

Contracts Hypo for the Week of Labor Day

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Alpha is a very successful artist who produces a range of different types of art in her studio in Bella City (which is the state capital of Ruritania, a state in the US) and in the homes and business premises of her clients. Her work has recently begun to be considered a valuable investment. She has a number of occasional employees whom she hires to manufacture high quality limited edition prints and to help with managing her schedule, driving her to and from the locations where she will work and buying her supplies and delivering Alpha's work to her customers. She employs Gamma as a full-time employee to manage the gallery attached to the studio.

Delta and Alpha signed a contract whereby during the week of September 7-11 Alpha would work at Delta's office on a conceptual work of art reflecting the mission of Delta's business. The week would allow Alpha to focus on understanding the mission in order to reflect it properly in the art work which would be completed at a later stage. The contract provided that Delta would pay Alpha \$20,000 for the week, and set out a schedule for subsequent payments. On September 1 Delta told Alpha that she had changed her mind and had decided that a different artist would be a better fit for the image of the business.

Alpha planned that during the week of September 7-11 her occasional employees would be at work on a couple of new series of prints.

When Delta cancels the arrangement for the week of September 7-11 Alpha calls Epsilon and tells her that a cancellation means that she could work that week on a project with Epsilon that they had tentatively planned for later in the Fall. Epsilon is happy about moving the work forward and they agree that Epsilon will pay Alpha \$20,000 for the week's work.

Alpha agreed to sell one of her prints to Zeta for \$2000 for delivery and full payment on September 1. Zeta paid a deposit of \$500 but after she lost a lot of money in the recent turmoil in the stock market she cannot afford to pay the rest of the money for the print. Zeta called Alpha's studio and explained that she would be unable to buy the print. Gamma quickly found another purchaser who agreed to and did pay \$2000 for the print.

Assume that Delta and Zeta have both breached their contracts with Alpha. Explaining your reasoning, consider what damages Alpha may claim from Delta and Zeta for their breaches of contract.