Cambridge International A Level

Cambridge International Examinations
Cambridge International Advanced Level

LAW **9084/32**

Paper 3 Law of Contract **May/June 2014**

1 hour 30 minutes

Additional Materials: Answer Booklet/Paper



READ THESE INSTRUCTIONS FIRST

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.
Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
Do not use staples, paper clips, glue or correction fluid.

Answer **one** question from **Section A**, **one** from **Section B** and **one other**, thus making a total of **three** responses required.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

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Answer **three** questions, at least **one** of which must be from Section A and **one** from Section B.

Section A

1 The effect of the equitable remedy of rescission is to set a contract aside and put the parties back to the position they were in before the contract was made.

With reference to case law, analyse the circumstances under which the remedy might be granted by the court and critically assess any barriers to such awards. [25]

2 Acceptance of an offer must be communicated before a contract comes into existence.

Critically assess any exceptions to this principle that might exist. [25]

3 It is unjust that minors are generally able to escape liability if they enter into contracts.

Critically assess the extent to which injustice may be mitigated and a balance of interests achieved in these instances. [25]

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Section B

4 Debbie sees an advertisement in which Charlie offers some designer luggage for sale. They meet and she agrees to pay Charlie his asking price of £300. Debbie tries to pay Charlie by cheque but he says that he would prefer a cash payment. Debbie says 'I am the famous TV personality, Dannii Minogue, surely you will accept a cheque from me?' and shows him a document bearing the name 'D Minogue'. Charlie accepts her cheque and permits Debbie to take away the luggage.

Several weeks later, Charlie receives a letter from his bank telling him that the cheque from Debbie has been dishonoured. He realises that he has not been dealing with the TV personality but with someone who has a similar name.

Although Charlie is unable to find Debbie, he happens to see the luggage for sale in a shop owned by Eliza. He identifies the luggage by the labels attached to it but, despite a detailed explanation, Eliza refuses to give him the luggage unless Charlie is prepared to reimburse her the money that she paid Debbie for it.

Using case law, advise Charlie and Eliza of their respective rights to ownership of the designer luggage. [25]

5 West Midlands Council (WMC) is responsible for operating buses throughout the city of Birmingham. The council is looking to save costs and has warned its bus drivers of possible job losses unless a wage cut can be agreed.

The Bus Drivers' Union (BDU) organises a ballot and most of Birmingham's bus drivers vote to go out on strike and to refuse to work for a day in response to the threatened wage cuts. The strike is scheduled for 1 May.

In order to minimise the impact of the strike on travellers, WMC asks drivers who do not belong to the BDU to work extra hours and many of its office workers to act as substitute drivers for the day. Those who agree are told that they will receive double wages for the hours worked on 1 May.

Both groups agree to WMC's request and as a consequence a normal bus service is maintained on the day of the strike.

Advise WMC of its contractual liability if it refuses to honour its promise to pay the extra wages to drivers who do not belong to the Union and to its office staff who act as bus drivers on 1 May. [25]

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6 Kylee travels to the South of France for her annual holiday. While she is there, a volcano in Italy erupts violently and a cloud of volcanic ash causes the majority of airlines to ground all flights across Europe until the cloud disperses sufficiently for the risk to air traffic to pass. Her flight home is consequently postponed by her airline.

Kylee has unfinished business in London that she needs to conclude and the delay to her return flight threatens her ability to sign business contracts worth £30 000 in commission to her.

She unsuccessfully tries both to find an alternative flight home and to communicate with her business contacts to explain her delay. She finds a hotel in which to stay and waits for her original flight to be rescheduled.

On her return home 10 days later, she finds that she has lost the business that she had hoped to conclude and thus the expected £30 000 commission. The loss of this business causes her considerable mental stress and trauma. In addition, the airline refuses to reimburse her additional accommodation and meal costs caused by the flight delay. The airline claims that she could have travelled home by train instead of waiting for flights to resume.

Consider whether the airline is liable in contract for the losses sustained by Kylee. [25]

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