

GCE

Law

Advanced GCE

Unit G156: Law of Contract Special Study

Mark Scheme for June 2013

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

OCR will not enter into any discussion or correspondence in connection with this mark scheme.

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Annotation	Meaning
1	Q1 & 3 AP1
2	Q1 & 3 AP2
3	Q1 & 3 AP3
4	Q1 & 3 AP4
5	Q1 & 3 AP5 onwards; Q2 synopticism
A2	Q2 AO2
С	Q1 & 3 Critical Point Q2 Bald Case
CON	Q3 Conclusion
×	ALL Not correct / Page checked for response
LNK	Q1 Linked case Q2 Link to source
3	ALL Not Relevant or Too vague Also no response or response achieves no credit
REP	ALL Repetition/or 'noted' where a case has already been used in the response
SC	Q2 Developed Case
/	Q1 & 3 AO1

Before you commence **marking each question** you must ensure that you are familiar with the following:

- the requirements of the specification
- these instructions
- the exam questions (found in the exam paper which will have been emailed to you along with this document)
- levels of assessment criteria *1 (found in the 'Levels of Assessment' grid at the back of this document)
- question specific indicative content given in the 'Answer' column*2
- question specific guidance given in 'Guidance' column*3
- the 'practice' scripts*4 provided in Scoris and accompanying commentaries
- *1 The levels of assessment criteria (found in the 'Levels of Assessment' grid) reflect the expectation of achievement for each Assessment Objective at every level.
- *2 The indicative content in the 'Answer' column provides details of points that candidates **may** be likely to make. It is **not** exhaustive or prescriptive and points not included in the indicative content, but which are valid within the context of the question, are to be credited. Similarly, it is possible for candidates to achieve top level marks without citing all the points suggested in the scheme.
- Included in the 'Guidance' column are the number of marks available for each assessment objective contained within the question. It also includes 'characteristics' which a response in a particular level is **likely** to demonstrate. For example, "a level 4 response is likely to include accurate reference to all 5 stages of x with supporting detail and an accurate link to the source". In some instances an answer may not display all of the 'characteristics' detailed for a level but may still achieve the level nonetheless.
- *4 The 'practice' scripts are live scripts which have been chosen by the Principal Examiner (and senior examining team). These scripts will represent most types of responses which you will encounter. The marks awarded to them and accompanying commentary (which you can see by changing the view to 'definitive marks') will demonstrate how the levels of assessment criteria and marking guidance should be applied.

As already stated, neither the indicative content, 'characteristics' or practice scripts are prescriptive and/or exhaustive. It is imperative that you remember at all times that a response which:

- differs from examples within the practice scripts; or,
- includes valid points not listed within the indicative content; or,
- does not demonstrate the 'characteristics' for a level

may still achieve the same level and mark as a response which does all or some of this. Where you consider this to be the case you should discuss the candidate's response with your supervisor to ensure consistent application of the mark scheme.

Awarding Assessment Objectives 1 and 2

To award the level for the AO1 or AO2 (some questions may contain both AO1 and AO2 marks) use the levels of assessment criteria **and** the guidance contained within the mark scheme to establish which level the response achieves. As per point 10 of the above marking instructions, when determining which **level** to award start at the **highest*** level and work down until you reach the level that matches the answer.

Once you have established the correct level to award to the response you need to determine the mark within the level. The marks available for each level differ between questions. Details of how many marks are available per level are provided in the Guidance column. Where there is more than one mark available within a level you will need to assess where the response 'sits' within that level. Guidance on how to award marks within a level is provided in point 10 of the above marking instructions, with the key point being that you start at the **middle*** of each level and work outwards until you reach the **mark** that the response achieves.

Answers, which contain no relevant material at all, should receive no marks.

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* Remember: when awarding the <u>level</u> you work from <u>top downwards</u>, when awarding the <u>mark</u> you work from the <u>middle outwards</u>.

Awarding Assessment Objective 3

AO3 marks are awarded based on the marks achieved for either AO1, AO2 or in some cases, the total of AO1 and AO2. You must refer to each question's mark scheme for details of how to calculate the AO3 mark.

