

# Contract Law (I)

## Part 2: The Australian Legal Environment for Business

Unit 4: Week 5 Tutorial

### Learning Objectives

At the end of this tutorial, you should be able to:

- Define contract.
- Distinguish between a simple and a formal contract.
- Distinguish between a unilateral and a bilateral contract.
- Explain and apply the rules as to offer and acceptance.
- Apply the IPAC method to resolve a legal problem.
- Develop critical thinking and collaboration skills through group work and presentations.

Before this tutorial, you should have:

- Attended Unit 4 lecture
- Read the assigned *Readings*
- Completed the *Tutorial Questions*
- Read the *In-Class Collaboration and Presentations* questions

**During** this tutorial, you will:

- Demonstrate an understanding of the topic in the unit
- Participate in tutorial activities by:
  - Contributing to group discussions
  - Asking questions
  - Listening actively
  - Working collaboratively with other students
- Complete the *In-Class Collaboration and Presentations* activity

**After** this tutorial, you should:

- Consider attending one of the scheduled consultations and attempt to resolve any questions that you have as soon as possible.



# Readings

## What is a Contract?

Understanding contracts is basic to understanding business, because there would be no business without contracts. Contract law is about the enforcement of promises. A valid contract is an agreement containing a promise or a set of promises made between two or more parties with an intention of creating certain legal rights and obligations that are legally enforceable. In this context, a promise is an undertaking by one person to do something or refrain from doing something. A promise or set of promises will be legally binding if certain criteria are met. In Australia, this requires that there be an agreement (comprising an offer and acceptance), consideration, and intention to create legal relations. Further there must be compliance with any legal formalities and that the parties have the legal capacity to contract – these are not covered in this course.

## Making a valid contract

A contract is an agreement containing promises which the law will enforce. The person who makes the promise is the promisor.

- The person who the promise is made to is the promisee.
- The promise might be to do something, to refrain from doing something, or to pay for something.

There are prerequisites to turn an agreement into a legally enforceable (simple) contract. In the absence of one or more of these elements, the agreement between the parties will not constitute a contract and will not be enforced by the courts. These elements are:

- **Agreement.** Is there an **offer** – which has been accepted (**acceptance**)?
- **Intention to create legal relations.** Do the parties intend to be legally bound? (See Unit 5)
- **Consideration.** Is one promise paid for by ‘something for something’, or is it a one-sided promise which is not a legally enforceable agreement or contract? (See Unit 5)

Where these elements are present, a contract exists. To make sure that the contract is valid, the following things remain to be considered: legal capacity of the parties to enter into a contractual relationship; genuine consent between the parties; and legality of the objects or the purpose of the contract.

A contract may be inferred from the acts and conduct of parties as well as or in the absence of their words. The conduct of the parties – what they said, meant and did – must be examined to ascertain if there was a ‘meeting of the minds’.

A contract may be:

- a **simple contract**. This is an ordinary, straightforward contract – no particular formalities are needed, and the evidence of the contract is oral or written. This is the focus of this course.
- a **formal contract**. A formal contract is signed, sealed and delivered in a deed, not necessarily with mutual promises (consideration).
- a **bilateral contract**. This type of contract involves a promise in return for a promise, where the exchange of promises creates the contract. For example: “I will pay you if you wash my car” and the other person says “Okay”. Consideration in a bilateral contract is executory (See Unit 5).
- a **unilateral contract**. This type of contract involves a promise which is accepted by doing something. For example: “\$500 reward to anyone who finds and return my lost dog.” Performing the required act (i.e. finds and return lost dog) creates a unilateral contract. Consideration in a unilateral contract is executed (See Unit 5). The contract formed between Mrs Carlill and the Carbolic Smoke Ball Co. in *Carlill v Carbolic Smoke Ball Co.* [1893] 1 QB 256 is an example of a unilateral contract (See below).

This unit deals with the rules relating to offer and acceptance, which together constitute agreement. Without agreement there is no ‘meeting of the minds’. There will be no unity of intent, and the individuals will be at cross purposes. The next unit will deal with the issues of intention to create legal relations and consideration.

## Agreement

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What constitutes a legally enforceable agreement? An agreement may not be legally enforceable as a contract but a contract is always based on an agreement. There must be an exact correlation between the two sides of the agreement – that is, the parties must have consensus in that they have the same thing in mind. The rules of offer and acceptance are essential in determining whether an agreement exists – whether an offer was made by one party (the offeror) which was accepted by the other party (the offeree).

