# **Seven circumstances in which an offer lapses and becomes invalid**

Circumstances in which an offer lapses and becomes invalid are listed below:

1. **An offer lapses after stipulated or reasonable time:**

An offer lapses if acceptance is not communicated within the time prescribed in the offer, or if no time is prescribed, within a reasonable time [Sec. 6(2)]. What is a reasonable time is a question of fact depending upon the circumstances of each case.

For example, an offer made by telegram suggests that a reply is required urgently and if the offeree delays the communication of his acceptance even by a day or two, the offer will be considered to have lapsed.

1. **An offer lapses by not being accepted in the mode prescribed, or if no mode is prescribed, in some usual and reasonable manner.**
2. **An offer lapses by rejection:**

An offer lapses if it has been rejected by the offeree. The rejection may be express i.e., by words spoken or written, or implied. Implied rejection is one: (a) where either the offeree makes a counter offer, or (b) where the offeree gives a conditional acceptance.

**Example**

(i) A offered to sell his house to B for Rs 90,000. B offered Rs 80,000 for which price A refused to sell. Subsequently B offered to purchase the house for Rs 90,000. A declined to adhere to his original offer. B filed a suit to obtain specific performance of the alleged contract.

**4. An offer lapses by the death or insanity of the offeror or the offeree before acceptance:**

If the offeror dies or becomes insane before acceptance, the offer lapses provided that the fact of his death or insanity comes to the knowledge of the acceptor before acceptance [Sec. 6(4)].

**5. An offer lapses by revocation:**

An offer is revoked when it is retracted back by the offeror. An offer may be revoked, at any time before acceptance, by the communication of notice of revocation by the offeror to the other party [Sec. 6(1)].

For example, at an auction sale, A makes the highest bid. But he withdraws the bid before the fall of the hammer. There cannot be a concluded contract because the offer has been revoked before acceptance.

**6. Revocation by non-fulfilment of a condition precedent to acceptance:**

An offer stands revoked if the offer fails to fulfil a condition precedent to acceptance [Sec. 6 (3)]. Thus, where A, offers to sell his scooter to B, for Rs 4,000, if B joins the Lions Club within a week, the offer stands revoked and cannot be accepted by B, if B fails to join the Lions Club.

**7. An offer lapses by subsequent illegality or destruction of subject matter:**

An offer lapses if it becomes illegal after it is made, and before it is accepted. Thus, where an offer is made to sell 10 bags of wheat for Rs 6,500, and before it is accepted, a law prohibiting the sale of wheat by private individuals is enacted, the offer comes to an end.