

Legal Environment of Business 323

Spring 2007

Professor John R. Allison

MW 11:00 a.m.-12:30 p.m. Unique # 03445, GSB 2.124

MW 2:00-3:30 p.m. Unique # 03455, GSB 2.124

You must attend the section for which you are registered.

Objectives of the Course: Although the law imposes a number of constraints on individual and business behavior, it simultaneously protects a number of important rights. Also, even though law is not the only framework for creating social order, it is the one of the most pervasive and important mechanisms for social order in democratic societies and non-democratic market-based economies.

The law is far from perfect, but it really helps businesses and individuals make deals with greater assurance that their reasonable commercial expectations will be met, and to have an idea about what the costs and benefits will be if they engage in certain kinds of behavior.

One of the first things that the former Soviet Republics, former Soviet-dominated countries, China, and other nations learned when reforming previously state-run economies is that it is impossible to have even a partially market-based economic system without an underlying framework of laws, legal processes, and legal institutions. I hope that you will leave this course with the following:

(1) A better understanding and appreciation for the role that law plays in all aspects of society, especially in business.

(2) A fundamental understanding of several of the most important areas of law that affect business. Some legal principles are relatively certain, and some are not. When there is uncertainty about exactly what a legal principle is and how it should be applied to a particular dispute, keep 2 things in mind: (a) I can't make the "gray areas" black or white for you, but together we can learn more about how to recognize gray areas, understand what questions need to be asked, and narrow the options for future action; and (b) how a legal principle applies to any case, anytime, anywhere, depends on the particular facts of that case.

(3) An enhanced ability to recognize potential legal problems and seek help before they become worse (and more expensive). As a consequence, you should be better able to know when you do and do not need help from an attorney; understand the language, practices, and methods of reasoning and problem solving in the law so that a legal expert can be used more effectively and efficiently; and have sufficient insight into the discipline so that the service and advice of an expert can be knowledgeably evaluated and incorporated into your and your firm's decision-making.

These are the same reasons as those for taking most courses in an area in which you do not intend to specialize, except that in other areas you are seeking to recognize somewhat different kinds of problems and dealing with different kinds of experts.

(4) An enhanced ability to engage in *qualitative* problem solving. Legal problems are usually just another form of business problem. The jargon may be different, but the problem-solving concepts are similar to those in many other disciplines.

Professor's Office Hours and Contact Information: CBA (North) 5.246; Monday 3:30-4:30 p.m. and Tuesday 8:30-11:30 a.m. Other hours upon request--if you need to see me and have a conflict with my office hours, do not hesitate to ask; I will make myself available—just send me an e-mail and we'll make an appointment. E-Mail: < John.Allison@mcombs.utexas.edu >. Phone: 471-9435. Although I welcome communication from students by any means, I strongly encourage you to make use of e-mail to communicate with me; I check it frequently, including most weekends. If you have questions or observations about what we are studying, or anything else, e-mail is most efficient.

I will be using Blackboard in this class for posting assignments, announcements, and materials. A copy of the syllabus will be on Blackboard at the "Syllabus" link (naturally). Also on

Blackboard, under Course Documents, I will post slides for upcoming classes. Please study these before class along with your reading. I strongly recommend that you print the slides and bring them to class so that you can take notes on them—that's up to you, however.

At the beginning of the class each Wednesday, I will put reading assignments for the next week on the screen in the room. I will also post the assignments on Blackboard under Assignments.

I will report grades using either eGradebook or Blackboard—I haven't decided yet, but I will let you know. I use e-mail pretty frequently to communicate with the class, and will use the e-mail address that you have listed with UT. If you prefer a different e-mail address than the one UT has for you, you must change it officially with UT or you will miss important class-related messages.

Course Materials: *Business Law: 8th Custom Edition* (2006), by Allison & Prentice. Previous editions won't work, because we make substantial changes in each new edition. Like most texts in this field, it is textual material interspersed with edited court decisions to show you how the law and the legal system actually work. I may also post some reading materials on Blackboard.

Note: The publisher made quite a few typographical and formatting errors in this book, for which Professors Allison and Prentice apologize. This is the third time this publisher has done unsatisfactory work despite all of the authors' efforts, and the authors will be changing publishers unless the publisher shows us soon that they are going to do a lot better.

