

Business Law Practice Questions

MULTIPLE CHOICE (answers at bottom of page)

1. Paul filed a lawsuit for false imprisonment against Dan's Bookstore. During a visit to Dan's Bookstore, Dan stopped Paul as he left the store. Dan accused Paul of stealing a book from the store. After briefly looking into Paul's shopping bag, Dan determined that Paul did not shoplift. He apologized to Paul and released him. On these facts, Dan will likely:
 - a. win the case, because the shopkeepers' privilege statute gives store merchants unconditional immunity (protection) from such lawsuits.
 - b. lose the case, because Paul did not shoplift.
 - c. win the case, but only if a court or trier of fact concludes that Dan had reasonable cause to believe Paul may have shoplifted, detained him for a reasonable time, and in a reasonable manner.
 - d. lose the case, because Dan did not have a warrant.

2. Bonds wrote McGuire, "I will sell you my house and lot at 419 West Lombard Street, San Francisco, California for \$950,000 payable upon merchantable deed, deal to be completed within 60 days of the date of your acceptance." Assuming that Bonds' letter contains terms which are deemed sufficiently certain and definite, which of the following statements is correct?
 - a. Bonds' letter is not an offer unless Bonds intended it to be an offer.
 - b. Bonds' letter is not an offer unless McGuire thought Bonds intended to make an offer.
 - c. Bonds' letter is an offer if a reasonable person with full knowledge of the circumstances would be justified in thinking it was intended as an offer..
 - d. Bonds' letter is not a offer unless both Bonds and McGuire considered it as an offer.

3. Iverson Jewelers wrote a letter to Miller, "We have received an exceptionally fine self winding Rolox watch which we will sell to you at a very favorable price."
 - a. The letter is an offer to sell.
 - b. A valid offer cannot be made by letter.
 - c. The letter contains a valid offer which will terminate within a reasonable time.
 - d. The letter lacks one of the essential elements of an offer.

4. Don was negligently driving south on Merdock Avenue when his car rear-ended a car driven by Patty. The force of the impact forced Patty to rear-end Terry's car. In turn, the force of the second impact caused Terry's car to hit a lamppost, which then fell on a house owned by Paul. The force of the impact scared Paul, causing him to immediately have a heart attack. Paul sues Don for negligence. If Paul recovers, the most likely reason is:
 - a. Paul was able to prove that Don proximately caused Paul's injuries.
 - b. Paul was able to prove that the damages he suffered were actually caused by Don.
 - c. Paul was able to prove that Don breached a duty of due care owed by Don to Paul.
 - d. Paul was able to prove all of the above (a, b & c).

5. Sammy agreed to sell and Larry agreed to buy Sammy's car for \$400, payable upon delivery. Sammy delivered and left the car with Larry. However, Larry failed to pay Sammy the \$400. After eight years had passed following the delivery and acceptance of the car by Larry, Sammy sued Larry in state court for failure to pay him the \$400. Based only on the above stated facts, which of the following statement is most accurate? Assume the UCC applies and the statute of limitations for oral contracts is two years and for written contracts is four years.
 - a. No contract was ever created between Sammy and Larry.
 - b. A contract was created but likely not enforceable because the statute of limitations has expired.
 - c. A contract was created, but it is only enforceable if it is in writing.
 - d. A contract was created and is enforceable.

6. Bill purchased a can of Sipep from the Ajax Minimart. After he finished drinking the Sipep, Bill noticed that the can contained dead insects stuck on the inside bottom of the can. In a strict product liability tort action against Ajax, Bill must prove, among other things, that:
 - a. Ajax is a merchant selling Sipep.
 - b. Ajax knew or should have known of the defective condition.
 - c. Ajax had prior notice of other similar problems with Sipep products.
 - d. Ajax actually placed the dead insects into the can.

7. Under which of the following situations does strict product liability apply?
 - a. Sale of a defective and unreasonably dangerous product.
 - b. Manufacture of a defective and unreasonably dangerous product.
 - c. Both (a) and (b) are correct.
 - d. Neither (a) nor (b) are correct.

