

Read the Text: iii – iv and 1-14 (through Problem 1-1) and the **Statutory Supplement:** UCC Sections 2-102, 2-105(1), 1-103(b); Restatement 2d Contracts Sections: 1, 2(1), 16

Complete the following questions. Written answers will not be collected. We will discuss in class:

Assignment One Handout

- (1) Read UCC Sections 2-102, 2-105(1). Target telephoned Berries’R’Us, a commercial farm located in Northern Illinois, and ordered 200 pounds of blueberries at a price of \$6 per pound to be delivered no later than September 15th. Berries’R’Us agreed to deliver 200 pounds of blueberries for a price of \$6 per pound by September 15th. If a dispute arises later about the quality of the blueberries, what body of law governs the contract? (select from the following answers):
 - a. UCC Article 2 because both buyer and seller were merchants
 - b. UCC Article 2 because the blueberries were goods.
 - c. UCC Article 2 because the blueberries were priced at \$500 or more.
 - d. Common law because the blueberries were affixed to real property when buyer and seller entered into the contract.

- (2) Snowboards’R’Us manufactured snowboards in Colorado. It purchased fiberglass from Fiberclass Co., and it entered into a contract with Artsy Co for Artsy Co. to design and apply graphics to the snowboards. Snowboards’R’Us sold 10 snowboards to Sporting Goods, a retail seller of snowboards in Montana. Snowboards’R’Us sold 2 snowboards to Ottley, an individual who planned to take up snowboarding. Ottley tired of the hobby and resold one snowboard to an individual, Greenberger and resold one snowboard to another individual, Lindsay. Identify each of the contracts in this fact pattern and determine whether each contract is governed by common law or by Article 2 of the UCC.

- (3) What are the important facts in Lucy v. Zehmer?

- (4) In Lucy v. Zehmer, what are the two arguments advanced by Zehmer, and how does the Court address each argument?

- (5) The decision in Lucy v. Zehmer includes several articulations of the “objective theory of contract”. What is the objective theory of contract? Is the objective theory of contract a good rule? Why or why not?

(6) Consider two variations on Lucy v. Zehmer and how the court would rule under these variations:

- a. A reasonable person would have known that Zehmer's promise to sell the farm was a joke, but Lucy (being more gullible than most) thinks the promise is serious.
- b. A reasonable person would not have known that Zehmer's promise to sell the farm was a joke, but Lucy believed the promise was a joke. I.E. let's say Lucy has some weird personality quirk where he always thinks people are joking and a friend of Lucy's testifies that Lucy said to him: "I know Zehmer didn't mean it, but I'm going to hold him to it."

(7) The remedy Lucy sought was specific performance. We will discuss remedies in detail towards the end of the course. For now, you can take note of the fact that "specific performance" involves the court ordering the parties to fulfill the promises made in the contract. Thus, Zehmer would be ordered to sell the Ferguson Farm to Lucy for \$50,000. "Specific performance" is not the typical remedy for breach of contract. It is more typical to award money damages to put the parties in the same economic place in which they would have been if the contract had not been breached. Assume, for example, Bread Company has a contract to buy 1000 bushels of wheat from Farmer for \$8000 total. Farmer breaches the contract (i.e. Farmer refuses to sell the wheat). If Bread Company can purchase wheat from another seller for \$8500 total, Bread Company will be awarded money damages of \$500. This compensates Bread Company for having to pay \$500 more than the contract price to buy the wheat Bread Company was entitled to purchase under the contract. One area in which specific performance is often granted is contracts for the sale of land or other real property. Why do you think specific performance is common for such contracts?

(8) Why do you think Lucy wants specific performance rather than monetary damages? IE what are Lucy's monetary damages?

(9) Consider Problem 1-1 on page 14 of the Text.