#

#

#

#

#  **Syllabus and Course Guide for**

## **Business Law I: The Legal Environment**

# **Professor Thomas B. Cooke**

 **Distinguished Teaching Professor**

**The McDonough School of Business**

**Georgetown University**

**SUMMER 2016**

**Accounting 181-01**

**FINAL EXAM: June**

**May 23 – June 17**

**M,Tu,W,Th,F: 10:45 am – 12:45 pm**

**Location: TBA**

 **COOKET@Georgetown.Edu**

 **(202) 549-7477 (CELL) Revised: 4/21/2016**

 **The McDonough School of Business**

 **Georgetown University**

**Washington, DC 20057**

 **Business Law I: The Legal Environment of Business**

**ACCT: 181-01**

**M, Tu, W, Th, F: 10:45 am – 12:45 pm**

Instructor: Thomas B. Cooke

Office Telephone:

Cell: (202) 549-7477

E-mail: CookeT@Georgetown.edu (Office)

Office Location: 404 Hariri Building

Office Hours: Every Day (1:30 – 3:00 pm)

 Other days and times available

Appointments are welcomed and encouraged

Class Schedule:

 Business Law 1 Every Day: 10:45 am – 12:45 pm

 Fundamentals of Business: July 11-July 30 9am – 5 pm M-F

 Bocconi Program: June 27 – July 16

 Central University of Finance and Economics: July 11- July 29

Summer 2016 Classes: Accounting 181-01 Management 310

 Management 311

 Management 312

 Management 313

 Management 511 (MBA)

 Management 101

Class Location: TBA

## Prerequisite: None other than a serious interest in learning

## Accounting Majors: Please note that this course is a prerequisite for Accounting Majors who plan to sit for the CPA Examination

### **Course Objectives**

This is course is designed to give you a broad overview of the Legal Environment and the application of the law to business decision making. This course should be of interest to all undergraduate students regardless of their area of professional interest or undergraduate major. “The law affects all of us in a variety of ways.”

This course will provide you with a framework to help you understand significant legal principles, to analyze legal-business problems, to develop opinions about how best to act, to critically read court decisions, and to be able to think like a lawyer does (at least we can start the process).

An introduction to the legal environment within which businesses operates requires a focus on contract law, sales law and product liability. The course provides an introduction to the Anglo-American legal system and the development of substantive and procedural law. The course also includes a review of the ethical issues confronted by lawyers and their clients.

The assigned readings will include “real-life” cases that illustrate “real-life” business problems and “real-life” solutions. We will learn from the success and failure of others.

Part of the framework of the course involves an understanding of the legal system and legal process. Therefore, visits to the “real world” [Court Rooms in action] is a very important component of the course.

Court visits to the **Superior Court of the District of Columbia and** **the United States District Court** are required. A visit to the **United States Supreme Court or the United States Court of Appeals** can substitute for the United States District Court visit. A total of two court visits are required.

 **Visit Date** **Report Due Date**

**Superior Court F, May 27 Wed., June 1**

**US District Court Your Choice Wed., June 15**

**Court Reports:**

**Each member of the class must prepare a 2-page summary report concerning each visit. The Court Visit Reports are due on the above referenced dates. All reports must be submitted in class. Each report is worth a total of 20 points. Two points will be taken off for each day or fraction of a day that a report is late, sent by e-mail or delivered outside the classroom. Reports may always be submitted early.**

