

Contracts – Illegal Bargains

1. a. Identify and explain the types of contracts that may violate a statute.
b. Distinguish the two types of licensing statutes.
2. Read and be prepared to orally brief and discuss *Pacific Custom Pools, Inc., v. Turner Construction Company*.
a. Was the license involved in this case a regulatory or revenue license?
b. What is the purpose of a regulatory license?
c. Answer the questions posed at the end of the case:
(1) Ethical Question: Did either of the parties act unethically? Explain.
(2) Critical Thinking Question: When should the failure to obtain a license to operate a business prevent the owner or operator from receiving compensation for services? Explain.
3. Read and be prepared to orally brief and discuss *EarthWeb, Inc. v. Schlack*. [online]
a. What factors are required for a court to enforce a non-compete agreement?
b. Why is the one-year duration unreasonable for an Internet company?
c. Answer the questions posed at the end of the case:
(1) Ethical Question: Is it unethical for Schlack to use what he has learned at EarthWeb to benefit his new employer? Explain.
(2) Critical Thinking Question: How should courts balance the protection of employers with the freedom of employees to change jobs? Explain.
4. Read and be prepared to orally brief and discuss *Henrioule v. Marin Ventures, Inc.* (20 Cal.3d 512, 573 P.2d 465, 143 Cal. Rptr.247). [online]
a. What factors are reviewed by a court in determining whether an exculpatory clause should be invalidated as against public policy?
b. Under what circumstances will an exculpatory clause be upheld?
c. Would the result in this case have been different if it involved a well-to-do plaintiff who lived in a luxury apartment building?
d. Did Marin Ventures Inc. act ethically? Explain.
5. Answer End of the Chapter Questions 1–4 and 8–10.