

## What do you know about a making an offer?

***A contract is a legal agreement between two or more parties that is binding in law***

### Stage 1

Read these questions and see if you can complete the answers using the words below:

privity	express	bilateral	agreement	undue influence	mistake
duress	intention	consideration	unilateral	implied	legal capacity

1. How many elements are there in the formation of a contract, and what are they?  
*There are three elements. They are ...*
2. What else is important to the parties when a contract is formed?  
*The parties must have ...*
3. What types of terms does a contract consist of?  
*They are either ...*
4. When can a contract be cancelled?  
*If it has been induced by ...*
5. What rule covers third parties rights under a contract?  
*The rule of ...*
6. How many classes of contracts are there, and what are they?  
*Essentially there are two classes. They are ...*

**Stage 2**

**Now put each half of these conversations together - they illustrate the vocabulary in Stage 1:**

1. Have you seen this? We've just had an offer for our house in London. What should we do?	a. He told her the only way he could help her husband was for her to sign a loan on a house that she owned, and she believed him. This sounds like undue influence.
2. It's got to be a unilateral contract.	b. Yes, I know, but I never really liked it and consideration only has to be sufficient, it doesn't have to be adequate
3. I know we have a contract but if you don't agree to pay me more, I won't deliver the next consignment.	c. Well, I'm afraid you aren't a party to our contract. The rule of privity of contract means unfortunately you don't have any rights. I'll pay her directly.
4. Everybody knows he's an alcoholic. How can he have been legally capable of signing that contract?	d. I think we should accept. We have an agreement and all we need to do is ask our lawyer to draw up the contract as quickly as possible
5. I'm glad we were able to reach a bilateral agreement	e. I know. They took him out to lunch, got him drunk and of course he had no idea what he was signing!
6. I'm sorry; I made a mistake about the car.	f. You can't do that. I already have agreed to sell the order on. That's duress and it'll cost me a lot of money.
7. As a landlord, you should know that you have to look after the stairs and lift in the property. It's not in the agreement	g. It seems as though you have no intention in getting rid of it so there's no point in even trying to agree a price.
8. You sold that painting for only £600. It's worth at least twice that!	h. I didn't realise my wife had sold the car yesterday. The contract we sold is void.
9. Did you hear what happened to that poor woman who was married to a man who had financial problems and went to see her bank manager for help?	i. Yes, it's an express term. It's very unusual. I've never seen a term like this before.
10. It's very important you understand this term of the contract about packaging as it cannot be changed. Do you?	j. It's a well-established principle so it's an implied term.
11. You still owe my daughter for the jewellery she sold you, don't you? Give me the money now and I'll pass it on to her.	k. Although we never signed anything you offered a reward to anyone if they found your camera – and I've got it here!
12. I only said I might be interested in selling my boat	l. Yes, if you agree to buy my products at the price we've agreed, I can start delivery next week.

**Write your answers here:**

1 -	2 -	3 -	4 -	5 -	6 -
7 - j	8 -	9 -	10 -	11 -	12 -

**Stage 3**

*An agreement is made when one party - the offeror - makes a genuine offer to the other party - the offeree - and it is accepted*

**Look at this situation:**

Smith wanted to buy a van for his business and Jones offered to sell him one. The understanding was that a certain amount would be paid in cash, and 'the balance of the purchase price can be paid on credit terms over a period of two years'. Smith accepted, but Jones refused to supply the van. Smith sued, but Jones claimed that that the contract was not certain as it was not possible for a reasonable man to know what exactly had been agreed.

Is it a genuine offer? Does it fulfil the requirements of an offer?

- communicated – in writing, orally or by conduct – so that the other party may accept or reject it
- made to a particular person, a group of persons or to the whole world
- contains clear, definite and specific terms
- made with serious intention

What's your opinion?

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**Stage 4**

**An offer is a statement by one of the parties that shows willingness to contract on specific terms - if accepted it will become immediately binding.**

The Courts have recognised situations which are not binding offers: these are called 'invitations to treat'.

*If someone is inviting offers or indicates that they are willing to enter into negotiations but is not prepared to be bound immediately and can accept or reject any offer made – this is called an invitation to treat.*

**Which of these situations is an invitation to treat and which of these is a genuine offer?**

**Case A**

The Ministry invites offers for the supply of books for use in its schools.

**Case B**

Try one of our anti-flu pills – we'll pay you a £100 if you take them and still catch the flu!

**Case C**

'How much am I offered for this painting?'

**Case D**

*The cheapest in town*  
Come to our shop and see our selection of mobile phones – our prices start at £50

Write your answer here:

Offers	Invitations to treat

**Case E**

£50 reward offered  
to anyone who finds and  
returns my favourite  
cat

**Case F**



Special Offer  
**ONLY**  
**£19.99**

**Stage 5**

Look again at the above examples. Can you decide which of them is an example of the following?

Advertising a reward	
Goods in shops	
An advertising statement	
Auction	
Advertisement: unilateral contract	
Tender	

## Stage 6

**Now, complete this text about contracts and offers using some of the vocabulary you have read so far:**

A contract can be \_\_\_\_1\_\_\_\_ or bilateral. If it is a bilateral contract, the parties have duties to each other; however in a unilateral contract one party \_\_\_\_2\_\_\_\_ to do something in return for an act of the other.

Some advertisements are considered by the courts to be \_\_\_\_3\_\_\_\_ contracts as it has been held that an offer can be made to the whole world.

If an offer is made by an offeror to the other party, \_\_\_\_4\_\_\_\_, and is accepted by them, then there is an \_\_\_\_5\_\_\_\_. To be \_\_\_\_6\_\_\_\_ it must be on specific terms, and one party must show \_\_\_\_7\_\_\_\_ to contract, however if they are not prepared accept any offer immediately then this is an \_\_\_\_8\_\_\_\_.

This could be a price ticket in a \_\_\_\_9\_\_\_\_ as the courts have ruled that they are not bound to sell at the price and the \_\_\_\_10\_\_\_\_ cannot demand to buy it.

## Stage 7

**What are the elements of a contract in your country and when is an agreement binding?**

**Do you have the concept of invitations to treat in your contractual system? If so, under what circumstances do they exist?**

**How is your contract law developed and changed?**

**Are there any significant differences between your system of contract law regarding offers and English law?**