Contracts

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All Contracts must have these 5 Elements: Offer, Acceptance, Consideration, Capacity, and Legality.

- Offeror- The person making the offer
- Offeree- The person receiving the offer. They have the power of acceptance.
- Offer and Acceptance lead to Contract Formation
- If a statement is made without an offer there is no power of acceptance and it is only a preliminary negotiation.
- **Requirements for an Offer:**

  1. The language must be definite and certain.

  2. It must appear to a reasonable third party that an offer was made.

  3. The Offer must be communicated to the offeree. (TV, Radio, and Internet Ads for example are not offers because the it is too large a communicating medium and nobody has the power of acceptance).

Exceptions on Offers

There are three Important Exceptions to the rules on Offers

1. If an Advertisement says "First Come-First Served" it limits the class of offerees who can accept it… to the first one and is therefore a contract.
2. If the class of Offerees is limited in number as seen in advertisements "To the first 10 people to send in a coupon"
3. If a reward contract offers "$10 million dollar reward for information…" Because the only way to accept it is to act.

Terms of a Contract

The Terms are the Specific Promises contained in the Contract

- Price Term- how much the goods will cost to buy
- Delivery Term- what time you will deliver
- Quantity Term-how much are you willing to sell
- Under the Common law, there are no rules for what terms you must have to make the contract enforceable.

U.C. C. Contract

The Terms for a U.C.C. Contract are: Rule of Quantity, with Output-Requirement Exception, Rule of Gap-filling, and Rule of Vague Terms

- Under the U.C.C the quantity must be stated.
- The exception to the rule of quantity is an Output-Requirement Contract. These offer enforceable contracts where a quantity is not stated. For example “all of the tires that I might require” or “all of the tires that I might Produce”
- Rule of Gap-Filling- under the UCC if the parties enter into a contract and leave out some of the terms, it is still an enforceable contract. This is only true as long as you don’t leave out the term of quantity.
- Example: “We will decide later on what time I will deliver the furniture.”
- Rule of Vague Terms: Under the UCC, if parties enter into a contract and put in terms but the terms are vague, the contract is not enforceable.