Final Examination
Semester 3 / Year 2011

COURSE : BUSINESS LAW
COURSE CODE : LAWS 3023
TIME : 2 ½ HOURS
DEPARTMENT : MANAGEMENT; ACCOUNTING AND FINANCE
LECTURER : LEE CHUIN BEE

Student’s ID :
Batch No. :

Notes to candidates:
1) The question paper consists of 2 pages and 8 questions.
2) Student is required to answer 4 questions only.
3) Return the question paper with your answer booklet.
Question 1

Please describe the basic elements of a contract. 

(25 marks)

Question 2

Simon agreed to make and supply to Martin a printing machine by a certain date and with some special requirements. However, delivery was late and the requirements were not followed. Simon said that the delay was caused by a shortage of workers. An outbreak of food poisoning at his factory’s canteen had caused many workers being ill and this had been followed by a strike which the workers have refused to work for 2 weeks. He also said that the government’s new safety regulations had made the machine more expensive to manufacture and he was forced to cut the costs by using cheaper materials.

Advise Martin whether he can sue Simon in the above situation.

(25 marks)

Question 3

Distinguish between an employee and an independent contractor and explain the importance of the differences.

(25 marks)

Question 4

Explain whether a contract exists in the following situations:

(a) Alan sees a watch in a shop window with a price label of RM500. He goes into the shop to buy the watch and is told by the cashier that wrong label has been put and the price of the watch should be RM800. Alan insists that he wants to buy the watch at the price of RM500.

(12 ½ marks)

(b) Brian offers to sell his camera to Vivian for RM200. Vivian says she can only afford to pay for RM150 and Brian says it is not enough. Later in the evening, Vivian goes to Brian’s house to say that she wants to buy the camera for RM200.

(12 ½ marks)

Question 5

What remedies are available to a plaintiff in an action for breach of contract?

(25 marks)
Question 6

Robin is the owner of a garage. What is his liability, if any, in each of the following situation :-

(a) One of his employee is taking a car for a test drive. Suddenly, it skids out of control on to the wrong side of the road and causes damage another car coming in the opposite direction. (12 ½ marks)

(b) A car that has been just repaired is being driven away by a customer. On the way back to home, the car door falls off and injures a pedestrian. The customer suffers nervous shock and becomes very ill. (12 ½ marks)

Question 7

Explain what a plaintiff must prove in order to succeed in an action for tort of negligence. (25 marks)

Question 8

David always parked his car in a car park when he worked in Johor Bahru City Square. The car park was operated by a company namely Safe Parking Sdn Bhd. On the entry to the car park just in front of the auto pay machine, there is a large sign in red paint which states as follows :

“This building may be dangerous. You use the facilities strictly at your own risk and Safe Parking Sdn Bhd accepts no liability whatsoever for any damage or injury suffered by you or your vehicle/property due to the use of this facility, no matter how it is caused.” (the “Exclusion Clause”)

David was fully aware of this sign, but he had never paid much attention to it. However, on 1 February 2011, when he returned to his car, he found out that his car had been badly damaged by a towing vehicle driven by an employee of Safe Parking Sdn Bhd. He was very angry and wanted to complain the incident to the car park office. On his way to the car park office, he was hit by the same towing vehicle which was clearly driven dangerously by an employee of Safe Parking Sdn Bhd. As a result, not only his car severely damaged, David also suffered a broken leg and was not able to work for 6 weeks.

Safe Parking Sdn Bhd has admitted that its employee was negligent in both incidents but it denies any liability, relying on the Exclusion Clause. As mentioned above, the Exclusion Clause has excluded the liability of Safe Parking Sdn Bhd towards the damage and injury suffered by David. Please advise David whether he can take any legal action against Safe Parking Sdn Bhd in respect of the injury and damaged suffered by him.

(25 marks)