

Leonard v pepico an  
offer too good to be  
true



**ASSIGN  
BUSTER**

In this week's Individual Project we are asked to consider specific questions in regards to the case of a Seattle man who took on a soft drink giant in regards to a Harrier Jet. The following pages will discuss first the four elements of a valid contract and then move into a discussion of the objective theory of contracts. The objective theory of contracts will then be applied specifically to the Leonard v. PepsiCo case. Next a discussion of why the court held there was not a valid contract in the Leonard v. PepsiCo case will lead into an explanation of why advertisements are not generally considered to be offers.

In conclusion a discussion will be submitted as to why this case differs from a case in which a unilateral contract is formed by the completion of a specified act by using the example of the Carlill v. Carbolic Smoke Bomb Company as set forth in the Leonard v. PepsiCo case. Leonard v. PepsiCo an Offer Too Good to Be True For this Individual Project we are asked to consider a deal that was "too good to be true" the purchase of a \$23 million dollar Harrier Jet, allegedly offered by "a popular soft drink company" for \$7,000,000 "Pepsi Points" which could also be purchased for 10 cents apiece.

After calculating the cost an enterprising Seattle man submitted 15 points, a check equivalent to the value of the remaining points \$700,000, the order form and a demand for the jet. In response he received an apology and some product coupons. In a letter expressing the company's regret for Mr. Leonard's misunderstanding their intentions PepsiCo explained they did not have listed in their catalog nor have any intention of offering a Harrier Jet in exchange for Pepsi Points.

They further explained the jet shown in the commercial was simply used to create a “ humorous and entertaining advertisement”. Neither amused or satisfied the Seattle man Mr. Leonard took the company to court resulting in the ruling, which declared that “ no reasonable person would believe a company would offer for sale a Jet worth \$23 million for \$7 million” (Leonard v. PepsiCo, 1999). In other words the offer was “ too good to be true”.

The Four Elements of a Valid Contract According to our multimedia presentation for this week, which describes the four essential elements of a contract to include “ the names of the parties, the subject of the contract, the time for performance to be completed, and the price” (Bassey, n. d. ). I learned this a little differently in an earlier class as follows; the first element of a contract is a meeting of the minds, (or mutual consent) offer and acceptance, mutual consideration (the exchange of something of value) and performance (the action must be completed) (Larson, 2003).

Objective Theory of Contracts In responding to the question of what is the objective theory of contracts I again turn to this weeks multimedia presentation which states: The objective theory of contracts is a “ classification of a contract in which a reasonable person judges there was an intent to contract and not merely the subjective intent of the involved parties. The textbook makes the point that you need to consider the words, conduct of the parties, and the surrounding circumstances.

For example no valid contract results from offer that are made in jest, anger, or undue excitement” (Bassey, n. . ). The element of jest is that which applies in the case with the case of Leonard v. PepsiCo, Inc. , even though

the commercial was portraying teenagers and appealed to teenagers (the Pepsi generation? ) PepsiCo did not believe anyone would actually take their commercial seriously when they portrayed a Harrier Jet as a replacement for a conventional vehicle in jest.

The objective theory is not new to American Law according to USLegal. com, which explains it was adopted into American law by the late nineteenth century (Objective theory, n. . ). How Does the Objective Theory of Contracts Apply to This Case? Leonard v. PepsiCo, Inc. , was found by the court to exemplify the objective theory of contracts as the court found “ that no objective person could reasonably have concluded that the commercial actually offered consumers a Harrier Jet” (Leonard v. PepsiCo, 1999). In essence what the court said was not their intention to consider either what the defendant intentions were when they were making the commercial or what specifically the plaintiff believed the commercial offered.

It was their position to perceive what the “ objective reasonable person would have understood the commercial to convey” Leonard v. PepsiCo, 1999). Another way of saying this would be that since a reasonable person would not actually believe that PepsiCo was offering a Harrier jet for sale and the offer made in humor (jest) that there was no actual offer made. Without offer there could be no acceptance and therefore no contract.