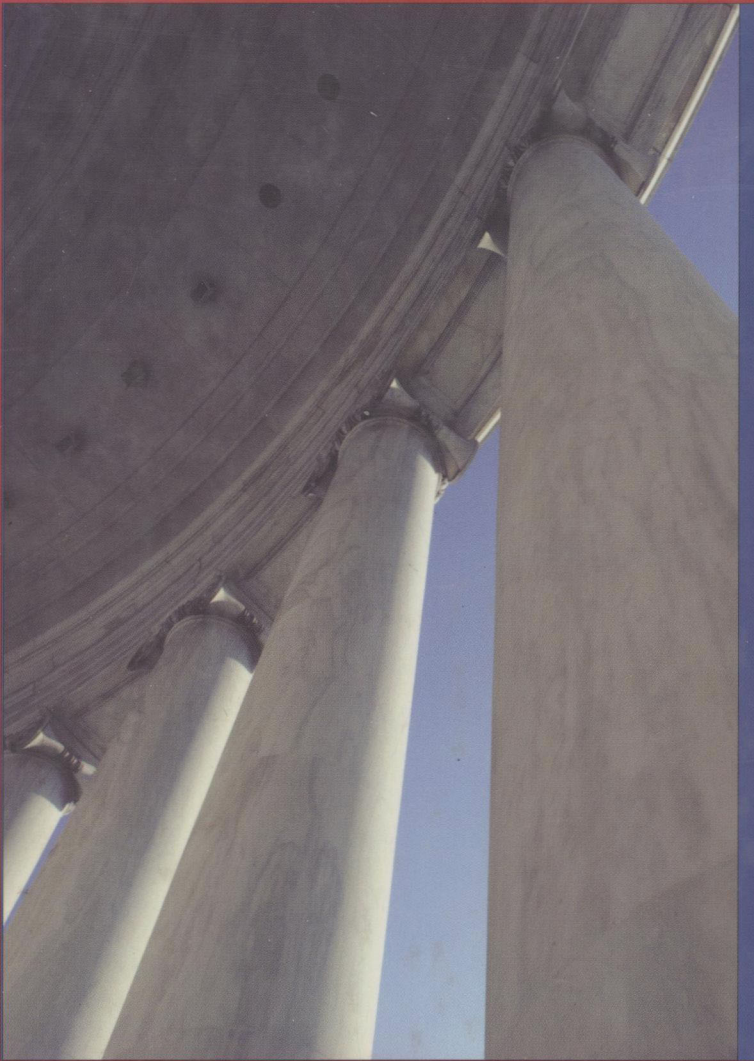


EIGHTH EDITION



Roger E. Meiners

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Al H. Ringleb

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Frances L. Edwards

The  
LEGAL ENVIRONMENT  
of  
BUSINESS



# The Legal Environment of Business

*Eighth Edition*

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*University of Texas at Arlington*

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*This book is dedicated to:  
Bruce Yandle,  
a rare breed—a scholar and a gentleman—  
who has given inspired instruction to thousands  
of students and good counsel to his colleagues.*

*—Roger Meiners*



# Table of Cases

*The principal cases are in bold type. Cases cited or discussed in the text are roman type. References are to pages. Cases cited in principal cases and within other quoted materials are not included.*

- Abbott Laboratories v. Gardner, 168  
ABF Freight System, Inc. v. N.L.R.B., 479  
**Adarand Constructors, Inc. v. Pena**, 144–145  
Akin v. Ashland, 238  
Allegheny Pittsburgh Coal Co. v. County Com'n of Webster County, W. Va., 151  
Allied Foam Products, Inc. v. Jordan, 395  
Altamaha Riverkeepers v. City of Cochran, 564  
Alvarez-Machain, United States v., 44  
Amdahl v. Lowe, 320  
American Civil Liberties v. Miller, 130  
American Geophysical Union v. Texaco Inc., 278  
American Mining Congress v. E.P.A., 564  
American Textile Mfrs. Institute, Inc. v. Donovan, 470  
Anglin v. Barry, 319  
**Ann M. v. Pacific Plaza Shopping Center**, 221–222  
**Ardente v. Horan**, 290–291  
Arizona v. Maricopa County Medical Society, 615  
Asahi Metal Industry Co., Ltd. v. Superior Court of California, Solano County, 152  
Aspen Skiing Co. v. Aspen Highlands Skiing Corp., 635  
AT & T Technologies, Inc. v. Communications Workers of America, 114  
**Audio Visual Associates, Inc., v. Sharp Electronics Corp.**, 330–331  
Austin v. Michigan Chamber of Commerce, 130  
Azar v. Lehigh Corp., 243  
BAA v. International Marathons, Inc., 428  
**Babbitt v. Sweet Home Chapter of Communities for a Great Oregon**, 556  
Bacchus Imports, Ltd. v. Dias, 126  
Badger v. Paulson Investment Co., 454  
Bajakajian, United States v., 141  
Baker Hughes Inc., United States v., 612  
Banco Nacional de Cuba v. Sabbatino, 705  
Bane v. Ferguson, 427  
Barber v. Texas Department of Transportation, 280  
Barrett v. Applied Radiant Energy Corporation, 527  
**Barton v. Mitchell Co.**, 255, 256  
BASF Corp. v. Old World Trading Co., Inc., 597  
**Basic Inc. v. Levinson**, 654–655  
Baughn v. Honda Motor Co., Ltd., 28  
**Baxter v. Ford Motor Co.**, 226–227  
BCB Anesthesia Care, Ltd. v. Passavant Memorial Area Hosp. Ass'n, 635  
*Beattey v. College Centre of Finger Lakes*, 58  
Bennett Enterprises, Inc. v. Domino's Pizza, Inc., 429  
Bennis v. Michigan, 152, 153  
**Bethlehem Steel Corp. v. Ernst & Whinney**, 200–201  
Bibb v. Navajo Freight Lines, 123  
Bigelow v. Virginia, 131  
Birkliid v. Boeing Co., 492–493  
Black v. Eagle, 276  
Blue Cross & Blue Shield United of Wisconsin v. Marshfield Clinic, 636  
BMW of North America, Inc. v. Gore, 152, 153  
Board of Airport Com'rs of City of Los Angeles v. Jews for Jesus, Inc., 128  
Board of Trustees of State University of New York v. Fox, 133  
Boaz v. Boyle & Co., Inc., 59

