

Preface

The format of the *Fifteenth Edition* follows the tradition established by the fourteen prior editions, in that each chapter contains narrative text, cases consisting of selected court decisions, and problems.

TOPICAL COVERAGE

This text is designed for use in business law and legal environment courses generally offered in universities, colleges, and schools of business and commerce. By reason of the broad coverage and variety of the material, instructors may readily adapt this volume to specially designed courses in business law by assigning and emphasizing different combinations of the subject matter. The text covers all topics included in the CPA exam.

Emphasis has been placed upon the regulatory environment of business law: the first eight chapters introduce the legal environment of business, and *Part 9 (Chapters 40 through 47)* addresses government regulation of business.

UP-TO-DATE

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 has been extensively covered in *Chapters 30, 36, 37, 42, 44, 47, and 50*. The chapter on Securities Regulation has been updated to reflect recent SEC regulations regarding proxy solicitations and disclosure of executive compensation and corporate governance. The Antitrust chapter has been revised to reflect the Horizontal Merger Guidelines of 2010 that were issued jointly by the Justice Department and the FTC. The Employment Law chapter has incorporated the ADA Amendments of 2008. The Credit Card Accountability, Responsibility, and Disclosure Act is discussed in the Consumer Protection chapter.

READABILITY

To make the text as readable as possible, all unnecessary “legalese” has been omitted, and necessary legal terms have been printed in boldface and clearly defined, explained, and

illustrated. The text is enriched by numerous illustrative hypothetical and case examples, which help students relate the material to real-life experiences. The end-of-chapter cases are cross-referenced in the text, as are related topics covered in other chapters.

CASE TREATMENT

Drawing from our long classroom experience, we are of the opinion that fundamental legal principles can be learned more effectively from text and case materials having at least a degree of human interest. Accordingly, we have incorporated a large number of recent cases including the following U.S. Supreme Court cases: *Vaden v. Discover Bank*; *Wyeth v. Levine*; *Department of Revenue of Kentucky v. Davis*; *Summers v. Earth Island Institute*; *FCC v. Fox Television Stations*; *Hamilton v. Lanning*; *Bilski v. Kappos*; *American Needle, Inc. v. National Football League*; *Jerman v. Carlisle, Mc-Nellie, Rini, Kramer & Ulrich LPA*; *Ricci v. Destefano*; and *Stoneridge Inv. Partners, LLC v. Scientific-Atlanta*. Landmark cases, on the other hand, have not been neglected. All have been carefully edited to preserve the actual language of the court and to show the essential facts of the case, the issue or issues involved, the decision of the court, and the reason for its decision.

ILLUSTRATIONS

In this text, we have used more than 140 classroom-tested figures, charts, and diagrams. The diagrams help the students conceptualize the many abstract concepts in the law; the charts not only summarize prior discussions but also help to illustrate relationships among legal rules. In addition, each chapter has a summary in the form of an annotated outline of the entire chapter, including key terms.

END-OF-CHAPTER MATERIALS

Classroom-proven problems appear at the ends of chapters to test the student’s understanding of major concepts. We have used the problems—many of which are taken from

reported court decisions—in our own classrooms and consider them excellent stimulants to classroom discussion. Students, in turn, have found the problems helpful in enabling them to apply the basic rules of law to factual situations. In addition to the problems, which readily suggest other and related problems to the inquiring, analytical mind, we have included discussion questions to provide students another opportunity to assess their comprehension of the material.

APPENDICES

The text contains comprehensive appendices, including the Constitution of the United States (*Appendix A*); the Uniform Commercial Code (*Appendix B*); the Uniform Partnership Act (*Appendix C*); the Revised Uniform Partnership Act (*Appendix D*); and the Revised Model Business Corporation Act (*Appendix E*). A comprehensive Dictionary of Legal Terms appears in *Appendix F*.

PEDAGOGICAL BENEFITS

Classroom use and study of this book should provide for the student the following benefits and skills:

1. Perception and appreciation of the scope, extent, and importance of the law.
2. Basic knowledge of the fundamental concepts, principles, and rules of law that apply to business transactions.
3. Knowledge of the function and operation of courts and governmental administrative agencies.
4. Ability to recognize the potential legal problems which may arise in a doubtful or complicated situation, and the necessity of consulting a lawyer and obtaining competent professional legal advice.
5. Development of analytical skills and reasoning power.

COMPREHENSIVE LEARNING SOLUTIONS

For more information about any of these ancillaries, contact your South-Western sales representative, or visit the Mann and Roberts *Smith & Roberson's Business Law* companion website at login.cengage.com. You must log in with your faculty account username and password, using ISBN 0538473630 to access the website.

Instructor's Resource CD (ISBN 0538474513) The IRCD brings a powerful collection of resources to your fingertips and includes all of the key supplements that accompany this text: Instructor's Manual, Test Bank in Microsoft® Word and in ExamView®, and Microsoft PowerPoint® slides. All IRCD resources except for the ExamView® Test Bank are also available on the instructor companion site, accessible through login.cengage.com.

