

LHS
Business Law II
Lesson 7-1 Creation of Offers
Transparency

Chapter 7 Offer and Acceptance
--Lesson 7-1 Creation of Offers

Goals

Following Lesson 7-1, students should be able to:

- List the elements required to form a contract
- Describe the requirements of an offer

Read Hot Debate on p. 98
--discuss

Read What's Your Verdict on p. 99
--discuss

Contract
--agreement that courts will enforce
--basis for all economic activity

Six requirements

1. Offer and acceptance
 - serious, definite offer
 - communicated and accepted
2. Genuine assent
 - not based on deceit, a mistake, or unfair pressure
3. Legality
 - no crime or tort involved
4. Consideration
 - both sides receive value
5. Capacity
 - ability to contract
 - not a minor, mentally sound
6. Writing
 - some contracts must be written

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Offer

--proposal to do something

Offeror

--communicates the offer

Offeree

--receives the offer

A valid offer must:

- 1) appear to intend to create a legal obligation
- 2) include definite and complete terms
 - item, price, delivery date, etc.
- 3) be communicated
 - from offeror to offeree

Expression of Intent to Create a Legal Obligation

Test of the reasonable person

- joke or serious offer?
- objective rather than subjective test
 - objective
 - easily measured
 - subjective
 - not easily measured
 - open to interpretation (or lies)

Facts and circumstances

- examine both the words spoken and the situation
- obvious joke, duress, anger, etc.

Preliminary negotiations

- Would you consider selling me your car for \$1,000?
vs.
I'll give you \$1,000 cash for your car today.

Social agreements

- not a legal obligation

Offer Must be Complete and Clear

Complete

- all essential terms included
 - item, price, quantity

Clear

- each essential term clearly identified

Implied terms

- if no specific price, use current market price

Read What's Your Verdict on p. 100

- discuss

Advertisement

- not an offer, but an invitation to customers to make offers
- inventory may be limited

Ad only becomes an offer when it states:

1. subject to stock on hand
 - ex. only 10 vehicles available at this price
 - or-
2. first 10 customers after store opens at 8:30am on Sat. 1/20/07

Assign:

- Think About Legal Concepts, p. 102 (1-9)

- Think Critically About Evidence, p. 102 (10-13)