

Business Law

The Ethical, Global, and E-Commerce Environment

FOURTEENTH EDITION
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all of Indiana University



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Professor Mallor has taught a range of courses, including an introductory legal environment course and a graduate-level legal concepts course, real estate law, university pedagogy courses for business doctoral students, and an online law and ethics graduate course. She is a member of Indiana University's Faculty Colloquium for Excellence in Teaching and was a Lilly Postdoctoral Teaching Fellow. She has won a number of teaching awards, including the Amoco Foundation Award for Distinguished Teaching, the Dow Technology Teaching Award, and the Innovative Teaching Award. Her research has focused primarily on punitive damages, product liability, and employment rights. Her work has been published in law reviews such as *Hastings Law Journal*, *North Carolina Law Review*, *American Business Law Journal*, and *Notre Dame Lawyer*.

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From 1985 to 1988 Professor Barnes served as the deputy administrator of the U.S. Environmental Protection Agency. From 1983 to 1985 he was the EPA general counsel and in the early 1970s served as chief of staff to the first administrator of EPA. Professor Barnes also served as a trial attorney in the U.S. Department of Justice and as general counsel of the U.S. Department of Agriculture. For six years, from 1975 to 1981, he had a commercial and environmental law practice with the firm of Beveridge and Diamond in Washington, D.C.

Professor Barnes is a Fellow of the National Academy of Public Administration, the Chair of EPA's Environmental Finance Advisory Board, and a member of the U.S. Department of Energy's Environmental Management Advisory Board. From 1992 to 1998 he was a member of the Board of Directors of the Long Island Lighting Company (LILCO). He received his B.A. from Michigan State University and a Juris Doctor degree, *cum laude*, from Harvard Law School.

Thomas Bowers Thomas Bowers is the Argosy Gaming Faculty Fellow in the Kelley School of Business at Indiana University, Bloomington. Focusing primarily on the law of business organizations, securities regulation, professional responsibilities, and ethical and rational decision making, Dr. Bowers has taught three courses in the Kelley School's top-ranked Accounting Graduate Program. In 2005, he received the Kelley School's Innovative Teaching Award for his work with the GAP. In addition, his students and colleagues have honored him with 23 outstanding teaching awards. He joined the faculty at Indiana University in 1977 after obtaining a B.S. in finance *summa cum laude* from The Ohio State University and a J.D. from New York University. He is also Director of the Kelley MBA Sports & Entertainment Academy.

Arlen W. Langvardt Professor of Business Law, joined the faculty of Indiana University's Kelley School of Business in 1985. Professor Langvardt earned a B.A. (*summa cum laude*) from Hastings College and a J.D. (with distinction) from the University of Nebraska. From 1981 to 1985, he was a trial attorney with firms in Nebraska. He tried cases in a variety of legal areas, including tort, contract, constitutional, and miscellaneous commercial cases.

Professor Langvardt has received several teaching awards at the graduate and undergraduate levels. His graduate teaching assignments have included Legal Concepts and Trends Affecting Business, Managing Legal and Ethical Risk, Legal Issues in Marketing Management, and Legal Issues in the Arts. His undergraduate teaching assignments have included Legal Environment of Business, Legal Aspects of Marketing, Law and the Arts, and Personal Law. From 2000 through 2009, Professor served as chair of the Kelley School's Department of Business Law.

Professor Langvardt's wide-ranging research interests are reflected in his articles on such topics as intellectual property, commercial speech, medical malpractice, and other healthcare-related subjects. He has published numerous articles in journals such as the *Minnesota Law Review*, the *American Business Law Journal*, the *Journal of Marketing*, the *Trademark Reporter*, the *Journal of Law, Technology & Policy*, and the *University of Pennsylvania Journal of Business Law*. Professor Langvardt has won several research awards from professional associations, including the Holmes/Cardozo and Hoerber Awards from the Academy of Legal Studies in Business and the Ladas Memorial Award from the Brand Names Education Foundation.

