



commerce
undergraduate
society



COMM 393

MIDTERM REVIEW SESSION

by Sarah Wang

General Advice

- Read the case carefully and highlight important facts
- Use the course outline to view a list of all topics and cases learned
- Don't just answer the question; analyze every legal concept and follow the **legal reasoning framework**
- Memorize the definitions of the laws
- Manage your time well during the exam

Legal Reasoning Framework

- **ISSUE:** What is the legal problem at hand? (Most of the time you can simply repeat the question.)
- **LAW:** Give a clear definition of the legal principle learned in this course. State the source if the source is a case you have studied in class.
- **APPLICATION:** Look back to the facts and apply the law to those facts. State any assumptions made. If ambiguous, develop arguments for both sides.
- **CONCLUSION:** State your final conclusion clearly (i.e. Decide what the outcome would likely be). If ambiguous/debatable, give reasons and state all possibilities.



Practice Problem 1

Market research indicates that Sunbucks has been losing a lot of its customers to the newly opened bubble tea stores in Vancouver. In order to combat this, Sunbucks has decided to create their own line of bubble tea refreshments to be released on October 1, 2019. To prepare for this, Sunbucks entered into an agreement with a supplier, Pearls Inc., to purchase 50lbs of tapioca balls (aka “pearls”) to be delivered on September 30, 2019.

On September 29, 2019, Pearls Inc. contacted Sunbucks to let them know that they were running short on their supply of pearls as Teatime placed an unexpected order last minute and threatened to switch suppliers if Pearl Inc. was unable to provide them with the required supply of pearls. Pearls Inc. told Sunbucks that they would not be able to deliver the pearls until October 2, 2019. To this, the production manager at Sunbucks responded, “Sure, there’s no worries at all. You can deliver them by October 2 and we won’t charge you any late fees.”

On October 1, 2019, Sunbucks released their bubble tea line as originally planned, but told customers that they did not have pearls yet and customers could get coconut jelly or grass jelly instead. Sunbucks received a lot of complaints from customers purchasing bubble tea saying that they wanted pearls, and that they were extremely disappointed by Sunbucks producing “fake” bubble tea. Sunbucks blamed this on Pearls Inc.’s inability to deliver the pearls on time, so when Pearls Inc. delivered the products on October 2, Sunbucks demanded they pay the late fees. Pearls Inc. refused to pay the late fees and Sunbucks is now considering taking legal action against Pearls Inc.

Do you think Sunbucks will succeed in this legal action? What defense mechanism would Pearls Inc. likely take against Sunbucks? Explain fully.



Practice Problem 2

Megan walked into an Aritzya store and tried on “The Super Buff” as it was on sale for 20% off. Seeing this could be a potential sale for the store, a salesperson approached Megan to try to convince her to make the purchase. As someone who is extremely against animal cruelty, Megan asked the salesperson what the jacket was made of and mentioned she would only purchase it if the jacket did not contain animal-sourced products. The salesperson assured Megan that the jacket was made from “vegan-down,” which is a type of artificial down that is not extracted from animals. Hearing this, Megan was extremely happy and decided to purchase the jacket.

After she went home, Megan’s mother was extremely upset with Megan’s purchase and insisted that Megan did not need a \$250 jacket at the age of 17. The next day, Megan went back to Aritzya to try to return the jacket. The cashier at Aritzya informed Megan that the jacket is non-refundable as it was on sale.

- a) Do you think a court would order Aritzya to give Megan a refund?

- b) Regardless of your answer to part a), suppose Megan went on the Aritzya website and found out that The Super Buff is “made from 100% goose down.” What rights would Megan have for returning the jacket in this case?



c) (Ignore Megan's age for this part of the question). Suppose Megan is unable to get a refund from Aritzya, so her mom tells her to try to sell the jacket online in order to recover most of the money. Megan goes on the Facebook group "Vancouver Aritzya Shop and Swap" and posts a picture of her Super Buff. In the caption of the photo, she includes the specifics of the jacket (size, colour, condition etc.) and asks for a selling price of \$200. The next day, a girl named Rachel messages Megan about the jacket and the two have the following conversation on Facebook messenger:

Nov 2, 2019. **Rachel:** Hi Megan, I am interested in buying your Super Buff. Where and when can you meet up for the exchange?

Nov 3, 2019. **Megan:** Hi Rachel, I am quite busy this week but I am available to meet up sometime next week in Burnaby. I can keep them for you until the end of next week (Nov 12). Please let me know if this works for you! Also, you can either pay me in cash or e-transfer me.

