Contracts II Syllabus
Spring Semester 2010

Prof. Carol Swanson
Saturday Mornings, 8:15-11:15
Room 101

1. Course Description & Objectives:

The primary course objectives will naturally build upon the foundation established in Contracts I. This semester will further explore the operation and interpretation of contracts through the close reading and in-depth analysis of cases, *Restatement* provisions, and statutory sections.

By the semester's end, each student will be able to understand and articulate how:

- Contracts are supplemented by implied terms, good faith obligations, and warranties;
- Minor and mental incapacities affect contract formation;
- Duress, undue influence, and unconscionability can negate contract obligations;
- Mistakes, impossibility, impracticability, frustration of purpose, and contract modifications alter contract obligations and justify nonperformance;
- Third parties can have rights as contract beneficiaries or may participate as delegates or assignees;
- Nonperformance affects the parties' contract obligations in the context of express conditions, material breach, and anticipatory repudiation; and
- Expectancy damages, the classic contracts action recovery, are measured—and will appreciate what other types of recovery can be appropriate.

2. Required Text & Materials:

REQUIRED TEXTS:

- Charles L. Knapp, Nathan M. Crystal & Harry G. Prince, *Problems in Contract Law: Cases and Materials* (6th ed. 2007)("Casebook").
- Charles L. Knapp, Nathan M. Crystal & Harry G. Prince, *Rules of Contract Law* (2007-2008 Statutory Supplement)("Statutory Supplement").

TWEN COURSE WEBSITE:

- Students must enroll and provide an e-mail address.
- Other course materials will be made available through TWEN.

CLICKER:

- Each student must purchase a "CLICKER" (available through the bookstore) for student-response slides.
- Each student will register the clicker for Corporations (I will email the class via TWEN about how to do this before classes start).

3. Grades & Attendance:

Grading will be based on a final exam that is anonymous, three-hour, and closed-book. Ungraded quizzes will be given throughout the semester to help students assess their familiarity with the materials.

The ABA requires that all law students regularly attend classes. Since this course meets only once a week, missing one session is the same as missing an entire week. As a result, missing two classes is presumptively excessive and can be the basis for involuntary withdrawal from the course.

4. Technology Policy:

Students may use their laptops or other electronic devices in the classroom for course-related activities only. In addition, students must refrain from displaying wallpaper, screen savers, or any other material on their computer screens that can reasonably be expected to distract their classmates.

5. My Availability:

Whenever you want to contact me, please call (651-523-2138), send an email (cswanson@hamline.edu), or stop by my office (Room 216E). Scheduling an office appointment is not necessary, although setting one up will assure you of my availability at a particular time (set the appointment up through me or my assistant Gloria Strom 651-523-2805; gstrom01@hamline.edu). If my office door happens to be closed when you stop by, always feel free to knock!

Class Schedule & Assignments:

NOTE: Separate page assignments are not given for the Statutory Supplement. As casebook readings reference statutory materials, students are responsible for reviewing the relevant sections in the Statutory Supplement.

Saturday, January 23: Casebook pp. 437-65.

- Welcome to the Spring Semester!
- Overview/What to Expect
- **Chapter 6: Supplementing the Agreement: Implied Terms, the Obligation of Good Faith, and Warranties**

- Rationale for Implied Terms
    - *Wood v. Lucy, Lady Duff-Gordon* (N.Y. Ct. App. 1917)(438)
    - *Leibel v. Raynor Manufacturing Co.* (Ky. Ct. App. 1978)(442)
- Implied Good Faith Obligation
    - *Seidenberg v. Summit Bank* (N.J. Super. Ct., App. Div. 2002)(451)

Saturday, January 30: Casebook pp. 465-515.

