

Contract Cases Summary

Case Name	Issue	Held	Application to the Law
Gibson v Manchester City Council	Was MCC's letter that they 'may be prepared to sell the house to you' a formal offer?	No contract	The vague language make it impossible to construe the letter into a contractual offer
Carlill v Carbolic Smoke Ball Co	Carlill bought Smoke Ball based on advertisement. Was she able to enforce 'contract' on a unilateral advertisement?	There was clearly an offer (\$1000 deposit, not too vague, acceptance and consideration made out)	Unilateral contracts (it is possible to make an offer to the world at large), acceptance occurred through her performance, consideration was her inconvenience/their sale
	** Today this would be covered under the ACL – misleading and deceptive conduct		
MacRobertson Miller Airline v Commissioner of State Taxation	For taxation purposes, is an airline ticket an agreement or a memorandum of an agreement?	Ticket is not an agreement, ticket only records terms of an offer	Barwick CJ: Conventional ticket analysis (?????) the offer is presenting at the airport, acceptance is carrying the passenger
	** this conventional ticket analysis often not applied e.g. implied terms		
Pharmaceutial Society of GB v Boots	Did the display of goods on the shelves amount to an offer?	Not an offer – it's an invitation to treat	Offer was made at the checkout where pharmacists could either accept/reject the offer. Would be unworkable otherwise – customer could not change their mind
AGC v McWhirter	Do auctions mean there is an offer to sell?	No. just ITT and the seller can refuse to accept a bid	Auction is an ITT, bid is the offer, offer is accepted by fall of hammer. Both parties can withdraw before acceptance
Harvela Investments c Royal Trust Co of Canada	Was the telex for tenders an offer?	Yes. language used – "if any offer made is the highest offer we bind ourselves to accept"	Goes against traditional rule that anything proceeding the tender is just an ITT.
Hughes Aircraft v Air services Australia	Was the tendering process complied with?	No. breached due to failure to comply with tender processes	Duty of good faith applicable
Goldsborough Mort v Quinn	Was Q able to revoke the offer when G's paid for an option to purchase land within a week?	No. Q cannot withdraw before the expiration of the promised period	Leading case for withdrawal or revocation of an offer – exception for consideration paid to keep open
Mobil Oil v Wellcome International	Was M able to revoke the offer that if W scored above 90% they would get free years?	Yes. Statement very vague, W was already bound to do that work anyway – no substantial detriment.	Leading case for revocation in unilateral contracts – performance/acceptance has commenced No universal proposition that the offeror cannot revoke once offeree commences performance (would be unjust)

Fong v Cilli	Will an offer still be open if the offeror dies?	Yes. But the offer is revoked on notice of death.	Leading case on termination due to death of offeror Offer may still be accepted before notice of death unless personal services are required
Laybutt v Amoco	Will option contracts remain enforceable against the deceased state?	Yes. unless the intent of that option was that it not be excisable after death	Offer will lapse on death of offeror unless there was intention otherwise
Dysart Timbers v Neilson	Was the offer still open or was there a fundamental change in circumstances?	No. a fundamental change in circumstances is a high test, and would be rare.	There is an implied condition that an offer would lapse on a fundamental change in circumstances, but look at the objective intention of the offeror
Stevenson v McLean	Is there a binding contract is a mere inquiry was made?	Yes. a mere inquiry is not a rejection of counter offer. Offer was still open & was accepted by S so there was a binding contract	Leading case on counter offer – a mere inquiry is distinguished from a counter offer
Smith v Hughes	Had H accepted S's offer if he believed he was getting old oats and received new oats?	No.	Subjective test applies for acceptance. No contract is the parties are not of the same mind
	*** this was an old case –the law then changed to adopting an objective test for acceptance		
Fitness First v Chong	Was C bound to pay the \$200 early exit fee if she didn't read the contract and was no ad idem?	Yes. signed contract = bound to terms whether or not they have read them. Reasonable person would have believed that she was assenting to the terms	Objective test – would a reasonable person consider the parties to have reached agreement having regard to their external manifestations
The Crown v Clarke	Is there a valid contract is Clarke responded to a unilateral contract to defend himself and not in response to the reward – and then claimed the reward?	No. a person accepting and performing must act on the offer.	EXCEPTION: subjective intention of the offeree is relevant in unilateral contracts Isaacs CJ example of being pushed in the harbour does not mean you can claim reward for swimming in harbour
Latec Finance v Knight	Did LF accept K's offer even though it had not communicated acceptance?	No. there was no contract. Clear language needed to communicate acceptance	Communication of acceptance is effective when and where it is received by the offeror