



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

APRIL 2019_1 EXAMINATION

COURSE CODE: CLL331

COURSE TITLE: Law of Commercial Transactions – I

CREDIT UNITS: 4

INSTRUCTIONS: (a) Indicate your Matriculation Number clearly
(b) Attempt Question one (1) and any other three 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: 3 Hours

Question 1

- (a) James Madison is a 15-year-old student of NOUN studying Law. On credit, he bought the recommended textbook titled **Law and Creditor Protection in Nigeria** by Dr FO Onamson. Similarly, he collected on credit all the “necessaries” he needed to keep body and soul together. All the credit purchases were from the Campus Super Mart Centre. He assured the owner of the business that his dad, a federal minister, would pay on his next visit. Among the items he collected included beverages for N10,950.00, and the latest gold-plated iPhone for his girlfriend at the cost of N285,000.00. From Dr Lex, one of his Law Teachers, he borrowed the sum of N9,500.00 with which he paid for a bed space in the hostel. With the aid of relevant statutory and judicial authorities, advise on the following:
- i. What is the object of section 2 Sale of Goods Act 1893? **(2 marks)**
 - ii. The position of the Campus Super Mart Centre as against the liability of James Madison with reference to the credit purchases. **(3 marks)**
 - iii. Dr Lex who advanced the N9,500 with which he secured the bed space is anxious to get his money back. **(2 marks)**
- (b) With the aid of statutory and judicial authorities discuss:
- i. The Rule relating to the passing of property in an unconditional contract for the sale of specific goods in a deliverable state **(3 marks)**
 - ii. The Rule regulating the passing of property where the goods are delivered to a person on approval or on sale or return or similar terms **(3 marks)**
 - iii. The Rule in respect of a contract for the sale of specific goods in a deliverable state but the seller is bound to weigh, measure, test or do some other thing respecting the goods in order to ascertain the price. **(3 marks)**

- (c) With the use of statutory and judicial authorities, discuss the following examples of implied terms embodied and deeply rooted in any contract of sale of goods:
- Description (**3 marks**)
 - Fitness for particular purpose (**3 marks**)
 - Merchantable quality (**3 marks**)

Question 2

- Identify, state and concisely discuss the tests that are utilized in discriminating and distinguishing between a term of the contract of sale of goods as against a mere representation. (**6 marks**)
- What is parol evidence rule? Discuss the exceptions to the rule (**3 marks**)
- State at least six out of the principles that guide the operation of a limiting clause and provide the basis for their validity. Explain any three of them. (**6 marks**)

Question 3

- Exhaustively and critically without discounting the use of authorities, discuss the concept of implied terms in any contract of sale of goods. (**8 marks**)
- In an argument amongst the students of Law of Commercial Transactions I, it was submitted that every contract of sale of goods is an embodiment of terms, which represent in its purest form the truest intentions of the parties with reference to the contract. Such terms, which may be express or implied, find expression in conditions, warranties, covenants, representations, and stipulations. However, one sour point of disagreement amongst the students was the nature of a condition as against a warranty, a representation as against a stipulation, a covenant as against an undertaking. Some of the students argued vigorously that these terms are distinct and as such perform different functions wherever they are embodied in any such contract. Others laboured to assert that this submission is not totally true. Flowing from the above and based on your knowledge of the subject, do you think there is any difference between conditions and warranties, in terms of nature and legal effect? **5 marks**
- With the support of statutory and judicial authorities, explain the concept of property in the context of a sale of goods transaction. (**2 marks**)

Question 4

- Under the Sale of Goods Law there are typologies of goods, scilicet ‘existing goods’, ‘contingent goods’, and ‘future goods’. Out of these classifications, particularly with reference to existing and future goods can be found a subdivision into ‘specific goods’ and ‘unascertained goods’. Unascertained goods refer to all goods that are not specific and thus not identified and agreed upon at the time the parties entered into the contract of sale of goods. Having regard to the Rule respecting passing of property in unascertained goods:
 - How are goods ascertained? (**3 marks**)
 - When does property pass in a contract of unascertained goods? (**2 marks**)
- Discuss the Hague Rules on carriage by sea. (**5 marks**)
- What are the contents of the implied terms in a Bareboat Charter? (**5 marks**)

Question 5

- Distinguish between an offer and invitation to treat, citing an example of each (**9 marks**)
- Exhaustively with unwavering clarity and supported by relevant statutory and judicial authorities, discuss the concept of price in the context of a sale. (**6 marks**)

Question 6

Answer the following:

- State duties of the buyer in a Free on Board contract (**5 marks**)
- Explain the doctrine of strict compliance under a letter of credit (**5 marks**)
- Identify and explain the sources of Sale of Goods Law in Nigeria (**5 marks**)