



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF LAW, DEPARTMENT OF COMMERCIAL LAW
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi – Abuja

2021_2 EXAMINATION

COURSE CODE: CLL332

COURSE TITLE LAW OF COMMERCIAL TRANSACTIONS – II

CREDIT UNITS: 4

- INSTRUCTIONS:**
- (a) Indicate your Matriculation Number clearly
 - (b) Attempt Question one (1) and any other three (3) questions
 - (c) Question one (1) is compulsory and carries 25 marks; while the other questions carry 15 marks each.
 - (d) Using appropriate statutory and judicial authorities, present all your points in a straightforward, coherent and orderly manner.

TIME ALLOWED: 2.5 Hours

Question 1

The Love Brothers Limited (TLB Ltd) opened a branch office in Kaduna state, headed by a regional manager. TLB Ltd employed one Bijimi as its agent to work directly with, and report to, the regional manager. Bijimi’s duty is to conclude contracts for purchase farm produce like groundnut, corn, etc. Bijimi would source for the products, negotiate and conclude the price with the local dealers, while the regional manager would accept delivery and pay for the products. This course of transaction continued, until the business of the TLB Ltd took a hit due to the Chinese coronavirus pandemic. To walk its way out of the crisis, the head office directed the regional manager to instruct Bijimi not to enter into further contracts. The regional manager gave Bijimi the instructions as directed. However, Bijimi defied the clear instructions of the regional manager and concluded contracts with one of his customers, Mallam Mai Gona, who delivered 100 bags of groundnut in pursuance of the contract. The regional manager accepted the delivery of the order to its warehouse; and the regional office made payment for 20 bags. Mai Gona demanded for payment of his balance but TLB Ltd asked him to go and meet Bijimi for his money. Advise on the following issues:

- (a) Adducing reasons, discuss the type of agency situation disclosed by the facts above? (8 marks)
- (b) Give at least two judicial authorities to support your answer in (a) above? (4 marks)
- (c) State at least three characteristics of agency relationship. (3 marks)
- (d) Assuming the above scenario involves a hire purchase transaction, state the statutory obligations of Mai Gona as the owner of the goods under the contract. (10 marks)

Question 2

On 1/11/2020, Frontline Services Limited made an offer for purchase of 10 units of 2021 Model of SUVs to Innoson Vehicle Manufacturing Co Ltd (IVMC). In his capacity as the Managing Director and agent of IVMC Ltd, Engr. Lawal Bawa accepted the offer on 7/11/2020. Meanwhile, Engr. Bawa had no authority to accept such an offer, talkless of making a contract of sale. Sensing this, Frontline Services Ltd withdrew its offer on 8/11/2020. However, on 14/11/2020 the board met and passed a resolution ratifying the acceptance of the offer. At the time the offer was accepted a unit sold for 1.2 million NGN, but at the time of board ratification it sells for 3 million NGN. Your opinion is sought on the following issues:

- (a) Identify the offeror and offeree in this transaction. (2 marks)
- (b) Between the withdrawal of offer by Frontline Services Ltd and the ratification by the board, which one is effective in the eye of the law? (2 marks)
- (c) What would be the case if the Board’s ratification is “subject to current market realities”? (3 marks)
- (d) Cite one judicial precedent where the doctrine of agency by ratification is well enunciated. (2 marks)
- (e) Assuming the board is right in its ratification, at what price would Frontline Services Ltd be purchasing each unit of the SUV 2021 Model and why? (3 marks)
- (f) Would it make any difference if the board had ratified the acceptance six months after acceptance by Engr. Bawa, who had no power to accept in the first place? (3 marks)

Question 3

- (a) Discuss the obligations of the hirer under the common law in a contract of hire purchase. (10 marks)
- (b) What differences, if any, exist between the hirer's common law, and statutory, obligations? (2 marks)
- (c) Using a locus classicus, state the position of law concerning a deserted wife. (3 marks)

Question 4

You are the principal of Legal Fireworks & Co (a firm of barristers and solicitors). Your firm has been retained by De Princely, a celebrity and social media influencer. He dragged the Lagos State Government to the State High Court for causing him loss of performance opportunities that would have fetched him 10 million NGN in revenue. He anchored his cause of action on the government's handling of the EndSARS protests that rocked the State and other cities in Nigeria. Unknown to you or any member of the firm, De Princely developed psychotic disorders afterwards. Your firm pressed on with the action, until when you became aware of your client's insanity and applied to the Court for discontinuance. You are now faced with the following questions:

- (a) What is the effect of continuing the action in the presence of the principal's insanity? (3 marks)
- (b) List three conditions before the court can found for agency on the doctrine of deserted wife. (3 marks)
- (c) State the stipulations which the agent must fulfil to set up a case of agency of necessity (4 marks)
- (d) If the facts of the above facts relate to recovery under a hire purchase transaction, state the conditions that the courts insist an owner must meet to invoke section 9(5) of Hire Purchase Act. (5 marks)

Question 5

Messrs Utchayson Leasing Services Limited dragged Chief Jaycee Stonewall before the Igbosere High Court. He asked the Court to decree an order of repossession of the motor vehicle, the subject matter of the hire purchase agreement between the parties. After hearing the case of the parties, the Court has invited you as an amicus curiae with respect to the following issues:

- (a) What powers pursuant to the Act are available to the Court in such an action? (9 marks)
- (b) If the Court makes an order and defers its operation, what conditions will attach to it? (4 marks)
- (c) What will be the position of the hirer to the goods following the issue of a postponed order? (2 marks)

Question 6

Your brief and compelling opinion has been called for in respect of the following legal situations:

- (a) Chief Waje gave standing authority to his wife of 30 years to buy goods from a supermarket, Messrs Kantin Sauki Grocers Limited at any time, whether in his presence or absence. Unknown to the management of supermarket that Chief Waje has become insane due to substance abuse, it continued to make supplies to the wife. When it sought to recover payment, the wife raised an objection on grounds of insanity of the husband. (4 marks)
- (b) Mr. Popoola was given a financial assistance by way of a friendly loan by Chief Gburugburu. In order to repay the amount according to the understanding reached with his friend, Mr. Popoola executed a power of attorney wherein he authorised Chief to sell his land at Ibjeu-Lekki area of Lagos State. Mr. Popoola informed his lawyers and they advised him to revoke the authority. Notwithstanding, Chief proceeded and sold the land. (5 marks)
- (c) Softballs Equipment Leasing Services Limited sought to place advertisement for tractors, motor vehicles, tricycles, and other household items that it intends to dispose by way of hire purchase. The proposed advert will contain details of the payments as regards any goods on offer. As the company secretary, what information are required by the Hire Purchase Act in such adverts? (6 marks)