

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: **Law of Contracts I (General Principles and Specific Reliefs)**
Semester- II (Batch: 2022-27)

End Semester Examination: May 2023

Date: 01st May, 2023

Duration: 3 hours

Max. Marks: 50

Instructions:

- Read the questions properly and write the answers in the given answer book.
- Do not write anything on the question paper.
- The respective marks for each question are indicated in-line.
- Indicate correct question numbers in front of the answer.
- No questions or clarification can be sought during the exam period, answer as it is, giving reason, if any.
- Word Limit: 10 Marks: 800-900 words.

In light of the given below facts, answer the following questions by applying the provisions of Indian Contract Act 1872, Specific Relief Act 1963 and the relevant case laws. **Marks**

Amar is a young advocate practising at Gujarat High Court. His hard work at law school, and internships, and his excellent networking skills have helped him with his litigation. He is working independently and has an office with five staff. With the rising number of clients, he requires constant office supplies and stationery. Another law school graduate Prem, instead of taking up a legal profession, has been inspired by the start-up phenomenon and incubates a start-up on eco-friendly stationery and office supplies by the name "Green-O-Office." Green-O-Office has won several accolades for its path breaking initiatives in making eco-friendly office supplies. Amar and Prem meet at an alumni reunion of their law school 'Gandhinagar School of Legal Studies', and introduce each other and about their trades and professions. Both are highly impressed with each other's achievements and fix an official one-to-one meeting to provide and avail services.

The next day, Amar visits Prem's office, and they deliberate a lot on what variety of office stationery Prem can supply and even customise for Amar, depending upon his requirements. Amar agrees to buy stationery from Prem; however, he informs him that as he has just begun his practice, his requirement for stationery is not very steady, and he cannot place a fixed order. Prem tells him that his Green-O-Office is a very flexible startup, and they take customised orders for their clients. Further, Prem tells him that as Amar has been his junior at law school, they would have had the opportunity to meet in person and potentially develop a good relationship at the law school if the pandemic had not occurred. He then makes an offer with the following terms, "For the next three years, you can place the orders as per your requirement whenever you like, and we shall supply you the articles within 15 days from the date of the order. And we are from the same law school; payment is not an issue. You can pay for all the supplies every six months, and thus, we can settle the accounts twice a year." Amar is pleased to hear this and leaves for the court after thanking Prem for his kindness.

Since then, six months have passed, and meanwhile, Amar placed an order for office supplies thrice for the amount to the tune of ₹ 3,55,780/-. Amar's practice has caught up well, and now he is joined by other lawyers who work at his office and take matters independently. Also, Amar and Prem meet frequently, becoming good friends. Once over

a coffee on a Friday, Prem informs Amar about his old Royal Enfield Bullet, 'Mjölñir,' that he wishes to sell and is looking for a genuine buyer worthy of riding on that bullet. Amar immediately tells Prem about his junior from law school Gogo and they too met at the same alumni reunion. Amar informs him that Gogo is looking forward to buying a second-hand bullet. Amar immediately calls Gogo to come to the coffee shop and meet Prem. Upon his arrival, Amar introduces Gogo and Prem is happy to meet someone from his own law school. After looking at the bullet and its condition, Gogo expresses his willingness to buy it and says he will make all the payment, whatever it is in cash. Prem is delighted to hear this and immediately agrees to sell it to Gogo for ₹ 1,75,000/-. Gogo agrees to make full payment by Monday, saying he needs to withdraw the cash from the bank as his ATM is not working. Prem says he does not mind payment by cheque to which Gogo immediately agrees and signs a cheque in favour of Prem for the purchase amount. Prem gives the delivery of the bullet immediately, and Gogo leaves on the recently purchased Mjölñir. Meanwhile, Amar tells Prem that he needs a few office supplies and stationery of ₹ 50,000 to be delivered by Monday, to which Prem nods and tells him that he will get it delivered on time.

However, the next Monday while waiting at the bank counter to deposit the cheque from Gogo, Prem watches the news on Nation Now that says, "Crime Master Gogo has been spotted in Gandhinagar, people beware!". Prem immediately realises that he has been cheated and the cheque that he is holding is also not genuine. Prem tries to contact Gogo but his number is not reachable and thus he immediately makes a police complaint. While Prem is trying to get out of the shock, he gets a call from the office of Amar to inquire about the delivery that was to happen on Monday. Prem is so furious that he refuses to make any delivery and says that from now onwards, he will not take any supply orders from Amar. Amar learns that Prem has refused to deliver the supplies, so he asks a third party to supply the stationery. He sends the bill of ₹ 70,000/- to Prem to pay the amount. Also, he sends a notice of breach of contract, anticipatory breach, and damages arising from the breach for refusal to supply future orders. The next day, Prem calls Amar to make the outstanding payment of ₹ 3,55,000/- for the stationary supplied in the past six months, the failure of which will lead to a suit against Amar.

In the intervening time, after searching a lot and coordinating with Police, Prem gets to know his Royal Enfield bullet Mjölñir has been resold to Shyam Gopal, also a bike dealer, on the very next day he sold it to Gogo for ₹ 2,50,000/-. Shyam Gopal had paid Gogo cash, took the bullet's delivery, and will now be showcasing it for sale at an Auto Expo organised during the coming weekend. Prem decides to stop the display of his bullet by getting a stay order and demands his bullet back.

Prem files a suit against Amar, Crime Master Gogo and Shyam Gopal. Amar calls Prem and reminds him how they have been alumni of the same university and have been friends for a long time. Amar requests him for some discount and says he will only be able to pay ₹ 3,00,000/-. Prem agrees to accept a lesser amount initially but later refuses the same and continues with his suit to claim the original due amount of ₹ 3,55,000/-.

Amar is really upset by the fact that his friend has filed a suit against him, and therefore he meets their Contract Law Professor from University and discusses the issue. The professor agrees to mediate between the two and calls Prem. Prem requests the Professor to stay out of it. However, Professor insists to Prem and asks him to accept a

lesser amount of ₹ 3,00,000/- and in lieu of which the Professor agrees to give him the first edition of the Book on Law of Contracts, written by Pollock and Mulla.

- Q.1 Whether Prem refusing to take future orders has led to a breach of contract? Determine the rights and liability of Prem with respect to the contract between Amar and Prem. (10)
- Q.2 Is Prem liable for the payment of ₹ 70,000/- for the delivery of stationery made by a third party? (10)
- Q.3 Discuss all the remedies available/ unavailable to Prem with respect to his bullet Mjölnir. (10)
- Q.4 Is Prem bound by his promise to accept a lesser amount than due? Discuss the issue in light of the case Pinnel v Cole and its applicability in India. (10)
- Q.5 Is the Professor bound by his promise to give the book to Prem? (10)