An agreement may be preliminary and very general – many of the details may not yet be worked out. There must be evidence of a real ‘meeting of minds’ with objective evidence.

## Offer

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An offer is an undertaking by the offeror made with the intention that it will bind the offeror as soon as it is accepted by the offeree (the person who it is addressed to).

An offer is a proposition which will become an agreement if it is accepted – an agreement becomes a contract when other prerequisites are fulfilled.

Fundamental rules on offer:

- An offer must be distinguished from an invitation to treat.
- An offer can be made to a specific person or persons, or to a class of persons, or to the whole world.
- An offer must be communicated.
- An offer can be terminated.
- An offer can be revoked at any time before acceptance.



At times, the concept of an offer during contract negotiations can be less straightforward than it appears. It can be challenging to ascertain whether a statement from one party qualifies as an offer or simply serves as a provision of information in response to a request.

### ***Harvey v Facey [1893] AC 552***

#### **Facts**

The case involved a dispute over a property called Bumper Hall Pen. The property was owned by Facey. Harvey wanted to buy it. Harvey telegraphed Facey: 'Will you sell us Bumper Hall Pen? Telegraph lowest price.' Facey replied: 'Lowest cash price for Bumper Hall Pen, £900.' Harvey responded: 'We agree to buy Bumper Hall Pen for the sum of £900 asked by you.' Facey did not reply and refused to proceed with the sale, and Harvey sued for breach of contract. Harvey argued that Facey's reply constituted an offer, which Harvey had then accepted.

#### **Decision**

Facey was merely supplying information as requested. There was no intention to make an offer. In fact, the only offer was made by Harvey. As such, there was no agreement between the parties.

## **Offers must be distinguished from invitations to treat**

### ***Shop Displays: Shop Windows or Shelves***

### ***Pharmaceutical Society of Great Britain v Boots Cash Chemists (Southern) Ltd [1953] 1 QB 401***

#### **Facts**

It was a legal requirement that certain drugs and medicines could be sold only under the supervision of a registered pharmacist. Boots Cash Chemists (Southern) Ltd had introduced self-service stores where the cash desks were supervised by such a person. Therefore an offence was committed if any sale contract relating to these drugs and medicines was formed before the customer reached the cash desk, e.g. if the sale contract was formed when the goods were removed from the shelves, since there was no supervision at that point.

In the pharmacy, customers would pick up their drugs and proceed to an exit supervised by a registered pharmacist. Boots was prosecuted for selling the poisons without the sale being properly supervised as required by the statute. If the goods on display were an offer, then the customer, by selecting the items from the shelves, accepted the offer and would not be able to return the goods to the shelf since the contract had been concluded there and then.

#### **Decision**

The court held that in these circumstances, no offence had been committed. The display of goods on display constituted an invitation to treat and not an offer of the goods for sale. An offer does not occur until the customer presents the goods to the cashier at the cash desk, where the cashier accepted or rejected the offer to purchase on behalf of the shopkeeper. The transaction at the cash desk was supervised by a registered pharmacist, so Boots was not guilty of contravening the Act. A contract was not formed by merely having the customer remove the goods from the shelf. The acceptance (on behalf of the shopkeeper) would appear to be the cashier's act of 'acceding to the sale, constituted by 'accepting the price'. This is to achieve the objective of preserving the shopkeeper's freedom of contract (i.e. controlling acceptance), the court considered that the offer to buy must come from the customer. Accordingly, the offer could not be the shopkeeper's display of the goods.

## **Advertisements, Brochures, Catalogues and Price Lists**

The general rule is that brochures, circulars, catalogues and advertisements setting out price lists or promoting the sale of products are seen as invitations to treat.

Advertisements are usually invitations to treat – those who reply make an offer which you can accept or reject.

### ***Partridge v Crittenden [1968] 1 WLR 1204***

#### **Facts**

Partridge published a classified advertisement where he indicated he had rare wild birds but the advertisement itself did not make any offer for the sale of the birds. A person saw the advertisement and sent a request (with a cheque) for a bird that Partridge provided in a box.

However, it was an offence to offer for sale this rare species of wild birds and Partridge was convicted.

#### **Decision**

On appeal, the court decided that the advertisement in question constituted in law an invitation to treat and not an offer to sell.

