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SALES FINAL EXAMINATION

1. B, using his standard order form, orders goods from S. S, using his standard acknowledgement form, accepts the order. The conditions printed on the two forms vary from each other, but S's form does not materially alter the contract. B did not object to the acknowledgement but when the goods arrive rejects them stating that the acknowledgement was a counter offer. Should B prevail? (5 points) *No 2-207(1) = ACCEPT*

2. In problem 1 the goods are non-perishable and readily marketable. Assuming that B is in the wrong, may S sue B for the price? (5 points) *No 2-709(1)(6) RESULT 2-706 OR 2-708 MK-K OR PROFIT (LOST SALE)*

3. P orders goods from V. The price was not agreed upon, but the correspondence between the parties indicates their intention that prior to delivery the price must be fixed. Is there a contract? (3 points) *YES 2-305 REJECT PRICE*
 Suppose V shipped the goods, P received them, and then the goods burned. What are the rights of the parties? (7 points) *V - REJECT PRICE 2-509(3) P - LOSSES*

307
 * 4. Vendor is supposed to tender 100 bales of cotton at a certain location. He delivered 85 bales at 4:00 P.M. and the balance at 7:00 P.M. on the agreed day. Buyer waited at this place from 3:00 P.M. to 5:00 P.M. and then left. Buyer now sues Vendor for damages. Vendor defends on the grounds that Buyer did not make tender of the purchase price prior to 5:00 P.M. Discuss all the issues involved. (10 points)
*NO DRAW REC
 NO PRINT
 FOR P.*

5. Seller ships goods F.O.B. shipping point. While en route to buyer on whom is the risk of loss? (1 point) The goods turn out to be nonconforming and buyer ships them back to seller. On whom is the risk of loss while en route to seller? (4 points) *S 2-510(1)*

TO REJECT
 6. Buyer rejects a shipment of goods and seasonably notifies seller stating the grounds of rejection to be delay in delivery. Seller is a wholesaler always having sufficient stock on hand. Seller sues for damages and buyer relies on the defense that the quantity of goods was less than called for in the contract. What result? (5 points) *S TO EXTENT OF DEF IN EFFECTIVE INSR OF B. FOR PROFIT + (GIVEN) 2-508(2)*

FOR DELAY FAIL TO PARTIC. 2-605 (1)(A) FOR S 2-708(2)
 7. Seller ships goods to buyer and mails him the negotiable bill of lading. While goods are en route seller discovers that buyer is insolvent. He orders the carrier to stop delivery. What result? (2 points) Suppose the carrier had already delivered it to the buyer. What can seller do? (2 points) Suppose buyer had already resold it to vendee. As between seller and vendee who shall prevail? (2 points) *B.O.C. 2-7023*

702
 8. Buyer agrees to pick up goods he bought from seller at seller's warehouse, but before he is able to do so the goods burn. Argue that the loss should fall on seller. (2 points) Argue that the loss should fall on buyer. (2 points) *S = MERCH 2-509(3) R/L STILL RECEIPT. S = NON MERCH AB'NT = TEN DRAW = R/L ON B OR BREACH BY B 2-510*

9. M, a manufacturer of tires, sells his whole inventory of finished tires to Ford. M's creditors want to get the goods back. Under what law would they try? (1 point) Give two arguments why they would fail. (4 points)
 R, a retailer, sells all his store fixtures and furniture to B. Can R's creditors get it back? (2 points) *BULK SALE*

10. Are C.I.F. and C.&F. contracts destination contracts or shipment contracts? Explain. (3 points) *SHIPM'T 2-320 = 2-504*

11. Discuss the differences between a "sale on approval" and a "sale or return" by distinguishing the primary purpose of the buyer, rights of buyer's creditors, risk of loss while in possession of buyer, risk of loss during return to seller. (5 points) *2-326; 327*

12. What is a "no arrival, no sale" term? What pre-U.C.C. abuses does the U.C.C. correct? (5 points)

2-324
 NO ABUSE NOT S'S FAULT = NO SALE OR K LINA

- RS PR
+ INCD DNG
- + F + SURP 2-706(1)

13. Buyer breaches the contract of sale: (a) Seller sells the goods for a reasonable price to another buyer. What is the measure of damages? (2 points) (b) Seller has the goods and resells them for the contract price. How much damages is buyer liable for? (2 points) (c) Seller is lucky enough to resell for more than the contract price. Is breaching buyer entitled to the surplus? (1 point)

NO 2-706(6) NOT

14. Conditional sales contracts sometimes contain a clause referred to as the "insecurity clause". The U.C.C. has a section embodying the same idea. What is this all about? (1 point)

APRA ASSUA PRAR 2-609

Under the term "ex ship" what are the duties and liabilities of the seller? (3 points) What is the difference between "F.O.B. vessel, N.Y." and "F.A.S. New York"? (2 points)

2-319

ORPSHIP 2-322

15. Seller repudiates contract before due date. Buyer immediately buys goods elsewhere for a reasonable price and then sues seller for difference in what he had to pay and contract price. Seller defends on grounds that buyer did not wait till due date at which time market price was equal to contract price and therefore seller not liable for any damages. As buyer's attorney what's your reply? (4 points)

2-610 RESCUE TO AN, RABBY
2-711(1)(4) = 2-712

COURT 2-712

16. Buyer, B, told S Seed Co. salesclerk that he wanted a 50 lb. bag of S "Fertility" lawn seed which he understood to be excellent for developing a good lawn in highly acidic soil. The salesclerk answered that Fertility would grow in the desert or in an oak forest and that B could not have made a better choice. B paid for the bag and was given a copy of the sales slip which read "No warranties are made with the sale of seed except as to type and contents, and in the event of failure to produce when used as instructed, the liability of the Seed Co. is limited to refund of the price paid." B paid \$150 for labor and other materials to prepare the soil and spread the seed. The seed failed to germinate and B learned from the County agricultural agent that S Fertility seed is not intended for use in highly acidic soil. Discuss B's position with regard to seeking recourse against S Seed Co. (25 points)

SAGE EXP WARR - CON DISCLAIMER, WARR PRVAIL 2-316
+ WARR MARCH NOT DISC 2-316(2) LIMIT 2-19 EXP BUT NOT MARCH - LIMIT UNOWN

17. F, a farmer, borrows \$5000 from B, a bank, and gives a security interest in his cotton crop, which B perfects in accordance with statutory provisions (filing). F then wrote to C.M., cotton merchants, through whom he always sold his cotton, asking C.M. to handle the sale of the cotton. E, an employee of C.M., who has no apparent or implied authority to handle or negotiate sales, intercepted the letter before it reached the proper employee's desk and replied to F on C.M. stationery forging the sales manager's signature. The forged letter instructed F to ship the cotton to Richmond on a negotiable bill of lading consigned to bearer and that upon disposition F's account with C.M. would be credited with the proceeds of sale. When the negotiable bill reached C.M.'s office E took it before it came to another's attention. E negotiated the bill by delivery to P, a good faith purchaser without notice, who paid full value of \$10,000 on strength of E's possession of the bill and assurance of ownership. E absconded and when the facts became known, F, P, and B, to the extent of its security interest, each claim right to the cotton, F of course acknowledging B's security interest superior to his own, but P claiming sole ownership. It was agreed that the cotton be sold and the proceeds distributed in accordance with priority of their respective claims. The cotton sold for \$11,000. How should the proceeds be distributed? (15 points)

PURP PURPOSES
LIMIT, UNOWN IN LIGHT OF EXP WARR

11,000 TO P - P OWNS COTTON -

2-403 (1)(A)

7-502

9-307