**Instructor Evaluations:**

**Semester Course Objectives How Much Did You Learn Overall Evaluation**

 **Of Instructor**

F 2015-03 4.70 4.58 4.81

Sum 2015 5.00 4.87 5.00

S 2015: A 181-02 4.55 4.50 4.64

S 2015: A 181-03 4.78 4.69 4.83

F 2014: A 181 4.57 4.56 4.75

F 2014: A 221 4.67 4.50 4.65

F 2014: M 310 4.43 4.57 4.75

F 2014: M 311 4.75 4.80 4.66

F 2014: M 312 5.00 5.00 5.00

Sum 2014 4.78 5.00 4.78

S 2014-01 4.65 4.58 4.65

F 2013-02 4.48 4.41 4.64

F 2013-03 4.59 4.51 4.68

Summer 2013 4.83 4.83 4.94

S 2013-01 4.72 4.51 4.82

F 2012-01 4.74 4.58 4.74

F 2012-03 4.60 4.60 4.67

Summer 2012 4.83 4.67 5.00

S 2012-01 4.70 4.56 4.85

F 2011-01 4.69 4.63 4.97

Summer 2011

S 2011-01 4.72 4.67 4.81

F 2010-01 4.85 4.74 4.93

Summer 2010 4.89 4.89 4.89

S 2010-01 4.76 4.56 4.85

S 2010-03 4.92 4.85 4.81

[www.RateMyProfessor.com](http://www.RateMyProfessor.com)

# of Ratings: 96

Date: 21 April 2016

Overall Quality: 4.6

Helpfulness: 4.4

Clarity: 4.8

Easiness: 3.7

**General Information**

Each member of the class is responsible for keeping up with the assigned readings and reviewing the Power Point slides in advance of each class. Preparation for class is half the battle. The balance is made up by attending class, listening carefully, taking notes, participating in class discussions and by **asking questions**. Questions are encouraged and volunteering to answer a question/s is always welcomed by the instructor and other members of the class. Please speak loud and clear so everyone can understand what you are saying.

**Attendance and Participation**

*“He who asks is a fool for five minutes, but he who does not ask remains a fool forever.”*
Chinese proverb

**Attendance** and **participation** are essential for success in this course. Students are expected to actively participate in the class discussions. The majority of the class meetings will involve discussions of cases. This is not meant to be an opportunity to show up and hear what others have to say or to merely chat about the case based on a perfunctory reading of the material. **Preparation for each class is essential.** I expect regular broad participation by the class each time we meet. I do not consider attendance to = participation. I will cold call as necessary to help everyone realize the importance of thorough preparation and active participation.

Missing more than one class will have a material adverse impact on your grade for the course. **After more than one missed class**, students can expect to have their final number of points **reduced by 2 points** for each missed class. Attendance sheets will be circulated in each class. **It is the responsibility of each member of the class to sign in for him or** **herself**. Signing the attendance sheet for another member of the class is a violation of the Georgetown University Honor System.

All students MUST take the class quizzes and tests as scheduled. You are allowed to drop one quiz – so missing one quiz, while not recommended, is not fatal. Anyone who misses a scheduled test or more than one quiz MUST take a **comprehensive** final examination on a date assigned by the Registrar.

**Attendance: Alert**

**Missing classes will have a negative impact on the final grades. Missing more than two classes will reduce the total number of points by 5 points per missed class.**

**Assignments**

The final grades in the course will be based on a variety of assignments/projects/tasks. This is designed so that no one assignment/project/task controls the final grade. Obviously each assignment/project/task impacts on the final grade.

Grades for written assignments (e.g. the court visit reports) will be based on substance and style. To perform well in the latter category, students will benefit from a concise writing style. Unnecessary length will be viewed negatively. I am looking for quality and not quantity.

If it is easier for you, a bullet point format is acceptable for the court visit reports. As Albert Einstein once said, "Everything should be kept as simple as possible, but not more so." All written assignments must be typed double-spaced, have 1" margins on all four sides, and use a 12 pitch.

Two points (out of 20) will be taken off for papers that do not follow the above guidelines.

Please review the discussion of Turnitin.com below.

**Grade Determination – Please Read the Important Disclaimer that Follows**

Class Participation

& Class Attendance can be considered a negative factor

Class Quizzes: 60 points (10 x 6) 7 Quizzes – Drop the lowest score

Court Visit Reports: 40 points

Test 1: 50 points

Final Exam: 50 points

Total Points: **200 points**

**A 93-100 186 B- 80-82 160 D+ 65-69 130**

**A- 90-92 180 C+ 77-79 154 D 60-64 120**

**B+ 87-89 174 C 73-76 146 F < 60**

**B 83-86 166 C- 70-72 140**

**Common Grading Standards for ALL Sections of Acct 101, 102 and 181**

On August 21, 2008, MSB Dean George Daly directed the Accounting faculty to implement the following policy that is designed to put an immediate halt to the grade inflation and grade disparity across instructors teaching different sections of the same course.

