

Written work assignments 2026

Korean Contract Law I

- Your written work should not exceed 2 sides of an A4 sheet.
- Completed written work must be uploaded at <https://lawlec.korea.ac.kr/essay/>
- If you have used (even partially) AI tools in preparing your answer, you must disclose that you are assisted by AI.
- Deadlines for the written works:
 - Assignment 1 must be handed in by 23:00 on 12 May
 - Assignment 2 must be handed in by 23:00 on 26 May

[Assignment 1]

Pagoda Charities, Inc. (“**Pagoda**”) is a non-profit corporation authorised by the Minister of Health and Welfare. Pagoda’s Memorandum of Incorporation states that its purpose is to promote the welfare of the elderly and to carry out all related activities. Mr Lee is the chief executive officer and director of Pagoda. Mr Lee wanted to operate a membership-only gym with luxurious facilities where rich and famous elders can socialise and get physical training and exercise. Some directors felt that the gym is too exclusive and that the membership fee is too expensive. But Mr Lee’s proposal was approved by a majority of directors.

Pagoda accordingly concluded a contract with All Muscles, Ltd. who agreed to build and operate the gym for 10 years. The contract price was 10 billion KRW with the contract deposit of 1 billion KRW, which must be paid within 1 month after the signing of the contract. The contract contains a liquidated damage clause which stipulates that if Pagoda fails to make any payment on time, the contract deposit shall be forfeited.

Soon after the contract, Mr Lee was removed from the office. The newly appointed CEO of Pagoda, Mr Kim, was determined to kill the project. Under Mr Kim’s leadership, Pagoda refused to pay the contract deposit to All Muscles. Mr Kim discovered that Mrs Lee, who is Mr Lee’s close friend, was a non-executive director of All Muscles and that it was Mrs Lee who signed, on behalf of All Muscles, the building contract with Pagoda. All Muscles’ BOD was not aware of this contract.

Pagoda notified All Muscles that the contract signed by its non-executive director Mrs Lee is a nullity because she is not the representative director of All Muscles. Pagoda also explained that Pagoda’s own Memorandum of Incorporation stipulates that any contract above 5 billion KRW requires the consent of two thirds of the BOD members. As the contract in question only had the votes of a simple majority of directors, the contract is not binding on Pagoda.

About a month later, All Muscles replied and insisted that Pagoda must pay 1 billion KRW as the agreed liquidated damage. All Muscles further argued that it was in good faith in every sense of the word and that its interest must be fully protected by the law. Pagoda replied that as the contract was already denied by Pagoda, All Muscles may not now rely on the contract.

Discuss how this dispute might be resolved. (Modified from 2012 mid-term exam question)

[Assignment 2]

In the late 1990's, Tiger Life Insurance Co ("TLI") was suffering from financial crisis. It was on the verge of bankruptcy. The government decided to rescue the company by injecting tax-payer's money. TLI became a state-owned insurance company.

When the economic situation improved and TLI's performance showed signs of recovery, the government decided to sell 51% of TLI's shares to an investor who has experience and know-how of running a world class insurance company. The government accordingly invited bidders worldwide indicating that the investor should ideally have proven records of managing insurance companies.

HW, Inc. had no record or experience of running insurance companies. It's main line of business has been manufacturing of all sorts of hardware for home and industrial use. HW formed a consortium with Short Life Insurance (SLI) which is a renowned and well-respected household name in the insurance business worldwide.

The consortium (HW-SLI) was successful in acquiring 51% share of TLI in March 2003. In the hand of HW-SLI, TLI was doing good business. However, in October 2006, it emerged that HW had attempted to bribe government officials in an effort to acquire TLI in 2003. Moreover, before the acquisition of TLI, HW had secretly guaranteed SLI that SLI would not bear any risk even if TLI's performance should turn out to be poor. According to their secret arrangement, SLI would not benefit from the good performance of TLI either. It had been further agreed that, one year after the acquisition, SLI would leave the consortium leaving TLI entirely in the hand of HW. SLI did leave the consortium in March 2004. The government was somewhat surprised by this move, but no action was taken by the government at that time.

In October 2006, however, when HW's attempted bribery was being investigated, the government began monitoring the situation. In June 2007, while the directors of HW were being prosecuted for their attempted bribery and when the secret arrangements between HW and SLI began to be divulged, the government notified rescission of the sale of 51% share of TLI to HW-SLI consortium (2003 sale) and demanded HW to return the shares of TLI.

HW flatly rejected the government's demand arguing that it is a politically motivated move aggravated by the government's greed, seller's remorse and shameless effort to get hold of the fantastic results of TLI in the meantime which, according to HW, were due entirely to HW's effort and skill.

How should this dispute be resolved. [2012 mid-term exam question]