

# Legality

Members of the Novak family come to the kitchen at different times and prepare their own breakfasts.

**Jennifer:** Did you go to the dance with Tony last night, Juleanne?

**Juleanne:** No. When I break a date it stays broken.

**Jake:** You'll be lucky if he doesn't pay his sister, Maria, to beat you up.

**Juleanne:** He couldn't do that. It's illegal. Besides, Tony is a perfect gentleman.

**Jake:** If he's such a perfect gentleman, why was he at the dance with Barbara McMahon last night?

**Juleanne:** What are you talking about?

**Jake:** Eddie called me this morning. He saw Tony at the dance with Barbara McMahon.

**Juleanne:** Why, that snake in the grass! I'll bet he wanted me to break our date so that he could take Barbara. That's why he was such a pain in Kowalski's yesterday! I'm going to call him and give him a piece of my mind! (She leaves the room to phone Tony.)

**Jake:** I'll bet you \$5 that he has his mother tell her that he's not at home.

**Jennifer:** I'll take that bet. In fact, I'll double it. I say he'll not only come to the phone, but he'll also have a good reason for being at the dance with Barbara.

**Jake:** Of course he has a good reason. He likes Barbara better than Juleanne. But, okay, you've got yourself a bet.

**Mr. Novak:** Stop it, you two! It's illegal to gamble, especially in this house.

**Jake:** Come on, Dad, the state legislature made gambling legal when it passed that lottery bill.

**Mr. Novak:** Maybe so, but in this house it's wrong, and that's final.

**Jarod:** Say, Dad, did you hire Mr. Jansa, that new printer that you interviewed yesterday?

**Mr. Novak:** No, he has a contract with the Eastern Print Shop, his former employer, that says he can't work for another printer anywhere in Illinois for the next five years.

**Jarod:** I bet he could get out of that if he really wanted to. Maybe he just doesn't want to work. (Just then Juleanne returns to the kitchen.)

**Jake:** Well, did Mr. Perfect Gentleman answer the phone?

**Juleanne:** Yes, as a matter of fact he did.

**Jennifer:** Ah, ha! Pay up, Mr. Moneybags.

**Jake:** Jennifer, I'm surprised at you. You heard Dad. There's no gambling in this house.

**Jennifer:** I should have known better than to trust you.

**Jake:** So what was Mr. Perfect Gentleman's perfect explanation?

**Juleanne:** He wasn't at the dance with Barbara. He was there helping Mr. Hendrickson fix the electrical wiring in the gym. He just stopped to talk to Barbara for a minute.

**Jake:** A likely story. You need an electrician's license to do that sort of work.

**Juleanne:** You also need a vendor's license to sell electronic equipment, but that didn't stop you from selling your worthless CD player to Eddie. I hope the police come and take you away.

**Jake:** Not likely. I'm too clever for that.

(The doorbell rings. Mr. Novak leaves to answer it and returns shortly thereafter.)

**Mr. Novak:** Jake, you have a visitor. (In walks a police officer.)

**The Officer:** Son, I'd like to talk to you.

**Jake:** Gulp!

## New Terms

interest, p. 145

usury, p. 145

lottery, p. 146

license, p. 147

restraint of

trade, p. 149

goodwill, p. 149

restrictive

covenant, p. 149

price fixing, p. 149

bid, p. 150

competitive

bidding, p. 150



## The Spirit of the Law

The sixth and final requirement of a valid contract is legality. That is, the agreement must have a legal purpose. Even if all five of the other elements are present, a contract is void if it fails to meet this last requirement. If the purpose of the contract is to perform an illegal act, the contract has no legal effect. Agreements are illegal if their purpose or the manner in which they are carried out is illegal, violates a statute, or is contrary to public policy. Each state legislature writes the laws that govern how that state's citizens conduct personal and business affairs. Agreements considered illegal in one state may not be illegal in another state. Courts in each state also have their own idea of public policy and how and when agreements interfere with the health, safety, or general welfare of the public. In this chapter, the illegal agreements discussed are generally recognized as being illegal in most states.