You must use ISBN 0538473630 to add instructor resources to your account “bookshelf”.

- **Instructor's Manual** The Instructor's Manual contains opening ethics questions, suggested activities, and research projects; chapter lecture outlines; answers to problems and discussion questions; briefs to cases page-referenced to the book; suggested case questions for students; and supplemental lectures. The Instructor's Manual is also available on the instructor companion site.
- **Test Bank** The Test Bank contains thousands of true/false, multiple choice, case questions, and challenge test questions. The Test Bank is also available on the instructor companion site.
- **ExamView™ Testing Software** This computerized testing software contains all of the questions in the test bank. This easy-to-use test creation software program is compatible with Microsoft™ Windows. Instructors can add or edit questions, instructions, and answers; and can select questions by previewing them on the screen, selecting them randomly, or selecting them by number. Instructors can also create and administer quizzes online, whether over the Internet, a local area network (LAN), or a wide area network (WAN). The ExamView™ testing software is available only on the IRCD. Contact your South-Western sales representative for more information.
- **PowerPoint® Lecture Review Slides** These slides are available for use by instructors to enhance their lectures. The slides are also available at the text companion site.

Business Law CourseMate (available Fall 2011) Cengage Learning's Business Law CourseMate brings course concepts to life with interactive learning, study, and exam preparation tools that support the printed textbook. CourseMate includes an interactive eBook, teaching and learning tools—quizzes, flashcards, videos, Engagement Tracker, and more. Engagement Tracker is a first-of-its-kind tool that monitors student engagement in the course. This intuitive, online reporting tool makes it easy for you to evaluate use of study resources, monitor time-on-task, and track progress for the entire class or for individual students. Instantly see what concepts are the most difficult for your class and identify which students are at risk throughout the semester. For more information about how CourseMate can help you encourage engagement and assess student learning, contact your South-Western sales representative.

Study Guide (ISBN 0538475803) The study guide gives students a chapter outline; key terms; true/false, multiple choice, and short essay questions for each chapter; and supplemental research topics (selected topics). Each part has a sample examination. The study guide also includes a CPA Exam business law review. Students can purchase the study guide from their bookstore or from www.cengagebrain.com.

WebTutor™ for BlackBoard or WebCT WebTutor™ features chat, discussion groups, testing, student progress tracking, and business law course materials. Contact your South-Western sales representative for more information.

Business Law Digital Video Library Featuring more than seventy-five video clips that spark class discussion and clarify core legal principles, the Business Law Digital Video Library is organized into six series: Legal Conflicts in Business (includes specific modern business and e-commerce scenarios); Ask the Instructor (presents straightforward explanations of concepts for student review); Drama of the Law (features classic business scenarios that spark classroom participation); LawFlix (contains clips from many popular films); Real World Legal (presents legal scenarios encountered in real businesses); and Business Ethics (presents ethical dilemmas in business scenarios). For more information about the Digital Video Library, visit www.cengage.com/blaw/dvl. Access for students is free when bundled with a new textbook or can be purchased separately. Students must register for and purchase access to the Digital Video Library at www.cengagebrain.com.

Student Guide to the Sarbanes-Oxley Act (ISBN 0324827199) This brief overview for undergraduate business students explains the Sarbanes-Oxley Act, describes its requirements, and shows how it potentially affects students in their business life. The guide is available as an optional package with the text.

Cengage Learning Custom Solutions Whether you need print, digital, or hybrid course materials, Cengage Learning Custom Solutions can help you create your perfect learning solution. Draw from Cengage Learning's extensive library of texts and collections, add or create your own original work, and create customized media and technology to match your learning and course objectives. Our editorial team will work with you through each step, allowing you to concentrate on the most important thing—your students. Learn more about all our services at www.cengage.com/custom.

Cengage Learning's Global Economic Watch Make the current global economic downturn a teachable moment with Cengage Learning's Global Economic Watch—a powerful online portal that brings these pivotal current events into the classroom. The Watch includes:

- A content-rich blog of breaking news, expert analysis, and commentary—updated multiple times daily—plus links to many other blogs
- A powerful real-time database of hundreds of relevant and vetted journal, newspaper, and periodical articles, videos, and podcasts—updated four times every day
- A thorough overview and timeline of events leading up to the global economic crisis

- Discussion and testing content, PowerPoint® slides on key topics, sample syllabi, and other teaching resources
- Social Networking tools: Instructor and student forums encourage students

Visit www.cengage.com/thewatch for more information.

