

Assignments ibl2



**ASSIGN
BUSTER**

Assignments IBL2 November 2009-11-24 All subgroups number 1: Answer the following questions: a. end of chapter 10 questions number 1, 4, 5 and 6 b. give your opinion on the following situation: Intermediary Oil Co. (IOC) of Country A purchased fuel oil that was at sea aboard a tanker. IOC then contracted to sell the oil to Big City Power Co. (BCPC) in Country B. At the time that IOC purchased the cargo of fuel oil, it received a certificate from the foreign refinery that had produced the oil certifying that its sulfur content was 0.52 percent.

When IOC contracted to sell the oil to BCPC, IOC stated that the sulfur content of the oil was 0.5 percent (IOC rounded off the 0.52 percent as was the custom in the trade). During its negotiations with BCPC, IOC learned that BCPC was allowed by local regulations to burn oil containing up to 1.0 percent sulfur and that BCPC mixed the oils that it received containing greater or lesser percentages to maintain that amount. When the tanker arrived with the oil at BCPC's storage depot, the oil's sulfur content proved to be 0.92 percent. BCPC rejected the shipment. IOC immediately offered BCPC a reduced price, but BCPC rejected this.

The next day IOC offered to cure the defective shipment by substituting conforming oil that was on a tanker that was due to arrive approximately 4 weeks after the original delivery date. BCPC rejected this offer to cure. IOC then sued for breach of contract. The trial court, applying the United Nations Convention on Contracts for the International Sale of Goods (CISG) as the governing law, held for IOC, concluding that IOC's timely offer to cure had been improperly rejected and that BCPC was required to accept the substitute shipment. BCPC appealed. Should the appeals court affirm?

All subgroups number 2: Give your opinion on and discuss the two following situations: Situation 1: Mellow Wine Co. of Country C (in Europe) produces and exports wines. It sold 1, 245 cases of its wine to Tippler Distributing Co. in Country D (in North America). The contract did not use any trade terms or specify any delivery terms to any specific destination. Mellow, through its agent in Country D, selected Bigport for the port of entry in Country D. Mellow then delivered the wine to an ocean-going carrier at a port in Country C for transport to Country D on July 5 of last year.

The shipping documents and the markings on the goods identified the wine as belonging to Tippler. Some six weeks later, on August 20, Tippler learned that the wine had been lost on the high seas on July 19 when the ship sank with all hands aboard. Tippler refused to pay Mellow. Mellow then sued Tippler for the full purchase price, claiming that the risk of loss had passed to Tippler, the buyer, at the time the wine had been delivered to the carrier. Tippler answered that because Mellow had not given it prompt notice of the shipment (not until after the ship was lost at sea) that the risk of loss had not passed from Mellow.

Both Countries C and D are signatories of the United Nations Convention on Contracts for the International Sale of Goods (CISG) and the parties' contract designates the CISG as the governing law. Is Tippler liable for the purchase price of the wine? Situation 2: Weaver Mills Co. in Country F contracted to purchase 100, 000 yards of jute from Natural Fiber Co. in Country G at US\$ 0. 64 per yard. Natural delivered 22, 228 yards to Weaver at Weaver's plant, but it then informed Weaver that it would deliver no more.

Several other of Weaver's suppliers also defaulted, so Weaver was forced to purchase a total of 164, 503 yards of jute in the market a month later at a price of US\$ 1. 21 per yard. Weaver then sued Natural for the difference between the market price it had paid and contract price on the 77, 772 yards of jute that Natural had not delivered. Both Countries F and G are signatories of the United Nations Convention on Contracts for the International Sale of Goods (CISG) and the parties' contract designated the CISG as the governing law. Must Natural pay the amount Weaver demands?

