

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

**Course: Law of Contracts-I (General Principles & Specific Reliefs)
Semester-II (Batch: 2015-20)**

End Semester Examination: April-May 2016

Date: 6th May, 2016

Duration: 3 hours

Max. Marks: 50

Instructions:

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write any thing on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.

	Answer all the question	Marks
Q.1	The maxim <i>in pan delicto potior est conditio possidentis</i> has its basis on the principles of public policy that the plaintiff who has paid money or handed over property pursuant to an illegal or immoral contract cannot recover it as the Courts will not assist an illegal transaction in any manner. Explain the above with the help if relevant case laws.	(04)
Q.2	Cynthia contacted Tiger, to permit her to use the Auditorium in Mumbai. Cynthia was to retain possession of the hall and Tiger merely permitted the use of it, for four days to present four concerts in exchange for Rs. 30,000/- per day. The contract stated that the Auditorium must be fit for a concert but there was no express stipulation regarding disasters. The Auditorium was destroyed by fire before the first concert was to be held and neither party was at fault. The concerts could not be performed at any other location and Tiger was sued for breach. Tiger seeks your advice. Support your answers with the help of case laws and the relevant provisions of the Indian Contract Act 1872.	(04)
Q.3	St. Peters School was preparing to shift its school to a new campus. At its old campus, St. Peters School operated its school out of portable classrooms. Mohan is exclusively engaged in the business of buying, selling and leasing modular portable buildings. Mohan had heard that St. Peters School intended to sell its portable classrooms. Mohan telephoned Father Fernandes, the Principal of St. Peters School to express his interest in purchasing the classrooms. During the initial telephone call, Father Fernandes told Mohan that the classrooms had been purchased for Rs.4,00,000. Mohan said that he would not pay anywhere near that amount. Father Fernandes asked how much he would pay? Mohan said he would have to think about it. Three days later Mohan telephoned Father Fernandes and said he would pay Rs.55,000 for the classrooms. Father Fernandes said that he would inform the school's board of directors about the offer. Father Fernandes told Mohan that no sale could be accomplished without approval from the board of directors. Two days later Father Fernandes telephoned Mohan and told him that the board of directors had approved the sale of the classrooms for Rs.55,000. Father Fernandes said he would prepare a "Letter of Agreement." The next day Father Fernandes faxed to Mohan a draft "Letter of Agreement." The Letter of Agreement contained the essential terms of the sale including the price and the fact that three portable classrooms were being sold. It had two signature blocks. Father Fernandes did	(06)

not sign the signature block on the Letter of Agreement. Mohan received the Letter of Agreement, signed it and faxed it back. Nothing happened for 10 days. On the 11th day Mohan telephoned Father Fernandes. Father Fernandes said that he had signed the Letter of Agreement but that the signed letter was at the new school location and that he would send it to Mohan the next day. Another five days went by without Mohan hearing from Father Fernandes or receiving the signed copy of the Letter of Agreement. Mohan called Father Fernandes again. This time Father Fernandes told him that the school had been approached by another buyer for the classrooms and that the classrooms were not for sale. Mohan then immediately went to Father Fernandes's office and tried to personally deliver a cashier's check for Rs.55,000. Father Fernandes refused to accept it. Mohan brings a lawsuit against St. Peters School for breach of contract. In the lawsuit between Mohan and St. Peters School, who should prevail? Discuss with the help of case laws and the relevant provisions of the Indian Contract Act 1872.

- Q.4 Sam worked for Madras Harbour of the Port Trust and sustained injuries from a cart belonging to the defendant heavily loaded with iron-mesh while on duty on 1st April 2012. As a result of the injury, Sam lost completely and permanently the use of both his legs and had to be declared unfit for further service. The injured workman, by Ex. A-14, applied to the Commissioner, Workmen's Compensation, for securing the compensation. The Commissioner for Workmen's Compensation addressed the Port Trust by letter dated 7th May 2012, regarding the steps taken to compensate the workman, and the Port Trust worked out the disablement compensation at Rs. 3,360/- and made the payment under the provisions of the Workmen's Compensation Act. (04)

The suit out of which the present second appeal arises was instituted on the averment that the disablement of the workman (Sam) was due to his own negligence and carelessness and the Port Trust, referring to sec 13 of the Workmen's Compensation Act, hereinafter called the Act, claimed that under the provisions of the said section, they had a right to be indemnified by the defendant. In defence it was inter alia contended that the accident was brought about by the workman himself by his own negligence, that the amount paid to the workman though within the limits set out by the Workmen's Compensation Act, was not reasonable, that the defendant is not liable under the Act, and that in any event the suit was not maintainable and was liable to be dismissed.

What will be the fate of the second appeal? Discuss with the help of case laws and the relevant provisions of the Indian Contract Act 1872.

- Q.5 In a case, the defendant was selling IT products over internet in Singapore. The HP laser printer was advertised on the defendant's website and on the website of HP for \$3,854. Due to the mistake on part of one of the employee of a related company, the price of printer was altered to \$66 on the website, which was not noticed by any of the employee. The appellants (there were six appellants) discovered this price and ordered more than 100 printers each. The Company on discovering the mistake rectified it and sent an e-mail stating that it will not complete this order. (04)

Decide the fate of this contract. In case one of the appellant decides to sue the company for performance, will he succeed? Discuss with the help of case laws and the relevant provisions of the Indian Contract Act 1872.

- Q.6 (a) 'A' promises to obtain for 'B', an employment in the public service and 'B' promises to pay Rs 10,000/- to 'A'. The agreement is _____. (6x1=06)
- (b) A agrees with B to discover a treasure by magic. The agreement is _____
- (c) When a party to a contract promises to do a certain thing at or before a specified time, or certain things at or before specified times, and fails to do any such thing at or before the specified time, the contract, or so much of it as has not been performed, becomes _____, if the intention of the parties was that time should be of the essence of the contract.
- (d) A contracts to pay B a sum of money when B marries C, C dies without being married to B, the contract becomes _____
- (e) Acceptance on part of the computer program would amount to a _____ acceptance.
- (f) An agreement, wherein a promise made in writing and signed by the agent of the person charged therewith, to pay wholly a debt of which the creditor might have enforced payment but for the law for the limitation of suits is _____.
- Q.7 Answer the followings: (3x3=09)
- (a) What is the doctrine of Frustration?
- (b) Write a short note on the Clayton's Principle.
- (c) What is a Wagering Agreement?
- Q.8 Differentiate between the followings: (3x3=09)
- (a) Nominal Damage and Vindictive Damage
- (b) Anticipatory Breach and Actual Breach
- (c) Temporary Injunction and Perpetual Injunction
- Q.9 *Where two parties have made a contract which one of them has broken, the damages which the other party ought to receive in respect of such breach of contract should be such as may fairly and reasonably be considered either arising naturally, i.e., according to the usual course of things, from such breach of contract itself, or such as may reasonably be supposed to have been in the contemplation of both parties, at the time they made the contract, as the probable result of the breach of it.* (04)
- In view of this discuss Remoteness of Damages.