### Legal Issues:

1. Is an agreement to harm someone legal?
2. Is a gambling agreement valid and enforceable?
3. If an unlicensed person agrees to do work that requires a license, is that agreement valid?
4. Will a clause in an employment agreement be upheld by the court if it prohibits similar employment anywhere in a given state for a prescribed time period?

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## Agreements that Violate Statutes

State legislatures pass laws declaring certain types of agreements to be illegal and void. These agreements are illegal and void because they violate the state's civil or criminal statutes, usury statutes, gambling statutes, licensing statutes, or Sunday statutes.

### *Civil and Criminal Statutes*

Agreements that require one party to commit a tort or a crime are illegal. Common torts are slander, libel, and fraud. Burglary, larceny, murder, and arson are acts considered to be crimes. Thus, an agreement is illegal if it is made to interfere with or violate the rights of another person.

**Example 1.** Sanger, a candidate for mayor, agreed to pay McLaughlin, a newspaper reporter, \$1,000 to write an article containing false statements that would damage the reputation of Bonney, Sanger's opponent. Since this agreement required McLaughlin to commit libel, it was illegal. A court would not enforce the agreement if Sanger refused to pay McLaughlin.

Agreements to protect one party from the consequences of torts or crimes committed are also illegal.

**Example 2.** The mayor persuaded one of her campaign workers to break into the home of an opponent in the upcoming election. The worker was to remove papers that would be helpful in the mayor's re-election campaign. The mayor agreed to pay the campaign worker a large sum of money and to protect the worker from criminal charges if caught. The agreement was illegal and void. The mayor and the campaign worker were both criminally liable for their illegal acts.

## Working in the Law

### Sheriff's Office Secretary

Sheriff's office secretaries must have a basic knowledge of the law in addition to the skills and knowledge that other secretaries have. Many of the people they deal with are crime victims or suspects.

Sheriff's office secretaries have an important role in communications. They respond to telephone calls that range from requests for general information to requests for officer assistance and crime reports. Information from calls for assistance and crime reports must be relayed to officers or dispatchers immediately so help can get on its way. They also respond to requests for information from on-duty officers. Officers who are working at crime scenes or dealing with traffic violations often need information, such as facts about previous cases or confirmation of vehicle ownership.

Sheriff's office secretaries must be efficient, patient, and able to remain calm in stressful situations. Many people who come to

the office or call are angry, confused, injured, or frightened. The sheriff's office secretary must be able to calm these people and get the information needed to guide them to the correct person, department, or agency.

Sheriff's office secretaries also handle many written communications. They may serve civil papers (subpoenas), and they type, number, and file reports. Accuracy is extremely important in the reports that sheriff's office secretaries handle. The consequences of an error could be grave.

Secretarial skills are required for obtaining this position. All other skills can be acquired through on-the-job experience and job-related continuing education, such as classes or seminars on crime-related topics or skill improvement.

1. What knowledge and skills does a sheriff's office secretary need?
2. What kind of personality does a successful sheriff's office secretary have?

### Usury Statutes

Each state sets by statute a maximum interest rate that lenders can charge for loans. Interest is the fee the borrower pays to the lender for using the money. The interest rate the lender and borrower agree upon must not exceed the maximum rate allowed by state law. Charging more than the maximum legal interest rate is usury.

**Example 3.** Linda Chavez wants to buy a car just after she becomes 18 years of age. To make the down payment, Chavez borrows \$600 from Robert Lightner. Chavez promises to pay Lightner \$100 per month for 12 months—a total payout of \$1,200 for the use of \$600. The law would not require Chavez to pay the full \$1,200. She has promised to pay a higher rate of interest than the law permits. The bargain is illegal, and the courts would not enforce it.

The Truth in Lending Act is one step taken by the federal government to make consumers aware of the cost of borrowing money. The lender must now make clear to the borrower the annual percentage rate (APR) on each loan. Before you sign any loan agreement, be sure to look for a statement of the true rate of interest.

