

Corporate Laws

BBA(FIA)

Lecture 3

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Offer / Proposal



Offer / Proposal Sec 2(a):

“When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to such act or abstinence, he is said to make a proposal”.

- Seek positive response
 - Person can be natural and artificial
-
- **Offeror** – one who makes the offer
 - **Offeree** – the one to whom offer is made
 - **Acceptor**- When offeree when accepts the offer

Requirements of an Valid Offer

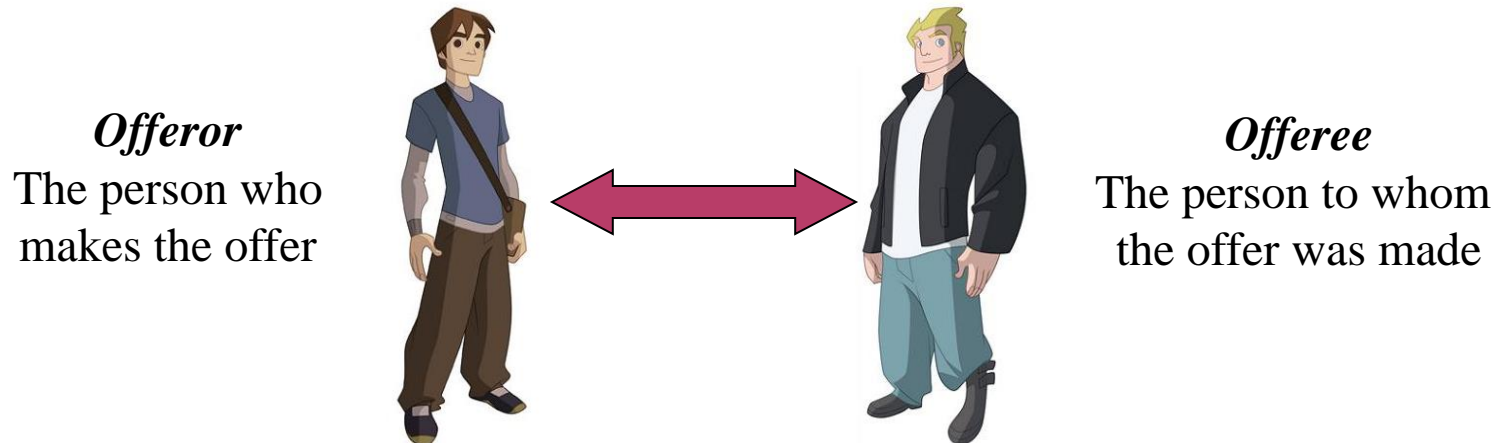


1. Offer must be express or implied: spoken words or written or conduct
Sec 9, “In so far as the proposal or acceptance of any promise is made in words, the promise is said to be expressed. In so far as such proposal or acceptance is made otherwise than in words, the promise is said to be implied.”
2. Terms of offer must be definite and certain
3. Offer may be specific (to one person) or general (to public)
 - Carlill vs. Carbolic Smoke Ball company
 - Harbhajan Lal vs. Harcharan Lal

Specific & General Offer



Specific Offer: A one to one Offer



Specific & General Offer



General Offer: One to all offer

*One
Offeror*



*Many
Offerees*

Example :

X promises a reward to anyone who will find his lost wallet.

X bound himself to the promise, but no one is bound to search for the lost wallet. But if Y, having seen the offer, recovers the wallet and returns it, he is entitled to the reward.

Case Discussion



Case: Carlill vs. Carbolic Smoke Ball Co.

Fact of the Case:

Carbolic smoke ball company advertised in the newspaper that whosoever would take smoke balls, manufactured by it, according to the printed instructions would not contract influenza.

The company offered a reward of £100 to anyone who contracted influenza after taking its smoke balls according to the printed instructions. It was added that £1000 was deposited with alliance bank to show the sincerity of the company.

Mrs. Carlill used the smoke balls according to the directions given but contracted influenza.



Case Discussion



Case: Carlill vs. Carbolic Smoke Ball Co.

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Decision:

It was held that the offer was general one, and Mrs. Carlill had accepted it by acting according to the advertisement and therefore the company could not get away from responsibility by saying that it was a mere puff. She was entitled to get reward as general offer can be accepted by anybody. Since this offer is of a continuing nature, more than one person can accept it and can even claim the reward.



