I would like to dedicate this book to my students and my family. My students continually keep me alert and “on my toes” with their thoughts, comments, and ideas. The support and encouragement of my family—my wife Sharon, our sons Daniel and Matthew, my sister Norah, and my late father, Meredith Bixby, have provided me with the energy and persistence needed to complete this book.

MICHAEL BIXBY

This book is dedicated to my wonderful and supportive husband Lynn and to my engaging children, Michael and Stacia. I also very much appreciate the hard work and friendship of my two co-authors and the support of my colleagues.

CARYN BECK-DUDLEY

In appreciation of my co-authors, other friends and colleagues, my family, and dedicated to the memory of my parents, John E. and Marian M. Cihon.

PATRICK J. CIHON
Grateful acknowledgment is made to the following sources for permission to reprint material copyrighted or controlled by them:


“Principles of Shareholder Management,” reprinted from Business Ethics Quarterly 12, no. 2 (April 2002), by permission of the Society for Business Ethics.


ABOUT THE AUTHORS

MICHAEL B. BIXBY is a Professor of Legal Studies in Business at Boise State University, where in 2006 he was honored as “Outstanding Teacher of the Year” for all of Boise State University. Before joining the Boise State faculty, Professor Bixby practiced law for 11 years. Since then, in addition to writing and presenting more than 55 papers at academic conferences, he has authored 12 articles concerning various legal issues in business for The Oregon Law Review, Willamette Law Review, American Business Law Journal, Idaho Law Review, and the Journal of Public Policy and Marketing. Professor Bixby is the past president of the Pacific Northwest Academy of Legal Studies in Business, and a member of the Governing Council of the Idaho Bar Association Business and Corporate Law Section. Bixby’s undergraduate and law degrees are from the University of Michigan.

CARYN L. BECK-DUDLEY is the Dean of the College of Business at Florida State University. She was formerly Dean at Utah State University. As a professor she taught business law, employment law and business ethics in the Department of Management and Human Resources at Utah State University, where she also served as Department Head. She has also taught at the University of Michigan School of Business and the Terry College of Business at the University of Georgia. Dean Beck-Dudley has given presentations and written on a variety of legal and ethical topics, including natural law jurisprudence, business organizations, employment law and insider trading. She has published articles in the American Business Law Journal, Journal of Business Ethics, Employee Rights and Responsibilities, Journal of Public Policy and Marketing, Journal of Energy Law and Policy, as well as several others. She is a past president of the National Academy of Legal Studies in Business.

PATRICK J. CIHON is an Associate Professor of Law and Public Policy at Syracuse University School of Management. He was with the Ontario Ministry of Labour before joining the Syracuse faculty. He received a BA from Pennsylvania State University, an LL.B. from Osgoode Hall Law School of York University in Toronto, and an LL.M. from Yale Law School. He was voted Outstanding Faculty Member by the Syracuse University Association of Graduate Business Students and by the Syracuse Chapter of Beta Gamma Sigma undergraduate honor society. His research interests are in the areas of employment law, labor relations, and employment discrimination law, and he has authored or co-authored a number of books and articles in those fields.
Preface xxii

PART 1
THE GLOBAL, LEGAL, REGULATORY, POLITICAL, AND SOCIAL ENVIRONMENT OF BUSINESS 1

1. Introduction to Law 1
2. The Legal System in the United States 25
3. Litigation and Alternate Dispute Resolution: Going to Court, or Not 59
4. The Constitution and Business 102
5. Administrative Law and Regulation 140
6. International Legal Issues in Business 174
7. Business Ethics and Corporate Social Responsibility 223

PART 2
LEGAL ISSUES IN BUSINESS ORGANIZATIONS 255

8. Principal–Agent Relationships and Partnerships 255
9. Corporations and Other Business Entities 289
10. Securities Law and Protection of Investors 329
11. Business Torts and Crimes 353

PART 3
COMMON LAW SUBJECTS AND THEIR CONTEMPORARY DIMENSIONS 394

12. Principles of Contract Law 394
13. Warranty and Liability Issues in the Sale of Products 425
14. Real and Personal Property: Ownership, Transfer, and Land Use Controls 463
15. Environmental Law and Regulation 494
16. Cyberlaw and Intellectual Property 532

