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Bell owns and operates a nationwide chain of fast-food Mexican restaurants. Pollak and Alfaro expressed interest in the Psycho Chihuahua character for Taco Bell advertisements because they thought his character would appeal to Taco Bell's core consumers, males ages 18 to 24. Pollak and Alfaro obtained some Psycho Chihuahua materials to take back with them to Taco Bell's headquarters.
Later, Alfaro contacted Rinks and asked him to create art boards combining Psycho Chihuahua with the Taco Bell name and image. Rinks and Shields prepared art boards and sent them to Alfaro, along with Psycho Chihuahua T-shirts, hats, and stickers. Rinks suggested to Alfaro that Taco Bell should use a live Chihuahua dog manipulated by computer graphic imaging that had the personality of Psycho Chihuahua and a love for Taco Bell food. Rinks and Shields gave a formal presentation of their concept of using an animated dog to Taco Bell's marketing department. Taco Bell would not enter into an express contract with Wrench LLC, Rinks, or Shields.

Just after Rinks and Shields's presentation, Taco Bell hired a new outside advertising agency, Chiat/Day. Taco Bell gave Chiat/Day materials received from Rinks and Shields regarding Psycho Chihuahua. Three months later, Chiat/Day proposed using a Chihuahua in Taco Bell commercials. Taco Bell aired its Chihuahua commercials in the United States, and they became an instant success and the basis of its advertising. Chiat/Day says that it conceived the advertising idea by itself. Taco Bell paid nothing to Wrench LLC or to Rinks and Shields. Plaintiffs Wrench LLC, Rinks, and Shields sued defendant Taco Bell to recover damages for breach of an implied-in-fact contract.

A federal court jury found that an implied-in-fact contract existed and that Taco Bell stole the plaintiffs' idea for the commercial. The jury ordered Taco Bell to pay $42 million in damages to the plaintiffs. *Wrench LLC v. Taco Bell Corporation*, 256 F.3d 446, 2001 U.S. App. Lexis 15097 (United States Court of Appeals for the Sixth Circuit, 2001)

Ethics Questions

Did Taco Bell act ethically in this case? Did Chiat/Day act ethically in this case?

## Implied-in-Law Contract (Quasi Contract)

The equitable doctrine of **implied-in-law contract**, also called **quasi contract**, allows a court to award monetary damages to a plaintiff for providing work or services to a defendant even though no actual contract existed between the parties. Recovery is generally based on the reasonable value of the services received by the defendant.

***implied-in-law contract (quasi contract)***
An equitable doctrine whereby a court may award monetary damages to a plaintiff for providing work or services to a defendant even though no actual contract existed. The doctrine is intended to prevent unjust enrichment and unjust detriment.

The doctrine of quasi contract is intended to prevent *unjust enrichment* and *unjust detriment*. It does not apply where there is an enforceable contract between the parties. A quasi contract is imposed where (1) one person confers a benefit on another, who retains the benefit, and (2) it would be unjust not to require that person to pay for the benefit received.

**Example**

Heather is driving her automobile when she is involved in a serious accident in which she is knocked unconscious. She is rushed to Metropolitan Hospital, where the doctors and other staff members perform the necessary medical procedures to save her life. Heather comes out of her coma and, after recovering, is released from the hospital. Subsequently, Metropolitan Hospital sends Heather a bill for its services. The charges are reasonable. Under the doctrine of quasi contract, Heather is responsible for any charges that are not covered by her insurance.

# Agreement

Agreement is the manifestation by two or more persons of the substance of a traditional or e-contract. It requires an *offer* and an *acceptance*. Often, prior to entering into a contract, the parties engage in preliminary negotiations about price, time of performance, and such. At some point, one party makes an offer to the other party. The person who makes the offer is called the *offeror*, and the person to whom the offer is made is called the *offeree*. The offer sets forth the terms under which the offeror is willing to enter into the contract. The offeree has the power to create an agreement by accepting the offer.