Offer and Acceptance

By

Trilochan Sharma
What is a contract?

• A contract is an agreement between 2 or more parties that creates a legal obligation
Agreement

• Offer – A promise to do (or not do) something provided the offeree does (or does not do) something in return.

• Acceptance – Act or promise in response to an offer

Offer + Acceptance = Agreement
Requirements of an Offer

1. Contractual intent must be present in the offer.
2. The offer must be communicated to the offeree.
3. Special condition attached to it must also be communicated.
4. The essential terms of the offer must be complete and definite.
Requirements of an Offer:

#1 Contractual Intent Must be Present

- If you make a statement out of anger or terror, then there is no legal offer.
- Ads in the newspaper are often invitations to negotiate, not offers.
- Social agreements, or arrangements between friends to do something, are not offers.
Requirements of an Offer: #2 Offer Must be Communicated to the Offeree

- A person who is not the intended offeree CANNOT accept the offer. In other words, if it wasn’t meant for you, you can’t accept it.
- An public offer for a reward cannot be accepted by someone who did not know about the reward.
Example

D send his servant P to trace his nephew. D announced a reward for providing information about the missing boy. P, in ignorance of the announcement, traced the boy & informed D. P later came to know of the reward & he claimed it. His claim is dismissed on the ground that he was ignorant of the offer.
Requirements of an Offer:
#3 Essential Terms Must be Complete and Definite

- **Complete:**
  - Identity of the item
  - Price
  - Full terms of payment
  - Date for delivery of possession
  - Date for delivery of the deed

- **Definite:**
  - Everything must be specific and clear
  - Cannot say “My car”, must say “My 2007 Jeep”
Other important points

1. Offer may be specific or general
   Specific- made to an individual person
   General – made to the general public or world at large.
2. Offer may be express or implied
   Express – by words spoken or written
   Implied – by way of conduct.
3. An invitation to offer is not an offer.
4. Mode to obtain the assent of other party.
5. Counter offer
6. Cross Offers
CROSS OFFERS

When two parties make identical offers to each other, in ignorance of each other’s offer, such offers are known as cross offer. They shall not constitute acceptance of one’s offer by the other.
Review

- What are the 3 requirements of an offer?
- Difference between an ‘offer’ and ‘invitation to offer’.
Termination of the Offer

- Termination by the Partie
- Termination by Law
Termination by the Parties

• Revocation
  ◦ Methods:
  ◦ By notice
  ◦ By lapse of time within which the offer was to be accepted.
  ◦ By failure to fulfill a condition precedent to acceptance
  ◦ By not accepting prescribed mode

• Rejection

• Counteroffer
Termination by Law

• Time Stated
  ◦ Reasonable length
• Death or Insanity of the parties
• Destruction of the Subject Matter
• Illegality
Acceptance

When the person to whom the proposal is made signifies his assent, it is an acceptance of proposal. An accepted proposal is called a promise or an agreement.
TYPE OF ACCEPTANCE

EXPRESSED

(acceptance by words, spoken or written)
(acceptance by conducts)

IMPLIED

Spoken or written
(treatment of doctor)
Requirements of Acceptance (rules of valid acceptance)

- Must be absolute and unqualified
- It must be communicated
- Accepted within a reasonable time.
- Must be made in the prescribed manner
- Must be made before the time lapses
- Given by the person to whom the offer has been made.
- Silence cannot be a mode of acceptance.
Pankaj told Radhika, ‘I offer you my car for Rs. 50000. If you don’t reply in 10 ten days time, I shall assume that you accept the offer’. Radhika kept silent. Held, there is no contract.
Thank you