Case Discussion



Case: Harbhajan Lal vs. Harcharan Lal

Fact of the Case:

Harcharan Lal issued a handbill offering a reward of Rs. 500 to anybody who would trace his missing son. Harbhajan Lal, who knew about the reward traced the boy and sent a telegram to Harcharan Lal that he had found his son.



Case Discussion



Case: Harbhajan Lal vs. Harcharan Lal

Fact of the Case:

Harcharan Lal issued a handbill offering a reward of Rs. 500 to anybody who would trace his missing son. Harbhajan Lal, who knew about the reward traced the boy and sent a telegram to Harcharan Lal that he had found his son.

Decision: Harbhajan Lal was entitled to reward.



Requirements of an Valid Offer Contd.



4. Offer must be communicated to the offeree: to make it operative
 - Sec 4: “the communication of a proposal is complete when it comes to the knowledge of the person to whom it is made.”
 - Means of communication can be signs, gestures, mail, messenger, telegram, word of mouth, conduct, phone.
 - Lalman Shukla vs. Gauri Dutt

Case Discussion



Case: Lalman Shukla vs. Gauri Dutt

Fact of the Case:

Gauri Dutt nephew absconded from home. He sent his servants to different places to trace the boy. Amongst these servants was Lalman, who was sent to Haridwar. After Lalman left Mr. Dutt announced reward for the missing child. Lalman found the boy and later on came to know about the reward and claimed for it.



Case Discussion



Case: Lalman Shukla vs. Gauri Dutt

Fact of the Case:

Gauri Dutt nephew absconded from home. He sent his servants to different places to trace the boy. Amongst these servants was Lalman, who was sent to Haridwar. After Lalman left Mr. Dutt announced reward for the missing child. Lalman found the boy and later on came to know about the reward and claimed for it.

Decision:

It was held that the reward for the missing child cannot be claimed by a person who traced the child without any knowledge of the announcement. There was no contract between the two in the first place because the proposal never came to the knowledge of the person who found the child and thus he could never accept it.



Requirements of an Valid Offer Contd.



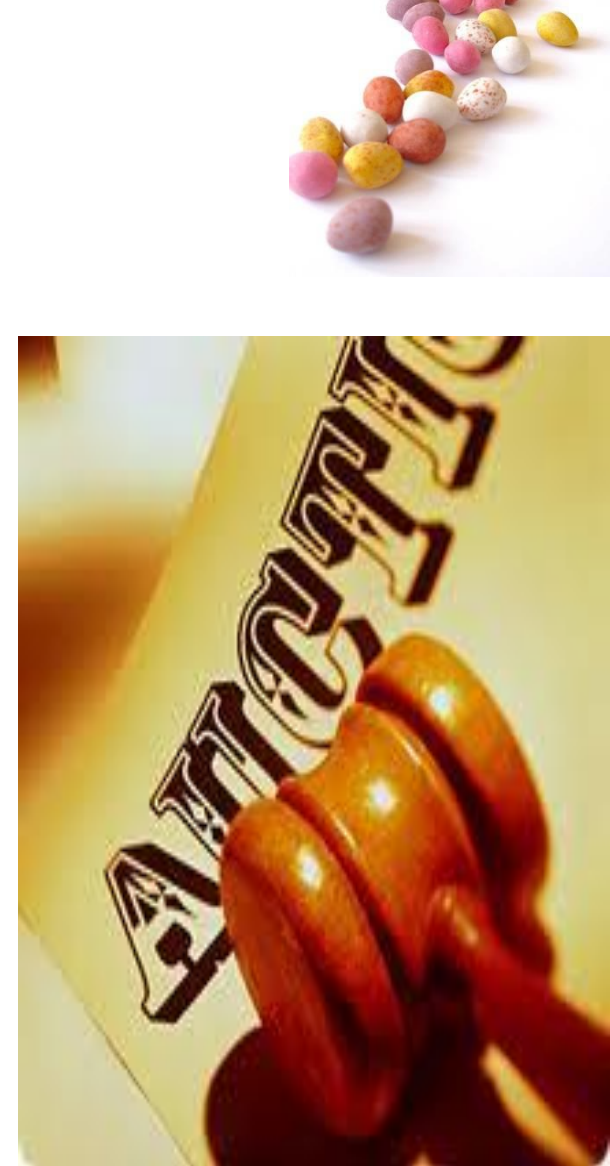
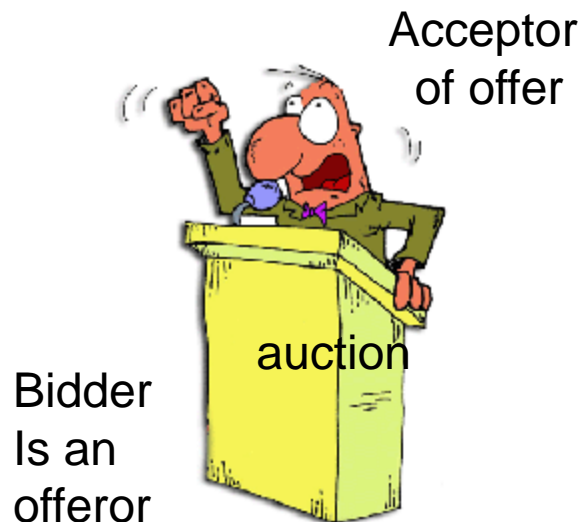
5. Offer may contain any number of conditions
 - Std. Contracts
 - Reasonable sufficient notice of all terms and conditions
 - Notice should be given either before or at the time of contracting
 - Liable if breach of contract
 - Eg.: Suit dry cleaner - No effort to communicate, Effort made, Language
6. Offer must be distinguished from an invitation to offer
 - Advertisements for auction, display of goods in shop, catalogues, tenders and quotations, statement of lowest price, railway time table
 - Harris vs. Nickerson

