

PRINCIPLES OF COMMERCIAL LAW
MGT 3605 – TSA Spring 2014



TTh 3:05 – 4:25 pm

Syllabus

Instructor: Lawrence Keller
Office Hours: MW Immediately after
class or by appointment

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PREREQUISITE: Completion of MGT 2106 - Legal Aspects of Business, with a grade of C or higher.

COURSE OBJECTIVES: MGT 3605 - Principles of Commercial Law - provides students with advanced knowledge of commercial law concepts beyond the topics covered in MGT 2106, the introductory course in business law. In particular, MGT 3605 provides an in-depth examination of several topics important to commercial business transactions including, among others, service and other common law contracts, contracts for sale of goods (Article 2 of the Uniform Commercial Code); negotiable instruments/commercial paper (UCC Article 3); and debtor/creditor issues such as secured transactions (UCC Article 9) and letters of credit, bankruptcy and insurance. The course is designed for students who plan to start their own business; students who will be employed by the financial services industry, particularly in banking; students pursuing a concentration in accounting; students who plan to attend law school; and other students who desire a more complete understanding of how the legal system affects business planning and operations. The course should enable a student to

- demonstrate a knowledge of the fundamental concepts, principles and rules of commercial law as they apply to business transactions,
- understand how statutory enactments, such as the UCC, bankruptcy code, etc., modify the common law and change the legal rights and responsibilities of the parties to certain business transactions,
- explain the policies underlying these legal doctrines,
- explain how and why the law both facilitates and constrains business activity,
- structure commercial relationships and transactions to minimize legal risks,
- anticipate potential legal problems and identify when it is appropriate to consult an attorney,
- enhance his/her analytical and legal reasoning skills, and
- improve his/her oral and written communication skills.

CLASS FORMAT: In addition to lecture, the class will include discussion of legal issues, and analysis of legal problems contained in the assigned readings and in end-of-chapter cases. Additional problems may also be introduced and analyzed in class. **It is very important that you thoroughly prepare each day's assignment, before class, and that you are ready to discuss the assigned cases.** You will be called on frequently without warning during the semester to participate in class discussion and review assigned cases and other issues. You are also encouraged to volunteer for class discussion and case review. You are responsible for all assigned materials in the text, even if not discussed in class, and for all materials that may be discussed in class but are not in the text.

TEXT: Anderson's Business Law and the Legal Environment, Standard Volume, by Twomey & Jennings (21th ed. 2011). **(Do not purchase the newer 22nd edition. Do not confuse the Standard Volume with the Comprehensive Volume of the same book.)** Please bring your textbook to each class or, at the very least, the pages that contain the case problems assigned for that class. Rental and e-book versions of the text are available at <http://www.cengagebrain.com/shop/ISBN/9780324786682?cid=APL>. There are also a number of used books available on-line at significant savings. (See, e.g., Amazon.com) Barnes & Noble may also have used copies.

CLASS POLICIES

ATTENDANCE: Attendance is very important for success in this class. You are expected to be present for each class, and prepared to participate in class discussion. Extra credit will be given to those students who meet an attendance target as explained below. Absences will also affect your final course point total as explained below. All absences will be considered unexcused absences unless they are for the following reasons **which must be documented**: (1) illness; (2) death or illness in the family; (3) jury duty; (4) military obligation; (5) obligation to attend an Institute sponsored event (such as stated in a GTAA travel letter); or (6) religious holiday. If at all possible, please let me know ahead of time if you will be absent from a class. **A student who leaves class early, or arrives more than 10 minutes late, will be counted absent (unexcused), regardless of whether the student was present when attendance was taken, unless the student has instructor's permission to leave early or arrive late.**

DISABILITY OR SPECIAL NEEDS: Please let me know if you have a disability or special need that requires accommodation. Georgia Tech offers accommodations to students with disabilities. If you need a classroom accommodation, please make an appointment with the ADAPTS office (see <http://www.adapts.gatech.edu>).

ACADEMIC HONESTY: You will be held to the highest standards of integrity on tests, papers and all other written work. Violations of the GT Academic Honor Code will be referred to the Georgia Tech Office of Student Integrity. Code violations include, but are not limited to, the following:

- Plagiarizing on written assignments; "plagiarizing" is defined by Webster's as "to steal and pass off (the ideas or words of another) as one's own" or "use [another's production] without crediting the source;"
- Collaborating with another person on a class assignment (unless such collaboration is expressly permitted by the instructor);
- Copying answers off of another person's test, or otherwise collaborating with another person on a test;
- Signing someone in (or having someone sign you in) on a class attendance sheet;
- Using, without prior authorization from the instructor, any previous semester course materials, such as tests and any other course work.