ACKNOWLEDGMENTS

We express gratitude to the following professors for their helpful comments:

- William N. Bockanic, John Carroll University
- Joyce Boland-DeVito, Esq., St. John's University
- John Davis, Ashland Community & Technical College
- J. Royce Fichtner, Drake University
- Sally Terry Green, Texas Southern University
- Dale A. Grossman, Cornell University
- Tanya M. Marcum, Bradley University
- Carol Nielsen, Bemidji State University
- Gail P. Petravick, Bradley University
- Decateur Reed, Boise State University
- Alan Ross, University of California – Berkeley
- Beverly E. Stanis, Oakton Community College
- Lowell E. Stockstill, Wittenberg University
- James D. Taylor, Claremont McKenna College
- Dale B. Thompson, University of St. Thomas
- Daniel Warner, Western Washington University

We are also grateful to those who provided us with comments for previous editions of the book: Miriam R. Albert, Fordham University; Mark Altieri, Cleveland State University; Albert Anderson, Mount Aloysius College; Albert Andrews, Jr., University of Minnesota; Denise A. Bartles, Missouri Western State College; Lois Yoder Beier, Kent State University; Robert Bing, William Paterson College; Joell Bjorke, Winona State University; William N. Bockanic, John Carroll University; Donald Boren, Bowling Green State University; Joe Boucher, University of Wisconsin–Madison; L. Brooks, Nichols College; Nicolaus Bruns, Jr., Lake Forest Graduate School of Management; Mark A. Buchanan, Boise State University; Deborah Lynn Bundy, Marquette University; Thomas J. Canavan, Long Island University–C. W. Post Campus; Donald Cantwell, University of Texas–Arlington; John P. Carnasiotis, University of Missouri; Albert L. Carter, Jr., University of the District of Columbia; Richard R. Clark, University of the District of Columbia; Mitchell F. Crusto, Washington University–St. Louis; Richard Dalebout, Brigham Young University; Arthur S. Davis, Long Island University; Kenneth R. Davis, Fordham School of Business; William Day, Cleveland State University; Alex DeVience, Jr., DePaul University; Craig Disbrow, Plymouth State College, New Hampshire;

William G. Elliott, Saginaw Valley State University; Edward Eramus, State University of New York–Brookport; Kurt Erickson, South West Michigan College; Jay Ersling, University of St. Thomas, Minnesota; Joe W. Fowler, Oklahoma State University–Stillwater; Karla H. Fox, University of Connecticut; Stanley Fuchs, Fordham University; Samuel B. Garber, DePaul University; Nathan T. Garrett, Esq., North Carolina Central University; Michael J. Garrison, North Dakota State University; Sue Gragiano, Bowling Green State University; James Granito, Youngstown State University; Dale A. Grossman, Cornell University; Donald Haley, Cleveland State University; Marc Hall, Auburn University Montgomery; James V. Harrison, St. Peter's State College; Edward J. Hartman, St. Ambrose University; Frances J. Hill, University of Wisconsin–Whitewater; Telford F. Hollman, University of Northern Iowa–Cedar Falls; Georgia L. Holmes, Mankato State University; James Holzinger, Muhlenberg College; Norman Hope, Tabor College; Sarah H. Hudwig, Mary Baldwin College; Velma Jesser, Lane Community College; Theresa Johnson, Cleveland State University; Marilee Jones-Confield, California State University–Long Beach; Al Joyner, Eastern Illinois University; Mary C. Keifer, Ohio University; Randall Kilbourne, Northwestern State University; Barbara Kirkpatrick, Virginia Intermont College; Edward M. Kissling, Ocean County College, New Jersey; Robert Klepa, UCLA Extension; Louise Knight, Bucknell University; Duane R. Lambert, California State University–Hayward; Andrew Liput, Felician College; Sarah H. Ludwig, Mary Baldwin College; Richard Luke, Ricks College; Pat Maroney, Florida State University; Michael A. Mass, American University; Cheryl Massingale, University of Tennessee–Knoxville; Greg K. McCann, Stetson University; Bruce McClain, Cleveland State University; Ann L. McClure, Fort Hays State University; Charles R. McGuire, Illinois State University; Herbert McLaughlin, Bryant College; James Molloy, University of Wisconsin–Whitewater; Sebrena R. Moten, Troy University; Donald Nelson, University of Denver; Carol L. Nielsen, Bemidji State University; L. K. O'Drudy, Jr., University

of Virginia; Ann Morales Olazábal, University of Miami; Richard Paxton, San Diego Community College; James L. Porter, University of New Mexico; Elinor Rahm, Central Missouri State University; Samuel H. Ramsay, Jr., Bryant College; Lori K. Harris-Ransom, Caldwell College; Richard E. Regan, St. John Fisher College; Roger Reinsch, Emporia State University; L. Reppert, Marymount University; Caroline Rider, Marist College; George Roe, University of Illinois–Chicago; Stanford Rosenberg, La Roche College; Tim Rueth, Marquette University; Donald H. Shoop, North Dakota State University; Carol Wahle Smith, Central Florida Community College; Michael J. Sovansky, Saginaw Valley State University; Janis Stamm, Edinboro University of Pennsylvania; James Staruck, DePaul University; Al Stauber, Florida State University; David Steele, University of Wisconsin–Eau Claire; Peter Strohm, Georgian Court College; Al Talarczyk, Edgewood College; Kevin M. Teeven, Bradley University; Robert J. Tepper, University of New Mexico; Leonard Tripodi, St. Joseph's College; Nancy A. Wainwright, Eastern Washington University; Charles H. Walker, University of Mississippi; Michael G. Walsh, Villanova University; Peter M. Wasemiller, Fresno Pacific College; David Webster, University of South Florida–Tampa; Scott A. White, University of Wisconsin; E. Marshall Wick, Gallaudet University; Wells J. Wright, University of Minnesota; and James B. Zimarowski, University of Notre Dame.

