Subject Name: Contract Act
Topic Name: Revocation of Offer and Acceptance

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Communication of Offer and Acceptance

For an offer or its acceptance to be considered valid, it must be communicated to the respective parties involved. This means that the offer must reach the offeree, and the acceptance must reach the offeror. Similarly, revocation of an offer must be communicated by the offeror to the offeree, and revocation of acceptance must be communicated by the offeree to the offeror.

According to Section 4, the communication of an offer is deemed complete when it reaches the knowledge of the specific person to whom it is made. For instance, if Om (the offeror) writes to Anurag (the acceptor) offering to sell his car for Rs 45,000, the offer is considered complete the moment Anurag receives the offer letter.

However, the completion of communication of acceptance involves two aspects:

(a) As against the offeror (or the proposer)
(b) As against the acceptor (or the offeree)

(a) Communication of acceptance is deemed complete as against the offeror (or proposer) when it has been dispatched, thus leaving the power of the acceptor. For example, if Om offers to sell his car to Anurag for Rs 45,000 and Anurag accepts by posting a letter, the communication of acceptance is complete as against Om the moment Anurag posts the acceptance letter.

(b) Communication of acceptance is considered complete as against the acceptor (or offeree) when it reaches the knowledge of the offeror (or proposer). In the same example, the communication of acceptance is complete as against Anurag the moment Om receives the acceptance letter.

Communication of Revocation of Offer and Acceptance

The completion of the communication of revocation of an offer, as well as of the acceptance, involves two distinct aspects:

(a) As against the offeror (or proposer).

(b) As against the acceptor (or offeree).

(a) The communication of the revocation of an offer or an acceptance is considered complete as against the person making it (i.e., the offeror or the acceptor) when it has been dispatched, thereby relinquishing their control over it. However, this completion occurs only once it is in the course of transmission and out of their power, but not before.

(b) On the other hand, it is deemed complete as against the person to whom it is directed when it comes to their knowledge. However, this completion is also not earlier than the moment it is received by the intended recipient.

Let's elucidate these legal points with illustrative examples:

Situation (a): If Oscar (the offeror) revokes his offer by fax, the revocation is complete for him the moment the fax is sent. However, for Arnold (the acceptor), it is considered complete only upon his receipt of the fax.

Situation (b): Conversely, if Arnold (the acceptor) revokes his acceptance by fax, the revocation is complete for him the moment the fax is sent. Yet, for Oscar (the offeror), it is deemed complete only upon his receipt of the fax.

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Time Limit for Revocation of Offer and Acceptance

According to Section 5, an offer can be revoked at any time, but only before the communication of its acceptance is complete as against the offeror. Similarly, an acceptance can be revoked at any time, but only before the communication of its acceptance is complete as against the acceptor. Once the communication of acceptance is complete, the offer or acceptance cannot be revoked thereafter.

Let's consider an example to understand the time limit for revocation:

Oscar (the offeror) offers to sell his car to Arnold (the acceptor) for Rs 1,00,000 by sending a letter through post. Arnold accepts the offer by sending a letter through post as well.



In this scenario, the revocation and its time limit for both parties are as follows:

(i) Oscar (the offeror) may revoke his offer at any time but only before or at the very moment Arnold (the acceptor) posts his letter of acceptance. After that point, the offer cannot be revoked.

(ii) Similarly, Arnold (the acceptor) may revoke his acceptance at any time but only before or at the very moment his letter of acceptance reaches Oscar (the offeror). Once the letter is posted, the acceptance cannot be revoked.

It's important to note that in India, the post office is considered the common agent of both the offeror and the acceptor. Therefore, once the letter is posted, it constitutes completion of the communication between the parties. However, under English Law, the post office is deemed the agent of the offeror alone, making acceptance irrevocable once posted.