

SALES EXAMINATION: SAMPLE PROBLEMS

UNIVERSITY OF CALIFORNIA
HASTINGS COLLEGE OF THE LAW

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SALES EXAMINATION
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TIME: 3 HOURS
LIMITED OPEN BOOK EXAMINATION

INSTRUCTIONS

1. Place your identification number on the upper right-hand corner of each page of the examination itself.
2. You may refer to the following material:
 - * The Uniform Commercial Code Supplement with any notes that you have made on the pages of that book.
 - * Benfield & Greenfield, Cases and Materials on the Sales (5th ed.), with any notes that you have made on the pages of that book.
 - * Class notes, study materials or outlines that you have prepared alone or with other law students and any materials that I distributed in class or through the class website.

You may not refer to any other books or commercial study aids.

3. This examination contains 60 multiple choice problems. You should read each problem carefully with particular regard for the question at the end of the problem. Then choose the best answer to the question posed. Indicate your answer by placing a check mark in the space before it on the examination questions.
4. You should assume that the uniform version of the Uniform Commercial Code, 2008 Official Text is in effect, including revised Article 6. You should also assume that pre-revision Articles 2&2A continue in effect.
5. The Convention on Contracts for the International Sale of Goods will be abbreviated as “CISG” and you should assume that any foreign country mentioned in the examination is a party

to that treaty.

6. The entire examination must be turned in to the proctor. Failure to return the entire examination will jeopardize your grade for the course.

7. You must **stop writing immediately** when the proctor announces that the time for answering the examination has expired.

[END OF INSTRUCTIONS]

GOOD LUCK ON THE EXAMINATION AND ENJOY YOUR SUMMER.

For each problem you should carefully read the hypothetical facts and the ensuing question. Then choose the best answer to the question posed by placing a check mark in the space before it.

1. Atlas Tire Company manufactures and sells tires that are described in printed advertising and in television commercials as being able to "self-repair" any puncture damage. Bob Buyer purchased a set of the Atlas tires from the local auto parts store and two months thereafter discovered that a nail was embedded in one of the tires. After removing the nail Bob then attempted to drive to work only to have the tire fail on the expressway, causing him to collide with a bridge support. Is Bob likely to recover against Atlas for breach of express warranty?

(a) There is no express warranty because Bob's use of the tires was for an ordinary purpose and not a particular purpose.

(b) There is no express warranty because Bob did not buy the tires directly from Atlas.

(c) There is an express warranty only if Bob can prove he specifically relied on the "self-repair" feature.

(d) There is an express warranty if Bob can show that he knew about the "self-repair" feature when he purchased the tires.

2. Beth Buyer owns an accounting consulting business with her principal offices in Detroit, Michigan. Beth paid \$5 million to the Montreal Aero Services in Montreal, Canada, to purchase a used Acme jet that could seat ten passengers. Beth planned to use the small jet exclusively in connection with her business. The written contract contained no choice of law or forum selection provision. If the jet plane developed engine problems within two months of Beth's acquisition and Beth brought suit in Detroit, would the CISG be applicable to the transaction?

(a) The CISG would not be applicable because the contract was for the sale of an aircraft.

(b) The CISG would not be applicable because the parties failed to include a forum selection clause.

(c) The CISG would not be applicable because the parties failed to include a choice of law provision.

(d) The applicable law would be the CISG since the transaction involves movable goods and the parties have places of business in two different states.

3. Bob Buyer purchased a new hair dryer from Vicky Vendor's department store. Upon using the hair dryer for the first time Bob suffered a rather severe burn when the nozzle of the hair dryer briefly came into contact with his neck. Is Bob likely to recover for breach of warranty?

____(a) There is a breach of warranty since the seller is in the best position to prevent the harm and bear the cost of injury.

____(b) There is a breach of warranty because an excessively hot nozzle would make the hair dryer unfit for ordinary use.

____(c) There are no Article 2 warranties because the price of the hair dryer is undoubtedly less than \$500.

____(d) There is no breach of warranty unless Vicky or her salesperson gave an assurance that the hair dryer would not cause injury.

4. Bob Buyer decided to purchase a Super-Turbo computer from Sam Seller for the list price of \$5000. One month after delivery Bob learned from the owner's manual that the computer was supposed to have the ability to create graphic documents in color. Upon further inquiry Bob determined that his Super-Turbo was defective in that it simply was unable to create color graphics and that a version of the computer without the color graphics function had a list price of \$4000. When Bob told Sam about the problem Sam offered a replacement Super-Turbo but Bob decided he would rather keep the one he had even with the defect. Is Bob likely to succeed in an action to recover \$1000 from Sam?