### Gambling Statutes

Other illegal agreements prohibited by state statute are gambling agreements. These are agreements in which one party wins and another party loses, even though some skill is involved. Gambling agreements may include playing cards for money, money wagers or bets on elections or sports events, or buying tickets in a sports pool. Giveaway games by stores or businesses for promotion are legal as long as you do not have to buy a ticket or a product to participate. Casual gamblers may not enforce their gambling agreements in court because they are performing an illegal act.

*Example 4.* Vogel and Wagner lived in a state where gambling agreements were illegal. They made a \$200 bet on the World Series. When Vogel won the bet, Wagner refused to pay the \$200. Vogel then threatened to sue Wagner in small claims court. Since the bet was illegal, Vogel could not collect from Wagner.

At one time, most states prohibited gambling. In recent years, many states have changed their laws to allow some types of regulated gambling. For example, betting at race tracks is allowed in New York, Illinois, California, Massachusetts, Ohio, and other states. However, even in these states, certain forms of off-track betting are unlawful. Lotteries, other than those run by the state government, are also considered illegal in many states. A **lottery** is a game in which prizes, usually in the form of money, are awarded by the chance drawing of a set of numbers. A state-run lottery must be approved by the state legislature and administered by an agency of the state government. Legalized lotteries are sources of additional money for state governments and are popular in some states.

Because states legalize some forms of gambling does not mean that all gambling is legal in these states. Only regulated types of gambling are legal, and they are legal only when conducted strictly in accordance with state law. This is one of the errors that Jake makes in the opening vignette. He mistakenly believes that because the legislature passed a bill creating a state-run lottery, it made all gambling legal in the state. In answer to Legal Issue 2, creating a state-run lottery does not legalize other forms of gambling in that state.

### Sunday Statutes

In many states it is illegal to make or perform contracts on Sunday. Under common law, contracts could be made on Sunday. However, many states changed this by passing Sunday statutes, or blue laws, making Sunday contracts illegal. These laws vary greatly from state to state. Since the 1960s, there has been a trend toward relaxing or doing away with Sunday laws altogether. In those states which still hold Sunday contracts illegal, the following rules apply: (1) an agreement made on a Sunday is void; (2) an offer made on a day other than Sunday but accepted on a Sunday voids the resulting agreement; (3) an agreement made on a Sunday

## LAW & Ethics

Each spring, you put together a pool for the college basketball tournament. Each participant pays \$5 and predicts the winner of each tournament game. The person predicting the most winners gets to keep the whole pot. Is such a pool considered gambling? Is "friendly" gambling ethical?

## FYI

The name "blue laws" was given to Sunday statutes after Samuel Peters's book, *A General History of Connecticut*, was published in 1781. Peters's account of the Sabbath regulations for New Haven Colony, which included 45 laws, was printed on blue paper. Some of the laws Peters set forth actually existed; others were a product of his imagination.

but with a date other than a Sunday placed on the paper voids the agreement; and (4) Sunday laws often apply to legal holidays.

### Licensing Statutes

All states have statutes that require persons to have a license to practice certain trades or professions. A **license** is a legal document stating that the holder has permission from the proper authorities to carry on a certain trade or profession. Figure 11-1 below shows an example of a trade license. Engaging in such a trade or profession without a license is illegal. Licensing laws are designed to protect people from dealing with unqualified persons. In most states trade and professional workers such as nurses, surveyors, funeral directors, barbers, and plumbers must be licensed. In answer to Legal Issue 3, an agreement made with an unlicensed person is illegal.

**Example 5.** In the opening vignette, Tony went to work for Mr. Hendrickson as an electrician but failed to get a license. After gaining this experience, Tony bought some new tools and materials from Value Hardware and, as part of the contract, agreed to do some rewiring for the owner, Rachel Bloom. Tony did the work exactly as the contract required. He believed he had done a proper job. Bloom, however, refused to pay him. Tony cannot collect for his work. The law requires that a person have a license in order to engage in the electrical business. The part of the contract for the rewiring was illegal, and the courts will not help Tony collect.

