

The owner of a sports memorabilia store mailed a letter to a local collector offering to purchase a specific signed baseball from the collector for \$500. The store owner placed no conditions on acceptance of the offer. The baseball was signed by the collector's favorite player, so she immediately mailed the store owner a letter rejecting his offer. An hour after sending the rejection letter, the collector realized she could use the money and sent the store owner an email accepting his offer.

As between the store owner and the collector, which of the following is an accurate statement?

- A. They do not have a contract, because the acceptance was sent by email and not by mail like the offer letter.
- B. They do not have a contract, because the collector's rejection letter was effective at the time it was sent.
- C. They have a contract, because the collector's subsequent acceptance effectively revoked her rejection of the offer.
- D. They have a contract, because the store owner received the emailed acceptance before he received the rejection letter.

Explanation:

Contract formation requires both an offer and an acceptance (ie, mutual assent). Under the **mailbox rule**, an acceptance sent by mail or similar means is generally effective upon *dispatch*, while a rejection is effective upon *receipt* (**Choice B**). However, the mailbox rule **does not apply** if the **offeree first sends a rejection and then sends an acceptance**.^{*} In that case, the **first communication received** by the offeror **controls**, regardless of whether the offeror actually reads that communication.

Here, the collector mailed the store owner a letter *rejecting* his offer to purchase the signed baseball. An hour later, the collector sent the store owner an email *accepting* his offer. Because the rejection letter was sent first, the mailbox rule does not apply and whichever communication the store owner received first controls. The store owner necessarily received the emailed acceptance first—it was sent just one hour after the rejection letter was mailed—so the acceptance controls. Therefore, the store owner and the collector have a contract.

^{*}Conversely, if the offeree first sends an acceptance and then sends a rejection, the mailbox rule applies and a contract is formed upon dispatch of the acceptance. However, the offeree may be estopped from enforcing the contract if the offeror received the rejection first and detrimentally relied on it (see image above).

(Choice A) Any reasonable method of acceptance is allowed unless the offeror, as the master of the offer, specifically requires acceptance by a particular method (not seen here). Therefore, the store owner and the collector have a contract even though the collector sent her acceptance by email.

(Choice C) The collector's rejection was ineffective because the store owner received the acceptance first. As a result, there was no rejection for the collector to revoke. Additionally, had the rejection been received first, the subsequent acceptance would have been treated as an offer to enter a contract on the terms of the acceptance—not a revocation of the earlier rejection.

Educational objective:

The mailbox rule does not apply if the offeree first sends a rejection (generally effective upon receipt) and then an acceptance (generally effective upon dispatch). In that case, whichever communication is *received* first controls.

References

17A Am. Jur. 2d Contracts § 98 (2020) (acceptance under the mailbox rule).

Operation of the Mailbox Rule

