

Crafton Hills College

Course Outline

1. Discipline: Business Administration

2. Department: Business

3. Course Title: Business Law

4. Course I.D.: BUSAD 210

5. Prerequisite(s): None

Corequisite(s): None

Departmental Recommendation(s):

A. Reading: Pass a standardized test of reading comprehension at or above the Twelfth Grade level

B. ENGL 015

6. Semester Units: 3.0

7. Minimum Semester Hours:

Lecture: 48 Lab: 0 Clinic: 0 Field: 0

8. Need for the Course:

This class is a lower division requirement at most four-year institutions in their programs in management, public administration, accounting, finance, and marketing. The student is expected to complete this class before transferring to the four-year university. The class is also applicable to the paralegal and criminal justice programs.

Applicable for the Associate in Arts and Associate in Science degrees, this class is also transferable to UC and CSU.

9. Goals for the Course:

A. This course is designed to prepare the student to be able to understand the basic requirements necessary to form binding legal obligations (contracts).

The student should be able to identify defenses that would justify avoidance of the contract and determine the appropriate remedies available for non-performance.

B. The student should be able to evaluate new factual situations and determine the rights and duties of the parties involved by employing the rules that have been studied in class.

- C. The student should acquire a familiarity with legal terminology used to communicate in the legal field of contracts so as to be able comprehend and evaluate the merits of proposed contractual proposals.
- D. The student should begin to acquire analytical skills sufficient to problem solve situations that arise rather than making unreasoned guesses or estimates.

10. Catalog Description:

Principles of law and use of cases as applied to business, and specifically to contracts, principal and agent, employment, negotiable instruments, principal and surety, insurance, bailments, sales partnerships, corporations, security devices, trusts and estates and governmental regulations.

11. Entrance Skills:

- A. Requisite Skills: None
- B. Corequisite Skills: None
- C. Recommended Skills:

It is highly recommended that students entering this course be able to:

- (1) Read and comprehend the textbook at or above the Twelfth Grade level.
- (2) Write an essay using proper spelling, grammar, and punctuation, incorporating concepts and data into a coherent paragraph in such a way as to demonstrate inference to support a point.

12. Course Objectives:

Upon completion of this course, students will be able to:

Perform the following objective tasks appropriate to each instructional content area:

- A. The Legal Environment of Business
 - (1) Introduction to Law and Legal Reasoning
 - a. Discuss the different sources of law in the United States legal system.
 - b. Distinguish between the English Common Law system and the European Civil Law system.
 - c. Explain how to find and understand case law.
 - d. Explain the importance of the English Court of Equity and its impact on requirements for certain remedies that arose in said court.
 - e. Differentiate between case law and statutory law.
 - (2) Business Ethics

- a. Compare the duty-based approach versus the utilitarian approach to ethical decision-making and be able to discuss the importance of consistency in ethical decision-making.
- b. Evaluate the potential conflicts that may arise between profit, legality, and ethics in making business decisions.
- c. Discuss the impact of legislating ethics over the past thirty years and which approach is required in ethics when this is done.

(3) Torts and Strict Liability

- a. Evaluate disputes as to the presence of wrongful conduct against a person or his property.
- b. Identify conduct that constitutes the intentional torts of battery, assault, false imprisonment, defamation, invasion of privacy, and intentional infliction of emotional distress.
- c. Identify conduct that constitutes the intentional torts against property of trespass to land, trespass to personal property, and conversion.
- d. Identify components of negligence and be able to determine whether all elements are satisfied in particular fact situations.
- e. Discuss the origins of strict liability and its application to product liability today.

(4) Basic Business Torts

- a. Recognize what conduct constitutes wrongful interference with a contractual relationship and wrongful interference with a business relationship and be able to distinguish between the two.
- b. Explain the torts of appropriation and disparagement of property.
- c. Distinguish between slander of quality and slander of title.
- d. Discuss the purpose of the Racketeer Influenced and Corrupt Organizations Act and examine the problems that have arisen due to the broad interpretation of the statute and the ability to recover treble damages.

