

The uniform commercial code (ucc)

Law



a. Under UCC 2-302, who has the best chance of getting out of the contract due to unconscionability? Unconscionability exists in a contract where there is no equality in the bargaining power of the parties in a contract. Under UCC 2-302 unconscionability is only applicable to the sale of goods when the contract is grossly unfair (Class notes, chapter 7). Under UCC 2-302, the person who has a better chance of getting out of a contract due to unconscionability is the person to whom goods were sold to in an unfair contract or way.

b. The symbol for justice features a woman wearing a blindfold illustrating that the law should be applied the same way regardless of who the parties are. Does the UCC rule seem to contradict this? Which approach do you think is more ethical?

The law should be applicable to everyone regardless of whom they are; however, clauses have been made in the law to protect the vulnerable. The clause in UCC 2-302 also acts as a warning to fraudsters. In its original form, every contract should be honored whether it is fair or not but unconscionability allows one to get out of a contract if they were cheated into it. The rule also seems to contradict the applicability of the law equally to all people. But this is negated by the fact that, in such a contract, there was no equality in the first place because one of the parties had less bargaining power.

c. Note that both Glamour and Shady Rest are businesses and courts rarely finds that contracts between two businesses are unconscionable. The rationale is that a business is a sophisticated entity, familiar with transactions and able to protect itself. Do you think Glamour and Shady Rest are in a comparable position in regard to this contract? Why or why not?

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In this contract, both entities are not in a fair condition but then they need the air conditioners but then they both do not have time to look for the fair market price. In the case of the café, their need for air conditioners has come at lunch rush while for the nursing home patient's health has to be put first. They might not be at a comparable position, but their need for the air conditioners is immediate. The extra \$100 paid by each of them above market price is nothing comparable to the losses they would incur as a result of the lack of air conditioning besides it also saves them time.

Reference

Class notes, Chapter 7. Formation and modification of the sales contract;
section 7. 1