

Contracts and statute of frauds essay sample

Law



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Wally owns Windy City Watches in Chicago, Illinois. He needs to buy knockoff Rolexes from a wholesaler, Randy, in Milwaukee, Wisconsin. Wally and Randy discuss terms via telephone and agree Wally will purchase 100 watches for \$25.00 a piece for a total of \$2,500. Randy agrees to send an order form for the purchase and ship when the signed form is returned from Wally. Wally signed and returned the order form agreeing to purchase the goods. A week later Wally receives 50 watches accompanied by a note explain the remaining 50 watches will arrive in a few days. Also enclosed was the bill for entire order totaling \$2,500. By this time, Wally has decided he does not want to purchase the fake Rolexes. He contacts Randy explain the situation wanting to return the watches and reimburse Randy for shipping costs. Randy in turn sues to enforce the original contract. Issue:

The issue is whether the Illinois UCC Statute of Frauds deems contract unenforceable because it was never reduced to writing. Law:

Under UCC §2-201 (3a), " A contract that does not satisfy the requirements of subsection 1, but which is valid in other respects is enforceable: if the goods are to be specially manufactured for the buyer and are not suitable for sale to others in the ordinary course of the sellers business and the seller, before notice of repudiation is received and under circumstances that reasonably indicate that the goods are for the buyer, has made either a substantial beginning of their manufacture or commitments for their procurement."

In *R. M. Schultz & Assocs. v. Nynex Computer Servs. Co.*, 1994 U. S. Dist.

LEXIS 4509 (N. D. Ill. Apr. 8, 1994) the courts say, " The specially

manufactured goods exception exempts a contract from the requirements of

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the statute of frauds is the goods are to be specially manufactured for the buyer and are not suitable for sale to others in the ordinary course of the seller's business and the seller, before notice of repudiation is received and under circumstances which reasonably indicate that the goods are for the buyer, has made either a substantial beginning of the manufacture of commitments for their procurement. ...if the manufacturer can, with slight alterations, sell the goods, then they are not specially manufactured.

However, if the manufacturer must make "essential changes" to make the goods marketable to others, then the specially manufactured exception to the statute of frauds applies." The Illinois UCC states, in part: Except as otherwise provided in this section for the sale of goods for the price of \$500 or more is not enforceable by the party against whom enforcement is sought or by his authorized agent or broker. A writing is not insufficient because it omits or incorrectly states a term agreed upon but the contract is not enforceable under the paragraph beyond the quantity of goods shown in such writing. Only three definite and invariable requirements as to the memorandum are made by subsection. First, it must evidence a contract for the sale of goods; second, it must be signed, a word which includes an authentication which identifies the party to be charged; and third, it must specify a quantity. Analysis:

In this case, under Illinois Uniform Commercial code, because the contract is not in writing and nothing is signed, it is not enforceable in a court of law.

Conclusion:

An oral contract is not enforceable under the Illinois UCC. In addition to

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explaining the rules of contract validity under this statute, the UCC goes on to define signed. “ The term signed includes any symbol executed or adopted by the party with the present intention to authenticate the writing.” Ryan will be unable to have his contract upheld in a court of law.