Some state statutes require licenses simply to raise revenue. Any person paying the fee, without showing competence, gets the license. This is the type of license that Juleanne is referring to when she tells Jake that he

**YOU**  
And The  
**LAW**

*Does a minor in your local area need a license to operate a lemonade stand or lawn-mowing business? Whom can you ask to find out?*

COLLIER COUNTY OCCUPATIONAL LICENSE TAX			
LOCATION:	3033 50TH ST SW	DISPLAY AT PLACE OF BUSINESS FOR PUBLIC INSPECTION. FAILURE TO DO IS CONTRARY TO LOCAL LAWS	
LIC. FEE	18.00	1992/93	COLLIER COUNTY TAX COLLECTOR 2800 NORTH HORSESHOE DRIVE NAPLES, FLORIDA 33942 813/643-8477
PENALTY	.00		
TR. FEE	.00		
COLL. FEE	.00		
PREV. FEE	.00		
PREV. PEN.	.00		
TOTAL	18.00		
THIS LICENSE EXPIRES SEPTEMBER 30, 19 93		NAME & ADDRESS	
CLASSIFICATION	CABINET & MILLWORK CONTRACTOR	GERBEC, ANTHONY E 3033 65TH ST SW NAPLES FL 33999	
CODE	02107501	11/25/92 12 12 SMY T 8282 R 80 LIC 0C 911316	
SEATING CAPACITY		\$18.00 CA P-A-I-D	
ROOM COUNT		Guy L. Carlton	
NUMBER OF EMPLOYEES	1-10 EMPLOYEES	LICENSE NUMBER 911316	
NUMBER OF VENDING MACHINES			
PHONE COUNT			




Figure 11-1 Why do local governments require trade or occupational licenses?

needs a vendor's license to sell his CD player to Eddie. A law requiring a seller to have a vendor's license is designed to raise revenue for the local government that issues the license. Figure 11-2 below shows a sample vendor's license. Since the purpose of such licenses is to raise revenue, not protect the public, agreements made with unlicensed persons are valid. The unlicensed person, though, is subject to a penalty for violating the licensing statute.

**Example 6.** For \$250 Ardner hired Wheeler, an auctioneer, to sell his household goods at a public auction. The state's only requirement for an auctioneer's license, which Wheeler did not obtain, was the payment of a \$35 fee. After the auction, Ardner learned that Wheeler was not licensed. As a result, Ardner refused to pay Wheeler the \$250. Since the statute was for revenue purposes only, Ardner must pay Wheeler the \$250. Wheeler, however, is guilty of violating the licensing law.

## Agreements Contrary to Public Policy

Public policy holds that no person should be allowed to perform an act that harms the public benefit. An agreement that requires the performance of an act harmful to the public benefit is considered to be contrary to public policy. Even though the act in itself may not be illegal, such an agreement is usually void and unenforceable.



**STATE OF OHIO**  
**DEPARTMENT OF TAXATION**  
 P.O. BOX 530, COLUMBUS, OHIO 43266-0030

PRESCRIBED  
 SALES TAX FORM  
 NO. ST 3 (REV. 5-86)

**VENDOR'S LICENSE**

LICENSE NUMBER ASSIGNED  
 BY COUNTY AUDITOR

**THIS LICENSE MUST BE RENEWED ANNUALLY AT A FEE OF \$10.00**

COUNTY OF \_\_\_\_\_ DATE \_\_\_\_\_

THIS IS TO CERTIFY, that the vendor herein named, having complied with the provisions of Sec. 5739.17 of the Revised Code of Ohio, is hereby authorized to make taxable sales, at the location specified below. THIS LICENSE SHALL TERMINATE AND BE NULL AND VOID: IF THE BUSINESS IS MOVED TO A NEW LOCATION; IF THE BUSINESS IS SOLD; IF AN INDIVIDUAL OR PARTNERSHIP INCORPORATES HIS OR THEIR BUSINESS; IF A PARTNERSHIP IS DISSOLVED; IF A CORPORATION DISSOLVES, OR IS CANCELLED, FOR CAUSE, BY THE TAX COMMISSIONER.

