



# Contemporary Business Law in a Global Economy

Nancy Kubasek, Dan Herron,  
Dan Ostas, Neil Browne, and  
Andrea Giampetro-Meyer



# Contemporary Business Law in a Global Economy

Nancy Kubasek, Dan Herron,  
Dan Ostas, Neil Browne, and  
Andrea Giampetro-Meyer

LAKESHORE PUBLISHING INC.

EUCLID, OHIO

Copyright 2003 by Lakeshore Communications  
All rights reserved  
No part of this work may be reproduced in any form,  
or by any means, without the permission of the publisher.

Published By: Lakeshore Communications  
24100 Lakeshore Blvd.  
Euclid, OH 44123  
(216) 731-0234

Printed in the United States of America  
B C D E F G E  
ISBN 1-893435-083

This publication is designed to provide accurate and authoritative information with regard to the subject matter involved. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting or other professional advice. If legal advice or other expert assistance is required, the services of a qualified professional person should be sought.

—From: *A Declaration of Principles*, jointly adopted by a Committee of the American Bar Association and a Committee of Publishers and Associations.

Visit our home page at: <http://www.lakeshorepublishers.com>  
Visit the Business Law page at : <http://www.cont-businesslaw.com>

Contemporary  
Business Law  
in a Global  
Economy

**PREFACE****To the Instructor**

We are all fortunate to teach business law; its relevance is not difficult to portray to business students. The cases have enough human interest to fascinate almost all students; the laws themselves are both fluid enough to fascinate those who yearn for a better world and, at the same time, are stable enough to provide a body of knowledge needed by all those who intend to be business managers. As your colleagues, we believe we can help you provide an even more exhilarating course by creating a text that is readable and contemporary.

**Something Very Special For The Business Law Market**

We formed a partnership with Lakeshore Communications to produce this text because they promised to address the two major complaints we heard from those who teach business law: the soaring prices of the texts and the disappointing service provided by the remaining players in the Business Publishing field.

We are especially proud to be able to say we are not only producing a less expensive book, but a **better** book in many ways. Suffice it to say, we have infused a global approach throughout the text, selected cases that are more recent and appealing than those of competing books, and integrated AACSB concerns about ethics and critical thinking into each chapter. To summarize, our book is a better book that, as a bonus, is much cheaper to the student.

With respect to the **price**, we and Lakeshore agreed that we did not want to merely produce a cheaper book; instead, what we have done is to provide a guarantee that our book is and will continue to be priced 20% below the price of comparable books. This lower price permits you to justifiably claim that you are concerned about the extraordinarily high prices of your students' textbooks and have decided to do something about it.

Lakeshore and we wanted to directly address the second major complaint of those teaching Business Law: the disappointing **service** often experienced by those of us who need materials from the publishers, but find their bureaucratic layers serving all too frequently as obstacles to our teaching. When we negotiated our

agreement with Lakeshore, we insisted that our adopters be treated as the professionals they are. We expect telephone calls and web site solicitations about our text to be answered promptly. Furthermore, we sought promises that text materials would be sent immediately to those who needed them.

Lakeshore has complied with all our requests in this regard. Our text has a dedicated 800 number (800-537-7054) to ensure that you can receive the service you need. In addition, Lakeshore guarantees a 72-hour response time to any requests for ancillaries and desk copies from either prospective or existing adopters. Lakeshore also is an experienced provider of local campus customization options and will work with you, if you wish, to develop a version of our text that is more focused on the needs of your local situation.

If for any reason there is a breakdown in these pledges, we want to hear from you. We have all been the victims of poor service from book publishers; and, consequently, we are especially earnest about wishing to make certain that the needs of your students are being met expeditiously and proficiently.

**Special Features**

Prefaces are notorious for promising more than they deliver. But give our text a try, and you will see that we provide the significant inclusions we pledge to incorporate. The authors have a collective experience of 120 years as business professors, and we have tried to distill that experience in determining the major constitutive elements of this text.

Before we enumerate the special features of our text, we want to highlight one aspect of the text that has received universal acclaim from the numerous business law professors and students with whom we have piloted early versions of *Contemporary Business Law in a Global Economy*. The cases we have selected are especially current and compelling.

