

A retiree was known to walk her beloved dog around the neighborhood daily. One evening, she forgot to shut her gate, and her dog escaped. The retiree placed posters around the neighborhood stating, "Lost dog! \$500 reward. No questions asked."

The dog had wandered to a nearby store, and the store owner kept the dog and fed it for a few days. A customer saw the dog and told the store owner that it looked like the retiree's dog. The store owner took the dog to the retiree's home, and the dog was happily reunited with its owner. The store owner had not seen the posters and did not ask for the reward.

On the way back to the store, the store owner saw one of the posters and called the retiree to inquire about the reward. The retiree refused to pay the reward.

If the store owner sues the retiree for breach of contract, will the store owner be likely to prevail?

- A. No, because the reward poster did not manifest a willingness to enter into an agreement.
- B. No, because the store owner was unaware of the reward poster when he returned the dog.
- C. Yes, because the parties formed a contract when the store owner returned the dog.
- D. Yes, because the retiree's offer could not be revoked after the store owner completed performance.

### Explanation:

An **offer** to form a **unilateral contract** invites acceptance only by *performance* of a specified act, while an offer to form a **bilateral contract** invites acceptance by a *promise* to perform the act. But regardless of whether the offer is for a **unilateral or bilateral** contract, the offer must be reasonably **communicated to the offeree** and the **offeree must be aware** of the **offer to accept it**. Otherwise, there is no mutual assent to form a contract.

Here, the retiree's posters constituted a unilateral offer to pay \$500 for the return of her lost dog. The store owner completed the requested performance by returning the dog to the retiree's home. But since the store owner had not yet seen the posters, he was *unaware* of the unilateral offer when he returned the dog. This means that there was no mutual assent, no contract, and no breach (**Choice C**). Therefore, the store owner is unlikely to prevail.

**(Choice A)** A communication is an offer if it manifests the offeror's willingness to enter an agreement. Here, the reward poster did just that—it manifested the retiree's willingness to exchange \$500 for the return of her dog.

**(Choice D)** An offer becomes irrevocable after it has been accepted. But here, the store owner did not accept the offer by returning the dog because he was unaware of the retiree's posters at that time. Therefore, the retiree could revoke the offer and refuse to pay the reward.

### Educational objective:

Offers to form unilateral or bilateral contracts must be reasonably communicated to the offeree, and the offeree must be aware of the offer to accept it. Otherwise, there can be no mutual assent and therefore no contract.

### References

Restatement (Second) of Contracts § 23 (Am. Law Inst. 1981) (explaining that an acceptance must be made with reference to the offer).

**Offer must be communicated to offeree**

