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Hanken School of Economics
Examination in Commercial Contract Law 3780
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Vasa

Four hours
No materials

Please answer the following five questions.

1

Flash Gordon Ltd, a Finnish company with its registered seat and operations in Vasa, builds innovative container-size power generators in Vasa. Flash says that the power generators do not need any fuel since they contain a kryptonite component that can, according to Flash Gordon, provide very large amounts of energy out of nothing. The City of Kiel, Germany, has bought one of those power generators to power the whole city. Flash and Kiel have agreed on the following delivery term: CIF Kai 2, Kiel, Germany Incoterms® 2010. Flash agreed on the carriage of the power generator by sea with Oy Backman-Trummer Ab, a freight forwarder located in Vaasa. On arrival, the power generator did not work. It was also clearly visible that the alleged kryptonite component was destroyed by sea water. Whom can the City of Kiel make responsible?

2

In order to test the functioning of its innovative power generators in rough maritime and arctic conditions, Flash Gordon Ltd wants to invest in a fast passenger ferry that will traffic between Vasa, Finland, and Umeå, Sweden. Flash Gordon will order the ferry from STX Finland, and the ferry will be built in Åbo. It will cost EUR 100 million. How are the parties most likely to agree on delivery and payment?

3

Flash Gordon Ltd, the Finnish company, buys components from Siemens AG, a German company. What rights does Flash Gordon Ltd have in the event that the components do not conform to the contract? The parties forgot to agree on these issues in the contract.

4

Flash Gordon Ltd also makes small power generators for camping purposes. They are small enough to be used in a tent or a caravan or by mountain climbers. Flash Gordon Ltd has its own website for the sale of these products. All buyers must accept Flash Gordon's general contract terms according to which Finnish law is the governing law, the city court of Vasa has exclusive jurisdiction, and buyers have no right to return the goods. Maria, an Italian woman living in Bologna, has ordered a power generator using the website. She got her power generator a week ago. However, Maria is not satisfied. She says that the power generator is ugly and that it does not match the colour of her tent. Today she sends an angry

e-mail to Flash Gordon stating that she wants to return the power generator and get her money back. She says that Italian law protects her and that she will sue Flash Gordon Ltd in Bologna unless Flash Gordon complies. What should Flash Gordon do? Why?

5

Flash Gordon Ltd wants to operate a system of sole distributors in the Nordic countries. In order to maximise profits, it wants to: a) appoint just one sole distributor for each country, b) prohibit cross-border sales to customers, c) set a resale price for each country, and d) prohibit sole distributors from manufacturing or selling competing products during the term of the contract. Are such clauses legal?

Good luck! You may take the questions with you, if you like.