



## **NATIONAL PARALEGAL COLLEGE**

6516 NORTH 7<sup>TH</sup> STREET  
SUITE 103,  
PHOENIX, AZ 85014-1263  
TEL: 800-371-6105  
FAX: 866-347-2744  
E-MAIL: INFO@NATIONALPARALEGAL.EDU

### **Contracts-PLG-102-1004**

#### **Syllabus and Course Guide**

The NPC Contracts course meets 15 times over the course of the 8-week term in the NPC Interactive classroom. Each 75-minute session consists of 45 to 60 minutes of online lecture by the course instructor. During the remainder of the time, students may ask questions and make comments on the material being studied.

All class sessions are recorded and may be viewed by students at any time.

To successfully complete the course, each student must satisfactorily complete:

- 5 written assignments
- 3 examinations

Unless an extension has been granted by the instructor, all assignments and exams must be submitted within 30 days of the end of the course in order to receive credit.

#### **INSTRUCTOR:**

The Instructor for this course is: Stephen Haas ([shaas@nationalparalegal.edu](mailto:shaas@nationalparalegal.edu))

The teacher's assistant for this course is: Zahava Krug ([zahava@nationalparalegal.edu](mailto:zahava@nationalparalegal.edu))

#### **COURSE DESCRIPTION:**

If tort law is significant because it governs rules of conduct, the way people interact with each other, then contract law is significant because it governs the commitments we make to one another. This course will provide students with a comprehensive understanding of the common law of contracts, from the formation of a contract through its termination, including the several ways in which a contract can be entered, consideration, offer and acceptance, illusory contracts, oral contracts, the statute of frauds, accord and satisfaction, enforcement, damages for breach of contract, and the several defenses available to a party who rescinds on a contract. Additionally, this course will familiarize our students with the Uniform Commercial Code and the laws governing the sale of goods.

## **COURSE OBJECTIVES:**

At the completion of this course, the student will be able to:

- Properly research various sources of contract law, including common law, case law, general obligation statutes and the Uniform Commercial Code.
- Describe the manner in which a contract can be formed by “mutual assent.”
- Differentiate between an offer and a mere expression of interest or an invitation to negotiate.
- Describe the rules of revocation by actions or expressions, and apply those rules to fact patterns.
- Describe actions that constitute acceptance of an offer.
- Describe why particular agreements are supported by consideration in various hypothetical fact patterns.
- Describe the concept of legal detriment, as it relates to adequate consideration.
- Apply some of the more complex aspects of the rule of consideration, including the rules governing partial payment checks and promises to pay rewards.
- Describe and apply the rules regarding defenses against the enforcement of a contract.
- Recognize cases in which a contract can be voided due to grounds such as mistake, duress, unconscionability, statute of frauds, etc. and determine whether any such defense is applicable in a particular case.
- Determine whether a contract has been breached in a particular fact pattern.
- Apply the “substantial performance” rule to breach of contract scenarios and the related “perfect tender” rule of the U.C.C. in the sale of goods.
- Apply the rules for contract remedies, i.e., expectation, reliance and restitution damages, to a particular fact pattern and predict the kind of remedy a court will be most likely to order in a particular case.
- Apply the rules for contract remedies, i.e., expectation, reliance and restitution damages, to a particular fact pattern.
- Describe the kind of remedy a court will likely order in a particular case.
- Describe the conditions necessary before a court will order equitable remedies, such as specific performance.

## **READING ASSIGNMENTS:**

All reading assignments refer to the NPC courseware, including the interactions attached to each subchapter. Cases and/or statutes that are specifically mentioned in the syllabus are required reading. The texts of these cases and/or statutes may be accessed directly from the courseware. In addition to the assigned courseware and cases, students should familiarize themselves with the various legal documents listed for each lecture. These documents can be found on the “Documents and Slides” page on the NPC student website. Some, but not all, of these documents will be discussed in class. Reading assignments for each class should be completed prior to the class.

