

Corporate Laws

BBA(FIA)

Lecture 4

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Acceptance



Acceptance Sec 2(b):

“When a person to whom the proposal is made, signifies his assent thereto, the proposal is said to be accepted. A proposal when accepted, becomes a promise.”

Requirements for a Valid Acceptance



1. Acceptance may be express or implied: words or conduct
2. Acceptance must be given only by the person to whom it is made
 - Boulton vs. Jones

Case Discussion



Case: Boulton vs. Jones

Facts of the Case:

Jones was a customer of S and ordered some goods. Boulton had taken over the business of S, supplied the goods to Jones, without informing him that the business had changed hands. When Jones came to know that the goods were supplied not by S but by Boulton, he refused to pay for the same. A suit was brought by Boulton against Jones for the price of the goods.

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Decision:

It was held that Jones was not liable to pay, since Boulton knew that the offer was not addressed to him.

Requirements for a Valid Acceptance Contd.



3. Acceptance must be given within a reasonable time in a proper mode before the offer lapses or revoked
 - Mentioned by offeror
 - Usual and reasonable manner
 - Deviated mode of acceptance: within reasonable time offeror should insist to be accepted in prescribed manner
 - Ramsgate Victoria Hotel Co. Ltd. Vs. Montefiore

Case Discussion



Case: Ramsgate Victoria Hotel Co. Ltd. vs. Montefiore

Facts of the Case:

Mr. Montefiore applied for shares in the company on June 8. Company did not write to him allotting the shares until Nov. 23. He refused to accept the shares which led to the dispute.

Case Discussion



Case: Ramsgate Victoria Hotel Co. Ltd. vs. Montefiore

Facts of the Case:

Mr. Montefiore applied for shares in the company on June 8. Company did not write to him allotting the shares until Nov. 23. He refused to accept the shares which led to the dispute.

Decision:

It was held that he was not bound to accept the shares as his offer lapsed owing to the delay by the company in notifying its acceptance.

Requirements for a Valid Acceptance Contd.



4. Acceptance must succeed the offer
 - Performance of the conditions of an offer in ignorance of the offer is not valid acceptance
5. Two identical cross offers cannot form an agreement
6. Offer once rejected cannot be accepted

Requirements for a valid Acceptance Contd.



7. Acceptance must be absolute and unqualified

- Counter offer: A counter offer puts an end to the original offer and cannot be revived by subsequent acceptance.
 - Hyde vs. Wrench
- Conditional/Partial Acceptance
 - Proposal does not bind the offeror unless he agrees to the qualified acceptance
 - Proposal does bind the offeror if by his subsequent conduct he indicates that he has accepted the qualifications set up (waiver of qualification)
- Provisional acceptance: subject to final approval does not ordinary bind either party until final approval is given. Meanwhile the offeror can revoke his offer.
 - Somasundharam Pillai vs. Government of Madras

Case Discussion



Case: Hyde vs. Wrench

Facts of the Case:

Wrench offered to sell his farm for £1,000 to Hyde. Hyde offered £950, making a Counter offer, and after examining the offer Wrench refused to accept.

Later, Hyde agreed to buy the farm for £1000 but Wrench refused to sell the farm to him. Hyde sued for breach of contract.

Case Discussion



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Later, Hyde agreed to buy the farm for £1000 but Wrench refused to sell the farm to him. Hyde sued for breach of contract.

Decision:

Counter offer amounted to rejection of the original offer and it was not possible to revive original offer. Hence, there was no contract between the parties.

Requirements for a Valid Acceptance Contd.



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 - Somasundharam Pillai vs. Government of Madras

Case Discussion



Case: Somasundharam Pillai vs. Government of Madras

Facts of the Case:

A forest crop was put to public auction for sale with a reserve price. Pillai's bid was the highest but it was much below the reserve price. His bid was provisionally accepted by the actioner subject to confirmation by the divisional forest officer. One of the conditions of the auction sale was that the bid could not be withdrawn between the date of provisional acceptance and final confirmation by the divisional forest officer. No confirmation was received after lapse of long time. Pillai revoked his bid. Subsequently the divisional forest officer sent confirmation, despite revocation by Pillai.

Case Discussion



Case: Somasundharam Pillai vs. Government of Madras

Facts of the Case:

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Decision:

It was held that the bidder was entitled to withdraw his bid even where it is a condition of the auction sale that a bid which has been provisionally accepted cannot be withdrawn.

Requirements for a Valid Acceptance Contd.



8. Acceptance must be communicated to the offeror
 - By speech, writing, conduct
 - By silence: offeror cannot prescribe silence as a mode of acceptance
 - Mental acceptance: is no acceptance
 - To offeror only
 - From authorised person only – eg. Principal

Requirements for a Valid Acceptance Contd.



9. Communication of Acceptance:

- Communication of an acceptance for Postal medium
 - Sec 4 “The communication of an acceptance is complete:
 - As against the proposer, when it is put in course of transmission to him, so as to be out of the power of the acceptor.
 - As against the acceptor, when it comes to the knowledge of the proposer.”
 - Letter must be properly addressed, stamped, actually mailed.
 - Contract is deemed to have been made on the date of mailing the letter of acceptance and at the place where acceptance is made (acceptor’s place).
- Contracts through telephone or telex
 - Contract is completed when acceptance is received by the offeror and at the place where acceptance is received.
(offeror’s place).
- Phone dead: no contract
 - Disturbance in line: no contract unless repeated again
- Face to face: Place of contract is where they are at that time.

Delay or loss during transit



1. Delay or loss of offer during transit: No offer made
2. Delay or loss of acceptance during transit
 - Contract emerges
 - Acceptor has to prove: correct address, postage stamp, actually posted



THANK YOU