The conclusion in *Partridge v Crittenden* makes 'business sense' because construing such an advertisement as an offer would mean that the seller might find himself or herself unable to supply all those who replied to the advertisement (the limited stocks' argument).

The same principle was applied for catalogues in *Grainger and Sons v Gough [1896] AC 325*, when it was ruled that posting catalogues of items for sale to people did not constitute an offer since there was insufficient detail.

### ***Grainger and Sons v Gough [1896] AC 325***

#### **Facts**

Grainger and Sons, a wine merchant, distributed a catalogue with a price list for its products. Gough placed an order based on this catalogue. When the wine merchant refused to fulfill the order, Gough claimed that a contract had been formed.

#### **Decision**

The price list was an invitation to treat, not an offer. This meant that the wine merchant was not obligated to supply the wine at the listed price. The rationale was that treating the price list as an offer would imply that the defendant had to supply an unlimited quantity of wine at the specified price, which was unreasonable.

## ***The exception: Where the advertisement is unilateral***

A **unilateral contract** – or the so-called 'if' or 'reward' contract – is a contract where one party (the promisor) binds itself to perform a stated promise upon performance of the requested act or condition by the promisee. However, the promisee gives no commitment (and is actually free to choose) to perform the act or condition.

If a reward is advertised for the performance of a specified act, such as supplying information (See also *R v Clarke* (1927) 40 CLR 227), that advertisement will constitute a unilateral offer, assuming that the language is clear. The acceptance of such an offer is the performance of that act, and it cannot be accepted by making a promise (which is the position in the case of **bilateral contracts**, such as simple sale of goods contracts).

The advertisements that come under the category of unilateral contracts are considered as offers rather than invitations to treat. However, if such an advertisement is to constitute an offer, it must be clear and definite in its terms and leave nothing open for negotiation.

### Offers to the 'world at large'

An offer can be made to a specific person or persons, or to a class of persons, or to the whole world. It may only be accepted by those who it was intended for. It can only be accepted by those who received the offer.

An offer may be made to the whole world at large, and a separate contract is made with each person (the offeree), who accepts by performing acts that are consistent with the terms of the offer. A binding contract comes into existence at the time the offeree undertakes the act of performance.

#### **Carllill v Carbolic Smoke Ball Co. [1893] 1 QB 256**

##### Facts

The defendant, Carbolic Smoke Ball Co. produced the 'Carbolic Smoke Ball' designed to prevent users contracting influenza or similar illnesses.

The company placed an advertisement in which it promised to pay £100 to any person catching influenza after using its smoke ball remedy three times a day for two weeks. The advertisement stated that £1,000 had been placed in a separate bank account in order to meet any claims made.



*"100 pounds reward will be paid by the Carbolic Smoke Ball Company to any person who contracts the increasing epidemic influenza, colds, or any disease caused by taking cold, after having used the ball three times daily for two weeks according to the printed directions supplied with each ball. 1,000 pounds is deposited with the Alliance Bank, Regent Street, showing our sincerity in the matter".*

After seeing this advertisement Mrs Carlill bought one of the smoke balls and used it in the required manner. She subsequently caught influenza and claimed the £100 reward. The company refused to pay. Mrs Carlill sued for the reward.

##### Decision

The Court of Appeal held that the advertisement constituted an offer to the 'world at large' since it requested performance of an act as the acceptance (using the smoke ball as directed and catching influenza). In addition, the Court of Appeal treated the deposit of money as an indication of a willingness to be bound by the terms of the advertisement, thereby confirming the intention to be legally bound. It followed that the £100 was payable to Mrs Carlill.

