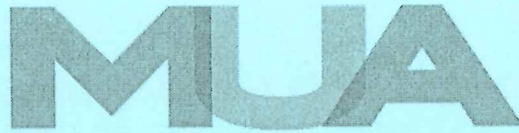


The
Management
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POSTGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF BUSINESS ADMINISTRATION

MBA 503: BUSINESS LAW AND ETHICS

DATE: 1st April 2022

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

SALE OF COMPUTER PARTS

Seller A from Uganda concludes a contract for sale of computer parts with buyer B from India. The contract involves regular shipping of computer parts from B's factory in India, where B will employ workforce, add other necessary parts and assemble computers which will then be distributed under A's trademark. The contract for purchase and sale embodies the agreement of the parties, the buyer and the seller.

The contract has a clause requiring that all disputes arising from the court be heard in accordance with Ugandan law.

The payment for goods is by a revolving letter of credit.

The first shipment was intercepted by pirates off the coast of Kenya. The cargo is subsequently destroyed at sea. Seller A was able to obtain some computer parts from other sources in time for the selling seasons at an additional expense.

The buyer:

- i. Claims that A is liable for non-delivery
- ii. Wants to avoid the contract

According to the Seller, the provisions of the UN Convention on Contracts for the International Sale of Goods applies to the contract. The seller requests additional time to delivery the computer parts within two months.

At the same time, the buyer's bank refuses to pay as it claims that the bill of lading is faulty as it does not contain certificates of compliance signed by two qualified experts as required in buyer's instructions.

Required:

- a) Briefly explain when the risk in goods passes to the buyer. (5 marks)
- b) In light of the above excerpt, briefly explain whether the buyer can avoid the contract (5 marks)
- c) Advise Seller A on whether the buyer's bank is entitled to refuse to pay for the goods. (10 marks)
- d) State **three** functions of a negotiable ocean bill of lading. (6 marks)
- e) Outline any **four** methods of resolving international commercial disputes between the Seller and the Buyer. (4 marks)

QUESTION TWO

- a) Company A from Kenya wants to enter into a contract with Company B from Denmark. They would like to avoid the application of CISG altogether. What should the parties do? (5 marks)
- b) In relation to intellectual property in international business, differentiate between a patent and a copyright. (5 marks)
- c) Briefly explain how governments regulate the cross-border transfer of intellectual property. (5 marks)

QUESTION THREE

- a) "CIF is a contract that goods shall arrive, but a contract to ship goods complying with the contract of sale..." Briefly explain any **three** responsibilities of the seller to a CIF contract. (5 marks)

- b) "As business became less fixed territorially, corporations increasingly engaged in overseas markets, suddenly finding themselves confronted with new and diverse, sometimes even contradicting ethical demands." In view of this statement, discuss any **five** sources of ethical dilemmas faced by managers of international corporations. (10 marks)

QUESTION FOUR

- a) Briefly explain any **four** obligations of a carrier under International Convention on Carriage of Goods by Sea. (8 marks)
- b) Briefly explain any **five** non-barrier tariffs that might affect trade within the East African Community. (7 marks)