

1) 90

===== Start of Answer #1 (990 words) =====

UCC or CL?

Merchants are parties who deal with products that they hold themselves out to have knowledge and skill in offering.

This is a contract issue between a distributor of sewing machines and a company selling sewing needles. Both are merchants selling product. This is a UCC contract.

Was there an accepted offer to establish a contract between So Sew (SS) and Threader (T)?

SS offered to T (parties identified) a large quantity (quantity able to be presumed) purchase of needles (subject matter) at \$1200/100 (price). This is a offer that was accepted after T asked for an extension of this offer to May 15th. This extension was a condition to the agreement. The condition being that if SS extends the offer, T will cancel all their orders and supply only WX needles for the enire year. SS accepts with this condition. A valid contract between SS and T was established.

What was the impact of T accepting another distributor's machine instead?

After accepting SS's offer, T accepted another distributor's offer to distribute another type of machine instead of WX machines. T would therefore not need the large supply of WX needles from SS. T wrote SS stating they won't have need of the needles and asking if they carry the JC brand. This is an anticipatory breach. T is telling SS that they will not be purchasing from SS. SS did not use the UCC 2-609 assurance of performance writing to confirm whether T indeed intended to breach the agreement. SS was silent and therefore waited for the actual breach, which would be that T had to

order WX needles by May 15th. T did not breach the agreement and did not waive the condition. The agreement and condition still exists.

What is the impact of T selling their business to Ashton (A)?

T sold their business to A and assigned A their rights to buy WX needles from SS. In assigning the rights, T also delegated their duties per UCC. A has the right to purchase needles from SS until May 15th at the price in the agreement between T and SS but also is delegated the duty to distribute WX sewing machines. A now stands in the shoes of T. SS may object to the assignment for putting them materially at risk for this new company's credit rating. A's credit rating is not published whereas T's was published and was fine. SS might feel that the assignment puts them at a greater risk than they were with T as their vendor. SS does not object to the assignment after finding out, however.

What was the effect of A's not being given the needles when they ordered them?

After the assignment of needles from T, A ordered one thousand from SS. SS responded that they have no deal with A regarding the needles. SS might claim that they were not notified that the assignment had taken place. However in A's order on 4/10 they wrote that T had assigned the rights to A. SS was obligated to provide needles to A. A was not asking for more needles than was offered to be deemed a material alteration of their duty and therefore should have sent needles as A had ordered.

What is the effect of A selling the business to Bobbin (B)?

B bought the business from A along with the rights to the assignment passed along from T. B also has the duty that A had in the contract between T and SS based on UCC assignment of a contract also then assigning the duties of the contract. B ordered 10,000

needles for immediate delivery. This amount is beyond a material duty of SS to supply in the original agreement. SS could object that this order does not comply with the assignment provided to T. This would be a concern for B and for SS. SS however will accept that B has an excellent credit rating and will not need to worry about this material risk in the assignment. In this transaction, however, SS was not notified of the change in assignment and can easily be notified. B's order was still within the time frame of the condition to buy needles by May 15. A breach did not occur with the meeting the condition. However, SS can object to the size of the order. ? (how)

Which parties have rights?

T v. SS

T is the assignor to the rights of the needles and has an agreement with SS, the obligor. T would want SS to perform and supply needles to A. If SS does not perform T can file a claim to force performance, if either assignee has not done so.

A v. T

A is the assignee and would have a claim against T the assignor because the assignment did not work. A was unable to get needles from SS. A would claim a breach of warranty for either defenses within the contract that did not allow for the assignment with SS, or that the agreement between SS was not documented to allow for a genuine assignment. T is not interrupting the assignment to be charged with breach of warranty for A's enjoyment of the assignment.

A v. SS

A has the right to file suit for assignment and getting needles shipped. SS can defend with an attempt to say that the agreement was repudiated by T in their 1/15 letter. However, T would not have breached until May 15.

B v. T

B has no action against T being too far removed from actions of T.

===== Start of Answer #2 (781 words) =====

I: UCC or Common law?

(Handwritten circled 'G')

This contract is for American taking over accounts that Citidel owes. Even though the parties are a dealer in goods, this contract is not for the sale of goods. It will be governed under common law.

II: General (G) v. American (A)

ACW - told Citidel!

A orally told G that they would take over the payments if citadel (C) could not. This would be looked at a suertyship in which there is a collateral promise to take over

someone's debt if they can not pay it. Suertyship falls under the statute of frauds where any agreement will have to be in writting. Here there is no writting from A to G or C.

Generall will not be able to enforce the payment upon A because of the statute of frauds. C will still be on the hook for the money they owe G.

III) Lanco (L) v. A

A promises orally to pay C's debt to L. This would be another case of suretyship and would have to be put into writting for it to be enforced by L to A. The facts do not say

whether or not A made payments to L or not. This may not even be looked at as suretyship. Usually suertyship is when one party tells another party that if someone can not

pay you I will take on the payment. Here A simply says If necessary we will lend Citadel

the money. Even if it is not suertyship the agreement may still have to be in witting if

the ammount is over \$500, and can not be completed in a year. It can be assumed that C owes more than \$500 therefore this agreement will most likley fall under the statue

of frauds and a written agreement will have to be made to make this valid and enforceable.

IV: National (N) v. A

There is witting in this case which takes care of the statute of frauds. A garuntees payment to N as long as they give C additional time to pay. N agrees to this however does

it in an illusory fashion, giving them the option to collect payment whenever they want with out a speccified date. This will most likley not be enforcable becasue of the illusory

nature in the acceptance given by N. A may not be required to pay N

V: A v. Debco (D)

A purchased the accounts recievable to C from C. A has been assgined the debt owed to C. Since this is an assignment for accounts payable there is no contractual

limitations becasue in any assignments from accounts can not be voided. In this case A notified D regarding the assignment so now D is obligated to pay A instead of C. A

becomes the assignee, D in the obligor, and C is the assignor. D claims that the goods it bought off of C are defective and worthless. since A did not know this A will ask for

full payment. D may try and offset what it owed C because of the defective goods. D being the obligor it will have any defense against A as it has against C which includes complaints regarding the goods it bought. If the goods are truly defective and worthless A may ask for them back, or most likely A may argue that since D kept the goods

then D will owe what they would owe C for the goods.

VI: A v. Armco

A will demand that Armco pays its debt owed to C, and A is entitled to the payment because of the valid assignment from C.

VI: Armco v. A

Armco will look to offset any payments to A because of the damage done to the warehouse by a C driver. Armco alleges that the damage is in excess of the debt it owes C

and that C owes them money because of the damage. If this happened prior to C assigning its rights to A then it can be used as a defense. If this is the case and Armco is

successful in the offset and A has to pay for the damages then A can sue C for breach of warranty because an assignment is not a contract between the assignor and

assignee. There are three warranty breaches which are, that the right assigned exists, documents are genuine and, that the assignor will do nothing to interfere with the

assignees right to enjoyment of the assignment. In this case the fact that the damages werent disclosed and the possibility that A will most likley not be able to collect the debt owed by armco shows an beach of the warranty or enjoyment.

===== End of Answer #2 =====

END OF EXAM