

### Article 14

#### [Revocability of offer]

(1) Until a contract is concluded an offer may be revoked if the revocation reaches the offeree before he has dispatched an acceptance.

(2) However, an offer cannot be revoked:

(a) if it indicates, whether by stating a fixed time for acceptance or otherwise, that it is irrevocable; or

(b) if it was reasonable for the offeree to rely upon the offer as being irrevocable and the offeree has acted in reliance on the offer.

#### PRIOR UNIFORM LAW

ULF, article 5.

#### Commentary

##### *Revocation of an offer, paragraph (1)*

1. Article 14 states that offers are in general revocable and that the revocation is effective when it reaches<sup>1</sup> the offeree.

2. The right of the offeror to revoke his offer terminates at the moment the contract is concluded. For the reasons explained in paragraph 4 of this commentary, this basic rule applies only in those cases in which the offeree orally accepts the offer and in those cases in which the offeree accepts the offer in conformity with article 16 (3).

3. Under article 16 (3) if, by virtue of the offer or as a result of practices which the parties have established between themselves or of usage, the offeree may indicate assent without giving notice to the offeror by performing an act, such as one relating to the dispatch of the goods or payment of the price, the acceptance is effective at the moment the act is performed. Since the acceptance is effective and the contract is concluded at the moment the act is performed, the right of the offeror to revoke his offer terminates at that same moment.

4. In the typical case in which the offer is accepted by a written indication of assent, article 14 (1) provides that the right of the offeror to

revoke his offer terminates at the moment the offeree has dispatched his acceptance, and not at the moment the acceptance reaches the offeror. This rule was adopted even though article 16 (2) provides that it is at this later moment that the acceptance is effective and the contract is therefore concluded in accordance with article 21.

5. The value of a rule that a revocable offer becomes irrevocable prior to the moment at which the contract is concluded lies in the fact that it contributes to an effective compromise between the theory of general revocability of offers and the theory of general irrevocability of offers. Although all offers except those which fall within the scope of article 14 (2) are revocable, they become irrevocable once the offeree makes his commitment by dispatching the acceptance.

##### *Irrevocable offers, paragraph (2)*

6. Article 14 (2) (a) provides that an offer cannot be revoked if it indicates that it is irrevocable. It should be noted that this provision does not require a promise on the part of the offeror not to revoke his offer nor does it require any promise, act or forbearance on the part of the offeree for the offer to become irrevocable. It reflects the judgement that in commercial relations, and particularly in international commercial relations, the offeree should be able to rely on any statement by the offeror which indicates that the offer will be open for a period of time.

7. The offer may indicate that it is irrevocable in different ways. The most obvious is that the offer may state that it is irrevocable or that it will not be revoked for a particular period of time. The offer may also indicate that it is irrevocable by stating a fixed time for acceptance.

8. Article 14 (2) (b) provides that the offeror cannot revoke his offer if it was reasonable for the offeree to rely upon the offer as being irrevocable and the offeree has acted in reliance on the offer. This would be of particular importance where the offeree would have to engage in extensive investigation to determine whether he should accept the offer. Even if the offer does not indicate that it is irrevocable, it should be irrevocable for the period of time necessary for the offeree to make his determination.