One of the advantages of our text is that a smaller publisher can move more nimbly to assure that, in an area like business law where contemporaneity is crucial, a text like ours includes incredibly current cases. We have taken full advantage of that capability, as evidenced by our frequent allusions to Enron's problems in

the appropriate chapters. Hence, you can assure your students that you have chosen a text for them that is fresh and up-to-date.

To give you a sense of how current *Contemporary Business Law in a Global Economy* is, we wanted to list just a few of the cases discussed or excerpted in the text:

- *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (2001)
- *Equal Employment Opportunity Commission. v. Waffle House, Inc.*, 2002 WL 6763 (2002)
- *Hunt v. Nebraska Power District*, 282 F.3d 1021 (8th Cir. 2002)
- *Solid Waste Agency of Northern Cook County, Petitioner, v. United States Army Corps of Engineers, et al.*, 531 U.S. 159 (2001)
- *Christy Brzonkala v. Antonio J. Morrison et al.*, 120 S. Ct. 1740 (2000)
- *Lorillard Tobacco Co. v. Reilly*, 533 U.S. 525 (2001)
- *Kyllo v. U.S.*, 523 U.S. 27 (U.S. 2001 )
- *Traffix Devices Inc. v. Marketing isplays Inc.*, 532 U.S. 23 (2001)
- *Circuit City v. Saint Clair Adams*, 121 S. CT. 1302 (2001)

The agility with which we can continue to keep the text current for you and your students is an especially valuable aspect of our partnership with Lakeshore Publications.

Following are the special features that we believe will make this book one your students will read and learn from:

- A. **Global Emphasis:** Each chapter has one or more Global boxes that remind readers that business managers must now be prepared to be familiar with business laws that are not necessarily similar to American business law. The method behind these Global boxes is to not only prepare students for a global marketplace, but also to make them aware that American business law can sometimes profit from studying how other commercial communities encourage and regulate business practice. If law is to evolve with the help of our students, their study of legal practices among our trading partners should yield them a rich source of possibilities.

Allusions to business law in other economies is also integrated in several places throughout the book. We did not want the Global boxes to just

make their appearance in each chapter without our having reinforced the global approach in the remainder of the chapter as well. So we tried to interweave references to non-American law into the general flow of the chapters to reinforce our belief in the importance of this dimension of business school education for modern managers.

- B. **Integrated Chapters:** Each chapter begins with an actual business scenario that presents a problem elucidated by the chapter contents. Multiple times in each chapter, the text returns to the opening scenario to provide continuity and purpose to the chapter. Finally, at the conclusion of the chapter, the text reminds the reader of the usefulness of what has been learned in the chapter for situations like the one introduced in the opening scenario.

The objective of these opening scenarios is to tie the chapter to real business dilemmas that have been faced by actual commercial entities, many of them recognizable by the readers. The hope of these inclusions is to make certain that our students can see business law in action.

- C. **Critical Thinking Framework:** The opening chapter presents a critical thinking approach created for this text by a prominent critical thinking educator. Many texts claim to be encouraging critical thinking; ours is designed by a co-author of what is perhaps the most successful critical thinking text in the country especially for *Business Law in a Global Economy*. Consequently, those who use this text can correctly argue that they are making a contribution to the general education mission of their schools, as well as responding to AACSB mandates that critical thinking be taught in the business school curriculum. This element of the book should be particularly valuable to those who find themselves needing to defend the importance of business law in the business school curriculum.

The questions following each case contain one question earmarked as a critical thinking question. To answer those questions, students can use the critical thinking framework provided in the initial chapter.

- D. **Practical Business Ethics Protocol:** Business law teachers are increasingly the primary source of what business students learn about business ethics.

As if the business law course were not already bursting at the seams with content, we business law professors have absorbed this additional responsibility because we believe it to be crucial to the forms of business management that promise a better economic future, not only in the sense of greater material abundance, but also with respect to the need for businesspeople to do the good or the right, not just the effective.

But we will not be effective in this objective unless we provide a protocol that our students will be able to apply when they are in the midst of contemporary business pressures. While philosophers can and should think deeply about ethical dilemmas, the speed of commercial transactions requires businesspeople to have a series of protocols that they can use on a regular basis without taking an ethical reflection break from their jobs. Our text attempts to explain one set of possible approaches that can be used as part of the ordinary problem-solving approach used by any active manager.

