Legal case studies are the same as other case studies in that they involve a problem. However, many people may find them hard to cope with because legal considerations do not often affect the day-to-day or big picture strategic decisions made in a business. This does not mean they are less important, it just means that legal issues might be ignored or forgotten.

The purpose of case studies is to develop your understanding of how legal issues may affect a business and to encourage you to think of ways of identifying and dealing with such issues. Consequently, you should always understand that there is no one right answer, how those in business deal with any particular issue can vary enormously.

However, we can give you some guidance:

1. Find some key words and phrases in the case study that may give you a hint as to what sort of legal problem you are dealing with. For example, if words like “agreement” and “breach” are included, this may suggest it involves some contractual issue or issues. If the word “accident” or “negligent” is used, this might suggest a question of tort liability.
2. Based on key words and phrases, see if you can come up with some questions about possible legal responsibilities. These possible legal responsibilities are related to key facts. For example, if A has breached a contract, can B get his money back from A? Or because A has damaged B’s car in an accident, can B get any compensation?
3. Apply the law to the key facts. Decide on how the law applies. For example, what does the law of torts provide if A negligently damages B’s car? What does B have to prove before he or she can recover anything from A? Is there anything B can say to avoid legal liability?
4. Identify the likely outcome, that is, A’s responsibility. Here you should also think about anything that could be used to avoid the situation or alternatively to minimise the problems arising from A’s legal liability.

The best way to approach the problem is to use a model.

One such model is IRAC, an acronym which stands for:

ISSUE - identify your immediate problem;

RULE - identify the rule or principle/s of law involved;

APPLICATION - apply the principle/s of law to the facts given; and

CONCLUSION - state the result of that application.

For example, take this fact situation:

Andrew displays an antique clock in a shop window with the price tag marked as $1000. Bert enters the store and says “I will take the antique clock” Andrew says “it has been marked incorrectly and it should read $2000”. Can Bert demand that Andrew complete the sale and sell him this antique clock.

In considering this situation, the issue that ultimately arises is whether there is a binding agreement between Andrew and Bert in relation to the sale of the antique clock.

However, to answer this question other lesser “issues” have to be resolved - specifically, is there an offer and an acceptance?

Our treatment of the above question, (which lends itself to a chronological treatment), would be resolved somewhat like this:

**Issue 1: Is the display of the antique clock an offer to sell at $1000?**

**Principle/s**: An offer is a firm promise to do or refrain from doing something, made with the intention that a binding obligation will arise upon acceptance. Hence, the mere display of an item for sale does not *of itself* generally constitute an offer to sell it either at the marked price or at all (*Pharmaceutical Society v Boots Cash Chemists*).

**Application**: Here, there is a bare display by Andrew of an item for sale. There is nothing to indicate Andrew’s intention to sell it - other than that bare display.

**Conclusion**: Therefore the display is unlikely to be an offer. It is probably only an invitation to treat. (An invitation to others inviting them to deal with you) as distinguished from an offer made to the world at large (Carlill v Carbolic Smoke Ball Co).

**Issue 2: Is there an offer elsewhere in the transaction?**

**Principle/s**: As above.

**Application**: Bert's statement satisfies all of the criteria for an offer to buy the watch for $20.

**Conclusion**: An offer to buy has arisen when Bert says, “I will take that antique clock”. Bert in this instance is the offeror and Andrew is the offeree.

**Issue 3: Has that offer been accepted?**

**Principle/s**: An acceptance is an unequivocal agreement to the terms of an offer communicated by the offeree to the offeror. (See *Hyde v Wrench*).

**Application**: Here there has been no acceptance of the terms of Bert’s offer. Andrew's statement is either merely providing further information or it may possibly be a counter-offer. In either case, it falls short of acceptance.

**Conclusion**: Because there is no acceptance in law there is no contract on which Bert can sue. Therefore, Bert cannot force Andrew to sell the antique clock to him for $1000.

You can see from the above that what is involved is a step-by-step process leading finally to a solution.