Problem analysis contract law

Law, Contract Law

An offer must be firm and demonstrate clear intent, whereas an acceptance must accept the term of the offer unqualifiedly. It should be noted that in the usual case, communicationof acceptance and consideration are also essential to constitute a valid acceptance. If all elements are found to exist, the contract will be complete, and Lain will be bound to fulfill his promise. Offer The first issue to address is whether an offer exists. Lain would presumably argue that his statement was merely a puff and lacked intention to be acted upon as he announced it impulsively under the influence of alcohol, and the offer does not give him any benefit.

This is, however, a weak argument. The general rule is that the intention of the parties should be assessed objectively, as in Smith v Hughes (1871) LORD 6 CB 597 where Blackburn] stated that the promises conduct should be considered in a way that appears to a reasonable man. The phrase " would pay El 0, 000" exhibits both certainty and intention, because it has stated the exact amount of reward and the wordings shows immediate readiness to be bound. His claim is particularly convincing given his wealth. A reasonable man would therefore believe that Lain did intend to pay the reward if the stated condition was fulfilled.

Similar to Williams v Cowardice (1833) 5 Car & P 566, there is only a promise made by one party. Lanai's statement appears to represent a unilateral offer that would be converted into a binding contract once the required act has been performed. This would be further discussed in the following. Acceptance In unilateral contracts, performance of the stipulated act constitutes the acceptance of offer (Cargill v carbonic smoke gall co. [1893]

1 CB 256 (CA)). Both crews have performed the act of " crossing the finish line" ahead of Lanai's yacht.

However, it is highlighted that the current case differs from Cargill v Carbonic Smoke Ball Co. In that it is arguable whether or not anyone who has completed the performance can claim the reward. On one hand, it can be said that since Lanai's offer does not state any conditions, crossing the finishing line is sufficient in itself. This argument is, however, suggesting that any random yacht that happens to cross the finish line by incident is also entitled to the reward, which makes little sense. The court is more likely to accept that only qualified competitors who crossed the knish line ahead of Lanai's yacht should be considered.

This is indeed supported by the fact that the crew of " Moon Amour" joined the competition upon knowing the offer. It shows that the offered also understands that being a qualified competitor is a prerequisite. By entering the race, both crews have agreed to the Race Rules and therefore, they should be bound by such rules. In Clarke v Dungaree [1 897] AC 59, the court stated that when the party understands that the race is to be run under a particular set of regulations, and that he deliberately enter for the race upon those terms, he is bound by such rules.

Whilst the crew of " Bell Raider', being a qualified competitor, had fulfilled the conditions of Lanai's offer, since the French crew was not officially recognized by the race officials due to a breach of the Race Rules, it can hardly be said that the latter has validly accepted Lanai's offer. Communication of acceptance Whilst communication of acceptance is

needed in the usual case, in unilateral contract, the offer showed by his language and from the nature of the contract that he waived the need to communicate (Cargill v Carbonic Smoke Ball Co.).

Whether Lain received notice of the performance is irrelevant to the matter at hand. Consideration The agreement has to be supported by consideration in a legally enforceable contract. To determine if there is consideration, it brings up the debate of whether reliance is essential. Lord Dunedin, in Dunlop Pneumatic Tree Co. Ltd v Selfridges & Co. Ltd [191 5] AC 847, 855 defined consideration as " an act or forbearance of one party, or the promise thereof, is the price for which the promise of the other is brought, and the promise thus given for value is enforceable".

Following his definition, obviously, both crews' act Of crossing the finish line, in return for the reward, is treated as good consideration. The answer would be less certain if reliance is required. In the book The Law of Contract, Triple asserts that an act or forbearance would not be consideration " where the promises would have accomplished the act or forbearance anyway". This view was supported by R v Clarke (1927) 40 CLC 227, where the court held that the claimant could not recover the reward because his concern was not the reward when he gave the information.

In other words, the claimant had not " act in reliance upon" the offer. It is a matter of debate if this prevailing view is in fact erroneous, as argued by Paul Mitchell and John Philips in " Is reliance essential? " , but this is not the current concern. Assuming that this general view is still correct, the French crew's acceptance was clearly motivated by the offer as they did not intend

to participate in the race until Lain 's announcement. But in the case of " Bell Raider", there is insufficient information to tell if their crew did act in reliance to the offer.

There may be three different situations depends on the facts. Firstly, if the situation is identical to that of the French crew, they act in reliance to the offer for the same reason. Secondly, if evidence shows that " Bell Raider will join and win the match even without Lanai's offer, their performance cannot be regarded as consideration as there is no reliance. Thirdly, if " Bell Raider" will join the match but not necessarily reach the destination ahead of Lanai's yacht, it can still be argued that the reward motivated the crew to outperform themselves and thus, there is reliance.