## **WRITTEN ASSIGNMENTS:**

At the outset of the course, five assignments will be posted “assignments and documents” page. The 5 assignments will cumulatively count for 40% of the student’s grade for the course. Information will be posted to the message board that indicates when the material for each assignment is discussed in class.

Assignments are to be submitted via the section of the student menu entitled “Assignments & Exam Grades.” If a student wishes to attach a diagram or another document whose formatting does not allow it to be submitted easily through the website, the document may be e-mailed to the instructor.

Each submitted assignment will be graded on the following scale:

4 - Excellent

3 - Good

2 – Satisfactory

1 – Poor

0 – Not acceptable (must resubmit)

(Half-points may also be awarded in assignment grading.)

Please see the “Assignment Grading Rubric” (attached as an appendix to this syllabus) for more detailed information as to how assignments are graded and the key elements of assignments that instructors look for when grading assignments.

In addition to a grade, students will receive written feedback from the instructor on their assignments.

## Assignment Grading Rubric

<b>Factor</b>	<b>4 (Excellent)</b>	<b>3(Good)</b>	<b>2(Satisfactory)</b>	<b>1 (Poor)</b>	<b>0 (no credit)</b>
<b>Thoroughness</b>	Answered all questions in the exercise completely and in the appropriate order.	Answered all questions in the exercise but not completely and/or not on the appropriate order	Answered most of the questions in the exercise but not completely and/or not on the appropriate order	Did not answer many of the questions in the exercise but did make some reasonable effort to do so.	Made little or no reasonable effort to answer the questions posed in the assignment
<b>Demonstrated Understanding Of the Assignment and has come to an appropriate conclusion</b>	Response demonstrates a thorough understanding of the exercise and the student has justified and enunciated an appropriate conclusion.	Response demonstrates an understanding of the exercise and comes to a conclusion.	Response demonstrates some understanding of the exercise. The conclusion that the students comes to may not be appropriately justified by the rest of the essay.	Response demonstrates some understanding of the exercise but shows a high level of confusion on the part of the student. The student's conclusion, if any, is not supported b the rest of the essay.	Response demonstrates a very poor understanding of the subject matter presented by the assignment.
<b>Documentation/ Legal research (note: For assignments, sources should be those obtained through legal research; for exam essays, legal principles learned in class or the courseware is sufficient.)</b>	Student has cited at least two excellent sources and has applied them appropriately. Appropriate sources are documented and well cited and well integrated.	Student has cited one excellent source or two or more good sources but has missed at least one excellent source. Sources are integrated well in the assignment.	Student has cited appropriate sources but has missed the best available OR student has cited good sources but has done a poor job of integrating them.	Student has cited poor or inappropriate authorities or has failed to establish the relevance of the sources that he or she has cited.	Student has not cited any legal authorities or has cited authorities that are irrelevant.
<b>Organization</b>	Essay is organized very well; the reader can clearly understand where the essay is going at all point and a cohesive easy-to-follow argument is made in the essay. Separate paragraphs are used for separate ideas.	Essay is well organized. The essay is coherent, though may not flow freely. Different components of the essay are broken up appropriately.	Essay shows some level of organization, but is difficult to follow. The essay is not as focused as it should be. Essay may go back and forth between points without using new paragraphs.	Essay is poorly organized and is very difficult to follow. The student did not appropriately separate thoughts and did not properly organize the essay.	Student's essay is in chaos. There is no reasonable attempt to organize the essay coherently.
<b>Critical Thinking and Analysis</b>	Shows excellent critical thinking and analysis. The student was able to apply the cited law to the facts of the given case in a clear and convincing manner.	Shows good critical thinking and analysis. The student's points are well argued and well supported.	Shows adequate critical thinking and analysis. The student's points are supported by logic, but are not exceptionally convincing.	Shows minimal critical thinking and analysis. The student's arguments are weak and unconvincing.	Shows no effort critical thinking or analysis. The student's points make no sense.

