BLOGS

Contract Law Notes on Communication of Acceptance and Revcocation

Ruchika Mohapatra · 27 Feb 2024

Edit TABLE OF CONTENTS Introduction Definition of Acceptance Requirements of a Valid Acceptance Acceptance under Section 3 and 4 Revocation of proposal

Introduction

In the **previous article**, we looked at concepts related to offers. Now let us understand acceptance and communication of acceptance in greater detail.

Definition of Acceptance

“When the person to whom the proposal is made, signifies his assent thereto, the proposal is said to be accepted.” This is the definition of acceptance as written in **Section 2(b)** of the Indian Contract Act, 1872.

- In simpler terms, when the promisee communicates their consent to the offer proposed by the promisor, it is termed as an acceptance.
- Like offers, acceptance can also be express, that is clearly stated verbally or through written words, or it can be implied, that is inferred through a certain action.
- An acceptance can only be communicated by the person to whom the offer is made, in case of specific contracts.
- In case of general offers, which are made to public at large, acceptance can be made by anyone who fulfils the stipulated conditions.

Requirements of a Valid Acceptance

Section 7 of the Act states the requirements of a valid acceptance.

1. The first condition is that it must be absolute and unqualified. An offer accepted with conditions, modifications, or reservations is the same as rejecting the initial offer and making a counter offer. The offer's conditions must be followed by the acceptor.
2. Any modification to the offer, no matter how small, renders the acceptance void.
3. The acceptance should be made according to the mode prescribed or according to a usual or reasonable mode if anything is not prescribed by the proposal, as per section 7(2) of the act.
4. If the proposal specifies how it should be accepted, the same method must be followed within a reasonable time. Acceptance must be made exactly how the offeror requests as per the "mirror image rule". However, the section also states that if the promisee fails to communicate acceptance in prescribed manner, the promisor may insist that the proposal be accepted in the prescribe manner.
5. The offeree must communicate the acceptance to the offeror. Silence cannot amount to acceptance. If a person accepts an offer but forgets to post the letter stating the same, it will not be acceptance.
6. Acceptance must be communicated in a reasonable time, or as specified by the proposal. Communicating acceptance to an offer made 10 years ago is not valid, unless the proposal state the same.

Acceptance under Section 3 and 4 of Indian Contract Act

Section 3 and 4 of the Contract Act state the rules related to offer and acceptance when the parties are at a distance to each other.

- It is important to note that these rules apply to letters and other postal methods. Emails, telephonic conversations are treated the same as oral agreements.
- When made by letter, communication of proposal is complete when the letter reaches the offeree.
- Communication of acceptance as against the offeror is complete when the letter of acceptance is posted by the offeree, and is outside their control. When such letter is completed properly and posted, the offeror is bound by the contract. Even if such letter is lost or delayed, the acceptance shall be valid.

- Communication of acceptance is complete as against the offeree when the offeror receives the letter of acceptance. The offeree becomes bound to the contract then.
- In case of oral agreements, as well as telephonic or fax agreements, when the offeror hears or receives the acceptance, rather than when the offeree transmits it, the message of acceptance is complete. As soon as the offeror gets or hears the acceptance, the contract is complete. Therefore, it is the acceptor's responsibility to make sure the proposer understands his acceptance.
- The contract is formed in the location where the acceptance is received or is heard in cases when the acceptance is supplied via instantaneous means of communication.
- If acceptance is made by letter, the place where the acceptance letter is posted is the location of the contract.

Revocation of Proposal

A proposal or an acceptance can also be withdrawn. This is termed as 'revocation'. The rules related to revocation are stated in **Section 5 of the Act.**

A proposal can be revoked before the communication of acceptance is complete as against the offeror, i.e. before the acceptance is put into transmit by the offeree. An acceptance can be revoked any time before the letter of acceptance is received by the proposer. Therefore, proposal and acceptances should be revoked using a speedier method of communication.

Revocation must be necessarily express; it cannot be implied A revocation can only be made by the offeror, offeree or their authorized agents. If an offer is lost in transit or delayed, it can still be revoked

A general offer must be revoked through the same channel by which the original offer was made. So, a general offer made through a television advertisement, cannot be revoked by a newspaper advertisement.