

On March 1, an apartment complex received from an appliance company a signed letter offering to sell 1,200 window air conditioners suitable for the apartments in the complex. The appliance company's offer stated that it would remain open until March 20, but that the apartment complex's acceptance must be received on or before that date. On March 16, the apartment complex posted a letter of acceptance. On March 17, the appliance company emailed the complex to advise that it was revoking the offer. The email was received by the apartment complex on March 17, but the complex's letter did not arrive at the appliance company's address until March 21.

As of March 22, which of the following is a correct statement?

- A. The email revoking the offer was effective upon receipt.
- B. The mail was the only authorized means of revocation.
- C. The offer was revocable at any time for lack of consideration.
- D. Under the terms of the appliance company's offer, the apartment complex's attempted acceptance was ineffective.

Explanation:

Termination of offer before acceptance

Offeror's revocation	Offeror communicates revocation directly to offeree Offeree learns information from reliable source that reasonably indicates offer was revoked (eg, house sold to another buyer)
Offeree's rejection	Offeree communicates rejection directly to offeror Offeree's counteroffer serves as rejection & new offer*
Lapse	Time period specified in offer expires After reasonable time if no time period specified in offer
By law	Either party dies or is adjudicated insane Subject matter of offer is destroyed or becomes illegal

*Counteroffer does not terminate offer if offeree manifests intent to take offer under advisement.

Contract formation (ie, the creation of a legally enforceable agreement) requires both an offer and an acceptance (ie, mutual assent). To effectively **accept an offer**, the offeree must: manifest an **objective intent to be bound** by the terms of the offer *and* follow any **specifications in the offer** as to the time, place, or manner of acceptance.

Under the [mailbox rule](#), acceptance by mail is generally effective upon dispatch. But the offeror is master of the offer and can therefore override this rule—eg, by stating that acceptance must be received by a certain date.

Here, the appliance company's offer to sell air conditioners specified that acceptance must be received, not merely dispatched, by March 20. Since the apartment complex's reply letter did not arrive at the appliance company's address until March 21, the apartment complex's attempted acceptance was ineffective.

(Choices A, B & C) A merchant's offer is [firm](#) (ie, irrevocable) if the merchant provides a written and signed assurance that the offer will be held open for a period of time—no consideration is required. Here, the appliance company (merchant) gave a written and signed assurance that its offer would remain open until March 20. As a result, the offer could not be revoked by email (or any other means) before March 20.

Educational objective:

To accept an offer, the offeree must manifest an objective intent to be bound by the terms of the offer AND follow any specifications in the offer as to the time, place, or manner of acceptance (which override the mailbox rule).

References

Restatement (Second) of Contracts § 60 (Am. Law Inst. 1981) (explaining that an offer's prescriptions regarding the time, place, or manner of acceptance must be complied with to create a contract).

17A Am. Jur. 2d Contracts § 98 (2019) (stating that the parties can modify the default mailbox rule).

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