PROTECTING SMALL BUSINESS AGAINST UNFAIR CONTRACT TERMS: A COMPARATIVE STUDY BETWEEN MALAYSIA, UNITED KINGDOM AND AUSTRALIA

By:

Nurul Hidayah Binti Abu Bakar	(2012864578)
Ameerul Radzi Bin Azlan	(2012870196)
Muhammad Zulfadli Bin Mohd Nawawi	(2012858664)
Nurshuhada Bt Imraanuar	(2012222958)

Submitted in Partial Fulfillment of the Requirements for the Bachelor of Laws (Hons)

Universiti Teknologi MARA Faculty of Law

November 2014

The students/authors confirm that the work submitted is their own and that appropriate credit has been given where reference has been made to the work of others.

ACKNOWLEDGEMENT

We would like to express our special appreciation to our advisor, Dr. Sheela Jayabalan for being such a great mentor for us. Thank you for your endless support, guidance and assistance throughout the research that we are able to produce this project paper. Your advices are priceless. We would also like to thank our former lecturer, Associate Professor Ramlah Mohd Noh for contributing great ideas which were useful and valuable for our research. We would like to express our warm gratitude to our interviewees or respondents for their willingness to spare their busy time to have an interview session with us. Their priceless opinion and cooperation has been of great help to us in completing our research. It has been such a great fieldwork experience indeed.

We would especially like to thank our friends who have been there through our thick and thin. Thank you for understanding us and supporting us throughout the semester. We would also like to express our greatest and special appreciation to our family. No words can describe how thankful and grateful we are for all the priceless. Thank you for their kind words, encouragement and never-ending support and prayers. Last but not least, we would like to thank everyone that was involved in completing our research project.

ABSTRACT

The law on unfair contract terms affecting small businesses have been regulated differently in different countries. Some countries provide statutory protection as a means of protection towards small businesses and adopt legislative approach in dealing with unfair terms, such as Australia and the United Kingdom, while some countries such as Malaysia, only rely on legal doctrines and judicial approach. These differences called for a comparative study to be done to analyse critically whether small businesses need to be protected against unfair contract terms. For the purpose of this research, three countries are selected as a comparative model, which were Malaysia, Australia and the United Kingdom.

Table of Contents

Ackno	owledgment	ii
Abstra	act	iii
Table	of Contents	iv
List of	f Statutes	vii
List of	f Cases	viii
CHAF	PTER ONE: INTRODUCTION	
1.0	Introduction	1
1.1	Research Background	1
1.2	Problem Statement	4
1.3	Research Questions	5
1.4	Research Objectives	6
1.5	Research Methodology	7
1.6	Scope and Limitations of Research	9
1.7	Significance of Contribution	10
CHAI	PTER TWO: LITERATURE REVIEW	
2.0	Necessity to Reform Existing Protection on Small Businesses Against Unfair Terms	11
	PTER THREE: CURRENT LEGAL POSITION IN MALAYSIA: JUDIO ROACH	CIAL
3.0	Current Legal Position in Malaysia: Judicial Approach	18
3.1	Introduction	18
3.2	Judicial Approach: Rules of Incorporation	18
3.3	Judicial Approach: Rules of Interpretation	20
3.4	Doctrine of Unconscionability in Malaysia	22
3.5	Conclusion	23
	PTER FOUR: CURRENT LEGAL POSITION IN UNITED KINGDOM: AIR CONTRACT TERMS ACT 1977	THE
4.0	Current Legal Position in United Kingdom: The Unfair Contract Terms Act 1977	25

4.1	Introduction	25		
4.2	Background	25		
4.3	Provisions Relating to Regulating Unfair Terms in	26		
	Business to Business (B2B) Transaction			
4.4	Conclusion	31		
CHAPTER FIVE: CURRENT LEGAL POSITION IN AUSTRALIA: LEGISLATIVE APPROACH IN DOCTRINE OF UNCONSCIONABILITY				
5.0	Current Legal Position in Australia: Legislative Approach in Doctrine of Unconscionability	33		
5.1	Introduction	33		
5.2	Historical Development of Australian Contract Law on Unfair Terms	33		
5.3	Enforcement of the Australian Consumer Law	35		
5.4	Towards a Better Protection: Proposed Extension	36		
	Under Australian Consumer Law			
5.5	Conclusion	37		
CHAPTER SIX: RESEARCH FINDINGS				
6.0	Research Findings	38		
6.1	Introduction	38		
6.2	Findings based on the analysis of primary and secondary sources	38		
6.3	Findings based on empirical research: Interviews	40		
CHAPTER SEVEN: CONCLUDING REMARKS AND RECOMMENDATIONS				
7.0	Concluding Remarks	44		
7.1	Recommendations	47		
Bibliography		49		
Appendices		51		