PART 4
LEGAL ISSUES INVOLVING CONSUMERS, COMPETITORS, AND SUPPLIERS 580

17. Antitrust Law: The Regulation of Corporate Behavior and Structure 580
18. Legal Rights of Consumers, Debtors, and Creditors 633
19. Unfair and Deceptive Trade Practices and Advertising 662

PART 5
EMPLOYER/EMPLOYEE LEGAL ISSUES 685

20. Contemporary Legal Issues in Employment 685
22. Other Statutory Regulation of Employment  751

23. Labor–Management Law and Regulation  790
Subject Index   SI-1
Case Index     CI-1
Preface  xxi

PART 1
THE GLOBAL, LEGAL, REGULATORY, POLITICAL, AND SOCIAL ENVIRONMENT OF BUSINESS  1

1. INTRODUCTION TO LAW  1
Why Study Legal Issues? 2
What Is Law? 4
Jurisprudence 5 • Some Important Theories of Jurisprudence 6
Classifications of Law 7
Civil and Criminal Law 7 • International Perspective 9 • Substantive and Procedural Law 9 • Actions “at Law” and “in Equity” 9
Sources of Law 11
The U.S. Constitution 11 • How to Read and Understand Legal Cases 11
• Statutory Law and Statutory Interpretation 12 • Administrative Rules and Regulations 20 • Common Law 21
Summary 21

2. THE LEGAL SYSTEM IN THE UNITED STATES  25
Introduction 26
State Court Systems 26
The Federal Court System 27
Social/Political Considerations 29
Jurisdiction and Venue 30
Federal Jurisdiction 33 • The Case or Controversy Requirement 34
• Standing 35 • Class Actions 37
Federalism and Preemption 38
Lawyers and Business 39
What Is a Lawyer? 39 • The American Bar Association 39 • When You Should Retain a Lawyer 41 • How to Choose a Lawyer 42 • Large Firm or Small Firm? 43 • International Perspective 45 • Fees and Costs 46 • Corporate Legal Departments 51 • Philadelphia Magistrate Judge Reduces Hourly Rate for Fee Award for Lawyer’s Atrocious Writing 51 • Ethical Issues for Attorneys 51 • Who Does the Work? In-House or Outside Counsel? 52
Summary 56

3. LITIGATION AND ALTERNATE DISPUTE RESOLUTION: GOING TO COURT, OR NOT 59
Introduction 60
The Progress of a Civil Case from Filing to the Trial 60
Complaint and Answer 60 • Summons and Service of Process 61 • Motions 62 • Counterclaims 63 • A Memo From the Legal Department 65 • Affirmative Defenses 65 • Discovery 66 • Interrogatories 66 • In Consultation 70 • Summary Judgment 72 • Pre-trial Conference 72
Jury Procedures 73
Jury Selection 73
The Trial 76
The Opening Statement 76 • Presentation of Evidence 76 • Motions for Directed Verdict and Closing Arguments 77 • Jury Instructions, Deliberations, and Verdict 78 • Post-trial Motions 78
The Appellate Process 79
Precedent 80 • Appellate Court Decisions 81
Types of Judgments; Enforcing and Collecting Judgments 82
Money Judgments (Actions at Law) 82 • International Implications 84 • Equitable Remedies 84 • Enforcement of Judgments 85
Alternate Dispute Resolution 85
Congress Provides 9/11 Victim Fund as Alternative to Litigation 86 • Arbitration 87 • Mediation 87 • Minitrials 87 • Private Judges 88 • ADR and the Courts 88 • Recent Legal Developments in Arbitration 92 • Procedural Fairness of Arbitration 92 • Costs of Arbitration 94 • Arbitration Agreements and Government Enforcement 95 • In Consultation 96
Summary 97

