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| *Indicate whether the statement is true or false.* |

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| 1. ​One necessary element for an effective offer is a reasonable price related to market value.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 2. The first requirement for an effective offer is a serious intent on the part of the offeror.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 3. An offer does *not* need to be communicated to the offeree to become effective.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 4. An agreement is evidenced by one event: an offer.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 5. An effective offer requires reasonably definite terms.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 6. An offer must be practical to be effective.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 7. An offeror’s subjective intent determines the effectiveness of an offer.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 8. An offer made in obvious anger is still an effective offer.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 9. An expression of opinion—“this is excellent”—is an offer.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 10. An invitation to negotiate is an agreement.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 11. A price list is treated as an invitation to negotiate.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 12. An “offer” to sell an item on an online auction site generally is treated an invitation to negotiate.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 13. An invitation to negotiate—“can you afford this?”—is an offer.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 14. Most advertisements—“this property for sale”—are offers.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 15. A preliminary agreement cannot constitute a binding contract.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 16. An offer may invite an acceptance to be worded in specific terms but that cannot make the contract definite.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 17. In most cases, an offeror can revoke an offer as long as the revocation is communicated before the offeree accepts.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 18. Revocation is effective on dispatch.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 19. An offer terminates automatically when the time specified in the offer has passed.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 20. An option contract is created when an offeror promises to hold an offer open for a specified period of time in return for a payment given by the offeree.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 21. A counteroffer is a rejection of the original offer and the simultaneous making of a new offer.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 22. A statute or court decision that makes an offer illegal automatically terminates the offer.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 23. There are no revocable offers.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 24. An acceptance can materially change or add to the terms of the original offer without rejecting it.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 25. No offer can be accepted by silence.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 26. If no time for acceptance is specified in an offer, the offer terminates after a reasonable length of time.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 27. An offeree’s power of acceptance is terminated when the offeror dies unless the offer is irrevocable.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 28. An acceptance must be unequivocal.​   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 29. In a bilateral contract, communication of acceptance is necessary.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 30. Under the mailbox rule, an acceptance becomes valid when it is dispatched.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 31. The mailbox rule applies to communication by phone as well as by mail.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 32. An acceptance sent by means not expressly or impliedly authorized is not effective until it is received.​   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 33. An e-contract must meet basic requirements that are different from those required of a paper contract.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 34. A forum-selection clause specifies that any contract dispute will be settled in a particular jurisdiction.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 35. The UETA applies only to electronic records and electronic signatures relating to a transaction.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| *Indicate the answer choice that best completes the statement or answers the question.* |

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| 36. ​Fresh Fast Service, Inc., offers to deliver produceto Growers’ Market’s customers for a certain price. Fresh’s intent to extend a serious offer to Growers’ Market is determined by reference to Fresh’s   |  |  |  | | --- | --- | --- | |  | a. | ​assumptions. | |  | b. | ​beliefs. | |  | c. | ​intentions. | |  | d. | ​words and conduct.​ | |

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| 37. May tries to start her new car with no success. She yells that she will sell the car to anyone for $10. Nick, a passerby who owns Nick’s Pre-owned Autos, hands May $10. This is​   |  |  |  | | --- | --- | --- | |  | a. | a valid acceptance because May is seriously frustrated. | |  | b. | ​​a valid acceptance because Nick is a car dealer. | |  | c. | ​not a valid acceptance because May does not seriously intend to sell. | |  | d. | ​not a valid acceptance because Nick is a car dealer.​​ | |

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| 38. An ad on the NewsNow Web site asks viewers to “send us your story and we might share it with the world.” Onyx submits a manuscript, adding, “I accept your offer.” Between NewsNow and Onyx, there is​   |  |  |  | | --- | --- | --- | |  | a. | ​a contract for the publication of Onyx’s story. | |  | b. | ​a contract to consider Onyx’s story before any others. | |  | c. | a contract to negotiate for the publication of Onyx’s story. | |  | d. | ​no contract.​ | |

