

A private high school was in the market for new desks and chairs for its classrooms. It had inquired into the cost of acquiring 1,000 new desks and chairs from a particular vendor. On June 15, the vendor sent a signed letter to the private high school offering to sell 1,000 desks and chairs for \$30,000. The letter stated that the private high school's acceptance would be effective only if the vendor actually received it by June 25. On June 23, the private high school mailed its signed, written acceptance of the vendor's offer. On June 24, the vendor, after concluding that the price it originally requested was too low, directly notified the private high school that it was revoking its offer. The vendor received the private high school's acceptance on June 26.

Was an enforceable contract between the private high school and the vendor formed?

- A. No, because the vendor did not actually receive the acceptance until June 26.
- B. No, because the vendor revoked the offer on June 24.
- C. Yes, because the private high school mailed its acceptance on June 23.
- D. Yes, because under the UCC firm-offer rule, the vendor's offer was irrevocable.

Explanation:

Contract negotiations by mail*

Offeror's actions	Offer	Effective upon receipt
	Revocation of offer	
Offeree's actions	Acceptance (mailbox rule)	Effective upon dispatch Exceptions—effective upon receipt if: improperly stamped/addressed acceptance by mail unreasonable rejection mailed before acceptance (first received is effective) acceptance of option contract offer states acceptance effective only upon receipt
	Rejection/counteroffer	Effective upon receipt

*Applicable under common law & UCC.

Once an offer has been made, a binding contract will be formed if the offeree accepts the offer before it **terminates** (eg, before the allotted response time expires). Under the **mailbox rule**, acceptance by mail is:

permitted if mail is a **reasonable method** of communicating acceptance—eg, because the offer was communicated by mail—and

effective upon dispatch—ie, when the acceptance is properly addressed and placed with the postal service with paid postage.

However, the mailbox rule **does not apply** if it is inconsistent with the offer's terms, such as when the **offer states** that **acceptance is effective only upon receipt**.*

Here, the vendor's offer stated that an acceptance would be effective only if it was *actually* received by June 25. Therefore, the mailbox rule does not apply. And since the vendor did not actually receive the private high school's acceptance until June 26—after the allotted time for acceptance had expired—it was ineffective. As a result, no contract was formed.

*The reason is that the offeror, as master of the offer, can dictate the manner and means by which the offer may be accepted.

(Choices B & D) Contracts for the sale of goods (eg, desks, chairs) are governed by the UCC. Under the UCC firm-offer rule, a merchant's written and signed assurance that an offer will remain open is irrevocable for the time stated in the offer. The vendor's offer was

therefore irrevocable through June 25, and the vendor could not revoke it on June 24. Nevertheless, there is no contract because the high school's acceptance was not received in time.

(Choice C) Although the private high school mailed its acceptance on June 23, the vendor's offer stated that acceptance would be effective when received—not upon dispatch.

Educational objective:

The mailbox rule does not apply if it is inconsistent with the offer's terms, such as when the offer states that acceptance is effective only upon receipt.

UCC = Uniform Commercial Code.

References

17A Am. Jur. 2d Contracts § 98 (2019) (mailbox rule).

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