(5) Product Liability

- a. Explain the need to expand strict liability into the area of defective products.
- b. Compare the requirements that must be proven for a warranty or negligence action to succeed and the requirements to succeed in product liability.
- c. Identify the defenses to product liability.
- d. Discuss the definition of “defective” and how it has been expanded over the years.
- e. Discuss how this can help regulate unreasonably dangerous products in the market place.

(6) Intellectual Property and Cyberlaw

- a. Recognize trademarks and related property.

- b. Discuss the conditions under which patents and copyrights are granted and compare the different protections provided for each.
- c. Explain trade secrets and how they may be protected.
- d. Discuss the problems raised in protecting intellectual property by cyberspace.
- e. Examine the difficulties in enforcing cyberlaw in the international community.

(7) Criminal Law and Procedures

- a. Identify the essential elements of criminal liability.
- b. Discuss the crimes that specifically affect business.
- c. Recognize the defenses to criminal liability.
- d. Discuss the procedures to be followed in the criminal process.

B. Contracts

(1) Nature and Terminology

- a. Recall the basic elements of a contract.
- b. Explain the Objective Theory of Contracts.
- c. Identify the different types of contracts.
- d. Discuss the function of contract law.
- e. Describe the rules for the interpretation of contracts.
- f. Differentiate between the different types of contracts.

(2) The Agreement

- a. Distinguish between mere invitations and offers.
- b. Identify when the offer becomes outstanding.
- c. Distinguish between a normal offer and an option.
- d. Calculate when the offer terminates.
- e. Explain what constitutes an acceptance and when it becomes effective.
- f. Analyze facts given and be able to determine whether an agreement has taken place.

(3) Consideration

- a. Recognize whether each party has provided legally sufficient consideration in the agreement.
- b. Recognize whether the consideration given is a pre-existing duty, past consideration, inadequate, or illusory.
- c. Discuss whether the court might enforce the promise even without mutual consideration present.
- d. Recognize the presence of forbearance in disputes.

(4) Capacity

- a. Identify the presence of a minor in a contractual situation.
- b. Explain what constitutes contractual capacity.
- c. Distinguish between voluntary intoxication and involuntary intoxication.

- d. Describe the meaning of ratification and how it affects a minor.
- e. Analyze fact situation and be able to determine the rights of a minor.
- f. Distinguish between the rights of a person who is physically incompetent and one who is adjudicated incompetent.

(5) Genuineness of Assent

- a. Distinguish between unilateral and bilateral mistakes.
- b. List the four elements of fraud.
- c. Analyze fact situations and determine whether the requirements for fraud are satisfied.
- d. Distinguish between duress and undue influence.
- e. Explain adhesion contracts and unconscionability.

(6) Legality and the Statute of Frauds

- a. Explain what contracts in restraint of trade are and what exceptions are permitted.
- b. Discuss usury, gambling, contracts against public policy, and problems with licensing.
- c. Identify contracts that are required to be in writing under the statute of frauds to be enforceable.
- d. Discuss the exceptions to the statute of frauds and the justification for said exceptions.
- e. Describe the significance of the Parol Evidence rule.

(7) Third Party Rights

- a. Recognize an assignment.
- b. Discuss the rights of all three parties when an assignment occurs.
- c. Identify a third party beneficiary contract.
- d. Distinguish between a contingent and a vested future interest.

(8) Performance and Discharge

- a. Identify an anticipatory breach.
- b. Explain the right to reaffirm.
- c. Distinguish between a condition precedent, a condition concurrent, and a condition subsequent.
- d. Differentiate between a material and an immaterial breach.
- e. List the ways a duty could be discharged other than by performance.

(9) Breach of Contract and Remedies

- a. Distinguish between compensatory, consequential, nominal, and punitive damages.
- b. Discuss the unique requirements to qualify for the equitable remedies of specific performance, injunction, reformation, and rescission.
- c. Discuss the different excuses that would excuse a breach.
- d. Distinguish between the excuses of prevention and frustration of purpose.

