Green Corridor Café (“GCC”) is a café which takes pride in providing vegetarian cuisine using ingredients which come from sustainable sources and are grown using environmentally friendly processes. GCC has gained a reputation with its slogan “Green Footprint, Organic Living!”. The owner of the café, Arnold, aims to engage local suppliers in Singapore and promote cooking with organic ingredients that are sourced with the least carbon footprint (i.e. using as little fuel-based transport as possible).

Arnold contacted a local farmer, Ah Seng, in Singapore to source for organically grown vegetables. Arnold inspected Ah Seng’s farm in Lim Chu Kang, Singapore and was pleased to see that Ah Seng had many types of produce which would be suitable for GCC’s cuisine. They agreed that Ah Seng would supply GCC with certain specified types and amounts of vegetables on a weekly basis for 12 months, and a contract was prepared accordingly.

Clause 12 of the contract between GCC and Ah Seng states as follows:

“It shall be a warranty of this Contract that the vegetables supplied would be sourced from Singapore and grown using organic processes.”

Arnold did not know the legal significance of the word “warranty”, but he signed the contract anyway because he saw the words “sourced from Singapore” and “grown using organic processes”, which were very important to him.

In the third month of the contractual period, Arnold found out that some of the vegetables were not grown in Singapore. Instead, they were sourced from nearby organic farms in Johor Bahru, Malaysia. When Arnold asked Ah Seng about this, Ah Seng replied that, “Johor is very close to Singapore! They are virtually the same!”

In the fourth month of the contractual period, Arnold found that some of the vegetables that were supplied by Ah Seng’s farm in Lim Chu Kang contained some pesticide, although these were not harmful with regard to human consumption. Arnold is unhappy about this, partly because he is worried that his customers might think he is a hypocrite because of GCC’s slogan. He therefore wishes to terminate the contract with Ah Seng.

Separately, Arnold entered into a new contract with Soy Soy Pte. Ltd. (“SSPL”), a manufacturer and supplier of soy-based imitation meat, for SSPL to supply soy-based burger patties to GCC. In the contract with SSPL, Clause 15 states as follows:

“During the period of the contract and for two (2) years after the termination of the contract, Green Corridor Café shall not manufacture, sell or distribute any soy-based food products in Singapore or anywhere else in the world.”

A few months later, Arnold started thinking about creating and selling his own soy-based chicken burgers in GCC, and started consulting other industry suppliers on his ideas. SSPL heard about this and wants to enforce Clause 15 of the contract against GCC.

(b) Explain to Arnold whether GCC would be entitled to terminate the contract with Ah Seng on the basis of a breach of Clause 12. In your answer, you should distinguish between conditions and warranties, and explain how this is relevant to your analysis. (1500 words)