



# Lex Infitum 2019

## Quarter Final Round

### “Beetle Mania”

#### Gordon Industries vs. Pat Thomas

##### General Information

The island of Sodor is the largest island in a chain of islands in the South Pacific. Sodor is world famous for coffee and coffee is the major export for the island. Pat Thomas is the sole owner of a large coffee plantation on Sodor. Three years ago, Pat noticed that there were some strange bugs in the coffee beans that were harvested on the plantation. Pat hired a local bug expert and found out the bugs were “coffee berry borer beetles.” The beetles were not indigenous to Sodor and had never been discovered there before. When first discovered, it is believed that about ten percent of the coffee plants and beans on Sodor were infested with the beetles.

After doing a lot of research, Pat discovered that there was one main consulting company that helped famers with these types of beetles – Gordon Industries. Over two years ago, Pat entered into a consulting contract with Gordon Industries to get help with the beetle infestation. Gordon Industries is a well-known company with many contacts in the pest control community and they have consulting contracts with large farming plantations all over the world. Gordon Industries has been in business for over 20 years and has a wonderful reputation. The consulting contract was for two years at a cost of \$5,000.00 USD per month and included contract clauses for (1) annual site visits, (2) specialized farming recommendations and (3) access to discount rates for pest control, if needed. The CEO of Gordon Industries is Spencer Gordon. Spencer personally flew to Sodor during the first month of the contract to evaluate the beetle infestation and made four recommendations: (1) each batch of beans should be submerged in water to determine whether or not they are damaged because beans that float either have active bugs or were damaged and have tiny holes in them, (2) every bag that transports beans from the fields has to be burned, along with all the damaged beans, (3) bees should be brought on to the plantation because they are a natural defense against the beetles, (4) Pat should tell the other farmers on Sodor about the beetle infestation and get them to use similar water and burning techniques to prevent the spread of the beetles.

Pat paid the monthly consulting contract bill on time for 18 months in row. Six months ago, Pat tried to contact Spencer to see if the annual site visit could be scheduled. Even though Pat left multiple emails and voicemail messages, no one from Gordon Industries ever contacted him. Pat was concerned because the beetle infestation was not getting any better – in fact it was getting worse! Pat had to fire 50 of the 100 employees that worked on the plantation and was starting to lose profits. Pat stopped sending in the monthly payments, but no one from Gordon Industries contacted Pat or sent a late notice for the missed payments.

Today, every plantation on Sodor has the beetles. Once the beetles are in the coffee beans, the beans cannot be sold. Pat produced about \$10 million USD in revenue each year three years ago. Today, approximately 30% of each bag of harvested coffee beans is thrown away, and the bags have to be burned and then repurchased for each new harvest.

The cost of beekeepers is about \$3,000 a month. Overall, this has resulted in a 60% drop in annual revenue.

A new expert report was released one month ago saying the beetles are nearly impossible to eradicate. The government is recommending all trees and plants that are not being harvested for coffee beans should be cut down and that a natural pesticide spray should be used to kill as many beetles as possible. A new government grant has just been announced that sets aside \$500,000 USD to research new prevention treatments and another \$330,000 USD to control the damage.

Three weeks ago Gordon Industries filed suit against Pat Thomas for breach of contract and failure to pay the final six monthly installment payments required in the Consulting Agreement. Pat filed a counter-claim for breach of contract and lost profits. The parties heard about mediation and decided to try it in an effort to avoid costly litigation. Pat Thomas, accompanied by an external counsel, will represent the plantation. Spencer Gordon, the CEO, will represent Gordon Industries along with their in-house counsel.