## Analysis of the Carbolic Smoke Ball case

Elements of a valid contract	Arguments of the Carbolic Smoke Ball Co.	What the court said
Offer	The advertisement was not an offer. The language was too vague. It was an invitation to treat and hence not capable of acceptance.	Newspaper advertisements are generally invitations to treat. However, the advertisement was an offer because its terms in advertisement were clear and definite.
	If it was an offer, there was no specific offer to Mrs Carlill.	The company (offeror) had made an offer to the 'world at large' and any member of the public (including Mrs Carlill) could respond to the offer.
Acceptance	If it was an offer, there was no acceptance by Mrs Carlill.	Mrs Carlill (offeree) accepted the offer by using the smoke ball in the required manner.
	There was no communication of acceptance. There needs to be communication of intention to accept an offer.	<p>Although as a general rule communication of acceptance is required, the offeror may dispense with the need for such notification. It was determined in this case that the offeror had done so.</p> <p>Here, the offeree (Mrs Carlill) did not need to communicate an intention to accept; rather acceptance occurred through performance of the requested acts (in this case, using the smoke ball as directed). This was a unilateral contract. The offeree does not have to communicate acceptance.</p>
Intention to create legal relations  (See Unit 5)	There was no intention to enter into a legally binding agreement. The advertisement was mere sales puff.	<p>The company had intention to create legal relations because:</p> <ul style="list-style-type: none"> <li>• this was not mere sales puff (shown by the statement that the company had deposited £1,000 to indicate its sincerity)</li> <li>• it was a commercial transaction and intention was presumed</li> </ul>
Consideration  (See Unit 5)	There was no consideration from Mrs Carlill. If there was a contract, the terms would enable someone who stole and used the balls to claim the reward.	There was consideration; the inconvenience suffered by Mrs Carlill in using the smokeball as directed was sufficient consideration. In addition, the Carbolic Smoke Ball received a benefit in having people use the smoke ball.

## An offer must be communicated

Unless the offeror's offer is communicated to the offeree, there can be no acceptance by the offeree to form a contract. Doing something without knowing of an offer is not acceptance, because the parties acting independently do not have any agreement – this connects to the acceptance rule that acceptance must be in reliance on the offer (See *R v Clarke* (1927) 40 CLR 227).

Acceptance of an unauthorised communication of an offer cannot give rise to a contract.

## Termination of offer

An offer can be ended (terminated) by various means to prevent acceptance by the offeree:

- revocation
- lapse of time, or
- death.

## Revocation of an offer

The offeror can revoke or withdraw the offer at any point before acceptance. Revocation or withdrawal of an offer must be communicated to the offeree before the offeree has accepted the offer. The offeror does not necessarily have to inform the offeree of the revocation of the offer. The revocation can be brought to the attention of the offeree by a reasonably reliable source. What amounts to a reasonably reliable source will depend on the circumstances of the case. It is immaterial how or from whom the offeree becomes aware of it. Once the revocation comes to the offeree's attention, the offer terminates.

## Acceptance of an Offer

Once an offer is made, it can be either accepted or rejected. When an offer is accepted, there is an agreement – and this agreement may become a contract if the other prerequisites for a contract are fulfilled.

Fundamental rules on acceptance:

- Acceptance must be made in response to the offer
- Acceptance must be absolute and unqualified.
- A counter-offer is a rejection of an offer.
- Acceptance must be clear and certain.
- Acceptance must be communicated to the offeror.
- The offeror may prescribe the method of acceptance.



## Acceptance must be made in response to the offer

A person claiming to accept an offer must know that the offer exists. For example: If B has found A's dog and returns it out of kindness, and if B later learns of a reward offered for the dog, B cannot then claim the reward.

### **R v Clarke [1927] HCA 47**

#### **Facts**

REWARD! The government of Western Australia offered a reward: '£1,000 for such information as shall lead to the arrest and conviction of the person or persons who committed the murders' of an inspector and a sergeant of police.

The notice also provided for a free pardon to any accomplice – so long as the accomplice was not the person who actually committed the murders – who would give the information.

X and Clarke were arrested and charged with the murders but shortly afterwards Clarke gave information which led to the arrest of Y. X and Y were convicted.

Clarke was aware of a reward offered by the Western Australian Government but in the circumstances of his arrest Clarke was acting to secure his own release and not in response to the offer of reward. At the time of providing information, Clarke formed no intention with regard to the reward. Clarke was then released and claimed the government reward of £1,000 for the information.

#### **Decision**

There was agreement. Clarke was unsuccessful in claiming the reward after his release on the basis that he gave the information to clear himself of murder and not in reliance upon the reward. Clarke had seen the offer, indeed; but it was not present to his mind – he gave no consideration to it, in his intense excitement as to his own danger. There cannot be assent without knowledge of the offer; and ignorance of the offer is the same thing whether it is due to never hearing of it or to forgetting it after hearing.

If a contract had been made in the above situation – a promise being accepted by the performing of an act – it would be a unilateral contract, as opposed to a bilateral contract (a promise for a promise).