Nov 10, 2019. **Megan:** I haven't heard anything from you. There's another girl who wants to buy it today. I am going to sell it to her.

Nov 11, 2019. **Rachel:** You said you would keep them for me until November 12! I still want the jacket! I have already mailed you a cheque on November 6 with a letter that says "I accept the sale of the Super Buff for \$200." The jacket is mine and you can't sell it to anyone else!

Is Megan required to sell her jacket to Rachel? (i.e. Do Megan and Rachel have a contract?)



d) (Ignore Megan's age for this part of the question). Regardless of your answer to part c), suppose Megan and Rachel do have a contract and are planning to meet up on November 12 for the exchange. 2 hours before the arranged meet up time, Rachel messages Megan to let her know that she can no longer afford to buy the jacket as she was not aware that her car insurance payment was due that day and as a result, a large amount of money was debited out of her bank account. Rachel claims she cannot complete the contract due to unforeseen circumstances beyond her control, but Megan wants to take legal action against Rachel for breach of contract. How likely will Megan succeed?



Practice Problem 3

David recently got divorced with his wife and was left with a 3-year-old son to take care of on his own. In order to take care of his kid, David quit his job and became a full-time stay-at-home dad. A few months later, David realized that he needed to go back to work in order to support himself and his son. After a few interviews, David accepted an offer at Macrosoft to start work on May 1, 2020. David decided to hire a babysitter to take care of his son during the hours he was at work. One of David's friends, Tom, mentioned that his 20-year-old daughter, Emily, would be able to babysit during the summer. David, remembering that university ends by the end of April and summer begins in May, thought this was perfect. He quickly drafted up a contract, which required Emily to take care of his son between 8am to 6pm on every weekday, starting from the beginning of summer.

On May 1, as David was preparing to leave for work, he called Emily to make sure she was on her way to his house. He was shocked when his call went directly to Emily's voicemail, which mentioned that she was currently on vacation in Hawaii and would not return to Canada until May 10, 2020. Having no other choice, David was forced to contact Macrosoft and let them know he could not come in to work due to a family emergency. Seeing this as a sign of unprofessionalism, Macrosoft fired David. As a result, he was very upset with Emily. When Emily came back from vacation, David asked why she went on vacation despite knowing they had a contract that started at the beginning of summer. Emily argued that summer begins in late June, when elementary and high school students are finished school, while David argued that summer begins in May when university students are done exams.

David has brought a legal action against Emily to sue for his lost wages. Will David be successful? Explain fully.



Practice Problem 4

Brad is a fourth year accounting student at the Sauder School of Business. During CPA recruit, Brad received an offer to work at Deloight LLP full-time after graduation. While viewing his offer letter, he noticed the following provision:

Brad (the "Employee") agrees that during the period of his employment and for a period of 5 years from the date the Employee ceases to be employed by Deloight LLP, the Employee shall not directly or indirectly provide services, in any capacity, whether as an employee, consultant, owner or otherwise, to any person or entity that provides accounting, audit, tax, advisory or consulting services or is engaged in any business competitive or related to the business of Deloight LLP within North America.

All Brad has ever wanted in his undergrad career was to land a job at one of the Big 4. Therefore, he signed the offer letter and began his employment at Deloight LLP a few months after graduation and obtained his CPA designation soon after.

Two years after starting his job at Deloight LLP, Brad was approached by the head recruiter of Deloight LLP's main competitor, Placewaterhome Cottons LLP, who offered Brad a position as a Senior Manager in their Audit service line in Vancouver. At the age of 24, Brad would be the youngest Senior Manager any accounting firm has ever seen. Excited about this opportunity, Brad accepted the offer and left Deloight LLP.

A month into his new role, Brad received a letter from Deloight LLP, which stated that he violated his employment agreement and that they will seek an injunction to prevent Brad from working for Placewaterhome Cottons LLP.

Will Deloight LLP be successful in obtaining an injunction?



Practice Problem 5

Adam is the HR intern at luluapple and mainly helps with organizing campus recruiting events. For an information session that luluapple is holding at UBC, Adam was in charge of ordering food. Adam decided to order sushi from Sushi-Is-Us, a small sushi store located near UBC who provides free delivery services. Adam set up a meeting with the owner of Sushi-Is-Us to negotiate terms of the contract. At the meeting, Adam asked the owner if he could order a variety of rolls. The owner responded, “We could do 20% salmon rolls, 20% tuna rolls, 20% California rolls, 20% dynamite rolls and 20% cucumber rolls, how does that sound?” Adam thought this sounded perfect, so he asked the owner to draft up a contract that he could sign and email it to him within the next 2 days.

