

Anonymous Grading Number: _____

Caroline Bradley

Fall Semester 2014

CONTRACTS MIDTERM EXAM

ONE HOUR

THIS IS A CLOSED-BOOK EXAM.

Try to show thought and critical analysis of the materials and issues dealt with in the course.

DO read the questions carefully and think about your answers before beginning to write.

DO refer to statutory provisions, cases and other materials where appropriate. If you make general statements, try to back them up with specific references.

DO NOT use abbreviations unless you explain what you are using them to stand for.

DO NOT make assumptions in answering the hypothetical.

DO explain what further information you might need in order to answer the question properly.

DO write legibly and clearly.

You will get credit for following these instructions, and may be penalized for failing to do so.

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Hibiscus is a singer who would like to be famous. She writes her own songs and takes any opportunity she can to perform her music, and when she performs she asks friends who are musicians to join her. Hibiscus posts videos of her music online. Recently she began to think more seriously about how she can publicize her work, and she asked Violet, a friend who majored in computer science and who is an expert in web design, to help her develop her online profile, including a web page and a facebook page. Hibiscus wrote an email to Violet explaining her ideas for how the web and facebook pages should look and Violet emailed back to say that she would try to find the time to produce a beta version of the pages for Hibiscus' approval by the end of July 2014. When Hibiscus saw the pages she was very happy and asked Violet to carry on updating the pages with new material. Violet contacted Rose, a professional photographer she knows, and asked Rose to take photographs of Hibiscus for the web and facebook pages. Rose said "I guarantee you will be amazed by my work." Violet said to Rose "If we think your photographs are amazing we will pay you at your usual rate."

One day, while Hibiscus was singing outside a local café, Barry Basalt (a wealthy hedge fund manager whom Hibiscus recognized because he is always being photographed at glitzy events) approached her and said that he thought he would like her to sing at his son's birthday party on Saturday 23rd August. Hibiscus was so excited by the idea of singing at this party that she turned down two other invitations to sing that weekend (including one on Friday 22nd August for which she would have been paid, and another on the Saturday for which she would not have been paid). She bought a new dress for the party because she really wanted to impress Barry Basalt and his rich friends. And she asked two musician friends to play with her at the party, promising to pay them for three hours each at \$50 per hour because she thought the event would help to promote her career. When Hibiscus called Barry Basalt a week before the date of the party he did not seem to remember that they had ever spoken about Hibiscus singing at the party. She explained to him that she had incurred expenses because she thought he had invited her to play at the party and that she thought that he should reimburse her for these expenses. She said she thought she had a legal right to be

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reimbursed. Because he was very busy (time is money after all) Barry Basalt said he would pay Hibiscus \$500. However, before he got around to sending a check to Hibiscus he had second thoughts.

Answer the following questions based on the facts set out above (and based on the material we have studied as of September 23, 2014):

1. Does Barry Basalt have a contractual obligation to pay the \$500 to Hibiscus? What legal arguments can he make that he should not be required to make the payment?
2. If Hibiscus and Barry Basalt had a binding contract for Hibiscus to sing at the party what damages do you think Hibiscus should be able to recover for Barry Basalt's breach of the contract?
3. If Violet and Hibiscus use Rose's photographs do you think they should be able to refuse to pay her for them on the basis that they do not think the photographs are amazing? If Rose fails to produce any photographs do Violet and Hibiscus have any claims for damages for breach of contract they can bring against her?