Tests, Grades, etc.: I do not put much emphasis on pure memorization in my exams. Because of class size, I use multiple choice exams (even though I'd rather not), but many of the questions will consist of fact situations—you must do some analysis and apply legal principles in order to choose the best answer. The instructions are to choose the best answer, but I never include more than one correct answer. There may be some other questions over terms and such, but, again, the major emphasis on my tests is NOT memorization. I will provide some sample questions before the first exam, and also will probably walk you through one sample question in class before the first test.

Before the first exam, I will send you an advance copy of the exam instructions so that you don't have to spend precious time reading them at exam time. I may also send the instructions before the second exam and the final just as a reminder for you—the instructions will be the same for each test.

A substantial portion of my exam questions will come from class lecture and discussion, but some questions will come directly from the textbook. Thus, it's a really good idea to both read the assigned material very carefully and come to class.

My exams are closed-book and closed notes. You may not use any materials to assist you in taking the exams. My tentative grading scale is A = 90, B = 80, C = 65, D = 60, F = Below 60. I sometimes have to adjust the scores somewhat before using this scale.

I do not give make-up exams. If you miss one of the first 2 tests for an excellent, substantiated reason, the weight of that exam will added to the final exam.

If you absolutely must go to the restroom during an exam, you may be gone only 2 minutes, and you must not take a cell phone or other electronic device with you. I'd better not even see a cell phone or other electronic device during an exam.

First Exam: (30%): Probably on Monday, Feb. 19, in class. I will have expanded office hours before the exam, which, when combined with my availability to answer questions by e-mail, dispenses with the need for a formal review session. I also will have extra hours after the exam for those students wishing to review their exams.

Second Exam: (35%): Probably on Wednesday, April 4, in class. Not cumulative—at most, it will cover only material since first exam (and I may not cover all of that material, but instead save some of it for the final exam). I will have expanded office hours before the exam, which, when combined with my availability to answer questions by e-mail, dispenses with the need for a formal review

session. I also will have extra hours after the exam for those students wishing to review their exams.

Comprehensive Final Exam: (35%) At the time and place scheduled by the registrar. I believe that the final exams will be scheduled at the time they would be scheduled if these two sections were on MWF 11-12 and 2-3. **If** my interpretation is correct, the final exams will be: (1) For the MW 11:00 a.m. class—Saturday May 12, 7-10 p.m. (ugh); (2) For the MW 2:00 a.m. class—Thursday May 10, 2-5 p.m. We will know for sure when the Registrar makes the final exam schedule available. Ultimately, it is **your responsibility** to make sure when the final exam is scheduled—don't make firm travel plans until you know for sure. You should double-check this on UT's web site later in the semester. You may take the exam **only** at the time scheduled for your particular class. You must take the final exam at the scheduled time. Please plan accordingly.

I will have expanded office hours before each of the exams, which, when combined with my availability to answer questions by e-mail, dispenses with the need for a formal review session.

Class Attendance and Preparation: I will prepare a seating chart on the second or third day of class, and expect you to sit where you put your name for the entire course. If you later wish to move, check with me. I will use the seating chart to check attendance, put names and faces together, distribute exams, and call on students. My T.A. will take roll at *random times* during class. I expect you to have read the assigned material before class. Our class discussions will mean far more to you if you've already done the reading.

Excessive absenteeism may adversely affect your grade, especially if you end up on the borderline between letter grades at the end. When I'm calculating final course grades, and decide what kinds of adjustments I need to make, I seriously take into account the number of absences a student has and whether that student has showed evidence in class of having done the assigned reading. I define excessive as anything beyond 3 absences, for whatever reason. I don't need to hear the reasons. Thus, it's a good idea to save up those absences in case you get sick or have to miss for job interviews.

Moreover, I've run statistical correlations between attendance and grades, and the correlation is high (over 0.5). Given the number of other factors that affect grades (like studying), that correlation between attendance and exam scores is very high.

Class Etiquette: I try to always treat my students with respect, and I expect you to reciprocate to both me and your classmates. Please make a good faith effort to be in class ON TIME, because latecomers really distract their classmates. It's just not very good manners to be late. I do understand that things can happen, such as a professor holding you over in a distant previous class, car trouble, bus trouble, and so forth. These should be unusual instances, though. If you habitually have trouble getting to class on time, think about the possibility of *starting earlier* or doing whatever else it takes to break the bad habit. Also, if you have some really special problem, please talk to me about it.