Preface

This is the Fourteenth UCC Edition (and the twentieth overall edition) of a business law text that first appeared in 1935. Throughout its over 70 years of existence, this book has been a leader and an innovator in the fields of business law and the legal environment of business. One reason for the book's success is its clear and comprehensive treatment of the standard topics that form the traditional business law curriculum. Another reason is its responsiveness to changes in these traditional subjects and to new views about that curriculum. In 1976, this textbook was the first to inject regulatory materials into a business law textbook, defining the "legal environment" approach to business law. Over the years, this textbook has also pioneered by introducing materials on business ethics, corporate social responsibility, global legal issues, and e-commerce law. The Fourteenth Edition continues to emphasize change by integrating these four areas into its pedagogy.

Continuing Strengths

The Fourteenth UCC Edition continues the basic features that have made its predecessors successful. They include:

- **Comprehensive Coverage.** We believe that the text continues to excel both in the number of topics it addresses and the depth of coverage within each topic. This is true both of the basic business law subjects that form the core of the book and also of the regulatory and other subjects that are said to constitute the "legal environment" curriculum.
- **Style and Presentation.** This text is written in a style that is direct, lucid, and organized, yet also relatively relaxed and conversational. For this reason, we often have been able to cover certain topics by assigning them as reading without lecturing on them. As always, key points and terms are emphasized; examples, charts, figures, and concept summaries are used liberally; and elements of a claim and lists of defenses are stated in numbered paragraphs.
- **Case Selection.** We try very hard to find cases that clearly illustrate important points made in the text, that should interest students, and that are fun to teach. Except when older decisions are landmarks or continue to best illustrate particular concepts, we also try to select recent cases. Our collective in-class teaching experience with recent editions has helped us determine which of those cases best meet these criteria.
- **AACSB Curricular Standards.** The AACSB's curriculum standards say that both undergraduate and MBA curricula should include ethical and global issues; should address the influence of political, social, legal and regulatory, environmental, and technological issues on business; and should also address the impact of demographic diversity on organizations. In addition to its obvious emphasis on legal and regulatory issues, the book contains considerable material on business ethics, the legal environment for

international business, and environmental law, as well as Ethics in Action boxes. By putting legal changes in their social, political, and economic context, several text chapters enhance students' understanding of how political and social changes influence business and the law. For example, Chapter 4 discusses the ethical issues of recent years, and Chapter 43 addresses the credit crunch of 2008–2009 and options backdating. Chapter 51's discussion of employment discrimination law certainly speaks to the subject of workplace diversity. Finally, the Fourteenth UCC Edition examines many specific legal issues involving e-commerce and the Internet.

Features The Fourteenth Edition continues 10 features introduced by previous editions:

Opening Vignettes precede the chapter discussion in order to give students a context for the law they are about to study. Many opening vignettes raise issues that come from the corporate social responsibility crisis that students have read about the last few years. Others place students in the position of executives and entrepreneurs making management decisions and creating new business.

Ethics in Action boxes are interspersed where ethical issues arise, asking students to consider the ethics of actions and laws. The ethics boxes often ask students to apply their learning from Chapter 4, the chapter on ethical and rational decision making. The boxes also feature the most important corporate social responsibility legislation of the last 20 years, the Sarbanes–Oxley Act of 2002.

Cyberlaw in Action boxes discuss e-commerce and Internet law at the relevant points of the text.

The Global Business Environment boxes address the legal and business risks that arise in international business transactions, including being subject to the laws of other countries. By the integration of the global business environment boxes in each chapter, students are taught that global issues are an integral part of business decision making.

Log On boxes direct students to Internet sites where they can find additional legal and business materials that will aid their understanding of the law.

Online Research Boxes close each chapter by challenging students to use their Internet research skills to expand their understanding of the chapter.

Concept Reviews appear throughout the chapters. These Concept Reviews visually represent important concepts presented in the text to help summarize key ideas at a glance and simplify students' conceptualization of complicated issues.

Cases include the judicial opinions accompanying court decisions. These help to provide concrete examples of the rules stated in the text, and to provide a real-life application of the legal rule.