## **EXAMINATIONS:**

Examinations will be posted on the NPC website when indicated on the syllabus. The examinations consist entirely of “short essay” questions. The 3 examinations will cumulatively count for 60% of the student’s course grade.

Examinations are non-cumulative; they cover only the material that has been covered since the previous examination. The instructor will provide specific information regarding the content of each examination as the examination time approaches.

Each student will be required to designate a single computer to be used for all examinations. NPC will then install a security certificate on the student’s designated computer. A student may only take the examinations on the computer that has the NPC security certificate installed.

All examinations are timed. A student may begin the examination any time after it is posted to the NPC website. Once begun, the examination must be completed within 4 hours.

Examinations will be graded on a conventional 0-100 scale. The number of points each question is worth is equal to 100 divided by the number of questions on the examination.

For each examination question, full credit will be awarded if the student:

- 1) Correctly identifies the legal issue(s) presented by the question
- 2) Applies the correct law to the legal issue(s) presented (note: full credit may also be awarded if the student’s answer comes to an “incorrect” conclusion if the student bases his or her analysis on correct law and supports his or her position in a convincing manner)
- 3) Presents his or her answer in a clear and understandable manner

The amount of partial credit to be awarded, if any, for an answer that is not complete and correct is at the discretion of the instructor. Instructors are instructed to award partial credit that is proportional to the level of knowledge and legal skill displayed by the student in answering the question.

The following factors are generally NOT taken into account in grading examinations:

Legal research; Although research is a key component of assignments, examinations are graded on the student’s knowledge of the legal concepts taught and do not require independent research.

Grammar and spelling (unless they impact the ability of the graded to understand the student’s answer); Although these are essential skills for a paralegal, examinations test legal knowledge and ability to apply the skills learned, not

necessarily the ability to write professional legal memoranda (assignments test this skill). In addition, because exams are taken under time constraints, we would rather see the students spend their time spotting legal issues and applying applicable law than on proofreading answers for typos and grammar mistakes.

For more information on assignments and examinations, please see the *NPC Student Handbook*.

## **WEEKLY INTERACTION REQUIREMENT**

To ensure that all students are involved and participating in the course as the course moves forward, each student enrolled in this course must, at least one during each week, either:

1) Attend a live lecture

OR

2) Submit at least one assignment

OR

3) Take at least one examination

OR

4) Answer a weekly “interaction” question or questions that will be posted on the “Assignments and Exams” page.

The weekly “interaction” question(s) will be simple and straightforward and will cover material covered in class that week. Answers to these questions should be short (typically 1-3 sentences) and to the point.

This student response (which is necessary only if the student does not attend a live class or take an exam or submit an assignment in the given week) will be graded on a pass/fail basis. The interaction questions will be posted no later than Monday of each week and must be answered on or before the following Monday.

The weekly interaction questions will be posted alongside the assignments. Students who do not attend a live class or take an exam or submit an assignment in the given week will be required to answer the questions presented. Students who did attend a live class or take an exam or submit an assignment in the given week may ignore the question.

Any student who does not fulfill this requirement during a given week will receive a reduction in his or her over-all grade of 2 percentage points from his or her over-all average. Conversely, any student who demonstrates excellent participation either through message board participation or through relevant in class discussion may receive an increase in his or her over-all grade, in the discretion of the instructor.

**All examinations and assignments are due no later than July 11, 2010.**

## **Lecture and reading assignments schedule**

### **CLASS 1**

**Tuesday, April 13, 2010**

**8:00 PM-Eastern Time**

This class will provide an in depth look at the issues involving consideration. We will begin by examining the bargain theory and enforceable factor theories of consideration, including what is and is not adequate consideration to make a contract binding. We will look at the reasons for the consideration rules and how those reasons apply to various common situations.