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| 39. Naomi tells Ogden, who has no knowledge of Shakespearean comedy, that she will tutor him in the subject for $50. As an offer, this is​   |  |  |  | | --- | --- | --- | |  | a. | ​effective. | |  | b. | ​​not effective because comedy is not a serious subject. | |  | c. | not effective because Naomi’s tutoring will be subjective.​ | |  | d. | ​not effective because Ogden has no knowledge of the subject.​ | |

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| 40. ​Idina admires July’s collection of guitars. July says, “I plan to sell the collection when I get tired of it.” July’s statement is​   |  |  |  | | --- | --- | --- | |  | a. | ​an offer. | |  | b. | not an offer because it has not been communicated to Idina. | |  | c. | not an offer because Julyexpressed only an intent to enter into a future contract. | |  | d. | ​an acceptance.​ | |

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| 41. Jon says to Kristy, “I would like to sell you my sports memorabilia collec-tion.” This is not an offer because it​   |  |  |  | | --- | --- | --- | |  | a. | does not describe the subject matter sufficiently. | |  | b. | does not include a price term. | |  | c. | only expresses an opinion. | |  | d. | ​only invites Kristy to negotiate. | |

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| 42. Pastry Dough, Inc., sends its catalogue to Octavio and includes a “per-son-alized” letter inviting him to buy any item in it at the ad-vertised price. This is   |  |  |  | | --- | --- | --- | |  | a. | ​an offer because of the “person-alized” letter. | |  | b. | ​an offer because there is no room for price negotiation. | |  | c. | an offer only if Octavio previously bought items from Pastry Dough. | |  | d. | ​not an offer. | |

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| 43. Laredo advertises a reward for the return of his lost dog. Mikayla, who does not know of the reward, finds and returns the dog. Mikayla cannot recover the re-ward, because she​​   |  |  |  | | --- | --- | --- | |  | a. | did not confer a benefit on Laredo by returning the dog. | |  | b. | ​did not know of the reward when she found and returned the dog.​ | |  | c. | does not need the money.​ | |  | d. | returned the dog. | |

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| 44. On May 1 Noah offers to sell Ole a pig. On May 3Noah mails Ole a letter revoking the offer. Ole receives the letter on May 5 and responds on May 6. Noah’s revocation of the offer to sell the pig became effective on   |  |  |  | | --- | --- | --- | |  | a. | May 1. | |  | b. | ​May 3. | |  | c. | ​May 5. | |  | d. | May 6. | |

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| 45. Younger asks Zoey, “Do you want to buy one of my fishing rods?” This is   |  |  |  | | --- | --- | --- | |  | a. | a valid offer. | |  | b. | not a valid offer because the terms are not definite. | |  | c. | not a valid offer because Younger did not state an intent.​ | |  | d. | not a valid offer because Zoey did not respond. | |

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| 46. Barrett files a suit against City Moving Service for breach of contract, based on what Barrett claims was City Moving’s offer. For a court to de-termine if a contract has been breached, under the common law, the offer must include terms that are   |  |  |  | | --- | --- | --- | |  | a. | exactly precise. | |  | b. | reasonably definite. | |  | c. | unequivocally approximate. | |  | d. | vague or uncertain. | |

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| 47. Signe offers to sell Thom her textbook but conditions the sale on Thom ac-cepting the offer by March 1. Signe may revoke the offer   |  |  |  | | --- | --- | --- | |  | a. | beforeThom accepts the offer. | |  | b. | before March 1, whether or not Thom has accepted the offer. | |  | c. | only after Thom accepts the offer. | |  | d. | only after March 1. | |

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| 48. Fix-It-Quik, Inc., offers Denise a job as a plumber. No time for acceptance is specified in the offer. The offer will terminate   |  |  |  | | --- | --- | --- | |  | a. | after a reasonable period. | |  | b. | after a work week (five business days). | |  | c. | after a month (thirty calendar days). | |  | d. | never. | |

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| 49. Beth goes to Dr. Carlton for surgery. Carlton says that Beth should be fully healed within a week. Beth is not healed within a week. With respect to breach of contract, Carlton is   |  |  |  | | --- | --- | --- | |  | a. | liable. | |  | b. | not liable, because surgery is not a proper sub-ject for a contract. | |  | c. | not liable, because the statement was an opinion. | |  | d. | not liable, but Beth is excused from paying Carlton. | |

