***Question # 4***

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**ACCEPTANCE** **(Hand out)**

**Preamble:** The first essential of a valid contract is an agreement, i.e. Offer and Acceptance.An Agreement arises when one party makes an offer and the other party accepts it. Offer and acceptance are subject to certain lawful requirements which are discussed in the following lines.

**Relevant Provision/Law:** Section: 2b, 4 & 5

**According to Contract Act:**

“When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtain the assent of that other to such act or abstinence, he is said to make a proposal**”. (Sec 2a)**

“**WHEN OFFER BECOMES A PROMISE”**

**According to Contract Act:** “When the person to whom theproposal is made signifies hisassent thereto, the proposal is said to be accepted. A proposal, when accepted, becomes a

PROMISE.” **(Sec 2b)**

**Example:** A offers to sell his house to B for 9 Lac Rupees. B accepts the same offer.This is an Acceptance.

**Essentials of a valid acceptance**

**The following are legal rules or essentials of a Valid Acceptance:**

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| **1.** | It must be given by the Offeree |  | (Boulton Vs Jones) |
| **2.** | It must be Absolute & Unconditional |  | (Neale Vs Merret) |
| **3.** | It must be in the Prescribed Manner |  | (Eliason Vs Henshaw) |
| **4.** | It must be Communicated to the Offeror | (Brodgen Vs Metropolitan Railway Co.) |
| **5.** | It may be Express or Implied |  | (V. Rao Vs A.Rao) |
| **6.** | It must follow the Offer |  |  |
| **7.** | It must be Given within Reasonable Time | (Ramsgate Victoria Hotel Co. Vs Montefiore) |
| ***1.*** | **It must be given by the Offeree** |  |  |
|  | An offer can only be accepted only by the person to whom it is made. None of |
|  | the other person has any concern with that offer. |  |
|  | **Case Law Reference/Example:** | A sold his | business to B without informing his |

customers. J sent an order for supply of goods to A by name. B received the order and sent the goods at a different rate. It was held that there was no contract because J never made any offer

to B. **(Boulton Vs Jones)**

***2.* It must be Absolute & Unconditional**

When offer is made by one party then acceptance made by the other party is supposed to be absolute and not conditional. If a counter offer is made by the accepting party there will be no contract until and unless that counter offer is accepted by the original offeror.

**Case Law Reference/Example:**

M offered to sell his land to N for 280 $. N accepted and enclosed 80 $ with a promise to pay the balance with three monthly installments of 50 $ each. It was held that there is no contract between M and N, since offer was accepted with a condition. (Neale Vs Merret)

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***3.* It must be in the Prescribed Manner**

If the offeror has stated the mode of acceptance, it must be given accordingly; otherwise it may be rejected by the offeror.

**Example:** If A has made an offer to B and asks to accept the offer by registeredpost, B replied through ordinary post. It is not a valid Acceptance.

**Case Law Reference:** **(Eliason Vs Henshaw)**

***4.* It must be Communicated to the Offeror**

The acceptance of the offer must be communicated to the offeror in a clear or prescribed manner by Offeree himself or by his agent. When a person accepts the offer but fails to communicate it, it is not a valid acceptance.

**Example:** A offered to purchase the B’s Car. B expresses to sell it but doesn’t reply.

Later on B sold the same car to C. A has no legal remedy against B.

**Case Law Reference:** **(Brodgen Vs Metropolitan Railway Co.)**

***5.* It may be Express or Implied**

When an acceptance is given by words spoken or written is called express and when given by show of conduct is known as Implied. It may be in any form but subject to the mode as prescribed by the offeror.

**Example 1:** A offered to sell his Bike to B for 30,000 Rupees. B accepts his offer, it’san express acceptance.

**Example2:** If D,A Coolie carries the luggage of P and D doesn’t object to his offer,it’s an implied acceptance by D.

**Case Law Reference:** **(V. Rao Vs A.Rao)**

***6.* It must follow the Offer**

Acceptance must be given after receiving the offer; it shall not come before the offer is made. If someone makes acceptance prior to offer, there is no contract.

**Example:** A came to know that G is going to sell his Cell Phone for 8,500 Rupees andbecomes ready to purchase the same. Since offer is yet not been placed by A therefore the acceptance of G doesn’t carry any weight age.

***7.* It must be Given within Reasonable Time**

For a valid acceptance, it must be given within specified time by the offeror otherwise acceptance to be made within reasonable time.

**Example:** A offered to sell the fresh vegetable at a cheaper rate to B, now if B hasto accept the same offer, his acceptance shall come within reasonable time.

**REVOCATION OF AN ACCEPTANCE**

**According to Section (4)** of Contract Act, revocation means “Cancellation”. Itmay be a revocation of offer or acceptance. The communication of a revocation is complete as against the person who makes it, when it is put into a course of transmission to the person to whom it is made. In other words Revocation is complete when it is out of the hands of the maker, whether it is an offer or it is an acceptance.

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| --- | --- |
| **Expected University Questions:** |  |
| **1.** | Define the term Acceptance. State various essentials of a valid Acceptance? | **(OR)** |
| **2.** | Discuss the law relating to Acceptance. How an acceptance can be revoked? |  |

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