

An art collector paid a gallery \$1,000 to purchase a framed drawing from the gallery's collection. The price included shipping by the gallery to the collector's home. The gallery's owner used inadequate materials to wrap the drawing. The frame broke during shipment and scratched the drawing, reducing the drawing's value to \$300. The collector complained to the gallery owner, who told the collector to take the drawing to a specific art restorer to have the drawing repaired. The collector paid the restorer \$400 to repair the drawing, but not all of the scratches could be fixed. The drawing, after being repaired, was worth \$700. The gallery owner subsequently refused to pay either for the repairs or for the damage to the drawing. In an action by the collector against the gallery owner for damages, which of the following awards is most likely?

- A. Nothing.
- B. \$300.
- C. \$400.
- D. \$700.

### Explanation:

Under the **UCC**, contracts for the **sale of goods** come with an **implied warranty of merchantability** if the seller is a merchant with respect to the type of goods involved. Under this warranty, damage caused by the seller's failure to adequately package an item constitutes a breach. If the buyer nevertheless chooses to accept the goods, the **buyer's damages** are the difference between:

the value of the goods as accepted *and*  
the value of the goods as warranted.

Repair costs are often used to determine this difference in value. But if the repairs fail to restore the goods to their value as warranted, the buyer can recover the **repair costs *plus* the difference between the value of the goods as warranted and the value of the goods after the repairs.**\*

Here, the gallery's use of inadequate materials to wrap the drawing constituted a breach of warranty. The resulting damage during shipment reduced the drawing's value to \$300. And although the art collector paid the restorer \$400 to repair the drawing, it was worth just \$700 after the repairs. As a result, the collector can recover the repair costs (\$400) plus the difference between the drawing's value after the repairs and its value as warranted ( $\$1,000 - \$700 = \$300$ ). Therefore, an award of \$700 is most likely **(Choices A, B & C)**.

\*This assumes that the buyer paid for the repairs.

### Educational objective:

When repairs fail to restore goods to their value as warranted, the buyer's damages are equal to the cost of repairs plus the difference between the value of the goods after the repairs and the value of the goods as warranted.

**UCC** = Uniform Commercial Code

### References

U.C.C. § 2-314 (Am. Law Inst. & Unif. Law Comm'n 2020) (implied warranty of merchantability).

U.C.C. § 2-714 (Am. Law Inst. & Unif. Law Comm'n 2020) (buyer's damages for breach in regard to accepted goods).

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## UCC effect of repair costs on buyer's recovery



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