Problem Cases are included at the end of each chapter to provide review questions for students.

Key Terms are bolded throughout the text and defined in the Glossary at the end of the text for better comprehension of important terminology.

Important Changes in This Edition

In this edition, there are many new cases, the text has been thoroughly updated, and a good number of problem cases have been replaced with new ones. The cases continue to include both hypothetical cases as well as real-life cases so that we can target particular issues that deserve emphasis. The Fourteenth UCC Edition continues the development of components that were added to the text's previous edition. Examples of these components are as follows:

- Chapter 2 includes a discussion of the new federal rules governing discovery of electronically stored information.
- The **Sarbanes–Oxley Act of 2002** is covered thoroughly. This important legislation that intends to rein in corporate fraud is featured prominently in Chapters 4, 43, 45, and 46.
- Chapter 4, “Business Ethics, Corporate Social Responsibility, Corporate Governance, and Critical Thinking,” contains a logical exposition of ethical thinking and sections with guidelines for making ethical decisions and resisting requests to act unethically.
- Chapter 8 includes, as new text cases, recent Supreme Court decisions on patent law. Chapter 8 also includes new material on the Trademark Dilution Revision Act of 2006.
- The contracts chapters integrate e-commerce issues at various points. Examples include treatments of the proposed Uniform Computer Information Transactions Act in Chapter 9, shrinkwrap and clickwrap contracts in Chapter 10, and digital or electronic signatures in Chapter 16.
- Chapter 20 includes a new section on the preemption and regulatory compliance defenses in product liability cases, and features the Supreme Court's recent *Riegel* decision in that section.
- Chapters 35 and 36 cover the new *Restatement (Third) of Agency*.
- Chapters 37 to 44 include business planning materials that help persons creating partnerships, LLPs, corporations, and other business forms. New materials give practical solutions that help business planners determine the compensation of partners in an LLP, ensure a return on investment for shareholders, anticipate management problems in partnerships and corporations, and provide for the repurchase of owners' interests in partnerships and corporations.
- Chapter 40 gives greater emphasis to the law affecting limited liability companies and covers the Revised Uniform Limited Liability Company Act.
- Recent Supreme Court cases, such as *Massachusetts v. EPA* (Chapter 52), have been integrated in this edition.
- Materials in Chapter 43 on complying with management duties give practical advice to boards of directors as well as consultants and investment bankers assisting corporate management. These materials help managers make prudent business decisions.
- Legal and ethical issues arising from the credit crunch of 2008–2009 and options backdating are addressed in Chapter 43. Included is a criminal options backdating case, *U.S. v. Jensen*.
- The latest case by Disney shareholders against former CEO Michael Eisner also is included in Chapter 43.
- Chapter 44 includes a new case, *Brodie v. Jordan*, in which the Supreme Court of Connecticut fashioned rights for a minority shareholder.
- The recent U.S. Supreme Court case, *Stoneridge Investment Partners, LLC v. Scientific-Atlanta, Inc.*, was added in Chapter 45. The case is the latest on the issue of aiding and abetting under Securities Exchange Act Rule 10b–5.
- The professional liability chapter, Chapter 46, was updated with three new text cases on issues ranging from liability for negligent misrepresentation to the definition of scienter under Rule 10b–5.
- Chapter 46 covers the liability of professionals in general, with emphasis on investment bankers, securities brokers, and securities analysts. The chapter is relevant not only to students studying accounting and auditing, but also to finance majors and MBA students who will work in the consulting and securities industries.
- Chapter 45 includes recent SEC changes that expand the communications permitted during registered offerings of securities.
- Chapter 48 contains new text material discussing recent amendments to the Consumer Product Safety Act.
- Chapter 49 includes, as a new text case, the recent *Leegin* decision, in which the Supreme Court held that vertical minimum price-fixing would be treated under the rule of reason rather than as a per se violation of the Sherman Act.

