

**THIS EXAMINATION CONSISTS OF THREE PAGES
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**THE UNIVERSITY OF BRITISH COLUMBIA
FACULTY OF LAW**

FINAL EXAMINATION – DECEMBER 2021

**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 library books.

THIS EXAMINATION CONSISTS OF ONE QUESTION

Marks

100

1. Bejuma is a business in Vancouver that deals in high-end, fine china. They do a brisk business and have a reputation for speedy, reliable service. Their business is growing and they need four large, new display cases. Bejuma will want the four cases delivered one at a time so they can have the least disruption possible.

Maicao in Kelowna makes display cases to sell wholesale. Bejuma goes to see Maicao about display cases and finds exactly the model Bejuma wants in Maicao's showroom. Maicao explains that they will not sell directly to Bejuma but Bejuma can buy that type of display case through Sinamaica, an independent dealer in store furniture and equipment. Maicao says that in its contract with dealers like Sinamaica, there is always a clause that says that if any buyer from the dealer is unhappy with the product, that buyer is entitled "to make a claim against Maicao directly."

Bejuma goes to see Sinamaica and they make a deal for four deep burgundy, solid oak, seven-shelf display cases with locking, glass front doors. The price is \$4500 and that includes rather complicated assembly and installation by Sinamaica's workers. They agree that one case will be delivered on each of the following dates: 1 August, 1 September, 1 October and 1 November. Each case will be assembled and installed within two days of delivery. Payment will be on three dates: \$1500 on each of 15 September, 15 October and 15 November.

The first two cases are delivered on 1 August and 1 September. One of Bejuma's employees signs an acknowledgement of delivery receipt when the cases arrive and an acknowledgement of installation receipt when the assembly and installation is completed a couple days later. Both of these cases are just like the one Maicao had in its showroom in Kelowna. Bejuma does not realize it but the case delivered on 1 September is in fact a case Sinamaica had sold to Cabimas on 15 August but which Cabimas has failed to collect and pay for on that date.

On 1 October the third case arrives and is assembled and installed in a couple days. Again, Bejuma's employee signs the receipts as before. When the plastic covering is taken off the cabinet, however, it is clear that this cabinet is of a much duller tone and finish than the other two. On 7 October, just as Bejuma is closing for the day, this case collapses, ruining the case and contents, breaking nearby valuable pieces (some of which have been bought by customers) and breaking a water-pipe causing extensive water damage. Bejuma has to close for a week for repairs to be done, just as the busy Christmas period is beginning. It appears that a structural fault in the case is to blame.

(Question 1, continued)

It is now December and Bejuma and Sinamaica have had little to do with each other except for short, chilly conversations of no consequence. The fourth case has not been delivered. Bejuma has made no payments.

Advise Bejuma of the legal implications and possibilities of the above situation with respect to the matters we have studied in this course.

END OF EXAMINATION