4. THE CONSTITUTION AND BUSINESS 102
Introduction 103
History of the Constitution 103
Organization of the Federal and State Governments 104
Federalism 104 • Federalism and the 11th Amendment 106 • Separation of Powers 112 • Judicial Review 113
The Power to Regulate Business Activities 116
The Commerce Clause 116 • The Police Power 119 • The Taxing and Spending Powers 119 • The Contract Clause 120
The European Union 184
History 184 • The Structure of the European Union 188 • The EU Commission Controversy 191 • Proposed New Qualified Majority System 192
International Trade: Restrictions, Regulations, and “Free Trade” 195
Tariffs 195 • Trade Agreements 195 • North American Free Trade Agreements 195 • Regional Trade Agreements in South America 197
• The World Trade Organization (WTO) and the GATT 199 • The Doha Development Agenda 201 • WTO Decision on U.S. Steel Tariffs 204
U.S. Laws Controlling Imports and Exports 205
Laws Regulating Imports 205 • Laws Regulating Exports 211
U.S. Laws That May Apply to Actions Outside the United States 212
The Foreign Corrupt Practices Act 212 • In Consultation 213
• U.S. Antitrust Law 215 • U.S. Civil Rights Laws 216
Summary 217
7. BUSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY 223
Introduction 224
Law and Ethics 225
Individualism and Communitarianism 226
Formal Methods of Ethical Reasoning 228
Virtue Ethics 228 • Teleology 230 • Deontology 230
Business and Its Community 233
Stakeholder Theory 234 • Social Contract Theory 235 • International Perspective 236 • Mediating Institutions 237
Federal Sentencing Guidelines 238
The Business Scandals of 2001–04 240 • The Sarbanes-Oxley Act 247
Contemporary Issues Involving Business Ethics 248
Whistle-Blowers 248 • Employee Privacy 249 • Sweatshops and Human Trafficking 252
Summary 253

PART 2
LEGAL ISSUES IN BUSINESS ORGANIZATIONS 255
8. PRINCIPAL–AGENT RELATIONSHIPS AND PARTNERSHIPS 255
Introduction 256
Creation of Agency Relationships 256
Types of Agents 257 • Duties of Agent to Principal 260 • Duties of Principal to Agent 261
Liabilities of the Principal for Acts of the Agent 261
Contents

9. CORPORATIONS AND OTHER BUSINESS ENTITIES 289

Introduction 290
Establishing a Corporation 290
Corporate Structure 292
Limited Liability 292 • Separate Entity 296 • Taxation 296
Corporate Governance 296
The Sarbanes-Oxley Act 297 • The Role of the Shareholders 298 •
Shareholder Voting 299 • The Role of the Board of Directors 301 • Enron
Executives Face Criminal Charges; Kenneth Lay is Indicted in July 2004 302 •
Former WorldCom CFO Pleads to Conspiracy 303 • Who Really Governs the
Corporation? 304 • Fiduciary Duties of Officers and Directors 307 •
Close Corporations 311 • Corporate Lawsuits 317 • Corporate Compliance
Programs 318
Capital Formation 319
Equity and Debt Securities 319
Termination of Corporations 320
Merger 320 • Dissolution 320 • Transfer of a Family Business 320
• The Pritzker Family 321
Other Types of Corporations and Companies 322
S Corporations 322 • Limited Liability Companies 322 • Nonprofit
Corporations 324
Summary 325

10. SECURITIES LAW AND PROTECTION OF INVESTORS 329

Introduction 330
History and Purpose 330
What Is a Security? 331
The Registration Process 334
Intrastate Offerings 335 • Regulation A 335 • Regulation D 337
11. BUSINESS TORTS AND CRIMES 353

Introduction 354

Distinguishing Torts and Crimes 354

Purpose of Tort Law 355

Intentional Torts 356

Assault and Battery 356 • Defamation 358 • International View 360

False Imprisonment 361 • Iowa Code Annotated 362

Negligence—An Unintentional Tort 363

Elements of Negligence 363 • Duty of Care and Breach of Duty 363 •

Proximate Cause and Injury 363 • Cell Phones Can Lead to Liability 367 •

Defenses to Negligence 367 • Presumed Negligence 375

Business Torts 375

Disparagement 376 • Interference with Contracts 376

• Misappropriation 378

Strict Liability 379

Tort Reform Statutes 379

Department of Justice Study on Civil Case Damage Awards 380

• Tort Reform Legislation 381

Criminal Law and Business 383

Criminal Procedure 387 • Constitutional Protections 388

Summary 389

PART 3

COMMON LAW SUBJECTS AND THEIR CONTEMPORARY DIMENSIONS 394

12. PRINCIPLES OF CONTRACT LAW 394

Introduction 395

The Uniform Commercial Code 395

General Contract Terms 400

Requirements for Promissory Estoppel 401 • Mutual Assent 401 •

Enforceability 401

Elements of a Contract 402
15. ENVIRONMENTAL LAW AND REGULATION 494

Introduction 495

The National Environmental Policy Act 495

Environmental Impact Statements 496 • The Pebble Defense Fund 499 • The Council on Environmental Quality 500 • The Environmental Protection Agency 500