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Jane P. Mallor
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A Guided Tour

A New Kind of Business Law

The 14th Edition of **Business Law** continues to focus on global, ethical, and e-commerce issues affecting legal aspects of business. The new edition contains a number of new features as well as an exciting new supplements package. Please take a few moments to page through some of the highlights of this new edition.

chapter 2

THE RESOLUTION OF PRIVATE DISPUTES

Victoria Wilson, a resident of Illinois, wishes to bring an invasion of privacy lawsuit against XYZ Co. because XYZ used a photograph of her, without her consent, in an advertisement for one of the company's products. Wilson will seek money damages of \$150,000 from XYZ, whose principal offices are located in New Jersey. A New Jersey newspaper was the only print media outlet in which the advertisement was published. However, XYZ also placed the advertisement on the firm's Web site. This Web site may be viewed by anyone with Internet access, regardless of the viewer's geographic location.

Consider the following questions regarding Wilson's case as you read Chapter 2:

- Where, in a geographic sense, may Wilson properly file and pursue her lawsuit against XYZ?
- Must Wilson pursue her case in a state court, or does she have the option of litigating in federal court?
- Assuming that Wilson files her case in a state court, what strategic option may XYZ exercise if it acts promptly?
- Regardless of the court in which the case is litigated, what procedural steps will occur as the lawsuit proceeds from beginning to end?
- If Wilson requests copies of certain documents in XYZ's files, does XYZ have a legal obligation to provide the copies? What if Wilson requests copies of e-mails written by XYZ employees? Is XYZ legally required to provide the copies? What ethical obligations attend Wilson's making, and XYZ's responses to, such requests?

OPENING VIGNETTES

Each chapter begins with an opening vignette that presents students with a mix of real-life and hypothetical situations and discussion questions. These stories provide a motivational way to open the chapter and get students interested in the chapter content.

CHAPTER 43 UPDATED IN RESPONSE TO THE 2008 FINANCIAL CRISIS

Legal and ethical issues arising from the credit crunch of 2008–2009 and options backdating are addressed in Chapter 43. Included is a criminal options backdating case, *U.S. v. Jensen*.

United States v. Jensen

537 F. Supp. 2d 1069 (N.D. Cal. 2008)

On March 18, 2006, The Wall Street Journal published an article analyzing how some companies were granting stock options to their executives. According to the article, companies issued a suspiciously high number of options at times when the stock price hit a periodic low, followed by a sharp price increase. The odds of these well-timed grants occurring by chance alone were astronomical—less likely than winning the lottery. Eventually it was determined that such buy-low, sell-high returns simply could not be the product of chance. In testimony before Congress, Professor Erik Lie identified three potential strategies to account for these well-timed stock option grants. The first strategy included techniques called “spring-loading” and “bullet-dodging.” The practice of “spring-loading” involved timing a stock option grant to precede an announcement of good news. The practice of “bullet-dodging” involved timing a stock option grant to follow an announcement of bad news. A second strategy included manipulating the flow of information—timing corporate announcements to match known future grant dates. A third strategy, backdating, involved cherry-picking past, and relatively low, stock prices to be the official grant date. Backdating occurs when the option's grant date is altered to an earlier date with a lower, more favorable price to the recipient.

A company grants stock options to its officers, directors, and employees at a certain “exercise price,” giving the recipient the right to buy shares of the stock at that price, once the option vests. If the stock price rises after the date of the grant, the options have value. If the stock price falls after the date of the grant, the options have no value. Options with an exercise price equal to the stock's market price are called “at-the-money” options. Options with an exercise price lower than the stock's market price are called “in-the-money” options. By granting in-the-money, backdated options, a company effectively grants an employee an instant opportunity for profit.

Granting backdated options has important accounting consequences for the issuing company. For financial reporting purposes, companies granting in-the-money options have to recognize compensation expenses equal to the difference between the market price and the exercise price. APB 25 is the accounting rule that governed stock-based compensation through June 2005; it required companies to recognize this compensation expense for backdated options. For options granted at-the-money, a company did not have to recognize any compensation expenses under APB 25.

