

Exam:

Exam Form:

C2502

Response

1) P v. D - Breach of Contract**Governing Law**

Contracts for the sale of goods are governed by the UCC. Goods are moveable items and include widgets. All other contracts are governed by the common law which includes service contracts including construction and employment contracts in addition to land sale contracts.

Here, Phil and Delta High's contract is for employment. There is no moveable good involved.

Therefore, the common law will govern this contract.

Contract Formation

A contract is formed when there is a manifestation of assent to enter into an agreement with another person to perform the requisite contractual obligations. Additionally, a contract has formed when there are no applicable defenses to contract formation.

Bilateral Contract

A bilateral contract exists where there is a promise for promise by both parties and acceptance begins at the start of performance.

Here, there is a bilateral agreement between Phil and Delta High because the beginning of performance indicates acceptance. Phil and Delta both made promises and are obligated to perform under agreement which include either providing services through teaching and monetary compensation. Thus, there is a promise for promise by both parties.

Therefore, this agreement is intended to be a bilateral contract.

Offer

An offer is created when an offeror expresses the intent to enter into a contract to an identifiable party and the identifiable party must reasonably understand these terms. Generally, advertisements are not sufficient offers because they lack an identifiable party. An offer must be open for a reasonable time.

Here, Phil learned that Delta High had a temporary one-year opening for head of its science department that was to run from August 2023-June 2024. There is no evidence this was made in an advertisement or where the job listing for this temporary position was posted, however Phil learned of it and understood the terms. Delta's offer stated it as a temporary one-year position for the head of the science department. Here, after reading the initial job listing, Phil immediately applied.

Subsequently, Delta High's principal called and offered Phil a job with a salary of \$80,000. The subsequent offer by Delta to Phil as the intended party is a valid offer.

Therefore, Delta offered Phil a job.

Acceptance

An acceptance is valid when the offeree expresses intent through a manifestation of assent to be bound by the offeror's original terms in the offer. Under the common law, acceptance must be identical to the original offer and any material change to a term during an attempted acceptance is not an acceptance, but rather a counter offer.

During the telephone call with Delta High's principal and Phil, Phil further described that he was only interested in the position if it was for the head of the science department. Generally, any further discussion during acceptance of an offer that constitutes a material change is not acceptance because the mirror image rule applies to common law contracts.

Mirror Image Rule

The mirror image rule applies in common law contracts and requires that an acceptance be identical to the original offer. The offeree must accept the original terms. However, an offeror may adjust the terms while the offer is being made and prior to acceptance.

Here, Delta High offered Phil a job for \$80,000 as half time teaching and half time administration after Phil stated he was only interested in the job if it was for the head of the science department. Phil accepted the subsequent terms laid out in Delta's offer by unequivocally stating "I accept."

Therefore, there is acceptance and the mirror image rule does not apply to invalidate the acceptance because Phil agreed to the specific terms described by Delta on the phone.

Consideration

For a contract to be valid there must be consideration which requires a bargained for exchange of something of value. Consideration is required by both parties of a contract to be valid and there must be a detriment.

Here, this contract is for an employment agreement. Both sides suffered a detriment because Phil will be working through labor and Delta will be required to provide monetary compensation as required by the contract.

Therefore, there is consideration.

Thus, there is a valid contract between Phil and Delta at this point absent any applicable defenses to contract formation.

Defenses to Contract Formation - Statute of Frauds

Under the statute of frauds, contracts involving the sale of goods worth \$500 or more, contracts that cannot be completed within one year, contracts for surteyship, contracts involving marriage, and contracts involving the sale of land must be in writing to be valid.

Here, Delta and Phils contract is for a temprary employment that can be completed within 8 months (August - July). This agreement does not need to be in writing because the statute of frauds would not apply. However, Phil recieved a letter in May of 2023 that welcomed him onboard and he further signed an agreement that integrated their oral agreement into writing. Thus, the contract is in writing. Delta may attempt to invalidate the oral contract by raising a statue of dfrauds defesse, however this will likely fail because the agreemnt was integrated in writing although it did not need to and there was valid contract formation.

Therefore, exceptiosn to the SOF do not apply and a defnese against contract formation by Delta would not likely succeed.

Parole Evidence Rule

Under the common law, the parol evidence rule (PER) allows for oral communications prior to a writing to be admissible when 1) both parties misapply a meaning to a term, or 2) the prior oral communication was intended to be integrated into the document.