We express our thanks and deep appreciation to Peggy Pickard and Debra Corvey for administrative assistance. For their support we extend our thanks to Karlene Fogelin Knebel and Joanne Erwick Roberts. And we are grateful to Vicky True-Baker, Kendra Brown, and Scott Dillon of South-Western for their invaluable assistance and cooperation in connection with the preparation of this text.

This text is dedicated to our children Lilli-Marie Knebel Mann, Justin Erwick Roberts, and Matthew Charles Roberts.

Richard A. Mann
Barry S. Roberts

Table of Cases

Cases in *italic* are the principal cases included at the ends of the chapters. Reference numbers are to pages.

- Abrams v. United States, 69
Aldana v. Colonial Palms Plaza, Inc., 297
Allied Capital Partners, L. P. v. Bank One, Texas, N. A., 519
Alpert v. 28 William St. Corp., 750
Alzado v. Blinder, Robinson & Co., Inc., 658
American Airlines, Incorporated v. Department of Transportation, 92
American Manufacturing Insurance Company v. Tison Hog Market, Inc., 786
American Needle, Inc. v. National Football League, 852
American Tobacco Co. v. United States, 844
Anderson v. McOskar Enterprises, Inc., 242
Any Kind Checks Cashed, Inc. v. Talcott, 541
Apodaca v. Oregon, 110
Arrowhead School District No. 75, Park County, Montana v. James A. Kylap, Jr., 331
Aspen Skiing Co. v. Aspen Highlands Skiing Corp., 846
Associated Builders, Inc. v. William M. Coggins et al., 314
Austin v. Michigan Chamber of Commerce, 70
- Beam v. Stewart*, 737
Bear's Adm'x v. Bear, 258
Beatty v. Guggenheim Exploration Co., 1078
Beckman v. Dunn, 122
Beldin, Inc. v. American Electronic Components, Inc., 460
Berardi v. Meadowbrook Mall Company, 202
Berg v. Traylor, 254
Bigelow-Sanford, Inc. v. Gunny Corp., 486
Bijlani v. Nationsbank of Florida, N. A., 518
Bilski v. Kappos, 836
Bily v. Young & Co., 968
Boc Group, Inc. v. Chevron Chemical Company, LLC, 489
Border State Bank of Greenbush v. Bagley Livestock Exchange, Inc., 782
Borton v. Forest Hills Country Club, 1057
- Bradkin v. Leverton, 169
Brehm v. Eisner, 734
Brentwood Academy v. Tennessee Secondary School Athletic Association, 76
Brown v. Board of Education of Topeka, 72, 82
Broz v. Cellular Information Systems, Inc., 738
Burlington Industries, Inc. v. Ellerth, 915
Burlington N. & S. F. R. Co. v. White, 906
- Carson v. Here's Johnny Portable Toilets, Inc., 135
Carter v. Tokai Financial Services, Inc., 398
Catalon, Inc. v. Target Sales, Inc., 844
Catamount Slate Products, Inc. v. Sheldon, 186
Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n. of N. Y. 80
Central Hudson Gas and Electric Corp. v. Public Service Commission, 70
Chapa v. Traciers & Associates, 785
Charles E. Horton, et al. v. Compaq Computer Corporation, 728
Chicago Board of Trade v. United States, 843
Christy v. Pilkinton, 309
Citizens United v. Federal Election Commission, 70
City First Mortgage Corp. v. Florida Residential Property & Casualty Joint Underwriting Ass'n., 518
Coastal Leasing Corporation v. T-Bar S Corporation, 487
Cohen v. Disner, 561
Cohen v. Kipnes, 561
Cohen v. Mirage Resorts, Inc., 752
Commerce & Industry Insurance Company v. Bayer Corporation, 403
Commonwealth v. Brown, 9
Compaq Computer Corporation v. Horton, 728
Conklin Farm v. Doris Leibowitz, 635
Connes v. Molalla Transport System, Inc., 378
Consolidated Edison Co. v. NLRB, 90
Cooke v. Fresh Express Foods Corporation, Inc., 754