8. On May 1, Back-Talk Computer Store offered to sell five (5) computer servers to Gatekeeper Company for \$5,000.00 each, delivery to be on May 30. Later that day (May 1), Gatekeeper responded that it would buy the computers only if they were delivered within three business days. Back-Talk notified Gatekeeper the next day, May 2, that it would not be able to deliver the goods within the time requested by Gatekeeper. Which of the following is true regarding Back-Talk's offer?
- There is no contract between Back-Talk and Gatekeeper.
 - Gatekeeper's additional term became part of the contract, so Back-Talk is obligated to deliver the goods within three business days.
 - Back-Talk's offer was accepted by Gatekeeper
 - Gatekeeper may later accept Back-Talk's May 1 offer if it is then willing to accept delivery in four weeks.
9. The body of law which establishes rights between persons and provides for redress for violation of those rights is known as:
- Criminal Law.
 - Civil Law.
 - The Uniform Commercial Code.
 - Stare decisis.
10. Donny threw a knife at Sally, intending to injure her severely. However, Donny missed Sally. Sally saw the knife just as it whizzed by her head, missing it by about one inch. As a result, Sally was very scared. Sally sued Donny for assault and battery. Which of the following is most correct?
- Donny will be liable for battery, but not assault.
 - Donny will be liable for assault, but not battery.
 - Donny will be liable for assault and for battery.
 - Donny will not be liable for either assault or battery because this is only a criminal matter.
11. In most states the following types of contracts are within the statute of frauds.
- Contracts for the sale of an interest in personal property.
 - Contracts that can be performed within a year from the date of their formation.
 - Contracts for the sale of goods.
 - Contracts for the sale of goods for a price of \$500 or more.

12. On May 1, 2005, Eckerly Realty Inc. mailed a written offer to Masse for the sale of an office building. The offer included an express term that it would expire on June 30, 2005 if the acceptance was not delivered into the hands of the offeror by the expiration date. On June 30, 2005 at 8:00 a.m., Masse sent a written acceptance to Eckerly via Masse's personal messenger. However, the messenger was not able to deliver the acceptance until July 1, 2005. On July 2, 2005, Eckerly contacted Masse, informing him that the acceptance had been delivered one day late. As a result, Eckerly refused to honor the acceptance. Which of the following is the most correct statement?
- a. There is no contract between Eckerly and Masse. However, if Masse would have mailed the acceptance on June 30, 2005, a contract would have been created.
 - b. There is a contract between Eckerly and Masse. The moment that Masse gave the acceptance to the messenger, a contract was formed because acceptances are valid immediately upon dispatch.
 - c. There is a contract between Eckerly and Masse. The fact that the acceptance arrived only one day late is of no significance.
 - d. There is no contract between Eckerly and Masse.
13. Which of the following statements is correct concerning the "reasonable person" standard in tort law?
- a. The reasonable person standard varies from person to person.
 - b. The reasonable person standard focuses on the defendant's subjective mental state rather than on the defendant's behavior.
 - c. A person with a physical disability must act as would a reasonable person with the same disability.
 - d. A person with a mental disability must act as would a person with the same mental disability.
14. Robert makes the following statement while negotiating the sale of his car, "This is the sharpest car on the market." His statement may support a claim for:
- a. misrepresentation.
 - b. fraud.
 - c. fraud and misrepresentation.
 - d. none of the above.

15. Paula rented an apartment to Dave for \$500 per month. Paula and Dave signed a one-year lease, to be effective beginning January 1st. After three months, Dave decided that he did not like the apartment. He gave Paula a 30-day written notice, stating that he would vacate the rental unit at the end of the thirty days, which was April 30th. Upon receipt of Dave's notice, Paula made reasonable efforts to find a new tenant. Nevertheless, the apartment remained vacant from May 1 st. through June 30 th. Paula re-rented the apartment beginning July 1 st. for one year. Paula sues Dave in small claims court. What is the likely outcome?
- a. Paula is entitled to the balance of the lease, or \$4,000, because Dave did not have a valid reason to breach the contract.
 - b. Paula is entitled to nothing, because Dave gave Paula thirty-days written notice.
 - c. Paula is entitled to \$1,000, because she tried to find another tenant immediately upon learning of Dave's intent to breach the contract, but was unable to re-lease the apartment until July 1 st.
 - d. Paula is entitled to \$500, which represents one-month's rent.
16. Tom and Jerry entered into a contract whereby Tom agreed to sell Jerry \$1,000 worth of heroin, an illegal substance. This is an example of a:
- a. quasi contract.
 - b. void contract.
 - c. voidable contract.
 - d. secondary party beneficiary contract.

Answers to Business Law Practice Questions

1. c
2. c
3. d
4. d
5. b
6. a
7. c
8. a
9. b
10. b
11. d
12. d
13. c
14. d
15. c
16. b