When the terms of a proposal do not contain a description complete in itself of the proposed performance and of the counter-performance asked for, at least two questions may arise in all systems under consideration. The degree of definiteness of the terms of the offer may, first of all, be a factor to be considered in connection with the issue whether a proposal is an offer or a mere invitation to deal. This question has been dealt with in A-1. The second question - to be dealt with in this Report - is under what circumstances a proposal, although intended to confer a power of acceptance upon the other party (and hence constituting an offer), is nevertheless invalid because of the indefiniteness of its terms.¹

All legal systems guard against the danger of divided loyalty and conflict of interests. Almost all of them do so by providing that as a rule a contract made by a self-dealing agent is void, or voidable at the option of the principal, unless the principal consents to the agent's assumption of the dual role.⁴

¹In the cases treated in A-1 the courts simply attempt to give effect to the proponent's intention (i.e., to his intention to confer, or not to confer, a power of acceptance upon the other party). Where, on the other hand, an offer or contract fails because of the indefiniteness of its terms, the intention of the parties normally is not given effect; their intention probably is to conclude an effective contract, but that intention is thwarted due to their failure to meet a requirement (i.e., sufficient definiteness) laid down by the law.

⁴Some legal systems provide that even without the principal's consent the contract is valid and enforceable if the self-dealing agent's act consists only of the performance of a legal duty of the principal, or if otherwise the interests of principal and agent, although potentially conflicting, are not truly adverse under the circumstances of the case. This exception, however, is not generally recognized.

Referring Principles:

- II.3 - Agent acting without or outside his authority
- IV.2.1 - Contractual consent