- Cooperative Centrale Raiffeisen-Boerenleenbank B.A. v. Bailey*, 508
Coopers & Lybrand v. Fox, 683
 Copperwald Corp. v. Independence Tube Corp., 844
Corner v. Mills, 1072
 County of Washington v. Gunther, 899
 Credit Alliance Corp. v. Arthur Anderson & Co., 962
- D. I. Felsenthal Co. v. Northern Assurance Co., 677
 Dartmouth College v. Woodward, 668
Davis v. Watson Brothers Plumbing, Inc., 566
Del Pillar v. DHL Global Customer Solutions (USA), Inc., 350
Denney v. Reppert, 225
Department of Revenue of Kentucky v. Davis, et al., 78
Detroit Lions, Inc. v. Argovitz, 354
 Dexheimer v. CDS, Inc., 1055
 Diamond, Commissioner of Patents and Trademarks v. Chakrabarty, 827
Dilorenzo v. Valve and Primer Corporation, 227
DJ Coleman, Inc. v. Nufarm Americas, Inc., 401
 Dodge v. Ford Motor Co., 700
Dodge v. Ford Motor Co., 707
Donahue v. Rodd Electrotype Co., Inc., 731
Donald R. Hessler v. Crystal Lake Chrysler-Plymouth, Inc., 423
 Dr. Miles Medical Co. v. John D. Park & Sons Co., 856
- Eastman Kodak Co. v. Image Technical Services, Inc.*, 859
 Eastwood v. Superior Court, 134
Ed Nowogroski Insurance, Inc. v. Rucker, 830
 Edgington v. Fitzmaurice, 199
Enea v. The Superior Court of Monterey County, 615
 Ernst & Ernst v. Hochfelder, 957, 958
Ernst & Ernst v. Hochfelder, 970
 Escott v. BarChris Const. Corp., 971
Escott v. BarChris Construction Corp., 950
Estate of Countryman v. Farmers Coop. Ass'n, 662
Estate of Jackson v. Devenyns, 280
- F. Hoffmann-La Roche, Ltd. v. Empagran S. A.*, 1008
Faragher v. City of Boca Raton, 913
FCC v. Fox Television Stations, 96
Federal Deposit Insurance Corporation v. Meyer, 545
Federal Trade Commission v. Cyberspace.com LLC, 880
 Federal Trade Commission v. Motion Picture Advertising Service Co., 851
 Federal Trade Commission v. Procter & Gamble Co., 848
 Federal Trade Commission v. Ruberoid Co., 9, 86
Ferrell v. Mikula, 130
 First National Bank v. Bellotti, 70
First State Bank of Sinai v. Hyland, 259
- Fletcher v. Rylands*, 158
Fox v. Mountain West Electric, Inc., 171
Frank B. Hall & Co., Inc. v. Buck, 132
Freeman v. Barrs, 1031
Furlong v. Alpha Chi Omega Sorority, 420
- Gaddy v. Douglas*, 357
 Galler v. Galler, 671, 716
Georg v. Metro Fixtures Contractors, Inc., 538
 Gertz v. Robert Welch, Inc., 71
Golini v. Bolton, 1092
Greene v. Boddie-Noell Enterprises, Inc., 467
 Griggs v. Duke Power Co, 812
- Hadfield v. Gilchrist*, 1034
 Hadley v. Baxendale, 324
 Halla Nursery, Inc. v. Baumann-Furrie & Co., 962
Hamilton v. Lanning, 814
Harold Lang Jewelers, Inc. v. Johnson, 682
Harris v. Looney, 684
Heinrich v. Titus-Will Sales, Inc., 439
 Hochster v. De La Tour, 308
Hochster v. De La Tour, 316
 Hoffman v. Red Owl Food Stores, 174
Home Rentals Corp. v. Curtis, 1051
Honeycutt v. Honeycutt, 584
Horizon/CMS Healthcare Corporation v. Southern Oaks Health Care, Inc., 637
Hospital Corporation of America v. FTC, 861
Household Credit Services, Inc. v. Pfennig, 882
 Hun v. Cary, 723
 Hydrotech Systems, Ltd. v. Oasis Waterpark, 239
- Iacono v. Lyons*, 278
 Ianelli v. Powers, 1046
 Illinois v. Gates, 109
In Re Johns Manville Corporation, 812
In Re Keytronics, 611
In Re L.B. Trucking, Inc., 462
In Re The Score Board, Inc., 256
In the Matter of the Estate of Rowe, 1088
International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, UAW v. Johnson Controls, Inc., 908
- J. W. Hampton Co. v. United States, 67
 Jackson v. Metropolitan Edison Co., 66
James v. Taylor, 1055
Jasper v. H. Nizam, Inc., 920
Jenkins v. Eckerd Corporation, 282
Jerman v. Carlisle, McNellie, Rini, Kramer Ulrich LPA, 888
 Johnson v. Transportation Agency, 898