NAME \_\_\_\_\_ CORPORATION CHARTER \_\_\_\_\_

TRADE NAME OR DBA, IF OTHER THAN ABOVE \_\_\_\_\_

BUSINESS ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ ZIP CODE \_\_\_\_\_ TELEPHONE NO. \_\_\_\_\_

KIND OF BUSINESS \_\_\_\_\_ CODE NUMBER \_\_\_\_\_

\_\_\_\_\_, County Auditor By \_\_\_\_\_ Deputy

The Ohio Sales Tax Law provides that no vendor shall fail to collect the full and exact tax as required by Sections 5739.01 to 5739.31, inclusive, of the Revised Code, or fail to comply with such sections and the rules and regulations of the tax commissioner.

Whoever violates this provision shall be fined not less than twenty-five nor more than one hundred dollars for a first offense; for each subsequent offense such person shall, if a corporation, be fined not less than one hundred nor more than five hundred dollars, or if an individual or a member of a partnership, firm, or association, be fined not less than twenty-five nor more than one hundred dollars, or imprisoned not more than sixty days, or both.

**Figure 11-2** Local governments can require sellers to obtain and display a vendor's license. How would you obtain a vendor's license in your area?

## *Agreements in Unreasonable Restraint of Trade*

The law protects the rights of persons to make a living and do business in a market economy. If a contract takes away these rights, the law will restore them by declaring such a contract void. A **restraint of trade** is a limitation on the full exercise of doing business with others. Three types of contracts are generally considered to be an unreasonable restraint of trade. These are outright contracts not to compete, price fixing, and agreements to defeat competitive bidding.

### *Outright Contracts Not to Compete*

When a person buys a business, such as a pizza parlor, print shop, or specialty clothes store, that person is also buying the seller's **goodwill**. This is the continued public approval and patronage of the business. It is common to include as part of the sale contract an agreement by the seller not to open a competing business within a certain area for a period of time after the sale. Such a **restrictive covenant**, or promise not to compete, will be upheld by the court if it is reasonable in time and geographic area.

For instance, an agreement by the seller of a barbershop not to open another shop anywhere in the United States for the next 99 years would not be reasonable. It would not be reasonable in either time or geographic area. If the restraint is unreasonable considering the nature of the business sold, then the restraint is illegal and unenforceable.

Promises not to compete also are sometimes found in employment contracts. Employees agree not to work at a similar job for a period of time after they leave the company. In answer to Legal Issue 4, such covenants will be enforced only if they are reasonably limited in time and geographic area. Even then, they are enforced only as necessary to protect the former employer from unfair competition.

*Example 7.* In the opening vignette, Mr. Novak reports that he interviewed Mr. Jansa, a prospective employee. Mr. Jansa has a restrictive employment covenant with his former employer, the Eastern Print Shop. The covenant says Mr. Jansa may not work for another printer anywhere in Illinois for five years if he leaves the company. If this covenant were tested in court it would likely be found to violate public policy. This is because the period it specifies is unreasonably long, and the geographic area it covers too broad. In addition, the covenant prohibits Mr. Jansa from working in any capacity for another printer. This implies that he could not even sweep the floors, an activity that would hardly be unfair to the Eastern Print Shop.

### *Price Fixing*

The law views competition in the marketplace as an efficient way of determining prices. Producers compete to provide better products at attractive prices. **Price fixing** occurs when competitors agree on certain price ranges within which they set their own prices. Sometimes competitors agree to sell a particular product or service at an agreed price. Sometimes manufacturers dictate the price at which a product must be sold by retailers. Price fixing discourages competition and raises prices. Because they are contrary to public policy, price-fixing agreements will not be enforced by

courts. In fact, competitors who seek to fix prices may be prosecuted by state or federal agencies.

### **Agreements to Defeat Competitive Bidding**

A **bid** is an offer to buy or sell goods or services at a stated price. Laws often require governments to construct public works or buy goods and services through **competitive bidding**. In this process, rivals submit bids for a project. The firm with the lowest qualified bid wins the contract. If, before bids are made, the bidders get together and agree not to bid more than a certain price, they are not bidding fairly. The bidders' agreements and their resulting contract are not enforceable.

