Strathmore UNIVERSITY

STRATHMORE LAW SCHOOL
BACHELOR OF LAWS
END OF SEMESTER EXAMINATION
LLB 2202: COMMERCIAL LAW

DATE: Thursday, 19th March 2026. Time: 16:00-18:00

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.

QUESTION ONE

In 2024, Savannah AgriTech Limited, a Kenyan agribusiness company, entered into a written supply contract with GreenLedger Pte Ltd, a Singapore-based technology firm, for the provision of blockchain-based supply-chain software. The contract price was agreed at Kshs. 30 million, payable in two instalments. Clause 12 of the contract provided that:

"Payment of the second instalment shall be made in Bitcoin (BTC), calculated at the prevailing market exchange rate on the date payment falls due."

Savannah AgriTech paid the first instalment through a commercial bank transfer. When the second instalment fell due, Savannah transferred Bitcoin worth Kshs. 30 million (at the then prevailing exchange rate) to GreenLedger's digital wallet. Two weeks later, GreenLedger informed Savannah that it had been unable to access the Bitcoin due to the collapse of the crypto exchange through which it ordinarily liquidated its digital assets, resulting in substantial losses. GreenLedger demanded payment of the second instalment in Kenyan shillings, arguing that Bitcoin is not recognised under Kenyan law as a valid form of payment.

Savannah AgriTech declined, asserting that it had fully discharged its payment obligation under the contract. Meanwhile, the Central Bank of Kenya issued a public notice reiterating that virtual currencies such as Bitcoin are not legal tender and are not regulated payment instruments under the National Payment Systems Act. At the same time, it emerged that the crypto exchange used by GreenLedger had not been licensed under Kenya's Virtual Asset Service Providers regulatory framework.

GreenLedger has filed suit in the High Court of Kenya seeking:

1. A declaration that the Bitcoin payment was invalid and unenforceable under Kenyan law; and
2. An order compelling Savannah AgriTech to pay the second instalment in Kenyan shillings, together with damages for late payment.

Citing relevant statutes and case law, advise Savannah AgriTech Limited on the following;

a) Whether Bitcoin constituted a legally recognized form of payment under Kenya's payments and Payment systems framework **(10 marks)**

b) Whether Bitcoin payment discharged Savannah AgriTech's contractual obligation

(10 marks)

c) The likely approach of Kenyan courts to the enforceability of contractual payment clauses denominated in cryptocurrency **(10 marks)**

QUESTION TWO

Paradime Enterprises entered into an agreement with Miracle Chemicals Limited for the supply of Eucalyptus Oil. Miracle Chamicals Limited submitted samples of Eucalyptus Oil which was approved by Paradime Enterprises On 11th October, 2024. There was a condition in the sale agreement between the two parties that the bulk of the Eucalyptus Oil to be supplied would correspond with the approved sample in quality and would be merchantable. On 19th April, 2025, Paradime Enterprises duly paid Miracle Chemicals Limited the sum of Kshs. 6,500,000.00 as per the pro forma invoice dated 17th December, 2024.

Paradime Enterprises however is concerned that contrary to their sale agreement, Miracle Chemicals supplied Eucalyptus Oil that was not as per the description and sample that was approved. According to them, the oil that was supplied had strong 'Dettol' odour which raised complaints from their customers. When Paradime Enterprises informed Miracle Chemicals, the latter apologized and agreed to compensate Paradime. However, Paradime argues that Miracle Chemicals is in breach of section 15 of the Sale of Goods Act and that they also incurred additional costs to procure an expert to conduct analysis and determine the quality of Eucalyptus Oil. Paradime Enterprises filed a law suit against Miracle Chemicals seeking rescission of the contract and refund of the sum of Ksh. 6,500,000 together with interest.