All subgroups number 3: Give your opinion on and discuss the following situation and question: Situation: Importers, Inc. , in County A contracted with Overseas Exporters, Ltd. in Country B to purchase 50 crates of army surplus boots in assorted sizes. Importers secured an irrevocable letter of credit from Home City Bank in Country A that named Overseas Exporters as the beneficiary. The credit required Overseas Exporters to produce a bill of lading naming the bank as the consignee (plus other appropriate documents) in order for it to collect payment on the credit.

When Overseas Exporters placed the crates aboard a carrier for shipment, it received the required bill of lading and other documents. Importers then learned that Overseas Exporters had filled the crates with rubbish not boots. Importers promptly notified Home City Bank of this and asked the bank not to pay Overseas Exporters on the letter of credit. The bank refused. Importers has now brought suit to enjoin the bank from making payment. Should a court grant Importers request? Question: Describe the three basic systems countries have adopted to ameliorate the burden of international double taxation.

Indicate which of these is most advantageous to taxpayers and why this is so. Describe which of these systems is preferred by most countries and why this is so. All subgroups number 4: Give your opinion on and discuss the following two situations: Situation 1: Ann is a citizen of State A. She resides in State B. She owns real property in State C that produces rental income. She owns personal property (stocks and bonds) in State D. Assuming that there are no Double Taxation Treaties between any of these states, which ones of them may impose income taxes on Ann?

On what income may they impose such taxes? On what bases may they do so? Situation 2: Mal Hombre was a rock star. He was a resident of State A who earned most of his income in State B from performances he put on in State B. State B had signed a Double Taxation Treaty with State C that was modeled on the provisions of the OECD and UN Model Treaties. Mal established his residency in State C as of January 1, 1998, by filing a declaration with State C's tax authority. Each year since then he has lived 3 months in State C, 4 months in State A, and 5 months in State B.

Mal also set up a company in State C, Mal Compania, that employed him as its sole employee and which received all of its income from his performances in State B. Mal Compania's directors are all residents of State B, and the board holds all of its meetings in State B. State B seeks to assess taxes on Mal for his income from his performances in State B since January 1, 1998. Mal argues that he is exempt from State B taxation for those performances because of the Double Taxation Treaty between State B and State C. Is Mal correct?

All subgroups number 5: Give your opinion on and discuss the following two situations: Situation 1: Imogene is an Arizona certified public accountant with an office in the US town of Nogales, Arizona. She prepares tax returns for a variety of clients, but she specializes in doing so for migrant farm workers. More than half of her clients pay for her services in cash. Rather than deposit this income in a local bank account she puts it in a suitcase, drives across the nearby border with Mexico and deposits it in a bank in the Mexicantown of Nogales.

This bank pays exceptionally high interest rates on her deposits and over the past five years she has earned more than \$335, 000 in interest income on her deposits in Mexico. Recently, the Mexican bank informed the US Internal Revenue Service's Criminal Investigation Division (CID) about Imogene's deposits and interest income. Because Imogene had not reported the interest income on her US federal income tax returns, the CID contacted her for an explanation. First, she told the CID that it had to be mistaken, that she had no money deposited in Mexico.

When the CID asked to see her business records, she asked her secretary, Joe, to hide the journal that showed her real income and give the CID a doctored journal that did not show Imogene's cash income. Joe refused to do so and he gave the CID the undoctored journal. When confronted with this income, Imogene said she was trying to keep the income hidden from clients who might sue her for malpractice. She also said that the Mexican bank had told her that the interest income earned there was exempt from US taxes.

When confronted with a certified letter from the bank's president denying this, Imogene said that a Mexican lawyer must have told her that interest

earned in Mexico is tax exempt, but she couldn't remember the lawyer's name. The IRS subsequently assessed Imogene for the taxes due on the unreported \$335, 000 of interest income plus a 50 percent penalty for having committed tax fraud. Imogene has appealed to your court to set aside the IRS's determination that she committed tax fraud. Situation 2: Tatum is a famous movie star who is a national of State T.