- Jones v. Brown, 9
 Jones v. Star Credit Corp., 389
- Kalas v. Cook*, 279
Keeney v. Keeney, 1087
Kelo v. City of New London, 1071
Kelser v. Bayer Corporation, 466
Kenco Homes, Inc. v. Williams, 484
 Kentucky Bankers Ass'n. et al. v. Cassady, 225
Kimbrell's of Sanford, Inc. v. KPS, Inc., 784
Klang v. Smith's Food & Drug Centers, Inc., 705
Klein v. Pyrodyne Corporation, 157
- Landreth Timer Co. v. Landreth, 929
 Langley v. FDIC, 546
 Lawrence v. Fox, 293
 Leegin Creative Leather Products, Inc. v. PSKS, Inc., 844
Leegin Creative Leather Products, Inc. v. PSKS, Inc., 855
 Lefkowitz v. Great Minneapolis Surplus Store, Inc.,
 9, 180
Lefkowitz v. Minneapolis Surplus Store, Inc., 189
Leibling, P. C. v. Mellon PSFS (NJ) National Association,
 585
Lesher v. Strid, 209
 Local 53 of International Association of Heat and Frost
 Insulators and Asbestos Workers v. Vogler, 897
 Logan v. Zimmerman Brush Co., 72
Love v. Hardee's Food Systems, Inc., 153
- Macke Co. v. Pizza of Gaithersburg, 299
Madison Square Garden Corp., LLC v. Carnera, 334
 Marbury v. Madison, 65
Maroun v. Wyreless Systems, Inc., 206
Marrama v. Citizens Bank, 811
 Marsh v. Alabama, 66
Martin v. Melland's, Inc., 442
Massachusetts v. Environmental Protection Agency, 985
 McCulloch v. Maryland, 65
 McDonnell Douglas Corp. v. Green, 896
 McLaurin v. Oklahoma State Regents, 83
 Meinhard v. Salmon, 604
Merritt v. Craig, 325
Messing v. Bank of America, N. A., 563
Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 834
Metropolitan Insurance Company v. RJR Nabisco,
Inc., 703
Miller v. McDonald's Corporation, 352
 Monsanto Co. v. Spray-Rite Service Corporation, 843
Moore v. Kitsmiller, 156
 Motor Vehicle Mfrs. Assn. of United States, Inc. v. State
 Farm Mut. Automobile Ins. Co., 97
 Motschenbacher v. R. J. Reynolds Tobacco Co., 135
Murphy v. BDO Seidman, LLP, 968
- National Business Services, Inc. v. Wright, 235
National Hotel Associates v. O. Ahlborg & Sons,
Inc., 685
 National Shawmut Bank of Boston v. Jones, 771
Nationsbank of Virginia, N. A. v. Barnes, 507
New England Rock Services, Inc. v. Empire Paving, Inc.,
 226
 New York Times Co. v. Sullivan, 70
 NLRB v. Exchange Parts Co., 894
 NLRB v. Jones & Laughlin Steel Corp., 893
Northern Corp v. Chugach Electrical Association, 314
 Northern Pacific Railway Co. v. United States, 843
- O'Fallon v. O'Fallon*, 1033
 Orr v. Orr, 73
Osprey L. L. C. v. Kelly-Moore Paint Co., Inc., 190
- Pacific Custom Pools, Inc. v. Turner Construction*
Company, 239
Palsgraf v. Long Island Railroad Co., 155
 Parents Involved in Community Schools v. Seattle School
 District No. 1, 72
Parker v. Twentieth Century-Fox Corp., 59
Parlato v. Equitable Life Assurance Society of the United
States, 376
Payroll Advance, Inc. v. Yates, 240
Pearsall v. Alexander, 223
People v. Farrell, 111
Philip Morris USA v. Williams, 128
Phillips v. Grendahl, 884
 Pike v. Bruce Church, Inc., 79
 Pittsley v. Houser, 172
Pittsley v. Houser, 399
Plain Dealer Publishing Co. v. Worrell, 380
 Plessy v. Ferguson, 83
 Providence & Worcester Co. v. Baker, 714
Public Service Commission of Maryland v. Panda-
Brandywine, L. P., 298
- Raffles v. Wichelhaus, 201
 Raytheon Co. v. Hernandez, 896, 897
Rea v. Paulson, 204
Real Estate Analytics, LLC v. Vallas, 333
Reed v. King, 207
 Reed v. Reed, 73
Reiser v. Dayton Country Club Company, 295
Ricci v. Destefano, 911
RNR Investments Limited Partnership v. Peoples First
Community Bank, 633
Robinson v. Durham, 438
Rosewood Care Center, Inc. v. Caterpillar, Inc., 276
Ryan v. Friesenhahn, 11
 Rylands v. Fletcher, 158

