

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

Course: **Advanced Contracts (Evolving Jurisprudence in Contract Law)**  
Semester-IV (Batch: 2011-13)

**End Term LL.M. Examination: April-May 2013**

**Date: 30<sup>th</sup> April, 2013**

**Duration: 3 hours**

**Max. Marks: 60**

**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 any five of the following:**

**Marks**

- Q.1 In *Investors Compensation Scheme Ltd. v West Bromwich Building Society* [(1998) 1 WLR 896], Lord Hoffman sought to re-state the principles by which contractual documents are to be interpreted. Do you think that Lord Hoffman's five principles of interpretation of contracts represent a new departure in the interpretation of contracts, or they are simply a restatement with difference of emphasis? Discuss the scope of Lord Hoffman's five principles of interpretation of contracts. (12)
- Q.2 As one of India's first and largest foreign investment projects, Dabhol was anticipated as a major step in improving the country's ailing power sector in the early 1990s. In the same way, project sponsors were excited about the opportunity of investing in India in hopes of gaining large returns. Unfortunately, the project has been wrought by crises and has resulted in multibillion-dollar losses to investors and project lenders. Discuss the legal causes for, and the lessons that could be learnt from Dabhol debacle. (12)
- Q.3 Globalmall.com Pvt Ltd is an Indian company which is involved in the business of selling information technology ('IT') products over the internet. For that purpose, it established its own website, <http://www.globalmall.com> ('G Website'), which it used to advertise and offer its various IT products for sale. It also operated another website, i.e. <http://www.buycp.com> ('CP Website'), which it also used for a similar purpose. Intending purchasers could place orders and conclude transactions through the websites. (12)
- On 1<sup>st</sup> January 2012, Globalmall advertised for the sale of a certain model of laptop with the description 'XYZ laptop 9900' (the 'laptop') priced at Rs 50,000/- (inclusive of all taxes) on the G Website and the CP Website.
- On 8<sup>th</sup> January 2012, sometime in the afternoon, through an error on the part of one 'Mr S' of Globalmall, while he was working on a template, the price of the laptop ('XYZ laptop 9900') was accidentally altered to just Rs 500/- on both the websites. 'S' was not authorized to alter the price and that the mistake was a *bona fide* one. The mistake was not noted by any of the employees of the Globalmall until after the orders (for 10,000 laptops) were already placed by some 150 customers.
- 'A', an IT graduate, working as an engineer with some IT company, got to know of this most extraordinary low price at 2.00 pm on 8<sup>th</sup> January 2012, and he, in turn, told his

friends 'B' and 'C' about it. 'B' and 'C' were also IT graduates and were working with 'A' as engineers. They (A, B, and C) were conversant with the usage of the internet and its practices and were endowed with more than an adequate understanding of business and commercial practices. They knew that the offer of Rs 500/- per laptop was too good to be true and that it must have been a mistake. They in fact wanted to buy more to make more easy money. All the three friends placed orders for 50 laptops each. It was only at about 4.00 pm on the same day (8<sup>th</sup> January) when a prospective customer checked with an employee of Globalmall whether the posted price of Rs 500/- for the laptop was correct, that the error was discovered. Immediately, steps were taken to remove the advertisement of the laptop from the websites. However, during the period while the mistaken price appeared on the websites, 150 persons made a total of 1,500 purchase orders for 10,000 laptops. These orders were processed by Globalmall's automated system and confirmation notes were automatically despatched to the customers within a few minutes. On 9<sup>th</sup> January 2012, Globalmall informed all the purchasers *via* e-mail that it would not honour the orders, as the price was posted by mistake.

However, A, B, and C instituted the proceedings to enforce the contracts made pursuant to the purchase orders placed by them through the internet. They refuted that the error exonerated Globalmall, and insisted that the concluded contracts were sacrosanct and should be honoured. Globalmall (defendant), on the other hand, contended that the law should not penalize a party who has unwittingly and genuinely made a unilateral mistake—which was known or ought to have been known by the plaintiffs (A, B, and C).

On the basis of the above factual matrix, decide the following issues:

- (a) Are the contracts between Globalmall and A, B, and C enforceable?
- (b) What do you mean by 'snapping up'? Does it affect contract formation where parties communicate through electronic modes (website and other modes)?

Q.4 Write short notes on any two of the following:

(12)

- (a) Child artists and entertainment contracts
- (b) Shareholders' agreement
- (c) Contract between a medical practitioner and a patient

Q.5 (a) Analyse the private international law principle relating to commercial contract in India and its applicability as decided by the Supreme Court in the cases: (i) *British India Steam Navigation Co. Ltd. v Shanmughavilas Cashew Industries* [1990(3) SCC 481]; (ii) *Modi Entertainment Network v W.S.G. Cricket Pvt. Ltd.* [2003(4) SCC 341]. How far have these case laws been applied in subsequent Indian Judicial Decisions?

(12)

- (b) Analyse the provisions in UNIDROIT Principles of International Commercial Contracts, 2004, relating to formation of commercial contract. Explain the general features of the UNIDROIT Principles of Commercial Contracts.

Q.6 Discuss the private international law principles relating to commercial contracts, and analyse the following theories with the help of case laws

(12)

- (a) Real Connection Theory
- (b) Intention Theory

Whether the House of Lords made any exception to these principles? Explain the applicability of these principles in Australia and Canada.

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