***“In each semester, the average GPA for each instructor teaching Acct 101, Acct 102 and Acct 181 shall not be higher than 3.0. In making this computation, W’s, FA’s and Blank shall not be included in the computation of the GPA. The average GPA will be computed across all sections of Acct 101, Acct 102 or ACCT 181 taught by each instructor in that semester. In addition, not more than roughly 30% of each instructor’s students shall receive grades of A and/or A-minus.”***

The following statement comes from a January 16, 2010 announcement:

 Average GPA may % of A or A-

 not exceed may nor exceed

Accounting 101, 102, **181**, 201, 202,

Finance 211 **3.0** **30%**

All other MSB required core courses 3.3 35%

All other Finance courses 3.4 50%

All other courses not described above 3.5 50%

**Honor Code**

I (and I trust my students) take the Georgetown Honor System seriously. A substantial part of your grade (40 points/200 points) is based on court visit reports. If you are not familiar with the provisions of the Honor System now would be a good time to learn about them. The written assignments must include your name and the following signed statement:

**Please note:**

“This assignment exclusively represents my own work. I have not discussed the contents of this assignment with anyone. This final product represents my own work product.” This statement should appear at the bottom of the court reports.

Note: A violation of the Honor System (in any degree) may result in a failing course

grade.

In July 2004, Georgetown University appointed Professor Cooke Faculty Chairman, Georgetown University Honor Council. Professor Cooke served as Chairman for six years (2004-2010). Currently, Professor Cooke is available to the Undergraduate Honor Council on an as needed basis. From 2007-2009, Professor Cooke was a member of the MSB MBA Honor Council.

**Honor Pledge**

“*In the pursuit of the high ideals and rigorous standards of academic life, I commit*

*myself to respect and uphold the Georgetown University Honor System: To be honest in*

*any academic endeavor, and to conduct myself honorably, as a responsible member*

*of the Georgetown community, as we live and work together.”*

**Inclement Weather Policy (Not Likely During the Summer Session)**

A Memo from the Registrar dated November 21, 2014 noted that:

“Instructional activities will be maintained during university closures. Faculty members should prepare for the possibility of an interruption of face-to-face instruction by establishing a policy within the course syllabus to maintain instructional continuity in the case of unforeseen disruption. During a campus “closure,” the regular class time schedule must be honored by all campus departments so that students will remain available for those faculty members who wish to maintain continuous academic progress through synchronous distance instruction.”

In accordance with the above memo …

1. I will make every effort to make it to campus in advance of any forecast of inclement weather. Not likely for the Fall term.
2. I will keep the class informed of my location. I live approximately 1 hour from the campus in Rockville, Maryland.
3. If the University announces a “closure”, I will post instructions via Blackboard.
4. Any Quiz scheduled for a class that faces a “closure” will be rescheduled for the next class session.

**Course Materials Book**

I am in the process of writing a text book that will cover many of the course topics. I will post “draft” chapters of my work on a class-by-class basis. In all cases, please pay careful attention to the Power Point slides that are an important part of the subject matter presentation. Please be sure to read any assigned cases prior to the class review and analysis.

I. The Legal System

 The United States Supreme Court

 Recent decisions of interest

*Carpenter v. United States*

II The Law of Contracts

III Article 2 of the UCC v. The Common Law of Contracts

Sales of Goods/Product Liability

McDonalds Hot Coffee Case

IV Lawsuits Gone Wild

Ethical Rules of Legal/Business Practice

**Course Outline/Schedule**

I reserve the right to make changes in the course outline and content. I can promise you there will be very few, if any changes. Students will be given as much notice as possible of any changes. My preference is for “certainty” rather than the “uncertainty” that changes can bring.

“A man can make what he wants of himself if he truly believes that he must be ready for hard work and many heartbreaks.”

