

# Business/Marketing Virtual Learning

# 10-12 grade Business Law

**April 17, 2020**



**Date must  
correlate with  
when it would  
be on ISD  
website**

Lesson: [April 17, 2020]



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**Objective/Learning Target:**  
Describe the Requirements of an Offer

# Let's Get Started

Watch this Video:

[Requirements of an Offer](#)



# Requirements of an Offer

Offer - proposal by an offeror to do something, provided the offeree does or refrains from doing something in return.

There are 3 tests that an offer must pass to be legally enforceable:

1. Contractual intent must be present in the offer.
2. The offer must be communicated to the offeree.
3. The essential terms of the offer must be complete and definite.

# Requirement #1 - Contractual Intent Must Be Present

Words themselves may indicate an offer, but a reasonable person would disregard them because of the facts and circumstances under which they were spoken.

Examples of when contractual intent is not present would be:

**Jests** - If a person thinks someone making an offer was joking, an offer does not truly exist. Example: “I will give you a million dollars to ask her out” is not a serious offer.

**Statements made in anger or terror** - Contracts are not valid if made under duress.

**Preliminary negotiations** - Information communicated merely to induce someone to initiate bargaining are not seen by the law as indicating an intent to contract.

**Social agreements** - If two friends agree to go to the movies, no contract is intended. If either breaks the date, the other may be offended but cannot file suit for breach of contract. Social arrangements typically do not create legal obligations.

## **Requirement #2 - Offer Must Be Communicated to the Offeree**

A person who is not the intended offeree cannot accept the offer. Nor can a person accept an offer without knowing it has been made. That is because any action taken would not have been a response to the offer. Thus, an offer of a reward that is made to certain persons or even to the general public cannot be accepted by someone acting as required by the reward offer but who has never seen or heard of it. If this occurs, the person making the reward offer is not legally obligated to pay it.

## Requirement #3 - Essential Terms Must Be Complete and Definite

**Complete** - Nearly all offers must, at a minimum, identify the price, subject matter, and quantity, either directly or indirectly, to be legally effective.

Some offers require even more information to be valid. For example, in most states the **essential terms for the sale of real estate** would include: 1) a proper legal description of the real estate, 2) price, 3) full terms for payment, 4) date for delivery of possession, 5) date for delivery of the deed (**ALL five of these MUST be included**)

**Definite** - Each essential term must be identified clearly. If a seller owned several cars but only stated that she would sell “my car,” the courts would not enforce the offer. In some contracts, however, a term might be implied by law or common business practice. For example, some contracts are between individuals who regularly deal in the goods, such as televisions and cars, being bought or sold. In these contracts, when the price is not specified, current market price is used as the basis for the contract.

# ACTIVITY #10

Study the situations, answer the questions, and support your answers in your Journal.

- 1) The owner of a small color television set offers to sell it to a neighbor for \$75. As the neighbor stands there thinking about the offer, a bystander says, "That's a bargain. I'll take it!" Is there a contract between the bystander and the owner?
- 2) Bill was injured on the job and hospitalized for several months. Without telling Bill, and to prevent him from being cited by the city during this period, Bill's friend Ted mowed Bill's lawn weekly and fed and watered his pets. When Bill returned home from the hospital, he was shocked at what Ted had done and said, "I'll pay you \$500 for all your work." Is this an enforceable promise?



# ACTIVITY #10(continued)

- 3) After reviewing her application, the Nationwide Credit Union notified Heidi that she was qualified to borrow up to \$10,000. Nothing was specified as to the length of the agreement, the rate of interest the credit union would charge, or the terms of repaying any loan. The credit union did not make a loan of \$8,000 to Heidi when she requested it four months later. Is the credit union liable for breach of contract?
  
- 4) G. Whiz Sports Shop published this advertisement in the local newspaper: “Congratulations to the winners of the Tour de France! Now YOU TOO can be a champ! Get an 18-speed Blue Lightning bicycle for only \$2,295—marked down from \$2,795, the manufacturer’s suggested retail price. What a bargain! Come and get it!” Baxter visited the discount store the following day and said, “I’ll take one of the Blue Lightning bikes.” The clerk replied, “Sorry, we had only ten bikes in stock and they’ve all been sold.” Was the advertisement an offer?