**Review Case Problems**

**Chapter 17**

\* You are **not** required to submit answers for these case problems. These questions provide you with the opportunity to practice critical legal thinking and review the chapter materials.

\*When answering a question, you should identify the issue, state the relevant rule of law, apply the law to the facts, and then reach a decision. I will post the answers at the end of each week. Contact me if you wish to discuss an answer.

**1.** Mrs. Albert divorced her husband, and the court ordered their child, Daniel, to live with his mother. The husband promised Mrs. Albert to give Daniel a college education if Mrs. Albert would allow Daniel to live with him, which she did. When Mrs. Albert died, Daniel sued his father for an alleged breach of the contract between his mother and father, alleging that he, Daniel, had not obtained the college education. Can Daniel recover?

**1.** *Issue:* Is Daniel a third party intended beneficiary of the contract between his father and mother? Generally, a third party beneficiary may enforce a contract made expressly for his/her benefit. However, enforcement by persons who are only incidentally or remotely benefited is not permissible. *Decision:* Yes, Daniel can recover in his lawsuit against his father. This is a third party beneficiary contract. Daniel is the intended donee beneficiary of the contract between his mother and father. As the intended beneficiary, Daniel will succeed in enforcing the contract against his father. Because this is a gift to Daniel rather than an obligation owed to him, he is a donee beneficiary and can only enforce the promise against his father, not against his mother’s estate.

**2.** Aliki contracted to purchase at ten cents per pound all of the grapes produced by the Sunrise Vineyards for a period of ten years. Aliki subsequently assigned her right to these crops to the Claret Winery. Must the Sunrise Vineyards deliver to the Claret Winery?

**2.** *Issue:* Is this a valid assignment from Aliki to Claret Winery? Assignments and delegations are invalid when they are prohibited in the contract, increase the burden on the other party, or are personal in nature. *Decision:* It depends. Apparently, this assignment is not prohibited in the contract. In addition, this is not personal in nature: it is not a personal service contract (this is a sale of goods, grapes); there are no credit terms (buyer pays for the grapes when they are delivered); and there is no personal satisfaction requirement. However, if the Claret Winery is a much greater distance for Sunrise Vineyards to deliver the grapes, then the burden for the promisor, Sunrise Vineyards, has increased, and the assignment is invalid. If the burden for Sunrise Vineyards has not changed, then the assignment is valid, and Sunrise must deliver the grapes to Claret Winery.

**3.** Henderson made a contract with the City of Chicago for the cleaning of its streets for a period of five years, and after performing for two years, conveyed his interest in the contract to Dierwechter. Upon hearing of this, the city treated the contract with Henderson as discharged and refused to permit Dierwechter to perform. Dierwechter then brought suit against the city. Can he recover?

**3.** *Issue:* Is this a valid assignment of the contract from Henderson to Dierwechter? Assignments and delegations are invalid when they are prohibited in the contract, increase the burden on the other party, or are personal in nature. *Decision:* Dierwechter, the assignee, will recover from the City of Chicago for breach of the validly assigned contract. This assignment was not prohibited in the contract. The assignment does not increase the burden on the promisor, Chicago. The city’s obligation to pay for the services is not changed by the assignment to Dierwechter. In addition, this is not personal in nature: it is not a personal service contract. These services do not require unique, personal talents and can easily, properly be performed by many companies. Credit terms are not an issue in this assignment, since Dierwechter is providing services, not paying for them. Also, there is no personal satisfaction requirement in the contract. There are ordinary standards to be met in the contract. Any failure by Dierwechter to meet the standards (a breach of contract) could easily be determined by the city without including a personal satisfaction clause.

**4.** Ajax Co. contracted with Baxter to drill on the latter's land, for $150,000, a gas well according to certain plans and specifications. Baxter was to pay $75,000 when the work was half done and $75,000 upon completion. Baxter left that state to attend to some business. Ajax Co. assigned the contract to Xiao. Xiao, acting under the contract, began to drill the well but became insolvent and abandoned the operation when the well was only one-third completed. Upon returning to the state and discovering what had happened, Baxter asked Ajax Co. to complete the well, but Ajax refused. Baxter had the drilling of the well completed by another at a cost of $180,000. He then sued Ajax to recover damages for breach of contract. Will he recover?

**4.** *Issue:* Is this a valid assignment? Does the promisor, Baxter, have the right to recover damages from the assignor, Ajax Co., due to the breach of the contract by the assignee, Xiao? Assignments and delegations are invalid when they are prohibited in the contract, increase the burden on the other party, or are personal in nature. The obligations of the assignor are not discharged by a valid assignment of the contract to an assignee. *Decision:* This is a valid assignment. This assignment was not prohibited in the contract, did not increase the burden on the promisor, Baxter (he is just paying money), and was not personal in nature (these are ordinary, not personal services). Baxter will recover $30,000 in damages from Ajax Co. for breach of the contract by Xiao. This valid assignment does not relieve Ajax Co., the assignor, from liability for a breach of the contract by the assignee, Xiao.