Esquire Radio & Electronics Essay, Research Paper

Abstract

Esquire Radio & Electronics, the plaintiff, has filed a law suit against Montgomery Ward, seeking damages for a breach of contract.

Esquire alleged that Montgomery Ward supplied them with spare parts with a promise that they would buy back any excess

The contract with ward was not a traditional contract, rather it was a promise to buy back the excess inventory. On many occasions Ward has forced Esquire to increase their inventory against their better judgement, Ward assured them that they would buy back the excess inventory.

Esquire Radio V. Montgomery Ward

Esquire Radio V. Montgomery Ward, 804 F.2d 787 (2nd Cir.1986)

Plaintiff and Defendant

Esquire Radio & Electronics, the plaintiff, has filed a law suit against Montgomery Ward, seeking damages for a breach of contract.

Facts

Esquire Radio and Electronics has sued Montgomery Ward for a breach of contract (Promissory Estoppel). Esquire alleged that Montgomery Ward supplied them with spare parts with a promise that they would buy back any excess inventory. Ward terminated the contract with Esquire Radio and refused to buy back the spare parts inventory.

The contract with ward was not a traditional contract, rather it was a promise to buy back the excess inventory. On many occasions Ward has forced Esquire to increase their inventory against their better judgement, Ward assured them that they would buy back the excess inventory. There was clear and unambiguous promises made by Ward to Esquire that they should not worry about the accumulating inventory of spare parts. Evidence further showed that Fisher, a wards manager assured Esquire that Ward would purchase their excess spare parts inventory. Esquire should consider the excess inventory on wards account, so said Fisher. Ward literally encouraged Esquire to purchase excess spare parts inventory.

Trial Court

The trial court ruled in favor of Esquire Radio. The court ruled that ward was obligated to purchase the excess inventory even though there was no contract. The promises were sufficient to satisfy the law of Promissory Estoppel.

Appeals court.

Montgomery Ward appealed the verdict but was over ruled and the verdict was upheld. The court ruled that there was sufficient evidence that Ward made the promise to purchase the excess inventory.

Promissory Estoppel in NY states that in the absent of a written contract, a promise or an implied agreement is sufficient to hold the company responsible.

Who Wins

Esquire Radio won and was awarded 2.3 million dollars the cost of the spare parts inventory.

Questions

1. Promissory Estoppel in NY states that in the absent of a written contract, a promise or an implied agreement is sufficient to hold the company responsible.

2. Montgomery wards actions on the following points led to the court’s decision.

a. The court believes that Promissory Estoppel was met.

b. Ward urged Esquire to accumulate excessive inventory

c. Ward promised to purchase the spare parts inventory

d. Ward stated that they will buy the excess inventory so they should buy more inspite of their reluctance to do so.

3. Yes, I believe there was implied in facts contract in this situation.

Bibliography

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