If you have any questions involving these or any other Academic Honor Code issues, please consult me or www.honor.gatech.edu.

MAKE-UP EXAMINATIONS: Generally, make-up exams are **not allowed**. Whether or not a student will be allowed to take a make-up examination is within the discretion of the instructor. Except in the instance of a documented medical reason or family emergency, notice of an intended absence from an announced examination with a full explanation of a compelling reason must be given **prior** to the examination to be missed. **Quizzes cannot be made up regardless of the reason for the absence.**

LEGAL DISCLAIMER: Any and all opinions or statements as to legal matters made by the instructor are for classroom purposes only, and are never to be taken or construed as dispensing legal advice. This includes conversations with students, whether during or outside class. The instructor is not permitted to provide personal legal advice to students. Under no circumstances will an attorney - client relationship exist between the instructor and a student.

T-SQUARE: This syllabus, lecture slides, class handouts, assignments, practice tests and other materials relevant to the course will be made available on T-Square. It is the student's responsibility to check T-Square on a regular basis.

CLASS BREAKS: A two-minute break will be provided at approximately the midpoint of the class period during most classes. It is entirely within the instructor's discretion whether to provide a break for any given class. On days during in which a break is provided students are expected not to leave the classroom at any other time during the period.

USE OF ELECTRONIC DEVICES PROHIBITED: ALL ELECTRONIC DEVICES (e.g., cell phones, smartphones, laptops, tablets and similar devices) that can be used to view Internet web pages, or to communicate voice, data, text or graphic messages, MUST BE TURNED OFF AND PUT AWAY during class. The ONLY exception to this policy is that, if a student has an e-book version of the text book, the student may use a laptop when case problems or CPA questions are being reviewed in class. The laptop must be closed at all other times. Students who wish to use their laptop for this limited purpose must request permission from the instructor by email. The request should include the student's understanding that his or her laptop will be closed at all times other than to access case problems or CPA questions as discussed above.

MISCELLANEOUS POLICIES:

- Be punctual for class. Tardy students miss course announcements and disrupt the learning process for other students. Moreover, as explained above, late students are subject to being marked absent for the class. If you do arrive late, enter and take a seat quietly.
- Be courteous – don't talk or whisper to others in class, or otherwise engage in behaviors that disrupt the instructor or your classmates.
- You may eat or drink in class if you can do so quietly.

ASSIGNMENTS AND EVALUATIVE CRITERIA

GRADE DETERMINATION: Grades are based on performance as measured by points earned based on exam results, quizzes, class participation, and a contract drafting assignment. The following points will be assigned to each grade component:

Midterm Exam:	150
Final Exam:	300
Quizzes:	100
Case Problem Assignments:	200
Contract Assignment: Secured Transactions Assignment:	200
Attendance Extra Credit:	25

Total Possible Points: 1025

Points will be converted into letter grades as follows:

A	900 - 1000+
B	800 - 899
C	700 - 799
D	600 - 699
F	below 600

EXAMS: There will be one midterm and a final exam. The exams will consist of multiple-choice and true-false questions, and possibly matching and/or short answer questions. The questions will be drawn from the text, lectures and class discussion. The final exam will test the subject areas covered since the mid-term exam; it will not be cumulative. The exams will emphasize the application of law to facts that arise in business situations, although some questions may be definitional in nature. **For each exam, you may bring in one 8 1/2 by 11 piece of paper on which (using both sides) can be anything you believe will help you on the test - e.g., summary of notes, lecture slides.** At the instructor's discretion, the opportunity to earn extra credit points might be available on an exam. Exams will not be returned, but questions that were not answered correctly by a substantial portion of the class will be reviewed in class. Students may review their individual exams by appointment with the instructor.

QUIZZES: To help you master the material in smaller chunks, there will be **FIVE unannounced** quizzes. **Each quiz will be worth TWENTY-FIVE points. Your lowest quiz score will be dropped from your total quiz score calculation.** Unlike test items that focus on using law to solve business problems, quiz questions will primarily emphasize legal definitions and terminology. **Quizzes will usually be given at the beginning of the class, but may be given later in the period at the instructor's discretion. TEN minutes will be allotted to the completion of each quiz. Students arriving late will not be given additional time to complete a quiz. If you are absent when a quiz is given, it cannot be made up, regardless of whether your absence was excused or unexcused.** Quizzes will be reviewed in class immediately after completion.