Blank pages and missed answers

Sometimes candidates will skip a few pages in their answer booklet and then continue their answer. To be sure you have not missed any candidate response when you come to mark the last question in the script you <u>must</u> check every page of the script and annotate any blank pages with:



This will demonstrate that every page of a script has been checked.

You <u>must</u> also check any additional items eg A, A1 etc, which the candidate has chosen to use. Before you begin marking, use the Linking Tool to 'Link' any additional page(s) to the relevant guestion(s) and mark the response as normal.

Question	Answer	Marks		Guidanc	е
Question 1*	Potential answers may: Assessment Objective 2 – Analysis, evaluation and application Explain the critical point (CP) of the case: the House of Lords dismissed the music publishers' appeal, holding that the clause was in restraint of trade for being against the public interest. Link this case with another relevant case (LC) for development such as: Nordenfelt v Maxim Nordenfelt, Mason v Provident Clothing &	Marks 12	AO2 Levels 5 4 3 2 1 Marks should CP – Max 3 m	AO2 Marks 11–12 9–10 7–8 4–6 1–3 be awarded as	follows:
	Discuss the case analytically (AP), for example making points such as: AP1 In-depth discussion of the ratio including for example: a discussion of the public interest in RoT cases; the importance of this case as a HoL binding precedent AP2 A major development is shown in courts' willingness to scrutinise standard form contracts and reject common use as a public interest justification AP3 This is an example of the basic rules in Nordenfelt being developed by being applied flexibly to a different situation: an exclusive service agreement AP4 It shows the courts becoming willing to use relative bargaining power in their analysis and is arguably very paternalistic AP5 Notably, the court did not engage in an economic analysis of the contract (which may have led to a different outcome) AP6 Any other relevant analytical point.		available for the not essential to An accurate so adequate for the one mark avail case needs to mark. AP – Max 6 m. These may be which are developed or a maximum of 6. LC – Max 3 m. The case must showing developments follows, for examinating the case must show the case must sh	ne facts of the coper full marks or get full marks ource and line he facts of the lable. Where go be given an Adarks for any Apaix single point a combination of marks arks for a relevant be linked for topment. Marks ample: 1 marks or some development development.	reference is case to receive the iven, the ratio of the O2 slant to achieve a oplied Point(s) ats, three points ints which are well-of these up to a

Question	Answer	Marks		Guidance
	Assessment Objective 3 – Communication and presentation	4	AO2 Marks	AO3 Marks
	Present logical and coherent arguments and communicate relevant		10–12	4
	material in a clear and effective manner using appropriate legal		7–9	3
	terminology. Reward grammar, punctuation and spelling.		4–6	2
			1–3	1

Question	Answer	Marks	Guidance
Question 2*	Answer Potential answers may: Assessment Objective 1 – Knowledge and understanding Explain the basic rules regarding restraint of trade in contract law: The restraint of trade doctrine is a common law control of clauses which limit the economic liberty of the contracting party A number of situations are accepted as being subject to the doctrine but the list is not closed: (Esso Petroleum v Harper's Garage) Sale of a business and its goodwill (Nordenfelt v Maxim Nordenfelt), Post-employment restrictions (Mason v Provident Clothing,	Marks 16	Guidance AO1 Levels AO1 Marks 5 14–16 4 11–13 3 8–10 2 5–7 1 1–4 Level 5 Responses are unlikely to achieve level 5 without wide ranging, accurate detailed knowledge with a clear and confident understanding of relevant concepts and principles of the law in this area.
	 Herbert Morris v Saxelby, Office Angels v Rainer-Thomas) Exclusive dealing arrangements / 'Solus' contracts (Esso, Alec Lobb v Total Oil, A Schroeder Music Publishing v Macaulay) Cartels (principally under statutory regulation – Competition Act 1988; TFEU Arts 101, 102) Trade Union agreements (Trade Union and Labour Relations (Consolidation) Act 1992) RoT clauses are prima facie void due to being contrary to public policy but may be enforceable if they protect a legitimate interest and are reasonable in the interests of the parties and the public (Nordenfelt) 		This would include wide ranging, developed explanations and wide ranging, developed definitions of this area of law to include statutory/common law provisions, where relevant. Responses are unlikely to achieve level 5 without including 8 relevant cases of which 6 are developed*. Responses are likely to use material both from within the pre-release materials (LTS) and from beyond the pre-release materials which have a specific link to the area of law.
	 The reasonableness is judged at the time of contracting (<i>Shell UK v Lostock Garage</i>) The covenantee has the burden to prove that it is reasonable in the interests of the parties (<i>Mason</i>), the covenantor then has the burden to prove that it is unreasonable in the interests of the public (<i>Herbert Morris</i>) Consideration is relevant to the question of reasonableness (<i>Nordenfelt</i>) Relative bargaining strength is relevant to the question of reasonableness (<i>A Schroeder Music Publishing</i>) 		Responses are unlikely to achieve level 4 without good, well-developed knowledge with a clear understanding of the relevant concepts and principles of the law in this area. This would include good explanations and good definitions of this area of law to include statutory/common law provisions, where relevant. Responses are unlikely to achieve level 4 without including 6 relevant cases, 4 of which will be developed*. Level 3