- Boggs v. Somerville Bank & Trust Co., 396  
 Bohl v. Vigh, 86  
 Bolton v. Scrivner, Inc., 529  
 Boomer v. Atlantic Cement Co., 537  
**Borel v. Fibreboard Paper Products Corp.**, 233–234  
 Bose Corp. v. Consumers Union of United States, Inc., 133  
 Bradkin v. Leverton, 287  
**Bradley v. American Smelting and Refining Co.**,  
 534–535  
 Branco v. Kearny Moto Park, Inc., 245  
 Braswell v. United States, 137  
 Broadcast Music, Inc. v. Columbia Broadcasting System,  
 Inc., 615–616  
 Brower v. Gateway 2000, 362  
 Brown Shoe Co. v. United States, 609  
 Browning-Ferris Industries of Vermont, Inc. v. Kelco  
 Disposal, Inc., 140  
 Brungart v. K-Mart Corp., 86  
 Brunswick Corp. v. Pueblo Bowl-O-Mat, Inc., 604  
**Buffets, Inc. v. Klinke**, 272–273  
**Burch v. Hancock**, 441–442  
 Burger King Corp. v. Rudzewicz, 56  
 Burke v. McKee, 287  
**Burlington Industries, Inc. v. Ellerth**, 508–510  
 Burlington Industries v. Maples Industries, 56  
**Business Electronics Corp. v. Sharp Electronics  
 Corp.**, 623–624  
 Butters v. Vance International, Inc., 706  
 Bybee v. Oper der Stadt Bonn, 85  
  
**Caldwell v. Kmart Corp.**, 187–188  
 Cantu v. Central Educ. Agency, 319  
 Carte Blanche (Singapore) Pte., Ltd. v. Diners Club  
 Intern., Inc., 427  
 Caterpillar Tractor Co. v. Hulvey, 87  
 Causby, United States v., 277  
**Central Hudson Gas & Elec. Corp. v. Public Service  
 Commission of New York**, 131–132  
 Cerminara v. California Hotel and Casino, 209  
 Certain Real Property and Premises Known as 38  
 Whalers Cove Drive, Babylon, N.Y., United States  
 v., 151  
 Chamber of Commerce v. Dept. of Labor, 176  
 Charbonneau, U.S. v., 137  
 Charles Dowd Box Co. v. Courtney, 46  
 Chewning v. Ford Motor Company, 87  
 Chenoweth v. Hillsborough County, 529  
 Charlotte Chambers v. Dakota Charter, Inc., 57  
 Chemical Mfrs. Ass’n v. Natural Resources Defense  
 Council, Inc., 563  
 Chemical Waste Management, Inc. v. Hunt, 123  
  
**Chevron, U.S.A., Inc. v. Natural Resources Defense  
 Council, Inc.**, 541–542  
 Chiarella v. United States, 657  
 Chicago, City of v. Environmental Defense Fund, 565  
 Chicago Teachers Union, Local No. 1, AFT, AFL-CIO v.  
 Hudson, 482  
 Chisholm & Co. v. Bank of Jamaica, 705  
 Chrysler Credit Corp. v. Keeling, 394  
 Chung v. New York State Racing Assn., 394  
 Cincinnati, City of v. Discovery Network, Inc., 150  
 Cipollone v. Liggett Group, Inc. 28  
 Citizens Bank of Maryland v. Strumpf, 396  
 City of (see name of city)  
 Citibank v. Pitassi, 397  
 Clark County School District v. Breeden, 527  
**Clark v. Lubritz**, 401–402  
 Clorox Company Puerto Rico v. Procter & Gamble  
 Commercial Co., 597  
 Coelho v. Posi-Seal Intern., Inc., 462  
 Cole v. Chandler, 246  
**Collins v. Eli Lilly Co.**, 234, 235–236  
 Com. v. ——— (see opposing party)  
 Communications Workers of America v. Beck, 483  
 Commonwealth Edison Co. v. Montana, 149  
 Community Television Services, Inc. v. Dresser Industries,  
 Inc., 359  
 Complete Auto Transit, Inc. v. Brady, 127  
**Consolidated Edison Company of New York, Inc. v.  
 Public Service Commission of New York**,  
 129–130  
 Consumers Union of United States, Inc. v. Alta-Dena  
 Certified Dairy, 581  
 Cooper Distributing Co., Inc. v. Amana Refrigeration,  
 Inc., 429  
**Cooper Industries, Inc. v. Leatherman Tool Group,  
 Inc.**, 142–143  
**Copenhaver v. Berryman**, 313–314  
 Copperweld Corp. v. Independence Tube Corp., 620  
 Costello v. Capital Cities Communications, Inc., 209  
 Covalt v. High, 426  
 Craft v. McConoughy, 600  
 Crawford v. Williams, 243  
 Creech v. Roberts, 59  
 Critical Mass Energy Project v. Nuclear Regulatory  
 Com’n, 177  
 Crosby, Secretary of Administration and Finance of  
 Massachusetts, et al. v. National Foreign Trade  
 Council, 153  
 CTS Corp. v. Dynamics Corp. of America, 652  
  