Chapter 2 sets out a series of logical steps for ethical decision making in a business enterprise. It encourages the learning and use of a mnemonic device that is referenced in the ethical questions raised after the legal cases in each chapter. While ethics is much more complicated than this practical approach to ethics suggests, we wanted to give students an approach that they could use in their careers, an approach that promises to make a visible improvement in business conduct if it is followed.

- E. **Technology Boxes:** Cyberlaw is highlighted in every chapter where the burgeoning implications

of emerging computer and Internet technology have surfaced. The Tech Boxes reinforce our belief that this area of business law is an essential dimension of modern business practice. By our making it a regular feature of our text, we send students the message that they will need to stay informed about legal developments surrounding technology because there are so many new legal questions suggested by new forms of information transfer.

- F. **Assignments on the Internet:** Every chapter contains assignments requiring students to develop proficiency with the Internet. In addition, *Contemporary Business Law in a Global Economy* will have a special password-protected web site where users of our text will receive new Internet assignments and teaching suggestions as they are developed for each chapter.

\*\*\*\*

We want to create a textbook that you will be proud to use. We are open to all suggestions about how we make the book more effective for learning business law. We cannot promise we will follow all your suggestions, but we are genuine in our openness to considering whatever you propose. We have written the best book we know how to produce, but we know it can be better with your assistance. We and future readers can only benefit from your contributions. Please feel free to contact any of the authors about your concerns.

Write us at [nkubase@cba.bgsu.edu](mailto:nkubase@cba.bgsu.edu); [herrondj@muohio.edu](mailto:herrondj@muohio.edu); [dostas@ou.edu](mailto:dostas@ou.edu); [nbrown2@cba.bgsu.edu](mailto:nbrown2@cba.bgsu.edu); and [giamper@loyola.edu](mailto:giamper@loyola.edu) with any of these concerns.

## **PREFACE**

# To the Student

Your instructor chose this textbook after looking at many alternatives. There are many strong business law texts, and your instructor selected this one. We want to prove to you that the choice was a wise one—a decision focusing on your future. As a prospective business manager, you need to appreciate the role of business law in shaping the range of socially acceptable business decisions.

Let us explain. Businesspeople cannot do whatever they please. They function in a social world, where the interests of consumers, suppliers, distributors, shareholders, employees, and lenders rarely are identical. Business laws provide a guidebook of evolving boundaries within which these conflicting interests are acknowledged and distributed. Your task in this course is to familiarize yourself with the realm of acceptable behavior within which the general community expects businesses to operate. Go outside those boundaries, as Enron recently did, and the community imposes a harsh judgment, seeing you as having violated the community's trust.

This text was written because the authors respect business law and its role in guiding a successful economy. If we can get you to share in our admiration for the essential nature of business law as a lubricant for commercial life, you will be more engaged in improving it. And it's the excitement of making business law even better than it is that energizes all of us who find this area of study so fulfilling. We do not want to simply accept existing business law as a final word about the correct interests of commercial stakeholders. Rather, we want to learn what business law is and then assist in some small way in making it what it should be.

We know you are busy, but we are always open to your suggestions about how to make this textbook a better tool for your learning. The following are Special Features that we believe will make this book one you will enjoy reading and learning from:

A. **Global Emphasis:** Each chapter has one or more Global boxes that remind readers that business managers must now be prepared to be familiar with business laws that are not necessarily similar to American business law. The method behind these Global boxes

is to not only prepare you for a global marketplace, but also to make you aware that American business law can sometimes profit from studying how other commercial communities encourage and regulate business practice. If law is to evolve with the help of students such as yourselves, your study of legal practices among our trading partners should yield you a rich source of possibilities.

B. **Integrated Chapters:** Each chapter begins with an actual business scenario that presents a problem elucidated by the chapter contents. Multiple times in each chapter, the text returns to the opening scenario to provide continuity and purpose to the chapter. Finally, at the conclusion of the chapter, the text reminds the reader of the usefulness of what has been learned in the chapter for situations like the one introduced in the opening scenario.

The objective of these opening scenarios is to tie the chapter to real business dilemmas that have been faced by actual commercial entities, many of them recognizable by yourselves. The hope of these inclusions is to make certain that you can see business law in action.

C. **Critical Thinking Framework:** The opening chapter presents a critical thinking approach created for this text by a prominent critical thinking educator.

