**BLAW 201 Online**

**Chapter 11 Answers**

Review Cases

1. (a) *Issue:* Is there an express contract? *Law:* An express contract is created by words, either oral or written. *Analysis* When Stauffer indicated that he had no money, the doctor’s response was “Don’t let that bother you.” The words of the parties show that they had no intent to enter into a contract that would require Stauffer to pay for the medical care. *Decision:* There is no express contract between Ofler and Stauffer. Stauffer is not obligated to pay for the medical care even though he now has the money to do so. If Ofler were interested in receiving payment in the event Stauffer became wealthy, he would be required to expressly state this.

(b) *Issue:* Is there an implied contract? *Law:* An implied-in-fact contract is created by conduct. The parties cannot have an express and an implied contract about the same matter. According to the objective theory of contracts, a reasonableness standard is used to examine the conduct of the parties to determine whether or not they have an implied contract. *Analysis:* Because doctors make their livings by providing medical care in exchange for payment, reasonable patients expect to pay for doctors’ services. Even if they never discuss the fees, payment is implied in exchange for the doctor’s conduct of providing the medical care. However, the facts in this case show that Doctor Ofler had a professional interest in Stauffer’s case and expressly told Stauffer not to let his lack of money “bother” him. *Decision:* Given this discussion, it is reasonable for Stauffer to believe that Ofler is giving Stauffer a gift of his services, rather than entering into an implied-in-fact contract. In addition, because the two have already expressly agreed that payment is not required, they cannot now have an implied contract that would obligate Stauffer to pay. Ofler cannot recover the value of his services.

(c) *Issue:* Does quasi contract apply? *Law;* Quasi contract is an equitable theory used by the courts to prevent unjust enrichment. This creates an obligation imposed-by-law rather than by the agreement of the parties. The theory of quasi contract does not apply when there is an existing contract. *Analysis:* Although Stauffer has benefited by receiving medical care that saved his life, this enrichment is not unjust, since Ofler indicated his willingness to provide care to Stauffer for free. It appears that Ofler is also receiving a benefit from treating Stauffer. Note that Ofler said he had a personal interest in Stauffer’s case. Perhaps he developed a new treatment and will be sought out by many other patients. Ofler may become famous by publishing an article about Stauffer’s case. *Decision:* Quasi contract does not apply. If Ofler were interested in receiving payment in the event Stauffer became wealthy, he would be required to expressly state this.

**2.)** *Issue:* Does Peters have an implied-in-fact contract with the association? *Law:* An implied-in-fact contract is based on conduct. According to the objective theory of contracts, a reasonableness standard is used to examine the conduct of the parties to determine whether or not they have an implied contract. *Analysis:* The directors knew that Peters was doing the additional work and never objected or told him to stop. Since the association had been paying for these services, it is reasonable for them to expect that the association would have to pay Peters just as it had paid Lance. *Decision:* There is an implied-in-fact contract between Peters and the association. When the parties of an implied-in-fact contract have not expressed the amount to be paid, a reasonable price is implied. Peters is entitled to a reasonable price for the work he has done. This will be decided by examining the amount most people doing similar work in that geographic area would be paid. Although the $58,000 paid to Lance is a relevant fact, the courts will also take into account Peter’s education and experience. Depending on these facts, Peters could be paid $58,000 or more or less than $58,000.

**3.)** *Issue:* Does quasi contract apply? *Law:* Quasi contract is an equitable theory used by the courts to prevent unjust enrichment. This creates an obligation imposed-by-law rather than by the agreement of the parties. *Analysis:* Duffy received a benefit by using the gas without paying for it. It would be unjust for her to receive that benefit without paying. Reasonable people understand that they must pay for their gas service, it is not free. There is no express contract, since Duffy did not contact Blaine to open an account. In addition, there is no implied-in-fact contract. Because Blaine had no knowledge of Duffy’s identity or that gas was being used at her address, its conduct of supplying gas was not directed to her. *Decision:* Duffy has quasi contractual liability to pay the reasonable cost of the gas. Since Blaine is a public utility, its rates are controlled by the public utility commission. Thus, the amount charged on the bill is the reasonable price.

**4.)** *Issue:* Did Aisha accept Juan’s unilateral offer? *Law:* An offeree accepts a unilateral offer by performing the requested act. An offer is effective when communicated by the offeror and received by the offeree. *Analysis:* Aisha learned about Juan’s offer four days after she found the dog. It does not matter that she did not actually see Juan’s reward notice. The two requirements for valid communication of an offer have been met. The offer was out of the offeror’s control when Juan posted the notices in the park, and the offer was known by the offeree when Monica told Aisha about the reward notices. Aisha accepted by performing the act requested in the unilateral offer - she found the dog and returned it to Juan. *Decision:* Juan and Aisha do have a valid unilateral contract. The amount Juan will pay depends on which notice Monica saw and then informed Aisha about. If Monica saw the notices for the $500 reward, then Aisha is accepting the offer for a $500 reward. If instead Aisha knew about the $1000 reward, she should receive that amount.

Note that an ethical issue is raised if Aisha knew about the $500 reward, but not that it had been raised to $1000. Legally, under contract law, she would only be entitled to the $500, but ethically it would seem fair for Juan to pay her the $1000, since he had willingly increased the amount of the reward. Even though in fairness, Juan should pay the higher amount, he is not legally obligated to do so. This is an example of the fact that the law does not always lead to the fairest result.