

CASE COMMENT: POWELL V LEE

Tanisha Agarwala***PARTICULARS OF THE CASE:**

- Court: Division of Kings Bench
- Mr. Powell, the appellant; Mr. Lee, the respondent;
- Citation: (1908) 99 LT 284

INTRODUCTION

Powell v. Lee is related to the Indian Contracts Act and how it works. To get to know the case better an overview of it is required. An Overview of the Indian Contract Act of 1872:

Under the Indian Contract Act 1872, the term contract is defined under Section 2(H), which states that an agreement that is enforceable by the law is known as a Contract. In a contract, there must be an intent to create legal relationships not social, moral, or religious. One of the main elements of a contract is the meeting of minds also known as the legal maxim consensus Ad Idem. In a contract, there are two or more parties:

1. The One Who Promised that is the promisor
2. The Assured that is the promisee

According to Section (2) of the aforementioned Act, a recommendation made to one party by another may qualify as an offer. This recommendation may apply to carrying out an act or abstaining from it. The person making the offer to the other party in this procedure is known as the promiser, and the one receiving the offer is known as the promisee.

Only once both parties have accepted the offer can a contract come into effect. Let's imagine that the offer made by A to B is accepted by B, in which case it is said to have entered into effect.

*BCOM LLB, FIRST YEAR, OP JINDAL GLOBAL UNIVERSITY, SONIPAT.

The offer's exceptions are subject to the following criteria as well:

1. Any offer's exception needs to be made very clear.
2. The previously mentioned offer should not be subject to any conditions.
3. There should also be a complete and qualified approval.

When a condition is made for an offer to be accepted, it should only be accepted by members of that group; acceptance by anybody else will not have any significance on the matter. A contract is an agreement between two parties. An agreement consists of an offer or proposal, its valid acceptance and lawful consideration.

The case at hand *Powell v Lee* is a famous case law of the Indian Contract Act, 1872. It plays an essential role in helping us understand the workings of the act. The importance of the existence or non-existence of certain elements of a contract is established by the case. This makes it an important judgment.

FACTS OF THE CASE

1. There was an opening for the headmaster's position in a school.
2. The plaintiff that's is Mr. Powell applied for the job position of headmaster in a school.
3. The manager referred the application to the appointing authority which then released a resolution to appoint the said person.
4. The Board members were having a discussion wherein they decided to hire Mr. Powell as the headmaster. This discussion was overheard by another board member who was standing at a distance.
5. This board member went on and intimated Mr. Powell about the selection for the job he had applied for.
6. At this point, there was no formal information and only internal discussions were taking place among the board members.
7. The intimation made to him was not formal.
8. Powell was happy that he was being appointed as the headmaster. But later on the appointment of him as the headmaster was cancelled by the board.
9. This triggered Powell and he went on to file a suit against the school authority stating that a breach of contract had been conducted.

LEGAL ISSUES

1. Whether the school had conducted a breach of contract or not as stated by Mr Powell, the plaintiff.
2. Whether there was a contract in existence between the school and Mr. Powell.
3. Whether an unauthorized person or a person without the capacity to communicate details regarding the contract.

LAWS INVOLVED

1. Section 2(a) of the Indian Contract Act, 1872

This is the interpretation clause of the Contracts Act. In this Act, the following words and expressions are used in the following senses, unless a contrary intention appears from the context:— (a) When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to such act or abstinence, he is said to make a proposal;¹

2. Section 2(b) of the Indian Contract Act, 1872

When the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal, when accepted, becomes a promise.²

ARGUMENTS

The plaintiff Mr Powell said that he was conveyed the message that he had been accepted as the role of the headmaster in the school. He has been conveyed the message that the contract was accepted. The authority informing him about the rejection of the offer is a violation of the contract as it can not be backed out once entered into. As per the contract, when an offeree makes an offer to the invitation of offer made by the offerer and the offeree's offer is accepted by the offerer they are said to be in a contract. As the acceptance of offer was communicated to Powell, he was in a contract with the school.

To this, the defendant argued that Mr Powell was never formally intimated about the acceptance of the offer. Hence, he should be in the pursuit of a lawsuit for breach of contract. This refusal, conveyed to him by a lawfully chosen delegate, was the single and definitive

¹ The Indian Contract Act, 1872

² The Indian Contract Act, 1872

result. According to the Indian Contract Act, there was an invitation to offer for the headmaster's post. When Mr. Powell applied, he was essentially offering to become the headmaster. The members of the board were free to accept or reject the offer, and they did. They have the legal right to do this. Consequently, there are no legal concerns with the circumstance, and the court's decision is in everyone's best interests.

The court observed that the main contention was the question of whether a person acting beyond their capacity can communicate the acceptance of an offer or not. The Hon'ble Judge of the court stated that for the existence of a contract its acceptance has to be communicated by an authorised capacity. The court examined that breach of contract can not be questioned as the acceptance of the contract was never communicated. Without communication of existence, the question of breach of contract does not exist.

DECISION

The court finally held that there was no breach of contract and that the school was also not liable. The court noted that- in order to constitute a valid acceptance, there has to be some authorized person who conveys the same to the plaintiff.³ Mr. Powell does not have any defense against the manager's decision. The information was not yet officially communicated to him. This court said that to constitute a valid contract it has to be informed to the proposee by an authorized authority. In this case, it was a board member who did not have the authority to do so. Therefore, the court said that there was no contract in action in the first place that could be breached.

ANALYSIS

As we can observe the acceptance of Mr Powell as the headmaster was never formally informed to him. Additionally, the board members' ultimate conclusion was one of rejection when they informed him of it. He received this conclusion from a legally unauthorized individual who was responsible for making the same judgment, therefore it was the rejection only and final one. When we examine this issue in light of the Indian Contract Act, we will discover that Mr. Powell essentially made an offer to take over as headmaster when he sought the position, which was an invitation to apply. Now, it was up to the board members to decide whether to accept the offer and let him know about it or to turn it down, which is exactly what they did. There

³ Siddarth Shankar Singh, Powell v. Lee (1908) 99 LT 284 (Indian Legal Solutions, June 18, 2021) <https://indianlegalsolution.com/powell-v-lee-1908-99-lt-284/> accessed 26th December

was nothing legally wrong in the case and the judgment given by the court was in the best interest of all the parties involved.

CONCLUSION

From the given case we can understand how the different elements of a contract constitute its enforcement. The absence of even one element can leave a contract void. Here particularly, the acceptance of the offer and communication were questioned. The proposal in the form of an application for the headmaster's job was rightly done but the acceptance part was misunderstood. The breach of contract was unavailable to the plaintiff as no formal acceptance was conveyed to him. To make a contract valid its acceptance must be communicated by the offeree within his/ her capacity of authority or any other person duly authorized on his/ her behalf. If not so the contract is invalid. It should also be noted that effective communication without any communication barriers is very crucial for valid contract enforcement.