The questions following each case contain one question earmarked as a critical thinking question. To answer those questions, you will find yourself using the critical thinking framework provided in the initial chapter.

D. **Practical Business Ethics Protocol:** We believe the study of Business Ethics to be crucial to the forms of business management that promise a better economic future, not only in the sense of greater material abundance, but also with respect to the need for businesspeople to do the good or the right, not just the effective.

But we will not be effective in this objective unless we provide a protocol that you will be able



to apply when you are in the midst of contemporary business pressures. While philosophers can and should think deeply about ethical dilemmas, the speed of commercial transactions requires businesspeople to have a series of protocols that they can use on a regular basis without taking an ethical reflection break from their jobs. Our text attempts to explain one set of possible approaches that can be used as part of the ordinary problem-solving approach used by any active manager.

Chapter 2 sets out a series of logical steps for ethical decision making in a business enterprise. It encourages the learning and use of a mnemonic device that is referenced in the ethical questions raised after the legal cases in each chapter. While ethics is much more complicated than this practical approach to ethics suggests, we wanted to give you an approach that you can use in your careers, an approach that promises to make a visible improvement in business conduct if it is followed.

- E. **Technology Boxes:** Cyberlaw is highlighted in every chapter where the burgeoning implications of emerging computer and Internet technology have surfaced. The Tech Boxes reinforce our belief that this area of business law is an essential dimension of modern business practice. By our making it a regular feature of our text, we send to you and future generations the message that you will need to stay informed about legal developments surrounding technology because there are so many

new legal questions suggested by new forms of information transfer.

- F. **Assignments on the Internet:** Every chapter contains assignments requiring you to develop proficiency with the Internet, if you have not already done so. In addition, *Contemporary Business Law in a Global Economy* will have a special password-protected web site where users of our text will receive new Internet assignments and teaching suggestions as they are developed for each chapter. See: [www.cont-businesslaw.com](http://www.cont-businesslaw.com).

If you have seen features in a text in another discipline that were especially effective in assisting your learning, do a favor for future readers of this book; pass the suggestions along to us. We are relatively humble textbook authors, and as such we would welcome your suggestions. Send them to Neil Browne at [nbrown2@cba.bgsu.edu](mailto:nbrown2@cba.bgsu.edu). He will respond to all suggestions, regardless of how small or huge they are.

In conclusion, we hope your business law course is not just another course. We want it to open your eyes to the concepts, rules, and methods of persuasion that together make up business law. If the course and this text are a success, you should finish the course and wonder to yourself: how could anyone possibly be a successful business manager without a thorough understanding of business law?

Again, let us know if you believe you have a better idea for achieving this objective.

# Acknowledgments

The authors wish to acknowledge the several individuals who helped in the creation of this book. First, we would like to acknowledge a large cadre of research assistants who helped us at various stages of this project. Carrie Williamson, currently a third year law student at the University of California at Berkeley Law School, who aspires toward becoming a Business Law professor herself in the near future, and has assisted in various aspects of this project from its inception. Much of the research for the global boxes was done by Kathleen Hale, currently a law student at the University of Arizona. Melissa Hinds, Anne Hardenbaugh, and Chaz Giles helped by finding interesting case problems. Finally, the following assistants helped with a wide variety of essential tasks: Elizabeth Barre, Steve Weigand, Emily Coplin, Jason Slobe, Modesto Rosado, Mohamed Smaidi, Kevin Minnick and Brandi Buettner.

We would also like to thank Elizabeth Cameron, Joseph Petrick, and Linda Christianson for their

thoughtful comments as to how to improve the manuscript. And, of course, we were delighted to have Sheryl Kaiser's special feature on the Enron debacle.

The book would never have been completed on time if it were not for the careful word processing of Karen Masters, who typed most of the manuscript. Her colleague in the BGSU word processing department, Tami Thomas, typed the remainder of this manuscript.

Finally, we want to thank the team at Lakeshore Communications, beginning with the Publisher, Roger Williams, who has taken a genuine interest in the project from the moment we approached him about it, and has worked very hard to make sure that the authors' expectations were met. We also want to thank Judy Neal, the copyeditor; Jim Fedor, who designed the layout and cover; and all of those involved in the production of the book: Nick Connavino, Travis Hessman, Sue Henderson, Tia Andrako, of L.A. graphics, Elena Mussari and Jeff Howe, Webmaster.