CASE PROBLEM ASSIGNMENTS: At the end of each chapter there are case problems which are assigned in the Tentative Course Outline below. **You will be completing and submitting electronically the assigned case problems for each chapter starting with Chapter 12. The due date and time for each of the 20 case problem assignments will be posted on T-Square. YOU MUST COMPLETE THE CASE ASSIGNMENTS WITHOUT ANY ASSISTANCE FROM CLASSMATES OR OTHER INDIVIDUALS; COLLABORATION IS NOT PERMITTED, AND ANY VIOLATION OF THIS REQUIREMENT WILL BE REPORTED TO THE OFFICE OF STUDENT INTEGRITY.** Late submissions will not be accepted, except due to a confirmed technical issue with T-Square, or where you provide documentation that you could not work on a case problem assignment due to an event that qualifies as an excused absence as defined above. You should be prepared to discuss each case problem in class, and will be called on randomly to do so from time to time. The assignments will be evaluated based solely on two scores – 10 points and zero points. You will receive the maximum 10 points for any assignment that is timely submitted so long as you have answered ALL of the assigned problems, and ALL of your answers are complete and reflect reasoned

analysis in light of the facts set forth in the case problem and, where appropriate, principles and concepts discussed in the text. (It will be difficult to receive credit for a case problem assignment if you have not read the assigned material in the text before completing the assignment.) You will receive zero points for a case problem assignment that is not submitted by the due date and time, is incomplete, or where one or more of the assigned problems do not reflect reasoned analysis in light of the facts set forth in the case problems and, where appropriate, principles and concepts discussed in the text. Please note that the Tentative Course Outline below assigns CPA questions along with the case problems. You do not need to submit answers to the CPA questions with your case problem assignments, although it is highly recommended that you review the CPA questions so that you can intelligently discuss them in class.

CONTRACT ASSIGNMENT: You will be asked to draft a contract based on a factual situation to be provided to you. The purpose of this exercise is to allow you to apply principles of law learned in the course to a “real life” situation. You will not be expected to “write like a lawyer.” You will, however, be graded on the substance of the contract you drafted as well as your ability to express yourself in a clear, concise and organized manner. Further instructions concerning the contract assignment will be provided in class.

SECURED TRANSACTIONS ASSIGNMENT: The secured transactions assignment relates to the material in Chapter 34. In the assignment you will answer a series of questions based on the application of legal principles to a fact situation. Further instructions concerning the secured transaction assignment will be provided in class.

ATTENDANCE POLICY AND EFFECT OF ABSENCES ON FINAL POINT TOTAL: As noted above, regular class attendance is very important for success in this class. You may have up to two unexcused absences without any effect on your final grade. **For each unexcused absence in excess of two, TWENTY-FIVE points will be deducted from your final grade. See the definitions for excused and unexcused absences above.** Please keep in mind that you are provided with two “free” unexcused absences to cover times when there might be a good reason not to attend class – you don’t feel well, but you are not sick enough to go to the student health service; you need to attend your sister’s wedding, etc. – but the absence is not considered to be an excused absence as defined above. If you have already used up your two “free” unexcused absences, an additional unexcused absence will count against your final point total regardless of the reason for the absence. Thus, you should use your “free” unexcused absences wisely.

EXTRA CREDIT FOR EXEMPLARY ATTENDANCE: If you have **NO UNEXCUSED ABSENCES** during the semester **TWENTY-FIVE** extra points will be added to your final point total.

TENTATIVE COURSE OUTLINE

Page numbers refer to the 21th edition of the Standard Volume of the textbook. Case problems and CPA questions can be found at the end of the assigned chapter. The course outline is tentative and is subject to change. Departures from the outline (e.g., additions, deletions, changes to due dates) as well as any corrections (typographical errors, wrong page numbers) will be announced in class. You are responsible for all assigned readings whether or not they are discussed in class.