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| 50. Barney offers to sell his Call Marketing Center business to Domino for $100,000. Domino replies, “The price is too high. I will offer to buy it for $90,000.” Domino has   |  |  |  | | --- | --- | --- | |  | a. | accepted the offer. | |  | b. | made a counteroffer without rejecting the offer. | |  | c. | rejected the offer and made a counteroffer. | |  | d. | ​rejected the offer without making a counteroffer. | |

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| 51. Rafi offers a tour of Bay Harbor aboard his sailboat, *Sea Siren*, to Tiara’s Travel Group for $500. Referring to the prices for similar tours, Tiara’s says, “We’ll pay no more than $400.” Rafi’s offer is   |  |  |  | | --- | --- | --- | |  | a. | still open. | |  | b. | terminated. | |  | c. | rejected and subject to a counteroffer. | |  | d. | ​revoked. | |

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| 52. Interstate Coffee Brokers, Inc., offers to buy Java Roasters Company coffee-roasting services for a certain price. Java responds that the price is too low and thereby rejects the offer. The offer is   |  |  |  | | --- | --- | --- | |  | a. | terminated. | |  | b. | valid for a reasonable time to give Interstate a "second chance." | |  | c. | valid for the period of time prescribed by a state statute. | |  | d. | ​valid until Interstate revokes the offer. | |

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| 53. ​Wally offers to sell a certain used forklift to Valu Lumber Outlet, but Wally dies before Valu ac-cepts. Most likely, Wally’s death   |  |  |  | | --- | --- | --- | |  | a. | did not affect the offer. | |  | b. | shortened the time of the offer but did not terminate it. | |  | c. | extended the time of the offer. | |  | d. | terminated the offer. | |

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| 54. ​Business Properties, Inc. (BPI), offers to sell a warehouse to Corporate Investments. Corporate says that it will pay BPI $100 to hold the offer open for three business days. This   |  |  |  | | --- | --- | --- | |  | a. | creates an illegal contract by adding a clause to BPI’s offer. | |  | b. | makes the offer irrevocable for three days if BPI accepts. | |  | c. | negates BPI’s offer by changing the price term. | |  | d. | voidsBPI’s offer by extending the time term. | |

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| 55. Pete negotiates a deal for the sale of certain real estate to Owen. Pete promises to hold the offer open in return for a small payment but does not state an exact period of time. With respect to this offer   |  |  |  | | --- | --- | --- | |  | a. | the deal is binding except for Pete’s promise to hold the offer open. | |  | b. | a reasonable period of time is implied. | |  | c. | Pete must hold the offer open for an indefinite period. | |  | d. | ​the deal is done. | |

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| 56. Liz offers to sell Jock her iPad for $500 without any accessories. Under the mirror image rule, Jock’s response will be considered an acceptance ifthe terms of the acceptance   |  |  |  | | --- | --- | --- | |  | a. | exactly mirror those of the offer. | |  | b. | change the items offered, but do not change the price. | |  | c. | change the price, but do not change the items offered. | |  | d. | ​change both the price and the items offered.​ | |

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| 57. Gayla tells Franco that she will pay him $50 to haul the trimmed tree limbs and other lawn debris from her property. Franco’s acceptance is complete   |  |  |  | | --- | --- | --- | |  | a. | as soon as he says he will do the job. | |  | b. | once he starts to work. | |  | c. | only after he hauls away the debris. | |  | d. | when he hears the offer. | |

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| 58. Shelby offers to make digital copies of Relay Company’s business conference videotapes, CDs, DVDs, and other media for $500. Under the mailbox rule, Relay’s acceptance by e-mail will be considered effective when   |  |  |  | | --- | --- | --- | |  | a. | received. | |  | b. | sent. | |  | c. | followed up by a confirmation letter sent by regular mail. | |  | d. | composed on a Relay computer. | |

