

Course: Contracts
Exam: Final
Date: April, 2014
Professors: Illsley
Time: One Hour

QUESTION TWO

Ralph's daughter, Amanda, is opening her own Pilates studio. Ralph decides he wants help Amanda impress her prospective clients with a fancy reception area. He calls Zen Builders to have them make Amanda a custom desk, coffee table and reception furniture. He tells Amanda of his plans, and Amanda is delighted.

On April 10, Ralph meets with Jim, an authorized sales representative of Zen Builders, at Amanda's studio. Jim provides Ralph with plans and drawings for the work. He tells Ralph that it is company policy that the customer has no obligation if it is not satisfied with the finished product.

Two days later, Jim returns with a one-page printed contract form, with his drawings attached. It contains the price (\$4000) and states that the work to be performed is "reception area items per attached plans—delivery in 30 days." Ralph tells Jim that he has discussed the plans with Amanda, and she wants slightly different dimensions for the desk and table (she wants each one to be 3 inches longer). Jim assures Ralph that he will re-do the drawings and send Ralph a copy of the new drawings, along with a copy of the contract after it has been signed by the owner of Zen Builders. Ralph then signs the contract.

Zen Builders never signs the contract or sends Ralph any revised drawings.

On May 5, Zen Builders delivers the reception area furniture. Amanda measures the desk and table and notices that the furniture was made according to the original dimension. She tells Ralph that she really doesn't want this furniture anyway, since her new boyfriend is a cabinet maker and would love the opportunity to build her furniture.

Ralph notifies Zen Builder he is stopping payment on the check and demands that Zen Builders pick up the furniture. When Jim calls, Ralph refuses to discuss the matter further.

Please discuss the rights and remedies, if any, of the parties.

GRADING OUTLINE FOR 2014 FINAL #2

Student #: _____

GRADE: _____

SUBSTANTIVE ANALYSIS:

UCC Article 2- sale of custom furniture =goods

ZB v. Ralph

Offer/acceptance/counteroffer? Effect of Ralph's signature? Effect of home office approval?

If counteroffer by Ralph—

ZB wants to claim it accepted by performance- permissible or did Ralph expect a return contract? UCC sale of goods- either promise or prompt shipment is acceptance.

If shipment was acceptance of Ralph's counteroffer, then shipment was of non-conforming goods and a breach. Ralph has a right to object per "perfect tender" rule -- Ralph's duty to notify and ZB's right to cure. Time not expired yet.

If Ralph's signature was acceptance—effect of oral discussion re dimensions? Parol Evidence Rule. Even if the contract only partially integrated, terms not allowed to contradict (i.e. the dimensions contradict).

If Ralph's signature was acceptance and modified dimensions not part of contract

Any formation defenses available to Ralph? Unilateral mistake? Misrep by Jim? Reformation based on error in drafting final documents?

Availability of "satisfaction" provision? Parol Evidence Rule as to whether part of contract? Implied obligation of good faith in determining if satisfied?

Ralph v. Zen: Doesn't want to sue.

Amanda: Intended 3PB but doesn't want to sue ZB. No contract vs. Ralph