**Example 8.** Central City planned to build three new parks. Only three contractors were available to bid on the projects. Local law required the city government to open the contracts to competitive bidding and to accept the lowest bid for each park project. Before the bidding began, however, the contractors met secretly. They fixed the bids so that each of them would be awarded one of the park projects. This agreement among the contractors is void.

### **Agreements to Obstruct Justice**

Any contract that interferes with the administration of justice is illegal. Such agreements include protecting someone from arrest, encouraging lawsuits, giving false testimony, or bribing a juror. This category also includes an agreement to pay a nonexpert to testify at a trial or an agreement not to prosecute a person who has committed a crime in return for money.

**Example 9.** Kelly, an employee at Van's Van City, stole \$5,000 from the company safe. Kelly returned the stolen money, and Van promised not to prosecute if Kelly paid him \$1,000. Kelly agreed, but then refused to pay Van the money. Van could not enforce this illegal agreement in a court of law.

### **Agreements Inducing Breach of Duty or Fraud**

Many persons hold positions of trust. They have a responsibility for the well-being of other people. Your representative in Congress, your state representative, and all other public officials come within this class. They owe a duty to work for the best interest of the public. Any contract that tries to influence these public officials to use their position for private gain is unenforceable. This rule also applies to private persons who are in positions of trust.

### **Agreements Interfering With Marriage**

The law encourages marriages and protects family relationships. Contracts that discourage, harm, or interfere with good family relationships are illegal and, therefore, unenforceable in the courts. For instance, if Mr. Novak promises to give his daughter, Juleanne, \$1,000 if she never gets married, the contract would be void. The same would be true if, once Juleanne were married, Mr. Novak promised her \$1,000 to leave her husband.

## **R**educing Legal Risks

If you have doubts about the legality of an agreement, see an attorney before signing the contract. Try to learn what types of agreements are considered illegal in your state. Obtain any license that is required for your trade or profession.



## Effect of Illegality

In general, the court will not aid either party to an illegal contract. It will leave the parties where they placed themselves. Neither one can enforce the agreement, nor receive aid from the court. An exception occurs, however, when the parties are not equally at fault. In such cases the court may aid people who are less at fault to get back any money or property they may have parted with.

Occasionally there may be a case in which only part of the contract is illegal. If the legal part can be separated from the illegal part, the legal part can be enforced. In Example 5, for instance, the sale of the tools and materials to Tony would be legal, and the seller could collect for the selling price of these things. The labor contract was illegal because Tony had no license; this part would be uncollectible. If the legal part cannot be separated from the illegal part, however, the entire agreement will be void.

### Chapter

## 11 Review



### Summary

Carefully read the summary below before completing the chapter review.

1. Agreements are illegal if their purpose or the manner in which they are carried out is illegal, violates a statute, or is contrary to public policy.
2. Certain agreements are illegal because they violate a state's civil or criminal statutes, usury statutes, gambling statutes, licensing statutes, or Sunday statutes.
3. An agreement that requires the performance of an act harmful to the public benefit is considered to be contrary to public policy. Even though the act itself may not be illegal, such an agreement is usually void and unenforceable.
4. In general, the court will not aid either party to an illegal contract. It will leave the parties where they placed themselves. Neither one can enforce the agreement, nor receive aid from the court.



### Language of the Law

Choose the term from the list that best completes each sentence below. Then write the complete sentence on a separate sheet of paper.

restrictive covenant      lottery      interest      restraint of trade  
goodwill      usury      price fixing      license  
bid      competitive bidding

1. The price Joel is asking for his ice cream shop includes a value for the \_\_\_\_\_ Joel has created.
2. Each state sets a maximum \_\_\_\_\_ rate that lenders can charge.

