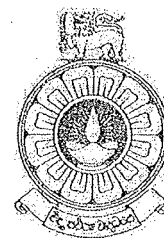


THE OPEN UNIVERSITY OF SRI LANKA
 FACULTY OF HUMANITIES AND SOCIAL SCIENCES
 DEPARTMENT OF LEGAL STUDIES
 LLB DEGREE PROGRAMME- LEVEL 6
 CONTINUOUS ASSESSMENT TEST I - 2022/2023
 LLU6716/ LWU4324 – COMMERCIAL LAW
 DURATION- 1 HOUR



DATE: 25th September 2023

TIME: 1.30 p.m. – 2.30 p.m.

Answer ONE (01) question only.

Candidates will be penalized for illegible handwriting.

1. Discuss the legal issues arising out of the following situations. Support your arguments with relevant statutory provisions and case law.
 - a. The buyer agreed to the purchase of 50 kg of grain and 20 kg of sugar from the seller. These goods were stored in a warehouse owned by Sunil, a third party. The terms of the agreement stipulated that the goods had to be weighed before delivery to the buyer, and the seller instructed Sunil to carry out this weighing and communicate the results to the buyer. However, as a result of a heavy rainfall, some of the goods stored in the warehouse were damaged. This included the 20 kg of sugar and a portion of the grain, rendering them in poor condition. Now, the buyer refuses to pay as the goods are in poor condition. The seller claims that the property in the goods had already passed to the buyer when the allocation of the goods was requested, therefore, he demands payment.
 - b. Kumar and his family had plans to move abroad and needed to sell their seven-seater caravan van with the condition that it should not be sold for less than Rs 7 million. Kumar entrusted Suresh, an agent, with the task of selling the van. Suresh was aware of the rising market demand and decided to delay the sale with the hope of obtaining the best possible price. Kumar decided to check the status of selling his van before leaving the country. He asked Suresh whether the van had been sold or not, and if not, whether Suresh could return it to Kumar's friend Janaki. Even though Suresh expressed an interest in purchasing a van, he neither committed to buying Kumar's van nor returned it to Janaki. In the meantime, Kumar and his family went abroad. Upon Kumar's return after three months, he attempted to contact Suresh but was unsuccessful. Therefore, Kumar sent a letter to Suresh on July 10, 2023, stating that if the van was not returned by July 30, 2023, he would assume that Suresh had purchased it for the agreed-upon price of Rs 7 million. Suresh eventually returned the van to Kumar on August 15, 2023, explaining that he had been out of the city. However, Kumar discovered that Suresh had extensively used the van for long trips to generate a profit during the period it was in his possession. Now Kumar refused to accept the van and instead demanded the price of Rs 7 million.

(10 X 2= 20 Marks)

2. The Sale of Goods Ordinance (No 11 of 1896) in Sri Lanka primarily emphasizes the rights and remedies for unpaid sellers in commercial transactions. At the same time, it provides a comparatively limited emphasis on the remedies available to buyers. Further, some critics highlight that these remedies may not be very effective in contemporary practice.

Do you agree with the above statement?

Support your answer with relevant statutory provisions and decided cases.

(20 Marks)

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