Here, Phil orally communicated that he intended to only accept the offer of employment if it was for the head of science department. However, when Delta stated that the job would be half teaching and half administration, Phil accepted. Phil and Delta's oral agreemnt was intigrated in writing in the letter sent to Phil on May of 2023 which did not state a specific job title. The document rather provided general information and duties of all employees at Delta that were not specific to Phil. Here, Phil may assert their previous oral agreement on the telephone to provide information and clarity regardung material terms missing in th ewritten agreement such as his expectation to work as hald teacher and hald admin as he agreed to because when Phil arrived to work in August of 2023, they sttaes there was no longer a role for admin specifically in the science department but teaching only. The PER will thus allow for the oral agreemnet to be admissible

Therefore, the PER will apply to bring in the telephone call prior to written integration.

Therefore, a valid contracual agreement was formed between Phil and Delta High for an employment contract.

Breach

A part breaches their contractual obligations when they fail to perform as escribed and indicated in their contract agreement. A subatantial breach occurs when there is a material breach.

Here, Delta breached sybstanitally because they only offered Phil to teach full time as oppsoed to admin as described. This was a material term and would be considered a breach.

Therefore, Delta breached their contract when they fialed to conform to their original employment agreement.

Overall, Phill would likely prevail in a breach of contract action against Delta.

2) Phil's Remedies

Consequential Damages

Consequential damages are damages that result directly from the breach and are foreseeable at contract formation.

Here, it was foreseeable to Delta that Phil would have quit his prior job. This is a consequential damage because it arose directly as a result of the breach.

Therefore, Phil will be entitled to consequential damages in the amount of his previous salary. Additionally, he would be entitled to the salary promised minus any damages he avoided by working as a gardener.

Expectation Damages

When applying and assessing expectation damages, courts will look to the future and place the plaintiff in the position as if the contract had been performed. Expectation damages are available when the damages are determinable and identifiable without much speculation.

Phil expected to make \$80,000 therefore he would be entitled to the entire contract price.

Reliance Damages

When applying reliance damages, courts will look to the past and place the plaintiff in the position as if the contract had never been formed. Reliance damages are often applied when expectation damages are too speculative and courts look to the actual expenses a plaintiff took in reliance of the anticipated contract.

Incidental Damages

Incidental damages are damages that naturally flow as a result of the breach and must be foreseeable at the time of contract formation.

Phil is entitled to the same gas in the amount of 30,000 as a result of the breach.

Duty to Mitigate

All damages may be barred by the plaintiff's duty to mitigate their damages by taking reasonable steps to prevent further loss as a result of the breach. A plaintiff's failure to take these reasonable precautions may reduce or limit their entitlement to damages in their entirety.

Phil successfully mitigated by working as a gardener as taking employment as opposed to not working at all. None of his damages will be reduced as a result and he will be entitled to as much damages as possible.

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Phil worked as a science teacher at City High. His career goal was to become head of the science department there. He believed that getting experience as a school administrator would help him to obtain his goal. In March 2023, Phil learned that Delta High, a private school, had a temporary one-year opening for head of its science department next school year, running from August 2023 to June 2024. Phil immediately applied. A week later the principal of Delta High telephoned Phil and offered him the job at a salary of \$80,000. Phil said, "I'm only interested if I can be head of the science department." The principal responded, "Perfect! Our current head will be on leave. The job is half-time teaching and half-time administration." Phil said, "I accept" and the principal replied, "Great! I'll prepare the paperwork." Phil then told City High he was taking a one-year leave of absence next school year. In May 2023, Phil received a letter from Delta High welcoming him onboard and asking him to complete a form for payroll purposes. The form, signed by the principal, was labeled "Temporary Employment" and included Phil's name, the employment duration and salary of \$80,000. The form stated nothing about the specific job title or duties. Instead, it stated: "The duties of all employees at Delta High are determined at the discretion of the School Board or its principal and are subject to change." Phil was asked to fill in his social security number and to sign and return the form, which he timely did. When Phil reported to work at Delta High in August 2023, the principal apologized and told him, "Our science department head cancelled her planned leave. We'll still pay you the full salary, but you will only be teaching." Phil responded, "I told you I would only do the job if I could head the science department," and left the school. Phil then learned that City High had already hired a replacement for him for the school year, but he was offered a coaching job at a \$40,000 salary. Frustrated, Phil declined and took a one-year position as a gardener with a \$30,000 salary. A few months later, Phil sued Delta High for breach of contract.