Backdating stock options by itself is not illegal. Purposefully backdated options that are properly accounted for and disclosed are legal. On the other hand, the backdating of options that is not disclosed or does not result in the recognition of a compensation expense is fraud.

A motive for fraudulent backdating may be to avoid recognizing a compensation expense, or a hit to the earnings, all the while awarding in-the-money options. To accomplish the fraud, those responsible assign an earlier date to the stock

CYBERLAW IN ACTION BOXES

In keeping with today's technological world, these boxes describe and discuss actual instances of how e-commerce and the Internet are affecting business law today.

CYBERLAW IN ACTION



Does the federal Computer Fraud and Abuse Act provide a basis for a lawsuit when the defendant allegedly misappropriated trade secret information from a database owned by the plaintiff? In *Garelli Wong & Associates, Inc. v. Nichols*, 2008 U.S. Dist. LEXIS 3288 (N.D. Ill. 2008), the court gave "no" as the answer.

Garelli Wong, a provider of accounting and financial personnel services, created a database containing confidential client tracking information. The firm took steps to maintain the confidentiality of the information and thereby obtain the competitive advantage that the information provided. The case arose when William Nichols, a former employee of Garelli Wong and a corporation that had later acquired the firm, allegedly used some of the confidential information in the database after he had taken a job with a competing firm. Nichols's supposed use of the information allegedly breached a contract he had entered into with Garelli Wong when he was employed there. Garelli Wong and the successor corporation sued Nichols in federal court, contending that his actions violated the Consumer

- (ii) intentionally accesses a protected computer without authorization, and as a result of such conduct, recklessly causes damage; or
- (iii) intentionally accesses a protected computer without authorization, and as a result of such conduct, causes damage . . . ; and
- (5)(B)(i) by conduct described in clause (i), (ii), or (iii) of subparagraph (A), caused . . . loss to 1 or more persons during any 1-year period . . . aggregating at least \$5,000 in value.

The court noted that in view of the above language, a plaintiff must properly plead both *damage* and *loss* in order to allege a civil CFAA violation. A definition section of the CFAA defines *damage* as "impairment to the integrity or availability of data, a program, a system, or information." Applying these definitions, the court agreed with Nichols that even if he used information in the database, he did not impair the integrity or availability of the information or the database. Accordingly, the court held that the CFAA does not extend to cases in which trade secret information is merely used—even if in violation of a contract or state trade secret law—because such conduct by itself does not constitute *damage* as that term is



Ethics in Action

Enron employee Sherron Watkins received considerable praise from the public, governmental officials, and media commentators when she went public in 2002 with her concerns about certain accounting and other business practices of her employer. These alleged practices caused Enron and high level executives of the firm to undergo considerable legal scrutiny in the civil and criminal arenas.

In deciding to become a whistle-blower, Sherron Watkins no doubt was motivated by what she regarded as a moral obligation. The decision she made was more highly publicized than most decisions of that nature, but was otherwise of a type that many employees have faced and will continue to face. You may be among those persons at some point in your career. Various questions, including the ones set forth below, may therefore be worth pondering. As you do so, you may find it

useful to consider the perspectives afforded by the ethical theories discussed in Chapter 4.

- When an employee learns of apparently unlawful behavior on the part of his or her employer, does the employee have an ethical duty to blow the whistle on the employer?
- Do any ethical duties or obligations of the employee come into conflict in such a situation? If so, what are they, and how does the employee balance them?
- What practical consequences may one face if he or she becomes a whistle-blower? What role, if any, should those potential consequences play in the ethical analysis?
- What other consequences are likely to occur if the whistle is blown? What is likely to happen if the whistle isn't blown? Should these likely consequences affect the ethical analysis? If so, how?

ETHICS IN ACTION BOXES

These boxes appear throughout the chapters and offer critical thinking questions and situations that relate to ethical/public policy concerns.

THE GLOBAL BUSINESS ENVIRONMENT BOXES

Since global issues affect people in many different aspects of business, this material now appears throughout the text instead of in a separate chapter on international issues. This feature brings to life global issues that are affecting business law.



