

QUESTION 9 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK III

Ryan Motor Company sent a purchase order to a reputable auto parts supplier, Stanley Wiper Supply, for the purchase of 40,000 windshield wipers for \$600,000. The purchase order contained a clause which stated that "Buyer, Ryan Motor Company, expressly limits acceptance to the terms of this offer." Ryan has the capability of manufacturing the wipers, but wanted to hire a supplier due to the size of the order.

Upon receipt, Stanley Wiper Supply sent via U.S. Mail a confirmation to Ryan Motor Company that agreed to the price and quantity terms and included the following clause: "Seller, Stanley Wiper Supply, does not warrant its goods and specifically disclaims the **WARRANTY OF MERCHANTABILITY AND FITNESS.**"

Prior to the start of preparations by Stanley Wiper Supply, the quarterly reports for Ryan Motor Company showed that new car sales were substantially lower than expected. Ryan Motor Company wants to get out of the deal with Stanley Wiper Supply. The current market price for a wiper is \$10.

1. Is there a contract? If so, what are its terms? If not, why not? Explain your answer.

2. Assuming a valid contract, what damages would Ryan have to pay if it did not fulfill its obligations under the agreement? Explain your answer.

*******THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK III*******