

**Write Your Exam Code Here: \_\_\_\_\_**

Return this exam question paper to your invigilator at the end of the exam before you leave the classroom.

**THIS EXAMINATION CONSISTS OF THREE PAGES (INCLUDING THIS PAGE)  
PLEASE ENSURE THAT YOU HAVE A COMPLETE PAPER**

**THE UNIVERSITY OF BRITISH COLUMBIA  
FACULTY OF LAW**

**FINAL EXAMINATION - DECEMBER 2019**

**LAW 437  
Commercial Transactions**

**Section 1  
Professor Bruce MacDougall**

**TOTAL MARKS: 100**

**TIME ALLOWED: 2-1/2 HOURS**

\*\*\*\*\*

**NOTE:** 1. This is an open book examination. Students may take any materials they wish into the examination room except UBC library books.

**THIS EXAMINATION CONSISTS OF ONE QUESTION**

**Marks**

100

1. Fritz is a farmer. He has three separate farms and is planning to sell two of them. Fritz plans to sell the equipment on each of those two farms he will sell. He decides to have two on-site equipment sales, the first on one Saturday and the second one, two Saturdays after that. His equipment is in good shape and the market is fairly good for such sales at the moment. It's a finicky market, however. For example, if a person has a sale where things do not move or people do not attend, word soon gets round and potential buyers assume there must be a "problem" with the goods. Subsequent sales by that seller tend, therefore, to go poorly.

Fritz's farms are on back roads in obscure places and so he decides he needs some signs made and installed to advertise his sales and other signs to give specific directions to the sale. In terms of the first type of sign, what he wants are large signs as near as possible to the big highway that will advertise the particular sale. One of these will go up a week before the first sale near the highway exit closest to the first farm. The other will go up a week before the second sale near the exit closest to that second farm. In both cases, separate direction signs giving the specific location of the particular farm will be placed just beyond the relevant off-ramps from the highway. These signs will go up only two days before the sales involved.

This is the usual procedure in such on-site farm equipment sales.

Fritz has gone by Georgina's business often. She is a sign maker who has many examples of her work on display in front of her premises. Her examples show clear, imaginative, highly-visible signs. One example is even for an on-site farm equipment sale.

Fritz goes in to see Georgina and explains the circumstances. They agree that Georgina will provide and install the four signs (two "advertising" signs to go near the highway, one for each sale; and two "directional" signs to go at the end of each off-ramp, one for each sale). The "advertising" signs will each go up one week before the relevant sale. The "directional" signs will each go up two days before the relevant sale.

Georgina offers to let Fritz give her the exact information and arrangement for each sign, but Fritz says he prefers to give Georgina the information and let her work out how best to present it on the signs. She knows the area well, after all.

They agree on a total price of \$2,000, \$300 of which is to be paid immediately as a deposit. Fritz pays that in cash.

Georgina's workers put up the first "advertising" sign one week before the first sale close to the nearest highway exit. The sign, however, has no reflective paint and cannot be seen well at all at night. Furthermore, the lettering on the sign begins to run after a light rain.

The “directional” sign for the first sale is put up two days before the sale. The directions on the sign are complicated, in very small letters and are difficult to follow. The sales in the first sale are very poor. Some people afterwards tell Fritz that they gave up on the sale because they could not find it. Fritz then goes to check the signs for the first time and is dismayed at what he sees.

Fritz tries to contact Georgina about this two days after the first sale but she is away.

The second “advertising” sign is then put up (though a day late) close to the nearest exit to the second farm. It is similar to the first. Later that same day, that second “advertising” sign develops a very bad tilt and one hinge comes loose. The sign threatens to fall off and hit anybody walking near the sign.

It is now 5 days before the second sale. That is probably enough time to get somebody to do replacement signs, but the cost of such a rush job would be very high. Fritz finally gets through to Georgina who denies that there is any problem. She says that she sub-contracted the making of the signs (though not the installation) out to Anwar and that he has done all the work. Georgina adds that she has the fourth-and-last sign (i.e., the second “directional” sign) ready to go up in a couple of days.

Fritz has now contacted you about all this on this, the fifth day before the second sale.

Advise him, giving reasons. [Assume that all relevant permissions have been obtained to install the signs.]

**END OF EXAMINATION**