



Business/Marketing Virtual Learning

10-12 grade Business Law

April 20, 2020



Lesson: [April 20, 2020]

Objective/Learning Target:
Describe the Various Ways to End Offers

Let's Get Started

Watch this Video:

[Terminating an Offer to a Contract](#)



Ways to Terminate Offers

- 1) **Revocation by the Offeror** - After an offer has been made, the offeror can generally revoke it anytime before it is accepted by the offeree. This is true even if the offeror promised that the offer would remain open for a particular period. The right to withdraw an offer before it is accepted is known as the right of revocation. A revocation is not effective until communicated to the offeree.
- 2) **Time Stated in the Offer** - In making an offer, the offeror may state how and when the offer must be accepted. If a reply is not received by the time specified, the offer expires and there is no contract.
- 3) **Reasonable Length of Time** - When nothing is said in the offer about how long it will remain open, it will end after a reasonable length of time. What is a reasonable length of time depends on all the surrounding circumstances. For example, if a product can spoil, like milk, the offer can expire soon so the milk doesn't go bad. In contrast, an offer to sell durable items, such as a car, would not terminate until a longer time had elapsed. To avoid misunderstandings, the time available for acceptance should be specified at the outset.

- 4) **Rejection by the Offeree** - When an offeree clearly rejects the offer, the offer is terminated. Unless renewed by the original offeror, the offeree can no longer accept the original offer. An offer is terminated by an offeree's rejection even if a time limit set by the offeror has not expired. See below that a counteroffer would be considered a "new" offer.

- 5) **Counteroffer** - Generally an offeree accepting an offer must accept it exactly as made. If the offeree changes the offeror's terms in important ways and sends it back to the offeror, a counteroffer results. In making a counteroffer, the offeree says in legal effect, "I refuse your offer; here is my proposal." The counteroffer terminates the original offer. The counteroffer then becomes a new offer.

- 6) **Death or Insanity of Either the Offeror or Offeree** - Contracts are agreements voluntarily entered into by the parties and subject to their control. Death or insanity eliminates such control. Therefore the law acts for these parties when they can no longer act and terminates their offers.

- 7) **Destruction of the Specific Subject Matter** - If the offer refers to unique subject matter, such as a baseball card collection, and it is subsequently destroyed, for example in a fire, the offer is automatically terminated.

ACTIVITY #11

Study the situations and answer the questions completely with support for your answers in your Journal.

- 1) On May 15th, Melissa offered to sell her collection of baseball cards for \$3,000 at anytime before the first of the next month to her friend and fellow collector, Raoul. While Raoul was trying to raise the money, Melissa had second thoughts. So she called Raoul and said, "I've changed my mind, I'm not interested in selling the cards." Raoul responded, "It's too late, you said the offer would be open for this whole month. This is just the 20th, and I've got the money so I accept."

Was Melissa's offer terminated before Raoul's attempted acceptance?

ACTIVITY #11(continued)

- 2) While her car was in Prescott's garage for repairs, Wood noticed a large, seemingly unused, metal tool chest in the corner, complete with about 400 standard and metric tools. Wood offered to buy it for \$3,000 and said, "You can take a week to think about it before you decide whether to accept." Four days later, before Prescott had responded, Wood told Prescott that she was withdrawing her offer as she had found a better set for less money. Can Prescott still accept Wood's original offer? If Wood had put the offer in writing, could she have withdrawn it before the week was over?

- 3) Frank saw a wheelchair advertised in the paper for sale for \$900. When he called Tom, the offeror, who had bought it to use while he was recovering from a skiing accident, Tom said it had not yet been sold. Frank drove out to see it but found it needed work. So Frank offered \$700. Tom seemed insulted, and said he wasn't interested at that price. Frank left. About an hour later, he went back and found the wheelchair had not been sold. He then offered the \$900 specified in the ad. However, Tom refused to sell it to him. Frank became upset and sued to get the court to force Tom to sell it to him for \$900. Will Tom have to do so? Why or why not?