



## **CRESTPOINT UNIVERSITY**

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### **PLG-102 Contracts Syllabus and Course Guide**

The Contracts course is a time-based course built into the Crestpoint learning management system. The course is divided into modules, each of which contains readings and/or video lessons. Each module also contains one or more assessments. Students should aim to complete one module per week and should not work too far ahead or fall too far behind.

All course assessments must be submitted by the course deadline. The deadline can be found by clicking on the Course Name, then Progress Report. Generally, the course deadline is approximately 4 weeks after the last day of the course.

If you are having trouble completing the course, the student is strongly encouraged to contact his or her academic advisor or [Academic Support](#).

#### **Course Description:**

Contract law is very significant because it governs the commitments that individuals and other legal entities, i.e., corporations, etc., make to one another. This course will provide the student with a comprehensive understanding of the common law of contracts, from the formation of a contract through its termination, including various ways in which parties can enter into a contract. Also explored are the concepts of consideration, offer and acceptance, illusory contracts, oral contracts, the Statute of Frauds, accord and satisfaction, enforcement, damages for breach of contract, and defenses available to a party that reneges on a contract. Additionally, this course will familiarize the student with the Uniform Commercial Code and the laws governing the sale of goods.

## **Course Objectives:**

Upon completion of this course, students will be able to:

- Properly research various sources of contract law, including common law, case law, general obligation statutes and the Uniform Commercial Code (“UCC”).
- 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.
- 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 a breach of contract scenario and the related “perfect tender” rule of the UCC 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.
- Describe the conditions necessary before a court will order equitable remedies, such as specific performance.

## **Textbook:**

All reading assignments refer to the Crestpoint courseware, 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 Course Materials, under this course’s materials, on the Crestpoint 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.

**In addition to the courseware’s electronic form, you may also view/print out a PDF version of the courseware that includes:**

- 1) The courseware**
- 2) All lecture slides**
- 3) Selected Provisions from the Uniform Commercial Code**

**See the course materials page for the link.**

## **Weekly Interaction Requirement**

To ensure that all students are involved, participating, and in compliance within the course, each student should complete one assessment each week. Students who do not fulfill the requirement within a given

week will be sent reminder emails. Students who fail to interact in multiple weeks may be subject to academic and financial aid consequences, in accordance with Crestpoint's Satisfactory Academic Policy and other school policies.

## **Course Structure**

After logging into your Crestpoint student account, locate your enrolled course by scrolling down and clicking on the course name. Your course will expand, and you will find eight modules, each corresponding to one week of the course. Lectures, slides, documents, assignments, discussions, and exams for each week are organized within the respective module.

## **Assessments**

Assessments may be in the form of discussion questions, assignments, and/or exams.

Exams are graded on a scale of 0-100 and must be done in 2-4 hours, depending on the exam. The start exam page indicates the length of time for each exam. Discussions and assignments should be completed in accordance with the assignment instructions. Assignment information can be found at the end of the course syllabus.

Please see the Grading Policy under School Links for specific details regarding the grading of assessments.

## **Crestpoint Academic Advisor**

Each Crestpoint student is assigned an academic advisor upon enrollment. Your academic advisor is a resource that can and should be drawn on if you need academic assistance. This includes advice on studying, help with assignments, general academic questions, etc. You should have received an email from your academic advisor upon enrollment. If you have not received such an email or do not know who your academic advisor is, please contact Anne Lewis at [anne@crestpoint.edu](mailto:anne@crestpoint.edu).

## **Crestpoint Plagiarism Policy**

All work done by Crestpoint students is expected to be their own work. In addition, Crestpoint students may not share their completed work, answer keys, or sample answers which they have obtained by any method with any other student. Students may NOT upload any sample answer (whether written by themselves or any other person) to any publicly available website or database.

Students are requested and encouraged to please review the [Academic Integrity and AI Use Policy](#). Students are responsible for complying with its terms.

## **Course Grades**

Grades are issued on a classical A through F scale based on the grades scored on the assessments, per this syllabus.

## Lesson Schedule

### Module 1

#### Lecture 1

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:**

*Batsakis 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.

#### Lecture 2

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 promise 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.”

## **Complete Weekly Discussion 1**

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### **Module 2**

#### **Lecture 3**

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.

#### **Lecture 4**

We will conclude our discussion of consideration by examining more special rules about consideration. We will examine the rules regarding special accords and the satisfaction of those accords and how accord and satisfaction tie 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 certainly seem just to enforce. What can a court do in such a case? Should a court follow the letter of the law to a draconian result, or should the court try to get around the harsh consequences of

the law? This question is much 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.

## **Complete Weekly Discussion 2**

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### **Module 3**

#### **Lecture 5**

In this class, we will begin to understand the important principles of offer and acceptance. Specifically, we will examine what constitutes a legally valid offer and we will highlight the important 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.

#### **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 what 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

## **Lecture 6**

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.

### **Complete Weekly Discussion 3**

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## **Module 4**

### **Lecture 7**

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.

**Documents for Review:**

- Contract Drafting Tutorial
- Bill of Lading Form
- Sales Agreement
- Bill of Sale and Promissory Note for Car

**Complete Weekly Discussion 4****The Midterm Exam can be taken at this point**

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**Module 5****Lecture 8**

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.