- C. Sales and the Uniform Commercial Code (UCC)
- (1) The Formation of Sales Contracts
 - a. Explain the significance of the UCC.
 - b. Describe the modifications the UCC makes to the rules for forming contracts.
 - c. Define the sale of goods.
 - d. Discuss the purpose for modifying the rules.
 - (2) Title, Risk, and Insurable Interest
 - a. Explain the process of identification and its importance.
 - b. Identify when title passes from the seller to the buyer in a sales transaction.
 - c. Explain when risk of loss passes to the buyer.
 - d. Tell when an insurable interest arises in the buyer.
 - e. Explain the rules for a bulk transfer.
 - f. Evaluate the rights of a party in new fact situations.
 - (3) Performance of Sales Contracts
 - a. Discuss the good faith requirement.
 - b. Discuss the special rights and remedies provided to the seller and buyer under the UCC which were not present prior to the code.
 - c. Evaluate the rights of the parties in performance disputes under the UCC.
 - d. Explain the modification to the rule on anticipatory breach under the UCC.
 - (4) Remedies for Breach of Sales Contracts
 - a. Discuss the different remedies available to the buyer in case of a breach by the seller and their special requirements.
 - b. Discuss the different remedies available to the seller in case of a breach by the buyer and their special requirements.
 - c. Evaluate disputes to determine the most appropriate remedy available in a given circumstance.
 - d. Explain the significance of a liquidated damage clause.
 - e. Explain the importance of an arbitration clause.
 - (5) Warranties
 - a. Describe the different elements of the implied warranty of title.
 - b. Differentiate between express warranties and implied warranties.
 - c. Discuss the scope of the implied warranty of merchantability and the implied warranty of fitness for particular purpose.
 - d. Explain the importance of waiver in the area of warranties, especially “As Is” waivers in California.
 - e. Evaluate the rights of the parties in a dispute over the performance of certain goods.

13. Representative Texts and Instructional Materials:

- A. Clarkson, K. W., Miller, R. L., Jentz, G. A., and Cross, F. B. (1998). *West's Business Law* (Seventh Edition). St. Paul, MN: West Educational Publishing Company.
- B. Mallor, J. P. (2000). *Business Law* (Eleventh Edition). Woodland Hills, CA: McGraw-Hill Company.
- C. Davidson, D. (2000). *Business Law Principles and Cases in the Legal Environment* (Fifth Edition). Cincinnati, OH: South-Western College Publishing.

14. Course Content:

- A. The Legal Environment of Business
 - (1) Introduction to Law and Legal Reasoning
 - (2) Business Ethics
 - (3) Torts and Strict Liability
 - (4) Basic Business Torts
 - (5) Product Liability
 - (6) Intellectual Property and Cyberlaw
 - (7) Criminal Law and Procedures
- B. Contracts
 - (1) Nature and Terminology
 - (2) Agreement
 - (3) Consideration
 - (4) Capacity
 - (5) Genuineness of Assent
 - (6) Legality and the Statute of Frauds
 - (7) Third Party Rights
 - (8) Performance and Discharge
 - (9) Breach of Contract and Remedies
- C. Sales and the UCC
 - (1) The Formation of Sales Contracts
 - (2) Title, Risk, and Insurable Interest
 - (3) Performance of Sales Contracts
 - (4) Remedies for Breach of Sales Contracts
 - (5) Warranties

15. Methods of Instruction:

This course may be taught on campus or on other remote sites with 48 hours of contact devoted to lecture, discussion, group activities, audio-visual materials, or computer simulation software.

16. Assignments and Methods of Evaluation:

A. All instructors should:

- (1) Require a textbook
- (2) Have written assignments of a cumulative length of no less than one thousand words; could account for 0%-5% of the semester grade

B. Instructors are to select a combination of methods of evaluation which may include, but are not limited to:

- (1) Objective-style testing in weekly quizzes, group tasks, midterm, and final examinations will equal 0%-10% of the total grade.
- (2) Essay-style testing in weekly quizzes, group tasks, midterm, and final examinations will equal 35%-55% of the total grade.
- (3) Term projects involving research, synthesis, and writing which focuses on a specific legal problem arising in the business context will equal 0%-10% of the total grade.
- (4) Weekly written homework analyzing hypothetical problems using standard rules of punctuation, spelling, and grammar will equal 0%-10% of the total grade.
- (5) Small group activities focusing on analyzing legal rights and duties of parties in different business situations will equal 0%-5% of the final grade.
- (6) A homework folder applying the concepts learned to hypothetical problems throughout the semester will equal 0%-5% of the final grade.