

Lalman Shukla V/s Gauri Dutt  
(1918) 11 All L.J. 489

Defendant's nephew has absconded from his home. He sent his servant to trace his missing nephew. When the servant had left, Gauri then announced that anybody who has discovered the missing boy would be given the reward of Rs 501. The servant discovered the missing boy without knowing the reward. When the servant came to know about the reward, he asked for the same from defendant. Defendant refused to give the reward. The servant brought an action against defendant in the court of law to recover the same.

But the court held that when the servant discovered the boy, he was not aware of the reward. Thus the offer was not communicated to him.

Hence he is not liable to get the reward from defendant.

## Powell v/s Lee (1908 24 TLR 606)

The plaintiff Powell applied for the post of headmaster and his application was accepted by the School Board. Before the formal appointment, one of the Board members had informed Powell of the decision which was later rescinded (~~rescinded~~) by the Board. Powell sued the School for breach of contract.

The court held that the acceptance was not communicated by someone authorized by the School Board and thus there was no valid contract.

## Balfour v/s Balfour (1919 2 K.B. 571)

Mr. Balfour is the Defendant and Mrs. Balfour is the Plaintiff. The couple lived in Ceylon (Now Sri Lanka) and visited England on a vacation. The plaintiff remained in England for medical treatment. The defendant has agreed to send her a specific amount of money each month until she could return. The defendant failed to honour the promise. Mrs. Balfour sued for restitution of her conjugal rights (~~वार्द्धक विवाह का अधिकार~~) and for alimony equal to the amount her husband had agreed to send. The lower court entered judgment in favour of the plaintiff and held that the defendant's promise to send money was enforceable. The court held that Mrs. Balfour's consent was sufficient consideration to render the contract enforceable and the defendant appealed. The Higher Court held that the agreement between husband and wife is of social nature and cannot be enforceable by law. Hence Mr. Balfour is not liable for honouring the agreement. By this case law, all social agreements are not enforceable by the law. This judgment is considered a Landmark judgment.

Carlill v/s Carbolic Smoke Ball Co.

[1893 (1) A.B. 256]

The defendant company advertised that a reward of £100 to any person who would suffer from influenza after using the medicine (Smoke balls) made by the company according to the printed directions. In order to show their sincerity, they also deposited £1000 in a Bank for the same purpose. One lady, Mrs. Carlill (the plaintiff), used the medicine according to the printed directions of the company but suffered from influenza. She filed a suit to claim the reward. It was held that she was entitled to claim the reward. The court pointed out that in advertisement cases, an offer may be made to the whole world but it becomes a promise only when it is accepted by an ascertained person.

In the same case it was also argued that there was no contract between the parties because notification of acceptance had not been communicated to the company. But the court rejected this argument and held, in cases where rewards are

offered for information or for the recovery of lost property, notification of acceptance was not necessary.

It was further urged by the company that the offer of the reward of £100 was a casual offer, a mere (~~HTA~~) advertisement and it was thought that no reasonable man took any serious note of it. But the court rejected this contention and pointed out that the statement regarding deposition of £1000 with the Alliance Bank for payment of rewards to those who suffered from influenza even after using the smoke ball according to printed directions for a certain period clearly showed company's "sincerity in the matter".

- The general offer is not an invitation to offer.

The plaintiffs telegraphed to the defendants, writing, "Will you sell us Bumper Hall Pen? Telegraph lowest cash price." The defendants replied, also by a telegram, "Lowest price for Pen, £ 900". The plaintiffs immediately sent their last telegram stating, "We agree to buy Pen for £ 900 asked by you". The defendants, however, refused to sell the plot of land at that price. The court held that the defendants gave only the lowest price and did not express their willingness to sell the plot of the land. The offer was made by plaintiff in his last telegram to the defendant which was never accepted by the defendant.

- This can just be considered as an invitation to offer.

Philip & Co. v/s Kno Blanch [ (1907) S.C. 994 ]

A merchant (the plaintiff) wrote to a firm of oil millers (the defendant), "I am offering today plate linseed for January-February shipment to Littl and have pleasure in quoting you 100 tons at usual plate terms. I shall glad to hear if you will buy and await reply." The oil miller telegraphed the next day: "Accept," and confirmed it by letter. It was held that the letter by the plaintiff has all the characteristics of a valid offer and contract was concluded by the defendant by the telegram. Thus it is an actual offer.

Payne v/s Cave (1789) 3 TR 148

Mr. Cave was made the highest bid for the good in an auction. But then, Mr. Cave changed his mind and he withdrew his bid before the auctioneer brought down his hammer.

It was held that Mr. Cave, the defendant, was not bound to purchase the goods. His bid amounted to an offer which he was entitled to withdraw at any time before the auctioneer signified acceptance by knocking down the hammer.

Canning v/s Farquhar (1998) 16 A.B.D. 727

Canning filled "Proposal form" and applied for life assurance with the company. The company wrote that the proposal is accepted and told Canning that no insurance contract take place until the first premium was paid. Before the premium was paid, Canning fell over a cliff (~~water~~) and died. The company refused to accept the premium from Canning's agent. The court held that the so-called proposal was initial negotiation, while acceptance by the insurance company was the actual offer. Which was not accepted by Canning by paying the premium. Hence the company was under no obligation to pay the sum insured because the risk had substantially changed between the time of the original proposal and the tendering of the premium.

Mohamed Sultan Vs Clive Insurance Co. 56 All. 726

The plaintiff entered into a contract of insurance against theft of his goods and furniture. He signed the proposal and paid the premium for the year. The insurance company acknowledged the receipt of premium and informed to the plaintiff than within 30 days policy shall be issued. Actually, no policy was issued. There was a theft in plaintiff's house within one year from taking the policy. The insurance company rejected the claim of compensation from the plaintiff. Court held that the contract is complete and the insurance company is liable for paying the compensation.