- Sanchez v. Western Pizza Enterprises, Inc.*, 244
Saudi Arabia v. Nelson, 1006
Schmerber v. California, 109
Schoenberger v. Chicago Transit Authority, 375
Schreiber v. Burlington Northern, Inc., 957
SEC v. Edwards, 949
Securities and Exchange Commission v. Berger,
 1010
Securities and Exchange Commission v. W. J. Howey
Co., 929, 949
Seigel v. Merrill Lynch, Pierce, Fenner & Smith, 586
Shearson Lehman Brothers, Inc. v. Wasatch Bank, 519
Shelley v. Kraemer, 66
Sherrod v. Kidd, 192
Silvestri v. Optus Software, Inc., 313
Skibba v. Kasch, 174
Skidmore v. Swift Co., 88
Smith v. Van Gorkom, 724
Soldano v. O'Daniels, 152
South Dakota v. Dole, 68
South Florida Water Management District v. Miccosukee
Tribe of Indians, 989
State ex rel. Foster v. Standard Oil Co. of Kansas, 729
State of New Mexico v. Herrera, 521
State of Qatar v. First American Bank of Virginia, 523
State of South Dakota v. Morse, 113
State v. Jones, 9
State v. Kelm, 115
State v. Rivers, 114
Steinberg v. Chicago Medical School, 173
Stine v. Stewart, 300
Stone v. Mississippi, 69
Stoneridge Inv. Partners, LLC v. Scientific-Atlanta, 953
Strougo v. Bassini, 730
Summers v. Earth Island Institute, 94
Sweatt v. Painter, 83

Taghipour v. Jerez, 661
Texaco, Inc. v. Pennzoil, Co., 126
The Hyatt Corporation v. Palm Beach National Bank, 518
Thomas v. Lloyd, 614
Thompson v. Western States Medical Center, 80

Toyota Motor Manufacturing, Kentucky, Inc. v. Williams,
 916
Transatlantic Financing Corp. v. United States, 317
Travelers Indemnity Co. v. Stedman, 567
Triffin v. Cigna Insurance, 544
Tucker v. Hayford, 1053

U. S. Oil Inc. v. Midwest Auto Care Svcs., 175
Ultramares Corporation v. Touche, 962
Union Planters Bank, National Association v. Rogers, 589
United States v. Bestfoods, 992
United States v. O'Hagan, 945
United States v. O'Hagan, 955
United States v. Socony-Vacuum Oil Co., 844
United States v. Virginia, 73
United Steelworkers of America v. Weber, 897
United Travel Service, Inc. v. Weber, 235

Vaden v. Discover Bank, 60
Virginia Bd. of Pharmacy v. Virginia Citizens Consumer
Council, Inc., 81
VonHoldt v. Barba & Barba Construction, Inc., 1069

Waddell v. L.V.R.V., Inc., 421
Wal-Mart Stores, Inc. v. Samara Brothers, Inc., 832
Wards Cove Packing Co. v. Antonio, 897
Warnick v. Warnick, 638
Weeks v. United States, 109
White v. FCI USA, Inc., 56
White v. Samsung Electronics America, Inc., 134
Wilson v. Scampoli, 419
Windows, Inc. v. Jordan Panel Systems Corp., 435
Windows, Inc. v. Jordan Panel Systems Corp., 441
Womco, Inc. v. Navistar International Corporation, 465
World-Wide Volkswagen Corp. v. Woodson, 57
Wyeth v. Levine, 74
Wylter v. Feuer, 660

Yin v. Society National Bank Indiana, 506

Zelnick v. Adams, 257
Zobmondo Entertainment v. Falls Media, 822

Table of Illustrations

1-1	Law and Morals	3	12-1	Consideration in Unilateral and Bilateral Contracts	217
1-2	Classification of Law	4	12-2	Modification of a Preexisting Contract	219
1-3	Comparison of Civil and Criminal Law	5	14-1	Incapacity: Minors, Nonadjudicated Incompetents, and Intoxicated	253
1-4	Hierarchy of Law	6	15-1	The Statute of Frauds	269
2-1	Kohlberg's Stages of Moral Development	17	15-2	Parol Evidence Rule	273
2-2	The Stakeholder Model	21	17-1	Discharge of Contracts	311
3-1	Federal Judicial System	41	18-1	Contract Remedies	327
3-2	Circuit Courts of the United States	42	19-1	Duties of Principal and Agent	346
3-3	State Court System	43	20-1	Contract Liability of Disclosed Principal	363
3-4	Federal and State Jurisdiction	45	20-2	Contract Liability of Unidentified Principal	364
3-5	Subject Matter Jurisdiction	46	20-3	Contract Liability of Undisclosed Principal	365
3-6	<i>Stare Decisis</i> in the Dual Court System	46	20-4	Tort Liability	368
3-7	Jurisdiction	48	21-1	Law of Sales and Leases	387
3-8	Stages in Civil Procedure	52	21-2	Selected Rules Applicable to Merchants	390
3-9	Comparison of Adjudication, Arbitration, and Mediation/Conciliation	53	21-3	Battle of the Forms	394
4-1	Separation of Powers: Checks and Balances	66	21-4	Contract Law Compared with Law of Sales	396
4-2	Powers of Government	68	22-1	Tender of Performance by the Seller	411
4-3	Limitations on Government	69	22-2	Performance by the Buyer	415
5-1	Limits on Administrative Agencies	89	23-1	Passage of Title in Absence of Agreement by Parties	431
6-1	Degrees of Mental Fault	102	23-2	Void Title	432
6-2	Constitutional Protection for the Criminal Defendant	108	23-3	Voidable Title	432
7-1	Intent	121	23-4	Entrusting of Goods to a Merchant	433
7-2	Privacy	124	23-5	Passage of Risk of Loss in Absence of Breach	436
7-3	Intentional Torts	127	24-1	Warranties	451
8-1	Negligence and Negligence <i>Per Se</i>	143	24-2	Products Liabilities	457
8-2	Duties of Possessors of Land	145	25-1	Remedies of the Seller	476
8-3	Defenses to a Negligence Action	148	25-2	Remedies of the Buyer	481
9-1	Law Governing Contracts	165	26-1	Order to Pay: Draft or Check	498
9-2	Contractual and Noncontractual Promises	166	26-2	Draft	498
9-3	Validity of Agreements	167	26-3	Check	499
9-4	Contracts, Promissory Estoppel, and Quasi Contracts	169	26-4	Promise to Pay: Promissory Note or Certificate of Deposit	499
10-1	Mutual Assent	184			
10-2	Offer and Acceptance	185			
11-1	Misrepresentation	200			