 Dart v. United States, 704

- Daugherty v. City of El Paso, 529  
 Davis v. Michigan Dept. of Treasury, 127  
 De Los Santos v. Great Western Sugar Co., 321  
 Denney v. Reppert, 319  
 Denty v. SmithKline Beecham Corp., 696  
 Derry v. Peek, 216  
 Deutschland Enterprises, Ltd. v. Burger King Corp., 429  
 DiMercurio v. Sphere Drake Insurance, 705  
**Dirks v. S.E.C.**, 657–658  
**Dolan v. City of Tigard**, 138–139  
 Donovan v. Dewey, 176  
 Dothard v. Rawlinson, 528  
 Douglas v. Steele, 453  
**Dow Chemical Co. v. United States**, 161–162  
 Dr. Miles Medical Co. v. John D. Park & Sons Co., 621  
 Dushkin v. Desai, 243  
**Dun & Bradstreet, Inc. v. Greenmoss Builders, Inc.**,  
 210, 372–373
- Earle Industries, Inc., In re**, 334–335  
 Eastern States Retail Lumber Dealers' Ass'n v. United  
 States, 627  
 Eastman Kodak Co. v. Image Technical Services, Inc., 627  
 Eaton v. Englecke, 321  
 Edmunds v. Houston Lighting & Power Co., 319  
 Edward J. DeBartolo Corp. v. Florida Gulf Coast Bldg.  
 and Const. Trades Council, 486  
 Effron v. Sunline Cruises, 705  
 E. I. duPont deNemours & Co. v. Christopher, 278  
 Elliot-Williams Co., Inc. v. Diaz, 456  
 Ellis v. United Airlines, Inc., 528  
 El Paso Natural Gas Co., United States v., 611  
 Elsner v. Albrecht, 598  
 Elvis Presley Ent. v. Capece, 260  
**Equal Employment Opportunity Commission v.**  
**Waffle House, Inc.**, 99–100  
**Erie Railroad Co. v. Tompkins**, 47–48  
 Erlich v. Menezes, 322  
 Ernst & Ernst v. Hochfelder, 669  
 Espinoza v. Farah Mfg. Co., Inc., 499  
 Estate of (see name of party)  
**Euclid, Ohio, Village of v. Ambler Realty Co.**, 138,  
 258–259  
 Exxon Corp. v. Baton Rouge Oil and Chemical Workers  
 Union, 114
- Fabry Partnership v. Christensen, 427  
 Faragher v. Boca Raton, 509  
 Federal Trade Commission v. Ruberoid Co., 155  
 Feist Publications, Inc. v. Rural Telephone Service Co.,  
 Inc., 266–267
- Figgie International, Inc. v. Destileria Serralles, Inc.**,  
 348–349  
 First English Evangelical Lutheran Church of Glendale v.  
 Los Angeles County, Cal., 151  
 First Independence Group, Inc. v. S.E.C., 671  
 First Nat. Bank of Boston v. Bellotti, 128  
 Fisher v. Monsanto Co., 245  
**F. J. Busse, Inc. v. Department of General Services**,  
 309–310  
 Flanigan v. Prudential Federal Sav. & Loan Ass'n, 462  
 Foley v. Allard, 438  
 Foley v. Interactive Data Corp., 463  
 Folsom v. Great Atlantic & Pacific Tea Co., 87  
 Ford Motor Credit Co. v. Byrd, 394  
 Fox v. General Motors Corp., 529  
 Fox v. MCI Communication, 461  
**Frank B. Hall & Co., Inc. v. Buck**, 193  
 Fred Siegel Co. L.P.A., et. al. v. Arter & Hadden, et al.,  
 213  
 Freeman v. San Diego Association of Realtors, 636  
 E.T.C. v. Indiana Federation of Dentists, 618  
 E.T.C. v. Procter & Gamble Co., 611  
 E.T.C. v. Ruberoid, 155  
**E.T.C. v. Superior Court Trial Lawyers Ass'n**, 627–628
- G. Heileman Brewing Co. v. Joseph Oat Corp., 71  
**Gammon v. GC Services Ltd. Partnership**, 591–592  
 Gardner v. Loomis Armored, 461  
 Garner v. Rentenbach Constructors, 467  
**Gaslight Club, Inc., Matter of**, 387–388  
**Geary v. United States Steel Corp.**, 445  
**General Commercial Packaging v. TPS Package**  
**Engineering**, 299–300  
**General Dynamics Corp., United States v.**, 613  
 General Elec. Supply Corp. v. Republic Const. Corp.,  
 321  
**Georgia Pacific Corp. v. Occupational Safety and**  
**Health Review Com'n**, 169–170  
 Georgia, State of v. Tennessee Copper Co., 533  
 Gibbons v. Ogden, 120  
 Gizzi v. Marinov, 408  
 Goldberg v. Sweet, 127  
 Grace v. MacArthur, 56  
 Grandon v. Merrill Lynch & Co., Inc., 671  
**Greenman v. Yuba Power Products, Inc.**, 227–228  
 Greenslade v. Chicago Sun-Times, 501  
**Griggs v. Duke Power Co.**, 511–512  
 Grossman v. Novell, Inc., 669  
 GTE New Media Serv. Inc v. Bellsouth Corp., 41  
 Guardian Industries Corp. v. N.L.R.B., 494  
**Guz v. Bechtel National, Inc.**, 463–464

