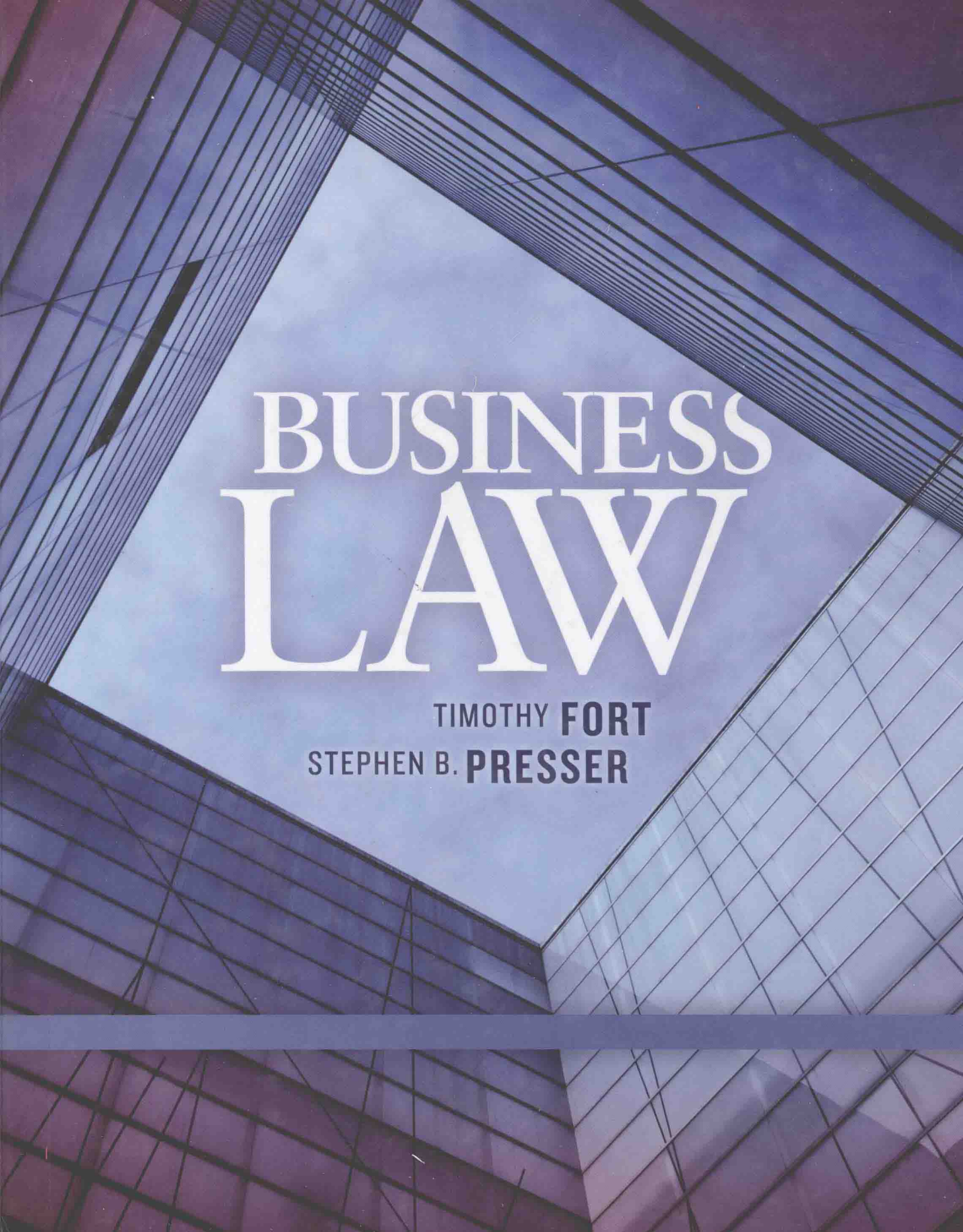


A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings frame a central triangular area of a pale blue sky. The perspective creates strong diagonal lines and a sense of height and scale.

BUSINESS LAW

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BUSINESS LAW

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Part I

Introduction to Law

Scene at the Signing of the Constitution of the United States, by Howard Chandler Christy

*To Susan Graff and to Nancy Nerad—
in mutual gratitude and for a 35-year teacher-student
relationship that is now memorialized as co-authorship.*

PREFACE

WHY IS IT THAT ALTHOUGH THE TWO OF US have been teaching Business Law for a combined sixty years, we excitedly walk into each class? It is true that we both love to teach, but our experience hardly seems the exception. Indeed, nearly every Business Law professor we have ever met has the same experience.

