



## THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

### UNIT 2 – CONTRACT LAW\*

**Time allowed: 3 hours plus 15 minutes' reading time**

#### Instructions to Candidates

- You have **FIFTEEN** minutes to read through this question paper before the start of the examination.
- **It is strongly recommended that you use the reading time to read this question paper fully.** However, you may make notes on this question paper or in your answer booklet during this time, if you wish.
- **All questions carry 25 marks. Answer FOUR only of the following EIGHT questions. This question paper is divided into TWO sections. You MUST answer at least ONE question from Section A and at least ONE question from Section B.**
- Write in full sentences – a yes or no answer will earn no marks.
- **Candidates may use in the examination their own unmarked copy of the designated statute book: Blackstone's Statutes on Contract, Tort & Restitution 2020-2021, 31st edition, Francis Rose, Oxford University Press, 2020.**
- Candidates must comply with the CILEx Examination Regulations.
- Full reasoning must be shown in answers. Statutory authorities, decided cases and examples should be used where appropriate.

#### Information for Candidates

- The mark allocation for each question and part-question is given and you are advised to take this into account in planning your work.
- Write in blue or black ink or ballpoint pen.
- Attention should be paid to clear, neat handwriting and tidy alterations.
- Complete all rough work in your answer booklet. Cross through any work you do not want marked.

**Do not turn over this page until instructed by the Invigilator.**

\* This unit is a component of the following CILEx qualifications: **LEVEL 6 CERTIFICATE IN LAW** and the **LEVEL 6 PROFESSIONAL HIGHER DIPLOMA IN LAW AND PRACTICE**

**SECTION A**  
**(Answer at least one question from this section)**

1. Critically analyse how accurate it is to say that restraint of trade clauses will always be held void at common law.

**(25 marks)**

2. Critically evaluate the importance of the doctrine of privity in the 21st century.

**(25 marks)**

3. Critically analyse the development of the doctrine of:

(a) economic duress;

**(13 marks)**

(b) undue influence.

**(12 marks)**

**(Total: 25 marks)**

4. Critically assess the approach of the courts to:

(a) calculating expectation loss;

**(19 marks)**

(b) the granting of injunctions.

**(6 marks)**

**(Total: 25 marks)**

**SECTION B**  
**(Answer at least one question from this section)**

**Question 1**

Aleksandar is a computer programmer, who specialises in creating software. In February 2020, Aleksandar was hired by Beverley to code a piece of software that could be used for telecommunications over the internet. Aleksandar agreed with Beverley that she would pay him a fee of £20,000 to complete the work.

In April 2020, while he was working on the software for Beverley, Aleksandar was approached by Chen. Chen contracted with Aleksandar to create an accounting application for Chen's new business. Because Chen had limited financial resources, he offered Aleksandar a vintage computer in exchange for the work. The computer was only worth £500, whereas Aleksandar would usually charge around £5,000 for work of this nature. However, Aleksandar had a passionate interest in vintage computers and was happy to agree to Chen's terms.

Unfortunately, due to working on Chen's application, Aleksandar fell behind with his work for Beverley. Beverley had arranged the launch of her new software for 1 August, but by mid-June, it was clear that Aleksandar was not going to be finished on time. Beverley decided to offer Aleksandar a £7,000 'completion bonus' in exchange for his promise to have finished coding the software by 1 August.

Aleksandar did complete Beverley's software on time, but Beverley is now refusing to pay the £7,000 bonus.

Chen was so pleased with the accounting software that he told Aleksandar he was also going to give him some vintage game consoles, but he has failed to deliver either these consoles or the vintage computer as promised.

Advise Aleksandar.

**(25 marks)**

## Question 2

Everything Electrical Ltd (EEL) is a large retailer of electronics located in Kempston High Street. In July 2020, Fazal visited EEL, looking to purchase two extremely large high-definition screens. Fazal is a successful garden and landscape designer, who often promotes his business at exhibitions and roadshows. Fazal thought that the screens would be an effective way of showing potential customers his previous successful designs.

Fazal purchased two 'Zoom-Master' screens from EEL, for a total price of £5,000. However, Fazal has been extremely disappointed with the screens, which have repeatedly stopped working during use at exhibitions. Furthermore, despite careful handling, the outside frame of both screens has worked loose. EEL has refused to do anything to resolve the issues that Fazal has been having.