Question	Answer	Marks Guidance
	 Restraints will only be enforceable if they protect a legitimate interest. This could be for example: not competing with the purchaser of your business, client lists, confidential information, trade secrets (Faccenda Chicken v Fowler, Commercial Plastics v Vincent,) The nature and scope of the legitimate interest being protected is relevant to the question of reasonableness (British Reinforced Concrete Engineering Co v Schelff, Societa Esplosivi Industriali SpA v Ordnance Technologies) Reasonableness is decided on a case by case basis (Esso, Alec Lobb) Reasonableness depends on the geographical extent and duration of the restraint (Nordenfelt) The courts may (Home Counties Dairies Ltd v Skilton, Arbuthnot Fund Managers v Nigel Rawlings) or may not (Lyne-Pirkis v Jones) choose to interpret a widely drawn clause to make it enforceable. The courts may remove an unenforceable element of a restraint of trade clause only if it is clearly severable (the 'Blue Pencil Test') (Mason, Littlewoods v Harris). 	principles of the law in this area. This would include adequate explanations and adequate definitions of this area of law to include statutory/common law provisions, where relevant. Responses are unlikely to achieve level 3 without including 4 relevant cases, 2 of which will be developed*. Level 2 Responses are unlikely to achieve level 2 without limited knowledge showing general understanding of the relevant concepts and principles of the law in this area. This would include limited explanations and limited definitions of this area of law. Responses are unlikely to achieve level 2

Question	Answer	Marks		Guidance		
	Assessment Objective 2 – Analysis, evaluation and application	14	AO2 Levels	AO2 Marks		
	Discuss the extent to which, if at all, the courts' application of the law		5 4	13–14 10–12		
	on restraint of trade has been broad and flexible. Points may include:		3	7–9		
	The courts have been generally broad in their application of the		2	4–6		
	rules The range of group sovered has increased from sole of		1			
	 The range of areas covered has increased from sale of businesses and employment to include Solus agreements and other exclusive dealing situations The range of areas to which the rules can apply has been explicitly left open-ended The range of factors considered when analysing reasonableness is extensive Arguments intending to prevent the rules from applying to standard form contracts have been rejected The courts have been generally flexible in their application of the rules has varied widely The legitimate interest test and reasonableness tests are applied on a case by case basis. There are numerous examples of clauses of similar effect being upheld in some cases and rejected in others The range of interests held to be 'legitimate' has increased over time as the economy has developed The area over which restraints have been judged to be reasonable has increased as trade has become more globalised The factors that the courts take into account are varied and open-ended, including (unusually) inequality of bargaining power The courts have been flexible in their approach to 		Level 5 Responses are sophisticated a areas of law, b providing a log content. Level 4 Responses are good analytica law and good for the series of law are as of law are as of law are at least some limited to the series of law are at least some limited to the	eing very focus eing very focus ical conclusion e unlikely to ach l evaluation of to ocus on the qu e unlikely to ach ytical evaluation ad limited focus e unlikely to ach imited analytica of law. Respor	nieve level 3 without n of the relevant	
	 interpretation of restraint of trade clauses. This flexibility has actually been inconsistent and unhelpful There are also areas in which the courts have been rigid in their application of the rules 		at least some v	very limited and eas of law. Res	nieve level 1 without alytical evaluation of sponses are unlikely	

