Cabinet Company Contract Law Case Study

Posted on September 11, 2019

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Critical Legal Thinking Case

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Abstract

The provided case study revolves around Frank and the caster shipments he received. Most of the remedies and revocations are incorporated with the underlying critical facts of the case itself. Evidently, Frank is the supervisor and is responsible for collecting and managing the dock matters for the employer; Cabinet Co. is a business that deals with metallic storage cabinets. Frank's job description includes inspection and supervision, as well as the storage of raw materials and other relevant inventories that are further used in the production of cabinets. After examining and safely storing the stocks and materials, Frank is also responsible for notifying the accounting department so it can release the payment for the components received. Everything was operating smoothly with Cabinet Co. until 1st June, when the company got the delivery of casters that were ordered to be used for rolling cabinets, and their distribution was not expected for about three weeks. The dilemma appears when Frank realizes that the storage location for the casters is going through the renovation process and, therefore, there is not an appropriate place to keep the casters until the 20th of June.

For this reason, Frank opts for a covered and secured place in the corner of the delivery dock to place the unopened boxes of casters (without inspection). Frank informed the accounting department about the receipt of the caster shipment, and it released the payment of about 8,000 dollars. However, the whole deal turned upside down when, after 20 days, Frank inspected the cargo and found a whole lot of defective and useless casters. This unfortunate negligence caused Cabinet Co. to default on a myriad of contracts for delivering rolling caster-based cabinets. Moreover, Cabinet Co. was capable of replacing the defective casters by incurring a high cost of 15%. The following paper highlights other key facts and legal implications, remedies, as well as obligations of Cabinet Co. with respect to defective casters according to the situation.

Areas And Principles Of Law

Evaluation of the critical facts along with the underlying principles of law establishes that the Respondeat Superior Doctrine and Federal Law both guard the rights of Cabinet Co. and Caster Company and allow them to track the damages. Furthermore, a legal code that is known as the Uniform Commercial Code (UCC) provides several rights and remedies to revoke the contract or to recover an amount as an award for the breach of contract. However, the condition applied emphasizes the evidence of Frank's innocence and inadvertent mistake.

Key Facts

In the following, a brief description of the Cabinet Co. case is provided that will give a better insight into legal remedies and other interrelated matters.

- Frank's job is to inspect the delivered materials as well as stock them carefully. Therefore, the storage of unchecked caster boxes is clear negligence by Frank in his job responsibilities.
- Renovation of the storage facility is not an excuse at all because Frank had an alternative secured and covered place to keep the casters. He should have instructed his subordinates to check the workability of the received shipment before notifying the accounting department.
- Legally, Cabinet Company and the Caster Company that delivered the defective caster shipment are lawfully bound by contract, and the law provides rights as well as obligations to both parties.
- Cabinet Co. can claim revocation of the deal by asserting a breach of contract by the sellers of casters; meanwhile, the sellers can claim remedies by highlighting the negligence and irresponsible behavior of Frank.
- Both parties (Cabinet Company and Caster Company) have legal considerations to save their faces.
- The Uniform Commercial Code provides rights to the buyers; on the other hand, the Respondeat Superior Doctrine questions the validity of Frank's action of delaying inspection by 20 days.

Analysis Of Legal Implications, Remedies, And Issues

Legal Argument In Favor Of Cabinets Company

Cabinet Co. can use the rule of revocation of acceptance that can be applied on the buyer's behalf. A buyer can turn down the offering of products or services through rejection or cancellation. In some cases, rejection takes place, but it occurs before a buyer accepts the product. On the other hand, revocation occurs when the buyer has already provided approval for the goods. In such unique cases,

the Uniform Commercial Code (UCC) allows buyers a specific right to revoke the acceptance that is applicable in one of the following situations.

1. Initially, the buyer approved products that were non-conforming and provided feasible assumptions that the seller party would restore the subject non-conformity through immediate action.
2. Initially, the buyer failed to detect the non-conformity and accepted the goods. Such cases can take place either due to the lack of discovery efforts or exaggerated reassurance from sellers.