#### **Courseware Reading:**

Chapter 1: Introduction and Consideration

- Introduction to Contracts and Consideration
- Problems in Consideration: Bargain Promises and the Mutuality Rule

#### **Cases and Statutes:**

##### Betsakis v. Demotsis

This case analyzes the limits of the consideration rule. If a person is forced by circumstances to enter into a contract that is unfair to him or herself, will that contract still be enforced by a court? This case will be analyzed to determine the limits of the consideration principle.

**CLASS 2**  
**Thursday, April 15, 2010**

**8:00 PM-Eastern Time**

In this class, we will continue our discussion of consideration. We will look specifically at two interesting problems in the area of consideration: the mutuality rule and its exceptions and the pre-existing duty rule. We will also look at an employment agreement and discuss the responsibilities that a court will infer in this type of agreement to ensure that consideration exists in standard employer contracts.

### **Courseware Reading**

Chapter 1: Introduction and Consideration

- Exceptions to the Mutuality Rule
- Problems in Consideration: Bargain Promises and the Legal Duty Rule I
- Problems in Consideration: Bargain Promises and the Legal Duty Rule II

### **Cases and Statutes:**

#### Wood v. Lucy, Lady Duff Gordon

This interesting case discusses the “best efforts” rule and intertwines it with the rule of consideration. This case announced the rule that anyone hired to exclusively market a product for a commission on its sales inherently promises to use his or her “best efforts” in marketing that product. Therefore, both parties to such a contract are promising something and there is consideration for the lawsuit. This case presents an excellent look into the mechanics of the doctrine of consideration and the concept of “legal detriment.”

#### Foakes v. Beer

This old and yet seminal case set forth the doctrine of the “pre-existing duty” rule. This rule dictates that it is not consideration to promise to do something that you had a legal duty to do in any case; nor is it consideration to promise to refrain from doing something that you were not legally allowed to do in any case. Principles that arise from this doctrine include the “partial payment check” rules and other relevant rules that we will discuss and analyze in class.

### **Documents for Review:**

- Employment Agreement



**CLASS 3: (Assignment/ Lexis walkthrough)  
Tuesday, April 20, 2010**

**8:00 PM-Eastern Time**

This class will consist of a Lexis tutorial/ assignment walkthrough. The instructor will use a research assignment from a past or current course to demonstrate the manner in which an assignment should be researched and composed.

The instructor will walk the students through the various Lexis databases and explain to students how to most efficiently use the Lexis system to complete research assignments. Various general aspects of navigating Lexis, including Shepardizing, seeking and finding appropriate search databases, getting a document by citation, etc., may be explored.

The Instructor will also discuss how to most effectively plan, outline, organize and draft research assignments. Model answers and/or past student submissions may be used to illustrate what a “4” assignment looks like and how to compose one.

**CLASS 4**  
**Thursday, April 22, 2010**

**8:00 PM-Eastern Time**

We will conclude our discussion of consideration by examining more special rules with regard to consideration. We will examine the rules regarding special accords and the satisfaction of those accords and how accord and satisfaction ties in with the consideration rules. Finally, we will examine the enforceability of promises to give gifts and promises based on past consideration and moral obligation (or, in most cases, the lack thereof).

**Courseware Reading:**

Chapter 1: Introduction and Consideration

- Accord and Satisfaction
- Donative Promises
- Moral or Past Consideration

**Cases and Statutes:**

Webb v. McGowin

The rule of consideration can sometimes lead to harsh results and can make promises unenforceable when they certain seem just to enforce. What can a court do in such a case? Should a court follow the letter or the law to a draconian result or should the court try to get around the harsh consequences of the law? This question is must wider than the field of consideration of course. This case presents an interesting struggle between the rule of law and the mandates of fairness that this court undertook.

**CLASS 5**  
**Tuesday, April 27, 2010**

**8:00 PM-Eastern Time**

In this class, we will begin to understand the important principals of offer and acceptance. Specifically, we will examine what constitutes a legally valid offer and we will highlight the importance distinction between legally binding offers and non-binding invitations to negotiate. We will also review the numerous instances where an offeree does not have the legal authority to accept a valid offer.