**CONTENTS****Brief Table of Contents****Part One: The Legal Environment of Business**

CHAPTER 1:	An Introduction to Law and Legal Reasoning.....	1
CHAPTER 2:	Business Ethics.....	9
	Feature: The Collapse of Enron .....	E-1
CHAPTER 3:	The U.S. Legal System .....	39
CHAPTER 4:	Alternative Dispute Resolution .....	61
CHAPTER 5:	Constitutional Principles .....	87
CHAPTER 6:	Crime and the Business Community .....	121
CHAPTER 7:	An Introduction to Tort Law.....	147
CHAPTER 8:	Negligence .....	171
CHAPTER 9:	Product Liability.....	191
CHAPTER 10:	Intellectual Property.....	217
CHAPTER 11:	Cyberlaw and Business .....	245

**Part Two: Contracts**

CHAPTER 12:	Introduction to Contracts.....	267
CHAPTER 13:	Agreement.....	285
CHAPTER 14:	Consideration .....	305
CHAPTER 15:	Capacity and Legality .....	323
CHAPTER 16:	Legal Assent .....	343
CHAPTER 17:	Contracts in Writing.....	363
CHAPTER 18:	Third Party Rights.....	385
CHAPTER 19:	Performance, Discharge, Breach, and Remedies.....	401

**Part Three: Domestic and International Sales Law**

CHAPTER 20:	Introduction to Sales and Lease Contracts .....	423
CHAPTER 21:	Title, Risk of Loss, and Insurable Interest .....	443
CHAPTER 22:	Performance and Obligations Under Sales and Lease Contracts .....	465
CHAPTER 23:	Remedies for Breach of Sales and Lease Contracts .....	483
CHAPTER 24:	Sales Warranties .....	501

**Part Four: Negotiable Instruments and Banking**

CHAPTER 25:	Negotiable Instruments: Negotiability and Transferability.....	519
CHAPTER 26:	Negotiation, Holder in Due Course, and Defenses .....	535
CHAPTER 27:	Liability, Defenses, and Discharge.....	561
CHAPTER 28:	Checks and Electronic Fund Transfers .....	583

**Part Five: Creditors' Rights and Bankruptcy**

CHAPTER 29:	Secured Transactions.....	605
CHAPTER 30:	Other Creditors' Remedies and Suretyship .....	627
CHAPTER 31:	Bankruptcy and Reorganization .....	645

**Part Six: Agency**

CHAPTER 32:	Agency Formation and Duties.....	671
CHAPTER 33:	Liability to Third Parties and Termination .....	691

**Part Seven: Business Organizations**

CHAPTER 34:	Forms of Business Organizations.....	713
CHAPTER 35:	Partnerships: Nature, Formation, and Operation .....	733
CHAPTER 36:	Partnerships: Termination and Limited Partnerships.....	751
CHAPTER 37:	Corporations: Formation and Financing.....	771
CHAPTER 38:	Corporations: Directors, Officers, and Shareholders .....	789
CHAPTER 39:	Corporations: Mergers, Consolidations, Terminations.....	807
CHAPTER 40:	Securities and Investor Protection.....	829

**Part Eight: Employment and Labor Relations**

CHAPTER 41:	Employment and Labor Law.....	853
CHAPTER 42:	Employment Discrimination .....	880

**Part Nine: Government Regulation**

CHAPTER 43:	Administrative Law.....	910
CHAPTER 44:	Consumer Law .....	930
CHAPTER 45:	Environmental Law .....	956
CHAPTER 46:	Antitrust Law.....	984

**Part Ten: Property**

CHAPTER 47:	The Nature of Property, Personal Property, and Bailments .....	1010
CHAPTER 48:	Real Property .....	1024
CHAPTER 49:	Landlord-Tenant Law .....	1050
CHAPTER 50:	Insurance Law.....	1074
CHAPTER 51:	Wills and Trusts.....	1100

**Part Eleven: The Global Diversity of Business Law**

CHAPTER 52:	Comparative Law .....	1120
-------------	-----------------------	------

**Appendices**

Glossary of Terms .....	G-1
Appendix A: U.S. Constitution .....	A-1
Appendix B: The Uniform Commercial Code (UCC) .....	A-9

