A1072

Name..........................
Register No.................

NAIPUNNYA INSTITUTE OF MANAGEMENT AND INFORMATION TECHNOLOGY (AUTONOMOUS)

FIRST SEMESTER END SEMESTER EXAMINATION JANUARY 2026

M.B.A

BUS1C03 - LEGAL ENVIRONMENT OF BUSINESS

Time:3 Hours Maximum:60 marks

Part A

Answer **all** questions
Each question carries 2 marks

1. Define the term "contract". L1; CO1
2. Write a short note on : Sale by Sample. L2; CO2
3. Who is a promoter? L2; CO3
4. Define the term complaint under the Consumer protection act 2019. L1; CO5
5. Explain the term "Intellectual Property Right". L2; CO4

(5 × 2 = 10 marks)

Part B

Answer any **four** questions
Each question carries 4 marks

6. Under what circumstances can a supplier recover a reasonable price for goods or services supplied to a minor, even though contracts with minors are generally void? L2; CO2
7. Explain the term sale and distinguish it from an agreement to sell under The Sale of Goods Act 1930. L2; CO2
8. What is a Public Issue? Distinguish between a Public Issue and a Rights Issue. L2; CO3
9. Explain the term electronic signature under IT Act 2008. Give examples. L2; CO5
10. Explain the remedies for patent infringement. L2; CO4
11. In relation to the classification of Law, distinguish between Procedural Law and Substantive Law with examples L2; CO1

(4 × 4 = 16 marks)

Part C

Answer any **three** questions
Each question carries 8 marks

12. Analyze the implied conditions concerning the description, quality, and fitness for purpose of goods under the law of sale of goods? L4; CO2

Turn Over

13. Who is an unpaid seller? What are his rights against the buyer personally, and against the goods? L2; CO2

14. Examine the conditions and warranties are under the Sale of Goods Act, 1930, and the effects if they are broken, with examples. L2; CO2

15. What is the role of the Controller of Certifying Authorities under the Information Technology Act, 2008? L2; CO5

16. What constitutes "Intellectual Property" under Indian law, and what are its key categories? L2; CO4

(3 × 8 = 24 marks)

Compulsory

17. Salomon, a boot maker, transferred his sole proprietorship business to Salomon Ltd., a company he incorporated with himself and his family as shareholders. In exchange, Salomon received shares and secured debentures. When the company went into liquidation, as the debentures were secured gave Salomon priority over unsecured creditors, who stood to recover nothing. The liquidator, on behalf of unsecured creditors, argued that Salomon Ltd. was a sham and that Salomon should be personally liable for its debts, as the company was just his agent. The liquidator sought to ignore the company's separate legal identity and hold Salomon accountable as though he were still running the business as a sole proprietor. The question arose that whether a shareholder or controller (like Salomon) could be held personally liable for a company's debts, disregarding the company's separate legal personality. The Court of Appeal ruled that Salomon was personally liable, claiming the company was a sham and an agent of Salomon. However, the House of Lords overturned this decision. They held that Salomon Ltd. was a distinct legal entity with its own rights and liabilities. The House of Lords emphasized that the company's legal identity and the corporate veil should be upheld, regardless of Salomon's motives. This case established the principle that a company's legal personality is separate from that of its shareholders.

1) What was the main issue in Salomon case?
2) What was the intial ruling of the Court of Appeal ?
3) What was the final decision by the House of Lords?
4) Explain separate legal entity based on the decision of this case. L3; CO3

(1 × 10 = 10 marks)

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