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Law Corporate agreements are guided by provisions of laws that bind to all parties involved. Failure to observe the operational laws and actions contrary to agreements made attract lawsuits by one party towards the other. Such is the situation with Jewel-Rung and Haddad. Jewel-Rung sues for lost profits because the agreement that was earlier made did not highlight any activity to be undertaken by Olympic Company. Lost profits are considered to be consequential damages that befall one party due to the actions or activities of another party bound to the same agreement (Beatty, Samuelson & Bredeson 545).

The clam made by Haddad is right. This means that Jewel-Rung could have prevented the lost profits by covering, and it is, therefore, not entitled to consequential damages. While the claim by Haddad is right, the reasons that made Jewel-Rung not to cover are critical to account for. By having Olympic Company to manufacture and sell the Lakeland garments in the Canadian market, Jewel-Rung can only obtain its Lakeland garment supplies from the Olympic Company. However, Jewel-Rung and Olympic are competitors in the Canadian market, consequently implying that Olympic would charge Jewel-Rung unreasonable prices for the Lakeland garments.

According to the agreement, Jewel-Rung was to get the Lakeland garments supplies from Haddad. The quality of the garments supplied by the manufacturer could not be an issue for Jewel-Rung. However, Jewel-Rung is likely to question the quality of garments manufactured by Olympic, since this is a different company from Haddad. Having Olympic to supply Jewel-Rung with the garments, the likelihood of unreasonable prices being charged to Jewel-Rung by Olympic and the jeopardy surrounding quality of garments manufactured by Olympic are legitimate reasons for Jewel-Rung not to cover.

Therefore, Jewel-Rung stands a high chance to prove its case.

Works Cited

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