

A woman encountered her coworker and the coworker's friend at a local coffee shop. The woman, who knew that the coworker needed a new laptop for his personal use, had planned to offer her extra laptop to the coworker. The woman went to the counter to place her coffee order and, with her back to the table where the coworker and his friend sat, said, "By the way, I know you are looking for a new laptop. I will sell you my laptop for \$100." The friend immediately replied, "I accept your offer!"

Has a contract been formed between the friend and the woman?

- A. No, because the friend was mistaken as to the terms of the contract.
- B. No, because the friend was not the party with whom the woman intended to contract.
- C. Yes, because the friend reasonably believed that he had the power to accept the woman's offer.
- D. Yes, because the woman's objective intent was to contract with whoever overheard the offer.

Explanation:

The offeror is master of the offer. This means, among other things, that the **power to accept** an offer belongs only to the **person (or class of persons)** with whom the **offeror intended to contract**. In contract law, intent is measured by an *objective* standard, not by the *subjective* intent or belief of a party. Therefore, whether the offeror intended to contract with someone is judged by **outward objective facts**, as they would be interpreted by a **reasonable person**.

Here, the woman knew that her coworker needed a new laptop. Her statement—"I know *you* are looking for a new laptop"—demonstrated her objective intent to contract with the *coworker* **(Choice D)**. Although the friend overheard the woman's offer to sell her laptop, he could not reasonably believe that he had the power to accept it. This is especially true since there is no indication that the two had ever met **(Choice C)**. Therefore, no contract was formed because the friend was not the party with whom the woman intended to contract.

(Choice A) A mistake as to a basic assumption upon which a contract was made renders the contract **voidable**—not void. If a contract is voidable, then it is considered valid until set aside. But here, *no* contract was ever formed because the offer was not accepted by the intended offeree, so this defense is inapplicable.

Educational objective:

The power of acceptance belongs only to the person(s) with whom the offeror intended to contract. Such intent is judged by outward objective facts, as interpreted by a reasonable person.

References

Restatement (Second) of Contracts § 29 (Am. Law Inst. 1981) (to whom an offer is addressed).

Officer's intent to contract
(determined by objective standard)