- Hamer v. Sidway**, 293–294  
**Harley Davidson, Inc. v. Grottanelli**, 263–264  
**Harris v. Forklift Systems, Inc.**, 502–503  
Hart Ent. v. Anhui Provincial, 361  
Hartwig Farms, Inc. v. Pacific Gamble Robinson Co. v. Tobiason Potato, 360  
Hausman v. City of Dayton, 277  
Hawkeye Distilling Co. v. NYSLA, 168  
**HCC Credit Corp. v. Springs Valley Bank & Trust Co.**, 378–379  
H.E. Butt Grocery Co. v. Hawkins, 244  
**Heartland By-Products, Inc., United States v.**, 679–680  
Heckler v. Chaney, 176  
Heintz v. Jenkins, 590  
Hembree v. Broadway Realty & Trust Co., Inc., 114  
Henningsen v. Bloomfield Motors, Inc., 226  
**Hickerson v. Bender**, 253–254  
HM Holdings, Inc. v. Rankin, 565  
Hodgdon v. Mt. Mansfield Co., Inc., 529  
**Hoffman v. Red Owl Stores, Inc.**, 296  
**Hollister v. Dayton Hudson Corporation**, 232–233  
**Holly Lake Ass’n v. Federal Nat. Mortg. Ass’n**, 382–383  
Hoosac Tunnel Dock & Elevator Co. v. O’Brien, 98  
Hormel Foods Corp. v. Jim Henson Productions, Inc., 278  
**Hoover Universal, Inc. v. Brockway Imco, Inc.**, 339–340  
Huffman and Wright Logging Co. v. Wade, 210  
**Hughes v. Oklahoma**, 124–125  
**Hughes v. Wal-Mart Stores, Inc.**, 49–50  
Hunter Min. Laboratories, Inc. v. Management Assistance, Inc., 453  
Iglesia Cristiana La Casa Del Senor, Inc. v. L. M., 455  
Impastato v. De Girolamo, 426  
Independent Service Organizations Antitrust Litigation, 638  
Industrial Union Dept., AFL-CIO v. American Petroleum Institute, 469  
In re (see name of party)  
International Shoe Co. v. Federal Trade Commission, 612  
International Shoe Co. v. Washington, 42  
Jacksonville Bulk Terminals, Inc. v. Intl. Longshoremen’s Assn., 476  
Jacobson v. Leonard, 454  
Jacob & Youngs, Inc. v. Kent, 321  
James City County, Va. v. E.P.A., 564  
Japan Line, Ltd. v. Los Angeles County, 127  
Jefferson Parish Hosp. Dist. No. 2 v. Hyde, 625  
**Johnson v. Davis**, 302–303  
Johnson v. Thigpen, 212  
**Johnson v. Transportation Agency, Santa Clara County, Cal.**, 517–518  
Johnson v. University Health Services, Inc., 636  
Kahriger, United States v., 126  
Kanelles v. Locke, 437  
Kassel v. Consolidated Freightways Corp. of Delaware, 149  
**Katzenbach v. McClung**, 121–122,  
**Keller v. Central Bank of Nigeria**, 699–700  
Kelly-Springfield Tire Co. v. D’Ambro, 210  
Kimzey v. Wal-Mart Stores, Inc., 80  
King v. Cashland, Inc., 598  
Kodak Co., United States v., 609  
Kohl v. United States, 257  
Krumme v. Moody, 395  
Lack v. Wal-Mart Stores, Inc., 527  
Latta v. Kilbourn, 400  
Lazar, In re, 396  
Leichtman v. WLW Jacor Communications, Inc., 208  
Leipart v. Guardian Industries, Inc., 598  
Leslie Salt Co. v. United States, 564  
Leavitt v. Monaco Coach Corp., 360  
Levy v. Carol Management Corp., 255  
Lightwave Technologies, Inc. v. Corning Glass Works, 116  
Little v. Liquid Air Corp., 244  
Lopez, United States v., 152, 153  
Loveladies Harbor, Inc. v. United States, 549  
Lowe v. S.E.C., 672  
Lujan v. Defenders of Wildlife, 167  
Luxuray of New York, Division of Beaunit Corp. v. N.L.R.B., 493  
Lyons Partnership, L.P. v. Giannoulas, 265  
**MacPherson v. Buick Motor Co.**, 223–224  
Mago v. Shearson Lehman Hutton Inc., 114  
Main Central Railroad v. Brotherhood of Maintenance Way Employees, 115  
Maine v. Taylor, 149  
Mallick v. Jeff Wyler Fairfield, Inc., 115  
Marobie-FL, Inc. v. Nat’l Assn. of Fire Equip. Dist., 194  
Marquette Co. v. Norcem, Inc., 358  
Marshall v. Barlow’s, Inc., 134, 468  
Martin v. Hunter’s Lessee, 119  
Martin v. Priba Corp., 493  
Maryland Central Collection Unit, State of, v. Kossol, 599  
Matter of (see name of party)  
**May v. Hall County Livestock Imp. Ass’n**, 74



- Mazetti v. Armour & Co., 225  
 McCray v. United States, 149  
 McCulloch v. Maryland, 120  
 McDonald v. Santa Fe Trail Transp. Co., 499  
 McDonnell Douglas Corp. v. Green, 507  
 McKnight v. Peoples-Pittsburgh Trust Co., 454  
 Mead Corp., U.S. v., 679  
 Medtronic v. Lohr, 574  
 Meritor Sav. Bank, FSB v. Vinson, 526  
 Metro Traffic Control, Inc. v. Shadow Traffic Network, 279  
 Meyers v. National Detective Agency, Inc., 454  
 Milheim v. Baxter, 277  
 Milkovich v. Lorain Journal Co., 134  
 Miller v. American Exp. Co., 598  
 Mink v. AAAA Devel. LLC, 41  
 Mitchell v. Gonzales, 203  
 M.M. Winkler & Associates, Matter of, 430  
**Monette v. AM-7-7 Baking Co., Ltd.**, 220  
**Morales v. American Honda Motor Co., Inc.**, 229–230  
 Morales v. Trans World Airlines, Inc., 124  
 Morales v. TV Answer, 428  
 Morrison v. Gugle, 495  
 Motor Vehicle Mfrs. Ass’n of United States, Inc. v. State Farm Mut. Auto. Ins. Co., 176  
 Mount Sinai Hospital of Greater Miami, Inc. v. Jordan, 320  
 M/S Bremen v. Zapata Off-Shore Co., 704  
  
