Agency: Final Examination (1967)

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AGENCY

Final Examination

1. A, formerly the buying agent for X, resigned to take a job as manager of a department store owned and operated by P in the same city. Before departing for an extended trip abroad, P instructed A to buy no more cotton goods until the price dropped. A few weeks later, A learned that the store's supply of cotton goods was almost gone. Although the price of cotton was still high, A ordered cotton goods in his own name from T with whom he had formerly dealt as agent for X. T sent the goods to A thinking that A still worked for X. What are T's rights against P and X?

2. Memorandum of sales agreement: "New York, Nov. 1, 1968, A. B. Taylor has agreed to buy and W. S. Adams, on account of William Peters, has agreed to sell 10,000 bushels A-I red wheat at 90c f.o.b. New York. (Signed) Taylor Adams"

(1) Who are prima facie liable as parties to the contract upon the above instrument?

(2) In an action against Taylor, could Taylor show that he was acting only for Parsons and was not intended to be liable?

(3) In an action by Peters against Parsons, could Peters show that Parsons was Taylor's principal?

3. P operates a cigar store in the name of A who appears to be the owner. P directs A not to buy or sell magazines, although cigar stores in that locality usually deal in these. Nevertheless, A buys magazines for sale and incurs an indebtedness for them to T of $100. A leads P to believe that the bill is one for cigars and P furnishes A the money to pay it. A does not pay T and T sues P. What results?

4. A is employed by the P Taxi Company as a cab driver. While cruising in search of a fare, A notices a person looking for a cab at just the same time that T, owner and operator of his own cab, does. In an effort to beat T, A swerves in front of T's cab and strikes it, damaging the front fender. An altercation between A and T ensues and A strikes T, knocking him down. What are T's rights against P?
5. P, a manufacturer, employs A as a traveling salesman to contract for the sale of supplies manufactured by P. P's factory burns and two days later P is killed. A does not learn of either of these two events and continues to make contracts. After the burning of the factory building, but before P's death, A contracts to sell supplies to T, an old customer, who knew of the destruction of the factory and knew that A was ignorant of it. After P's death, A contracts to sell supplies to X. What are liabilities of the parties?

6. A is employed as an account executive with the P advertising agency. Having become dissatisfied, A decides to leave P's employ and set up his own agency. Prior to leaving, A informs T, a client of P for whom A has done considerable work, that he is planning to leave, and learns from T that he can count on getting T's business. A also consults with other employees of P, and convinces two of them to leave with him to participate in the new enterprise. What are P's rights against A?