

Introduction to Sales and Leases

Uniform Commercial Code

- Article I: General Provisions
 - Modernize, simplify, and clarify
 - Modifies contract law to make easier to form contract; merchants held to higher standard
- Article 2: Sales
- Article 2A: Leases
- Article 3: Negotiable Instruments
- Article 4: Bank Deposits and Collections
- Article 9: Secured Transactions

Article 2: UCC vs. Common Law

- Article 2: UCC
 - Transactions in Goods
 - Moveable, tangible, personal property
- Common Law
 - All other contracts
 - Services, real estate
- Predominate Purpose Test
 - Used to determine if UCC or CL applies

Definitions

- Goods
 - Tangible, moveable
- Sale
 - Transfer of title
- Lease
 - Transfer of possession
 - Consumer: primarily for personal, family, or household use

Fundamental Principles I

- Good Faith
 - Honesty in fact-subjective
 - Reasonable commercial standards of fair dealing-objective
- Unconscionability
 - Procedural-negotiation process
 - Substantive-actual terms of the contract

Fundamental Principles II

- Commercial Practices
 - Course of dealing
 - Trade Usage
- Merchant

Formation of Sales and Lease Contracts

- Offer
 - Terms may be omitted, even price: 2-204
 - Merchant's firm offer-irrevocable: 2-205
 - Merchant
 - Signed Writing
 - Stated Period
 - Or Reasonable Period of Time
 - Not in excess of 3 months

UCC vs. Common Law I

- UCC-Battle of Forms: 2-207
 - Variant acceptance
 - Acts as acceptance unless acceptance is expressly made conditional on assent to the additional or different terms
 - Between merchants, additional terms become part of the contract, unless:
 - Offer expressly limits
 - Terms constitute a material alteration
 - Offeror objects

UCC vs. Common Law II

- If one party is not merchant, additional terms must be accepted by original offeror
- Different terms must also be accepted by the other party, even between merchants
- However, there is a contract

UCC vs. Common Law III

- UCC: Consideration not necessary to modify 2-209
- CL: Consideration is necessary to modify

UCC Statute of Frauds

- \$500 or more
 - Modification must be in writing if resulting contract in writing
- Requirements
 - Evidences that a contract has been formed; signed by party to be charges; specified quantity of goods
 - Not insufficient because it omits or incorrectly states a term agreed upon
- Exceptions to Writing
 - Admitted in pleadings, testimony; specially manufactured goods; partial performance

UCC Parol Evidence

- Course of Dealing
 - Previous conduct between the parties
- Usage of Trade
 - Practice or method of dealing
- Course of Performance
 - Repeated occasions for performance
