

Dickinson
Contracts I
Fall 1995

Question 1 (60 minutes)

Lisette owns a house painting business. On January 2nd, she received a call from Morty about painting his house. After looking over the house, Lisette sent the following letter to Morty:

"I will paint your house at 925 Smith Street with 2 coats of white Duralite brand house paint for \$1,250. This offer is subject to the following terms and conditions:

"a. If you are agreeable, sign below and return this letter to my office, 1000 Baker Parkway, within 10 days.

"b. Price is subject to change without notice to reflect increases in the cost of paint.

"c. You must remove all lawn furniture and prune all shrubs that are in the way.

"d. We will not be responsible for damage to yard plants or house pets.

"e. This painting contract shall be effective upon your receipt of an acknowledgement from us, or when we begin work, whichever is earlier.

"Sincerely,

"Lisette

"Accepted: _____

As soon as Morty received this letter, he signed it and mailed it back. When Lisette received it back, she scheduled a crew to begin work on January 21st, and added 20 gallons of white Duralite house paint to her next order from the Westfield Paint Company. Because of the increased cost of environmental regulations, the 20 gallons cost \$400, up \$40 from Lisette's last purchase.

On January 17th, not having heard from Lisette, Morty contacted Noel who agreed to do the painting for \$1,000, payable in advance. Morty paid Noel the \$1,000, and immediately wrote Lisette telling her not to bother as he had made other arrangements.

On the morning of the 21st, Lisette and her crew loaded the 20 gallons of paint onto their truck and drove to Dunkin' Donuts for coffee and munchies on the way to Morty's house. While they dunked and slurped, the postman dropped the letter from Morty into the mail slot at Lisette's office.

Morty was not at home when Lisette and her crew arrived, so they got in a full day of work, applying one full coat to the house before Morty could stop them. Two days later, Noel finished the job by applying a second coat of paint.

Is anyone liable to anyone else? If so, for what and why? Explain fully.

Question 2 (40 minutes)

Charity Jones lives in Dayton, where Viacom furnishes cable TV service. Jones has been a customer since she moved to Davton in 1985. On the 10th of each month, Viacom sends a bill for the next month's service, payable by the 1st.

Thus, on July 12, 1995, Jones received a bill from Viacom for August cable service, together with a letter detailing its new "TV Guarantee Program." Under this program, which was effective immediately, subscribers who had been such for at least two years, would receive from Viacom, a refund of 50% of the cost of repair or replacement, whichever is less, for any television rendered unserviceable other than by theft or normal wear and tear.

On July 15th, Jones went to Rex Appliance Store and bought a new Samsubishi IncrediColor wide-screen TV with five-channel stereo sound for \$4,000. She did not buy the extended warranty plan, however, which would have cost an extra \$400 for three years. On July 20th, a massive power surge from the Miamisburg DP&L plant caused a transformer to explode, loosening a guy wire so that a local radio station's antenna fell behind Jones' house, shaking loose the chandelier in the living room which fell on top of (you guessed it, didn't you) Jones' brand-new TV, destroying it completely.

The next day, Jones bought another TV just like the first, and when she paid the next month's bill on July 28th, sent a copy of the receipt and a request that Viacom pay its half, \$2,000. She received a curt letter from Viacom stating that it had had second thoughts about the program and would not "honor" her request.

If Charity Jones brings an action against Viacom for \$2,000, who will win and why? Explain fully.

Question 3 (60 minutes)

Alton Brown produces some of Vermont's finest maple syrup. His farm normally produces between 4,000 and 4,800 gallons for raw sap, which makes from 1,000 to 1,200 gallons of pure, table-ready syrup.

For twenty years, Log Cabin Industries, the country's largest distributor of maple syrup and related products, has bought all of Brown's syrup. Each year the company sends Brown a letter setting out the address to which the syrup is to be consigned, with a request that he notify them if he does not want to sell his syrup to them that year. Each year, Brown ships his syrup to the address provided, and he receives a check by return mail in payment for his syrup at the prevailing rate.

In 1994, Brown purchased the Snodgrass' farm next to his, which also had "sugar bush" as fine as his own. At the end of the year, he received the usual letter from Log Cabin. At that time, the prevailing price for maple syrup was \$20 per gallon in bulk.

While Brown was tapping trees, however, the price plummeted to \$2 per gallon on news that two university researchers had been able to synthesize "real" maple syrup (or at least something indistinguishable from the real thing chemically and by taste), from corn stalks and a very common species of seaweed.

The trees were good to Brown that year - he got 5,200 gallons of sap from the trees on his farm and 3,200 from that he bought from Snodgrass. When he finished boiling it down, he had 2,100 gallons of syrup which he shipped by tank truck to Log Cabin.

Two days later, the truck was at his door again. It seems that Log Cabin refused the shipment, and sent back a xeroxed explanation that they were no longer buying maple syrup. Brown looked for another buyer, but was unable to find one. Since he was paying \$100 per day rental on the truck, he dumped the syrup in the woods and went to see his lawyer.

If Brown files a breach of contract action against Log Cabin, what result? Explain fully.