**Courseware Reading:**

Chapter 2: Mutual Assent: Offer and Acceptance

- Mutual Assent
- Offers
- Termination of the Power of Acceptance

**Cases and Statutes:**

Lucy v. Zehmer

This case has several aspects and is interesting and important on so many levels. How do you determine when a statement should constitute an offer? How do you determine that a “reasonable person” would consider an offer? How do you handle an “offer” that the offeror meant as a joke, but the offeree thinks is serious? Also, how drunk does a person have to be to be considered unfit to form a contract? This case deals with all of these issues and is an excellent starting point when considering the rules of contract formation.

Dickenson v. Dodds

Another old case and another interesting story; this case presents the classic example to illustrate the rules of revoking an offer. Here, the offer was revoked not by words, but by conduct and the conduct was communicated to the offeree only by accident. Yet, the revocation was effective. This case further illustrates how the “reasonable expectations or reasonable people” standard dominates contract law.

**Documents for Review:**

Stock Option Agreement

**CLASS 6**  
**Thursday, April 29, 2010**

**8:00 PM-Eastern Time**

In this class, we will continue our study of offer and acceptance. Specifically, we will focus on the rules of acceptance and the difference between acceptance of bi-lateral and unilateral contracts. We will also explore the mailbox rule and the related issues concerning when offers, acceptances, rejections and withdrawals become legally binding. Finally, we will briefly consider how courts settle disputes surrounding the interpretation of contractual language.

**Courseware Reading:**

Chapter 2: Mutual Assent: Offer and Acceptance

- Acceptance
- Silence as Acceptance
- The Mailbox Rule
- Interpretation

**Cases and Statutes:**

U.C.C. § 2-206

This section presents the UCC rules for offer and acceptance. It's true that we also focus on the common law contract formation rules because only sales contracts involving goods are covered by the UCC. Still, surveying the rules that apply to the sales of goods is also important.

International Filter Co., v. Conroe Gin, Light & Ice Co.

The "battle of the forms" may seem like a dull area to study. But, slip-ups in this area can cost your clients lots of money. The "battle of the forms" refers to situations in which proposals and counter-proposals for contracts are shuttled back and forth between merchants and where the parties tack on provisions to the contracts during the negotiating process. Which provisions actually become parts of the final deal? What can you do to protect your client from being bound by an unfavorable provision? This case is a good starting point for a discussion of this issue.

**EXAMINATION # 1 will be posted at this point.**

**CLASS 7**  
**Tuesday, May 4, 2010**

**8:00 PM-Eastern Time**

We will focus in this class on examining contracts and contract provisions. We will look at sample provisions in various types of contracts and analyze their purposes and effects. We will look at a sales agreement and a buy-sell agreement as well as certain other types of agreements and discuss their provisions and considerations that go into drafting those provisions.

**Courseware Reading:**

NONE

**Documents for Review:**

- Bill of Lading Form
- Sales Agreement
- Sample Buy-Sell Agreement
- Attorney Contingency Fee Agreement
- Salesperson Commission Agreement
- Bill of Sale and Promissory Note for Car

**CLASS 8**  
**Thursday, May 6, 2010**

**8:00 PM-Eastern Time**

In this class, we will begin to examine the various defenses to formation that a defendant has at his disposal. Specifically, we will look at the term requirements for contracts and whether and when the omission of these various terms renders the contract unenforceable. Additionally, we will examine the various mistakes in formation that will render a contract unenforceable.

**Courseware Reading:**

Chapter 3: Defenses to Formation

- Indefiniteness
- Mistake
- Misrepresentation, Nondisclosure, Duress and Undue Influence

**Cases and Statutes:**

U.C.C. §§ 2-305, 2-308, 2-309, 2-310

These provisions are the UCC's "gap filler" provisions. They determine what happens when terms of a binding contract did not address or anticipate issues that come up during the course of the execution of the contract. Although a contract can be voided for "vagueness" if the parties failed to discuss an important enough term, courts are loathe to refuse to enforce contracts if they can avoid it. The UCC has made this a little easier by providing certain default rules that apply to certain terms if they are left out of the contract itself.