26-5	Note	500	37-1	Fundamental Changes under Pre-1999 RMBCA	748
26-6	Certificate of Deposit	500	38-1	Fundamental Rights of Secured Party and Debtor	761
27-1	Bearer Paper	512	38-2	Requisites for Enforceability of Security Interests	766
27-2	Negotiation of Bearer and Order Paper	512	38-3	Sample Financing Statement	767
27-3	Indorsements	514	38-4	Methods of Perfecting Security Interests	769
27-4	Placement of Indorsement	516	38-5	Priorities	773
28-1	Rights of Transferees	528	38-6	Suretyship Relationship	776
28-2	Stolen Bearer Paper	529	38-7	Assumption of Mortgage	776
28-3	Stolen Order Paper	529	38-8	Defenses of Surety and Principal Debtor	778
28-4	Effects of Alterations	534	39-1	Collection and Distribution of the Debtor's Estate	802
28-5	Material Alteration	535	39-2	Comparison of Bankruptcy Proceedings	803
28-6	Availability of Defenses against Holders in Due Course	536	40-1	Intellectual Property	828
28-7	Rights of Holder in Due Course under FTC Rule	537	41-1	Restraints of Trade under Sherman Act	846
29-1	Contractual Liability	555	41-2	Meeting Competition Defense	850
29-2	Liability on Transfer	558	42-1	Magnuson-Moss Warranty Act	871
29-3	Liability Based on Warranty	559	42-2	Consumer Rescission Rights	872
30-1	Bank Collections	572	43-1	Unfair Labor Practices	895
30-2	Parties to a Funds Transfer	581	43-2	Charges Filed in 2006–2009 with the EEOC	896
30-3	Credit Transaction	581	43-3	Federal Employment Discrimination Laws	901
31-1	General Partnership, Limited Partnership, Limited Liability Company, and Corporation	597	44-1	Registration and Exemptions under the 1933 Act	932
31-2	Tests for Existence of a Partnership	602	44-2	Exempt Transactions for Issuers under the 1933 Act	934
31-3	Partnership Property Compared with Partner's Interest	607	44-3	Registration and Liability Provisions of the 1933 Act	936
32-1	Contract Liability	620	44-4	Applicability of the 1934 Act	937
32-2	Tort Liability	622	44-5	Disclosure under the 1934 Act	938
32-3	Dissociation and Dissolution under RUPA	627	44-6	Parties Forbidden to Trade on Inside Information	943
33-1	Comparison of General and Limited Partners	649	44-7	Civil Liability under the 1933 and 1934 Acts	946
33-2	Comparison of Member-Managed and Manager-Managed LLCs	652	45-1	Accountants' Liability to Third Parties for Negligent Misrepresentation	963
33-3	Liability Limitations in LLPs	655	45-2	Accountants' Liability under Federal Securities Law	965
34-1	Promoter's Preincorporation Contracts Made in Corporation's Name	673	46-1	Major Federal Environmental Statutes	983
34-2	Sample Articles of Incorporation	675	48-1	Kinds of Property	1017
34-3	Comparison of Charter and Bylaws	676	48-2	Duties in a Bailment	1024
35-1	Issuance of Shares	695	49-1	Freehold Estates	1042
35-2	Debt and Equity Securities	697	49-2	Assignment Compared with Sublease	1044
35-3	Key Concepts in Legal Restrictions upon Distributions	699	49-3	Rights of Concurrent Owners	1047
35-4	Liability for Improper Distributions	701	50-1	Fundamental Rights of Mortgagor and Mortgagee	1064
36-1	Management Structure of Corporations: The Statutory Model	713	50-2	Eminent Domain	1066
36-2	Management Structure of Typical Closely Held Corporation	713	51-1	Trusts	1078
36-3	Management Structure of Typical Publicly Held Corporation	713	51-2	Allocation of Principal and Income	1080
36-4	Concentrations of Voting Power	716	51-3	<i>Per Stirpes</i> and <i>Per Capita</i>	1085
36-5	Shareholder Suits	718			