Thurgood Marshall

Justice, U.S. Supreme Court

 **About the Professor**

Born and Raised: Teaneck, NJ

 Avon by the Sea, NJ

 Ocean Beach, NJ

High School: Don Bosco Prep (1967)

College: Villanova (1971)

Law School:

Georgetown University Law Center: JD, 1974

Georgetown University Law Center: LLM, 1976

Georgetown University Law Center: MLT, 1984

Summer Employment (in College): Conde Nast Publications, NY

 Philadelphia Country Club

Employment Post Law School:

 Dean of Students

 Georgetown Preparatory School

 Rockville, Maryland

 Assistant State’s Attorney

 Montgomery County

 Rockville, Maryland

 Assistant Public Defender

 Montgomery County

 Rockville, Maryland

 Private Practice of Law

 District of Columbia & Maryland

 Adjunct Professor

 George Washington University

 Washington, DC

 Adjunct Professor

 Georgetown University

 Washington, DC

 Executive Director

 National Society of Tax Professionals

 Vancouver, Washington

 Editor

 The Federal Tax Alert

 The Tax Client Newsletter

 National Society of Tax Professionals

 Vancouver, Washington

 Professional Lecturer

 Internal Revenue Service (IRS)

 Washington, DC

 Professional Lecturer

 Best in the West Tax Seminars

 Reno and Las Vegas, Nevada

 North Carolina Society of Tax Professionals

**CURRENT** Distinguished Teaching Professor

 Robert E. McDonough School of Business

 Georgetown University

 Washington, DC 20057

 Summer 2016: Accounting 181-01

 Management 101

 Management 310

 Management 311

 Management 312

 Management 313

 Management 511

 Lecturer

 North Carolina Society of Tax Professionals

 Charlotte, North Carolina

 Lecturer

 Internal Revenue Service

 Charlotte, North Carolina

**CURRENT** Owner

 TBS Stables

 Standardbred (Harness) Horses

 DE., MD., NY, NJ, PA., and VA

 Nuclear Breeze (World Record)

 [www.NuclearBreeze.com](http://www.NuclearBreeze.com)

 **Toms Titan** (4-Pacing-Colt)

1:53.2 (fastest mile in the US on a ½ mile track – August 2013)

1:51.3 (fastest mile in the US on a ½ mile track – July 2014)

**CURRENT** President, Member of Board of Directors

 Cloverleaf Standardbred Owners Association

 Ft. Washington, Maryland

 Customer Advisory Board, Subgroup Member

 Washington Suburban Sanitary Commission

McDonough School of Business, Undergraduate Dean’s Faculty Advisory Committee

 Pre-Law Advisor

**Professional Memberships:**

National Association of Criminal Defense Lawyers (NACDL)

National Association of Tax Professionals (NATP)

National Society of Tax Professionals (NSTP)

Maryland Society of Accounting & Tax Professionals

United States Trotting Association

Maryland Standardbred Breeders Association

Cloverleaf Standardbred Owners Association

Cloverleaf Standardbred Owners Association

**Favorite Things:**

**Foods: Anything Healthy. Green is good!**

 **Football Team: Dallas Cowboys**

 **Baseball Team: Washington Nationals**

 **Hockey Team: Washington Capitals**

 **Basketball Team (pros): Washington Wizards**

 **Washington Mystics**

 **Basketball Team (college): HOYAS!**

 **Movie: Wall Street I**

 **TV Show: ESPN**

 **Place to Vacation: Hoi An, Vietnam**

 **Chang Mai, Thailand**

 **London, UK**

 **San Francisco, CA**

 **Montreal, Canada**

 **Olympic Heroes: Apolo Anton Ohno**

 **Michael Phelps**



Professor Cooke and Apolo Anton Ohno (May 2010)

 **LET OUR JOURNEY BEGIN**

# “We must reject the idea that every time a law’s broken, society is guilty rather than

 the lawbreaker. It is time to restore the American precept that each individual is

 accountable for his actions.”

 President Ronald Reagan

# *Class #1*- Introduction to the course; Course requirements; Understanding the Legal

 System; The United States Supreme Court (SCOTUS) **May 23**

Required Readings: None

1. The United States Supreme Court slides and Legal System slides are posted in the Documents section of Blackboard.

Recommended Readings:

None

Class Discussion Questions:

1. What are the requirements for this course?
2. Review the 2009 appointment of Justice Sonya Sotomayor to the United States Supreme Court and the 2010 appointment of Elena Kagan.

a. Both nominees had to be approved by the Senate Judiciary Committee. What critical questions were asked by the Senators?