 National Basketball Ass’n v. Williams, 635  
 National Soc. of Professional Engineers v. United States, 635  
**NCAA v. Board of Regents of University of Oklahoma**, 616–617  
 Nederlandse Draadindustrie NDI B.V. v. Grand Pre-Stressed Corp., 361  
 Nedlloyd Lines B.V. v. Superior Court of San Mateo County (Seawinds Ltd.), 705  
**Nelson v. Carroll**, 185–186  
 New Hampshire Motor Transport Ass’n v. Town of Plaistow, 148  
**New Maine National Bank v. Nemon**, 81–82  
 Newsom v. Thalhimer Bros., Inc., 209  
**New York v. Burger**, 135–136  
 New York City Transit Authority v. Beazer, 151  
**New York Times Company, Inc. v. Tasini**, 267–268  
 Nintendo of America, Inc. v. Dragon Pacific Intern., 278  
 N.L.O., in re, 115  
 N.L.R.B. v. Joseph Macaluso, Inc., 115  
 N.L.R.B. v. Katz, 484  
 N.L.R.B. v. Lenkurt Elec. Co., 493  
 N.L.R.B. v. Mead Corp., 494  
 N.L.R.B. v. Washington Aluminum Co., 485  
  
 Noggle, Matter of, 396  
 Nollan v. California Coastal Com’n, 138  
**Northampton Valley Constructors, Inc. v. Horne-Lang Associates**, 404–405  
 Northern Pac. Railway Co. v. United States, 605, 625  
 North River Homes, Inc. v. Bosarge, 361  
 Northwestern States Portland Cement Co. v. Minnesota, 126  
 Norton v. Caremark, Inc., 492  
 NRDC v. E.P.A., 563  
  
 Occhionero v. Edmundson, 455  
 O’Hagan, United States v., 658  
 Ohio Cast Products, Inc. v. Occupational Safety and Health Review, 175  
 Old Island Fumigation, Inc. v. Barbee, 238  
 Olson v. Wilson & Co., 321  
 Oncale v. Sundowner Offshore Services, Inc., 503  
 Oregon, State of v. Hunter, 142  
**Oregon, State of v. Lillard**, 42–43  
**Orkin Exterminating Co., Inc. v. F.T.C.**, 577–578  
 Ortho Pharmaceutical Corp. v. Heath, 597  
 Ostrander v. Farm Bureau Mutual Ins. Co., 492  
  
**Palsgraf v. Long Island R. Co.**, 201–202  
 Paradise, United States v., 517  
**Paranzino v. Barnett Bank of S. Florida**, 105–106  
**Park, United States v.**, 570  
 Parr v. Woodmen of the World Life Ins. Co., 526  
 Partin v. Dolby, 58  
 Patterson v. Rohm Gesellschaft, 244  
**Pendoley v. Ferreira**, 196–197  
 Pennell v. City of San Jose, 145  
**People’s Bank & Trust Co. of Mountain Home v. Globe Intern., Inc.**, 191–192  
**Pesquera Mares Australes Ltda. v. United States**, 681–682  
 Peterson v. Beck, 277  
 Philadelphia, City of v. Fleming Companies, Inc., 670  
**Philadelphia Nat. Bank, United States v.**, 610–611  
 Pic-A-State Pa., Inc. v. Reno, 148  
 Pilot Life Ins. Co. v. Cudd, 321  
 Pipkins v. City of Temple Terrace, 527  
 Polygram, S.A. v. 32–03 Enterprises, Inc., 358  
**Powell v. Allstate Ins. Co.**, 76  
 Prows v. Pinpoint Retail Systems, Inc., 59  
  
 Qualitex Co. v. Jacobson Products Co., Inc., 278  
**Quasem Group, Ltd. v. W.D. Mask Cotton Co.**, 352–353  
 Quill Corp. v. North Dakota By and Through Heitkamp, 127

