I. Payment and Delivery Terms

A. Payment: Price may be payable in goods or otherwise and in whole or in installments. § 2-304.

B. Single vs. Several Lots: Goods must be delivered in a single lot, and payment is only due following delivery in full, unless the contract or circumstances dictate/permit otherwise. § 2-307.

C. Place of Delivery: Unless otherwise agreed,

1. goods are to be delivered at the seller’s place of business or, having no place of business, at the seller’s residence, § 2-308(a); unless

2. the parties know at the time of contracting that the goods are elsewhere, in which case that will be the place of delivery, § 2-308(b).

D. Time for Delivery: Unless otherwise agreed, goods shall be delivered within a “reasonable time.” § 2-309(1).

E. Time for Payment: Unless otherwise agreed, payment is due at the time and place at which the buyer is to receive the goods, even though the place of delivery may be elsewhere. § 2-310(a).

II. Open Price Term: Parties can conclude an enforceable contract despite not agreeing on price, provided that they intend to be bound despite the absence of a fixed price term. §§ 2-204(3) & 2-305(1).

A. The price will be a reasonable price (e.g., the “market” price) at the time of delivery if

1. the contract is silent as to price,

2. the parties fail to later agree as they had agreed to do, or

3. the third-party basis the parties agreed to fails. § 2-305(1).
B. A party empowered to set price must do so in **good faith.** § 2-305(2).

C. When the price is to be set other than by agreement, an innocent party may cancel the contract or set a reasonable price if the other party is at fault for the agreed price’s failure to manifest. § 2-305(3).

III. **Open Quantity Term**

A. While Article 2 generally insists that the parties agree on a particular quantity of goods, parties can form an enforceable contract without agreeing on quantity in one of two ways sanctioned by § 2-306(1):

1. **Output Contract:** An agreement whereby the buyer agrees to purchase all of the seller’s output of a good (sometimes limited by the contract to the output of one or more of the seller’s facilities); or

2. **Requirements Contract:** An agreement whereby the buyer agrees to purchase from the seller all of a good that the buyer needs (again, sometimes limited by contract to the needs of one or more of the buyer’s facilities).

B. **Limitations on Output/Requirements Contracts**

1. **Good Faith:** Output/requirements means “such actual output or requirements as may occur in good faith” § 2-306(1) (emphasis added).

2. **Proportionality:** Actual, good faith output/requirements cannot be unreasonably disproportionate

   a. to any **stated estimate** in the contract or,

   b. in the absence of a stated estimate, to any “normal or otherwise comparable **prior output.**” *Id.*