Contracts § 1 Fall 2025
Professor DeWolf October 2, 2025

SAMPLE ANSWER TO MID-TERM EXAM

Multiple Choice

1. (a) Correct. There is no "reasonable basis" for specifying a price.
   (b) Incorrect. Winston's subjective beliefs don't matter; his objective manifestations demonstrated an intent to sell the trombone.
   (c) Incorrect. Tricia can't enforce a contract simply because she detrimentally relied.
   (d) Incorrect. Unless there was an offer and acceptance, there is no contract.

2. (a) Incorrect. The contract is voidable, but not void.
   (b) Correct.
   (c) Even if a minor is being a jerk, courts will not enforce a contract entered into while a minor.
   (d) Incorrect. Because she returned the cell phone, she would not be deemed to have ratified the contract.

3. (a) Incorrect. The cost of her college education could be readily determined.
   (b) Incorrect. Similar to the young man who gave up drinking, etc., she gave up her freedom.
   (c) Incorrect. There is an actual contract—consideration from Iris, and a promise from Grandfather.
   (d) Correct, for the reasons stated in the explanation of the previous answer.

4. (a) Incorrect. The covenant of good faith requires cooperation in the performance of the contract; it does not prevent asserting one's own interests.
   (b) Incorrect. The consideration offered by Widgets is to continue her job; was all in the past; there was no additional consideration for future performance.
   (c) Incorrect. Once Stacy is no longer an at-will employee, there needs to be consideration in order to modify the employment contract.
   (d) Correct. If Widgets has promised to follow a procedure before firing an employee, that policy is enforceable.

5. (a) Incorrect. This is an output contract, which leaves open the quantity.
   (b) Incorrect. Grippo promises to deal exclusively with Acme, but doesn't promise any specific quantity.
   (c) Correct. Acme's promise to purchase is matched by Grippo's promise to deliver all of the logs it harvests to Acme.
   (d) Incorrect. Under the UCC, which would govern the sale of goods, a modification does not require consideration so long as it is in good faith.

ESSAY

The facts for this question were based upon, *Anisgard v. Bray*, 11 Mass. App. Ct. 726, 419 N.E.2d 315 (1981), which affirmed a judgment in favor of the plaintiff for $35,000.

There are three questions: (1) did Mendoza make a binding contract with Feeley and Bray ("F/B") that would entitle him to the profits from the joint venture; and (2) Would F/B be subject to promissory estoppel based on the initial negotiations; and (3) Would Mendoza entitled to the reasonable value of his services plus the expenses he incurred? The answer to the first question is no; the answer to the second question is no; and the answer to the third question is yes.

I. Did Mendoza Make a Binding Contract with Feeley and Bray?

The ideal outcome in this case would be for Mendoza to prove that he had a binding contract with F/B that would obligate them to make him a part owner of the business and manager of the new facility.

Offer, Acceptance, and Consideration. In order to form a binding contract, there must be an offer, acceptance, and consideration. In this case there was clearly an offer (the written memorandum sent by F/B to Mendoza), and there was consideration (Mendoza would become the manager of the facility[1]), but there was never an acceptance—an execution of the contract. To be sure, Mendoza "accepted" the terms—he was agreeable to them—but he wanted clarification regarding the alternative financing arrangement. Although the alternative financing arrangement was tangential to the terms of the deal—Mendoza had already secured an agreement for financing that was ultimately successful—Mendoza waited too long to accept the deal.

Mendoza might argue that, like the discussions in the *Texaco* case, in which the parties arrived at an "agreement to agree," and although there were additional terms to be worked out later, there was an enforceable agreement. Here, on the other hand, it appears that there were simply negotiations that never materialized into an agreement, whether oral or written.

II. Would Promissory Estoppel bind F/B?

Even if there is no contract, one who makes a contract may be bound by promissory estoppel. To apply promissory estoppel to F/B, Mendoza would have to prove the following elements: (1) that F/B promised to include Mendoza in their venture; (2) that F/B's promise was made in the expectation that Mendoza would rely upon it; (3) that Mendoza did rely upon the

[1] To be sure, the efforts Mendoza made prior to entering into discussions with F/B would be past consideration, which do not qualify, but Mendoza was agreeing to become the manager, which would constitute sufficient consideration.

promise to his detriment; and (4) that injustice would result if the promise were not enforced. In this case, (1) it's not clear that any promise was made to Mendoza except for the written memorandum that was delivered to Mendoza, which he rejected. (2) F/B would certain have expected Mendoza to rely upon their promise, but only if he agreed to the written memorandum, which he did not. (3) The only promises made to Mendoza occurred after he had already done all the hard work, so even if the offer made at the time of the negotiations in October 2024 were considered promises, Mendoza didn't rely upon them to his detriment. (4) It is clear that Mendoza didn't get what he deserved out of this deal—he delivered a business opportunity on a golden platter to F/B, and they took it without giving him any credit. However, Mendoza didn't sign the agreement that was sent to him, so it could be viewed as his own fault for failing to protect his own interests.

III. Is Mendoza entitled to Quantum Meruit?

Even if there is no contract, and no promissory estoppel, justice may require a defendant to return the benefit obtained from the other as a result of the other's mistake. This is called "quantum meruit"—roughly, "what has been earned." Quantum meruit may be assessed as a form of "quasi-contract"—providing a remedy when there is no actual contract, such as here. For example, if a builder mistakenly builds a house on land that belongs to a stranger, the stranger may be required to reimburse the builder for the value conferred upon the stranger, to avoid unjust enrichment. Here the court may decide that F/B took all of information that Mendoza acquired to building facility and incorporated it into their business. Since F/B made no effort to do their own preparatory work, Mendoza has a strong case to recover the value of what he conferred upon F/B: the research that led to the conclusion that this project would be successful. F/B would likely be required to reimburse him at least for the expenses, plus the value of his time, and possibly more.

CHECKLIST

- **Overview**

- Was there a **binding contract**?
- Contract requires **offer, acceptance, and consideration**
- There was clearly an **offer** from F/B
- There was clearly **consideration** (Mendoza would manage)
- But no **acceptance**
- Was there an **agreement to agree** (like *Texaco*)?
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- **Promissory estoppel**
- Element 1: Was there a **promise? Yes,** the offer
- Element 2: Did F/B expect M to detrimentally rely?
- Element 3: Did M detrimentally rely?
- M's reliance was all **prior** to the extension of the offer
- Would **injustice result** from refusing to enforce the promise?
- Because M turned down offer, hard to say justice requires enforcement
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- **Quantum meruit**
- "Quasi-contract"
- Allowing F/B to retain the benefit of M's research would result in unjust enrichment
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Exam # _____