- Ramirez v. Autosport**, 337–338  
Ramirez v. Plough, Inc., 244  
Rankin v. McPherson, 150  
**Reeves v. Sanderson Plumbing Products, Inc.**, 504–505  
Regina v. Dudley and Stephens, 27  
Reich v. NYC Transit Authority, 474  
**Reid v. Eckerd's Drugs, Inc.**, 342–343  
Reno v. Am. Civil Liberties Union, 130  
Reno v. Catholic Social Services, Inc., 177  
**Reves v. Ernst & Young**, 645–646  
Reynolds v. Ozark Motor Lines, Inc., 491  
**Richardson-Vicks, Inc. v. Upjohn Co.**, 270–271  
Risdon Enterprises, Inc. v. Colemill Enterprises, Inc., 59  
Ritter v. Custom Chemicides, Inc., 210  
Rivera-Vega v. ConAgra, Inc., 494  
Riverside Bayview Homes, U.S., 545  
Robbins v. Finlay, 454  
Robinson v. Government of Malaysia, 706  
Rose v. Sheehan Buick, Inc., 320  
Roseman v. Retail Credit Co., Inc., 598  
Roth v. Ray-Stel's Hair Stylists, Inc., 360  
Roy B. Taylor Sales, Inc. v. Hollymatic Corp., 637  
Rubin v. Sterling Enterprises, Inc., 209  
Rubinstein v. Collins, 670  
Russell-Vaughn Ford, Inc. v. Rouse, 209  
Rust v. Kelly, 428  
Rutherford, United States v., 596  
Rylands v. Fletcher, 238
- Santiago v. Phoenix Newspapers, Inc.**, 448–450  
Schenck v. United States, 128  
Scholz v. Montgomery Ward & Co., Inc., 492  
Schropp v. Crown Eurocars, Inc., 455  
**Sealy, Inc., United States v.**, 619–620  
**S.E.C. v. W.J. Howey Co.**, 643–644  
S.E.C. v. SG Ltd., 670  
Self-Realization Fellowship Church v. Ananda Church of Self-Realization, 278  
**Seminole Tribe of Florida v. Times Publishing Company, Inc.**, 218–219  
ServBest Foods, Inc. v. Emessee Industries, Inc., 360  
ServiceMaster of St. Cloud v. GAB Business Services, Inc., 396  
Shapero v. Kentucky Bar Ass'n, 133  
Sheet Metal Workers' Intern. Ass'n v. Lynn, 478  
Sherwood v. Walker, 301  
**Shlensky v. Wrigley**, 409–410  
Sierra Club v. Cedar Point Oil, Co., 563  
Sierra Club v. Costle, 177  
Sierra Club v. Morton, 177
- Sindell v. Abbott Laboratories, 234  
Skinner v. Railway Labor Executives' Ass'n, 136  
Slaughter v. Waubensee Community College, 86  
Smoothline Ltd. v. North American Foreign Trading Corp., 707  
**Soldano v. O'Daniels**, 21–22  
**Solid Waste Agency of Northern Cook County v. U.S. Army Corps of Engineers**, 545–546  
Sony Corp. of America v. Universal City Studios, Inc., 267  
Sonzinsky v. United States, 126  
South Carolina Recycling and Disposal, Inc., United States v., 565  
South-Central Timber Development, Inc. v. Wunnicke, 125  
Southern Idaho Pipe & Steel Co. v. Cal-Cut Pipe & Supply, Inc., 358  
Southern Oregon Production Credit Ass'n v. Patridge, 453  
Southern Railway Co. v. Arizona, 123  
**Southern Tank Equipment v. Zartic, Inc.**, 326–327  
Southland Corp. v. Keating, 113  
Spur Industries, Inc. v. Del E. Webb Development Co., 563  
**Squish La Fish, Inc. v. Thomco Specialty Products**, 217–218  
**Standard Oil Co. of New Jersey v. United States**, 606–607  
**Stanley, United States v.**, 23–24  
Stanley Smith & Sons v. Limestone College, 320  
State of (see name of state)  
State Oil Co. v. Khan, 622  
Sterling v. Velsicol Chemical Corp., 563  
Stewart v. Federated Dept. Stores, Inc., 221  
Storer Communications, Inc. v. National Ass'n of Broadcast Employees and Technicians, AFL-CIO, 494  
Swierkiewicz v. Sorema, 507  
Swift v. Tyson, 47  
Synergy Gas Corp. v. N.L.R.B., 493  
Syufy Enterprises, United States v., 636
- Tafflin v. Levitt, 57  
Tanaka v. University of Southern California, 637  
Tanks v. Greater Cleveland Regional Transit Authority, 492  
Teague v. Bakker, 669  
Tennessee Valley Authority v. Hill, 555  
**Texaco Inc. v. Hasbrouck**, 630–631  
Thomas v. Resort Health Related Facility, 115  
Thompson v. La Petite Academy, Inc., 500  
TIC Inv. Corp., United States v., 565

- Tigrett v. Pointer**, 415–416  
 TMI, In re, 245  
**Tobin v. Astra Pharmaceutical Products, Inc.**, 573–574  
 Todd v. Societe Bic, S.A., 244  
**Toyota Motor Manufacturing, Kentucky, Inc. v. Williams**, 519–520  
 Toyota Motor Sales U.S.A., Inc. v. Superior Court (Lee), 455  
 Transatlantic Financing Corp. v. United States, 321  
**Trans World Airlines, Inc. v. Independent Federation of Flight Attendants**, 487–488  
 Traub v. Cornell, 235  
 Travelers Rental Co., Inc. v. Ford Motor Co., 85  
**Travis Pruitt & Assoc. v. Smith**, 376  
 Treco, Inc. v. Land of Lincoln Sav. and Loan, 428  
**Trenton Potteries Co., United States v.**, 614–615  
 Tull v. United States, 139  
 T.W. Oil, Inc. v. Consolidated Edison Co. of New York, Inc., 359  
 Two Pesos, Inc. v. Taco Cabana, Inc., 265  
 Tyler v. Carter, 52  
  
 U-Haul Intern., Inc. v. Jartran, Inc., 581  
 United Auto., Aerospace and Agr. Implement Workers of America, UAW v. Johnson Controls, Inc., 28  
 United Fire & Cas. Co. v. Acker, 395  
 United Foods, United States v., 150  
 United Housing Foundation, Inc. v. Forman, 643, 669  
 United States v. (see name of other party)  
 United States Gypsum Co. v. National Gypsum, 278  
 United States Gypsum Co., U.S. v., 617  
 United States Steel Corp. v. Fortner Enterprises, Inc., 625  
 United Steelworkers of America, AFL-CIO-CLC v. Weber, 528  
**United Technologies Corp. v. United States E.P.A.**, 158–159  
 Utah Pie Co. v. Continental Baking Co., 637  
  
 Vacanti v. Master Electronics Corp., 208  
 Valdak v. OSHA, 493  
 Valiant Steel & Equipment, Inc. v. Roadway Exp., Inc., 320  
 Velten v. Robertson, 454  
 Verdugo-Urquidez, United States v., 140  
 Village of (see name of village)  
  
 Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council, Inc., 131  
 Virginia, United States v., 145  
 V-1 Oil Co., United States v., 150  
 Vons Companies, Inc. v. Seabest Foods, Inc., 58  
  
