

9-26-2026 | Lecture 5 - Acceptance, Offer Termination, and the Mailbox Rule

What is the core principle of horizontal equity in contract formation?

Neither party is legally bound to a contract until both parties are bound.

Under UCC § 2-207(2), how are additional terms treated when at least one party is a non-merchant?

They are treated as mere proposals for addition to the contract and do not become part of the agreement without explicit assent.

What is the Mailbox Rule?

A common law rule holding that an acceptance is effective and forms a binding contract at the exact moment of dispatch.

What are the four primary events that terminate an offeree's power of acceptance?

1) Rejection or counter-offer; 2) Lapse of time; 3) Revocation by offeror; 4) Death or legal incapacity of either party.

Under Restatement (Second) § 58, what degree of compliance with the offer's terms is required for an acceptance?

The acceptance must comply exactly with the requirements of the offer regarding terms and manner.

How is a contract formed under UCC § 2-207(3) when written communications fail to form an agreement?

Through conduct by both parties recognizing the existence of a contract (such as shipping and accepting goods).

What three statutory exceptions under UCC § 2-207(2) prevent additional terms from becoming part of a merchant contract?

1) Offer expressly limits acceptance to its terms; 2) Terms materially alter the contract; 3) Objection is made prior or within a reasonable time.

When is a rejection of an offer effective under common law?

Upon receipt by the offeror.

Under common law, what is the legal effect of an acceptance that contains qualified or variant terms?

It acts as a rejection of the original offer and constitutes a counter-offer.

What is meant by the definiteness requirement in contract formation?

The essential terms of an offer must be sufficiently clear to provide a basis for determining breach and giving an appropriate remedy.

What are the two principal requirements for an enforceable agreement?

Assent and Definiteness.

What is the legal effect of the offeror's or offeree's death prior to acceptance?

It automatically terminates the offer and the power of acceptance without requiring notice.

How does UCC § 2-206(1)(a) define acceptable modes of acceptance for sale of goods contracts?

Acceptance may be made in any manner and by any medium reasonable under the circumstances unless unambiguously indicated otherwise.

Does the Mailbox Rule apply to option contracts?

No; an acceptance under an option contract is effective only upon receipt by the offeror.

Does a Firm Offer under UCC § 2-205 require consideration to remain irrevocable?

No, consideration is not required.

Under UCC § 2-207(1), when does an acceptance form a contract even if it contains additional or different terms?

When it is a definite and seasonable expression of acceptance, unless acceptance is expressly made conditional on assent to the variant terms.

What terms comprise a contract formed by conduct under UCC § 2-207(3)?

The terms on which the written records of the parties agree, combined with applicable UCC gap-fillers.

What function do UCC Gap-Fillers serve under UCC § 2-207(3)?

They supply standard terms (such as warranty, delivery, or place of performance) missing from the parties' agreeing communications.

According to Restatement (Second) § 35, what is the legal effect of terminating a power of acceptance?

The offeree's legal power to create a binding contract by acceptance ceases to exist.

What is the majority legal approach ("Knockout Rule") for handling "different terms" under UCC § 2-207?

Conflicting terms in the offer and acceptance drop out entirely and are replaced by standard UCC gap-fillers.

What three elements are required to form a valid common law option contract?

1) An underlying offer; 2) A subsidiary promise to keep the offer open; 3) Consideration for that promise.

Under Restatement (Second) § 69(1)(a), when does taking the benefit of offered services operate as acceptance?

When the offeree takes the benefit with a reasonable opportunity to reject them and reason to know compensation was expected.

What legal principle gives the offeror the right to set the terms, requirements, and manner of acceptance?

The "master of the offer" rule.

What is the legal definition of contract acceptance under Restatement (Second) of Contracts § 50?

A manifestation of assent to the terms of an offer made by the offeree in a manner invited or required by the offer.

Under UCC § 2-207(2), what is the default rule for additional terms in contracts between merchants?

Additional terms automatically become part of the contract unless a statutory exception applies.

How does 39 U.S.C. § 3009(b) treat unordered merchandise sent through the mail?

It may be treated as an unconditional gift by the recipient without any legal obligation to pay or return it.

What is the maximum duration of irrevocability for a Firm Offer under UCC § 2-205?

Three months (any stated period longer than three months is enforceable only up to three months).

Under what condition is an acceptance ineffective even if dispatched before a rejection reaches the offeror?

If the rejection reaches the offeror first and the offeror detrimentally relies on that rejection.

When is an offer effective under common law rules of communication?

Upon receipt by the offeree.

What rule applies if an offeree dispatches a rejection first, and then dispatches an acceptance?

