**Contract Law – Assignment A  
  
Does Kathleen make Lou an offer?**  
*‘An offer should have been intended to give rise, on the doing of the act, to an obligation.’* (*Australian Woollen Mills Pty Ltd v Commonwealth*)  
Kathleen has posted Lou a letter which contains specific instructions about a business relationship, including dates and prices, which she would like to enter in to with his company. This letter shows intent to enter in to obligation with Lou due to the specific wording of the letter. Kathleen has clearly made Lou an offer and I see little evidence to support the opposite.   
  
**Does Kathleen revoke the offer to Lou?**  
An offeror may revoke an offer at any time before it is accepted. (*Routledge v Grant*) Kathleen was within her legal right to revoke the offer from Lou via fax because as far as she knew, due to postal delays, Lou had not yet accepted her offer.  
*‘[A revocation] can be no more effectual than the offer itself, unless brought to the mind of the person to whom the offer is made.’* (*Henthorn v Frazer*) However this revocation must be communicated to the offeree before it is effective. Lou received the fax from Kathleen but did not read it until after he had accepted the original offer. In *Entores Ltd v Miles Far East Corporation* the court looked at instant means of communication such as telephone and fax communications. The court held that it must be directly communicated to the offeree for an offer, acceptance or revocation to be made. Lou had not read the fax so Kathleen had not revoked the offer.   
  
Another argument that Kathleen could seek to show she had revoked the offer to Lou would be if the contract was terminated due to a lapse of time due to the mail delay. A lapse of time termination is determined by two considerations, the nature of the subject matter of the contract and the means used to communicate the offer. (*Manchester Dioceasan Council for Education v Commercial & General Investments Ltd*)  
I do not believe that the court would find the servicing of cars to be a matter of ‘great importance’ negating this consideration. Kathleen originally also corresponded via postal that means there was no urgency placed on an answer and she accepted the risks involved in delivery via mail. These facts disprove a revocation of her offer due to a lapse of time.   
  
Did Lou accept Kathleen’s offer?  
Once a letter is posted with an acceptance it is deemed to have been legally accepted from that time. (*Adams v Lindsell*) The only exception to this is both parties contemplated a postal acceptance. (*Henthorn v Frazer*) Lou posted his acceptance in on the 15th January before he was aware of a revocation of the offer from Kathleen. As Kathleen had posted the offer and it did not stipulate a way in which for Lou to accept the offer it is easily presumed that a postal acceptance was contemplated by both parties. This means that Lou has legally accepted Kathleen’s offer via post.   
  
Does Charlie make Kathleen an offer?  
Referring to the facts above about making an offer it is clear than when Charlie is on the phone to Kathleen he has made her an offer. The fact in relation to this offer could be legally contested though for two reasons.  
If an offer is made by phone then it is deemed to be a valid offer. (*Entores Ltd v Miles Far East Corporation*) There was no connection difficulties on the phone and Kathleen seemed to have no problems understanding the business nature of the phone call. This means that Kathleen would be unable to say there was no offer from Charlie due to the offer being made over the phone.   
The second reason Kathleen might be able to contest the offer is that Charlie made two offers in the one phone conversation. When an offeree’s first response was a counter-offer which replaces the original offer the first offer cannot be considered to remain standing. (*Hyde v Wrench*) Even though the facts of this case deal with an offeree making the counter-offer it is stating that once a new offer is made the first one no longer exists. I think the court would easily accept this as the intended meaning of this ruling. This offer also had a lapse of time stated that only gave Kathleen 24 hours to accept the new offer before it would be revoked. Kathleen would not be able to contest the offer due to the second offer not being legal because Charlie had two offers on the table, one for 70 and the other for 65.  
   
Does Kathleen accept Charlie offer?  
Acceptance must be communicated by the person to whom it was made to the person who made the offer. (*Powell v Lee*) Acceptance must also be absolute and unqualified. (*Masters v Cameron*) When Kathleen called Charlie, on the 15th January at 11:30am, she was clearly communicating her acceptance before the time period of the offer expired. Kathleen being the one who the offer was made has the legal right to accept Charlies offer. Kathleen also did this with no changes or the terms at all that would have made it a counter-offer not an acceptance. Kathleen has accepted Charlie’s offer to service the cars and I can see no evidence, in the facts provided, to disprove this.

Conclusion

All the facts of the situation being applied to the law show that Kathleen has two valid legal agreements to have the cars of her business serviced.   
Agreement One: With Lou from ‘*Lou’s Lubes*’ to have the cars serviced once a cycle for 75 dollars each.  
Agreement Two: With Charlie from *‘Cheapfix Pty Ltd.*’ to have the cars serviced once a cycle for 65 dollars each.