Dickinson
CONTRACTS I
Fall 1987

Question 1

    Ned Knowles is a gentleman farmer, the kind whose overalls are always neatly pressed. During 1986, the following transactions occurred. For each, please answer the questions stated.

Subpart (a)

    On March 1st, Aaron Appleton wrote Ned offering to paint the main barn on his farm red with white trim (or white with red trim) for the sum of $750. Since Ned did not want the painting to disrupt the planting season, due to begin about April 1st, he wrote back offering to pay $800 for the job, "all work to be completed by March 31, 1986." Three days later, Aaron appeared at Ned's farm and began to work to paint the barn. Because of bad weather, however, the work was not actually finished until April 2nd, causing some delays in Ned's planting. When Ned refused to pay because of the delays, Aaron sued for breach of contract. (i) Who will win and why? (ii) Assuming Aaron wins what remedy or remedies and why? Please explain your answers fully.

Subpart (b)

    During January, Ned contracted with Bert's Bulls to purchase "Greenhall, a pure breed Holstein bull, complete with registration papers and certified by a veterinarian to be potent on the date of delivery." By the terms of the contract, Ned was to pay $7,000, and Bert's was to deliver Greenhall, on or before June 1st. That Spring the price of registered Holstein bulls rose dramatically. On March 1st, Bert's wrote Ned as follows:

    "Regrettably we must cancel our deal with you for Greenhall. As much as we value your friendship
    and patronage, we just cannot afford to let a $35,000 bull so for one-fifth of its true worth."

    On May 25th, Ned tendered a certified check payable to Bert's and in the amount of $7,000, and demanded delivery of Greenhall. Bert's declined, citing the fact that Greenhall was then worth $37,000, and reiterating that the company would suffer a severe hardship if forced to sell Greenhall for a mere $7,000. Because of the high cost of obtaining another animal, Ned decided to stick with his old bull, Gregory. Then in June, Ned learned that Bert's had just signed a contract with Hillshire Farms to sell Greenhall on July 15th for $47,000. Ned immediately filed an action against Bert's for breach of contract. (i) Who will win and why? (ii) Assuming Ned wins, what remedy or remedies and why? Please explain your answers fully.

Subpart (c)

    In early July, Ned received a letter from Peter Potter, a local John Deere dealer, offering to sell him a C400 threshing machine, for $42,000. He mailed his response, an offer to buy the machine for $37,500, on Friday, July 5th. On Saturday, the 6th, Ned went to the county fair, where, among other things, he toured the many displays of farm implements and equipment. There he discovered that George Chumley was offering an identical C400 threshing machine for $49,000. Therefore, on Monday morning, July 8th, Ned handed Potter a note accepting his offer to sell for $42,000 as soon as Potter opened for business at 8 AM. After reading the note, Potter said, "I was going to call you this morning and tell you that I made a mistake. The price list I was using was last year's and the real price is $52,000. Sorry for any inconvenience this has caused you, Ned." An argument ensued, during which the morning mail arrived, including Ned's letter of July 5th. When Potter read the letter he accused Ned of bad faith. Ned stormed from Potter's dealership and filed an action against Potter alleging breach of contract. (i) Who will win and why? (ii) Assuming Ned wins, what remedy or remedies and why? Please explain your answers fully.

Subpart (d)

    During August, the following conversation between Ned and Homer Hornsby, a buyer for a local grain dealer, occurred:

Hornsby: "Thinking about selling your corn crop this year or will you keep it and feed it to the hogs?"

Ned: "Going to sell it, Homer."

Hornsby: "What are you be willing to take for it?"

Ned: "Anything over $4.00 a bushel."

Hornsby: "And how much will you have?"

Ned: "Ten thousand bushels."

Hornsby: "That sounds good to me."

Four days later, Ned received the following document in the mail:

"August 15, 1987

"Memorandum

"TO: Ned Knowles

"This will confirm our order for 10,000 bushels of corn at a price of $4.00 per bushel. Delivery to be at fall harvest.

"/

s/ Homer Hornsby

"for Dinwiddy Elevator Co."

The weather continued to be dry which meant that supplies would be reduced and prices would rise. By the time he received Homer's note, the price of corn quoted for local delivery had risen to $4.25 per bushel, so Ned tossed the paper into the wastebasket.

In November, Ned harvested his corn crop which, because of the drought, yielded only 9,000 bushels. He sold all of his corn to Gearbox Grains, another local elevator, at the then prevailing market price of $4.75 per bushel. When Homer learned what Ned had done, he commenced an action against Ned, alleging breach of contract. (i) Who will win and why? (ii) Assuming that Homer wins, what remedy or remedies and why? Please explain your answers fully.

Question 2

Laramie, Wyoming is still a wild and wooly place. The desperadoes have mostly vanished but wild animals still prey on pets and domestic animals. Therefore, every November, Jones, the Laramie wildlife control officer, posted the following notices:

"The Laramie Wildlife Control Office hereby offers to pay every citizen the sum of fifty dollars ($50.00) for each coyote killed by him or her within the city limits of Laramie. To collect, simply bring in the varmint's tail."

From 1981 through 1986, about 20 citizens per year brought in an average of three coyote tails a piece, to claim the reward.

Thus, between 50 and 70 tails per year were redeemed, costing the city from $2,500 to $3,500 per year.

Earp (name changed recently from Ourpozyninzski - no relation to the famous Marshal of Dodge) has lived in Laramie for many years. In his job as a meter reader, Earp occasionally finds a coyote. Since 1981 he has turned in two or three tails per year to collect the reward.

The winter of 1986-87 was harsh, even for the Rockies. Wild animals were so hard hit that many, including thousands of coyotes, sought refuge (and warmth) in towns. In November and December of 1987 Earp found coyotes with unprecedented frequency. By December 15th, he had collected 80 of their tails. Up to this point, Earp had not actually seen any of the reward posters but simply assumed that the city was

making the same offer of $50 per tail, as they had in past years. He did not actually know that such an offer had been made until he noticed a faded poster on a telephone pole about January 1st.

In the meantime, Jones realized that the reward offer could result in payment of hundreds of thousands of dollars. Therefore, on December 15th, he had the following ad placed in the newspaper:

> "The Laramie Wildlife Control Office hereby withdraws its offer to pay fifty dollars ($50.00) for each coyote killed in the city limits."

By February 15th, Earp had collected 200 coyote tails which he presented to Jones at the Wildlife Control Office on that day. Jones declined to pay Earp for the reason that the offer had been withdrawn in mid-December. Earp stated (quite honestly) that he had been unaware of the withdrawal of the offer until told of it by Jones.

Earp has filed a breach of contract action against the City of Laramie, asking for $10,000 in damages (200 tails x $50). (i) Who will win and why? (ii) Assuming Earp wins, what remedy or remedies and why? Please explain your answers fully.