1. Review the 2010 resignation of Justice Paul Stevens.
2. Review the death of Justice Antonin Scalia in 2016.
3. The Court’s process of granting “**certiorari**.”

a. The critical 4 votes.

 5. The 5-4 Decisions and now (2016) the 4-4 decisions

6. The June 2012 decision in the Patient Protection and Affordable Care Act

(Obamacare).

 7. Decisions from the 2013 - 2016 term.

 8. Hobby Lobby decision (June 2014)

9. State Court vs. Federal Court systems.

10. Possible future resignations from the United States Supreme Court

*Class #2 –* The Legal System: People and Process **May 24**

*Quotation of the day –*

*“Never make a defense or apology before you be accused.”*

*[The author of these words was later tried, condemned, and executed as a “tyrant and a traitor to the liberties of England.”]*

*Charles I, 1600-1649*

*King of England*

*Letter to Lord Wentworth, September 3, 1636*

Required Readings:

1. Review the Power Point slides (The Legal System) for this subject area.

Class Discussion Questions:

1. What features serve to distinguish the civil case process from the criminal case process?
2. What provisions of the U.S. Constitution are relevant to the “court process?”
3. What factors serve to distinguish the civil case process from the criminal case process?
4. What is the role of the Grand Jury in today’s world?

 *Class #3 –* The Anatomy of a Civil Case & The Power of Civil Discovery **May 25**

*Quotation of the day –*

*“Litigation is the pursuit of practical ends, not a game of chess.”*

*Felix Frankfurter, 1882-1965*

*U.S. Supreme Court Justice*

*Indianapolis v. Chase National Bank (1941)*

Required Readings

1. Review the Power Point slides (The Legal System)for this subject area

Class Discussion Questions:

1. How does the “Discovery” process compare between the Criminal and Civil case?
2. What makes up a Civil Complaint?
3. What is the advantage of the Deposition over the Interrogatory?
4. Why are so many civil cases settled without a formal trial?

*Class #4 – Carpenter v. The United States* **May 25**

**QUIZ 1**

 (Legal System, Criminal v. Civil)

Quotation of the Day -

*“The will to win means nothing if you do not have the will to prepare.”*

Juma Ikengaa

Required Readings:

1. Read the United States Supreme Court decision in Carpenter v. United States.
2. Review the Power Point slides that have been provided on this case.

3. Read the newspaper articles reporting on the Supreme Court’s decision in Carpenter.

Class Discussion Questions:

1. Just how significant is the Carpenter decision?
2. Why were there only 8 members on the Supreme Court at the time this case was

argued and decided?

3. What type of defense did the defendants raise?

1. What makes the Mail and Wire Fraud statute such a powerful tool in the hands of the

Government?

5. Why were the Justices split (4-4) on the Federal Securities Law violations?

6. How would a similar case be decided today – by the current Supreme Court?

**Note: We are now going to begin a detailed review of the Law of Contracts. Please reach each of the assigned cases in advance of class. It is impossible to read the cases for the first time in class. The Power Point slides are designed to assist you in understanding the cases – not to serve as a substitute for reading the cases in advance of class.**

*Class #5 – The Law of Contracts: Offers* ***May 26***

**QUIZ 2**

 *(Carpenter case)*

*Quotations of the day –*

*“Five frogs are sitting on a log. Four decide to jump off. How many are left? Answer: five. Why?”*

*Five Frogs on a Log,* Feldman and Spratt

*“Navigating a major transition is a race against time. Executives quickly discover that they are late even before they get started. Everything becomes a priority. Years of deployment decisions must be made in days. There are hundreds of questions and only a handful of vague answers. Nobody is doing his or her job effectively. Customers are being neglected. Productivity is plummeting. Chaos is spreading like wildfire.”*

*Five Frogs on a Log,* Feldman and Spratt

Required Readings:

1. Selected cases

2. Text materials

3. Power Point slides available in Blackboard: The Law of Contracts

Class Discussion Questions:

1. What are the essential elements of a Contract?
2. What is the difference between an “objective” test and a “subjective” test?
3. How do we determine the **intent** of the offeror?
4. What is an “exculpatory clause?”
5. How can an “exculpatory clause” be used to your advantage?
6. What problems are presented in the Belger v. Holland Construction Co. case?