Question	Answer	Marks	Guidance
	 The use of the 'Blue Pencil Test' shows that the courts insist upon clear severability. This is beneficially transparent They have been unable to effectively regulate cartels and monopolies though it is difficult to see how that is a result of a lack of flexibility They have, in general, refused to enter into economic analysis of their decisions. Is this intellectually inflexible or wisely restrained? Any other relevant point. Reach any sensible conclusion. 		* Conclusion – response has to provide a conclusion to answer and response must show more than 50% commitment (NB conclusion does not need to appear at end).
	Assessment Objective 3 – Communication and presentation	4	AO1 + AO2 Marks AO3 Mark
	Present logical and coherent arguments and communicate relevant material in a clear and effective manner using appropriate legal terminology. Reward grammar, punctuation and spelling.		24–30 4 17–23 3 9–16 2 1–8 1

Question	Answer	Marks		Guidance	
3	Potential answers may :		Mark Levels	AO1 Marks	AO2 Marks
	A construction of Children and	40	5	9–10	17–20
	Assessment Objective 1 – Knowledge and understanding	10	4	7–8	13–16
	Define the relevant rules and one accordance to a sufficient to		3	5–6	9–12
	Define the relevant rules and use any relevant cases as authorities for		2	3–4	5–8
	those rules.		1	1–2	1–4
	Assessment Objective 2 - Analysis, Evaluation and Application In the case of (a): CP Identify that this is a restraint imposed upon the seller of a business and its goodwill	20	Marks should be question): Mark Levels	(a), (b) or (
	It must protect a legitimate interest and be reasonable in the		5	9–10	
	interests of the public and the parties (<i>Nordenfelt v Maxim</i>		4	7–8	
	Nordenfelt)		3	5–6	
	The zoo purchaser's legitimate interest centres preventing Daljit		2	3–4	
	poaching their customers		1	1–2	
	 AP1 Show that the restraint goes further than necessary in its substantive coverage (<i>Nordenfelt</i>). AP2 Show that the geographical scope of the restraint would probably be seen as reasonable. AP3 Show that the time scale of the restraint would probably be seen as reasonable. AP4 Show that the high price paid may support a finding of reasonableness. AP5 Show that the unreasonable elements are not severable under 		AO1 for each pa Max 3 ma Max 6 ma Max 1 ma conclusio outcome	rt question. Arks for the criticates for applied or a logical or a remains the contract of th	of the most likely lity (CON)
	the Blue Pencil Test (<i>Mason</i>) but that the courts may (<i>Home Counties Dairies</i>) or may not (<i>Lyne-Pirkis</i>) choose to interpret the clause to find it reasonable. CON that, unless the courts interpret around it, it is likely that the courts will find this clause in restraint of trade. Credit alternative conclusion that high consideration is enough to make the clause reasonable.		a discussion of t and a conclusion Responses are u conclusion* is in reason offered.	he Critical Poin *. unlikely to achie correct <u>and</u> cor	ntradicted by the
			* Conclusion – reconclusion to an		

Question	Answer	Marks	Guidance
	 In the case of (b): CP Identify that this is a restraint upon post-employment liberty It must protect a legitimate interest and be reasonable in the interests of the public and the parties (Nordenfelt v Maxim Nordenfelt) Evan's senior position would give a considerable LI to protect AP1 Show that the legitimate interest to be protected is reflected accurately in the substance of the restraint AP2 Show that the geographical scope of the restraint, though very wide, would probably be seen as reasonable (Nordenfelt) AP3 Show that the time period is probably reasonable given the fast pace of change in the industry (Mason). AP4 Show that the high wages he received may support a finding of reasonableness. AP5 Credit comment that nothing requires severing or interpreting CON that it is unlikely that the courts will find this clause in restraint of trade. 		more than 50% commitment (conclusion does not need to appear at end).
	 In the case of (c): CP Identify that this is a restraint imposed through an exclusive dealing arrangement It must protect a legitimate interest and be reasonable in the interests of the public and the parties (<i>Esso Petroleum</i>) Guzzler's legitimate interest is a function of the bargain struck with the hospital AP1 Show that the terms imposed upon Fiona are particularly onerous in terms of time as it goes beyond the loan period (<i>Esso</i>). AP2 The lengthy timescale is exacerbated through the apparent lack of break clauses (<i>Esso/Alec Lobb</i>) AP3 It is particularly onerous in terms of substance as the price is set unilaterally AP4 No obvious inequality of bargaining power may make it seem more reasonable (<i>Schroeder</i>) AP5 Show that the unreasonable elements are not severable under the Blue Pencil Test (<i>Mason</i>). Credit appropriate discussion of interpretation (<i>HCD</i>). 		

