

**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 *Henriouille 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.