

Business Law
Consumer Law and Contracts

DIRECTIONS: In each of the following hypothetical cases, make a decision and give an explanation pertaining to the facts given. List the page number where you found your answer.

1. Robert Swan orally agreed to sell a camera to Harriet Atwater for \$256. Swan later argues that the agreement is not enforceable because it is not in writing. Is this correct? Explain your answer. Page # _____

No. Contracts for the sale of goods under \$500 need not be in writing to be enforceable.

2. Tasha discovered that the time-set mechanism on her automatic coffee maker did not work the day she bought it from her local appliance store. Ten months later, Tasha notified the appliance store of the defect, and the store refused to remedy the situation. Did Tasha have a cause of action against the store? Explain your answer. Page # _____

No. To recover damages for breach of warranty, a buyer of defective goods must notify the seller within a reasonable time after discovering the defect.

3. Dylan Roth buys a sailboat from someone he meets at a summer resort. He later learns that the boat was stolen from Dustin Santhuff. Who is the rightful owner of the boat? What may happen to Roth? Explain your answer. Page # _____

The law that protects Santhuff states that the true owner is always entitled to the return of the stolen goods. Roth is covered by the law of warranty of title. When goods are sold, the seller warrants that the title being conveyed is good and that the transfer is rightful.

4. The furniture salesperson tells Paul Weinberg that the table he is admiring is solid cherry. Weinberg purchases the table, and then discovers that it is not cherry but another wood stained to look like cherry. Does Weinberg have legal recourse? Explain your answer. Page # _____

Yes. Paul may recover damages from the store for breach of express warranty. The statement by the salesperson that the table was solid cherry was a statement of fact that related to the goods and was part of the basis of the bargain.

5. Zukas bought a new electric snow blower. A week later, Zukas's son was injured while using the snow blower. The injury was caused by a defect in the product. The manufacturer maintained that its liability was to Zukas only, not to Zukas's son. Was the manufacturer's argument correct? Explain your answer. Page # _____

No. In many states today, product liability extends to remote parties. Originally it extended to the buyer, then to family and guests, and now to almost anyone who may be injured as a result of defective design, manufacturing, or assembly.

6. William Wang finds a car that he likes at a used-car dealership but isn't quite sure he can afford it. He pays a \$200 deposit and signs a contract, thinking he has three business days to cancel it and get his money back. Is he correct? Explain your Answer. Page # _____

No. The right to cancel in three business days applies only to transactions that take place away from the seller's place of business. William has no legal right to cancel this transaction.

7. Tiffani Birney orders a \$490 vacuum cleaner from a door to door salesperson and learns the next day that the same vacuum cleaner is available for only \$390. May she cancel her order? Explain your answer. Page # _____

Yes. Tiffani may cancel her order by notifying the seller of her intent to cancel before midnight of the third business day following the transaction because this was a door to door sale of a consumer product.

8. Miller-Mart places the following advertisement in the Leader newspaper. "Tremendous bargain! Sony home video camera, regularly priced at \$999 now on sale for only \$599." Kirsten Meyer goes to the store two hours after the advertisement appears in the Leader. When she arrives, a sales representative tells her that the advertised camera is out of stock, but a more dependable camera is available. The sales representative tries to convince her to buy the higher priced camera. Is there evidence to suggest that Miller-Mart's advertisement is illegal? Explain your answer. Page # _____

Yes. The claim that the advertised product is out of stock, but that a more dependable (but higher priced) set is available, is evidence of bait and switch advertising.