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| 59. Pacific Charter Company offers to provide an air-conditioned bus to Quincy’s tour group for $1,500 plus the cost of the fuel. The mailbox rule applies if Quincy accepts the offer by   |  |  |  | | --- | --- | --- | |  | a. | e-mail. | |  | b. | phone. | |  | c. | regular mail. | |  | d. | any of the choices. | |

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| 60. Crafted Iron Works, Inc., offers to design, make, and sell City Transit Agency fourteen streetcars. Crafted authorizes a particular mode of communication, but City Transit sends an acceptance via a substituted means. This acceptance is effective when it is   |  |  |  | | --- | --- | --- | |  | a. | in transit. | |  | b. | received. | |  | c. | sent. | |  | d. | written. | |

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| 61. Waste Management Corporation enters into contracts for its services online. Waste Management can protect itself against disputes involving these contracts by making important terms   |  |  |  | | --- | --- | --- | |  | a. | reasonably clear. | |  | b. | vaguely ambiguous. | |  | c. | practical. | |  | d. | standardized. | |

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| 62. Play-It-Loud, LLC, provides music-streaming services online subject to complex pricing schedules. To control specific offers for the services and thus the resulting contracts, important terms to provide online include   |  |  |  | | --- | --- | --- | |  | a. | a provision relating to the resolution of any dispute. | |  | b. | a detailed history of the music business. | |  | c. | positive reviews from users of the service. | |  | d. | an updated list of the music available through the service. | |

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| 63. Richie, a user of SmartPhoneApps.com’s Web site, can download apps for free if he first clicks on “I accept” after viewing certain terms. This is   |  |  |  | | --- | --- | --- | |  | a. | a contract that does *not* include the terms. | |  | b. | a contract that includes the terms. | |  | c. | not a contract but the terms are enforceable. | |  | d. | unenforceable. | |

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| 64. Bret buys a subscription to the catalog of movies provided by Cinematique, an online music vendor. Before accessing the catalog, Bret must agree to a provision stating that she will not make and sell copies of the films. This provision is   |  |  |  | | --- | --- | --- | |  | a. | a browse-wrap term. | |  | b. | a click-on agreement. | |  | c. | a shrink-wrap agreement. | |  | d. | ​apartnering agreement. | |

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| 65. Diversions, Inc., makes video, games. Ember buys a copy of *Final Infinity*. Inside the package is a shrink-wrap agreement. With respect to the contract for the game’s purchase, the shrink-wrap agreement may *not* be enforced if Ember   |  |  |  | | --- | --- | --- | |  | a. | does not read it. | |  | b. | learns of it *after*the contract is formed. | |  | c. | learns of it *before*the contract is formed. | |  | d. | ​has difficulty learning how to play the game. | |

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| 66. Global Dispatch Corporation and Heavy Hauling, Inc., agree in advance to terms that apply to their future e-transactions. This is   |  |  |  | | --- | --- | --- | |  | a. | a partnering agreement. | |  | b. | a click-on agreement. | |  | c. | ​a shrink-wrap agreement. | |  | d. | a choice-of-law clause. | |

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| 67. World Shipping Corporation enters into contracts with distributors and other buyers in e-commerce and in traditional commerce. The UETA applies, if at all, only to those transactions in which the parties agree to use   |  |  |  | | --- | --- | --- | |  | a. | electronic means. | |  | b. | paper documents. | |  | c. | ​updates and cross-checks to orally verify any e-terms. | |  | d. | notarized documents. | |

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| 68. Archway Architects, Inc., makes travel arrangements online and stores the confirming documents and receipts on its servers. Under the UETA, “information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form” is   |  |  |  | | --- | --- | --- | |  | a. | an e-contract. | |  | b. | a shrink-wrap agreement. | |  | c. | ​a partnering agreement. | |  | d. | a record. | |

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| 69. Megan gives out a business card with an e-mail address on it. It is reasonable to infer that Megan has consented to   |  |  |  | | --- | --- | --- | |  | a. | transact business electronically. | |  | b. | submit to the recipient’sjurisdiction. | |  | c. | ​respond to e-mail sent to that address. | |  | d. | nothing. | |