Also, please don't leave class early unless it's absolutely necessary. If you have to leave class early for an excellent reason, please clear it with me before class. Again, I know that unusual things can come up, but if this happens, clear it with me before class. This is just a matter of courtesy to your classmates, because people leaving early distracts others and makes it harder for them to pay attention.

You may NOT use a laptop computer in class. I sympathize with those of you for whom it is easier to take notes on a computer than by hand—I'm the same way. However, experience has shown that the use of laptops (1) distracts other students in a large class like this, and (2) creates too great a temptation to check e-mail or surf the internet. For your information, this no-laptop policy has been adopted as official policy in our MBA program for the reasons I just stated.

No cell phones or other electronic devices in class, and no reading newspapers or doing anything else other than paying attention and taking notes.

Your Concerns: If at any time you have concerns about the class, about anything I am doing or not doing, or about anything else, please let me know about them. Either e-mail me or talk to me in person. Don't keep things to yourself. I only know about your concerns if you tell me about them. I can't read minds.

Assignments: On the last class of each week, I will put reading assignments for at least the next two class meetings on the screen in class. I also will post those assignments on Blackboard. A copy of the syllabus is also posted on Blackboard. I will post slides for upcoming classes on Blackboard so that you can study them as part of your class preparation, and print them for note-taking.

Course Outline: (It's possible that I may add some other stuff.)

1. Introduction
2. A look at legal systems: courts, jurisdiction, & related matters
3. Resolving legal disputes
4. Sources of law
5. Civil liability for intentional and careless misconduct (the law of torts & products liability)
6. Business torts (arising from competitive rivalry)
7. Intellectual property
8. Creating and enforcing contractual relationships
9. Principal-agent and employer-employee relationships
10. Regulation of the employment relationship

Observations on Study Techniques:

Regarding questions I always get regarding study techniques in this course: I have no magic bullet, and all of my suggestions involve techniques that take time. The common thread running through all of my suggestions is to use a variety of techniques that take your mind out of the passive state (just reading is somewhat passive) and force it into a more active state in which you wrestle with the material. Preparation for this course should be like that in any other course that focuses on relatively difficult concepts and principles, not regurgitation, that requires analysis (qualitative in this case, not quantitative; if you get very far in the business world, most of your analysis will in fact be qualitative, not quantitative). These suggestions are based on all of the questions from students I have received, pondered over, and tried to answer over a period of years.

(1) When you are reading the material, you should stop after each section (or even more frequently), and ask yourself questions about what you just read. If you don't understand something, jot it down and send it to me via e-mail. Or you might ask yourself "why is it this way," "could it be different," "how could it be different," "if it were different, "what might be the positive or negative consequences--the tradeoffs"? Again, if you want to, jot these things down and e-mail them to me. I certainly don't require this, but you just as certainly will learn more. Also, it's fine to ask questions about things that are not in the reading; just as long as it isn't a request for specific legal advice.

(2) I recommend outlining the material as you go through it; include short synopses of the cases as you go through the material; this will provide you with a great review tool later. If you take any meaningful notes in class (some do, some don't, but I think you should), it's a good idea to integrate

them with the notes you have take while studying before class; this is much easier if the notes you took while studying were done on a computer.

(3) As I noted, I recommend the inclusion of a short synopsis of each case in your notes; if you have time, a more complete case brief is good.

(4) Once you think you understand a case, you can use it as a problem-solving exercise by hypothetically manipulating one or more of the facts, thinking about whether this would change the analysis; if not, why not, if so, why and how; and whether it might change the outcome of the case; if not, why not, if so, why and how?

(5) If you ever have questions or need clarification about any of the material, contact me; office hours are fine, telephone is fine, but I can do a better job of answering via email because the act by you of writing down your questions in an email message helps you crystallize your thoughts, and I can put more thought into the answer when I answer.

(6) Detail is important if it relates to concepts, principles, rationales, key terms, etc., but detail is not important if it relates to dates, names, numbers, etc. The emphasis is on an in-depth understanding of the concepts, principles, and rationales. My goal is that you learn things that will still be of value to you ten years from now.

(7) Depending on the individuals, studying with someone else sometimes works and sometimes it doesn't. It only works when all participants have already done a lot of studying. When it does work, tossing questions back and forth can really help. It can expose weaknesses in your understanding of concepts; sometimes, you just think you understand something until you try to explain it to someone else.