

NATIONAL UNIVERSITY OF IRELAND, GALWAY  
FACULTY OF LAW

SUMMER EXAMINATIONS 1999/2000

BACHELOR OF COMMERCE - 1<sup>ST</sup> & 2<sup>ND</sup> YEAR  
OCCASIONAL STUDENTS

BUSINESS LAW (LW160)

Mr. R. Friel  
Mr. R. Murphy  
Ms. C. Gardiner

Time Allowed: **THREE** Hours

Answer **FIVE** Questions. Erasmus students answer **FOUR** Questions.

Answer **TWO** Questions From **Section A** and **TWO** Questions From **Section B**.

All question and parts thereof carry equal marks

Section A

Answer at least **TWO** questions from this section. Use a separate answer book for each section.

1. Analyse and discuss the main sources of Irish law.
2. Steve was a law student at a University in Dublin. In May 2000 he bought a pre prepared ham sandwich from the local delicatessen. Unknown to Steve, the ham was contaminated in some way. After eating it, Steve became violently ill and he was hospitalised for a time. He was also unable to sit his summer examinations. Advise Steve of his legal redress if any against the owner of the shop or the food processor/manufacturer and his agents.
3. Analyse and discuss the rules governing offer and acceptance in the law of contract.
4. Mary was trying on her new wedding dress for the first time when coffee was spilt over the front. She brought it to the cleaners and informed them that it was needed for her forthcoming wedding in two weeks time. She was asked to sign an exclusion or exemption clause excluding liability on the part of the cleaners for any damage caused. When she enquired what this meant in practice, she was told that the dress would be fine, but that the delicate lace around the neck was at risk. In the event, the dress was damaged. The lace was perfect, but the process has significantly damaged the fabric of the dress. Mary is unsure of her rights owing to the exemption clause. Advise her.

## Section B

Answer at least TWO questions from this section. Use a separate answer book for each section.

5. Parker, Platt & Perkins is a partnership which is in the textile manufacturing business. Recently some problems have arisen with regard to the partnership. These problems are as follows:-
- a) Last month, Peter, one of the partners, set up his own business, a wholesale fabric outlet on the same street as Parker, Platt & Perkins. The other partners have now discovered that he has bought supplies of fabric cheaply and sold it to the firm at market price. They were not aware that Peter was selling on his own account.
  - b) It has also recently been discovered that Peter without the consent of his fellow partners, contracted to buy a new state of the art computerised garment manufacturing system for the firm from Texco Ltd, costing £7,000. The partnership agreement of Parker, Platt & Perkins provides that '*....no partner shall without the previous consent of the others, purchase goods in the name of or on behalf of this firm to an amount exceeding £2,000.*' So far, the other partners have refused to take delivery of the goods but Texco Ltd. have now written to the firm demanding payment.

The firm has asked you to prepare a memorandum setting out its legal position with regard to each of these situations.

6. The courts have frequently said that they will not allow the privilege of incorporation and in particular the concept of corporate personality to be used for a fraudulent or improper purpose. If this occurs, the judge has the power to 'lift the corporate veil'.
- (i) explain the concept of corporate personality; and
  - (ii) outline the circumstances in which the veil of incorporation can be lifted by the courts. What happens when the court lifts the corporate veil?

In your answer, refer to any relevant case law.

7. Harry Molloy has been in business for the last 10 years as a sole trader. The business is the sale and repair of motor vehicles. The business is a prosperous one. Harry does not intend to retire for some years although he feels that he should provide for the possible entry into the business of his only daughter, Lorraine. Secondly, Jimmy Doyle, his highly valued and hard-working employee has recently indicated that he is tempted to leave and seek employment elsewhere unless Harry lets him take a share in the profits of the business. Harry would like to retain control of the business himself for the time being. Thirdly, Harry is considering buying another garage which has just come on the market and will need to borrow a considerable amount of money in order to do this. Harry comes to you for your advice as to the most appropriate business structure to adopt in these circumstances. Please also advise him on the formal steps to be taken in order to set up this structure.
8. Explain with reference to decided cases how the courts make the distinction between a *contract of service* and a *contract for services*. Why is it important to make this distinction?