Part of the answer might lie in the reaction students have to the course. To be sure, there will always be a student here and there who doesn't view a Legal Environment of Business or a Business Organizations course as his or her favorite. There are quite a few more who have doubts about the course until their first day. Yet, by and large, students also find these courses to be among the most interesting—and useful—they take. Students expect business law to be dull, uninspiring, and, in short, boring. What we and many of our business law colleagues seek to do, however, is to show that business law is about human drama. It is about yearning, emotion, and even revenge. It is, we believe, as fascinating as is the human race itself. Seeing our students begin to sense that, and seeing student skepticism transform into unexpected enthusiasm is, for want of a better word, fun.

The regulation of the business organization by law is America's great contribution to world jurisprudence. And, of course, as David Dudley Field remarked in 1859, as Americans, law is our only sovereign. We have no monarchy, we have no aristocracy, we have no established church. It is the law and the Constitution which holds this republic together, and as Americans we do really believe that ours should be a government of laws, not men (or women), and that our conduct should be guided by a benevolent rule of law. For Americans then, the study of law is not just the story of legal doctrine. It is history. It is philosophy. It is analysis. It is critical thinking. It is communication. It is politics. It is ethics. It is drama. It is even art. How could one not be excited about having the privilege to teach it?

Law touches on so many different parts of our lives that it is, after all, easy to relate to any person's—any student's—daily experience. Students have seen, and sometimes been, the careless driver. They've seen, and sometimes experienced, discrimination. They have had contracts breached and they have wondered if they are really bound to their promises, given their idiosyncratic circumstances. They wonder about how to reign in giant corporations, unruly agents and misguided principals, and they may have even wondered which of the myriad business forms would best suit their entrepreneurial ideas.

We have tried to construct a business law text which captures what we believe to be the intrinsic interest and the immediacy of law. This book has been assembled in a manner that allows the instructor to immerse students in the complex business of business law a bit more fully than can be done in some good business law textbooks that we do admire. We allow cases to run a little longer, believing that in doing so, critical thinking can better emerge within the confines of the richness of the case itself; so too can ethics. In photographs, notes, graphs, and questions, we try also to connect the dots between the law and current events, art, history, and politics.

The collaboration that produced this text is more than three decades long. It dates back to a cold Chicago January day in 1981 when a young law student named Tim Fort sat in Professor Presser's American Legal History course at Northwestern University School of Law, and on the second day of class found himself being grilled on topics pertaining to England's Sir Edward Coke and the relationship between law and religion. (You will see that the same subject matter begins this textbook.) Our relationship developed over the years, as Presser was one of Fort's supervisors during his work toward an unusual PhD in law, management, and theology. We have continued to teach in both management and law schools, and have found this opportunity to work as co-authors to be one of the true high points of our careers.

There are several people we would like to acknowledge. Jim Cahoy has been our terrific editor at West Academic Publishing who has fostered this book and kept us on task, always with grace, humor and enthusiasm. Carol Logie, the creative talent who put this book together, has been fantastic, crafting something truly unusual for a law text, an aesthetically superb book. We are grateful to both of them.

Professor Presser would like to thank his research assistants William O'Hara, Andreas Havajias, and Tiffany Chu, all of whom, in the summer of 2013, drafted large chunks of chapters, and all of whom served as valuable sounding boards for the materials on agency, partnership, LLCs, and corporations. Professor Presser's longtime faculty assistant, Tim Jacobs, performed his usual invaluable services.

Professor Fort would like to thank his research assistants, Lauren Chan and William LeBas at George Washington University School of Law and Jason Allen at the Mauer School of Law at Indiana University. He would also like to recognize four undergraduate students who, as an independent study, took up the challenge to propose graphics, photos, and other art that might capture the attention of students: Amna Bibi, Christopher Oman, Siddhi Salvi, and Danielle Stacey.

Our hope, in assembling these materials, is that those using them will help us, in future editions, better to meet their needs. We welcome any and all suggestions for improvement, and humbly take responsibility for any errors, omissions, or lapses which inevitably creep into such a bold undertaking.

—Stephen B. Presser
Chicago, IL

—Timothy L. Fort
Bloomington, IN

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Fort holds his PhD from Northwestern University, where he also received his JD. His M.A. and B.A. are from the University of Notre Dame. He has received research awards from The Academy of Management, the Society of Business Ethics, and The Academy of Legal Studies of Business and has served on the editorial board of *The Academy of Management Review*, *Business Ethics Quarterly*, and *The American Business Law Journal*. He has also won teaching awards and recognition at the Doctoral, Executive, and MBA levels.



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