

**UNIVERSITY OF BOLTON**  
**SCHOOL OF BUSINESS AND CREATIVE**  
**TECHNOLOGIES**  
**LLB LAW & LAW PATHWAY**  
**SEMESTER 1 EXAMINATIONS 2010/2011**  
**LAW OF CONTRACT**  
**MODULE NO: LAW 1502**

Date: 20 January 2011

Time: 10:00 – 11:30 am

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**INSTRUCTIONS TO CANDIDATES:**

Please note that this is a seen case study examination. You are not allowed to bring any information or notes into the examination room.

There are TWO questions on this exam paper.

You must answer ALL questions.

All questions carry equal marks.

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Case Study

Owain is a famous chef. He is famous for his “Llama Pie” for which he alone has the recipe. A vital ingredient of the pie is “Poshh” a spice that can only be obtained from the small island of Bekum located in the Indian Ocean. In June Owain entered into a contract with Bolton Pies Ltd in which he agreed to supply 200 Llama pies a week for a period of a year at a price of £5 per pie. The contract was to start on 1<sup>st</sup> August. Owain informed Bolton Pies Ltd that he would be using the infamous Poshh spice in the recipe and that they could state that fact in their advertising material and on the packaging for the pies.

Owain was paid £3,000 in advance. Owain then in turn spent £20,000 extending his premises to meet the order including the purchase of new ovens from Oven World Ltd in order to meet the contract with Bolton Pies Ltd.

In July Owain tried to obtain the Poshh spice but to his dismay was informed that due to a Tsunami hitting the island of Bekum that the spice would be unavailable for a number of months. On hearing this news Bolton Pies Ltd cancelled their contract with Owain and asked for the £3,000 to be returned.

Later that year Owain obtained supplies of the Poshh spice and enters into another contract with Party Time Ltd to supply his Llama pies for exclusive parties. It subsequently transpires that the spice he actually received was a copy and not the real spice from Bekum. Owain, unaware of the fact that the spice is a fake, continues with the order to Party Time Ltd, who are hosting a party for Gordon DiMarco another famous chef. When the pies are served Gordon complains about the unusual taste and refuses to pay Party Time who in turn refuse to pay Owain. The suppliers claim that they had no idea that the spice was not from Bekum.

**REQUIRED:**

Answer A, B and C. Each of these answers will be weighted equally.

- A. How far can Owain rely on frustration as the reason for non-completion of the original contract? Can he counter claim for the money he has spent?
- B. Advise Owain regarding the recovery of his money in this contract? Can damages be claimed and if so from whom?
- C. How would your answer differ if Owain had known about the “fake” spice before completing the contract and delivering the pies to Party Time?

**END OF QUESTIONS**