## Acceptance must be absolute and unqualified

To make sure there is a 'meeting of minds' to create a contract, the acceptance of an offer must be absolute and unqualified with nothing further to be negotiated between the parties.

An 'acceptance' which introduces new terms or contradicts the terms of the offer is not valid acceptance – this may be a counter-offer, which rejects the offer.

## A counter-offer is a rejection of an offer

An offeree can accept an offer or reject it. Rejection can be quite straightforward, as when the offeree indicates clearly that he or she is not accepting the offer. Yet rejection of an offer may not be done in such an obvious manner. Rejection may occur in the making of a counter-offer. A counter-offer occurs when the offeree puts an alternative proposition to the offeror. This contradicts the terms of the original offer, and destroys the terms of the original offer. The effect of a counter-offer is the rejection of the original offer.

For example, a second-hand car dealer offers to sell a car to a customer for \$15,000, and the customer responds by saying that she would be prepared to buy the car for \$14,000. A counter-offer of this kind can be seen in the following case.

### **Hyde v Wrench (1840) 3 Beav 334**

#### **Facts**

Wrench offered to sell his farm to Hyde for £1,000. The plaintiff Hyde replied, offering £950, which Wrench refused. Hyde then agreed to pay the former amount of £1,000. Wrench did not reply and subsequently refused to transfer the farm to Hyde. Wrench had at no stage withdrawn his offer to sell for £1000.

The defendant, although he had not withdrawn his offer at that stage, neither assented to nor rejected this proposal, but he subsequently refused to go through with the sale. The plaintiff sued.

#### **Decision**

The court held that Wrench was under no obligation to sell. Hyde had rejected the offer of Wrench with a counter-offer and could therefore not revive the offer of Wrench by attempting to accept it. Hyde's final communication was an offer to buy for £1,000 and this had never been accepted by Wrench.

This does not mean that any communication back to the offeror will operate as a counter-offer to destroy the offer because a request for further information – or to clarify terms – is not a counter-offer.

A counter-offer does not have to be as explicit as the one in *Hyde v Wrench*. Any change in the terms of the offer can constitute a counter-offer. If the offeree tries to accept the offer with additional terms – the offeree destroys the original offer.

#### **Acceptance must be clear and certain**

The parties must be definite about the exact terms of their contract, and if the terms are not clear and not certain there is no contract. If terms are still being negotiated, the agreement has not yet become a contract.

There is no contract because the parties were still at the negotiation stage.

#### **Acceptance must be communicated to the offeror**

If acceptance is not communicated to the offeror, there is no contract – unless the offeror has not required (waived) the need for communication expressly or by implication.

For example, if acceptance is to take place by performance of the required act – acceptance takes place by conduct.

However, unless the need for communication has been waived, acceptance by silence is no acceptance. If the need to communicate has not been waived there must be communication of acceptance to the offeror. Rumours of acceptance is not acceptance.



The communication necessary to make up a valid acceptance may be express (correspondence, meeting, discussion, etc) or it may be inferred by the conduct of the offeree. A contract can come into existence by conduct so long as the conduct shows that a contract has been made and what its terms are. This may be reinforced by the commercial context and the surrounding circumstances:

A contract can come into existence by conduct so long as the conduct shows that a contract has been made and what its terms are. This may be reinforced by the commercial context and the surrounding circumstances:

- In the *Carbolic Smoke Ball* case, the offeror eliminated the requirement for acceptance to be communicated, as the offer was made public through a newspaper advertisement.
- A contract made by a promise being accepted by the performing of an act is a unilateral contract, as opposed to a bilateral contract (which involves a promise for a promise).
- Later conduct and later correspondence may show that a contract was entered into by conduct.

### **The offeror may prescribe the method of acceptance**

The offer may set out the method of acceptance. If so, acceptance must comply with the requirements in the offer before an agreement is completed.

There is a presumption that, if no method of acceptance is prescribed, acceptance is to be in the same form as the offer. An offer in one form (e.g. by email) creates the presumption that an equally prompt reply is required, and that later acceptance by post may fail because it does not comply with the offer.

If the offeror states that acceptance must be in a certain form and that no other method of acceptance (verbal or written) would be valid, non-compliance with the exact method would be failure of acceptance.

Where the communication between the parties is instantaneous (such as person-to-person or telephone or email), acceptance must be received by the offeror to conclude the agreement.

### **References**

Chew, C 2014, *Business Law Guidebook*, OUP, Melbourne, Australia.