Case Discussion

Case: Harris vs. Nickerson

Fact of the Case:

Harris saw an advertisement that office furniture would be sold by public auction. Harris travelled from London to the place of auction and found that auction sale was cancelled. He brought a suit for recovery of expenses.



Case Discussion

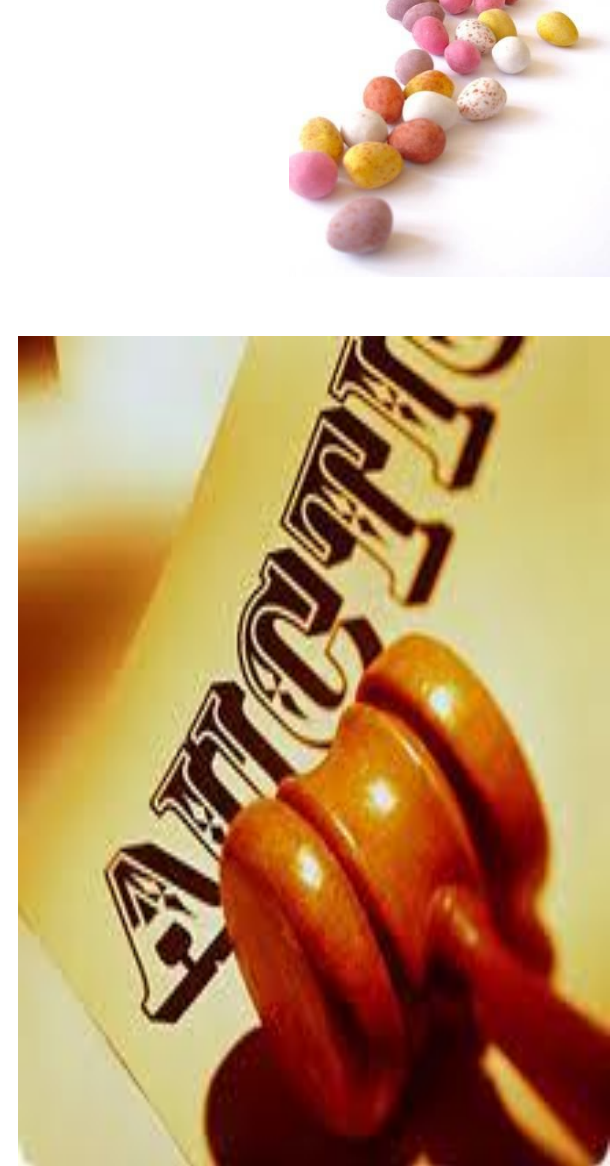
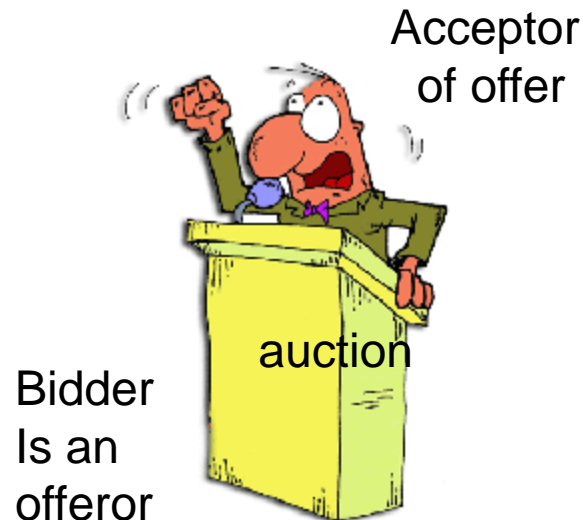
Case: Harris vs. Nickerson

Fact of the Case:

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Decision:

His claim was rejected.