- Chapter 6, cont'd
    - Implied Good Faith Obligation, cont'd
        - *Morin Building Products Co. v. Baystone Construction, Inc.* (7th Cir. 1983)(465)
        - *Locke v. Warner Bros., Inc.* (Cal. Ct. App. 1997)(470)
        - *Donahue v. Federal Express Corp.* (Pa. Super. Ct. 2000)(480)
        - Problem 6-1 (Ed Evers, Acme Accounting, & "freedom of association")(491)
        - Problem 6-2 (Captain Donut franchise agreement)(493)
    - Warranties
        - *Bayliner Marine Corp. v. Crow* (Va. 1999)(500)
        - Problem 6-3 (Firebrand tire warranties)(507)
        - *Caceci v. Di Canio Construction Corp.* (N.Y. Ct. App. 1988)(508)

Saturday, February 6: Casebook pp. 515-56.

- **Chapter 7: Avoiding Enforcement: Incapacity, Bargaining Misconduct, Unconscionability, and Public Policy**
    - Minority and Mental Incapacity
        - Problem 7-1 (Bob Byer, minor car purchaser)(519)
        - *Dodson v. Shrader* (Tenn. 1992)(519)
        - *Hauer v. Union State Bank of Wautoma* (Wisc. 1995)(526)
    - Duress & Undue Influence
        - *Totem Marine Tug & Barge, Inc. v. Alyeska Pipeline Service Co.* (Alaska 1978)(538)
        - *Odorizzi v. Bloomfield School District* (Cal. Dist. Ct. App. 1966)(548)

Saturday, February 13: Casebook pp. 556-99.

- Chapter 7, cont'd
    - Misrepresentation and Nondisclosure
        - *Syester v. Banta* (Iowa 1965)(557)
        - *Hill v. Jones* (Ariz. Ct. App. 1986)(567)
        - *Park 100 Investors, Inc. v. Kartes* (Ind. Ct. App. 1995)(580)
    - Unconscionability
        - *Williams v. Walker-Thomas Furniture Co.* (D.C. Cir. 1965)(586)

Saturday, February 20: Casebook pp. 599-661.

- Chapter 7, cont'd
  - Unconscionability, cont'd
    - *Higgins v. Superior Court of LA County* (Cal. Ct. App. 2006)(599)
    - *Adler v. Fred Lind Manor* (Wash. 2004)(610)
  - Public Policy
    - Problem 7-2 (covenant not to compete in genetic research)(632)
    - *Valley Medical Specialists v. Farber* (Ariz. 1999)(633)
    - *R.R. v. M.H. & another* (Mass. 1998)(647)
    - Problem 7-3 (wave pool construction and state licensing law violation)(658)
    - Problem 7-4 ("consent to adoption")(661)

Saturday, February 27: Casebook pp. 663-701.

- **Chapter 8: Justification for Nonperformance: Mistake, Changed Circumstances, and Contractual Modifications**
  - Mistake
    - *Lenawee County Board of Health v. Messerly* (Mich. 1982)(664)
    - *Wil-Fred's, Inc. v. Metropolitan Sanitary District* (Ill. App. Ct. 1978)(674)
  - Changed Circumstances: Impossibility, Impracticability, and Frustration
    - *Karl Wendt Farm Equipment Co. v. International Harvester Co.* (6th Cir. 1991)(687)

Saturday, March 6: Casebook pp. 701-40.

- Chapter 8, cont'd
  - Changed Circumstances, cont'd
    - *Mel Frank Tool & Supply, Inc. v. Di-Chem Co.* (Iowa 1998)(701)
    - Problem 8-1 (florist shop sale & hospital closing)(711)
  - Modification
    - Problem 8-3 (remodeling job & increase in tile price)(713)
    - *Alaska Packers' Association v. Domenico* (9th Cir. 1902)(715)
    - *Kelsey-Hayes Co. v. Galtaco Redlaw Castings Corp.* (E.D. Mich. 1990)(723)
    - *Brookside Farms v. Mama Rizzo's, Inc.* (S.D. Tex. 1995)(731)

Saturday, March 13: Casebook pp. 741-81.

- **Chapter 9: Third Parties' Rights & Duties**

- Third-party Beneficiaries
  - *Vogan v. Hayes Appraisal Associates, Inc.* (Iowa 1999)(745)
  - *Zigas v. Superior Court* (Cal. Ct. App. 1981)(754)
- Assignment and Delegation
  - *Herzog v. Irace* (Maine 1991)(765)
  - *Sally Beauty Co. v. Nexxus Products Co.* (7th Cir. 1986)(770)
  - Problem 9-1 (Fallon's retirement from Captain Donut franchise)(781)

Saturday, March 20: Casebook pp. 783-824.

