

Business law



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September ANSWERS: A. The contract is enforceable. Under the Uniform Commercial (UCC), business contracts made in jest are considered enforceable contracts where the transaction is one which is considered as a regular business transaction. Here, all three essential elements of a valid and enforceable contract are present: Consent, Object and Consideration. Thus, in the case of a business context (*Lucy V. Zehmer*, 84 S. E. 2d 516 [1954]), even if one party makes an offer in jest and the other party reasonably believes that he or she is serious, and seriously accepts the offer, the contract shall be binding (Emanuel 9).

The CEO is also liable to pay damages to Ronnie for committing fraud and acting in bad faith when he offered to sell his house in order to trick him and play a practical joke on the buyer, by offering the house for sale for a low price of \$50, 000, when in truth and in fact, the property was non-existent because it was recently destroyed by a hurricane.

B. Snookie Plumbing cannot revoke its offer. In the case of *Campbell Co. General Contractors, Inc. V. Virginia Metal Industries, Inc.* 708. F. 2d 930 (1983), the Supreme Court laid down the principle of promissory estoppel of the subcontractors liability in construction bidding cases by stating that: “ We are not the first court to encounter the situation where there has been a promise unsupported by consideration which has occasioned reliance and change of position so that the promisor who backs away from his undertaking visits a real hardship on the promisee. An absence of consideration in such cases should not permit an unjust result. Rather, the law has developed the concept of promissory estoppel which allows recovery even in the absence of consideration where reliance and change of position to the detriment of the promisee make it unconscionable not to enforce the

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promise or to award damages for its breach.” Therefore, Snookie cannot revoke its offer, otherwise, it shall be liable to pay damages to Contractor for breach of contract.

C. The contract is enforceable because there was a contract signed by the CEO and Situation Construction. All element of a valid contract are present. The CEO consented to amend the contract when he signed the agreement which demanded increase in payment. The consideration is \$2 Million, to which the CEO agreed. Under the law, the contract can be amended provided that consent was freely given by both parties. Here, the CEO was not forced to sign to new contract reflecting the increase in the cost of construction. Therefore, upon the completion of the contract, the CEO is liable to pay the additional \$2 Million based on the new contract.

D. The contract is unenforceable. Under the UCC, contracts are perfected at the precise moment that the offeror has knowledge of the offeree has accepted the offer. Here, even before the CEO has learned that Angelina has accepted the offer, he already has validly withdrawn the previous offer, when he communicated to Angelina about the change in the cost of the materials. Therefore, Angelina cannot claim that she has already accepted the offer and make the offeror liable, because there was a timely withdrawal of the offer made by the offeror. The CEO is not bound by the agreement and Angelina cannot enforce the agreement and make him liable.

E. The employment contract is unenforceable. Here, there was an oral agreement made by the parties which is dependent on a suspensive condition. A suspensive condition is that it is a condition which suspends the operation or effect of one or more of the obligations under a contract not until the condition is fulfilled. In effect, the contract shall on become binding

upon the parties only upon the occurrence of a determined future event. However, contracts entered by parties which are dependent on a suspensive condition are not immediately finally binding on the parties, until a contract is signed to the effect that neither of the parties can terminate the agreement while the contract is subject to the suspensive condition. Here, no such agreement was signed by both parties prior to the happening of the suspensive condition. Therefore, absence of such agreement in writing renders the employment contract unenforceable.

F. As a general rule, a contract which is entered by a minor is void because such minor is incapacitated by reason of age. However, there is an exception to the rule when such minor derived a benefit from such contract, then the contract shall be considered as binding and enforceable. Here, Sammy benefitted by using board and lodging from the hotel for 18 months. Therefore, she is liable to pay the cost hotel fees and charges for the entire time of her stay, which is inclusive of the \$5, 000 worth of damage made in the hotel room.

Works Cited:

Campbell Co. General Contractors, Inc. V. Virginia Metal Industries, Inc. 708. F. 2d 930 (1983)

Emanuel, Steven. Emanuel Law Outlines: Contracts. New York, NY: Aspen Publishers. 2010, Print.

Lucy V. Zehmer, 84 S. E. 2d 516 [1954]

Uniform Commercial Code