Requirements of an Valid Offer Contd.



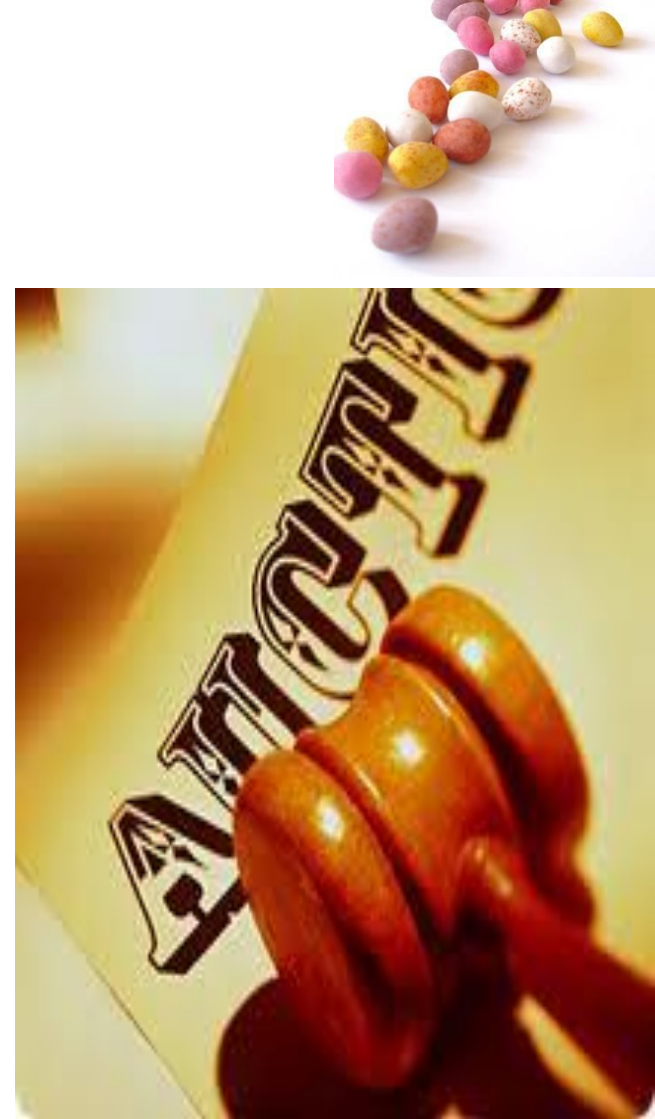
7. Offer should not contain a term whose non compliance would amount to acceptance
 - Felthouse vs. Bindley

Case Discussion

Case: Felthouse vs. Bindley

Fact of the Case:

Felthouse sent a letter of offer to his nephew N to purchase his horse saying “if I hear no more about the horse, I consider the horse as mine”. N sent no reply but decided to sell it to Felthouse. He arranged auction of his horses telling the auctioneer Bindley not to sell that particular horse but Bindley sold it by mistake. Felthouse sued Bindley.



Case Discussion

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Decision:

Court rejected the suit because it was only mental acceptance by N which is not sufficient. N’s failure to reply didn’t amount to acceptance as N was not bound to do anything before the contract was made.



Requirements of an Valid Offer Contd.



8. Two identical cross offers do not result in a contract
 - Tinn vs. Hoffman & co.

Case Discussion



Case: Tinn vs. Hoffmann & Co.

Facts of the Case:

Hoffmann Co. wrote to B on Nov 28th 1871 offering to sell 800 tons of iron at 69 Per ton. On the same day, Tinn wrote to the company offering to buy 800 tons at 69 Per ton. The letters crossed in post, neither of them knew anything about the offer of the other.

Case Discussion



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Decision:

There was no contract.

Requirements of an Valid Offer Contd.



9. Communication of an offer:

Sec 4 “The communication of a proposal is complete when it comes to the knowledge of the person to whom it is made.”



THANK YOU