

# Korean Contract Law I

17 June 2025

- Completed answers must be uploaded at <https://lawlec.korea.ac.kr/essay> by midnight (24:00) on 17 June 2025.
- Answer to Question 1 should be uploaded as **written work No. 3.**
- Answer to Question 2 should be uploaded as **written work No. 4.**
- There is no length limit to your answers.

## [1] Question 1

Mr Kim sold his old house with a garden to Ms Lee at the contract price of KRW 2 billion. The completion date (when the property must be transferred in exchange for payment of the balance) was agreed to be 1 June 2018. Ms Lee paid KRW 0.2 billion as the contract deposit on 1 March 2018 when the contract was signed. Ms Lee further paid 0.3 billion on 1 May 2018 as the agreed partial payment. For the remaining balance, instead of paying cash, Ms Lee undertook to take care of Mr Kim's outstanding loan in the amount of KRW 1.5 billion from M Bank on 1 June 2018.

In late May 2018, however, Ms Lee discovered that there is an urban road planning which would affect a portion of the garden. Ms Lee sent a letter entitled, "Notice of Termination" to Mr Kim on 25 May 2018 and stated that "The contract is cancelled due to your fraudulent behaviour. You must immediately return all the monies I paid you so far. You must also pay damage to me."

Mr Kim replied,

Dear Ms Lee,

It is unfortunate that you are making unreasonable and groundless allegations in an effort to renege from a deal which you willingly agreed to. I stand ready and willing to transfer the property as we agreed on 1 June 2018 and you must take care of the loan from that date. If you fail to do so, you are solely to blame for all consequences.

Yours truly,

Ms Lee refused to take care of Mr Kim's loan. On 1 September 2018, M Bank foreclosed and auctioned the property at the price of KRW 1.4 billion. Mr X was the successful bidder and became the owner of the property. M Bank demanded Mr Kim to repay the remaining balance (including the default rate of interest) which was KRW 0.3 billion. Mr Kim paid.

On 15 September 2018, Ms Lee sent another notice entitled "Notice of Termination (Reminder)" to Mr Kim and stated that "As you know, the contract was terminated on 25 May 2018 due to your fraudulent behaviour. In any event, you are not in a position to perform the contract anyway. Please return all the monies I had paid you (plus interest, of course). In addition, please pay me KRW 0.1 billion which I had spent in concluding the contract and in determining whether the contract was properly terminated by me. My lawyers tell me that my termination on 25 May was valid."

Mr Kim disagrees. Mr Kim asserts that the contract is binding and demands Ms Lee to

compensate him for the loss caused by Ms Lee's failure to take care of the loans.

Discuss how the dispute must be resolved. (2023 End Term Examination)

[Your answer to this question must be uploaded as **written work No. 3.**]

## [2] Question 2

Sunta, Inc. ("Sunta", "the seller") agreed to sell 100% shares of X Group of companies to Pinto, Ltd. ("Pinto" "the purchaser") at the price of 50 billion KRW. X Group of companies are composed of three companies, Alpha, Beta and Gamma (Gamma being the smallest). The completion date on which the parties agreed to pay the purchase price in exchange for the shares was 1 March 2021. On 15 January 2021, Pinto wrote to Sunta that Pinto shall not proceed with the sale because Sunta made inaccurate representations about the financial situation of X Group of companies. Sunta did not accept Pinto's allegation. Sunta wrote back to Pinto that Sunta would deliver the shares and that Pinto must pay the price on 1 March 2021 as agreed by the parties.

On 1 March 2021, Sunta tendered the shares to Pinto and demanded the payment. But Pinto refused to take the delivery of the shares and refused to pay the price. Pinto repeated its position that it shall not proceed with the sale. On 15 March 2021, the loans (10 billion KRW) of one of the X Group of companies (Gamma, Ltd.) would have to be refinanced or repaid. On 14 March, Sunta agreed to sell Gamma, Ltd. to the lender of the loans (Z Bank) at the price of 5 billion KRW. On 15 March, Sunta fully repaid the loans and delivered the shares of Gamma, Ltd. to Z Bank in exchange for the latter's payment of 5 billion KRW.

Sunta now sues Pinto and claims that Pinto must pay 45 billion KRW in exchange for the shares of Alpha and Beta and 5 billion KRW (which replaces Gamma, Ltd.'s shares). Pinto replied that Sunta is in breach of the sale contract and that Pinto terminates the sale contract. Sunta denies that it committed any breach. Sunta argued that because Pinto was in *mora creditoris* as from 1 March 2021, Sunta shall not be responsible for the non-performance. Sunta further argued that it was Pinto who committed a repudiatory breach by refusing to proceed with the sale and therefore Pinto must be held liable for its repudiatory breach.

Discuss how the dispute must be resolved. (2021 End Term Question, modified)

[Your answer to this question must be uploaded as **written work No. 4.**]

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