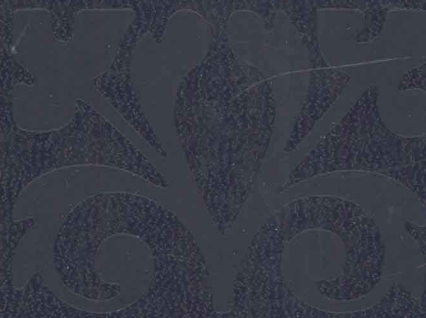


TWOMEY, JENNINGS, FOX



Anderson's
BUSINESS LAW &
the REGULATORY
ENVIRONMENT

Principles & Cases



FOURTEENTH EDITION

Anderson's Business Law & the Regulatory Environment



PRINCIPLES & CASES

FOURTEENTH EDITION

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Preface



Regardless of the newspaper or magazine or the day of the week, there will always be a story about law and business together. The chairman of the Securities Exchange Commission spoke at a business meeting and warned companies that if they did not have their financial reports better reflect their true earnings, expenses, and assets, the law would step in and there would be new legal requirements on disclosure. During that same year, cruise lines became a target for environmental regulations with regard to dumping on the high seas and issues of passenger sexual assault, in some cases by crew members. Finally, the Microsoft Corporation learned the intricacies of federal antitrust laws as well as the damage internal e-mails can do when they are admitted as evidence in court.

When an entrepreneur is struggling with whether to incorporate or create an LLC, or two oil companies are grappling with the stockholder issues of a multi-billion dollar merger, the law will be there. No business or manager can hope to succeed without an understanding of the laws and legal environment of business.

Students in business must be prepared with both knowledge of the law and the skill of applying it in the business setting. We learn principles and application through interaction with examples and working our way through dilemmas, issues, and problems. *Anderson's Business Law & the Regulatory Environment: Principles and Cases* has long been a comprehensive leader in the field of business law and the regulatory environment. This new edition strengthens that lead with revisions that enhance the learning process while still maintaining the detail, case approach, and rigor that have been a long-time tradition.

This edition represents the first one without Professor Ronald Anderson at the helm of the team of authors. Professor Anderson's passing in May 1999 was a personal and professional loss. He was the original inspiration for this text's authoritative approach, its comprehensive coverage, and its memorable and current cases. We carry his spirit and his inspiration forward and it remains a part of this first post-Anderson edition. The distinguishing features remain, but there are improvements that will make the business and law connection more easily understood and offer the students new clarity for grasping the often challenging complexities of law. The changes and improvements are summarized in the following sections and offer an overview of the finest edition of this text yet.

NEW CLARITY

When one author assumes the responsibility for chapters previously written by another, the author becomes an editor. A new set of eyes glancing at the same material can result in new structure, rewording, diagrams, and even writing style. For the fourteenth edition we have acted as editors as well as authors and have produced a text with a new level of clarity for students. With the new structure of the author team, changes in organization, style, and content were natural and have been well received by reviewers.

The topics that were covered in the last edition remain, and new aspects of law have been added. Chapters have been restructured to make the flow of the material more logical and reduce repetition. A look at Chapter 16 on the statute of frauds

and the requirements for written contracts or Chapter 4 on constitutional law give an overview of the new simplicity now found in these and other complex topics.

The writing style has moved from passive to active, the examples have been rewritten and made more student friendly, and much of the legalistic approach is changed to reflect the book's strength in its connection to business. The principles of law are taught in the language and examples of business. Students can relate to the examples, which provide memorable illustrations of complex but critical legal concepts.

CASES: STILL AT THE CORE

The specially selected cases that have been the trademark of this book appear in abundance in this edition. Most chapters include three cases, many of them recent. Landmark cases, which were a longstanding part of the text's strength and charm, remain.

To highlight the charm and induce the student's recall of the principles of the cases, this edition carries a new feature of a case title to introduce the case. In one line above each case is a humorous introduction, a play on words, or a simple memorable description of the parties or facts of the case. The one-line introduction is intriguing for students and makes the strong cases even more memorable.

E-COMMERCE AND CYBERLAW

A new feature, E-Commerce and CyberLaw, covers E-mail privacy, Internet taxes, identity theft, contract formation on the internet, E-commerce employment rules, electronic signatures, and more. Before Part 2: Contracts, a special one-page introduction, explains how E-commerce affects contract law and sales law.

Chapter 2 presents the *Mortenson v Timberline* case on software packaging licenses and new E-commerce business methods. Chapter 8 contains *U.S. v Crandon* on Internet seduction and a major section on Criminal Law and the Computer, covering diverted delivery by computer, economic espionage by computer, electronic fund transfer crimes, and more. Chapter 10 on

Intellectual Property Rights features a section on Protection of Computer Software and Mask Works, covering copyright and patent protection of computer programs, restrictive licensing, semiconductor chip protection, and more.

ETHICAL FOCUS

This edition continues the popular chapter on ethics. In addition to a chapter devoted exclusively to the current issues in business ethics, each chapter continues to provide students with an ethical dilemma related to that particular area of law. The feature Ethics & the Law continues with new problems and updated problems from the previous editions. In each area of law the students will be able to analyze ethical issues that are very real and very challenging for anyone in business. Once again in this edition, the ethics feature continues to offer students an intriguing glimpse of the intersection of law, ethics, and business. Students will be able to analyze problems that involve the cast of *Friends* and their salaries; the pregnancy of Hunter Tylo and its impact on her *Melrose Place* career; the young man who collected Pepsi points to redeem the Harrier jet shown in the Pepsi ads; and the bankruptcies of musicians from TLC to George Michael.

