

# Big time toymaker essay

[Business](#), [Management](#)



**Introduction**Big Time Toymaker (BTT) is a toy company that develops, manufactures, and distributes games. Chou is a game inventor, who has created the game Strat. Strat catches the attention of BTT, who give Chou \$25, 000 upfront for exclusive negotiation rights for a 90-day period. In addition to preventing Chou from negotiating with any other toy companies to manufacture or distribute the game within this time, these negotiation rights state that only written contracts would represent an existing agreement. A few days before the expiration of the of the exclusive negotiation agreement, BTT and Chou reach a verbal agreement on Strat, and Chou receives an email with the details of their discussed agreement. Chou takes this email a written agreement, even though the word “ contract” was never used. A month goes by and BTT inquires with Chou for a written draft of their agreement, which Chou sends over immediately, however he does not receive a response. When Chou inquires with BTT, they make him aware that they were no longer interested in Strat.

**Contractual agreements**When Chou was initially approached by BTT, they entered into an agreement. BTT agreed to pay Chou \$25, 000 for him not to negotiate with any other game manufacturing company for 90 days. By getting Chou to agree to these terms, BTT ensures that they have the first claim on the game, keeping them from being forced into a bidding war with another game manufacturer for the distribution rights to Strat. Although this is not the final contract for distribution, it is still a contract because BTT could have sued Chou had he been found to negotiate with another game manufacturing company.

Even though BTT and Chou came to a verbal agreement in regards to the distribution of the game, the email that Chou received was not a contract. The word “ contract” was not used anywhere in the email, neither parties signed, or even confirmed to the details through a response. Had Chou been smart enough to request a clause regarding consequential damages if BTT did not end up deciding to manufacture and distribute Strat into the initial exclusive negotiation agreement, he could have gotten some monetary compensation for having wasted his time.

An aggrieved party is entitled to recover consequential damages if the damages are caused by unique and foreseeable circumstances beyond the contract itself, so long as the damages flow from a breach (Melvin, 2011). Communication Methods and Statue of FraudThe fact that the manager at BTT communicated the agreed upon terms to Chou via email has no impact. Chou informed them after the meeting that he would draft the contract. The manager at BTT was very likely just reminding Chou of the points he would need to include in the draft, which is why it was titled “ Strat Deal.” Upon receiving that email, Chou should have contacted BTT to confirm that his draft of the contract was still needed if there was any confusion. Instead, Chou made the assumption that the email took the place of the contract and allowed for a month to pass before drafting the contract.

The statue of frauds was established by BTT when the initial exclusive negotiation agreement was entered, and it confirms that the emailed terms is not a legal standing. Although the email was in writing, as BTT stated it was the only way a contract would have mean anything, the statue of fraud

also requires a signature and communication that it was, in fact, a contract. The UCC's statute of frauds provisions are satisfied so long as the writing contains (1) quantity, (2) the signature of the party against whom enforcement is sought, and (3) language that would allow a reasonable person to conclude that the parties intended to form a contract (Melvin, 2011). Doctrine of Mistake and ArguendoBTT is unable to use the Doctrine of Mistake to avoid entering a contract with Chou because they were aware that they were in the process of going through a change in management and that it was a possibility that manufacturing and distributing of Strat could fall through. If anyone could use the Doctrine of Mistake in this scenario, it would be Chou because he believed that the email was a contractual agreement based on the fact that he was told that no contract existed if it was not in writing, and of course, email is a form of writing. This rule is specifically lined in the initial exclusive negotiation agreement. ConclusionIn conclusion, Chou was informed that no contract existed if it were not in writing from the beginning when he was in talks with BTT to possibly manufacture and distribute a game he had invented named Strat. BTT gave Chou \$25,000 to enter a 90-day, exclusive negotiation contract, which was a form of agreement in itself.

Once terms had been agreed upon, Chou was volunteered to draft a contract. However, once he received an email with the terms of the agreement, he assumed that the contract had been put into place. Unfortunately for Chou, he came to that conclusion on his own. ReferencesMelvin, S. P. (2011).

The legal environment of business: A managerial approach: Theory to practice. New York, NY: McGraw-Hill/Irwin.