**CLASS 9**  
**Tuesday, May 11, 2010**

**8:00 PM-Eastern Time**

In this class, we will continue to examine the various defenses to formation that a defendant has at his disposal. We will first explore the issues surrounding the unconscionability of both the negotiating process and resulting terms of a contract. Additionally, we will examine the situations where people are not legally capable of entering into contracts and the consequences for those who do enter into a contract with this class of person. Finally, we will briefly examine the significance of illegal contracts.

**Courseware Reading:**

Chapter 3: Defenses to Formation

- Unconscionability
- Lack of Capacity
- Illegal Contracts

**Cases and Statutes:**

Kugler v. Romain

Unconscionability is a difficult doctrine to reconcile with the normal contract rules for consideration. The Unconscionability rule allows people to get out of contracts based on the fact that the contract is unfair, in some cases. Cases like this one, where door to door salesmen used questionable practices to pressure people to buy their materials is what really brought the unconscionability to fore. Cases like this also led to the creation of a whole new body of law that applied to door-to-door salesmen (a set of rules that crippled the industry, incidentally).

**CLASS 10**  
**Thursday, May 13, 2010**

**8:00 PM-Eastern Time**

We will devote this class to a discussion of the statute of frauds. Although the general rule is that oral contracts are binding, there are certain types of agreements that must be in writing to be enforceable in court. We will look at the types of contracts covered by the statute of frauds (under the rules of most states) and then we will focus on the various methods under which the requirements of the state of frauds may be satisfied.

We will start this class with a discussion of the lapse and anti-lapse statutes that cover what happens when a beneficiary is no longer around to receive a bequest. Additionally, beneficiary designations change for various reasons, so we will explore class gifts, pretermitted children, intentional omission and how changes in marital status affect who may inherit. Lastly, we will cover the numerous ways to revoke a will, revive it via republication and modify it using codicils.

**Courseware Reading:**

Chapter 3: Defenses to Formation

- The Statute of Frauds

**Cases and Statutes:**

U.C.C. § 2-201

Although Statutes of Frauds exist in every state, they differ from each other in exact content and on some details. The UCC Statute of Frauds, however, applies nationwide (though, of course, only to contracts for the sales of goods).



## **CLASS 11**

**Tuesday, May 18, 2010**

**5:00 PM-Eastern Time**

In this class, we will look at the important issues of performance of contractual obligations and breach of performance. We will explore the timing of the performance required of each party and the various rules that are applied in determining when a party has actually performed his or her side of the agreement. We will also discuss the ramifications of “divisible” contracts, when contracts have many facets that may be independent of each other.

### **Courseware Reading:**

Chapter 4: Performance and Breach

- Good Faith
- Conditions
- Order of Performance
- Substantial Performance

### **Cases and Statutes:**

#### Duplex Safety Boiler Co., v. Garder

This case gives you a great look at how conditions are analyzed by courts. This case dealt with the age old problem of how to deal with a contract that was conditional upon the satisfaction of a party. Can the party simply claim that he or she was not satisfied and therefore the condition was not fulfilled without giving a reason? No, says the New York Court of Appeals! We will also tie this case in with the rules of consideration and analyze the impact that such conditions can have on whether there was consideration for a promise.

**EXAMINATION # 2 will be administered at this point.**

**CLASS 12**  
**Tuesday, May 25, 2010**

**8:00 PM-Eastern Time**

We will start this class with a discussion of the ramifications of “divisible” contracts, when contracts have many facets that may be independent of each other. Next, we will examine the practical applications of the term “breach” of contract. We will discuss when failure to live up to certain contractual requirements of a contract is considered a breach to the extent that it can excuse the other party from performance (material breach) as opposed to a breach that is not that severe (minor breach).

