

UCC Article 2, CISG or Other: What Law Applies to the Transaction?

Instructions: Assume that both parties are located in the United States unless the problem specifically states otherwise. Pick the best answer for each question. Beside the question, write a brief explanation of why you picked the answer that you selected. Use the word “because” in your answer, and cite to sections of the applicable law where possible.

1. In Florida, Karl Konsumer signed a contract with SecondBest Inc. to purchase a flat screen TV for Karl's vacation home. This contract is governed by Article 2 of the UCC.

- a) TRUE
- b) FALSE

2. Fred Florida, in Miami, agreed in a telephone conversation with Nellie NewYork, in NYC, to purchase 1000 shares of Orange, Inc. stock which was represented by a physical certificate signed by Sleaze Gobs, as president and secretary of the corporation. Nellie had agreed to hand deliver the certificate to Fred on South Beach. This transaction is governed by Article 2 of the UCC.

- a) TRUE
- b) FALSE

3. Stan Stone agreed to sell Betty Boulder 1000 square feet of marble rock from Stan's quarry located in upstate New York. The written contract granted Betty access to the quarry where she was to cut and remove the stone. This transaction is governed by Article 2 of the UCC.

- a) TRUE
- b) FALSE

4. Paris Stilton, a cheese maker located in Paris, France, agreed to supply blocks of cheese to Milam's Market in Miami, Florida, pursuant to a written agreement. The agreement was silent as to the applicable choice of law to govern the substance of the agreement. On these facts Article 2 of the UCC should govern the transaction because delivery of the product will take place in Florida.

- a) TRUE.
- b) FALSE.

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5. Paris Stilton, a cheese maker formerly located in Paris, France, has permanently moved herself and her factory to rural England. Paris agreed to supply blocks of cheese to Milam's Market in Miami, Florida, pursuant to a written agreement. The agreement was silent as to the applicable choice of law to govern the substance of the agreement. On these facts Article 2 of the UCC should govern the transaction if the rules of private international law would apply United States law to the transaction even though the contract is international in character.

a) TRUE.

b) FALSE.

6. Candy Cotton was raising a crop of cotton on her farm. About 6 weeks prior to the time for harvest, and while the cotton was still growing, she made an agreement to sell the crop to Wendy Weaver. The cotton could not be presently harvested. This transaction is governed by Article 2 of the UCC if Wendy is to harvest the cotton prior to sale.

a) TRUE.

b) FALSE.

7. Hydro Quebec, a Canadian energy company, agreed to sell electricity to a consortium of industrial corporate users in upstate New York in a written contract. The contract stated that it would be governed by "the laws of the Province of Quebec". This transaction will be governed by the CISG.

a) TRUE.

b) FALSE.

8. Timber Quebec, a Canadian lumber company, agreed to sell logs to a lumber mill in upstate New York in a written contract. The contract stated that it would be governed by "the laws of the Province of Quebec". This transaction will be governed by the CISG.

a) TRUE.

b) FALSE.

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9. Fuzzy Furs Quebec Ltd, a Canadian furrier, agreed to sell beaver pelts to a coat manufacturer in upstate New York in a written contract. The contract stated that it would be governed by "the laws of the State of New York". This transaction will be governed by Article 2 of the Uniform Commercial Code.

a) TRUE.

b) FALSE.

10. Penny Pincher went to a yard sale held on Saturday afternoon in the garage of Henry Hoarder. Penny found an antique sewing machine for which she orally agreed to pay \$600 in cash. They agreed she would pay for the item and pick it up the following Tuesday evening. This transaction is governed by Article 2 of the UCC.

a) TRUE.

b) FALSE.

11. Penny Pincher went to a yard sale held on Saturday afternoon in the garage of Henry Hoarder. Penny found an antique sewing machine for which she orally agreed to pay \$400 in cash. They agreed she would pay for the item and pick it up the following Tuesday evening. This transaction is governed by Article 2 of the UCC.

a) TRUE.

b) FALSE.

12. Fred Fabrikator purchased a "racing car parts kit" from Speed Demon to prepare a custom automobile for Racy Raccoon, a customer who demanded extreme modifications. Fred spent over 1000 hours assembling the parts into a fully modified vehicle for delivery to Racy. This transaction is subject to Article 2 of the Uniform Commercial Code.

a) TRUE.

b) FALSE.

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13. Mary Mathematics ordered 10 Epsilon Prime Ultra computers from HAL 9000 Inc., a U.S. maker of electronics products. The order specified a "purchase price" of \$100,000 for the computers. Because they contained a new operating system, Mary also order a 6 month technical service package. Unfortunately, after 3 months Mary and Hal 9000 had a significant dispute over the terms of the service portion of the contract. Under the majority view in the United States, Article 2 of the Uniform Commercial Code SHOULD NOT GOVERN the transaction because the dispute centers on services and not goods.

a) TRUE.

b) FALSE.

14. Mary Mathematics ordered 20 Epsilon Prime Operating System software licenses for use on her existing computer hardware systems. As intangible personal property, these license contracts SHOULD NOT BE governed by Article 2 of the Uniform Commercial Code (at least according to the majority view expressed by courts).

a) TRUE.

b) FALSE.