 Waller v. Truck Ins. Exchange, Inc., 411  
 Wal-Mart Stores v. Samara Brothers, 265  
 Ward v. Rock Against Racism, 128  
 Washington v. Resolution Trust Corp., 244  
**Wassell v. Adams**, 204–205  
**Watson v. Schmidt**, 436  
**Wauchop v. Domino's Pizza, Inc.**, 69–70  
 Weisgram v. Marley Co., 68, 87  
 West v. West, 57  
 West Lynn Creamery, Inc. v. Healy, 149  
 Westvaco v. United Paperworkers Union, 530  
**Whalen v. Union Bag & Paper Co.**, 536–537  
 Whirlpool Corp. v. Marshall, 469  
**White v. Monsanto Co.**, 189–190  
 White Motor Co. v. United States, 623  
 Whitman v. American Trucking Associations, Inc., 173, 566  
 Wickard v. Filburn, 121  
 Wild v. Brewer, 150  
 Wilk v. American Medical Ass'n, 635  
 Williams v. Briggs Co., 245  
 Willis v. Roche Biomedical Laboratories, Inc., 210  
 Wilson v. Butts, 277  
 Winder, City of v. Girone, 210  
 Winn-Dixie Stores, Inc. v. Gazelle, 210  
 Winston v. Maine Technical College System, 522  
 Wise v. Mead Corp., 526  
 Witlin, Estate of, 427  
 Woolley v. Hoffmann-La Roche, Inc., 492  
 Wooten, Matter of, 397  
 Wygant v. Jackson Bd. of Educ., 528  
 Wyoming v. Oklahoma, 124  
  
 Yohn v. Love, 37  
 Yommer v. McKenzie, 211  
  
 Zeran v. America Online, 194  
 Zimmerman v. D.C.A. at Welleby, Inc., 243  
 Zuckerman v. Antenucci, 426

# Preface

Courses on the legal and regulatory environment of business provide important background for students preparing for a variety of careers. One faces legal, social, political, and ethical issues in any profession. Most are simple situations, which can be handled with common sense, but in many situations ignorance of the principles of business and law can result in problems.

This textbook presents the legal environment from the perspective of the professional non-lawyer. Few students who take this course will become lawyers, and most will not take additional courses in law. This course offers the opportunity to learn key points of the law from the standpoint of a working professional.

We have received excellent feedback from professors and students who have used the seven previous editions of this book and have pointed out both its shortcomings and its strong points. We have taken these comments into account in preparing this edition to make the book even more helpful and practical as we study the complex legal environment that businesses face in an increasingly international setting.

## ◆ Basic Organization

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A one-semester course in the legal environment of business faces the problem of determining what to cover in such a short time. It is like a physician giving a one-semester course to teach students what they need to know about medicine—so many topics, so little time. There is agreement that the key elements of the legal system must be covered. This is done in Part One of the book, Elements of Law and the Judicial Process. Part Two, Elements of Traditional Business Law, reviews the major areas of the common law (broadly defined) that apply to business. Part Three, The Regulatory Environment of Business, covers the major regulatory laws that managers are likely to face and reviews major points of international business law.

## ◆ Key Features

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### EDITED CASES

A primary way to learn law is to read real cases that the courts had to resolve. Each major case presented here, whether a “classic” case or a recent one, has the background facts and legal proceedings, up to the time of the case reported here,



summarized by the authors under the label **Case Background**. Then the court's holding, legal reasoning, and explanation of the law as it applies to the facts at hand are presented in the words of the court in the **Case Decision**. Since most decisions are quite long, we present only the key portions of the holding. Material that has been deleted is indicated by asterisks (\*\*\*) for lengthy pieces of text and periods (. . .) for shorter amounts. Finally, some **Questions for Analysis** are offered for the reader to consider or for class discussion (answers are provided in the *Instructor's Resource Guide*).

## INTERNATIONAL PERSPECTIVES

This feature discusses how similar aspects of the law covered at certain points in the chapter are handled in other countries. As globalization reaches more businesses, managers must know how to deal with different legal systems and cultures. This feature makes clear that the rules of the game are different in other nations and that managers must be prepared to operate and resolve problems in a complex legal environment.

## CYBERLAW

This feature presents short discussions of application of the law to the many developments arising from computers and new forms of telecommunication. E-commerce and e-mail mean new legal issues for the courts to resolve as they apply traditional legal principles to never-before-heard-of ways of doing business, transmitting information, and communicating with friends and strangers.

## JURISPRUDENCE?

These short features add a light touch to the topic at hand by discussing an actual case or legal situation that is unusual. While law and business are serious, odd things happen in our lives and in the legal environment that remind us that trouble can come from very unexpected places, that the results of the legal process can be surprising, that scoundrels are among us, and that truth can be stranger than fiction.

## ISSUE ARTICLES

An article, usually from a major business publication such as *The Wall Street Journal*, that discusses a political, regulatory, or ethical issue related to the legal subject matter of the chapter appears at the end of each chapter. The article illustrates how the law directly impacts business operations and provides a good vehicle for class discussion of issues important in today's legal environment of business. Each article ends with Issue Questions that can be the basis of class discussion (the *Instructor's Resource Guide* presents answers to the questions).

## SUMMARY

The text of each chapter is summarized in bullet format that provides a quick review of the major points of law and the major rules covered and serves as a self-test of points that will be covered in examinations.

## REVIEW AND DISCUSSION QUESTIONS

The student is first asked to review major terms used in each chapter. (Term meanings are provided in the *Glossary*.) A couple general questions are asked about major subjects covered in the chapter, followed by *Case Questions*. Several questions in each chapter are answered at <http://meiners.westbuslaw.com>. We have attempted to keep them short to encourage their use for class discussion or for use as a study tool. A few *Policy Questions* to spur discussion of controversial political or social issues affecting the legal environment and some *Ethics Questions* that pose problems that managers could face are then asked. Most chapters have *Internet Assignments* that pose legal environment questions that can be answered by searching materials available on the Internet. These assignments are all new for this edition and were prepared by Andy Dorchak, law librarian at Case Western Reserve University. All questions are answered in the *Instructor's Resource Guide*.