<b>Index</b> .....	I-1
--------------------	-----

## **CONTENTS**

# Detailed Table of Contents

### **Part One: The Legal Environment of Business**

CHAPTER 1:	An Introduction to Law and Legal Reasoning	
	Effective Managers Must Study Business Law.....	1
	Sources of Business Law .....	2
	The Purposes of Business Law.....	3
	Learning From Business Law in Other Countries.....	6
	Critical Thinking and Legal Reasoning.....	6
	The Role of Ethics in Legal Reasoning.....	8
CHAPTER 2:	Business Ethics	
	Business Ethics and Social Responsibility.....	10
	Business Law and Business Ethics .....	11
	Case 2-1: <i>Rexford Kipps v. James Caillier et al.</i> .....	11
	Theories of Business Ethics .....	14
	The WPH Framework for Business Ethics.....	17
	Case 2-2 <i>Maria Lopez</i> .....	19
	Case 2-3 <i>International Union, United Automobile, Aerospace and</i> <i>Agricultural Implement Workers of America, UAW v.</i> <i>Johnson Controls, Inc.</i> .....	22
	Using Classical Ethical Guidelines for Understanding How to Make Ethical Decisions.....	24
	<b>The Collapse of Enron</b> by Sheryl Kaiser, J.D. ....	27
	Summary .....	35
	Review Questions and Case Problems.....	35
	Assignment on the Internet.....	37
	On the Internet .....	37
CHAPTER 3:	The U.S. Legal System	
	Jurisdiction .....	40
	Case 3-1 <i>Gafford v. General Electric Co.</i> .....	43
	Venue.....	44
	The Structure of the Court System .....	44
	Threshold Requirements .....	47
	Steps in Civil Litigation.....	48
	Case 3-2 <i>J.E.B., v. Alabama, Ex Rel. T.B.</i> .....	54
	Caterpillar Wrap-up.....	58
	Summary .....	58
	Review Questions and Case Problems.....	59
	Assignment on the Internet.....	60
	On the Internet .....	60
CHAPTER 4:	Alternative Dispute Resolution	
	Primary Forms of Alternative Dispute Resolution .....	62
	Case 4-1 <i>Scott Folb v. Motion Picture Industry Pension &amp; Health Plans, et al.</i> .....	65
	Case 4-2 <i>Jerome Brown v. ABF Freight Systems, Inc.</i> .....	70

#### iv Contemporary Business Law in a Global Economy

	Case 4-3 <i>Robert Gilmer v. Interstate/Johnson Lane Corporation</i> .....	74
	Case 4-4 <i>Equal Employment Opportunity Commission v. Waffle House, Inc.</i> .....	76
	Other ADR Methods .....	78
	Court Annexed ADR .....	81
	Case 4-4 <i>Mitsubishi Motors Corporation v. Soler Chrysler-Plymouth</i> .....	82
	Hooters Case Wrap-up .....	83
	Summary .....	84
	Review Questions and Case Problems .....	84
	Assignment on the Internet .....	86
	On the Internet .....	86
CHAPTER 5:	Constitutional Principles	
	The U.S. Constitution .....	88
	The Commerce Clause .....	90
	Case 5-1 <i>Christy Brzonkala v. Antonio J. Morrison et al.</i> .....	91
	Case 5-2 <i>National Electrical Manufacturers Association v. William H. Sorrell, Attorney General of the State of Vermont, John Kassel, et al.</i> .....	96
	Taxing and Spending Powers of the Federal Government .....	98
	The Bill of Rights .....	98
	Case 5-3 <i>Lorillard Tobacco Co. v. Reilly</i> .....	102
	Case 5-4 <i>Hildegard Gora, et. al. v. City of Ferndale</i> .....	108
	Case 5-5 <i>Lucas v. South Carolina Coastal Commission</i> .....	110
	Other Constitutional Restrictions on Government .....	114
	Wetlands Protection Wrap-up .....	114
	Summary .....	115
	Review Questions and Case Problems .....	116
	Assignment on the Internet .....	119
	On the Internet .....	119
CHAPTER 6:	Crime and the Business Community	
	Elements of a Crime .....	122
	Criminal Procedure .....	123
	Major Defenses to Crimes .....	126
	Liability for Crimes .....	127
	Case 6-1 <i>New York Central &amp; Hudson River Railroad Co. v. United States</i> .....	127
	Case 6-2 <i>United States v. Park</i> .....	129
	Crimes Occuring in the Business Context .....	130
	Case 6-3 <i>U.S. v. Leyva, Jr</i> .....	133
	Case 6-4 <i>U.S. v. Sonya Singleton</i> .....	135
	Case 6-5 <i>U.S. v. Gerson Cohen</i> .....	138
	Tools for Fighting Business Crime .....	142
	Royal Caribbean Wrap-up .....	143
	Summary .....	143
	Review Questions and Case Problems .....	145
	Assignment on the Internet .....	146
	On the Internet .....	146
CHAPTER 7:	An Introduction to Tort Law	
	Introduction to Tort Law .....	148
	Damages Available in Tort Cases .....	148
	Classification of Torts .....	153

