

**University of Texas at Austin**  
McCombs School of Business  
CIBER Summer Program in Business  
Law

**Edinburgh University**  
Professor: [John Allison](#) &  
[David Spence](#)

## **LEGAL AND ETHICAL ENVIRONMENT OF BUSINESS**

LEB 323, 320F, 323H

**Summer 2013  
SYLLABUS**

The purpose of this course is to introduce students to the legal and ethical systems in which businesses operate. Toward that end, we will examine the ways in which the law (1) attempts to facilitate commerce by assuring investors, sellers, buyers, employees, and others that their reasonable commercial expectations will be realized, and (2) simultaneously acts as a constraint on business decision making and a reflection of community norms and social values. Along the way, we will examine the ethical dimensions of business problems and analyze the operation of legal and ethical institutions, the fundamentals of legal reasoning, and some of the substantive areas of the law that bear most directly on business.

This course is not intended to teach students how to be lawyers, nor will it be taught that way. However, it is important for non-lawyers in business to have a basic understanding of how the law works: i.e., to be able to identify legal and ethical issues when they arise; to avoid potential problems; to know when to consult a lawyer (and when not to); to understand the language, practices, and methods of legal reasoning and problem solving; and to be able to evaluate the advice of an expert knowledgeably so that that advice can be incorporated into the firm's decision making processes.

After introducing students to the mechanics of the legal system, we will briefly survey a variety of substantive law and ethics topics, including contracts, torts, government regulation of business, agency and employment law, intellectual property law, and dispute resolution.

Readings: The readings for this course will be selections from three different texts: (i) Allison & Prentice, *Business Law*, (2) Roszkowski, *Business Law: Principles, Cases and Policy* (7<sup>th</sup> Ed.), and (3) Spence & Prentice, *Law, Ethics and Corporate Social Responsibility: Theory and Practice*. The Allison & Prentice and Spence & Prentice chapters can be found (as pdf files) on blackboard. It will be important to keep up with the readings throughout the course. (The 5 weeks goes quickly.) Some of the reading assignments for this class are very long. We strongly encourage you read as much material as you can (and in any case, all of the first week's readings) before arriving in

Scotland, so that you can review the material (rather than read it for the first time) before each class.

Grading: Your course grade will be based upon class participation (10%), your performance on two in-class exams (30% each), and an ethics group presentation (30%).

As you know, we have instituted a “professionalism policy” for students which is designed to provide students with a strong incentive to attend class, be engaged in the class discussion, and to be good representatives of UT while in Scotland. Please familiarize yourself with this policy, and note that it covers behavior outside of class during your time in Scotland.

You can all earn an “A” for the participation component of this class by attending all 10 class meetings, being on time for class, being prepared for and engaged in class discussions, participating in discussions of the readings and in-class exercises. Because we have a small class and long class sessions, your active participation in (and preparation for) class will make the class more enjoyable for you and for the professor. You should always feel free to speak up during class discussions. However, to ensure that all students have a full opportunity to participate, we may call on students.

Each student will be part of a team presentation of one of the mini-case exercises listed in bold type in the table below. (Mini-case materials can be found on the course materials section of Blackboard.) Each student team will make a 20 minute presentation analyzing the problem and explaining to the company how it should proceed in response to the problem. Student teams should be prepared for critical questioning and comments from the audience, and will be expected to defend their choice of a preferred alternative under questioning from fellow students and the professor. Student team assignments can be found on the blackboard site. Student teams may want to meet to get started on their presentations before departing for Scotland (if they so desire). [More on class presentations](#), generally.

The two exams will comprise the remaining 60% of your grade. The first exam will cover the first half of the course; the second exam will cover the second half of the course. You may bring into the exams one page of notes – a “cheat sheet” -- prepared by you.

## **SCHEDULE**

<p><b>Before departing</b> Austin</p>	<p><b>PREREADINGS</b> on ethics</p> <p>(We recommend that you do all of the first week's readings before coming to Scotland, because you will be busy the first week with move-in, orientation, and other activities.)</p>	<p>Spence &amp; Prentice, Chps. 1 and 3 (blackboard).</p>
<p><b>DATE</b></p>	<p><b>TOPIC</b></p>	<p><b>READINGS/ASSIGNMENTS</b></p>
<p><b>6/24</b> Prof. Allison</p>	<p>Introduction, court systems, civil litigation, &amp; constitutional authority of federal &amp; state governments to regulate commerce</p> <p><u>Mini-case: Insurance &amp; Delayed Payment</u></p>	<p>Read Chapters 1, 2, &amp; 3 in Materials from Allison &amp; Prentice</p> <p>Also read portion in Chapter 5 of Allison &amp; Prentice on federal &amp; state regulation of interstate &amp; foreign commerce.</p> <p>Prepare analysis of mini-case on Insurance and Delayed Payment</p>
<p><b>6/26</b> Prof. Allison</p>	<p>Finish discussion of previous material if necessary.</p> <p>The Law of Torts &amp; begin Intellectual Property Law</p> <p><u>Mini-case: Trade Secrets</u></p>	<p>Read Chapters 8 in Materials from Allison &amp; Prentice; also read portion in Chapter 9 on Trademark Law &amp; Trade Secret Law</p> <p>Prepare analysis of mini-case on Trade Secrets</p>
<p><b>7/1</b> Prof. Allison</p>	<p>Continue &amp; finish discussion of Intellectual Property Law</p> <p><u>Mini-case: Intellectual Ventures</u></p>	<p>Read remainder of Chapter 9 on Patent and Copyright Law</p> <p>Prepare analysis of mini-case on Intellectual Ventures</p>

<b>7/3</b> Prof. Allison	Agency & Employment Law <u>Mini-case-Sexual Harassment</u>	Read Chapters 22, 23, & 30 in Materials from Allison & Prentice  Prepare analysis of mini-case on Sexual Harassment
<b>7/8</b> Prof. Allison	Exam	
<b>7/11</b> Prof. Spence	Contracts I <u>Mini-case: Billable Hours</u>	Roszkowski, Chapters 7-9
<b>7/16</b> Prof. Spence	Contracts II <u>Mini-case: Products Liability</u>	Roszkowski, Chapters 10, 11, 14, and mini-case
<b>7/18</b> Prof. Spence	Environmental Law and Securities Law <u>Mini-case: IPOs and Stock Options</u>	Roszkowski, Chps. 55, 49, and mini- case
<b>7/23</b> Prof. Spence	Antitrust Law <u>Mini-case: Bidding on Public Contracts</u>	Roszkowski, Chps. Chps. 50-52 (in Chp. 52, read only pp. 945-49), and mini-case
<b>7/25</b> Prof. Spence	FINAL EXAM	

For each exam you be allowed to bring one 8 1/2" x 11" piece of paper with anything you wish written on it (both front and back side) in only your own handwriting. Your full name must be written on one side of the

sheet in letters at least **this big**. The sheet shall be turned in with the exam. The exams will only test your application of material covered during the period immediately preceding that exam. For example, the 2<sup>nd</sup> Exam will only test you on material we discussed after the 1<sup>st</sup> exam and before the 2<sup>nd</sup> Exam.