15. Picassorito, a renowned portrait painter, signed a contract to paint the portrait of Ronald Drumpf, a New York real estate tycoon. The finished portrait would be delivered to Ronald in a custom, gilt-edged frame, hand carved by an artisan working for Picassorito. This transaction should not be governed by Article 2 of the UCC.

a) TRUE.

b) FALSE.

16. Ronald Drumpf, a New York real estate tycoon, needed to raise some funds quickly to pay unexpected legal bills. He agreed to sell a portrait of himself painted by Picassorito, a renowned portrait painter, to Bobby Miller, a collector of fine art for his personal collection where it would hang in the dinning room. This transaction is governed by Article 2 of the Uniform Commercial Code.

a) TRUE.

b) FALSE.

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17. Sally's award winning German shepherd dog was going to have puppies to be born in about 6 weeks. Yesterday, she orally agreed to sell the entire litter to a dealer in pure bred dogs for \$750 per puppy. This morning, Sally is having second thoughts and might want to cancel the sale. Article 2 of the UCC SHOULD NOT govern the transaction because the puppies do not exist yet.

a) TRUE.

b) FALSE.

18. Larry Land owns a two acre plot of land in the Florida Keys. He has obtained permission from the local zoning board to subdivide the plot into 16 little lots for "tiny houses"--small moveable structures popular with hipsters and other environmentalists. Ownership of the little plots will be represented by paper deeds from Larry Land delivered to each purchaser. Article 2 of the UCC should govern this transaction.

a) TRUE.

b) FALSE.

19. Douglas Driver purchased a new automobile from Automall Inc in Miami Dade County. In Miami Dade County, as in most places in the United States, an automobile must be registered with the DMV (or department of motor vehicles) and the purchaser is protected by a "Lemon Law" in case the automobile has repeated mechanical problems. This sale is, nevertheless, governed by Article 2 of the UCC.

a) TRUE.

b) FALSE.

20. Candy Cotton was raising a crop of cotton on her farm. About 6 weeks prior to the time for harvest, and while the cotton was still growing, she made an agreement to sell the crop to Wendy Weaver. The cotton could not be presently harvested. This transaction is governed by Article 2 of the UCC but only if Candy is to harvest the cotton prior to delivery.

a) TRUE.

b) FALSE.

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21. Historical research revealed that Farmer owned land on which was built an outhouse used by George Washington. The outhouse was in surprisingly good condition and Museum was determined to purchase the outhouse and move it to a new location on which various historical buildings were being preserved. Museum entered into a written contract with Farmer for the purchase of the outhouse. This contract is governed by Article 2 of the UCC under what circumstances?

- a) Only if Museum is to move the structure.
- b) Only if Farmer is to move the structure.
- c) If either Museum or Farmer is to move the structure.
- d) Never, because the outhouse is an interest in real estate, and not a moveable good covered by Article 2.

22. Historical research revealed that Farmer owned land on which was built an outhouse used by George Washington. The outhouse was in surprisingly good condition and Motoroil was determined to purchase the crude oil from Wellhead. Motoroil entered into a written contract with Wellhead for the purchase of the 50,000 barrels of crude to be extracted from Wellhead's homestead ranch property. This contract is governed by Article 2 of the UCC under what circumstances?

- a) Only if Motoroil is to remove the crude from the ground.
- b) Only if Wellhead is to remove the crude from the ground.
- c) If either Motoroil or Wellhead is to remove the crude from the ground.
- d) Never, because the crude in the ground is an interest in real estate, and not a moveable good covered by Article 2. (It only becomes a good subject to Article 2 following extraction.)

23. Lumber Inc agreed with Jack Co that Lumber would purchase all of the standing timber located on a 40 acre plot of forested land owned by Jack in fee simple. Under what circumstances will Article 2 of the UCC apply to the transaction?

- a) Article 2 of the UCC will not apply to the transaction until such time as the standing timber is severed from the land.
- b) Article 2 of the UCC will apply if Lumber is to cut the timber from the land.
- c) Article 2 of the UCC will apply if Jack is to cut the timber from the land.
- d) Both answer (b) and answer (c) are correct.

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24. Which of the following matters should be governed by Article 2 of the Uniform Commercial Code.

- a) The lease of a lawn mower by Rent Co to Dan Do-it-Yourself, a consumer.
- b) The transfer of a breach of warranty action claim by Injured against MotoX to Collection based upon a defective bicycle part.
- c) A breach of warranty action for an ill puppy by Heartbroken against Petmatcher for the donation by Petmatcher of a bulldog puppy to Heartbroken while Heartbroken was recovering from a long term illness.
- d) None of the above should be governed by Article 2 of the UCC.

25. Which types of transactions are generally excluded from coverage by the CISG and yet are covered by the UCC

- a) The auction of goods by a professional auctioneer like Christie's in New York.
- b) The sale of goods for personal or household use.
- c) The sale of shares in a co-operative apartment in New York (accompanied by the related proprietary lease).
- d) All of the above.