## PULLING IT TOGETHER

New to this edition are case questions that appear at the end of most of the chapters, which bring together at least one legal issue covered in the chapter and at least one legal issue covered in a previous chapter. Many cases involve multiple issues, so we want to keep in mind that when legal matters arise, they often concern more than one area of law. Case questions also serve as a refresher to make sure that legal concepts covered in previous chapters have not been forgotten.

## ◆ New to This Edition

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Because users of previous editions of this book report that the general structure is fine, we did not want to make radical revisions to the structure. However, over time there are changes in the law and relative importance of areas of the law that give reasons to change elements of presentation.

The tendency in textbooks is to keep packing in more material—adding new information as changes occur. Over the years, this can make a book too thick and unmanageable, so we reduced the coverage of material that students can do without, recognizing that only so many pages and topics can be covered in one class. In paring down the material, we hope to enhance the learning of key concepts.

One area that received more substantive revision was that of agency and employment law. Previously, there was a chapter devoted to agency. Some of that material was eliminated, but the key portions were retained and added to a new chapter, *Employment Relationships*, which presents the wide variety of employment arrangements that are used—including agencies, independent contractors, and employment at will. Coverage of these topics provides a natural lead into the following two chapters that cover employment law, labor law, and employment discrimination. Chapter 15, *Employment Law*, has been modernized to recognize that employment law issues are more predominate than those in traditional labor law, so they are given more prominence and explanation.

Chapter 4, *Resolving Disputes*, is intended to make the chapter that focuses on arbitration blend in better with the preceding chapters on litigation. As alternate dispute resolution is an ever larger part of the legal process, we wanted to make it clear that private dispute resolution is not an entirely discrete subject. There are

also, of course, changes in major cases presented, updates of material in all areas, and a new case question feature called *Pulling It Together* that was noted earlier.

## ◆ Ancillaries

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- The *Study Guide* has been completely revised by text author Roger Meiners. To aid the student in his or her study of the legal environment of business, it includes a chapter summary and outline, multiple-choice and true-false questions, and a test on the key terms included in the chapter. Answers to the questions are included in an appendix at the end of the study guide.
- The *Instructor's Resource Guide* is revised and expanded. As before, it answers all questions in the book. It also provides a detailed outline of each chapter, summarizing the content of the text, including all cases. The instructor can refer quickly to this guide to remember the points the students have covered in the text. The guide also provides numerous additional summarized cases that the instructor can use to illustrate key points of law. Additional material, such as more discussion of certain points and examples of the law in practice, is provided as lecture and discussion enhancements.
- The *Test Bank* has about 3,000 questions and is available in computerized form for users of IBM PCs and compatibles in Thomson World Class Learning Testing Tools software. Every test question, whether a direct question of information or an application question, is referenced to the main text page. More questions based on fact have been added to test critical thinking ability.
- A set of *Transparency Acetates* and *PowerPoint* slides keyed to the text will be available.
- Many other West Publishing Company ancillaries are available: Business Law and the Legal Environment Video Library including Court TV®, WestLaw, and a text specific web site (<http://meiners.westbuslaw.com>). Please ask your West Representative for the qualification details for these supplements.

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# Brief Contents

Table of Cases xv

Preface xxiii

---

## **PART 1** Elements of Law and the Judicial Process 2

---

- 1 The Modern Environment of Business 4
- 2 The Court System 30
- 3 The Trial Process 62
- 4 Resolving Disputes 90
- 5 The Constitution: Focus on Application to Business 118
- 6 Government Agencies and Administrative Process 154

---

## **PART 2** Elements of Traditional Business Law 180

---

- 7 Intentional Torts and Torts Based on Negligence 182
- 8 Business Torts 214
- 9 Property and Intellectual Property 248
- 10 Contracts 282
- 11 Domestic and International Sales 324
- 12 Negotiable Instruments, Credit, and Bankruptcy 364
- 13 Business Organizations 398
- 14 Employment Relationships 432

---

## **PART 3** The Regulatory Environment of Business 458

---

- 15 Employment Law 460
- 16 Employment Discrimination 496
- 17 Environmental Law 532
- 18 Consumer Protection 568
- 19 Antitrust Law 600
- 20 Securities Regulation 640
- 21 The International Legal Environment of Business 674



# Contents

## **PART 1** Elements of Law and the Judicial Process 2

---

### **1 The Modern Environment of Business 4**

Law and the Key Functions of the Legal System 7

INTERNATIONAL PERSPECTIVE Chad: A Third-World Country  
Looks to Create a Legal System 8

Sources of Law in the United States 9

Classifications of Law 15

INTERNATIONAL PERSPECTIVE Sources of Law in Japan 17

Ethics and Business 18

CYBERLAW Online Ethics and Legal Compliance 19

INTERNATIONAL PERSPECTIVE What Does Business Do When a Government Is  
Immoral? 23

Summary 24

ISSUE Can Government and Business Cooperate? 25

### **2 The Court System 30**

The Federal Court System 31

INTERNATIONAL PERSPECTIVE The French Court System 34

The Litigation Process 34

Jurisdiction 35

INTERNATIONAL PERSPECTIVE London's Commercial Court 38

Territorial Jurisdiction 38

CYBERLAW The Long Arm of the Internet 41

INTERNATIONAL PERSPECTIVE The "Long Arm" of the Law 44

Relations between the Court Systems 44

Venue 50

Judicial Officials 51

Summary 53

ISSUE Does the Internet Make Court Documents Too Public? 54