

LAW 7107-02: CONTRACTS I

PRACTICE MIDTERM EXAM

Prof. Bell
Fall 1999

NOTE: Please assume that the Restatement (2nd) of Contracts and UCC articles 1 and 2 apply, as relevant. Refer only to materials assigned to or prepared by you for the class. For the purposes of this practice exam, you need only outline your answer.

You have 20 minutes to outline your answer.

Sue, a partner at Law Firm, told Art, a third-year law student, that he would get an annual salary of \$60,000 if he joined the firm. Art expressed interest but noted that another firm had already promised him \$62,000/year.

The next day, Art received the following letter from Sue:

"Law Firm hereby offers to hire you at \$70,000/year plus bonuses, contingent on your graduating from law school. This offer will remain open for five days."

Art decided to seize this opportunity. He immediately called the competing law firm to decline its \$62,000/year offer. Later that day, however, Sue reread the letter she had sent Art and noticed that what she had dictated as "60,000" had been typed as "\$70,000." She tried to call Art at home but got no answer. She then called the law school and left this message with the receptionist: "Salary has typo. Offer revoked. Sue." The receptionist placed the message in Art's student mailbox.

Art faxed an acceptance letter to Sue the next day, writing in relevant part, "I look forward to starting work, though if at all possible I'd prefer to wait until after I take the Bar Exam." Art thereafter found Sue's note in his student mailbox and called Sue, who explained the error. Art insisted that he had accepted Law Firm's offer and that Law Firm was bound to honor it. Sue denied Art's claim, said that Law Firm was bound to pay him only \$60,000, and added that she found Art so insolent that she would not hire him at any price.

Art subsequently graduated from law school and brought suit against Law Firm. Discuss the merits of his claim.