

## Law of Obligations 1 – 18 June 2010

- The duration of the examination is 75 minutes.
- During the course of the examination, candidates may freely consult Statutes and dictionaries of their own.
- On each Answer sheet, candidates must write their **student number only**. Please do **not** write your name or major subject.
- **All** candidates **must** attempt Question 1.
- Candidates may attempt **only one** topic from the two topics presented in Question 2.

### [1] Question 1

Mr Kim has several apartments in Seoul. KM Estate, Inc. has been managing most of Mr Kim's apartments over the years. Mr Kim needed cash and decided to sell an apartment in Seocho Dong. Mr Kim instructed KM Estate to sell the apartment in Seocho Dong as soon as possible.

However, KM Estate's employee Mr Park mistakenly believed that the instruction was to sell Mr Kim's apartment in Bangbae Dong and accordingly put Mr Kim's Bangbae Dong apartment on sale.

Ms Lee concluded the sale contract to purchase Mr Kim's Bangbae Dong apartment at 300 million KRW, which was the market price. Mr Park duly presented all the documents necessary to effect the transfer of title of Bangbae Dong apartment as an agent of Mr Kim. Ms Lee paid 30 million KRW as the contract deposit on the day of the contract. The balance was to be paid one month later.

When Mr Kim discovered that his Bangbae Dong apartment was sold, he immediately notified Ms Lee and KM Estate that the contract was entered into by mistake. Mr Kim told Ms Lee that the contract is rescinded. Mr Kim offered to return 30 million KRW to Ms Lee. Ms Lee, however, claimed that the contract is binding and that if Mr Kim wishes to terminate it, he should pay her 60 million KRW. Mr Kim refused. Mr Kim instead paid 30million KRW into court so that Ms Lee can collect it at any time if she so wishes.

While Mr Kim and Ms Lee were disputing in this manner, one month has lapsed. Ms Lee tendered the balance of the purchase price for Bangbae Dong apartment. When Mr Kim refuses to accept the payment, Ms Lee brought a lawsuit against Mr Kim and demanded Mr Kim to transfer the title to her. Mr Kim put forward a defence that the contract was already rescinded and that Ms Lee should sue KM Estate if she wishes to receive 30 million KRW in addition to 30 million KRW which had already been paid into court for Ms Lee.

How should this dispute be resolved?

[Please turn to the next page]

**[2] Question 2**

Please choose and answer only **one** of the following topics:

What remedies are available in the event of a breach of contract?

*or*

Explain and compare the performance measure and the reliance measure of damages.

[End of questions]