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Contracts: Final Examination (January 1948)

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FINAL EXAMINATION -- CONTRACTS -- JANUARY 1948

1. P agreed to construct a building according to certain plans and specifications "to the entire satisfaction of O."

(a) What two possible interpretations are there to the language "to the entire satisfaction of O" in the contract? (2 points)

(b) If the building is to be used for business purposes which of the two interpretations given above should apply? Give reasons. (2 points)

2. X contracted to paint Y's house. He died when the job was half done. If, by the terms of the contract, X was to do the work personally what are the rights of the parties? (2 points)

3. If the contract in the above case did not provide that X was to do the work personally (X being an independent contractor) what would be the rights of the parties? (2 points)

4. P promised to deliver a certain article to O within 30 days and O promised to pay \$12.00 therefor six months after deliver. O accepted the article on the 30th day. A month later he told P he was not going to pay for the article and P sued him at once.

What are the three strongest arguments that P has sued too soon? Fill in spaces below. (3 points)

5. X was under contract to marry Y. X's uncle wrote X that he was glad to hear of his engagement to Miss Y and stated, "upon your marriage with Miss Y I will give you \$5,000." The letter was duly signed. X married Miss Y.

(a) What is the strongest argument that X's uncle is not liable? (1 point)

(b) What are the two strongest arguments that X's uncle is liable? (2 points)

6. X leased Blackacre to Y for three years at \$100 per month on the express condition that Y would not assign or sublet and if he did assign or sublet his rights in the property should be at an end and X should have the right to enter. Y sublet a portion of the premises and X sued Y for breach of contract, what judgment and why? (2 points)

7. Bookworm wrote Newlyrich the following letter, "I have an extensive library which I wish to sell. You have just bought a large residence and doubtless wish to acquire some books to go in it. I will sell you my entire library for \$1500. Write me at once if you are interested"

Newlyrich, instead of writing, called on Bookworm, looked at the books, and said to Bookworm, "The price is too high, but I will take the lot; the moving vans will be over next Monday and my secretary will mail you a check for \$1500." Bookworm replied, "That is satisfactory and we will regard the deal as closed."

Sunday afternoon Bookworm paid a farewell visit to his library, and much to his surprise found a rare volume there he thought he had lent to a friend, and which he had never intended to sell and which was worth \$275. Upon being informed of the situation, Newlyrich declined to release the volume ~~xxxx~~ whereupon Bookworm offered to call off the whole trade but Newlyrich insisted on carrying it out.

(a) Did Bookworm accept Newlyrich's offer, or did Newlyrich accept Bookworm's offer? Give reasons. (1 point)

(b) Disregarding the rare volume question could Newlyrich hold Bookworm in most jurisdictions? Reasons. (1 point)

(c) Still disregarding the rare volume question could Bookworm hold Newlyrich in most jurisdictions? Give reasons. (1 point)

(d) Give the argument that Bookworm has an equitable defense because of the rare volume. (1 point)

(e) Give the argument that Bookworm does not have an equitable defense because of the rare volume. (1 point)

8. Are the following statements true or false? Indicate by circling. (1 point each -- a penalty for guessing)

- (a) A demand is a condition precedent to a cause of action on a demand note. True False
- (b) A promise never to take advantage of the statute of limitations is a waiver of that defense. True False
- (c) A gratuitous extension of time by the creditor to the principal debtor discharges the surety. True False
- (d) If X contracts to furnish Y with 150 gallons of milk per day for one year and X's barn burns and his cows are killed X is excused from performing. True False
- (e) "Right" and "Duty" are legal opposites. True False
- (f) "Power" and "Liability" are legal correlatives. True False
- (g) Punitive damages are rarely, if ever, allowed for breach of business contracts. True False
- (h) A condition and an exception are basically different in theory. True False
- (i) At common law a seal is presumptive evidence of consideration. True False

9. L leased to T a tourist court consisting of twenty cottages at a rental of \$2,000 per year for four years. During the third year and when business was slack L moved into one of the cottages over T's protests. Before the end of the year the State took the land on which this cottage was situated by eminent domain proceedings in order to straighten the highway. L refused to pay L any rent for the third year. How much, if anything, does T owe L? Give reasons. (3 points)

10. X received an offer by mail from Y. He posted a letter of rejection, then changed his mind and posted a letter of acceptance. These two letters were put in Y's post office box simultaneously but Y read the letter of rejection first and then the letter of acceptance. Is Y bound? (e points)