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1. Bath and Scents binding Contract?

Applicable Law- Uniform Commercial Code, UCC

The UCC governs contracts for the sale of goods. A good is a moveable, tangible item.

Here, Bath and Scents entered into a valid contract for the sale of wrapped candles which would be shipped FOB, Betaville.

Therefore, there was a contract for goods.

Merchants

Merchants are those persons who deal in the good in the transactions, have specialized knowledge of the goods and their dealings, and are held to a higher standard of fair dealing and good faith.

Here, Bath is a retailer, and Scents, an importer of wrapped candles. Therefore they deal regularly in the transactions of such goods and will be held to a higher fair dealing and good faith transaction.

Bath and Scents are merchants.

Valid Contract

A valid offer, acceptance, consideration and no defenses to formation of the contract are needed for there to be a valid contract.

Mutual Assent

Mutual Assent is the valid agreeable offer and acceptance

Here, Bath in Betaville sent Scent in Sunville, a signed offer to purchase 1000 individually wrapped candles at a price of \$10,000 free on board Betaville. There was a valid offer since there was quantity as required by UCC of 1000 and other definite, certain terms of subject matter, wrapped candles, place of delivery Betaville, price etc. Scent's acceptance on the other hand promptly was sent to Bath acknowledging the offer but included additional terms. Since the additional term was not a material alteration to the contract it will become a part of the contract unless objected to by the other merchant within 10 days or reasonable time after.

Additional terms- Material alteration

A merchant has 10 days to object to material additional terms in acceptance to its offer.

Here, Scent promptly accepted sent Bath an acceptance to its offer terms but added 'Some shipping boxes have external water damage. Contents of shipping boxes guaranteed to have no external water damage.' Since the contract was to bargain for the candles and not the shipping boxes, there was no material alteration to the offer terms where Bath requested wrapped candles. The acceptance stated that the candles would not be damaged so there was no material alteration, and there was no material alteration to the contract offer terms in Scent's acceptance.

Furthermore, Bath did not respond to the acknowledgment of the additional terms in the acceptance from Scent regarding the non-material terms. If Bath claims that the terms were material it will be found that even if the terms were material, Bath did not take due diligence in acting like a merchant and object to the terms within 10 days after receiving the acknowledgment or within reasonable time thereafter.

Since there were no other express warranties or disclaimers stated in the offer or acknowledgment, there was a mutual assent between Scent and Bath.

There was mutual assent to contract terms.

Perfect Tender Rule

A merchant may accept all or refuse a part of a delivery if it does not meet the requirements.

Here, the acknowledgment which was not object to and the non material alterations would make teh prfect tender rule inapplicable to Bath since teh individually warpped candles perfectly conform to teh offer/contract terms. When Bath refused to accept the candles and rejected them all it breached its duty as a merchant of fair dealing and good faith.

Perfect tender rule met.

Consideration

Consideration is a legal bargain for exchange and legal detriment.

Here, Scent will be shipping 1000 individually wrapped candles and Bath will have to pay \$10,000 hence a bargain for exchaneg and legal detriment.

There was a valid and binding contrcat between Bath and Scents.

Breach of Contract

A contract may have a major breach of minor breach.

Major Breach

The essence of teh contract is not fulfilled.

Performance- Covenant

If a party performs according to the terms of the contract this will obligate the other party to perform, otherwise the other party would have breach n performance..

Here, the essnce of teh bargain betwen Bath and Scents was the shipping of 1000 individually to Bath FOB, Betavile. Scents timely shipped teh order to Bath's warehouse using Truckco, a common carrier. Although 1/4 of the shipping boxes showed signed of water

damage, which was non material and not objected to by Bath in teh acknowledgment it received, each shipping box contained candles that were individually wrapped for retail sale according to teh offer terms by Bath. As such Scents fully performed its obligated duties, and Bath was left to perform its duty by paying the \$10,000.

Since Bath's employees after noticing that there was water damage on some shipping boxes, immediately rejected teh shipment without opening any boxes, they were in breach. Bath was in breach because the essence of the bargain that they receive 1000 individually wrapped candles, which were timely delivered and not damaged, were properly completed according to commercially reasonable standards by Baths, Scents had an obligation to perform its duty.

Had Scents open the boxes, it would have realized that it received the candles undamaged. Instead Bath refused to pay any amount.

Thus, Bath materially breached the contract by refusing to pay Scents.

Damages recoverable

Cover

Bath will attempt to clai that it had to cover the replacemnet for teh candles by ordering from Hot, this will be invalid because there was no reason for Bath to repalce teh timely and substantially performed duty by Bath i supplying the 1000 wrapped candles.

Bath will not recover.

Scents recovery

General damages are awraded for the expectaio to the essence of the contract, what was bargained for.

Here, Scents will be awarded teh \$10,000 for teh candles that were sent reduced by teh cover that it have to employ to mitiagte loss of sale. Since Scents promptly soliccited bids and from Redemption, it will be able to recover the loss of \$1000 , contract price less the resale price.

Scent will recover \$1000 general damages.

Incidental damages

These are damages incident to the sale of goods unjustifiably denied.

Here, Scents had to pay Truckco \$500 to ship the candles back to Sunville, it also had to ship the candles to Bath at \$400, hence a total of \$900 in incidental fees.

Scents will be awarded \$900 in incidental fee.

Scent will recover damages of general \$1000, and incidental \$900.

2. Bath or Hot breach contract?

Applicable Law- UCC

Here, Bath promptly entered valid contract with Hot to replace candles, hence for goods. UCC will govern. Both Bath and Hots are merchants dealing in transaction of candles.

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Valid Contract

Here, Bath promptly entered valid contract with Hot to replace candles, for \$12,000, FOB Hatville.

There was consideration for the exchange of candles for price \$12,000 between Hots and Bath.

Breach of Contract-FOB

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When the items are delivered free on board to common carrier, the contract is not filled, the party is still subject to performance until the common carrier takes the goods to the place of delivery.

Performance

In this case, the place of delivery is FOB Hatville, Hots' place of business. This means that when the common carrier took the goods, Hots' performance was complete. Bath should have insurance to make sure that if there are any damages in transit that it will be protected.

Hots performed its duty in sending the 1000 candles FOB Hatville.

Frustration of Purpose

As a result, although the frustration of purpose was destroyed when lightning struck the truck causing all the candles to melt, Hots will be free of any liability to the contract and it has fully performed its duty. Bath will have to pay Bath \$12,000.

Frustration of purpose invalid.

Bath is obligated to pay \$12,000 to Hots for the candles.

Damages recoverable

Hots will recover the cost of the candles and the cost to ship the candles, \$12,000.

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