

Brief of maple farms, inc vs city school district of elmira

Law



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Maple farms, Inc vs School District of Elmira Contracts can be nullified if the terms and conditions become difficult. This is possible under The Doctrine of Frustration found in the uniform commercial code. However, contracts are not likely to be revoked simply because one side is incurring a loss. Maple Farms entered into a fixed contract with a “ City School District of the City of Elmira,” whereby they agreed to sell milk to a school at a specified price. Market factors led to the rise in the milk price which made it impossible for the farm to sell milk without incurring a huge loss. This paper focuses on a case whereby the plaintiff seeks termination of a contract without further liability due to rise in milk prices (Miller 11).

Maple Farms signed a contract with the “ City School District of the City of Elmira” to supply milk at a fixed cost. They settled to supply the milk to “ City School District of the City of Elmira” (defendant) for the year 1973 to 1974. This was in accordance to the agreement on 15th June 1973 at a fixed price of 0.759 dollars for every half pint. During that time the mandated cost of raw milk was 8.03 dollars per cwt where the United States Department of Agriculture was in control of the milk at the farm. The change in the market was not contemplated by the plaintiff as they had committed to a Fixed Price Contract with the defendant (Miller 19).

The farm was aware that the milk price was liable to change, but there was not any clause included to excuse it. Maple Farm was, therefore, found in a hard situation when the milk prices inflated. In the year 1973 there was a tremendous increase in the milk price of 9.5% from the date the contract was signed. The plaintiff, therefore, requested the defendant to relieve them of the contract as they were incurring huge losses but the defendant

refused. The farm stated in details that they would incur a loss of \$7, 350. 55 if they continued supplying the same amount of raw milk (Miller 64).

Marple farm was sued for Declaratory Judgment that performance was not practical with the agreed price but the court still held them responsible for the sale of the milk to the school. The plaintiff claims further that The Federally Sponsored Milk Lunch, would further decrease the price of the milk hence increasing the losses. The defendant was still not willing to cancel the contract even after the request (Miller 14).

The legal basis of the plaintiff to be relieved of the contract is in the doctrine of the Uniform Commercial Code. It considered as " impossibility of performance," " frustration of performance," and " excuse by failure of presupposed conditions". The court found out that in the milk business, the farm had taken a risk in agreeing to be in a fixed price contract even though the price was due to unforeseen events. The court termed the allegations as impractical and impossible because the Common law has it that, where hardship in economy alone is involved, performance will not be excluded. The court further argued that an increase in the cost does not also excuse performance not unless the cost rise came about due to unforeseen which alters the nature of performance. Therefore, the plaintiff is required to perform his duties as agreed in the contract (Miller 24).

In conclusion, the owner of a business is supposed to be aware of the possibilities of inflation and plan accordingly, so as to reduce the risk of losses. It is necessary to avoid fixed costs because there are possibilities of inflation. In cases where there should be fixed costs, then it is important to have a clause to excuse the business.

Work Cited

Miller, Roger L. R. Business Law Today: The Essentials: Diverse, Ethical, Online, and Global Environment. Mason: South-western, 2013. Print.