for her business.

Advise Sharon as to her position under the law of contract with respect to Peter and William.

[25 marks]

**Q 4.** Sue was an events organiser hired to organise a major event for 100 employees of Acme Trading. Sue’s local cinema, Rushes Ltd, was running a promotion where she could hire a 100 seat theatre to play an interactive video game called Star Battle on the big screen for about 4 hours. Rushes Ltd said that their staff would organise everything and that there was a restaurant and sweet shop in the cinema. Sue was delighted and booked the venue.

When the day came, the cinema was not open and Sue had to call Rushes Ltd who eventually opened the cinema about 30 minutes late. Once inside there was no one to organise anything, the restaurant and sweet shop was closed and the video game kept breaking down. Sue was getting increasingly distressed until she eventually suffered a mild panic attack. It was at this point that the fire alarm went off due to a wiring fault and the event came to an end after less than an hour.

Rushes Ltd admitted that they were in breach of the contract but would only offer a return of the money Sue had paid.

Advise Sue as to what damages, if any, she might claim for breach of contract by Rushes Ltd in those circumstances.

[25 marks]
Q 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.

(a) The formalities required to render an agreement enforceable.

(b) Discharge of contract by way of frustration.

(c) The issue of contractual capacity with respect to infants.

[25 marks]