

Legal Environment

Contract 3 Offers Part 2



Learning Objectives

- Quick Review
- Miscellaneous Points on Offers
 - Who is the Offeree?
 - Knowledge of the Offer
 - Rejection of an Offer
 - Cancelling an Offer
 - Lapsing of an Offer

Quick Review

- An **offer** is made by an **offeror** to an **offeree**
- The offeror agrees to do something
- The contract is made when the offeree accepts the offer

Who is the offeree?

An offer can be made to

- A particular person
- A group of people
- The whole world

Who is the offeree? (cont.)

- If the offer is made to a particular person (or group) then only that person (or group) may accept the offer
- Eg: If I offer to sell my car to Jim then only Jim may accept that offer. John cannot accept.

Who is the offeree? (cont.)

- If the offer is made to the whole world then anyone can accept
- We saw an example of this in Carlill v. Carbolic Smoke Ball Company
- Mrs Carlill accepted the offer by her actions
 - She bought and used the medicine

Knowledge of the offer

- You have to know about the offer before you can accept it
- If you find my lost dog and return it without knowing that I had offered to pay £100 to the person who found it, then you cannot later claim the reward when a friend tells you about it

Rejection of Offers

- If the offeree rejects the offer then the offer is dead
- The offeree cannot later try to accept the original offer
- A counter-offer (ie if the offeree tries to change the terms of the offer) also kills the original offer
 - More about this when we look at acceptance

Cancellation of Offers

- The technical term for cancellation of an offer is **revocation**
- An offeror can revoke the offer at any time before it is accepted by the offeree
- Once it is revoked the offer can no longer be accepted by the offeree
- The offeror must make sure that the offeree knows that the offer has been revoked

Cancellation of Offers (cont.)

- The offeror can inform the offeree of the revocation using a reliable third party
- Or the offeree can find out from a reliable third party
- A promise to keep an offer open until a certain time needs to have another contract which has that promise
 - And the offeree must pay something for that

Cancellation of Offers (cont.)

- A **unilateral** contract is one where one person (the offeror) promises something in return for some action by someone else (the offeree)
- Once the offeree has started to do perform the action, the offeror cannot revoke the contract
 - Eg Carlill v. Carbolic Smoke Ball Company
- It would be unfair if the offeror could revoke the contract just before the offeree has completed the required action

Lapse of Offers

- It is not possible to accept an offer once the offer has ended.
- The offer is said to have **lapsed**
- Offers lapse
 - At the end of a specified period
 - After a reasonable time

At the end of a specified period

- The offeror can set a time limit for acceptance in the offer
- The parties can also agree a time limit
- For example, I could offer to sell you my car for £10,000 but you must accept before 2pm on Friday
- After 2pm on Friday the offer will lapse and you will not be able to accept it

After a reasonable time

- If no time limit is set in the offer, then the offer will lapse after a reasonable time
- What is *reasonable* depends on the circumstances of each contract
- If you are the offeree it may be wise not to wait too long to accept
- Or at least check with the offeror if the offer is still open

Summary

- An offer can be made to
 - A particular person
 - A group of people
 - The whole world
- The offeree must know about the offer to be able to accept it
- Rejecting an offer (or making a counter-offer) ends the offer

Summary (cont.)

- Cancelling an offer is known as **revocation**
- The offeror can revoke an offer at any time before acceptance so long as the offeree is told about it
- Unilateral contracts cannot be revoked if the offeree has started to perform the required action

Summary (cont.)

- Contracts **lapse** (ie end)
 - At the end of a specified period
 - After a reasonable time

Reading

- Chapter 5
 - Page 114 section 5.2.2
 - Page 115 sections 5.2.3 and 5.2.4
 - Pages 116-7 section 5.2.5
 - Page 117 section 5.2.6 (first two points)