

SEMESTER I EXAMINATIONS - RESIT 1999/2000

**M.B.A. DEGREE EXAMINATIONS**

**ADVANCED BUSINESS LAW (LW 512)**

**Mr. R. Friel  
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Time Allowed: **TWO** Hours;

Answer **THREE** Questions. All questions or parts of questions carry equal marks unless otherwise indicated.

1. McDonogh ordered 1,000 tons of coal from McManus who is a sales representative of Coal Suppliers Ltd. McDonogh signed a sales order form under which the coal was to be delivered in four shipments of 250 tons each. Advise McDonogh in each of the following situations:
  - (i) Coal Suppliers Ltd accepted the offer but on the acceptance form there was a standard clause that all orders were accepted 'subject to availability'. The price of coal has gone up and Coal Suppliers Ltd have now refused to fulfil the contract on the grounds that the company has no longer coal of that quality available.
  - (ii) Coal Suppliers Ltd accepted the order but informed McDonogh that delivery would be a month late and would be made in two shipments of 500 tons each.
  - (iii) The order form signed by McDonogh did not specify the price or quality of the coal ordered and, as the price has risen, Coal Suppliers Ltd refuse to fulfil the contract on the grounds that the alleged contract had not been completely negotiated.
2. John bought a refrigerator from Galway Electrical Stores Ltd. The appliance broke down after three months use. Advise John after each of the following rebuffs.
  - (i) The seller told him that as far as the law was concerned, it was a matter of 'caveat emptor' (let the buyer beware), and John had to suffer the loss.
  - (ii) John showed the manager of Galway Electrical Stores Ltd a manufacturer's warranty which guaranteed the quality of the materials and workmanship for one year from the date of purchase, and undertook to provide aftersale service and spareparts for a minimum of six years. This warranty had been given to John by a salesman employed by Galway Electrical Stores Ltd at the time of purchase, and it purported to replace John's statutory and common law rights as buyer. The manager informed John that the warranty was not his company's concern, and that the manufacturer was no longer in business in any event.
  - (iii) John claimed that he was induced to enter the contract by a salesman who worked for Galway Electrical Stores Ltd who informed him that the refrigerator was 'good for ten years', and that if it broke down within a year, the manufacturers would replace the appliance. The sales manager at Galway Electrical Stores Ltd pointed out that the sales order form, signed by John, exempted the seller from liability for any misrepresentation.

3. Answer **EITHER** part 3(a) **OR** part 3(b).

- (a) The Sale of Goods and Supply of Services Act, 1980 and the Consumer Credit Act, 1995 have provided an effective regime for the protection of Irish consumers. Discuss.

**OR**

- (b) The Salamanca Machine Company is setting up a manufacturing plant in Galway. Write a concise memorandum for the general manager explaining how the company might be liable in Ireland for loss or injury caused by defects in its products.

4. Answer **EITHER** part 4(a) **OR** part 4(b).

- (a) Explain the principal rights given to the hirer of goods under the Consumer Credit Act, 1995. Do you think the hirer is adequately protected? Explain.

**OR**

- (b) The rules governing sale of goods contracts are similar to the general principles of contract but there are some significant differences. Discuss .

5. Mr Taylor bought six new washing machines for his Laundromat business from a large multinational company called 'Electrical Goods plc', at a price of £600 each. Within one month of purchase, the motor broke in two of the machines and the necessary repairs were estimated at £450. Mr Taylor has calculated that the failure of the two machines will also cost his company £150 per week in lost profits. When he raised the matter with Electrical Goods plc, the company denied all legal responsibility on the grounds that the contract of sale excluded the seller's liability in respect of all conditions and warranties, express or implied, whether arising under statute or common law.

Advise Mr Taylor

- (a) on his legal rights and remedies against Electrical Goods plc, and
- (b) in what way your advice would be different, if at all, had Mr Taylor purchased a single defective washing machine for private use in his home.

6. Write brief notes on **ANY TWO** of the following:

- (i) The purpose and scope of the legal obligation imposed on employers to 'prepare or cause to be prepared' a safety statement.
- (ii) The scope of the implied terms concerning
  - (a) the safety of motor vehicles and
  - (b) spare parts and servicing as introduced by ss. 12 and 13 of the Sale of Goods and Supply of Services Act 1980;
- (iii) Implied terms in supply of service contracts;
- (iv) The circumstances and conditions in which a buyer of goods who deals as a consumer will have the right to rescind the contract for breach of a condition by the seller.
- (v) The buyer's remedies for breach of a contract for the sale of goods.