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| 70. Good Grains Farms and Hiway Shipping Company make a deal for Hiway’s services, communicating entirely online. Under the UETA, an electronic record of their deal is considered sent when it   |  |  |  | | --- | --- | --- | |  | a. | reaches a midway point between the sender and recipient. | |  | b. | comes into the recipient’s control. | |  | c. | ​is read by the recipient. | |  | d. | leaves the sender’s control. | |

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| 71. ​On December 1, Petroleum, Inc., sent Rachel & Rico (R&R) a letter, via overnight delivery, offering to employ R&R to review Petroleum’s tax situation for the current year for $10,000. In the letter, the company stated that R&R had ten days to accept. On December 5, R&R sent an e-mail message that stated, “The price for the tax analysis seems too low. Would you consider paying $15,000?” Petroleum received the message without responding immediately. The next day, Smith & Taylor, an R&R competitor, offered to conduct the appraisal for $8,000. On learning of this offer, R&R immediately e-mailed Petroleum, agreeing to do the work for $10,000. Petroleum received this message on December 7. Explain why R&R and Petroleum do, or do not, have a contract. |

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| 72. Corporate Code, Inc., sells business software—accounting and book-keeping programs, blank business forms, inventory control functions, and the like—in different combinations, in different packages, at different prices. Each package includes a shrink-wrap agreement that limits warranties and remedies. Developmental Research Corporation (DRC) buys a Corporate Code package and uses the product. Later, DRC files a suit against the software seller, claiming that the product was flawed and that the flaws caused DRC to suffer business losses. DRC asks for relief that exceeds the limits in the shrink-wrap agreement. What is a shrink-wrap agreement? Are such agreements al-ways enforced? Under what circumstances is a court likely to enforce this agree-ment? |

**Answer Key**

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| 1. False |

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| 2. True |

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| 3. False |

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| 4. False |

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| 5. True |

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| 6. False |

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| 38. d |

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| 40. c |

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| 41. d |

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| 42. d |

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| 44. c |

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| 46. b |

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| 47. a |

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| 48. a |

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| 49. c |

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| 50. c |

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| 51. b |

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| 52. a |

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| 53. d |

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| 54. b |

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| 60. b |

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| 70. d |

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| 71. ​  R&R and Petroleum have a contract. R&R effectively accepted Petroleum’s offer to perform a review of the corporation’s tax situation.  An attempt to change the terms of an offer rejects that offer, terminates it, and makes a counter-offer.  Here, however, the fax did not indicate an intent to reject the offer, and a reasonable person in Petroleum’s position would not conclude that the fax was a rejection. R&R’s fax was simply an inquiry about the offer. R&R was still considering the offer. Learning of Smith & Taylor’s offer did not act as a revocation of Petroleum’s offer to R&R (although the offer would have been revoked if R&R had accepted Smith & Taylors’s offer, and R&R had learned of this acceptance).  In accepting Petroleum’s offer, R&R used a medium that was reasonable under the circumstances be-cause Petroleum did not expressly specify any particular method of acceptance. Thus, R&R’s accep-tance was timely sent and received. Consequently, the acceptance was effective on dispatch. |

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| 72. A *shrink-wrap agreement* is an agreement whose terms are expressed inside a package that contains computer hardware or software.  The terms usually focus on warranties, remedies, or other issues related to the product’s use.  Shrink-wrap agreements have not always been enforced. The most important factor is the time at which the manufacturer communicates the terms to the end-user.  A court is likely to enforce the agree-ment in this problem, and similar agreements, if the buyer had an opportunity to read the agreement *before* using the product. These agreements are enforced partly because from a business perspective, it is more practical to enclose the full terms of a sale in a pack-age rather than, for example, to read them over a phone while taking an order for a product. Such an agreement might *not* be enforced, however, if a court reasons that the buyer learned of the terms *after* the parties made their contract, and the buyer did not then agree to the terms.  On this basis, the terms would be proposals for additions to the contract, which would require the buyer’s express assent. |