Air Pollution—The Clean Air Act 501

EPA Regulations and Enforcement 510 • EPA Sues Seven Utilities for Air Pollution Violations 512

Water Pollution—The Clean Water Act 513

Wetlands 518 • Non-Point Sources of Pollution 518

The Endangered Species Act 518

Hazardous and Toxic Waste 520

The Resource Conservation and Recovery Act 520 • The Toxic Substances Control Act 520 • The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) and the “Superfund” 521 • Lender Liability Under CERCLA 526

Civil and Criminal Enforcement 527

Summary 528

16. CYBERLAW AND INTELLECTUAL PROPERTY 532

Introduction 533

Intellectual Property 534

Patents 534 • International Perspective 536 • In Consultation 537

Copyrights 538

The Length of Copyright Protection 539 • Copyright Registration and Coverage 540 • Downloading and Copying of Music in Cyberspace 541 • Some Online Music Providers Allow Sharing 548 • International Perspective 549 • The “Fair Use” Doctrine 549 • International Perspective 552 • Computer Programs 553

Trademarks 554

Trade Secrets 556

Cyberlaw—The Internet, the Web, and the Law 561

Defamation in Cyberspace 562 • The Digital Millenium Copyright Act 563 • Free Speech and Web Pornography 564 • Other Federal Attempts to Regulate Pornography on the Web 566 • Free Speech vs. Trade Secrets: DVDs and the DeCSS Program 568 • “DVD Jon,” the Norwegian Hacker Hero 569 • International Perspective 571 • International Perspective 573 • E-Mail Issues 574 • Spam and Unsolicited Electronic Mail 575

Summary 576
## PART 4

**LEGAL ISSUES INVOLVING CONSUMERS, COMPETITORS, AND SUPPLIERS** 580

### 17. ANTITRUST LAW: THE REGULATION OF CORPORATE BEHAVIOR AND STRUCTURE 580

**Introduction** 581

- Federal Antitrust Legislation 581
  - *Enforcement of the Antitrust Laws* 582
  - *Goals of Antitrust Policy* 583

- Judicial Analysis 584

- Structural and Behavioral Antitrust 585
  - *Structural Antitrust Provisions* 585
  - *Microsoft and Monopoly Under §2 the Sherman Act* 588
  - *Aftermath of the Microsoft Case: The Microsoft Settlement* 599
  - *The Impact of E.U. Antitrust Law on American Firms* 606
  - *Behavioral Antitrust Provisions* 609
  - *Antitrust and the Ivy League* 612

- Price Discrimination 621
  - *Price Discrimination Under the Robinson-Patman Act* 622
  - *Other Provisions of the Robinson-Patman Act* 623

- Section 5 of the Federal Trade Commission Act 624

- Exemptions from Antitrust 624

- *Patents, Copyrights, and Antitrust* 626

- Summary 626

### 18. LEGAL RIGHTS OF CONSUMERS, DEBTORS, AND CREDITORS 633

**Introduction** 634

- Consumer-Related Issues 634

- Disclosing Credit Costs 637
  - *Truth in Lending and Consumer Leasing* 638
  - *Fair Credit Billing Act* 639
  - *Fair Debt Collection Practices Act* 639

- After-Judgment Remedies 641

- Secured Transactions 642
  - *Creating the Security Interest* 642
  - *Perfection* 643
  - *Priority* 644
  - *Purchase Money Security Interest* 644
  - *Inventory Financing* 645
  - *Repossession* 646

- Bankruptcy 647
  - *Chapter 7 of the Bankruptcy Act* 648
  - *Chapter 11 of the Bankruptcy Act* 648
  - *Chapter 13 of the Bankruptcy Act* 652
  - *Declaring Bankruptcy* 653
  - *First Meeting of the Creditors* 654
  - *Proof of Claim* 654
  - *Priority Debts* 654
  - *The Bankruptcy Estate* 654
  - *Exemptions* 655
  - *Discharge* 656

