**Chapter 5: Formation of a Contract**

**Offer** – a tentative promise made by one party, subject to a condition or containing a request to the other party

**Offeror** – the person making the offer  
**Offeree** – the person to whom the offer is made

**Standard Form Contract** – an offer presented in a printed document or notice, the terms of which cannot be changed by the offeree, but must be accepted as-is or rejected

If there are terms of notice that are not known by people they will not be legally bound by it if a court feels that the general person wouldn’t know about it. It depends on whether the offerer had done what was reasonably necessary in the circumstances to bring the term to the notice of its offeree.

In regards to **unusual or unexpected terms**, they must be brought directly to the attention of the offeree if they are to be found with adequate notice in court.

**Lapse** – the termination of an offer when the offeree fails to accept it within a specified time, or if no time is specified, then within a reasonable time

**Revocation** – an offeror may be able to revoke an offer at any time before acceptance, even when it has promised to hold the offer open for a specified time

**Option** – a contract to keep an offer open for a specified time in return for a sum of money

**Exercise an Option** – to accept the offer contained in an option

Acceptance must be made in some positive form, whether in words or in conduct (handshake). An offeree must generally communicate acceptance to the offeror.

**Inviting Tenders** – seeking offers from suppliers

**Standing Offer** – an offer that may be accepted as needed from time to time

**Ways in which an offer may come to an end:**  
1) Offer may lapse when the offeree fails to accept within the time stated in the offer  
2) Offeror revokes the offer before the offeree has accepted  
3) The offeree rejects the offer or makes a counter-offer (rejection)  
4) The offeree accepts before any of the 3 have occurred

**Modes of Acceptance**  
- when parties are distant, an offeree may accept only in the way proposed by the offeror

**Jurisdiction** – the province, state or country whose laws apply to a particular situation

**Unilateral Contract** – a contract in which the offer is accepted by performing an act or series of acts required by the terms of the offer

**Subsidiary Promise** – an implied promise that the offeror will not revoke once the offeree begins performance in good faith and continues to perform

**Bilateral Contract** – a contract where offeror and offeree trade promises and both are bound to perform

**Promisor** – a party who accepts an obligation to perform according to the terms of the contract

**Promisee** – a party who has the right to performance according to the terms of the contract

A vague offer may prove to be no offer at all, and the intended acceptance of it cannot then form a contract.