

Law of Obligations 1 – 24 April 2010

- The duration of the examination is 75 minutes.
- 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 inherited his parents' building (as well as the land on which stands the building) when his parents both died in a traffic accident on 24 April 2006. Mr Kim was 19 years old at that time. Mr Kim's parents were planning to sell the building and the land to finance Mr Kim's study. At about the time of the accident, they were engaged in a negotiation with Mr Lee who was interested in buying the property.

After the funeral, Mrs Park was appointed as Mr Kim's guardian. With Mrs Park's approval, Mr Kim and Mr Lee concluded the sale contract for the building and the land at the price of 400 million KRW on 1 June 2006. When Mr Lee inquired about the approval of the relatives' meeting, Mrs Park provided Mr Lee with a forged resolution of the relatives' meeting. The conveyancing was completed on 20 April 2007, just before Mr Kim's 20th birthday. Mr Lee refurbished the building and opened a restaurant. The restaurant is thriving.

On 1 April 2010, Mr Kim rescinded the sale contract claiming that the contract was not approved by the relatives' meeting as prescribed by Article 950 of the Civil Code. Mr Kim argues that Mr Lee must return the land and the restaurant building to Mr Kim. The property is now worth 500 million KRW.

1. Is Mr Kim's rescission validly made?
2. Does Mr Kim have to prove that there was no approval of the relatives' meeting?
3. If the rescission is valid, does Mr Kim have to pay interest on the money he had received from Mr Lee? If yes, from when does the interest begin to accrue?
4. What are the arguments Mr Lee may put forward to resist the rescission? Are they likely to succeed?
5. If Mr Lee has to return the building, may he recover from Mr Kim an amount corresponding to the price increase of the property in the meantime?
6. What other arguments can the parties put forward in this dispute?

[Please turn to the next page]

[2] Question 2

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

What are the means of protecting a party who entered into a contract because of the other party's fraud?

or

Discuss and comment on Art. 527 of Civil Code, "An offer shall not be revoked."

[End of questions]