The Global Business Environment

At varying times since the 1977 enactment of the Foreign Corrupt Practices Act, the United States has advocated the development of international agreements designed to combat bribery and similar forms of corruption on at least a regional, if not a global, scale. These efforts and those of other nations sharing similar views bore fruit during the past decade.

In 1996, the Organization of American States (OAS) adopted the Inter-American Convention Against Corruption (IACAC). When it ratified the IACAC in September 2000, the United States joined 20 other subscribing OAS nations. The IACAC prohibits the offering or giving of a bribe to a government official in order to influence the official's actions, the solicitation or receipt of such a bribe, and certain other forms of corruption on the part of government officials. It requires subscribing nations to make changes in their domestic laws, in order to make those laws consistent with the IACAC. The United States has taken the position that given the content of the Foreign Corrupt Practices Act and other U.S. statutes prohibiting the offering and solicitation of bribes as well as various other forms of corruption, its statutes already are consistent with the IACAC.

The Organization for Economic Cooperation and Development (OECD) is made up of 29 nations that are leading exporters. In 1997, the OECD adopted the Convention on

Combating Bribery of Officials in International Business Transactions. The OECD Convention, subscribed to by the United States, 28 other OECD member nations, and five non-member nations, prohibits the offering or giving of a bribe to a government official in order to obtain a business advantage from the official's action or inaction. It calls for subscribing nations to have domestic laws that contain such a prohibition. Unlike the IACAC, however, the OECD neither prohibits the government official's solicitation or receipt of a bribe nor contains provisions dealing with the other forms of official corruption contemplated by the IACAC.

In 1999, the Council of Europe adopted the Criminal Law Convention on Corruption, which calls upon European Union (EU) member nations to develop domestic laws prohibiting the same sorts of behaviors prohibited by the IACAC. Many European Union members have signed on to this convention, as have three nonmembers of the EU. One of those is the United States.

Because the IACAC, the OECD Convention, and the Criminal Law Convention are relatively recent developments, it is too early to determine whether they have been effective international instruments for combating bribery and similar forms of corruption. Much will depend upon whether the domestic laws contemplated by these conventions are enforced with consistency and regularity.



LOG ON

For a great deal of information about the U.S. Supreme Court and access to the Court's opinions in recent cases, see the Court's Web site at <http://www.supremecourtus.gov>.

LOG ON BOXES

These appear throughout the chapters and direct students, where appropriate, to relevant Web sites that will give them more information about each featured topic. Many of these are key legal sites that may be used repeatedly by business law students and business professionals alike.

CONCEPT REVIEW

The First Amendment

Type of Speech	Level of First Amendment Protection	Consequences When Government Regulates Content of Speech
Noncommercial	Full	Government action is constitutional only if action is necessary to fulfillment of compelling government purpose. Otherwise, government action violates First Amendment.
Commercial (<i>nonmisleading and about lawful activity</i>)	Intermediate	Government action is constitutional if government has substantial underlying interest, action directly advances that interest, and action is no more extensive than necessary to fulfillment of that interest (i.e., action is narrowly tailored).
Commercial (<i>misleading or about unlawful activity</i>)	None	Government action is constitutional.

CONCEPT REVIEWS

These boxes visually represent important concepts presented in the text to help summarize key ideas at a glance and simplify students' conceptualization of complicated issues.

ONLINE RESEARCH PROBLEMS

These end-of-chapter research problems drive students to the Internet and include discussion questions so they can be used in class or as homework.



Online Research

Josephson Institute Center for Business Ethics

Josephson Institute Center for Business Ethics is a leading source of materials for businesses and executives who want to act ethically.

- Locate the Josephson Web site.
- Find "The Seven-Step Path to Better Decisions" and the "Six Pillars of Character."
- List the "Obstacles to Ethical Decision Making: Rationalizations."

