

# Commercial Law Outline

## Part I: UCC

### I. Introduction

#### A. Scope

1. UCC is a statute (approved by state legislature), therefore, if applicable, it MUST be starting point.
2. 2-102: Article 2 applies to transactions in goods
3. 2-105: Goods defined- All things which are movable at the time of identification to the K for sale
  - a. 2-107: Goods to be severed from realty: recording must be severed by SELLER to fall under Article 2, if severed by buyer it resembles a license which is effective as a K for sale
  - b. When both goods & services are part of K, the test for applicability of UCC is:
    - 1) What is the Predominant thrust of K?
      - a) Courts usually prefer service over sale of goods in question of UCC or not
4. Article 2 applies to ALL sales of goods. However, different provisions apply depending on whether the seller/buyer is a merchant or not
  - a. 2-104(1): Defines "merchant"
    - 1) Merchant dealer
    - 2) Merchant knower (knowledge qualifies)
    - 3) Merchant hirer (employs broker, etc...)
  - b. An individual sale is insufficient to qualify a party as a merchant
  - c. Courts split as to whether farmers are merchants (Mid-west courts usually hold no) depends on interpretation of notes accompanying 2-104
5. Article 2A: Leases
  - a. 1-201(37): Lease v. Security Interest (sale on credit disguised as a lease)
    - 1) Some bright line indicators as to whether transaction may be a lease or secured transaction
      - a) At the conclusion of the original term of the lease period, the lessee becomes the owner for little or no consideration = secured transaction
      - b) Right of termination= lease
      - c) Lease = entire economic life of goods, with or w/o renewal= secured transaction

### II. Statute of Frauds

#### A. Scope

1. Under the UCC it applies to the sale of goods greater than \$500