**BLAW 201 Online**

**Chapter 12 Answers**

Review Cases

1. *Issue:* Was there a contract between Orchard Co. and Engel? Or did the agreement fail because it was too indefinite? *Law:* If an offer is indefinite or vague, no contract arises from an attempted acceptance. *Analysis:* The agreement between Orchard and Engel mentioned the total number of trees, the type of trees (citrus), the size of the trees, the price, and time of delivery. The only details missing are the specific kinds of trees and the quantity of each tree. This could make the contract appear to be indefinite. However, this agreement is deemed to be sufficiently definite, because the agreement also says that the seedlings Engel selects must now be growing in Orchard’s nursery. That term limits Engel’s choices. He may not choose a kind or quantity of tree not growing in the nursery at the time the contract is made. *Decision:* The Orchard Company’s contention is not sound. The contract is sufficiently definite, and thus enforceable. *Note:* The citrus trees ordered do not total 50,000. This an omission introduced by mistake some years ago when a departmental secretary retyped the question. The error has been retained to remind students to review the details of a contract for mistakes. When Orchard receives this order for only 41,000 trees, how will it know if Engel just made a mistake or instead is breaching the contract?
2. **(A)** *Issue:* Was there a valid acceptance of Blackwell’s offer? *Law:* Under the mailbox rule, acceptance is effective when it is out of the offeree’s control. There are two exceptions to the mailbox rule: 1) the offeror negates the mailbox rule in the offer and 2) the offeree counteroffers or rejects first, then accepts. If either of the exceptions applies, the acceptance is effective on receipt rather than on dispatch. *Analysis:* Singer, the offeree, initially sent a counteroffer (100 bushels of tomatoes less) to Blackwell, then she accepted for the full 400 bushels. This conduct sets up a race to see which communication was received by Blackwell first. Because he received the acceptance fax first, Blackwell does have a contract with Singer for the 400 bushels of tomatoes. Singer was wise to use a faster means of communication for the acceptance. This resulted in the acceptance “winning” the race with the counteroffer. *Decision:* Singer has an enforceable contract with Blackwell. She may sue him for breach of the contract.

**(B)** *Issue:* Was there a valid acceptance of the offer? *Law;* The applicable rules of law are stated in the answer to part (A) above. *Analysis:* Singer, the offeree, initially sent a counteroffer (100 bushels of tomatoes less) to Blackwell, then she accepted for the full 400 bushels. This conduct sets up a race to see which communication was received by Blackwell first. Because he received the letter of counteroffer first, Blackwell’s offer was rejected. *Decision:* Singer does not have a contract with Blackwell. She has no rights against him.

1. *Issue:* Did Wilson Oil make an irrevocable offer? If not, does promissory estoppel apply? *Law:*  Offers may be irrevocable if any of the following apply: option contracts, firm offers, or promissory estoppel. The requirements for promissory estoppel are: an unenforceable promise; reasonable reliance by the promisee; promisor foresees the promisee’s reliance; financial harm to the promisee. *Analysis:* Since Wilson Oil’s offer concerns the sale of land, it is not a firm offer. Firm offers apply only to the sale of goods (things that are tangible and moveable), and real estate is not a good (it is not moveable). Because Vera did not pay a price to keep the offer open, this is not an option contract. Wilson Oil’s promise to hold the offer open for ten days was unenforceable. Did Vera (the promisee) reasonably rely on Wilson Oil’s promise? Yes, its promise was the basis for her decision to incur the cost of examining the land, and the promise had not yet been withdrawn at the time she departed for the trip. Could Wilson Oil (the promisor) reasonably foresee Vera’s reliance on its promise to keep the offer open? Yes, Vera explained to Wilson Oil why she needed time to consider the offer. Has Vera suffered financial harm based on her reliance on Wilson Oil’s unenforceable promise? Yes, she incurred the travel expenses to examine the land. If Wilson Oil had not promised to keep the offer open for ten days, she would not have taken the risk of spending money to examine the land.  *Decision:* Wilson Oil had the power to revoke the offer even though it had promised to hold it open for ten days. However, Wilson Oil is liable under promissory estoppel. The company is not forced to enter into the contract with Vera, instead Wilson Oil will pay the reasonable value of her expenses related to the examination of the land.
2. **(A)** *Issue:* Under common law, did Adobe have the right to revoke the offer made to Peters? *Law:* Offers may be irrevocable if any of the following apply: option contracts, firm offers, or promissory estoppel. *Analysis:* Because Peters did not pay a price to keep the offer open, this is not an option contract. Firm offer, part of the UCC (a statute), will not be used since the question directs you to answer without using statutes. There is no evidence of reliance by Peters, so promissory estoppel does not apply. Revocation is effective if it is received by Peters (the offeree) prior to his dispatch of acceptance. Peters received Adobe Products’ letter of revocation on June 2 before sending an acceptance on June 3. *Decision:* Under common law, Adobe’s offer was revocable. Its revocation was effective before Peters sent his acceptance. No contract.

**(B)** *Issue:* Under the Uniform Commercial Code (UCC), did Adobe Products have the right to revoke the offer? *Law:* Offers may be irrevocable if any of the following apply: option contracts, firm offers, or promissory estoppel. *Analysis:* Because Peters did not pay a price to keep the offer open, this is not an option contract. The requirements for a firm offer are: an offer for the sale of goods; made by a merchant offeror; in writing and signed; with an assurance that the offer will stay open (more than an expiration date). Bricks are goods. A company selling five million bricks can reasonably be assumed to be a merchant. Adobe Products made the offer in writing. It is reasonable to assume that a representative of Adobe signed the letter – most people sign their letters. Adobe expressly agreed to keep the offer open for a period of less than three months. *Decision:* Adobe Products made an irrevocable firm offer. Thus, its June 1 letter revoking the offer has no effect. Adobe has no right to revoke the offer during the two month period. The offer remained open for Peters, who had the power to accept on June 3. Peters had a contract with Adobe Products on June 3 when he sent his letter. (The mailbox rule applies.)

*Note:* This question gives you the opportunity to see the different results depending on whether common law contract rules or the UCC apply to the transaction. As such, it is an academic exercise. In the real world, the UCC would apply, because the offer concerns the sale of goods. Also, merchants are not required to make firm offers. If they do not want to be locked into offers, then they must be careful not to make an assurance that the offer will stay open – use an expiration date instead.