## Chapter 11 Review

3. The \_\_\_\_\_ that Shari asked Vinnie to sign when he left her employ was legally enforceable.
4. If a lender's interest rate exceeds a state's maximum, that rate may be deemed \_\_\_\_\_.
5. Competitors who agree to sell a particular product or service at an agreed price are engaging in \_\_\_\_\_.
6. The law protects people from \_\_\_\_\_ by voiding contracts that take away the right to make a living and do business in a market economy.
7. The town council was required to use \_\_\_\_\_ to select a builder for their new town hall.
8. Some people must have a(n) \_\_\_\_\_ to practice their trades or professions.
9. One source of additional money for state governments is a state-run \_\_\_\_\_.
10. Steve got the contract to build the new museum for the city; his was the lowest \_\_\_\_\_.



### Questions for Review

Answer the following questions. Refer to the chapter for additional reinforcement.

1. When are agreements illegal?
2. What state statutes do certain agreements violate?
3. What is a usury statute?
4. What agreements are void under Sunday statutes?
5. What four types of agreements are considered to be contrary to public policy?
6. How will the court respond to a request to enforce a contract that is either illegal or partially illegal?



### Applying Critical Thinking Skills

Apply your understanding of the chapter concepts by answering the questions below.

1. Explain the two types of agreements that are illegal because they violate civil and/or criminal statutes. Give an example of each type.
2. There is a trend away from Sunday laws. Do you think this is a good idea? Why or why not?
3. Investigate what is necessary to obtain a vendor's license in your area. What conclusions can you draw about the license?
4. How does price fixing relate to pricing based on supply and demand? How do you think price fixing affects the economy?



### Applying Writing Skills

Rewrite the following passage from a lease agreement in your own words.

LANDLORD covenants and agrees that during the term of this lease, and subject to the provisions hereinafter set forth, TENANT and its employees, agents, customers, licensees and invitees shall enjoy a license for the exclusive use of eight (8) marked parking spaces and nonexclusive use of driveways and walkways within Office Center (hereinbefore referred to as "Common Areas"), but LANDLORD shall have no responsibility to enforce the exclusivity of said parking spaces.



### Cases in Point

For each of the following cases, give your decision and state a legal principle that applies:

1. A state statute requires real estate brokers to obtain a license. Burke, without getting a license, buys and sells real estate for others. He sues one of his clients to collect a fee. Is he entitled to judgment?
2. Josie Hope sells Suzie Tanaka a camera repair shop located in Rochester, New York. Hope signs a contract agreeing never to engage in a similar business in New York State. Five years later, Hope opens a camera repair shop in New York City. Is Hope liable for breach of contract?
3. Olive Mower, a defendant, promises to pay \$300 to Sue Dorsey if she will testify falsely for Mower at her trial. Dorsey testifies as agreed. Is she legally entitled to the \$300?
4. Ann Perkins promises her daughter, Sue, \$10,000 if she never marries. Is Sue entitled to collect this amount from her mother's estate if she is not married when her mother dies?
5. In April, the Dimaggio Advertising Company contracts with the Buffalo Boat Emporium for its summer ad campaign in Buffalo. The contracted services include radio ads totaling \$2,900, newspaper ads totaling \$3,500, and billboards totaling \$2,250. In June, the Buffalo City Council outlaws billboards. Does this vote make the contract between Dimaggio and Buffalo illegal? Explain.



### Cases to Judge

In each case that follows, you be the judge.

1. Anabas Export Ltd. sold and delivered stickers to Alper Industries, Inc. of Mt. Vernon, New York. The stickers featured a portrait of Michael Jackson. Alper planned to resell the stickers. Anabas did not obtain Jackson's written permission to feature his portrait on the stickers, in violation of the New York Right of Privacy Law. Alper refused to pay for the stickers, and Anabas brought suit. How would you decide? Why? *Anabas Export Ltd. v. Alper Industries, Inc.*, 603 F.Supp. 1275 (New York)
2. Noble and Odle signed a one-year lease for an apartment. Before moving in, they decided not to take possession of the premises. When sued for damages, they argued that the lease was void because the landlady had not registered the premises as residential property with the city and had not obtained an occupancy permit. Both of these were required. Was the lease void? Why or why not? *Noble v. Alis*, 474 N.E.2d 109 (Indiana)