Your have been retained as the in-house counsel for Miracle Chemicals Limited. Advise them on their liability considering the suit filed against them. **(15 marks)**

QUESTION THREE

Peter filed a claim against Risas Investment Limited seeking to invalidate a sale agreement between him and the company dated 20th January, 2024 for the purchase of a motorcycle at the price of Kshs. 162,690. His claim is based on the argument that an agent of the company, one Mr. Mandela had indicated to him that the motorcycle belonged to the company and would be transferred to him within a period of three weeks. He had also been told that a tracking device will be fitted on the motorcycle and proceeded to install the same. However, later on, the motorcycle was stolen and when Peter attempted to register a caveat against it with the National Transport and Safety Authority (NTSA), he was informed that the same is impossible as the motorcycle was not registered either in his name or the name of the company. He was informed that at the time, the motorcycle was legally owned by Auto-industries Limited.

The company on the other hand argued that the motorcycle was sold 'as-is' as per the sale agreement including without the title documents which were to be transferred to Peter at an unspecified time in the future. It also argued that Risas Investment Limited was a mercantile agent of Auto-Industries Limited hence, had the authority to consent to the sale of the motorcycle and pass good title to Peter. The company, Risas Investment Limited, also argues that it eventually transferred the logbook to its name after facing procedural technicalities from NTSA, and initiated the transfer process to Peter. The company also through its lawyer argued that Peter always enjoyed possession of the motorcycle without any adverse claims over its ownership and that the company was not responsible or liable for the loss of the motorcycle. In addition, the company indicated that the agreement to install a tracker was done without the involvement of Risas Investment Limited and that all payments were directly made to Mandela and not the company.

Advise Peter. **(15 marks)**

QUESTION FOUR

Zack signed a loan agreement with Golden Credit Limited on 25th March, 2020. The agreement was later restructured through a log book financing loan issued by Golden Credit Limited. According to the agreement, Zack's motor vehicle (Toyota Prado registration number KDM 321F) was to be utilized as a collateral to secure Zack's indebtedness to Golden Credit Limited. The vehicle was therefore jointly registered in the names of Zack and Golden Credit Limited.

Sometime in January 2020, Ahmed was successful in a civil suit against Zack where Ahmed was awarded damages amounting to Kshs. 2,500,000.00. To executed the judgment, Ahmed instructed Cash Money Auctioneers to Attach Zack's motor vehicle for purposes of realizing the fruits of the judgment. Following the events of a public auction, Victor emerged to be the highest bidder and was successful in purchasing the said motor vehicle through public auction. Following this, Golden Credit Limited has moved to court to seek orders restraining Cash Money Auctioneers from selling, transferring or in any way dealing with the said motor vehicle and that they be compelled to unconditionally release it to them forthwith.

Advise the Parties. **(15 marks)**

QUESTION FIVE

Karibu Tea Exporters Ltd ("Karibu"), a company incorporated in Kenya, entered into a contract on 15 March 2025 to sell 500 metric tonnes of processed black tea to Nordic Beverages AB ("Nordic"), a company based in Sweden. The contract price was USD 1,200 per metric tonne, and delivery was stated in the contract as: "Delivery to be made CIF Gothenburg Port (Incoterms® 2020). Shipment to take place no later than 30 April 2025." Karibu arranged for the tea to be packed in containers at its warehouse in Kericho and transported by road to the Port of Mombasa. On 20 April 2025, the goods were loaded onto the vessel MV Eastern Star. Karibu procured marine insurance covering the goods for 110% of the contract value. During the sea voyage, a severe storm caused several containers to shift, resulting in water damage to part of the tea consignment. When the vessel arrived at Gothenburg Port, Nordic discovered that 100 metric tonnes of tea were damaged and unfit for sale. Nordic refused to pay the outstanding balance of the purchase price, arguing that Karibu bore the risk of loss and had failed to deliver goods in conformity with the contract. Karibu insists that risk passed to Nordic once the goods were loaded on board the vessel at Mombasa and demands full payment.

Assuming the contract is governed by Kenyan law, and there is no express clause in the contract varying the Incoterms® obligations, and further that the insurance policy procured by Karibu is valid and enforceable:

a) Explain the obligations of the seller and the buyer under a CIF contract according to Incoterms® 2020. **(5marks)**

b) Outline the remedies available to Nordic in respect of the damaged goods. **(5 marks)**

c) Explain how the outcome would differ if the delivery term had been stated as FOB Mombasa (Incoterms 2020) **(5 marks)**