



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

LAW

9084/03

Paper 3 Law of Contract

October/November 2010

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, highlighters, 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.



This document consists of **3** printed pages and **1** blank page.



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

Section A

- 1 'If coherence is to be restored to this area of our law, it can only be by declaring that there is no jurisdiction to grant rescission of a contract on the grounds of common mistake where that contract is valid and enforceable on ordinary principles of contract law.'
Great Peace Shipping Ltd v Tsavlis Salvage (International) Ltd [2002]

Critically analyse the effect of this decision on the validity of contracts induced by common, identical or shared mistake. [25]

- 2 Explain the difference between express and implied terms of a contract and critically evaluate the tests employed by the courts to decide whether a term should be implied. [25]

- 3 The bad bargain rule and the speculative damages rule are the two main restrictions on the choice that a claimant may exercise when deciding whether to base a claim for damages on loss of expectation or on reliance.

Explain what you understand by the concepts of expectation loss and reliance loss. Analyse the rules identified in the statement above and assess the extent to which the assertion made is true. [25]

Section B

- 4 Bethany takes her coat and the suit that she wears for work to Speedy Cleaners shop to be dry cleaned. She is given a ticket by the shop assistant that she is to hand back when she collects the clothing. The ticket refers to the cleaning contract being subject to the company's terms and conditions. Bethany asks the assistant about the terms and is told that they exclude liability for damage to clothing when being cleaned, but she still decides to leave her clothes to be cleaned.

When Bethany returns to collect the clothes, she discovers that her suit has stains on it that were not there before and that her coat has been badly torn. When she complains, another assistant points out a notice on the wall, which Bethany had not previously seen and which excludes all liability for loss/damage caused by the cleaning process. The suit is only two months old and would cost £200 to replace. The coat is three years old and would cost £100 to replace, but could be repaired for £20.

Consider the extent of Speedy Cleaners' potential liability for the damage to Bethany's clothes. [25]

- 5 Mark wants to sell his motorcycle and posts a letter to an acquaintance, Tom, offering to sell it to him for £1000 and saying that he needs a reply by 30 October. On 20 October Tom hears from a mutual friend, Egon, that Mark has already agreed to part-exchange his motorcycle for a new one from a garage. Nevertheless, Tom posts a letter of acceptance agreeing to pay Mark's asking price. Mark receives the letter on 29 October.

With reference to decided cases, consider Mark's potential contractual liability to Tom and to the garage. [25]

- 6 Barbara is on holiday in Spain. She telephones her friend Janice and asks her if she will visit Barbara's house each day to make sure that it is still secure and feed her horse whilst she is away; Janice agrees. Barbara is away for three weeks and, in addition to keeping an eye on the house and feeding the horse, Janice spends time mowing Barbara's lawn, weeding her garden and cleaning the windows of the house. Barbara returns from holiday and is so grateful that she promises to pay Janice £200 for all the work she has done.

Critically analyse Barbara's legal liability to pay Janice the money offered for the work done by Janice. [25]

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