Bombliss v. Cornelsen

824 N.E.2d 1175 (Ill. App. 2005)

Ron and Catherine Bombliss were dog breeders who lived in Illinois. They bred Tibetan mastiffs, as did Oklahoma residents Anne and Jim Cornelsen. When Anne Cornelsen telephoned the Bomblisses and said she was ready to sell two litters of Tibetan mastiff puppies, Ron Bombliss expressed interest in purchasing two females of breeding quality.

A Tibetan mastiff named Mulan was the mother of one of the two litters of puppies the Cornelsens were offering for sale. Mulan was co-owned by Richard Eichhorn. Pursuant to an agreement containing a written guarantee that Mulan was free of genetic defects, Eichhorn provided Mulan to the Cornelsens for breeding purposes. The agreement between Eichhorn and the Cornelsens entitled Eichhorn to odd-numbered pups from Mulan's first two litters. However, in the event a genetic defect became apparent, Eichhorn would not receive any puppies. According to the complaint filed by the Bomblisses in the case described below, Anne Cornelsen was angry with Eichhorn because Mulan was infected with roundworms and ticks when Eichhorn delivered the dog to the Cornelsens. Anne allegedly told the Bomblisses that she wanted to prevent Eichhorn from getting any of Mulan's pups.

In January 2002, the Bomblisses traveled to Oklahoma to see the puppies. During their visit, they observed that Mulan and some of her pups appeared sick and worm-infested. They urged Anne to get the sick puppies to the veterinarian immediately. The Bomblisses selected one healthy female from each litter and paid the agreed price with the understanding that the Cornelsens would guarantee the puppies as breeding stock, free from genetic diseases or defects, for three years. According to the Bomblisses' complaint, Anne waited two weeks to take one of the sick pups to the veterinarian. It was then confirmed

CASES

The cases in each chapter help to provide concrete examples of the rules stated in the text. A list of cases appears at the front of the text.

PROBLEMS AND PROBLEM CASES

Problem cases appear at the end of each chapter for student review and discussion.

Problems and Problem Cases

1. Law enforcement officers arrived at a Minnesota residence in order to execute arrest warrants for Andrew Hyatt. During the officers' attempt to make the arrest, Hyatt yelled something such as "Go ahead, just shoot me, shoot me," and struck one of the officers. Another officer then called for assistance from City of Anoka, Minnesota, police officer Mark Yates, who was elsewhere in the residence with his leashed police dog, Chips. Yates entered the room where Hyatt was, saw the injured officer's bloodied face, and observed Hyatt standing behind his wife (Lena Hyatt). One of the officers acquired the impression that Lena may have been serving as a shield for her husband. When Andrew again yelled "Shoot me, shoot me" and ran toward the back of the room, Yates released Chips

from the leash. Instead of pursuing Andrew, Chips apprehended Lena, taking her to the ground and performing a "bite and hold" on her leg and arm. Yates then pursued Andrew, who had fled through a window. When Yates later re-entered the room, he released Chips from Lena and instructed another officer to arrest her on suspicion of obstruction of legal process. Lena was taken by ambulance to a hospital and treated for lacerations on her elbow and knee. She later sued the City of Anoka, seeking compensation for medical expenses and pain and suffering. Her complaint alleged liability on the basis of Minnesota's dog bite statute, which read as follows:

"If a dog, without provocation, attacks or injures any person who is acting peaceably in any place where the person may lawfully be, the owner of the dog is liable

You Be the Judge

YOU BE THE JUDGE

We have indicated where you can consider completing relevant You Be the Judge case segments.

Instructor and Student Supplements

INSTRUCTOR'S MANUAL

The Instructor's Manual, written by the authors, consists of objectives, suggestions for lecture preparation, recommended references, answers to problems and problem cases, and suggested answers to the Online Research Problems and Opening Vignettes. It also includes answers to the Student Study Guide questions and information/teaching notes for You Be the Judge case segments.

YOU BE THE JUDGE

You Be the Judge Online video segments include 18 hypothetical business law cases. All of the cases are based on real cases from our Business Law texts. Each case allows you to watch interviews of the plaintiff and defendant before the courtroom argument, see the courtroom proceedings, view relevant evidence, read other actual cases relating to the issues in the case, and then create your own ruling. After your verdict is generated, view what an actual judge ruled (unscripted) in the case and then get the chance to defend or change your ruling.



