

**Contracts II**  
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**Sample Exam Question #7**

On February 15, Oliver Ajax and James Bond entered into a written contract whereby Ajax, a professional entertainer, was to perform at Bond's resort hotel for the week of July 1-7 for \$20,000. In late spring, Ajax had a hit record which virtually overnight made him a star who could command at least \$50,000 for a one-week engagement. In early June he contacted Bond to renegotiate their contract, demanding \$50,000 for the July 1-7 period. Initially, Bond refused to renegotiate, but when Ajax said he would not appear, Bond relented. After several discussions, including a lengthy discussion the morning of June 8th, Bond dictated a new contract to his stenographer, in the exact words of the first contract and running for the same period with the compensation changed to \$35,000. As they signed the new contract they tore up the old one. Thereafter, Ajax kept the engagement, but Bond refused to pay more than \$20,000. Ajax filed suit.

- A. Who should win in Ajax's suit against Bond for the difference between the renegotiated contract price (\$35,000) and the amount paid by Bond (\$20,000) and why?
- B. Suppose that, when Ajax contacted Bond in early June to demand more money, Bond told Ajax that "a deal is a deal" and Bond would not agree to pay Ajax any more than they had previously bargained for. Under those circumstances, would Ajax have been justified in refusing to perform? If so, why? If not, why not?
- C. Same facts as "A," except, after Bond told Ajax he would not pay him more than the previously-agreed \$20,000, Ajax told Bond: "Then find yourself another act, bucko, because Oliver doesn't sing for \$20,000 anymore." Bond called his booking agent and located a replacement act, the Grammy-award winner, Gem, who agreed to perform at Bond's hotel July 1-7 for \$25,000. On July 1st, Ajax appeared at Bond's hotel to perform. Upon being told that Bond had booked a replacement act, Ajax called his lawyer and instructed him to file suit. Under these facts, who should win in Ajax's suit against Bond for breach of contract and why?