	Intentional Tort .....	153
	Case 7-1 <i>Carl Sagan v. Apple Computer, Inc.</i> .....	154
	Case 7-2 <i>Nellie Mitchell v. Globe Inc. d/b/a 'Sun'</i> .....	159
	Case 7-3 <i>Shirley Gordon v. May Dept. Store</i> .....	161
	Case 7-4 <i>Irma White v. Monsanto Company and McDermott</i> .....	163
	Rubin Case Wrap-up .....	166
	Summary .....	166
	Review Questions and Case Problems .....	167
	Assignment on the Internet .....	169
	On the Internet .....	169
CHAPTER 8:	Negligence	
	Introduction to Negligence and Strict Liability .....	172
	Elements of Negligence .....	172
	Case 8-1 <i>Roland C. Feichtner v. City of Cleveland et al.</i> .....	174
	Case 8-2 <i>Palsgraf v. Long Island Railroad Company</i> .....	177
	Plaintiffs' Doctrines .....	179
	Case 8-3 <i>Janet Kambat v. St. Francis et al.</i> .....	180
	Defenses to Negligence .....	182
	Case 8-4 <i>Barran v. Kappa Alpha Order, Inc.</i> .....	184
	Strict Liability .....	186
	Case 8-5 <i>Gregory Scorza v. Alfredo Martinez &amp; Worldwide Primates, Inc.</i> .....	186
	Boy Scouts of America Wrap-up .....	187
	Summary .....	187
	Review Questions and Case Problems .....	188
	Assignment on the Internet .....	190
	On the Internet .....	190
CHAPTER 9:	The Law of Product and Service Liability	
	Theories of Recovery in Product Liability Cases .....	192
	Case 9-1 <i>Green v. Dolsky</i> .....	196
	Case 9-2 <i>Welge v. Planters Lifesavers Co.</i> .....	199
	Case 9-3 <i>Sperry-New Holland v. John Paul Prestage and Pam Prestage</i> .....	202
	Case 9-4 <i>James A. Peterson v. Lou Backrodt Chevrolet Co.</i> .....	204
	Market Share Liability .....	205
	Liability of Accountants and Other Professionals .....	206
	Case 9-5 <i>Bily v. Arthur Young &amp; Company</i> .....	208
	Ford and Bridgestone Wrap-up .....	211
	Summary .....	212
	Review Questions and Case Problems .....	213
	Assignment on the Internet .....	215
	On the Internet .....	215
CHAPTER 10:	Intellectual Property	
	Trademark Protection .....	218
	Case 10-1 <i>Qualitex Co. v. Jacobson Products Co.</i> .....	218
	Case 10-2 <i>Otokoyama Co. Ltd. v. Wine of Japan Import</i> .....	221
	Case 10-3 <i>Toys "R" Us, Inc. v. Canarsie Kiddie Shop, Inc.</i> .....	222
	Case 10-4 <i>TraFFix Devices, Inc. v. Marketing Displays, Inc.</i> .....	227

