Cambridge Assessment International Education

Cambridge International AS & A Level

LAW **9084/32**

Paper 3 Law of Contract **May/June 2021**

1 hour 30 minutes

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You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **three** questions in total:
  - Answer **at least one question** from Section A.
  - Answer **at least one question** from Section B.
  - Answer **one other question** from **either** Section A **or** Section B.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 75.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages. Any blank pages are indicated.

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Answer **at least one question** from Section A.
Answer **at least one question** from Section B.
Answer **one other question** from **either** Section A **or** Section B.

Section A

1 The law is unwilling to allow the remedy of specific performance to be used for all breaches of contract.

Describe the nature of this remedy. Assess the validity of the statement above. [25]

2 When goods are advertised for sale or displayed in stores, it is essential to distinguish between a unilateral offer, a bilateral offer and an invitation to treat in order to establish when any contract is made.

Discuss the extent to which the statement above is true. [25]

3 Consideration must be sufficient but need not be adequate.

Explain this rule and assess whether the courts are justified in not always applying this rule in a strict and consistent manner. [25]

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Section B

4 Karim is a talented motorcycle racer and his ambition is to ride professionally. He secures a £15 000 loan from a bank and purchases a high powered motorcycle. The loan is guaranteed by his parents as he has only just celebrated his 17th birthday. He also buys a stylish protective helmet and clothing on credit even though he already has a helmet and clothing. In order to store and service his motorcycle between races Karim leases a secure garage near his home for a period of one year.

Six months later Karim has won every race he has entered and moves overseas to ride professionally for an international racing team. Karim stops leasing the garage and neglects to make his regular loan and credit repayments.

Advise Karim of his liability, if any, regarding the contracts he has made for the loan, the protective helmet and clothing and the lease of the garage. [25]

5 Swerve, an English premier league footballer, agrees a four-year contract with an energy drink manufacturer, T Ltd, to participate in various promotional activities to advertise its energy drink.

The contract includes the following terms:

A	that within the first month Swerve attends a rehearsal and participates in the production of a television advert.
B	that within two years Swerve takes part in six photographic sessions to create billboard posters.
C	that T Ltd has the right to terminate the contract immediately if Swerve conducts himself in a manner damaging to its commercial interests.

Within the first month Swerve misses the rehearsal for the television advert but takes part in the production and the advert is recorded successfully. Swerve only takes part in three photographic sessions during the first two years, although the billboard posters are well received and lead to an increase in T Ltd's share of the energy drinks market. Halfway through the contract, footage emerges on social media of Swerve drinking an energy drink from a rival company and making negative comments about T Ltd's product.

Advise T Ltd of its rights and any remedy it might have against Swerve in these circumstances. [25]

6 Deb is the owner of a clothing manufacturing business. Evan is employed as her assistant.

Minutes before Deb is due at an important business meeting, Evan presents her with several documents to sign telling her that they are the usual authorisations to pay their suppliers. In fact, one of them is a contract with Frank, the landlord of a new apartment Evan is about to move into. Under this contract, Deb agrees to make rental payments to Frank, should Evan fail to do so. She hurriedly signs all the documents without reading them properly.

After the meeting, Deb takes a phone call from her regular fabric supplier, Gail, and agrees delivery of fabric at 'the usual price'. Deb believes the usual price is £8 per metre but the last two deliveries from Gail have been at £12 per metre. It is only when Deb receives Gail's invoice charging £12 per metre that she realises her error.

Several months later Evan has failed to keep up with his rental payments and Frank demands the arrears from Deb as provided for by the contract she signed.

Advise Deb of any liability she may have to Frank and Gail. [25]

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