

A homeowner visited the websites of numerous local plumbers for service and hourly rate information. The homeowner called one of the plumbers, told him she had found him through his website, and asked him to unclog a floor drain in her basement. The plumber responded, "Okay, I'll be there tomorrow at three."

The plumber unclogged the drain and gave the homeowner an invoice that reflected the hourly rate for his services as posted on his website. The homeowner refused to pay the full invoice amount, asserting that his hourly rate was higher than that charged by other local plumbers. The homeowner offered to pay him the average of those rates. The plumber demanded payment of the invoiced amount.

Which of the following describes the compensation the plumber is entitled to receive from the homeowner?

- A. Compensation based on the reasonable value of the plumber's services, because in the absence of an agreement on price, a reasonable price will be supplied. (5%)
- B. Compensation at the invoiced price, because the hourly rate posted on the plumber's website supplied the price term for the parties' agreement. (81%)
- C. Compensation necessary to protect the plumber's reliance interest, because he rendered services based on the homeowner's implied promise to pay. (7%)
- D. Compensation necessary to protect the plumber's restitutionary interest, because there was no meeting of the minds between the parties on price. (6%)

Correct

81% Answered correctly

01 min, 13 secs Time Spent

2023 Version

Explanation:

Essential contract terms*

Parties

Subject matter (eg, description of goods or services)

Price or other consideration

Quantity

Duration of contract

Time for each party's performance

*Necessarily varies by contract.

At common law, which applies to contracts for services, all **essential terms** (eg, **price** or other consideration) must be covered in a contract for it to be valid and enforceable. Those terms must be sufficiently **certain and definite** for the court to determine the existence of a breach and give an appropriate remedy. Once a contract is formed, the parties are **bound by its terms**.

Here, the plumber and the homeowner entered into an agreement for the plumber's services. The plumber's website, which the homeowner visited, supplied the plumber's hourly rate (ie, price term) for the parties' agreement, and the plumber's invoice reflected this term. As a result, the plumber is entitled to receive compensation at the invoiced price from the homeowner.

(Choice A) A court may fix a reasonable price term when the parties fail to do so if the parties intended to enter the contract despite the absence of that term. However, there is no need for the court to do so here since the plumber's website provided the contract's price term.

(Choice C) A party may recover **reliance damages** under the doctrine of **promissory estoppel** if no valid contract was formed but the enforcing party reasonably and detrimentally relied on the other party's promise. This doctrine is inapplicable here because the parties had a bargained-for contract that included the hourly rate set by the plumber's website.

(Choice D) Since the plumber's website provided the price term for the contract, compensation will be at the invoiced price—not based on the plumber's **restitutionary damages**.

Educational objective:

At common law, all essential terms (eg, price) must be covered in a contract for it to be valid and enforceable. Those terms must be sufficiently certain and definite for the court to

determine the existence of a breach and give an appropriate remedy. And once a contract is formed, the parties are bound by its terms.

References

17A Am. Jur. 2d Contracts § 191 (2022) (explaining that price or consideration is a required contract term).

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