- Summary 658
19. UNFAIR AND DECEPTIVE TRADE PRACTICES AND ADVERTISING  662

Introduction  663
Federal Trade Commission  663
Common Law Protections  666
National Advertising Division  666
Labeling  666
International Issues  667

Deceptive Acts and Practices  667
Pyramid Sales Schemes  667  •  Literal Truth  669  •  Misleading Claims  671  •  Misleading Pictorials and Demonstrations  672  •  Environmental Claims  672
•  Free Claims  672  •  Bait and Switch  673  •  Product Comparisons  673  •  Endorsements  674  •  Advertising to Children  674

Unfair Trade Practices  679
Cooling-Off Periods  679  •  Unsolicited Mail  679  •  Sweepstakes and Contests  679  •  Negative Option Plans  680  •  Mail Order Merchandise  681

Telephone, Fax and Internet Solicitations  681
Consumer Product Safety Commission  682
Summary  682

PART 5
EMPLOYER/EMPLOYEE LEGAL ISSUES  685

20. CONTEMPORARY LEGAL ISSUES IN EMPLOYMENT  685

Introduction  686

Employment at Will  686
Violation of Public Policy  687  •  Express or Implied Contracts of Employment  691  •  Covenant of Good Faith and Fair Dealing  692  •  Whistle-Blowers  694

Defamation of Former Employees  695
Job References  695

Drug Testing of Employees  696
British Employers Plan to Begin Drug Testing  697  •  Public Employees  698
•  Private Employees  700

Other Privacy Issues in Employment  701
Polygraph and Honesty Testing  701  •  On-the-Job Surveillance  702  •
Connecticut General Statutes Annotated  704  •  Delaware Code Annotated, Title 19  706  •  Off-the-Job Activities  707  •  Love, Sex, and Dating: What Can the Employer Say?  707  •  Off-Duty Conduct  710

Summary  711

21. EQUAL EMPLOYMENT OPPORTUNITY LAW: TITLE VII  716

Introduction  717
Title VII of the Civil Rights Act of 1964 717
Coverage of Title VII  718 • Administration and Enforcement of Title VII  718 • Discrimination Under Title VII  721 • Proving Discrimination—Burden of Proof  726 • Mixed Motives  727 • The “Bottom Line” and Discrimination  727 • Race-Norming  728 • Seniority and Title VII  728 • Affirmative Action and Title VII  729 • Bona Fide Occupational Qualifications  731
Title VII and Sex Discrimination  732
Stereotyping  732 • “Sex-Plus” Discrimination  737 • Sex-Based Pay Differentials  737 • Comparable Worth  738 • Sex-Based Pension Benefits  739 • Pregnancy Discrimination  739 • Sexual Harassment  740 • Wall Street Firm Settle Sex Discrimination Suit  743
Discrimination Based on Religion or National Origin  744
Religious Discrimination  744 • National Origin Discrimination  746
Remedies Under Title VII  746
Summary  747

22. OTHER STATUTORY REGULATION OF EMPLOYMENT  751
Introduction  752
Parental and Family Leave: The Family and Medical Leave Act  752
Other Federal Statutes Prohibiting Discrimination  757
The Civil Rights Acts of 1866 and 1871  757 • The Age Discrimination in Employment Act  758 • The Americans with Disabilities Act and the Rehabilitation Act  760 • Executive Order 11246  766 • The U.S. Constitution and Employment Discrimination  766 • State Equal Employment Opportunity Laws  767 • Legal Protection for Gays Increasing  768
Occupational Safety and Health  770
Health and Safety Standards  770 • Enforcement  771 • State Programs  774 • Occupational Safety: A Serious Problem in China  774 • Employee Duties and Rights  775 • Criminal Penalties  775
Workers’ Compensation  776
Coverage and Benefits  777 • Eligibility  777 • Exclusive Remedy  778 • Current Issues  779
Unemployment Compensation  779
The Fair Labor Standards Act  780
Basic Coverage  780 • Minimum Wage and Overtime  780 • Child Labor Provisions  781 • Enforcement  782
Pensions and Retirement  783
The Employee Retirement Income Security Act  783 • Airline Industry Woes Threaten Workers’ Pensions  784
Summary  785
23. LABOR–MANAGEMENT LAW AND REGULATION  790