____(a) Yes, Bob should receive damages because the computer as delivered did not have the value as promised.

____(b) Yes, Bob should receive damages if he can prove actual harm caused by the inability to create color graphics.

____(c) No, Bob cannot recover because he waited too long to discover the defect.

____(d) No, Bob cannot recover because he has denied Sam his right to make cure..

5. Bob Buyer submitted a written order for three 50 yard rolls of blue "Astro Design" carpet from Sam Seller's wholesale catalog with a request for immediate delivery. When Sam received the order and checked his inventory he found that he had only two rolls of the blue but also had

some grey "Astro Design" carpet for the same price of \$1500. Without calling Bob, Sam sent the two blue rolls and one grey roll on his next delivery truck going to Bob's area that week along with a invoice simply stating a charge of "\$4500 for three 50 yard rolls of Astro Design carpet." Two weeks later, as he was showing the carpet to a potential buyer, Bob discovered the grey roll in the shipment and now wants to know if he can return all of the carpet?

____(a) Bob is obligated to keep the two blue rolls of carpet because they do conform with his purchase order.

____(b) Bob is obligated to keep all the carpet because title to the goods was transferred upon receipt.

____(c) Bob has a right to return the carpet because the non-conforming tender by Sam was not an acceptance of his offer.

____(d) Bob has a right to return the carpet because the non-conforming tender is a breach of the perfect tender rule.

6. Ray Renter owns an equipment rental business but sells the equipment when he has stocked newer models. He normally has on hand a number of various items for sale. Betsy Buyer came into his store and purchased a used lawn mower from Ray. The pre-printed sales receipt included at the bottom of the reverse side a clause in small print reading: "All goods are sold as is." Upon using the mower for the first time Betsy was injured when a rock was propelled from the rotor blades and struck her leg. Is Betsy likely to recover damages from Ray for breach of the implied warranty of merchantability?

____(a) Betsy will not be able to recover because Ray's primary business is renting goods.

____(b) Betsy will not be able to recover because the goods were used.

____(c) Betsy will recover if more expensive lawn mowers have better safety shields.

____(d) Betsy will recover if a court finds the "as is" clause inconspicuous.

7. Ron Renter decided to acquire 10 horse carriages to use with his hotel. In May, Ron contracted with Lessor's Carriage House to lease 10 specially painted carriages. Lessor was to deliver the carriages on August 1. In late June Lessor began to build and paint the 10 carriages intended for Ron. On July 8, Ron called Lessor and told him that he had decided not to lease the carriages and that he was canceling his order. At that point Lessor was doing the final painting on five carriages and had started assembly on the other five. Would it be wise for Lessor to complete manufacture of the last five carriages?

___(a) Yes, if Lessor thought Ron might retract his repudiation.

___(b) Yes, if Lessor determined that the salvage value was much less than the cost he had expended at that point.

___(c) No, because Lessor cannot force Ron to take the carriages in any event.

___(d) No, because Lessor must mitigate damages immediately on hearing Ron's repudiation.

8. Vicky Vendee entered into a contract to lease a computer system from Larry Lessor for two years. Training was included in the price. The retail price of the computer was \$9000. The monthly rental set at \$500 and at the end of the lease Vicky would have the option of purchasing the system for \$250. The contract provided that the lessee had no right to terminate. After six months, the computer system began to perform quite erratically and caused Vicky substantial financial loss. Does Article 2A apply to Vicky's lawsuit against Larry for breach of contract?

___(a) Yes, because the transaction is a true lease.

___(b) No, because the transaction involved services.

___(c) No, because of the monthly rental fess was less than \$1000.

___(d) No, because there is no right to terminate.

9. Bob Buyer owns a jewelry store in Ada. In October 1994 he was visited by a salesman from Duke's Diamonds. Bob had regularly purchased diamonds from Duke in the past. On this occasion, however, Bob told the salesman that he was overstocked with diamonds and would not buy any until the next year. On December 1, Bob received an invoice from Duke for an order of 50 assorted loose diamonds at a price of \$10,000, to be delivered January 2, 1995. Bob ignored the invoice. On January 2, a Duke employee stopped at Bob's store to deliver the diamonds and demand payment. The Duke employee told Bob the diamonds had been specially ordered from South Africa. If Bob refuses to accept the diamonds, will he be able to prevail if Duke's brings a lawsuit for breach of contract?

(a) Bob will be able to prevail and avoid a trial on the merits because he never signed a writing concerning the diamonds.

(b) Bob will be able to prevail on the merits if he can prove that he never expressly agreed to buy the diamonds.

(c) Bob will not be able to prevail because his silence lead Duke to rely materially on the apparent contract.

(d) Bob will not be able to prevail because his silence amounts to acceptance of the contract based on course of dealings.

10. Beth Builder's company contracted to erect 50 forest ranger watch stations in Sierra Park. Beth's company would build the 40 X 40 feet cabins and place them on platforms at heights of 40 to 60 feet. On January 15, 2001, Beth contracted to buy fiberglass-coated siding for \$25,000 from Kaycee Siding Company which she used on the exteriors of the watch stations. The panels were delivered on April 1, 2001. The siding came with a warranty that it "will not rust or corrode for 20 years." On July 7, 2003, Beth received notice from the park rangers that the panels had just begun to rust on nine of the watch stations. Assuming the other panels are not defective, how long does Beth have to bring a timely lawsuit against Kaycee?

(a) Until January 15, 2005.

(b) Until April 1, 2005.

(c) Until July 7, 2007.

(d) Until April 1, 2021.

[END OF EXAMINATION]