Santa Clara University School of Law - Spring 2012

4-DIGIT BGID: __________ COURSE: __________ PROFESSOR: __________

THESE EXAMINATION QUESTIONS MUST BE RETURNED AT THE END OF THE EXAMINATION.

THE STANDARD EXAMINATION RULES GOVERN THIS EXAMINATION.

CONTRACTS
PROFESSOR MACINTOSHER
ESSAY

MAY 8, 2012
1 ½ HOURS
CLOSED

PROFESSOR'S INSTRUCTIONS

1. This exam contains two pages, not including the cover page and a blank insert. If you do not have all these pages please raise your hand.

2. Discuss all issues, even if one issue will determine the outcome.

3. Your answer should be thorough but concise. Do not discuss legal principles in the abstract--apply them to the facts of the question.

4. If you need more facts to resolve an issue, identify those facts and explain their relevance.

STOP! DO NOT FLIP THIS COVER PAGE UNTIL TOLD TO DO SO BY THE PROCTOR!
QUESTION

Artist decorates with rhinestones, beads, and sequins. She decorates personal items such as dresses, hats, glasses, and shoes. She decorates pet collars and birdhouses. She decorates household objects, such as placemats, plant baskets, even dishwashers. In short, there is nothing too big or small for her to decorate.

Sometimes Artist decorates property that her customers already own. Other times she buys a simple object, decorates it, and sells it to a new owner. Either way, she always signs her work.

Artist relies on Supplier, who delivers all the rhinestones, beads, and sequins she needs on the first of every month, pursuant to a two-year written contract that ends on December 31, 2012. Under this contract, Artist must pay Supplier for each monthly delivery within five days after it arrives.

Outside her own small town, few had heard of Artist until July 2011, when Rock Star hired her to cover Rock Star’s entire bedroom in sequins. Sensing a chance for publicity, Artist asked Rock Star to post photographs of the bedroom to Rock Star’s website once the job was complete. Rock Star agreed to post the photos and keep them up for at least six months. She also agreed to pay $100,000.

The job took Artist five months to complete. Rock Star paid $100,000 and posted the photos to her website in January 2012. After that, orders poured in. Artist could no longer do all the work herself. She continued to do all the designing but hired two apprentices to help with the gluing and sewing involved. Artist continued to sign all work with her name.

All went well at first. Artist and her apprentices cranked out decorations for the rich and famous. Artist earned $100,000 in gross receipts for February 2012 and turned a profit of $60,000.

But in March 2012, Rock Star was arrested for drunk driving (her third offense). Her lawyer decided that the photographs of the sequined bedroom projected the wrong image. Acting on his advice, Rock Star took the photos down from her website, only two months after they had been posted.

About the same time, orders started to drop. Artist earned a profit of $10,000 for March 2012. She earned a profit of only $2,000 for April 2012 and had to fire her two apprentices. Artist also had to choose between paying her mortgage and Supplier. She chose to pay the mortgage.
Meanwhile, in February 2012, Actor had purchased a full-length mirror from Artist for his dressing-room, and paid $10,000 for it. On April 2, 2012, he telephoned Artist and said:

"You signed the mirror but you didn’t really make it yourself, did you? Yes, I’ve heard about your apprentices. You made a promise to me and you broke it. I’ve had enough of that mirror—and you."

On April 3, 2012, a delivery truck pulled up in front of Artist’s studio and deposited an enormous cardboard box at her door. Inside the box she found the mirror and a note that said: “Thanks for nothing.” Though the mirror was swathed in bubble-wrap and braced with Styrofoam around its edges, it had a crack in the glass.

On May 1, 2012, Artist received an email from Supplier complaining that it had not been paid for the April delivery. Supplier said it wouldn’t send any more products until it got paid. It asked Artist to explain why she was behind on payments and what she was doing to ensure that she didn’t fall behind again.

Artist limps into your office on May 8, 2012, full of woe. She relates all the above, with these additions.

First, she thinks Actor is wrong to be so upset about her signature (which appeared on the back of the mirror). “Lots of artists have apprentices who help them. If apprentices were good enough for Peter Paul Rubens (a famous Baroque-era painter who lived from 1577-1640), they are good enough for me.”

Second, she wants to know if she has any remedy against Rock Star for taking the photos off the website. “That really drove my profits down.”

Finally, she wants you to preserve her supply of rhinestones, beads and sequins. “If Supplier cuts me off I’ll probably go out of business.”

**ANSWER ARTIST’S QUESTIONS. IN DOING SO, DISCUSS THE RIGHTS AND LIABILITIES OF BOTH PARTIES.**

**END OF EXAMINATION**