The next day, Adam received an email from the owner of Sushi-Is-Us with a drafted contract. As Adam had a lot of work on hand, he didn’t bother reading the contract before signing it and sending it back to the owner.

On the day of the information session, Sushi-Is-Us delivered the sushi platters to UBC. To Adam’s surprise, the platters consisted of 80% cucumber rolls and the remaining 20% of the other rolls he had ordered. As a result, much of the food was leftover as UBC students are apparently not a big fan of cucumber rolls.

The next day, Adam was called in to meet with his manager, Colin. Colin was extremely upset that Adam did a poor job ordering food for the event, which led to negative feedback of the event by the student attendees. Adam argued that they should sue Sushi-Is-Us as the owner had breached the contract. He pulled up the contract he signed to show Colin, which stated that “a variety of sushi rolls would be delivered to UBC” on the specified date.

Does Adam have a remedy against Sushi-Is-Us in this case?



Practice Problem 6

Jenny is the receptionist at the Canada Revenue Agency (CRA) office in Vancouver. Jenny loves her job and performs extremely well. However, she is being forced to retire next month before her 50th birthday as there is a policy set in place that says all employees must be under the age of 50 as the CRA wants all employees to be “young and vibrant.” Jenny’s colleague, Frank, mentioned to Jenny that she can challenge this policy under the Charter of Rights and Freedoms. Jenny has no background in law and is therefore not sure what to do. Advise Jenny how she would challenge this policy and what arguments the CRA would likely raise in order to respond to her challenge. What are Jenny’s chances of succeeding in court?



Practice Problem 7

On Friday night, John and Chris went to a local bar to celebrate finishing their COMM 393 midterm exam. After having 12 drinks each, John and Chris left the bar. On their way home, the two decided to stop at Chubway to get some sandwiches. They added different types of meats and cheeses to their sandwiches and also ordered drinks, chips and cookies. Both of them ended up spending over \$30 each at Chubway. After leaving Chubway, John and Chris walked into Blurberry and each purchased a \$500 wallet.

The next morning, after John and Chris woke up, they checked their bank accounts and noticed they had each spent \$530 last night at Chubway and Blurberry. Shocked at their own actions, John and Chris immediately went back to Chubway and Blurberry to try to get refunds, claiming that they were “too drunk to function” the previous night. Neither store would allow them a refund.

- a) Assess John and Chris’ likelihood of success if they were to bring this case to court.

- b) Regardless of your answer in part a), in this scenario, suppose the salesperson at Blurberry had told them, “If you don’t buy the wallets, I’ll make sure neither of you can get home safe tonight. There’s no more skytrains running at this time and I’ll call Yellow Taxi, the only cab provider in town, to boycott the two of you.” In this case, do you think the court will enforce the contract between John/Chris and Blurberry?



Practice Problem 8

On April 1, 2020, Ben and Jerry entered into a contract for Ben to purchase Jerry's ice cream manufacturing facility located in Coquitlam for a price of \$700,000. The terms of the contract demand that Ben pay a deposit of \$100,000 to Jerry within 24 hours after contract formation. The contract also specifies that if Ben defaults in any one of his obligations under the contract, Jerry may, at his election, retain the deposit as liquidated damages. Both parties have agreed that the \$100,000 deposit constitutes a genuine pre-estimate.

Within 24 hours after Ben accepted Jerry's offer, Ben paid the deposit and it was deposited into Jerry's bank account at CIBC. The contract completion date (i.e. when title of the manufacturing facility would transfer and money would change hands) was set for April 20, 2020.

On April 15, 2020, Ben notified Jerry that he will not be purchasing the manufacturing facility anymore as he lost his ice cream recipe and no longer wants to enter into business in the ice cream industry. Jerry responded by telling Ben that he elected to terminate the contract and claim the deposit as liquidated damages according to the contract. A week later, Jerry entered into a new contract to sell his manufacturing facility to Tom for \$800,000.

Ben is trying to get his deposit back. He claims it would be unfair for Jerry to retain his deposit as he suffered no losses. Will Ben be entitled to get his deposit back?

