

A flour manufacturer contracted to deliver to a baker her flour requirements for a one-year period. Before delivery of the first scheduled installment, the flour manufacturer sold its business and assigned all of its sale contracts to a reputable and longtime flour wholesaler. The flour manufacturer informed the baker of this transaction.

When the flour wholesaler tendered the first installment to the baker in compliance with the manufacturer-baker contract, the baker refused to accept the goods.

Which of the following arguments, if any, legally support(s) the baker's rejection of the goods?

- A. Duties under an executory bilateral contract are assumable only by an express promise to perform on the part of the delegatee, and language of "assignment" in the transfer for value of a bilateral sale-of-goods contract effects only a transfer of rights, not a delegation of duties.
- B. Executory requirements contracts are nonassignable.
- C. Executory requirements contracts are nonassignable, duties under an executory bilateral contract are assumable only by an express promise to perform on the part of the delegatee, and language of "assignment" in the transfer for value of a bilateral sale-of-goods contract effects only a transfer of rights, not a delegation of duties.
- D. No argument legally supports the baker's rejection of the goods.

Explanation:

Contract provisions prohibiting assignments/delegations

Type of provision	Explicit prohibitions	Assignment of rights	Delegation of duties
None	N/A	Allowed	
Specific	Assignment of rights & delegation of duties	Barred	
	Assignment of rights only	Barred	Allowed
	Delegation of duties only	Allowed	Barred
General	Assignment of "the contract"		

Unless stated otherwise, bilateral contracts for the sale of goods can be **assigned** in their entirety, and this will be construed as an **assignment of rights** *and* a **delegation of duties** to a nonparty (ie, delegatee). Such assignments are generally valid, even for an executory requirements contract—ie, an uncompleted contract for the sale of as many goods as the buyer needs during a specified period (**Choice B**). The **delegatee's acceptance** of the assignment constitutes a **promise to perform** the duties, and the **promisee must accept** that performance.

Here, the flour manufacturer assigned the baker's requirements contract to the flour wholesaler (delegatee), and the baker refused to accept the wholesaler's first installment of flour. However, this general language of "assignment" operates as a transfer of rights *and* a delegation of duties. The wholesaler's acceptance of that assignment *is* a promise to perform—ie, to sell the baker as much flour as she needs for one year (**Choices A & C**). Therefore, no argument legally supports the baker's rejection of the goods.

Educational objective:

The assignment of an entire contract is construed as an assignment of rights and a delegation of duties to a nonparty (ie, delegatee). The delegatee's acceptance of the assignment constitutes a promise to perform the delegator's duties, and the promisee must accept that performance.

References

- U.C.C. § 2-210 (Am. Law Inst. & Unif. Law Comm'n 2020) (explaining that a general assignment is an assignment of rights and a delegation of duties).

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