According to Bagley (2013), UCC attempts to compensate a non-breaching party. Similarly, it would do so if the agreement had been accomplished. Such practices are conducted through a specific and determined award of damages. In the case of the given situation of Cabinet Co., a few remedies on behalf of buyers need to be addressed. Apparently, if a seller by any means fails to provide the ordered goods or renounces the contract or a buyer rightfully discards the contracted products, then UCC section 2-711 gives multiple options to the buyers. A buyer in either situation can cancel the buying contract and can ask for the recovery of the already paid price, and in this case, the buyer can either:

1. Buy or cover the product from somewhere else and ask for reimbursement for the additional cost of acquiring the alternative commodity.
2. Or the buyer can recuperate damages for non-delivery of goods.

The case study of Cabinet Co. affirms that casters were delivered before the expected date and were unusable and defective. However, due to some technical reasons (and, of course, Frank's negligence), the casters were inspected about 20 days after their delivery date. At the point of inspection, Cabinet Co. realized that the delivered casters did not match the standard of contracted formalities. Therefore, Cabinet Co., as the buyer, can decide to seek legal remedies and ask the sellers to discuss the possible recovery of damages and can claim compensation for its loss.

For this purpose, Cabinet Company has to establish good faith, and in due course, the buyer has to avoid any logical stoppage as well as irrational buying of alternative materials or casters. Through the proper legal procedures, a buyer can then seek recovery from sellers regarding the difference between the contract cost and the cost of restoration. Apparently, the estimation of direct damages is calculated by subtracting the actual contract price from the market price. The market price is considered when the buyer comprehends the breach of the agreement. The UCC allows a buyer permission to recover any damages incurred due to the violation of the contract. Such costs may include:

- Any subsequent loss that takes place from standard or specific necessities and requirements of the buyer that the seller party had caused it to realize at the time of the contract and could not logically avoid through cover.
- Or any subsequent damage, loss, or injury to an individual's property or asset caused by the breach of contract or warranty. This happens with a 15% increased cost for Cabinet Company.

Counter-Argument In Favor Of Casters Company

Caster Company, as a seller, has a few rights in the mentioned case because there are chances of Frank's negligence toward his responsibilities. However, before granting any rights to Caster Company, it is necessary to consider the Respondeat Superior Doctrine. The doctrine of Respondeat Superior, which is translated as "let the master answer," states that a party is legally responsible and subject to vicarious liability for the practices and actions of its allocated agents. The doctrine implies the employer's liability for intentional acts.

However, determining the employer's liability for the practices of an agent is comparatively easy, but deciding liability for intentional acts is a bit blurry. If Frank's negligence proves to be deliberate, then Caster Company can utilize its rights against any revocation and can deny any reimbursement. Therefore, it is imperative to determine whether Frank did that intentionally or whether the negligence was an inadvertent incident. In case of any deliberation, courts will hold Frank responsible for all the damages caused throughout the contract. While considering the intentional motives, a few general points are subject to underlying concern:

- Was the action done when the employee was on the job, during job timings?
- Was the subject act included in the employee's job responsibilities?
- Was the agent encouraged to carry out the subject act on purpose to attain any benefits from the employer or second party?

Conclusion

The case study of Cabinet Company and the defective delivery of casters by Caster Company and the inattention of Frank involve several legal remedies and issues to consider. To carry out any legal proceeding, it is indispensable to delve deeper into the matter to make it clear whether Cabinet Company is entitled to recover monetary damages from Caster Company. By analyzing the above-provided case issues, key facts, and legal matters, it is evident that Cabinet Company has to deal with a myriad of difficulties to claim any reimbursement. Cabinet Company has initially accepted the goods, and some probable delay in feedback impedes the efficacy of its legal claim. Frank was responsible for supervising the entire process, but he did not pay close attention and caused a big jolt to the performance of Cabinet Company by neglecting his job-based responsibilities.

In the given state of circumstances, Cabinet Company and Caster Company both have principles of law that can be applied. Cabinet Company has a Uniform Commercial Code (UCC) and Federal Law about contract breaches. UCC, in turn, allows Cabinet Company the right of revocation of acceptance of casters under certain conditions. On the other hand, Caster Company has a substantial counterargument that is supported by the Respondeat Superior Doctrine and can benefit Caster Company against the recovery of damages claimed by Cabinet Company. Frank has a strong chance of being stuck with the legal proceedings if they apply the Respondeat Superior Doctrine rule because

he does not have any significant proof to declare his innocence, and therefore, there are substantial chances for Caster Company to win the case. The practical solution for Cabinet Company is to cut its losses and try to learn from this error and avoid any such occurrence in the future. Moreover, it is recommended that Cabinet Company investigate the reason for all the hullabaloo to prevent hassle again.

References

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