**Visit to the DC Superior Court May 27**

 *Class #6* – The Law of Contracts: Acceptance **May 31**

*Quotations of the day -*

*“Things worthwhile generally just don’t happen. Luck is a fact, but should not be a factor. Good luck is what is left over after intelligence and effort have combined at their best . . . Luck is the residue of design.*

Branch Rickey

*“If you don’t know where you are going any road will take you there.”*

# Napoleon Bonaparte

Required Readings:

1. Selected cases

 2. Text readings

 3. Power Point slides

Class Discussion Questions:

1. What are the requirements for a valid acceptance?
2. What is meant by the “mirror image rule?”
3. What are the various forms of “communication” that can go back and forth between

the parties?

4. When are the various forms of “communication” **effective**?

5. What is this thing they call the **Mail Box Rule**?

 *Class #7 – The Law of Contracts: Offer and Acceptance Revisited* **May 31**

*Quotations of the day –*

 *“For every complex problem there is a simple solution that is wrong.”*

George Bernard Shaw

Required Readings:

1. Text readings

Class Discussion Questions:

1. TBA

*Class #8* – The Law of Contracts: Consideration **June 1**

 **QUIZ 3**

 (Offer & Acceptance)

*“Statistics are no substitute for judgment.”*
Henry Clay

Required Reading:

1. Selected cases

2. Text readings

3. Power Point slides

*Class Discussion Questions:*

1. What are some common examples of consideration?
2. What is meant by the statement: “The bargained for exchange?”
3. What are some examples of what will NOT constitute legally binding

consideration?

1. Under what circumstances can Promissory Estoppel be used as a

substitute for consideration?

1. Is the court’s reasoning in Sanders v. Arkansas Missouri Power Company

correct? Is there another way that the court could have come up with the same

result by using another argument for enforcement of the promise?

*Class # 9 – The Law of Contracts: The Statute of Frauds and the Parol Evidence Rule*

 **June 2**

 **Quiz 4**

*Quotation of the day –*

*“Discourage litigation. Persuade your neighbor to compromise wherever you can … As a peace-maker the lawyer has a superior opportunity of being a good man. There will still be business enough.”*

*Abraham Lincoln, 1809-1865*

*16th President of the United States*

*Notes for a Law Lecture*

Required Readings:

1. Cases as assigned

2. Text readings

3. Power Point slides

Class Discussion Questions:

1. How did the Statute of Frauds come to get its name?
2. Under what circumstances should a contract be in writing?
3. What are the advantages of having an agreement in writing?
4. Under what circumstances **must** a contract be in writing?
5. If a contract is reduced to a writing, under what circumstances can you

go outside the writing to explain it, change it, etc.?

1. How is it possible to have a contract in writing, signed by only one party

and still have a valid contract?

1. Is there certain “boiler plate” language that should be included in every

written contract?

Class #10 – The Law of Contracts: Capacity and Legality  **June 3**

*Quotation of the day –*

*“Business leaders today can’t shrink from their obligations to set a moral example.”*

*William C. Butcher*

*Chairman, The Chase Manhattan Corporation*

*Speech, New Orleans, May 15, 1987*

Required Readings:

1. Cases as assigned

2. Power Point slides

Class Discussion Questions:

1. Why do so many of the “capacity” problems involve people who have entered

into contracts with minors?

1. How does the case law distinguish between “necessary” and “non-necessary” items?

3. A contact must be “legal” to be enforceable. Under what circumstances can a party

 allege that an agreement violates the law and is “illegal?”

4. The case of Murphy v. McNamara involves a court undoing what a party had clearly

agreed to do. Is this an example of a court running wild – over reaching or is this what we expect judges to do?

5. What is meant by the expression an “activist judge?”

*Class #11 – The Law of Contracts: Defenses*  **June 06**

*Quotation of the day –*

*“The challenge … is to find a socially responsible niche where you can effectively give back to the community in which you operate and in which you have prospered.”*

*Earl G. Graves*

*Publisher and Editor, Black Enterprise*

*The New York Times, January 3, 1988*

Required Readings:

1. Cases as assigned

 2. Power Point slides

Discussion Questions:

1. What are the most common defenses that occur in the law of contracts?
2. How does the party asserting a “defense” go about proving the defense?
3. What is the difference between a “void” agreement and a “voidable” agreement?
4. Under what circumstances can a **unilateral mistake** make an agreement voidable?