**Courseware Reading:**

Chapter 4: Performance and Breach

- Divisible Contracts
- Material Breach v. Minor Breach

**Cases and Statutes:**

None

**CLASS 13**  
**Thursday, May 27, 2010**

**8:00 PM-Eastern Time**

We will start this class with a discussion of the “anticipatory repudiation” and “adequate assurance rules laid out in UCC section 2-609 for scenarios in which one party to a contract has reason to believe that the other party will not perform under a sales agreement. We will also discuss the scenarios in which a party is excused from performing his or per part of the contract because of changed circumstances. Finally, we will look at discharge and mutual rescission as methods through which a contract can be completed.

**Courseware Reading:**

Chapter 4: Performance and Breach

- Anticipatory Breach
- Changed Circumstances: Impracticability
- Discharge

**Cases and Statutes:**

U.C.C. § 2-509

The rules of impracticability and frustration of purpose are generally common law rules. The UCC quantifies them by stating how the risk of loss should be allocated under a sales contract should something happen to the goods through no fault of a party. It’s helpful to use the UCC rules as a basis for comparison when discussing the common law rules on this subject.

Anderson v. May

This case dealt with the impracticability issue in a sales case. But, since this happened before the UCC was promulgated, the common law rules had to be applied. It is instructive to compare the result in this case to what would have happened under the UCC. Could it be perhaps, that cases like this are what caused the UCC to set forth clear rules for impracticability?

**Documents for Review:**

- Mutual Release

**CLASS 14**  
**Tuesday, June 1, 2010**

**8:00 PM-Eastern Time**

In this class, we will commence our discussion of contract remedies. We will focus tonight on the “expectation” remedy, which is the preferred remedy in deadline with contract damages. We will focus on various rules surrounding the expectation remedy, including the “duty to mitigate” and “consequential” damages rules. We will also look at the various UCC provisions regarding the expectation remedy.

**Courseware Reading:**

Chapter 5: Remedies

- Introduction and Expectation Damages

**Cases and Statutes:**

Parker v. Twentieth Century Fox

This case dealt with the issue of mitigation. To what extent is the victim of a breach of contract expected to go in order to minimize the negative effect of the breach? Does a person have to take an inferior job, in terms of prestige and comfort in order to mitigate the loss caused by a breach of an employment contract? This issue was crystallized in this case when the court had to decide if Shirley MacLean was obligated to take a different acting job that would have compensated her for a contract that was breached.

Rockingham v. Luten Bridge Co.

Another “failure to mitigate” case; this case involved a city that has announced to a contractor that it would no longer honor its contract to construct a bridge. The construction company kept building anyway. Thus, should the city be liable for the full contract or only for the damages the plaintiff had suffered before the city’s announcement. Try to detect the similarities between this case and the Shirley MacLean case, above.

Hadley v. Baxendale

This case, though very old, is one of the most important cases in the history of contracts law. This case determined that “consequential” damages resulting from a breach of contract (e.g., lost profits) must be foreseeable to be recoverable by the victim of the breach. If a reasonable person would not foresee, at the time of the making of the contract, the damage that was suffered as a result of the breach, those damages are not recoverable. Although there has been much change and debate in the doctrine and although there are exceptions to the rule, this doctrine has stood the test of time and still is as valid in 2005 as it was when it was decided, a century and a half earlier.

**CLASS 15**  
**Thursday, June 3, 2010**

**8:00 PM-Eastern Time**

This final class will continue with our discussion of contract remedies. We will look at the reliance and restitution measures and discuss when they are applied. We will also discuss when “specific performance” may be awarded; i.e., in cases that monetary damages cannot adequately compensate the victim of a breach of contract.

**Courseware Reading:**

Chapter 5: Remedies

- Reliance Damages and restitution
- Specific Performance
- Other Forms of Damages

**EXAMINATION #3 will be posted at this point.**

**All examinations and assignments are due no later than July 11, 2010.**