**Lecture 9**

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).

### **Complete Weekly Discussion 5**

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## **Module 6**

### **Lecture 10**

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 statute of frauds may be satisfied.

### **Courseware Reading:**

#### Chapter 3: Defenses to Formation

- The Statute of Frauds

### **Complete Assignment 1**

### **Lecture 11**

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. Garden*

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.

### **Complete Weekly Discussion 6**

### **Complete Assignment 2**

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## **Module 7**

### **Lecture 12**

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

### **Lecture 13**

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
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**Module 8**

**Lecture 14**

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 dealing 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 had 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 2017 as it was when it was decided, a century and a half earlier.

## **Lecture 15**

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 where 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

**The Final Exam can be taken at this point**

## Course Assignments

### **Assignment 1:**

This does not need to be in IRAC format (it doesn't work well to be an IRAC) and will not use case law. There will be numerous UCC sections to identify in the necessary discussions of the strengths and weaknesses of James and Bill's positions using regular paragraph format.

Bill owns "Bills Widgets, Inc." ("BWI"), a corporation located in Iowa that manufactures and distributes widgets. James owns a hardware store in Michigan and wants to buy 20,000 widgets from BWI. James and Bill have a conversation in which they agree on \$5.00 per widget and James indicates he wants the following in the contract:

- 1) James will pay 10% of the purchase price initially and he will pay the remainder after the goods are received.
- 2) James must have all 20,000 widgets in stock before the summer starts, so the goods must ship prior to July 1.
- 3) The widgets should be shipped to his place of business. James will pay the cost of the shipment.
- 4) If there is a dispute under the contract, it will be submitted to arbitration and Michigan law, not Iowa law, applies to all disputes under the contract.

The final contract, drafted by Bill's lawyer, has the following provisions:

1. James must pay 50% of the purchase price upon execution of the contract, and the remainder upon receipt of the goods.
2. Bill acknowledges James' need to receive all the widgets before the summer starts, but since this is Bill's busy season, shipment after July 15 shall not constitute a breach.
3. James will pay the cost of shipping to his place of business.
4. Any dispute under the contract shall be submitted to arbitration.
5. The laws of Iowa shall govern this contract and any disputes hereunder.

James was in a big hurry when he met with Bill to sign the contract. He checked the names, address and confirmed the widgets would be shipped to his store. He signed the contract without reading further.

Due to widgets being such a hot item, Bill could hardly keep up production to fill his orders. He finally shipped James' order on July 27, which James received on August 5. By then, most of his customers had purchased their widgets from other retailers, causing James to suffer significant losses. James sues Bill for breach of contract in federal court for the District of Michigan.

**What are the strengths and weaknesses of each side?**

**This is best done via two sections, one that covers James' strengths, which are also Bill's weaknesses, and another section that discusses Bill's strengths/defenses, which are also James' weaknesses. Do not use IRAC. Be sure to cite and use the relevant UCC that go along with some of the discussion points. Complete work will be at least 2 pages, single spaced.**

**Assignment 2:**

This assignment requires an (F)IRAC formatted legal memo. Read the following scenario and follow the instructions below:

"Windy City Watches" is a jewelry store in downtown Chicago, Illinois. Wilton, the proprietor, needs to order a large quantity of knockoff Gocci watches because his stock is almost depleted. He calls Greg Gocci, a wholesaler located in Milwaukee, WI, who supplies retailers with Goccis.

Wilton and Greg discuss terms on the phone and Wilton offers to purchase 100 watches for a total price of \$2,500. Greg agrees and faxes Wilton a form which says:

"I, Wilton, agree to purchase Gocci watches from Greg for \$25 per watch."

Wilton signs the form and mails it back to Greg. Greg receives the signed form two days later and the following week, he sends Wilton a package with 50 Gocci watches and a note that says:

"Hi Wilton: Here are 50 of the watches we discussed last week. I'll have the remaining 50 to you within a few days. In the meantime, I'm enclosing my bill. [signed] Greg" Enclosed was a bill for \$2,500 for 100 watches.

By this time, Wilton had changed his mind about buying the watches, and decided he'd rather sell real Guccis. He immediately called up Greg and said:

"Listen, Greg, I'm sorry, but I changed my mind about the whole business. I'm sending back the watches and I'll even reimburse your shipping expenses, but I won't pay for the watches."

Greg sues Wilton to enforce the original agreement. Wilton argues that under the UCC Statute of Frauds, the agreement is unenforceable because it was never put into writing. Greg argues that Wilton signed the order form; so the contract was in writing and that regardless of that, the UCC Statute of Frauds was satisfied by performance when Greg sent over the watches.

**Please draft an (F)IRAC formatted legal memo which applies relevant case law and the relevant UCC section to address if the contract was enforceable.**

1. The first step is to read UCC section 2-201. You can find the content on Lexis or using a regular search engine such as Google.
2. Use Lexis to find at least **two** Illinois cases to use as the law for the RULE section of the (F)IRAC. Please include the full citation of both cases in your work.

If you have questions or difficulty finding the cases on Lexis Advance, contact your academic advisor.