	Copyrights .....	230
	Case 10-5 <i>Ty Inc v. GMA Accessories Inc.</i> .....	231
	Case 10-6 <i>Princeton University Press v. Michigan Document Services, Inc.</i> .....	233
	Patents .....	236
	Trade Secrets .....	238
	International Protection of Intellectual Property .....	238
	Warner Brothers Wrap-Up .....	240
	Summary .....	240
	Review Questions and Case Problems.....	241
	Assignment on the Internet.....	242
	On the Internet .....	242
CHAPTER 11:	Cyberlaw and Business	
	Cyberlaw and Business: How Law Changes as Society Changes .....	246
	Case 11-1 <i>Kenneth M. Zeran, Plaintiff v. America Online, Inc., Defendant</i> .....	247
	Intellectual Property Issues in Cyberspace.....	249
	Case 11-2 <i>A &amp; M Records, Inc. v. Napster, Inc.</i> .....	251
	E-Commerce Issues .....	253
	Case 11-3 <i>Kenneth M. Zeran, Plaintiff-Appellant v. Diamond Broadcasting, Inc., Defendant-Appellant</i> .....	254
	Case 11-4 <i>Saray Perez, (Plaintiff-Appellant) v. Wyeth Laboratories, Inc., (Respondent)</i> .....	257
	Employment Law Issues in Cyberspace.....	259
	The War Against Cybercrime.....	260
	DeCSS Wrap-up.....	262
	Summary .....	263
	Review Questions and Case Problems.....	264
	Assignment on the Internet.....	265
	On the Internet .....	265
 <b>Part Two: Contracts</b>		
CHAPTER 12:	Introduction to Contracts	
	The Importance of Contract Law .....	268
	Framework for Legal Contracting .....	268
	The Role of Equity.....	271
	Case 12-1 <i>Gene Taylor &amp; Sons Plumbing Co. v. W &amp; W Construction Co.</i> .....	272
	Case 12-2 <i>Ypsilanti v. General Motors, Inc.</i> .....	275
	The UCC and Its Relationship to Contract Law.....	276
	Case 12-3 <i>Advent Systems Ltd. v. Unisys Corporation</i> .....	277
	Classifications of Contracts .....	279
	Columbia Falls Wrap-up .....	280
	Summary .....	281
	Review Questions and Case Problems.....	282
	Assignment on the Internet.....	283
	On the Internet .....	283



CHAPTER 13:	Agreement	
	Creating an Offer .....	286
	Case 13-1 <i>Lucy v. Zehmer</i> .....	287
	Case 13-2 <i>Martin v. Schumacher</i> .....	292
	Terminating an Offer .....	293
	Irrevocable Offers .....	294
	Accepting an Offer .....	297
	Case 13-3 <i>Okosa v. Hall</i> .....	298
	Case 13-4 <i>Hollywood Fantasy Corp. v. Gabor</i> .....	299
	Galloway Wrap-up .....	300
	Summary .....	301
	Review Questions and Case Problems.....	301
	Assignment on the Internet.....	303
	On the Internet .....	303
CHAPTER 14:	Consideration	
	Defining Consideration.....	306
	Case 14-1 <i>Hamer v. Sidway</i> .....	307
	Agreements Lacking Legal Value—Illusory Promises.....	310
	Case 14-2 <i>Oscar Schlegel Co. v. Peter Cooper's Glue Factory</i> .....	312
	Agreements Lacking Legal Value—The Preexisting Duty Rule .....	313
	Case 14-3 <i>Angel v. Murray</i> .....	314
	Agreements Lacking a Bargained-for-Exchange—Past Consideration .....	316
	Case 14-4 <i>Carlisle v. T &amp; R Excavating</i> .....	317
	Promissory Estoppel as a Substitute for Consideration .....	318
	Hirschfeld Wrap-up.....	318
	Summary .....	319
	Review Questions and Case Problems.....	320
	Assignment on the Internet.....	321
	On the Internet .....	321
CHAPTER 15:	Capacity and Legality	
	Contracting with a Minor .....	324
	Case 15-1 <i>Swalberg v. Hannegan</i> .....	326
	Case 15-2 <i>Mitchell v. Mitchell</i> .....	327
	Contracting with the Mentally Incompetent .....	328
	Contracting with Intoxicated People.....	328
	Legality .....	329
	Case 15-3 <i>Wilson v. Adkins</i> .....	330
	Case 15-4 <i>Zivich v. Mentor Soccer Club</i> .....	333
	Case 15-5 <i>Sale v. Slitz</i> .....	335
	Case 15-6 <i>Sheehy v. Sheehy</i> .....	337
	MCI and Telmex Wrap-up.....	339
	Summary .....	339
	Review Questions and Case Problems.....	340
	Assignment on the Internet.....	341
	On the Internet .....	341