- **Chapter 10: Consequences of Nonperformance: Express Conditions, Material Breach, and Anticipatory Repudiation**
  - Express Conditions
    - *Oppenheimer & Co. v. Oppenheim, Appel, Dixon & Co.* (N.Y. Ct. App. 1995)(786)
    - *J.N.A. Realty Corp. v. Cross Bay Chelsea, Inc.* (N.Y. Ct. App. 1977)(796)
    - Problem 10-1 (property sale conditioned on obtaining zoning variance)(805)
  - Material Breach
    - *Jacob & Youngs, Inc. v. Kent* (N.Y. Ct. App. 1921)(806)
    - *Sackett v. Spindler* (Cal. Ct. App. 1967)(817)

Saturday, March 27: Casebook pp. 824-61.

- Chapter 10, cont'd
  - Anticipatory Repudiation
    - *Truman L. Flatt & Sons Co. v. Schupf* (Ill. App. Ct. 1995)(825)
    - *Hornell Brewing Co. v. Spry* (N.Y. S. Ct. 1997)(833)
    - Problem 10-2 (Mason miniseries)(842)
- **Chapter 11: Expectation Damages: Principles & Limitations**
  - Computing Plaintiff's Expectation
    - *Roesch v. Bray* (Ohio App. 1988)(851)
    - *Handicapped Children's Education Board v. Lukaszewski* (Wisc. 1983)(857)

NO CLASS ON SATURDAY, APRIL 3 (Spring Break)

Saturday, April 10: Casebook pp. 861-910.

- Chapter 11, cont'd
  - Computing Plaintiff's Expectation, cont'd
    - *American Standard, Inc. v. Schectman* (N.Y. S. Ct. 1981)(861)
  - Restrictions on Expectation Damages: Foreseeability, Certainty, and Causation
    - *Hadley v. Baxendale* (Ct. Exchequer 1854)(869)

        - *Florafax International, Inc. v. GTE Market Resources, Inc.* (Okla. 1991)(874)
    - Another Restriction on Expectation Damages: Mitigation
        - *Rockingham County v. Luten Bridge Co.* (4th Cir. 1929)(887)
        - *Havill v. Woodstock Soapstone Co.* (Vt. 2004)(890)
        - *Jetz Service Co. v. Salina Properties* (Kan. Ct. App. 1993)(904)

Saturday, April 17: Casebook pp. 911-46; 965-74.

- Chapter 11, cont'd
    - Nonrecoverable Damages: Items Commonly Excluded from Plaintiff's Damages for Contract Breach
        - *Zapata Hermanos Sucesores, S.A. v. Hearthside Baking Co.* (7th Cir. 2002)(911)
        - *Erlich v. Menezes* (Cal. 1999)(920)
        - Problem 11-1 (sale of Tans' drug stores)(935)
    - UCC Remedies
        - Buyers' Remedies
            - Problem 11-2 (942)
        - Sellers' Remedies
            - Problem 11-3 (945)
- **Chapter 12: Alternatives to Expectation Damages: Reliance, Restitution, Specific Performance**
    - Reliance Damages
        - *Wartzman v. Hightower Productions, Ltd.* (Md. Ct. Spec. App. 1983)(965)

Saturday, April 24: Casebook pp. 974-1010.

- Chapter 12, cont'd
    - Reliance Damages, cont'd
        - *Walser v. Toyota Motor Sales, U.S.A., Inc.* (8th Cir. 1994)(975)
    - Restitution Damages
        - *U.S. ex. rel. Coastal Steel Erectors, Inc. v. Algernon Blair, Inc.* (4th Cir. 1973)(983)
        - *Lancellotti v. Thomas* (Pa. Super. Ct. 1985)(988)
        - *Ventura v. Titan Sports, Inc.* (8th Cir. 1995)(995)
        - Problem 12-1 (Big Burger franchise)(1007)
    - Specific Performance