Tatum now lives in a large house in Hollywood in State U five months out of each year. The rest of the time she lives in a beach house in State V. She makes all of her movies, earns all of her income, and receives all of her royalty income in State U from the State U companies that produce the movies she acts in. She has not lived in State T for fifteen years, she earns no income there, and she has not paid any income taxes to State T for the fifteen years she has been out of the country. Nevertheless, State T has assessed her for delinquent income taxes for those fifteen years.

Tatum denies that she has to pay. State T and State U are parties to a Double Taxation Treaty that is modeled on the provisions of the OECD and UN Model Treaties and Tatum claims that the treaty excuses her from having tax liability to State T. State T and State V are not parties to such a treaty. The matter has been assigned to your court in State T for review of the State T taxing authority's assessment. All subgroups number 6 Answer the following questions: a. end of chapter 9 questions number 1, 4, and 9 b. give your opinion on and discuss the following situation: In 1985, Dr.

Klutz Bumpkin in State X discovered a nitrogen-phosphate compound that was inexpensive to manufacture and which served as a superior fertilizer for legumes. Dr. Bumpkin's discovery, however, was never patented in State X.

Instead, information about the compound, which came to be called Nitrophos, was published in a variety of scientific and agricultural journals worldwide, including several publications of the United Nations Food and Agriculture Organization (FAO) in 1986 and 1987. Several of these journals were on file in the national library of State Y (a small developing country) as well as in the library of State Y's two universities.

Each of the libraries' records shows, however, that these journals had never been checked out or used by anyone prior to 1992. In 1988, Omni Chemical Co., a multinational corporation headquartered in State Z, applied for a patent in State Y for the production of a fertilizer called "Fast Grow 39," the formula of which included cornstarch and Nitrophos. The State Y Patent Office advertised the application in its Official Journal and no one opposed it. Omni accordingly received the patent. Recently, Green Chemical, Ltd. in State Y began to produce a fertilizer in competition with Omni's Fast Grow 39 called "GreenUp. Omni had a sample of GreenUp analyzed and the analysis showed that GreenUp contained the same cornstarch and Nitrophos formula as Fast Grow 39. Omni, thereupon, brought suit for patent infringement. Green countersued to have Omni's patent revoked. Has there been an infringement or should the request for revocation be granted? All subgroups

7 Give your opinion on and discuss the following two situations: Situation 1: Leatherette, Ltd. manufactures a line of leather goods in State A, a member state of the European Union (EU). All of its products have the letters LL embossed on them as a distinctive mark.

Leatherette owns the LL trademark in State A, and it has assigned the right to apply for and obtain the same trademark to licensees in the other EU

member states (including licensees in State B and State C). As part of this licensing agreement, the licensees are given the exclusive right to distribute Leatherette products within the boundaries of their respective states. They are forbidden, however, from exporting the goods to any other state. KopyKat Co. has taken to buying Leatherette products in State B and reselling them in State C because it can do so at a profit.

The Leatherette licensee in State C, which owns the trademark LL in State C, has brought suit for trademark infringement and it seeks an order that would stop KopyKat from importing the Leatherette products with the LL mark into State C. Will the licensee be successful? Situation 2: ClotheCo is the owner of a trademark that it puts on a line of distinctive men's clothing that it sells in State C. This clothing is distinctive in part because it is all of the same color: " robin's egg blue. " ClotheCo has licensed Dress Co. in State D to use its trademark.

The licensing agreement forbids Dress Co. from exporting its products out of State D, and it requires Dress Co. to sell its products only to persons who agree not to export those products from State D for resale. Additionally, Dress Co. is only allowed to use the trademark on clothing that is colored " powder pink. " Parallel Co. buys the clothing manufactured by Dress Co. in State D and imports it into State C for sale there. ClotheCo has now brought suit against Parallel Co. , claiming that the goods Parallel Co. is importing into State C infringe ClotheCo. 's trademark. Will ClotheCo succeed?