C	Question		Answer	Marks	Guidance
			CON that it is likely that the courts will find this clause in restraint of		
			trade.		

APPENDIX 1

Advanced GCE Law Levels of Assessment

There are **five** levels of assessment of AOs 1 and 2 in the A2 units. The first four levels are very similar to the four levels for AS units. The addition of a fifth level reflects the expectation of higher achievement by candidates at the end of a two-year course of study. There are **four** levels of assessment of AO3 in the A2 units. The requirements and number of levels differ between AS and A2 units to reflect the expectation of higher achievement by candidates at the end of a two-year course of study.

Level	Assessment Objective 1	Assessment Objective 2	Assessment Objective 3 (includes QWC)
5	Wide ranging, accurate, detailed knowledge with a clear and confident understanding of relevant concepts and principles. Where appropriate candidates will be able to elaborate with wide citation of relevant statutes and case-law.	Ability to identify correctly the relevant and important points of criticism, showing good understanding of current debate and proposals for reform, or identify all of the relevant points of law in issue. A high level of ability to develop arguments or apply points of law accurately and pertinently to a given factual situation, and reach a cogent, logical and well-informed conclusion.	
4	Good, well-developed knowledge with a clear understanding of the relevant concepts and principles. Where appropriate candidates will be able to elaborate by good citation to relevant statutes and case-law.	Ability to identify and analyse issues central to the question showing some understanding of current debate and proposals for reform or identify most of the relevant points of law in issue. Ability to develop clear arguments or apply points of law clearly to a given factual situation, and reach a sensible and informed conclusion.	An accomplished presentation of logical and coherent arguments and communicates relevant material in a very clear and effective manner using appropriate legal terminology. Reward grammar, spelling and punctuation.
3	Adequate knowledge showing reasonable understanding of the relevant concepts and principles. Where appropriate candidates will be able to elaborate with some citation of relevant statutes and case-law.	Ability to analyse most of the more obvious points central to the question or identify the main points of law in issue. Ability to develop arguments or apply points of law mechanically to a given factual situation, and reach a conclusion.	A good ability to present logical and coherent arguments and communicates relevant material in a clear and effective manner using appropriate legal terminology. Reward grammar, spelling and punctuation.
2	Limited knowledge showing general understanding of the relevant concepts and principles. There will be some elaboration of the principles, and where appropriate with limited reference to relevant statutes and case-law.	Ability to explain some of the more obvious points central to the question or identify some of the points of law in issue. A limited ability to produce arguments based on their material or limited ability to apply points of law to a given factual situation but without a clear focus or conclusion.	An adequate ability to present logical and coherent arguments and communicates relevant material in a reasonably clear and effective manner using appropriate legal terminology. Reward grammar, spelling and punctuation.
1	Very limited knowledge of the basic concepts and principles. There will be limited points of detail, but accurate citation of relevant statutes and case-law will not be expected.	Ability to explain at least one of the simpler points central to the question or identify at least one of the points of law in issue. The approach may be uncritical and/or unselective.	A limited attempt to present logical and coherent arguments and communicates relevant material in a limited manner using some appropriate legal terminology. Reward grammar, spelling and punctuation.

OCR (Oxford Cambridge and RSA Examinations)
1 Hills Road
Cambridge
CB1 2EU

OCR Customer Contact Centre

Education and Learning

Telephone: 01223 553998 Facsimile: 01223 552627

Email: general.qualifications@ocr.org.uk

www.ocr.org.uk

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OCR (Oxford Cambridge and RSA Examinations)

Head office Telephone: 0122

Telephone: 01223 552552 Facsimile: 01223 552553



