

# School of Finance and Commerce

Commerce  
ETE - Jun 2023

Time : 3 Hours

Marks : 100

## Sem II - H1UB202T - Business Law

*Your answer should be specific to the question asked  
Draw neat labeled diagrams wherever necessary*

1. Discuss the implications and limitations of minors entering into contracts. K1 CO1 (5)
2. Differentiate between a sale and an agreement to sell as per the Sale of Goods Act. K2 CO1 (5)
3. A contracts to pay B a sum of money when B marries C. C dies without being married to B. Explain the legal status of the contract. K1 CO1 (5)
4. Discuss the difference between a contingent contract and a wagering contract. K2 CO1 (10)
5. In the case of Universal Mutual Aid and Poor Houses Association v. Thoppa Naldu, monthly subscriptions were collected to raise a donation fund to carry out charitable objects. A substantial portion of the interest accruing on the fund so raised was utilised in granting loans free of interest and cash bonuses to certain subscribers, the names and amounts to be determined by means of drawings. Discuss the legal status of the case. K3 CO2 (10)
6. The concept of "Nemo dat quod non habet" means "no one can give what they do not have." signifies that a person cannot transfer ownership of property or rights that they do not possess. Numerous cases have invoked this principle to declare agreements void when the seller or transferor lacked the legal title or authority to make the transfer. Comment. K3 CO2 (10)
- 7) Consider the following case study K4 CO4 (10)  
Parties Involved:  
Seller: XYZ Electronics Pvt. Ltd.  
Buyer: ABC Retail Stores  
Facts of the Case: XYZ Electronics Pvt. Ltd. is a manufacturer and seller of electronic goods. ABC Retail Stores is a well-known retail chain that specializes in selling consumer electronics. In May 2022, XYZ Electronics entered into a contract with ABC Retail Stores to supply 100 units of a newly launched smartphone model at an agreed price of \$200 per unit. The terms of the contract included the delivery date of 1st June 2022 and payment terms of 30 days from the date of delivery.  
On the agreed delivery date, XYZ Electronics delivered the 100 units of smartphones to ABC Retail Stores. However, ABC Retail Stores noticed a defect in the smartphones upon inspection. The defect was related to the battery, which caused a significant reduction in battery life. ABC Retail Stores immediately informed XYZ Electronics about the defect and requested a replacement of the faulty smartphones. XYZ Electronics acknowledged the issue and assured ABC Retail Stores that they would replace the defective units within one week. However, a week passed, and XYZ Electronics failed to deliver the replacement smartphones as promised. ABC Retail Stores, growing increasingly frustrated, sent a legal notice to XYZ Electronics demanding the replacement of the defective units within three days, failing which they threatened to initiate legal action under the Sale of Goods Act, 1930. XYZ Electronics responded to the legal notice, expressing their apologies for the delay and assuring ABC Retail Stores that the replacement smartphones would be delivered within the specified time frame.  
Answer the following questions based on the above case study  
a. Explain whether the defective smartphones constitute a breach of contract under the Sale of Goods Act, 1930.  
b. Discuss whether ABC Retail Stores is entitled to seek a replacement or refund for the defective units.  
c. Explain whether XYZ Electronics can be held liable for any damages or losses suffered by ABC Retail Stores due to the defect.

**OR**

- Mr. Brown owns a commercial property and enters into a lease agreement with Mr. Green, who intends to open a retail store. The lease agreement specifies a monthly rent of \$5,000, a lease term of five years, and Mr. Green's responsibility for maintenance and repairs. After two years of the lease term, Mr. Green stops paying rent and vacates the premises. Mr. Brown wants to understand his rights and remedies under the lease agreement and contract law. Briefly explain the legal status of Mr Brown and Mr Green. K4 CO5 (10)

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- 8) Consider the case of Avnish Bajaj v. State (2005) K5 CO4 (15)  
Facts: Avnish Bajaj, the CEO of Baazee.com (now eBay India), an online auction platform, was arrested by the Delhi Police Cyber Cell in 2004 under Section 67 of the Information Technology Act, 2000. The arrest was made following the sale of an obscene video on the Baazee.com platform by a user.  
Issues: The main issue in the case was whether Avnish Bajaj, as the CEO of Baazee.com, could be held personally liable for the content posted by a user on the platform under the provisions of the IT Act 2000.  
Discuss the legal implications for the above case.

**OR**

- XYZ Corporation, a leading technology company, discovers that one of its employees, Mr. Singh, has gained unauthorized access to the company's electronic records and manipulated sensitive data to benefit himself financially. XYZ Corporation intends to take legal action against Mr. Singh under the IT Act 2000 for unauthorized access and manipulation of electronic records. Discuss the remedies for XYZ Corporation. K5 CO4 (15)
9. Find out the date of maturity from the following : K4 CO3 (15)  
A Bill was drawn on 1 March 2020 and accepted on 3rd March 2020. Term of the Bill was 20 days.  
A Bill was drawn on 1 July 2017 and accepted after two days. Term of the Bill was 4 months  
A Bill was drawn on 29 December 2007 and accepted on 31 December 2007. It was payable at presentment. Drawer demanded the bill on 24th March 2007.  
A Bill was drawn on 31 January 2007 and accepted on 2 Feb 2007. It was payable after three months  
A Bill was drawn on 10 July 2009 and accepted on 14 July 2009. It was payable after one month.  
Assume that there is no Sunday on the due date.
10. Analyze, with reasons, whether the following individuals can be considered 'holders' under the provisions of the Negotiable Instruments Act, 1881: K3 CO2 (15)  
(i) P, who receives a promissory note as a gift with no consideration involved,  
(ii) Q, the payee of a cheque, who has lost possession of the instrument before endorsing it,  
(iii) R, who discovers a bearer cheque on a park bench and decides to cash it,  
(iv) S, an agent entrusted with an order instrument but lacks the necessary authority to negotiate it,  
(v) T, who steals a completed promissory note and attempts to negotiate it.