ORGANIZATIONAL CHANGES

This edition breaks the former Chapter 1 into two chapters with the new Chapter 1 focusing exclusively on laws and their purpose. Chapter 2 is primarily a new chapter that focuses on the court system and dispute resolution, including both litigation and alternative means. Chapter 3, the ethics chapter, provides students with the relationship between law and ethics.

The intellectual property chapter has been moved to Chapter 10, giving it a position closer to the chapter on torts to help students understand the connections between statutory intellectual property rights and torts such as appropriation.

In the sales section, the chapter on warranties has been moved to precede the chapters on performance and remedies. Those two chapters follow each other because of their interdependence.

The chapter on accountants' liability has been moved to follow the chapter on securities laws because so much of this profession's liability involves statutorily imposed liability.

INCORPORATION OF THE INTERNET

The public policy features, What's Behind the Law, introduced in the last edition are continued and most of these issues provide an Internet site for students to explore. New to this edition are end-of-chapter references to websites that deal with that chapter's materials. Students will have the chance to explore consumer websites, congressional websites, and websites for determining current mortgage rates. Instructors can use these references for building assignments that will incorporate technology in the classroom.

CPA HELPS

In addition to providing coverage for all the legal topics covered on the CPA exam, this edition has the added feature of sample CPA exam questions at the end of many of those chapters that include legal areas covered on the exam. Answers for the odd-numbered questions are given in the instructor's manual along with explanations for the answers.

The book continues to have its CPA highlight icon in the margins to alert students to those areas that are particularly critical in preparing for the law portion of the CPA exam.

CRITICAL THINKING

The AACSB mandate on critical thinking has long been addressed by this book and it continues as a resource for instructors assigned the task of developing this skill. The What's Behind the Law? feature focuses on public policy and asks students to analyze the whys, ifs, and results of particular laws and policies. In the Ethics & the Law feature, students must connect ethical thought with law and public policy and walk through the logic of application and results. End-of-chapter problems are, for the most part, real cases that summarize fact patterns and ask the students to find the applica-

ble laws in the chapter and determine applicability and results. The fact patterns in the chapter problems are detailed and realistic and offer students the chance to test their mastery of the chapter concepts.

FOR ADDITIONAL HELP IN TEACHING AND LEARNING

For more information about any of these ancillaries, contact your local Thomson Learning/West Legal Studies sales representative for more details, or visit the Twomey *Anderson's Business Law & the Regulatory Environment* website at <http://anderson.westbuslaw.com/>.

Student Study Guide. (ISBN: 0-324-06172-2) Students may purchase a study guide that includes chapter outlines, general rules, study hints, and review and application exercises. Solutions to all study guide case problems are also included.

Instructor's Manual. (ISBN: 0-324-01497-X) This manual provides instructor's insights, chapter outlines, and teaching strategies for each chapter. Chapter overviews and transparency integration notes ease lecture preparation. Discussion points are provided for What's Behind the Law? and Ethics and the Law vignettes. Also included are answers to CPA questions. The instructor's manual was prepared by Marianne Jennings, one of the textbook authors.

Test Bank. (ISBN: 0-324-01498-8) Thousands of true/false, multiple-choice, and case questions are available. The test bank may be obtained in hard copy or in electronic format.

ExamView Testing Software—Computerized Testing Software. (ISBN: 0-324-06173-0) This testing software contains all of the questions in the printed test bank. This program is an easy-to-use test creation software compatible with Microsoft Windows. Instructors can add or edit questions, instructions, and answers and select questions by previewing them on the screen, selecting them randomly, or selecting them by number. Instructors can also create and administer quizzes online, whether over the Internet, a local area network (LAN), or a wide area network (WAN).

Microsoft PowerPoint Lecture Review Slides. PowerPoint slides are available for use by students as an aid to note-taking and by instructors for enhancing their lectures. Download these slides at <http://anderson.westbuslaw.com/>.

Transparency Masters. (ISBN: 0-324-01499-6) A book of blackline masters of the PowerPoint slides is available. Instructors can use the masters to make acetate transparencies.

The New York Times Guide to Legal Studies in Business. (ISBN 0-324-04160-8) By Marianne Jennings and Jamie Murphy. More than just a printed collection of articles, this Guide gives you access, via password, to an on-line collection of the most current and relevant *New York Times* articles that are continually posted as news breaks. Also included are articles from CyberTimes, the on-line technology section of the *New York Times* on the Web. Correlation guides for all West/South-Western legal studies in business texts are available on the South-Western/*New York Times* Website at <http://nytimes.swcollege.com>.

InfoTrac College Edition. This online library contains hundreds of scholarly and popular periodicals, including *American Business Law Journal*, *Journal of International Business Studies*, *Environmental Law*, and *Ethics*. A package can be created that provides students access to InfoTrac College Edition when they purchase this textbook. Contact your local Thomson Learning/West Legal Studies Sales Representative to learn more.

Videos. Qualified adopters using this text have access to the entire library of West videos, a vast selection covering most business law issues. There are some restrictions, and if you have questions, please contact your local Thomson Learning/West Legal Studies Sales Representative or visit http://www.westbuslaw.com/video_library.html.

ACKNOWLEDGMENTS

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