

Law of Obligations I

27 April 2016

- The duration of the examination is 75 minutes (from 9:00 am to 10:15 am).
- During the course of the examination, candidates may freely consult materials in their possession and online resources.
- On each Answer sheet, candidates must write their **student number only**. Please do **not** write your name.
- ALL candidates must attempt the following **two (2)** Questions.

[1] Question 1

Alice made an offer to Bob to sell her house in Seoul at the price of 360 million KRW. Alice's offer reached Bob on 24 March 2016. Bob took time to make up his mind. Bob sent the following email to Alice on Sunday 10 April at 11:32 am:

Dear Alice,

I have thought long and hard about your offer. Much as I would have hoped that you would offer a better price considering the deplorable state of maintenance (or lack thereof, rather) of the house, I decided to take it. Let's meet up next week to sort out the deposit payment of 36 million KRW (which is 10% of the contract price) and other details of the transaction.

Regards,

Bob

However, Alice's email server was experiencing a technical problem at the time and Bob's message could not be delivered to Alice's email account immediately. Bob's email server was holding the message and it kept trying to deliver the message.

On the same day, however, Alice telephoned Bob at 11:45 am (without knowing anything about Bob's email message) to tell him that she would be happy to make a better offer. She told Bob that she would agree to sell the house at 320 million KRW. Bob was happy to hear the good news and immediately agreed to buy the house at 320 million KRW. Bob did not say anything about the email because he simply assumed that Alice had read it when she telephoned.

Bob's email was delivered to Alice on Monday 11 April 2016 at 9:42 am. When Alice opened her emails later that day, she realized that Bob's email was sent before she telephoned him on Sunday morning. Alice was upset that Bob did not tell her about the email when they were speaking on the phone. Alice now insists that the contract price must be 360 million KRW. Bob was indignant because Alice changes her mind all the time. Bob insists that a new offer was made and it was accepted at the contract price of 320 million KRW.

Discuss how the dispute must be resolved.

[Please go to page 2.]

[2] Question 2

Viva Hospital ("Viva") is a registered non-profit corporation licensed by the Minister of Health. Viva's Memorandum of Incorporation stipulates that contracts whose price is above 1 billion KRW must be approved by Viva's founder, Dr. Chang.

Mr Bean is a director of Viva. On behalf of Viva, Mr Bean concluded a contract with Ms Kim at the price of 1.5 billion KRW to purchase a plot of land from her in order to have the new cancer research laboratory built on it. Mr Bean forged Dr Chang's letter of approval for the contract and gave it to Ms Kim together with Viva's Memorandum of Incorporation. The contract also has a provision where Mr Bean represented that the contract is in full compliance with Viva's MOI and that Mr Bean has the full authority to conclude the binding contract on behalf of Viva.

Dr Chang discovered this transaction and claimed that the contract is null and void. Ms Kim insists that she was in good faith and that Viva cannot now disavow a contract which was executed by its director.

Discuss how this dispute must be resolved.

[End of questions. You must answer **both questions.**]