Introduction  791
The Development of Labor Relations Law  791
Labor Legislation  792 • National Labor Relations Board  793
Coverage of the NLRA  795
NLRB Flip-Flops on Policy Decisions  797
Provisions of the NLRA  799
Section 7 Rights  799
Unfair Labor Practices  801
Sections 8(A)(1) and 8(B)(1): Interference with §7 Rights  801 • Section 8(A)(2):
Employer Domination of Unions  803 • Sections 8(A)(3) and 8(B)(2)  804 •
Sections 8(D), 8(A)(5), and 8(B)(3): The Duty to Bargain in Good Faith  805 •
Sections 8(B)(4) and 8(E): Secondary Activity  810 • Other Unfair Labor
Practice Provisions  810 • Remedies for Unfair Labor Practices  811 •
Administration and Enforcement of Collective Agreements  814
Public Sector Employees  816
Workers Look to Unions to Combat "Offshoring" of Jobs  817
Summary  817

SUBJECT INDEX  I1
CASE INDEX  C1
Welcome to the study of legal issues in business. Just as business students must learn the basic principles of accounting, marketing, economics, finance, management, statistics, and information systems, so must they master the fundamental knowledge of critical legal and regulatory issues affecting business. As a result of the authors’ combined 60 years of experience in teaching and practicing law, The Legal Environment of Business presents both practical and academic insight into the primary legal issues that businesspeople need to understand. We believe this text is one that students will read, understand, remember, enjoy, and most importantly, use in their present or future careers.

The Legal Environment of Business will not create lawyers, nor should it. Rather, it will help prepare businesspeople to recognize and avoid legal problems. If each student can avoid one legal problem in the future because of something learned here, this book will have made a worthwhile contribution to the student and to society. Our text will help students address legal problems when they arise, know when to call a lawyer and what to discuss, and know how to participate in the solutions to legal problems.

This new edition of the textbook incorporates several features not present in previous editions. Every chapter has been updated, to include the latest cases and other legal developments. In addition to the edited cases, each chapter now contains one longer case report, written totally “in the language of the court.” Although the case has been shortened, the entire excerpt contains only the actual words of the court—none have been re-written.

Since the last edition of the book, the business world has been rocked by the accounting and financial scandals involving Enron, WorldCom and many large corporations. Congress enacted the Sarbanes-Oxley Act in response, which added significant new duties and responsibilities to corporate officers and directors. These topics are fully explained and explored in this new edition. Many new boxes contain thought-provoking Ethical and Social Issues, and several others highlight important “International Aspects.” A new chapter “Cyberlaw and Intellectual Property” has been added which explores in detail the rapidly changing world of intellectual property, including legal issues involving the internet, world wide web, as well as such important current topical issues as downloading of music, piracy of intellectual property, data privacy and more. Many of the cases in the previous edition have been replaced by newer cases, while retaining the classic cases necessary to fully understand the legal principles. Also approximately ½ of the chapter ending questions are new.
TARGET AUDIENCE

This textbook is primarily designed for business students who are beginning their study of law. Every aspect of this book has been developed to maximize the “real world” nature of the various legal principles presented. We have tried to take complex material and break it down into bite-sized chunks that can be easily digested. We are attempting to speak directly to the non-law student in a common-sense, practical manner. The coverage of important legal topics, while current and comprehensive, is clear and readable.

CONTENT COVERAGE AND ORGANIZATION

The Legal Environment of Business contains comprehensive coverage of private and public law topics. When possible, we have grouped subjects together in a manner that emulates their evolution as legal principles. For example, our discussion of contracts is followed by the discussion of laws of sales, warranties, and product liability, which represent modern adaptations and expansions of the earlier theories.

This practical approach allows us to demonstrate how and why topics in the law change over time. By doing this we better prepare students to become businesspeople who, by virtue of their understanding of legal evolution, are better prepared to anticipate and plan for future changes.