The Mailbox Rule does not apply; whichever communication reaches the offeror first governs.

What exception under UCC § 2-206 prevents a shipment of non-conforming goods from acting as a contract breach?

Shipping non-conforming goods seasonably notified to the buyer as an accommodation.

Who bears the risk of transmission loss or delay of an acceptance sent by mail?

The offeror bears the risk under the Mailbox Rule.

Who holds the legal power to accept an offer under Restatement (Second) § 29 and § 52?

Only the person or entity invited by the offeror to furnish consideration.

Under UCC § 2-206, what are the legal consequences of shipping non-conforming goods without notice?

The shipment operates simultaneously as an effective acceptance and an immediate breach of contract.

What is a counter-offer?

An offeree's response proposing a different bargain, which acts as a rejection of the original offer and terminates the power of acceptance.

Can an offeree sell or transfer their right to accept an offer to a third party?

No, an offer creates an inalienable right personal to the offeree that cannot be sold or assigned.

Under UCC § 2-206, how can a seller accept an offer to buy goods for prompt or current shipment?

By a prompt promise to ship conforming goods or by prompt shipment of conforming or non-conforming goods.

What is the common law Mirror Image Rule?

The requirement that an acceptance must match the offer's exact terms unequivocally without addition, qualification, or change.

What is the general common law default rule regarding the lapse of face-to-face or oral offers?

An oral offer lapses at the end of the conversation unless language or circumstances indicate otherwise.

What is the minority legal approach for handling "different terms" under UCC § 2-207?

The different terms in the acceptance are ignored, and the original terms of the offer control.

Under Restatement (Second) § 30(1), how can an offeror dictate the manner of acceptance?

By explicitly requiring either a promise or a performance in response to the offer.

Give a classic example of an additional term that constitutes a material alteration under UCC § 2-207.

A clause disclaiming standard implied warranties such as merchantability or fitness for a particular purpose.

How does the dispatch of a proper acceptance affect the offeror's power to revoke?

The offeror's power to revoke is immediately terminated upon dispatch under the Mailbox Rule.

What is the default rule for notification of acceptance in a bilateral contract under Restatement (Second) § 56?

The offeree must exercise reasonable diligence to notify the offeror of acceptance.

What is a Firm Offer under UCC § 2-205?

An irrevocable offer by a merchant to buy or sell goods, made in a signed writing, giving assurance that it will be held open.

How does Restatement (Second) § 60 distinguish between prescribed terms and suggested terms for acceptance?

Prescribed terms require strict compliance to form a contract, whereas suggested terms permit alternative reasonable times, places, or manners.

What constitutes performance in a bilateral contract versus a unilateral contract?

Bilateral contracts require acceptance by a return promise, whereas unilateral contracts require acceptance by complete performance.

What is the legal impact of an express restriction limiting an offer to a specific class of offerees?

Only members meeting that specified class criteria possess the legal power to accept the offer.

What is the default rule for notification of acceptance in a unilateral contract under Restatement (Second) § 54?

Notice is not required upon performance unless the offeree knows the offeror has no adequate means of learning of the performance.

What is an Option Contract at common law?

A binding agreement to keep an offer open for a specified period of time, supported by consideration.

What defines a "material alteration" of a contract under UCC § 2-207(2)(b)?

A term that would result in unreasonable surprise or hardship if incorporated without the other party's express awareness.

What is the legal effect of an offeree's response under UCC § 2-207(1) that is "expressly made conditional on assent to additional or different terms"?

It is a counter-offer, not an acceptance, and forms no contract unless the offeror affirmatively assents.

What is the default rule under Restatement (Second) § 30(2) if an offer does not specify the manner or medium of acceptance?

The offeree may accept by promise or performance, in any manner and by any medium reasonable under the circumstances.

What factors determine whether a "reasonable time" has elapsed for an offer without an explicit expiration date?

Subject matter, market conditions, and the degree of urgency communicated by the medium used.

What primary common law doctrine does UCC § 2-207 abolish in commercial transactions?

The Mirror Image Rule.

What is the default duration of an offer if no specific expiration time is stated?

A reasonable time period under Restatement (Second) § 36(1)(b).

What is an offer revocation?

The offeror's withdrawal of an offer prior to acceptance, terminating the offeree's power of acceptance.

When is a revocation of an offer effective under common law?

Upon receipt by the offeree.

What is the general legal rule regarding an offeree's silence operating as acceptance?

Ordinarily, silence or inaction does not constitute acceptance, and the offeror cannot compel it.

To which contractual communications does the Mailbox
Rule strictly apply?

Acceptances only.