Ciro, T, Goldwasser, V & Reeta V 2014, *Law and Business*, Oxford University Press, South Melbourne, Victoria, Australia.

Latimer, P 2016, *Australian Business Law 2016*, CCH Australia, Sydney, NSW, Australia.





## Tutorial Questions

Students must complete the following questions before coming to class

### Terms and Concepts

The following terms and concepts must be understood in the context of the tutorial.

Provide written explanations of these terms and concepts in the space provided.

Terms/Concepts	Explanation
Contract	
Offer	
Rejection of offer	
Revocation of offer	
Invitation to treat	
Acceptance	
Agreement	
Counter-offer	
Unilateral contract	
Bilateral contract	



## Rules as to Offer and Acceptance

1. Read the given facts below.
  - a) Match the hypothetical facts to the relevant term and legal principle below.
  - b) Match the legal principle to the relevant case below.
  - c) Apply the principle to the given facts.

### Cases

<i>Partridge v Crittenden</i>	<i>Grainger and Sons v Gough</i>
<i>R v Clarke</i>	<i>Carlll v Carbolic Smoke Ball Co.</i>
<i>Harvey v Facey</i>	<i>Hyde v Wrench</i>
<i>Pharmaceutical Society of Great Britain v Boots Cash Chemist (Southern) Ltd</i>	

### Given facts

<b>A</b>	X advertised in the <i>Sydney Morning Paper</i> , "Piano, excellent condition, \$5,000, interested please call 0400 123 456".
<b>B</b>	X offered to sell his guitar to Y for \$200. Y said it's a deal.
<b>C</b>	X offered to sell Y two tickets to a live rock concert for \$300 but was told by Y that she did not want them.
<b>D</b>	X offered to sell her necklace to Y for \$350. Y replied that she would pay \$300.
<b>E</b>	X sent an email to Y enquiring, "Will you be willing to sell me your car? Let me know your lowest price". Y replied, "Lowest price for my car is \$2,000" to which X replied, "I agree to buy your car for the sum of \$2,000 asked by you".
<b>F</b>	X returns Y's lost cat, and later sees that there was a \$50 reward offered for the return of the cat.
<b>G</b>	X displayed a dress in his shop's display window with the price tag clearly attached and a sign that says "One week offer!".
<b>H</b>	Company X published an advertisement in the <i>Sydney Morning Paper</i> claiming that anyone who used its 'curing cubes' according to instructions would not develop cancer. If they did the company would pay them \$200. As a sign of good faith, the company deposited \$200,000 in a special bank account.
<b>I</b>	X circulated a catalogue which contained a price list for its beer. Y ordered ten bottles of beer from the catalogue. X refused to deliver these at the stated price.

(a) <b>Facts</b>	<b>Term</b>	<b>Relevant principle</b>	(b) <b>Relevant case</b>	(c) <b>Application</b>
	Invitation to treat	Good on display is an invitation to treat and not an offer.		
	Invitation to treat	Advertisement is an invitation to treat and not an offer.		
	Invitation to treat	Posting catalogues of items for sale to people did not constitute an offer but invitation to treat.		
	Offer	Advertisements which come under the category of unilateral contracts are considered as offers rather than invitations to treat.		
	Rejection	Rejection terminates the offer.	<i>No relevant case in this course</i>	
	Supply of information	Supplying information when requested is not an offer.		
	Counter-offer	Counter offer is a new offer, it destroys the previous offer and the offer cannot be revived.		
	Acceptance	Acceptance must be absolute, unqualified and unconditional.	<i>No relevant case in this course</i>	
	Acceptance	Acceptance must be made in reliance on the offer.		

## Agreement

2. Read the given facts below. Use the IPAC method to analyse the case.

X offers to sell his scooter to Y for \$2,000. Y is interested in buying the scooter. X says Y has a week to think about the purchase and advise him of her decision. Two days later X rings Y to let her know that he has changed his mind and will not sell the scooter to her. Y had been thinking about accepting the offer.

### Is there an agreement between X and Y for the sale of the scooter?

Issue/s:

What is the main legal question or problem that needs to be resolved?

Identify the specific issue in dispute.

Principle/s and Application:

What are the relevant laws or legal principles that apply to this issue?

State the rules or legal principles that govern the issue. This includes relevant statutes and/or case law.

How do the legal principles apply to the facts of the case?