 *Class #12 – The Law of Contracts: Miscellaneous Matters*

  **June 06**

 **Court Report Due Date**

 **Quiz 5**

*Quotation of the day –*

*“Get your facts first, and then you can distort them as much as you please.”*

Mark Twain

Required Readings

 1. TBA

Class Discussion Questions:

 1. Whatever you would like to ask.

**Class # 13***: Review Class*  **June 07**

 **Please come to class prepared to ask any all questions that you**

 **have regarding the Law of Contracts.**

**Take advantage of the available sample questions as well as the Points to Remember.**

**Class #14***–* ***TEST I: THE LAW OF CONTRACTS June 07***

*Quotation of the day –*

*“In a free society there is one and only one social responsibility to business – to use its resources and engage in activities designed to increase profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.”*

*Milton Friedman*

*Nobel laureate in economics*

*Capitalism and Freedom*

Likely Format:

1. 50 Questions
2. Multiple Choice
3. True/False

\*Instructions:

1. This is a closed book test.
2. Absolutely no outside materials may be used during the test.
3. Please do not discuss the contents of the test with anyone until after 3 PM today.

\* The Instructions are applicable for Test I and the Final Exam.

**Note: Now that we have completed our journey through the Law of Contract we are ready to review the importance of statutory law. The Uniform Commercial Code (UCC) will serve as our point of reference. Emphasis will be on the importance of UCC Article 2 “Transactions in Goods.”**

**In addition to reviewing subjects such as Bailments, Negligence, Strict Liability, Product Liability, we will consider the forms of “legal protection” that may be available to consumers as well as those that can serve to protect manufacturers, distributors and retailers.**

*Class # 15–*  **June 08**

*The Law of Bailments*

 *An Introduction to the U.C.C*

 *UCC Terminology*

 *UCC: Special Articles to Read*

# *Quotation of the day –*

# “The market, like the Lord, helps those who help themselves. But unlike the Lord, it forgives not those who know not what they do.”

Warren Buffet

Required Readings:

 1. Power Point slides only … there are no case readings.

Class Discussion Questions:

1. What are the most common types of Bailments that consumers get involved in?

1. Just how much control or influence can we as consumers exercise over the Bailments that we enter into?

3. What are some practical tips that consumers can use to provide extra protection?

*Class # 16– The Uniform Commercial Code v. The Common Law of Contracts*

  **June 08**

*Quotation of the day –*

*“You name the price, I’ll name the terms.”*

Old Saying

Required Readings:

1. Power Point slides only – no case readings

Class Discussion Questions:

1. In what ways is the U.C.C., Article 2 similar or different from the

Common Law of Contracts?

1. Why does the U.C.C., Article 2 represent an improvement over the common law of contracts?

 3. How can you recognize that the issue involves the U.C.C. and not the

Common Law?

 *Class #17*– The Uniform Commercial Code: Article 2, Scope and Content

 The Risk of Loss Rules

  **June 09**

*Quotations of the day –*

*“High expectations are the key to everything.”*Sam Walton

Required Readings:

1. Cases as assigned

2. Power Point slides

Class Discussion Questions:

1. What is the best framework for reviewing the “Risk of Loss” rules?
2. How do you distinguish between a “Shipment” contract and a “Destination” contract?
3. What is the difference between an “On Sale or Return” contract and a “Sale on Approval” contract?

*Class # 18– The Uniform Commercial Code, cont’d*

 Theories of Liability: Warranties **June 10**

*Quotation of the day –*

*“Getting good players is easy. The hard part is getting them to play together.”*

Casey Stengel, former New York Yankees manager

*“We made too many wrong mistakes.”*

Yogi Berra

Required Readings:

1. UCC sections as assigned

2. Cases as assigned

 Royal Business Machines v. Lorraine (7th Circuit, 1980)

 Addis v. Bernardin (Kansas, 1979)

3. Power Point slides

Class Discussion Questions:

1. How does the U.C.C. review the subject of warranties?

2. Why are the so-called “implied” warranties more difficult to understand?

3. How can a seller avoid making an “express” warranty?

1. How can a seller avoid making an “implied” warranty?
2. Just how powerful is the term “as is?”

Visit to a Federal Court **June 13**

 **No Formal Class**

* US District Court

or

* US Court of Appeals for the District of Columbia

Class # 19-Theories of Liability, continued  **June 14**

 **Court Report 2 Due**

 Negligence and Strict Liability in Tort **Quiz 6**

Quotation of the day –

“Things appear in one of four ways:

 They are what they appear to be;

 The are not and do not appear to be;

 They are and do not appear to be;

 They are not and yet they appear to be.

