

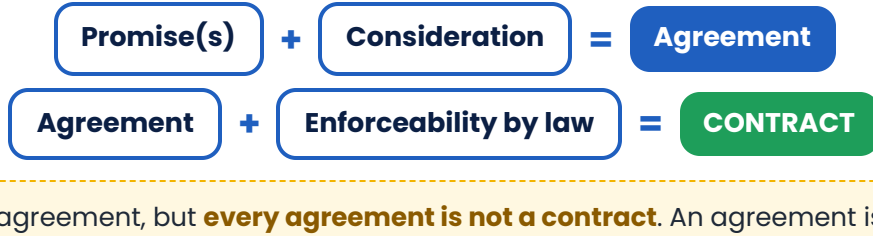
Offer, Acceptance and Revocation

CONTRACT ACT 1872 · DEFINITIONS · PROPOSAL · COMMUNICATION · REVOCATION · ACCEPTANCE

Comprehensive Exam Revision Handout

1 CORE CONCEPT — FROM PROPOSAL TO CONTRACT

The law governing contracts in Pakistan is the **Contract Act, 1872** **(S.1)** — applicable since **1 September 1872**. Despite its age and minimal amendments, it remains the **principal legal framework** for contracts in Pakistan.



Golden rule: Every contract is an agreement, but **every agreement is not a contract**. An agreement is enforceable only when it creates a **legal obligation** (not a social or moral one).

2 KEY DEFINITIONS (SECTION 2)

Proposal / Offer **(S.2(a))**

When one person signifies to another his **willingness to do or to abstain from doing** anything, **with a view to obtaining the assent** of that other to such act or abstinence.

Adeel offers to buy Babar's bike for Rs. 50,000.

Acceptance & Promise **(S.2(b))**

When the person to whom the proposal is made **signifies his assent**, the proposal is accepted. A proposal, **when accepted, becomes a promise**.

Promisor & Promisee **(S.2(c))**

Person making the proposal = **Promisor** (offeror). Person accepting = **Promisee** (offeree).

Agreement **(S.2(e))**

Every promise and every set of promises **forming the consideration for each other**.

Adeel's promise to pay Rs. 50,000 is consideration for Babar's promise to sell the computer, and vice versa.

Contract **(S.2(h))**

An **agreement enforceable by law**.

Express & Implied promises **(S.9)**

Express: proposal/acceptance made **in words** (spoken or written).

Implied: made **otherwise than in words** — inferred from conduct or circumstances.

Shoe shiner polishes Sajid's shoes and Sajid allows it → implied contract.

3 COMPARISON BLOCKS

VS

Basis	Social / Domestic Agreement	Commercial / Business Agreement
Presumption	Parties do not intend to create legal relations	Parties intend to create legal relations, unless otherwise agreed
On breach	Cannot be enforced in court (dinner invitation example)	Action for breach can be enforced, if all essentials of a valid contract exist

Basis	Offer (Proposal)	Invitation to Offer
Intention	Willingness to be bound, to obtain the other's assent	Only circulates information of readiness to deal
On acceptance	Becomes a promise	Does not amount to a promise on "acceptance"
Examples	Bid at auction; customer selecting goods in a self-service store; advertisement of reward for finding a lost dog	Goods displayed for auction; goods displayed in a departmental store; asking for/giving information (e.g. "highest price offered so far")

4 LEGAL RULES ON A VALID OFFER



A person **cannot make an offer to himself** — at least two persons are needed.



Offer must be **certain and definite**.

"Will buy another horse if first proves lucky" → vague, unenforceable.



Offer may be **conditional**; special terms must be **specifically communicated**.



An offer has **no legal consequence until it is accepted**.

Communication of proposal **(S.3)**

By **any act or omission** of the proposer by which he intends to communicate it or which has that effect — **words spoken, written, or conduct**.

Communication complete **(S.4)**

When it **comes to the knowledge** of the person to whom it is made.

Offer by letter is complete when Babar receives the letter.

5 REVOCATION / TERMINATION OF A PROPOSAL



Time limit **(S.5)**: A proposal may be revoked **at any time before the communication of its acceptance is complete as against the proposer** (i.e. before the acceptance is posted), **but not afterwards**.

Modes of revocation **(S.6)**

- Notice of revocation** communicated by the proposer.
- Lapse of prescribed time**, or if none, a **reasonable time**, without communication of acceptance.
Shares applied in June, allotted in November → offer lapsed.
- Failure of acceptor to fulfil a condition precedent** to acceptance.
- Death or insanity of the proposer** — **only if** it comes to the **acceptor's knowledge before acceptance**.

Additional ways an offer ends

- Rejection** / non-acceptance by offeree (even before the offer period expires)
- Counter offer** — an offer by offeree in response; it rejects the original offer
- Offer **once accepted** becomes a contract — cannot be revoked

Death known ✖

Zain dies 18 Jan; Dawood accepts 20 Jan **knowing** of death → **no contract**.

Death unknown ✓

Dawood accepts **in ignorance** of death → **contract**; legal representatives liable.

Counter-offer case: Wajid offers farm for Rs. 1,000 → Hamid offers Rs. 950 (rejected) → Hamid later offers Rs. 1,000 → **no contract**; the original offer was already rejected.

6 ACCEPTANCE — CONDITIONS & RULES



Valid acceptance **(S.7)**

- Must be **absolute and unqualified** (unconditional); and
- Expressed in the **manner prescribed** in the proposal; or
- If no manner prescribed, in some **usual and reasonable manner**.