Among the key topics we address are the following:

- Judicial and alternative forms of dispute resolution (Chapters 2 and 3)
- The Constitution and business (Chapter 4), including recent court decisions that address the “Federalism” cases
- International Law (Chapter 6), including detailed discussions of the European Union, NAFTA, and WTO
- Business ethics (Chapter 7)
- Agency and business organizations (Chapters 8 and 9), including treatment of limited liability partnerships and limited liability companies (Securities Law Chapter 10)
- Business torts and business crimes (Chapter 11)
- Contracts (Chapter 12)
- Real, personal, property (Chapter 14)
- Cyberlaw and Intellectual Property (Chapter 16)
- Environmental law (Chapter 15)
- Employment law (Chapters 20, 21, 22 and 23), including extensive coverage of contemporary legal issues in employment, equal opportunity in employment, and labor management law and regulations.
STUDENT-ORIENTED FEATURES

The Legal Environment of Business contains the following features to help students better understand and retain the material:

Learning Objectives and Outlines begin each chapter and help students organize the chapter content and highlight key content.

Key Terms are defined in the margin as they are introduced in the text and are included in the glossary at the end of the book.

Social/Ethical Issues boxes appear throughout the chapters and raise questions concerning current social and ethical controversies in the legal environment of business. These questions require critical thinking and analysis and are good vehicles for class discussion.

“A Memo from the Legal Department” boxes offer practical advice concerning legal subjects covered in the chapters.

“In Consultation” features appear periodically throughout the text and offer students an opportunity to put themselves in business situations dealing with realistic legal issues.

Readings and Cartoons from The Wall Street Journal, U. S. News and World Report, EPA Journal, and other sources help to explain the law and demonstrate its relevance to the business world.

Cases were chosen and edited for each chapter (three and four per chapter) on the basis of relevance, interest, and when possible, currency. While some cases are very recent, others represent classic cases. Each case is one to two pages long and has a Facts/Decision/Case Questions format. The case questions raise several legal and ethical questions designed to assist students in analyzing the case. The language used in most of the court cases (while often the court’s own) is edited to ensure it includes only words and phrases explained elsewhere in the chapter. As mentioned earlier, one case in each chapter is longer, and contains only the language of the court, in order for students to have the opportunity to look more closely and in depth at the legal reasoning process.

End-of-Chapter Problems raise both legal and ethical issues. Questions often arise from actual court cases, and in those cases the citations are included for optional reference.

Practical Exercises offer a unique learning tool. One of these exercises appears at the end of each chapter and allows students to either independently or collaboratively analyze a hypothetical situation based on the material presented in the chapter. Use in our own classrooms has shown that these “learning-by-doing” exercises can significantly aid students’ retention of the material.
A(n) understanding of perspectives that form the context for business. Coverage should include
• Ethical and global issues
• The influence of political, social, legal and regulatory, environmental, and technological issues
• The impact of demographic diversity on organizations

How does The Legal Environment of Business deal with these issues?
First, we thoroughly cover ethical and global issues in law. Chapter 6, International Law, discusses the intricacies of doing business beyond the borders of the United States. Chapter 7 is dedicated to ethical theories and their relevance to corporate decision making. This chapter is practical in nature and shows students how to analyze and apply ethical principles to real business situations. Furthermore, both international and ethical issues are addressed in boxed features and cases within the chapters, as well as exercises at the end of each chapter.

Second, political, social, legal and regulatory, environmental, and technological issues are all discussed within relevant chapters. The use of an “evolution of legal topics” organization uniquely demonstrates the interrelationship of law and these other societal influences. One new chapter is devoted solely to Cyberlaw and Intellectual Property Issues.

Finally, our emphasis on the practical application of law to the “real world” along with a complete examination of equal opportunity laws and international issues will help in sensitizing students to issues involving diversity within organizations, and differences around the world. In addition to coverage within the text narrative, issues involving diversity and international issues are presented in readings, feature boxes, and cases.

ACKNOWLEDGMENTS
The authors would like to express their appreciation to their families, first and foremost, without whose support, this text would not have been possible. We would also like to thank Hal Hawkins, Diane Akerman, Kathleen Abraham, Alejandra Rios, and the staff at Pearson Custom Publishing for their excellent assistance in producing this new edition. We would also like to thank all the professors who have reviewed this and the previous editions of our textbook.

Michael Bixby
Caryn Beck-Dudley
Patrick Cihon