Analyse how the legal principles interact with the specific facts. Clearly explain how each fact relates to the legal principles you have identified.

Integrating Principles and Applications: Immediately follow the principle with an application. For each new principle, repeat the process.

Conclusion:

What is the outcome based on your analysis?

State the final decision. Conclude whether the issue is resolved in favour of one party or another based on the application.



## Agreement

3. Read the given facts below. Use the IPAC method to analyse the case.

X makes an offer to sell his camera to Y for \$100. Y tells X that he will only pay \$90. X does not respond. Y tells X that he now accepts the price of \$100.

**Is there an agreement between X and Y for the sale of the camera?**

Issue/s:

What is the main legal question or problem that needs to be resolved?

Identify the specific issue in dispute.

Principle/s and Application:

What are the relevant laws or legal principles that apply to this issue?

State the rules or legal principles that govern the issue. This includes relevant statutes and/or case law.

How do the legal principles apply to the facts of the case?

Analyse how the legal principles interact with the specific facts. Clearly explain how each fact relates to the legal principles you have identified.

*Integrating Principles and Applications: Immediately follow the principle with an application. For each new principle, repeat the process.*

Conclusion:

What is the outcome based on your analysis?

State the final decision. Conclude whether the issue is resolved in favour of one party or another based on the application.



# In-Class Collaboration and Presentations

Students must read the following questions before coming to class.

## Agreement

In this activity, you are required to analyse a given fact scenario using the IPAC method (Issue, Principle, Application, Conclusion) and present your answer to the class in small groups.

### Instructions:

#### 1. Form small groups:

- Your tutor will divide the class into small groups of 3-5 students.

#### 2. Understand the fact scenario:

- Carefully read the provided fact scenario.

#### 3. Use the IPAC method to analyse the scenario:

- **Issue:**

- What is the main legal question or problem that needs to be resolved?
  - Identify the specific issue in dispute.

- **Principle:**

- What are the relevant laws or legal principles that apply to this issue?
  - State the rules or legal principles that govern the issue. This includes relevant statutes and/or case law.

- **Application:**

- How do the legal principles apply to the facts of the case?
  - Analyse how the legal principles interact with the specific facts. Clearly explain how each fact relates to the legal principles you have identified.

*Integrating Principles and Applications: Immediately follow the principle with an application. For each new principle, repeat the process.*

- **Conclusion:**

- What is the outcome based on your analysis?
  - State the final decision. Conclude whether the issue is resolved in favour of one party or another based on the application.

#### 4. Prepare your presentation:

- Assign roles within your group (e.g., who will present each part of the IPAC method).
- Create a clear and concise presentation that covers each part of the IPAC method.

#### 5. Presentation:

- Each group will have 5-10 minutes to present their analysis.
- Ensure that each member of the group participates in the presentation.
- Be prepared to answer questions from your classmates and your tutor.

<b>Fact scenario</b>	<b>Plan your answer here</b>	
	<b>Issue</b>	
	<b>Principles</b>	<b>Application</b>
Mia: "Hello. I see you have advertised a bicycle for sale."		
Tobi: "Yes, it is over there. Have a look if you are interested."		
Mia: "Okay, thanks. How much are you expecting to get?"		
Tobi: "I'm looking for \$200, but I will consider reasonable offers around that price."		
Mia: "\$200 seems a bit high to me, would you accept \$180?"		
Tobi: "How about \$190?"		
Mia: "Okay, that's sounds good. It's a deal."		
Has an agreement been reached between Tobi and Mia in the above scenario?	<b>Conclusion</b>	

After the presentations, you should review, identify and correct any mistakes in your group's plan, and write your formal response using the IPAC method (Issue, Principle, Application, Conclusion).

**Issue/s:**

What is the main legal question or problem that needs to be resolved?

Identify the specific issue in dispute.

**Principle/s and Application:**

What are the relevant laws or legal principles that apply to this issue?

State the rules or legal principles that govern the issue. This includes relevant statutes and/or case law.

How do the legal principles apply to the facts of the case?

Analyse how the legal principles interact with the specific facts. Clearly explain how each fact relates to the legal principles you have identified.

*Integrating Principles and Applications: Immediately follow the principle with an application. For each new principle, repeat the process.*

**Conclusion:**

What is the outcome based on your analysis?

State the final decision. Conclude whether the issue is resolved in favour of one party or another based on the application.