

QUESTION ONE – 1 HOUR

Sailor, Inc. ran an ad in "Salty," a marine goods trade publication, reading "Lifejackets: \$5.00 apiece. Supplies limited." Buoy, Co. responded by sending its standard order form to Sailor. Buoy filled in the front of the form with, "200 lifejackets at \$5.00 each, delivery July 1." The back of the form included a number of provisions in small type, including one reading "Payment due within 30 days of delivery."

Sailor sent its standard acknowledgement-of-order form back to Buoy, the front of which read "200 lifejackets at \$5.00 each, delivery July 1." The back of the form included a number of provisions in small type. One read, "Payment due at delivery. Legal tender only." Another read, "Seller not liable to buyer or user for faults in materials or construction." A clerk at Buoy filed Sailor's form.

Two weeks later, Sailor's workers unexpectedly went on strike for higher pay. Sailor's CEO phoned Buoy to say that the strike might make it difficult for Sailor to fulfill the order. Buoy's CEO asked, "Can you get us 100?" Sailor's CEO replied, "Probably. But right now I'm not too sure about getting you any more than that." Buoy entered into a contract with Vestworks Co. for 100 lifejackets at \$8.00 each, delivery July 15.

Sailor increased its production by cutting back on quality control, however, and managed to deliver 200 lifejackets to Buoy on July 1. Sailor demanded immediate cash payment for the entire shipment. Buoy refused to take delivery of 100 of the lifejackets, arguing that it was already bound to take delivery of that amount from Vestworks. Buoy furthermore refused to take delivery of the remaining 100 lifejackets on grounds that they plainly exhibited faulty construction.

Analyze the rights and remedies of Sailor and Buoy under contract law.

QUESTION TWO – 1 HOUR

Sue, a partner at Law Firm, told Art, a third-year law student, that he would get an annual salary of \$60,000 if he joined the firm. Art expressed interest but noted that Rick's firm had already promised him \$62,000/year.

The next day, Art received the following letter from Sue:

"Law Firm hereby offers to hire you at \$70,000/year plus bonuses, contingent on your graduating from law school. This offer will remain open for five days."

Art decided to seize this opportunity. He immediately called the competing law firm, Rick's, to decline its \$62,000/year offer. Later that day, however, Sue reread the letter she had sent Art and noticed that what she had dictated as "60,000" had been typed as "\$70,000." She tried to call Art at home but got no answer. She then called the law school and left this message with the receptionist:

"Salary has typo. Offer revoked. Sue."

The receptionist placed the message in Art's student mailbox.

Art faxed an acceptance letter to Sue the next day, writing in relevant part, "I look forward to starting work, though if at all possible I'd prefer to wait until after I take the Bar Exam."

Art thereafter found Sue's note in his student mailbox and called Sue, who explained the error. Art insisted that he had accepted Law Firm's offer and that Law Firm was bound to honor it. Sue denied Art's claim, said that Law Firm was bound to pay him only \$60,000, and added that she found Art so insolent that she would not hire him at any price.

Thereafter, Rick called and offered Art a full one year contract for \$72,000 beginning the following week. Art immediately said "yes" to Rick's offer. However, after Rick spoke with Sue about Art, he called Art and told him "sorry, no deal."

Art subsequently graduated from law school and brought suit against both firms.  
Discuss.