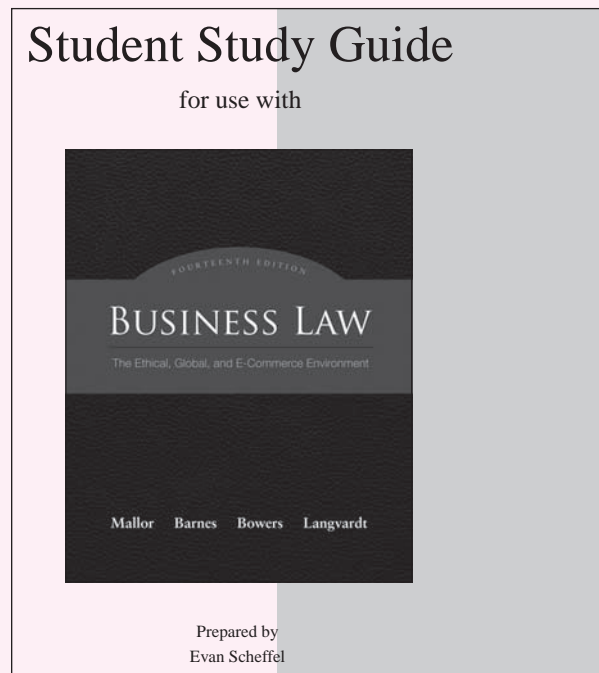
POWERPOINT® PRESENTATION ("BASIC" AND "DETAILED" VERSIONS)

The PowerPoint presentation is authored by Pamela S. Evers, Attorney and Associate Professor, University of North Carolina Wilmington. It has been significantly enhanced based on reviewer feedback to now include over 1,100 slides that provide lecture outline material, important concepts and figures in the text, photos for discussion, hyperlinks, and summaries of the cases in the book. Notes are also provided within the PowerPoint presentations for students and instructors to augment information and class discussion. Questions are included to use with the classroom performance system as well.

Supplements

TEST BANK

The Test Bank consists of true-false, multiple choice, and short essay questions in each chapter. Approximately 50 questions are included per chapter. Questions adapted from previous CPA exams are also included and highlighted to help Accounting students review for the exam.

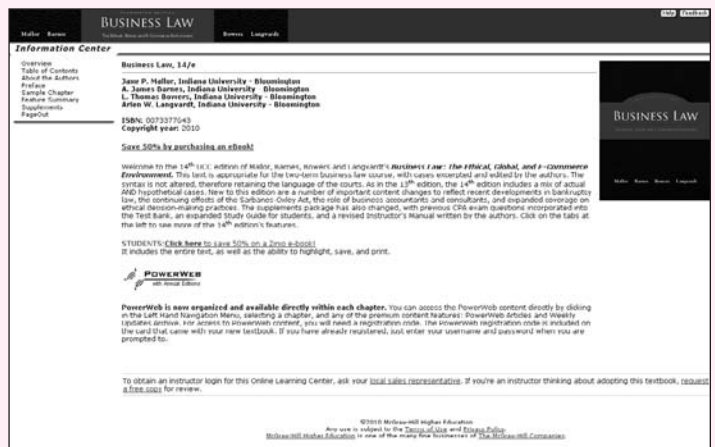


STUDENT STUDY GUIDE

The Student Study Guide, has been revised and expanded for the 14th Edition by Evan Scheffel. The guide follows the text chapter by chapter, giving chapter outlines, lecture hints, and an outline of how each chapter topic fits into the larger Business Law course. Questions for review are also included to help students better retain concepts and put their learning into practice.

ONLINE LEARNING CENTER

www.mhhe.com/mallor14e The Online Learning Center (OLC) is a Web site that follows the text chapter by chapter. The 14th Edition OLC contains case updates, quizzes and review terms for students to study from, downloadable supplements for the instructors, links to professional resources for students and professors, and links to video clips to use for discussion.



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