

THE UNIVERSITY OF BRITISH COLUMBIA
PETER A. ALLARD SCHOOL OF LAW

DECEMBER EXAMINATION – 2020

LAW 211.003
Contracts

Professor Joel Bakan

EXAM PASSWORD: xVnHQ9
RESUME CODE: ABB06F

TOTAL MARKS: 100

(8:50 AM PST) **PREPARATION TIME ALLOWED: 10 MINUTES**

(9:00 AM PST) **WRITING (INCLUSIVE OF READING) TIME ALLOWED: 75 MINUTES**

8:50-9:00 AM Preparation Time (Exam writing not permitted) – This time is given to students to download/print your exam questions once the exam has been made available online on Canvas, to read the Exam Password on this exam coversheet, to enter the Exam Password for the exam in Exemplify, and to progress in Exemplify until you see the **STOP SIGN**, where you will **WAIT until 9:00 AM. DO NOT proceed past the STOP SIGN. DO NOT begin typing your exam answers in Exemplify until 9:00 AM!**

9:00 AM Exam Writing Time – At 9:00 AM, you may proceed past the **STOP SIGN** in Exemplify and begin typing your exam answers. Students are required to calculate and monitor their own time for writing exams. All exam answer uploads will be monitored to ensure that typing of answers only occurred during the allotted Exam Writing Time.

This is an open book examination, meaning that you can refer to any notes you have, the course casebook and hand outs, but no other books or published material.

If you think you have discovered an error or potential error in a question on this exam, please make a realistic assumption, set out that assumption clearly in writing for your professor, and continue answering the question. Do not email your professor or anyone else about this while the exam is in progress.

ACADEMIC INTEGRITY

Any exam answers that raise suspicion of breaking any restrictions outlined on this cover page may be subject to being processed through academic integrity software. Students typing exam answers before or after the allocated exam writing time may receive a grade penalty.

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- **I'm experiencing technical difficulties DURING THE WRITING of the exam**

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You must also upload to Canvas your hand-written exam answers into the "Exam Answer File Upload (Word Processor or Hand-written ONLY)" folder. Scan or take a picture of each page (.jpg) of your exam and put them into one folder to upload.

Your answer file should be named, and the coversheet of your answers should be titled with:

Your Exam Code, Course Number, Name of Course, and Instructor Name
i.e., **9999 LAW 100.001 Law of Exam Taking - Galileo**

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END OF COVER PAGES

QUESTION

Total Marks: 100

Eat-Late is a national fast food chain, known for its late-night hours. As part of its plan to expand operations, the company says it will reward current franchise holders who solicit new franchise holders. Jim, a current Eat-Late franchise holder, pitches his friend Jane to become a new franchise holder. He shows her a company pamphlet that contains projections of profits and sales volumes for prospective franchises. He also tells her that, based on his own experience as a franchiser, she can't possibly lose with a franchise, and that she could end up doing extremely well. He discloses that he will get a bonus if she signs on. Jane says in response: "That's great, it makes me even more inclined to sign on if you'll get something out of it. I'm in!"

Jim introduces Jane to Sarah, Eat-Late's Vice President in charge of franchising. The three meet at Eat-Late headquarters, Sarah produces the company's standard form franchise agreement, and Jane signs it. Sarah tells Jim his bonus is included in Jane's franchise agreement. "Sounds good to me," he says.

The franchise agreement contains, among other things, these two clauses under the heading: "Eat-Late's Obligations":

1. Eat-Late undertakes to mount local and national advertising and marketing campaigns to support franchise holders' businesses.
2. Eat-Late undertakes to provide a bonus of \$5000 to any existing franchise holder who solicited the undersigned to become a new franchise holder.

Jane sinks her entire life savings into the franchise and borrows heavily from the bank. Three months later, business is almost non-existent. Jane calls Sarah and says she wants out, that she will be ruined financially if she continues. Sarah says: "Sorry, you signed on for three years."

Jane says: "I'm getting out anyway – sue me if you want. My life will be ruined if I continue with this". "I've got a better idea", says Sarah. "If you stay in the contract, we'll assign someone from our marketing department to assess your restaurant and come up with a plan to boost sales, and then we'll do what it takes to get your business thriving." "That seems fair", says Jane. "Let's do it."

Another three months goes by and business is still horrible at Jane's restaurant. In the meantime, Eat-Late never assigned the marketing person; nor had it come up with a plan, or indeed done anything at all to help Jane's business. Moreover, when Jim asked for his \$5000, Eat-Late says they'd decided not to pay the bonuses they'd promised.

Cont'd.....

Discuss the Following:

1. Jane sues Eat-Late for breaching its promise in clause 1 to provide marketing services, and to do what it takes to get the restaurant thriving.
(80 marks)

2. Jim sues Eat-Late for the \$5000 promised in clause 2.
(20 marks)

END OF EXAMINATION