The Discourses of Epictetus, Book 1, Chapter 27

Required Readings:

1. Course materials as assigned

2. Please conduct a Google search under McDonalds and the subject of hot coffee

 A. What are the real facts?

 B. How would you describe (if any) the Plaintiff’s level of fault?

C. If you find that the Plaintiff was at fault … how do you come up with a

 percentage of fault?

 3. Cases:

 Filler v. Rayex (7th Circuit, 1970)

 A. What would the Compensatory Damages be worth today?

 B. Can you make an argument for Punitive Damages in this case?

 3. Power Point slides

Class Discussion Questions:

1. What are the elements for establishing “negligence?”

2. What are the “defenses” to negligence?

3. Why are more states “comparative” negligence states rather than “contributory” negligence states?

4. Under what theory/s did a trial court find that McDonalds was liable for serving a hot cup of coffee?

 5. What role does the theory knows as “strict liability in tort” play?

Class #20-Applying the law – case analysis  **June 15**

Quotation of the day –

“Always go to other people’s funerals, otherwise they won’t come to yours.”

Yogi Berra

Required Readings:

1. Cases:

Henningsen v. Bloomfield Motors (New Jersey, 1960)

 What is so historical about the 1960 case from New Jersey?

2. Power Point slides

Class Discussion Questions:

1. What does U.C.C. section 2-318 establish?

2. What does section 2-318 offer three difference alternative theories?

3. How are the three alternative theories different from each other?

4. What is meant by “state of the art” as a defense?

5. Under what circumstances can “state of the art” be a defense?

**Class #21 – Lawsuits Gone Wild: An Examination of How the Supreme Court Views**

 **The Awarding of Civil Damages**

 **Legal Ethics June 16**

 **QUIZ 7**

Course Evaluations

*Quotations of the day –*

*“You can observe a lot just by watching.”*Yogi Berra

“Courage is what it takes to stand up and speak; courage is also what it takes to sit down and listen.”

Sir Winston Churchill

Required Readings:

 1. TBA

Class Discussion Questions:

1. Whatever you would like to ask.

**Class # 22: Lawsuits Gone Wild, continued; Legal Ethics June 16**

Required Reading:

1. Assigned Supreme Court decisions

2. Power Point slides (Lawsuits Gone Wild)

Class Discussion Questions:

1. What are the similarities or differences in the BWM, State Farm Insurance, Philip Morris, Exxon and BP cases?
2. Why has the Supreme Court devoted (in recent years) so much time to the issue of Punitive Damages?
3. What is the constitutional law argument that the opponents of “excessive” Punitive damages make?

*Quotations of the day –*

*“If you think you can go it alone in today’s global economy, you are highly mistaken.”*

Jack Welch, former CEO, General Electric

**Class # 23: Final Exam**

**Date: Friday, June 17**

**Location: TBA**

**Format:**

1. **50 questions**
2. **Mix of Multiple Choice, True/False and Matching**
3. **See pages 25 for additional instructions**

***And in conclusion*** *-*

*“We receive three educations, one from our parents, one from our schoolmasters, and one from the world. The third contradicts all that the first two teach us.”*

Montesquieu

*“The only place where success comes before work is in the dictionary.”*

Unknown Author

*“The only thing more unnerving than realizing that your peers are running the world is realizing that your ex-students are too.”*

Anne Matthews

 **Thank you for joining me in a journey through the**

**Legal Environment of Business. Remember that**

**“there are two groups of people on this earth: lawyers**

**and everyone else who lives with them.”**

 **Thomas B. Cooke**

 **Distinguished Teaching Professor**

 **Georgetown University**

 **McDonough School of Business**

**END**