

Anonymous No. _____

FINAL EXAMINATION

Contracts § A

Professor John D. Wladis

April 28, 2008 (4 Hours)

GENERAL INSTRUCTIONS – READ CAREFULLY!!

1. Write your anonymous number in the place provided at the top of this page.
2. This is a closed book examination.
3. TURN IN THIS EXAMINATION, YOUR MULTIPLE CHOICE ANSWER SHEET AND BLUE BOOK(S) WHEN YOU COMPLETE THIS EXAMINATION.
4. Make sure that your Cell Phone is turned off and out of sight during the exam.
5. Specific instructions for each part are located with that part. Read them carefully!
6. You have four (4) hours to complete the examination.

PART II – ESSAYS (74 Points)

Instructions: READ!!!

In answering the essay questions:

- a) Identify clearly each issue you discuss
- b) Take time to think and organize your answers before writing them

ESSAY I - 37 Points
(Suggested Time: 1.5 hours)

C. Montgomery Burns is a wealthy industrialist who owns the Springfield Nuclear Power Plant. Ned Flanders owns an office supply store in Springfield.

Burns planned to give out favors to his employees during the plant's annual ski outing at the end of December. Burns' assistant Waylon Smithers suggested a glass paperweight containing a replica of the nuclear power plant. Burns thought that was a terrific idea.

On March 15, Burns took that idea to Flanders' store. He discussed with Flanders what he wanted in general terms. Flanders said he thought he could produce the paperweights and then gave Burns some literature listing prices for various types of customized paperweights. Flanders told Burns to decide what he wanted based on the literature and then send Flanders a detailed proposal. Burns agreed.

On April 1 Burns sent to Flanders a signed written proposal containing the following terms: 250 glass globe paperweights, each containing a nuclear power plant replica, per the enclosed sample replica. The proposal described the paperweights' dimensions and composition. The proposal's \$2500 price had been computed from Flanders' literature. The proposal required delivery by October 1.

Since Burns' proposal corresponded with the appropriate price in Flanders' literature and all its other terms were satisfactory, Flanders got right to work on the paperweights.

By May 15 Flanders had made a test batch of plastic replicas. He then had the replicas enclosed in hot glass to form the globes. This is when he encountered the first

production problem. The oil-based plastic used in the replicas melted when it came into contact with the hot glass.

That same day Flanders wrote to Burns. Flanders explained the problem and suggested that he substitute a resin-based plastic with a higher melting point. Flanders wrote that it should solve the problem and that the price would not change.

On May 25 Burns replied by signed writing. He approved the substitution and restated all the terms of his original proposal including Flanders' substitution.

On August 7 Flanders called Burns to ask for an extension of time until December 15. Flanders explained to Burns that his employees had gone on strike for better wages. Flanders said that if the strike wasn't timely settled he would hire replacements to finish the job by December 15.

Burns wrote back grudgingly agreeing to the new delivery date. He added, "You know I need the paperweights for the employee ski trip at the end of December, so do whatever you must to get them to me by December 15."

On October 23 Flanders again called Burns and asked for another extension. He said that it had proved to be more difficult than he had expected to get skilled replacements. Burns replied, "Absolutely no more extensions! I told you I needed the paperweights by December 15." Flanders then said he would try his darndest to deliver by December 15. Burns replied, "On second thought, don't bother. I've lost my faith in you. I'll get my party favors elsewhere." When Flanders tried to apologize and assure Burns that he would finish by December 15, Burns hung up on him.

Flanders continued to work on the job because he did not want to be stuck with partially finished paperweights. He hoped that Burns would accept the paperweights if delivered on time.

Flanders did manage to hire sufficient skilled labor to complete the paperweights for delivery on time. On December 15 Flanders delivered the paperweights to Burns. Burns refused to accept them.

Flanders has sued Burns for breach of contract. What defenses may Burns assert and with what chances of success?

ESSAY II - 37 Points
(Suggested Time: 1.5 hours)

Jeff Lebowski (the “*Dude*”) finally got his act together and applied to graduate school in Philosophy. Much to his surprise, Pepperdine University accepted him into its two-year Masters program.

When the Dude's uncle learned of the Dude's admission to Pepperdine, he said, "Jeffrey, you've proved me wrong. I always thought you'd be a bum and waste your life working at that bowling alley. If you survive your first year, I'll pay your tuition for your second year." [Note: The Dude's uncle is also named Jeffrey Lebowski. To avoid confusion with the Dude, I'll refer to the uncle as the “*Big Lebowski*.”]

The Dude replied, “You're on. I'll pay you \$50 if you put that in writing.” Whereupon the Big Lebowski reduced his promise to writing and signed it on March 15, 2007.

In gratitude, the Dude presented the Big Lebowski with a rug from his living room. The Big Lebowski had often admired the rug when he visited the Dude at his apartment.

Just before the beginning of his first semester, the Dude quit his job at the bowling alley to concentrate on his studies.

On June 1, 2008 the Dude got his grades. He passed with flying colors; earning the highest grade in the course entitled *Introduction to Nihilism*. Somewhat later, the Dude received his bill for the next year's tuition in the amount of \$38,000.

Upon being informed by the Dude that he had successfully completed his first year, the Big Lebowski admitted that he had some financial reverses and said he regretted that he could no longer afford to give the Dude the money for his second year's tuition.

The Dude immediately got his job back at the bowling alley. Had the Dude continued to work during his first year, he would have earned \$15,000 between the time he quit and the time he was rehired.

The Dude has sued the Big Lebowski on his promise to pay the Dude's tuition. What defenses may the Big Lebowski assert, and with what chances of success?

END OF EXAM

Happy Summer!