Additional essentials

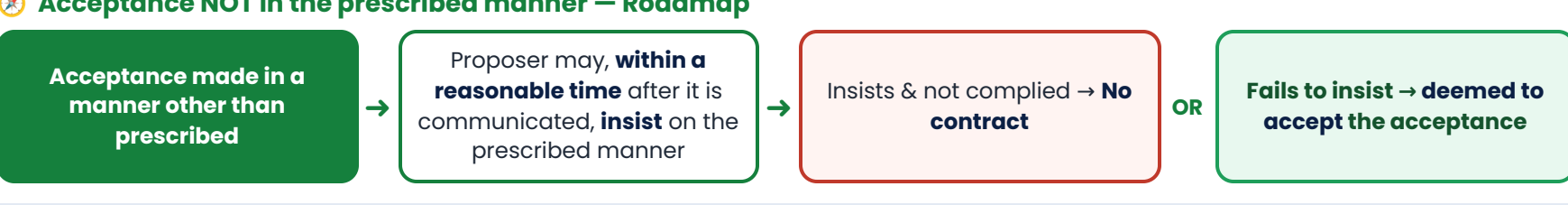
- Offeree must be **aware of the proposal** at the time of acceptance
- Given **before the offer lapses or is withdrawn**
- Cannot accept an offer already **rejected or terminated** (e.g. a later law banning sale)

Silence ≠ Acceptance

Acceptance cannot be by **negative confirmation** ("if no reply in 5 days, deemed accepted"). **Silence is not acceptance**.

*Communication of acceptance **(S.3)** by any act or omission intended to communicate it.*

✗ Acceptance NOT in the prescribed manner — Roadmap



Acceptance by performance **(S.8)**

Performing the conditions of a proposal, or **accepting consideration** offered with it, is acceptance.

Jameel deposits 10% advance as required → valid acceptance without other communication. Reward offers (lost dog) are accepted by performance.

Revocation of acceptance **(S.5)**

Acceptance may be revoked **before** communication of acceptance is complete **as against the acceptor** (i.e. before it reaches the proposer), **but not afterwards**.

7 COMMUNICATION — WHEN COMPLETE? **(S.4)**



Communication of	As against the person making it	As against the person receiving it
Proposal	Complete when it comes to the knowledge of the person to whom it is made	
Acceptance	As against proposer : when put in course of transmission to him, so as to be out of the power of the acceptor (e.g. letter posted)	As against acceptor : when it comes to the knowledge of the proposer
Revocation	As against maker : when put in course of transmission , out of his power	As against recipient : when it comes to his knowledge

📅 Timeline — Adeel offers house to Kashif by letter (Example 40)



8 APPLICATION TO SCENARIOS



Revocation crosses acceptance

Saleem's offer reaches Ghazi 5 Sep; Saleem posts revocation 5 Sep (reaches 7 Sep); Ghazi posts acceptance 6 Sep.
→ Revocation reached Ghazi **after** he posted acceptance → **binding contract**.

Qualified acceptance

Car offered for Rs. 400,000; buyer sends Rs. 150,000 with balance in instalments → **counter offer**, no contract (unless seller accepts it).

Request for information

"What's the highest price offered?" → "Rs. 35m" → "I agree to buy at Rs. 36m" → the last letter is only an **offer**; not accepted → seller may sell to another.

Social-media discount post

Post = invitation; customer's order = **offer**; seller quoting higher price = no acceptance → customer **cannot compel** sale.

Implied acceptance by conduct

Painter mistakenly paints Jamal's quarters; Jamal sees and does not stop him → **implied acceptance**, charges recoverable.

Wrong mode, no objection

Acceptance by email instead of **posted letter**; proposer reads it and **does not insist** → deemed accepted; **cannot refuse**.

9 COMMON EXAM TRAPS



- Acceptance by post is complete against the proposer on the **date of posting** — **not date of receipt**.
- Proposal may be revoked before acceptance is complete as against the **PROPOSER** — **acceptor / offeree / promisee**.
- Death of proposer revokes the offer **only if acceptor knew** before accepting; otherwise legal representatives are bound.
- "If you don't reply, it is accepted" — **implied acceptance** → **silence is NOT acceptance**.
- An offer once rejected **can later be accepted** → **cannot**; a fresh offer is required.
- Selecting goods & handing them at the counter = **making an offer, not acceptance**.
- Acceptance in wrong mode is **automatically void** → **valid unless proposer insists within reasonable time**.
- Reward offer: finder **ignorant of the offer** cannot claim; contract forms on **performance** (finding/returning), not on payment.
- Offer made to FA accepted by FA's manager in his **private** capacity → acceptance **not effective**; only the offeree can accept.
- "Will sell at a very favourable price" — lacks **essential element of an offer** (not definite).

10 QUICK REVISION BOX



1872

Contract Act (in force 1 Sep 1872)

4 + 2

S. 6 modes of revocation + rejection & counter offer

3

S. 7 conditions of valid acceptance

S. 4

Posting = complete v. proposer; receipt = v. acceptor

- S. 2(a)** Proposal · **2(b)** Acceptance/Promise · **2(c)** Promisor/Promisee
- S. 2(e)** Agreement · **2(h)** Contract · **S. 9** Express/Implied
- S. 3** Communication by act/omission · **S. 4** When complete

- S. 5** Revocation of proposal & acceptance — timing
- S. 6** Modes of revocation · **S. 7** Valid acceptance
- S. 8** Acceptance by performing conditions / receiving consideration

One-line memory: Offer → knowledge · Acceptance → **posting** (v. proposer) / **receipt** (v. acceptor) · Offer revocable till acceptance **posted** · Acceptance revocable till it **reaches**.