Default or fraud

Do you believe that by drinking 16 million bottles of Pepsi, you have a chance to drive home a $32 million fighter jet? This seemingly quixotic propaganda is exactly the advertising strategy of Pepsi. A young man from Seattle who named John Leonard believed the content of advertisement and started trying his best to accumulate 7 million points.

Leonard spent a total of $700,000 to raise 7 million Pepsi points for getting the fighter jet in the advertisement. After that, he submitted an order to Pepsi to redeem the fighter aircraft, but Pepsi declined the request and explained that the fighter aircraft were not included in the catalog or order. According to Pepsi ,only catalog items could be redeemed. The fighter is only to make humorous and funny effect. However,for Leonard, he definitely could not accept the result. Therefore, he began a three-year legal process.

The case involves two central questions: Did Pepsi's advertising constitute a valid contract? Did Pepsi's actions violate fraud laws?

First lawsuit: In 1996, Pepsi filed a lawsuit in the District Court for the Southern District of New York for seeking a declaratory judgment declaring that Pepsi was not obligated to provide Leonard with a Harrier jet. Second lawsuit: Leonard filed a lawsuit in a Florida state court, which dismissed the declaratory judgment lawsuit for lack of personal jurisdiction, but Leonard was required to reimburse Pepsi for legal fees.

Our team will focus on the third lawsuit today. In 1999, Leonard appealed to the Second Circuit Court, which reheard the case. In this trial, plaintiff Leonard argued that the AD constituted a serious and formal contract and that Pepsi should supply the fighter jets. The defendant, Pepsi, argued that the advertisement did not constitute the contract as he said and that the fighter was merely a humorous joke.

Okay,Let's take a look at the legal reasoning, legal basis and legal decision of the American judge on this case.

1.The advertisement does not constitute an offer and the plaintiff and the defendant have not entered into a contract.

The AD itself was not clear enough to mention the specific steps that needed to be taken to acquire the Harrier jet. According to previous legal cases, an advertisement can constitute an offer only if it is clear and does not leave any room for negotiation. The advertisement does not constitute an offer to sell, but merely an invitation to the customer to make an offer to purchase. Us Contract Law: One party must make an offer and must state the terms it wants the other party to agree to. If the other party agrees to the terms of the offer and accepts the terms, it will constitute a contract. In this case, the plaintiff accumulated points and made an exchange offer to Pepsi, but Pepsi did not agree to the terms of the offer, so the plaintiff and the defendant did not constitute a contract.

2. Reasonable person would never believe this advertisement

Do you think it's possible to exchange $700,000 worth of Pepsi points for $33.8 million worth of non-salable U.S. fighter jets? Would a soft drinks company give away fighter jets as part of a promotion? Would the government let a young man fly a fighter jet in a residential area? As an objective and rational person, I reject all the above questions. The judge said any reasonable person would have thought the jet in the AD was a joke and would not have acted on it.

Based on legal reasoning and legal grounds, the judge judged that Pepsi did not have to provide Leonard with fighter jets, but would have to pay Leonard $700,000 for the credits.

The U.S. Fraud Act requires certain types of contracts to be in writing and signed by both parties. In this case, there was no form of a written contract, so it did not constitute a breach of contract. Second, none of the materials relied on by the plaintiff met either threshold. The advertisement is not written; The order form completed by the plaintiff does not have the signature of the defendant or its agent; Since the alleged contract did not meet the requirements of the Fraud Act, the plaintiff did not have a claim for breach of contract or specific performance, nor did it constitute fraud. And our group's own thinking is that this case does not constitute a breach of contract, but it constitutes fraud. Here's how we understand fraud: 1. Misrepresentation: Whether the description, claim or promise in the advertisement is false. 2. Intentional: Whether the publisher intentionally leads consumers to misunderstanding, not just improper design or expression. 3. Misleading consumers: Whether the advertisement has a misleading or deceptive influence on consumers' decision-making.So we came to the conclusion that this case was only fraud and not a breach of contract.

And The soot ball case mentioned in class has similarities to this case, but it has a completely different ending.We can draw an analogy between these two cases. The Carbolic Somke Ball advertisement is clear, unambiguous, and leaves no room for negotiation. The advertisement clearly indicates the restrictive conditions that give the offer an element of certainty, as long as the purchase is made and used three times a day for two weeks in accordance with the instructions for use, that is, a contract is signed with the company. The company also deposited £1,000 in the Union Bank, indicating that it was bound by the law. Therefore, the advertisement of the Carbolic Somke Ball constitutes a contract, and any executor can enjoy the benefits mentioned. Rationally speaking, just buy and use the soot ball three times a day for two weeks according to the instructions for use and still get the flu to get £100, this advertisement is more realistic. The company also deposited £1,000 intro Union Bank on Regent Street, showing its sincerity about the matter and that the advertisement was not a joke.That's why the Carbolic Somke ball case was successful.