More recently, Fazal paid £2,500 to reserve a booth at Glorious Gardens, a major garden and landscape show held once a year in Birmingham. Fazal spoke to Harriet, the organiser of the Glorious Gardens show, when booking his booth. During their conversation, Fazal told Harriet about the problem with his screens, to which she replied: 'How awful! I hope they work OK when you are exhibiting with us!'

On arrival at the Glorious Gardens show, Fazal found that the booth he had been allocated had no access to electric power, so he could not use the screens. However, he was able to attract one new customer, contracting with Irena to landscape her front garden.

Last week, Fazal realised that, due to an oversight on his part, no price had been included in the contract he had made with Irena.

Advise Fazal as to:

(a) whether EEL is in breach of any statutory implied terms in respect of the screens;

**(10 marks)**

(b) whether Harriet could be in breach of any term that could be implied in fact into her agreement with Fazal;

**(10 marks)**

(c) whether a term will be statutorily implied into his contract with Irena relating to the price for the work to be done.

**(5 marks)**

**(Total: 25 marks)**

### Question 3

Liam is a professional stand-up comedian, who is well-known in the local area. On 21 September 2020, Liam was contacted via email by Merry Mirth Makers (MMM), a comedy club. MMM's email to Liam stated: 'We want you to headline 9 October. What would your fee be?'

Liam replied, stating that he would expect a fee of £1,000 plus his travel expenses paid. MMM then sent a further email on 27 September, which said: 'Agreed £1,000 for 9 October, but can't pay the expenses on top'. Liam was not willing to forgo the travel expenses, so he ignored the email.

On 8 October, MMM emailed Liam again, stating: 'OK, we agree to expenses. See you tomorrow.' Liam again ignored the email.

Nish, a local organiser of comedy nights, contacted Liam via email on Tuesday 10 November. Nish offered Liam £400 to perform a short comedy set at an event on Saturday 14 November. On Wednesday 11 November, Liam emailed Nish to ask if travel expenses were included. Nish replied at 8pm the same day: 'Yes, £400 plus travel expenses'.

On Thursday 12 November, Liam emailed Nish at 10pm stating that he agreed to the terms and would perform on Saturday. The following morning, Friday 13 November, at 8am, Nish called Liam and told him that he had found another performer and was no longer willing to pay Liam to perform. Liam still attended the event on Saturday 14 November, but Nish refused to let him on stage.

Liam recently agreed to perform some of his comedy set at his cousin Orianna's wedding. Liam used to spend a lot of time with Orianna as a child but has only seen her a handful of times in the past few years. Orianna offered Liam £500 to perform and, after agreeing, Liam turned down another event that was due to take place on the same day. Liam performed as agreed at the wedding.

MMM has now sent Liam a bill for 'wasted expenses after your non-performance'. Both Nish and Orianna are refusing to pay Liam the amounts they promised him.

Advise Liam as to whether a valid contract was formed with:

(a) MMM;

**(9 marks)**

(b) Nish;

**(9 marks)**

(c) Orianna.

**(7 marks)**

**(Total: 25 marks)**

#### **Question 4**

Timothy is a trained chef. In 2019, he decided that he no longer wanted to work in a restaurant, but instead to run a food truck selling fast food at events such as sporting fixtures and music festivals. In October 2019, Timothy spotted an advertisement in a trade magazine, which stated the following:

'Fast Food? Fast Profits! Established food truck business for sale, with the best reputation in the whole Universe!'

The advertisement went on to give the contact details of Uma, who was selling the food truck business. Timothy visited Uma in November 2019 and discussed purchasing the food truck business, which was named 'Brilliant Burgers' and was well known locally. Uma told Timothy that she made '£3,000–£4,000 profit per month'. Timothy questioned why, in that case, Uma would sell such a profitable business, to which Uma replied: 'I'm only selling because I'm moving to Scotland to look after my sister, who's very ill'.

Timothy was very interested but could not afford the price of £70,000 that Uma was asking for the truck and the business.

In March 2020, Timothy inherited a considerable sum of money. He immediately contacted Uma and asked if the food truck business was still for sale. Uma confirmed that it was, and they agreed that Timothy would buy the business, including the truck, for £70,000.

Timothy started running the business, but soon found that he was struggling to make more than £1,000 in monthly profits. Last month, he was surprised to see Uma at a music festival in London. When he told her about his struggles with 'Brilliant Burgers', Uma admitted that after a negative review of her food had been widely shared on the internet in December 2019, her profits had declined sharply. She also told Timothy that she was not in Scotland, because her sister had unexpectedly made a full recovery from her illness.

Advise Timothy.

**(25 marks)**

**End of Examination Paper**