Week of (date shown is Monday)	Subject Areas and Due Date of Major Assignments	Reading and Problem Assignments
January 6	Course Introduction & Syllabus Review <u>Contracts - Common Law</u> Nature and Classes of Contracts Agreement: Offer and Acceptance	Ch 12, Case Probs 2, 8, 9 - 13, CPA Question 1 Ch 13, Case Probs 1 - 3, 5, 6, 9, 11 - 13, CPA Questions 1 - 3
January 13	Capacity and Genuine Assent Consideration	Ch 14, Case Probs 1, 2, 6 – 8, 10 - 14, CPA Questions 1 - 2 Ch 15, Case Probs 1, 4 - 6, 8, 10 - 15
January 20	Monday, January 20 Legality and Public Policy	Martin Luther King Holiday – No Class Ch 16, Case Probs 2 - 5, 7, 8, 9, 11 - 13, CPA Questions 1
January 27	Writings and Interpretation of Contracts Third Persons and Contracts Contract Assignment Distributed	Ch 17, Case Probs 1, 2, 3, 5 - 7, 9 - 11, 13 - 15, CPA Questions 1 - 3 Ch 18, Case Probs 3 - 5, 7 - 9, 11, CPA Questions 1 and 2

February 3	<p>Discharge of Contracts</p> <p>Contract Breach and Remedies</p>	<p>Ch 19, Case Probs 1, 4 - 6, 8, 10, 11, 13 - 15, CPA Questions 1</p> <p>Ch. 20, Case Probs 1 - 3, 5 - 7, 10 - 12, 14, 15, CPA Questions 1 - 3</p>
February 10	<p>Catch-Up (if necessary), Review and Practice Test</p> <p>MIDTERM EXAM – Wednesday, February 12</p>	Chapters 12 - 20
February 17	<p><u>Contracts for the Sale of Goods, UCC Article 2</u></p> <p>Nature and Form of Sales</p> <p>Exam Review</p> <p>Passage of Title and Risk of Loss</p>	<p>Ch 23, Case Probs 1, 2, 4 - 8, 11, CPA Questions 1 - 4</p> <p>Ch 24, Case Probs 1, 2, 4, 6, 8, 11, 12 - 14, CPA Questions 1 - 5</p>
February 24	<p>Warranties</p> <p>Obligations and Performance</p>	<p>Ch 25 (pp. 555 – 568 only), Case Probs 2, 3, 7, 10, 11, 13 - 15, CPA Questions 1, 2</p> <p>Ch 26, Case Probs 4, 5, 8 - 10, 12, 14, 15, CPA Questions 1 - 4</p>
March 3	<p>Remedies for Breach of Sales Contracts</p> <p><u>Negotiable Instruments, UCC Article 3</u></p> <p>Kinds of Instruments, Parties and Negotiability</p> <p>Wednesday, March 5, 12:00 pm</p>	<p>Ch 27, Case Probs 1, 8, 10, 15, CPA Questions 2, 3</p> <p>Ch 28, Case Probs 7 - 12, 15, CPA Questions 1 - 4</p> <p>CONTRACT DRAFTING ASSIGNMENT DUE</p>
March 10	<p>Transfer of Negotiable Instruments</p> <p>Liabilities of Parties under Negotiable Instruments and Defenses</p>	<p>Ch 29, Case Probs 2, 5, 7 - 11, 14, 15, CPA Questions 1 - 4</p> <p>Ch 30, Case Probs 1, 2, 5, 7, 9, 11 - 15, CPA Questions 1, 2, 4, 5</p>
March 17	Spring Break	No Class

March 24	Checks and Funds Transfers Secured Transactions Assignment Distributed	Ch 31, Case Probs 3 - 5, 9, 11, 12, CPA Questions 1
March 31	<u>Debtor - Creditor Relationships</u> Nature of the Debtor-Creditor Relationship Secured Transactions in Personal Property	Ch 32, Case Probs 1 - 4, 7, 9, 11 -14, CPA Questions 1, 3 Ch 34, Case Probs 3, 4, 6, 7, 10, 12 - 14, 16, CPA Questions 2 - 4
April 7	Secured Transactions in Personal Property (con't) Wednesday, April 9, 12:05 pm	Secured Transactions Assignment Due
April 14	Bankruptcy Insurance	Ch 35, Case Probs 1, 3, 5 - 11, 15, and CPA Questions 1, 3 - 6 Ch 36, Case Probs 4, 6 - 10, 12, 14, 15, and CPA Questions 1, 3
April 21	Catch-Up and Review	

FINAL EXAM
(to be confirmed)

Wednesday, April 30, Noon – 2:20 pm
Note Start Time

(non-cumulative; covers materials from Chapter 23 to end)