

The U.S. Legal System and Business

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2-2 Project One: The U.S. Legal System and Business

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BUS 206: Business Law I

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November 6, 2022

Introduction

Business Law is defined as the enforceable rules of conduct that govern the actions of buyers and sellers in market exchanges (Kubasek et al, 2020)

In this presentation we'll review aspects of the law that impact businesses, including:

- The **foundation** of the legal system in the U.S
- The **sources** of U.S law
- Federal and state **courts**
- And the **differences** between criminal law, civil law, and alternative dispute resolution



(Danilevich, 2020)



(Lloyd, 2020)

FOUNDATION

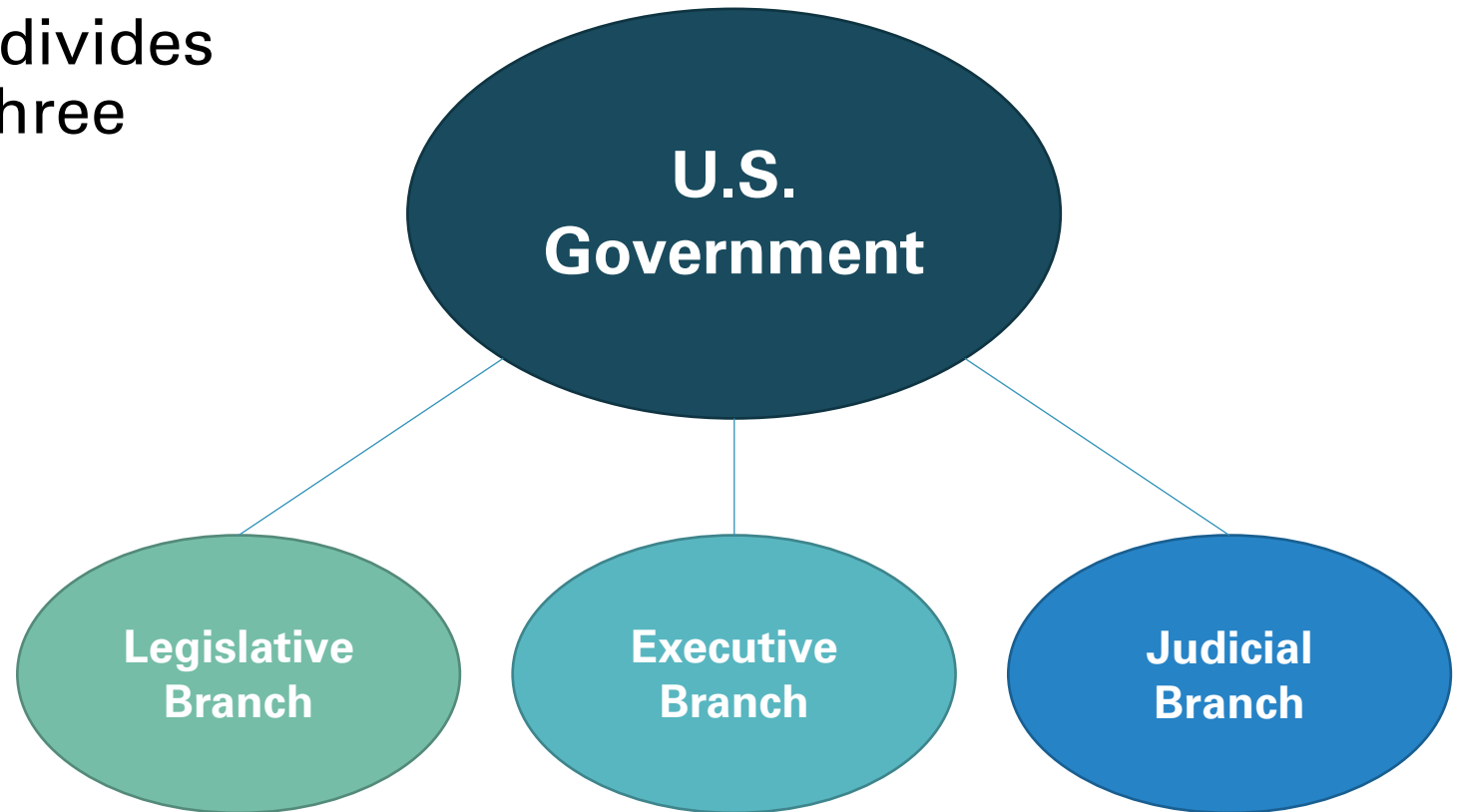
The U.S. Constitution is the foundation of all local, state, and federal laws in the U.S.

- Establishes fundamentals by which all states are governed
- Overrides all local, state, and federal laws
- Defines the relationship between businesses and the government
- Defines the federal court system

Sources: (Kubasek et al, 2020) (Resnik and Walsh, n.d.)

Branches of the U.S. Government

The U.S. Constitution divides the government into three branches to ensure distribution of power



Source: (USA.gov, n.d.)



(Danilyuk, 2021)

SOURCES

The three branches of the U.S. Government each influence sources of law. An example of that is:

1. Legislative Branch – Statutes
2. Executive Branch – Administrative Law
3. Judicial Branch – Case Law

Source: (Kubasek et al, 2020)

Examples of Sources

STATUTES

The Uniform Commercial Code (UCC) is a body of law that governs statutes including all warranties for companies including Microsoft, Sony, and Honda according to Kubasek et al.

ADMIN. LAW

The U.S. Environmental Protection Agency (EPA) established the Clean Air Act to “regulate emissions from stationary and mobile sources” according to the EPA’s website.

CASE LAW

A woman sued McDonald’s after she burned herself on a cup of coffee. Case law is the interpretation of the law, also known as common law, and decisions made in this source can set a precedent for future interpretations.

Sources: (Kubasek et al, 2020) (United States Environmental Protection Agency, n.d.)



Article I, Section 8: Commerce Clause

- Gives Congress power “to regulate commerce with foreign nations, and among the several states, and with the Indian tribes”
- Overrides the power of state governments

Sources (Cornell Law School, n.d.) (Kelley, 2021)

Example

- Maine Lobstermen's Association (MLA) undertake "substantial actions" to protect endangered North Atlantic Right Whales at "personal expense"
- Federal government imposes regulations intended to further protect the North Atlantic Right Whale, limiting number of lobster traps in targeted areas from Maine to Florida
- MLA and the State of Maine sue the National Marine Fisheries Service
- U.S. District Court for the District of Columbia sides with the National Marine Fisheries Service, stating the regulations are not arbitrary



COURTS

There are two separate court systems in the U.S.

1. The Federal Court System
2. The State Court System

Source: (Kubasek et al, 2020)

Example



Federal Business Case

- An example of a federal business case is if a business files for bankruptcy. This case would need to be seen by the federal court system (United States Courts, n.d.)

State Business Case

- An example of a state business case is if an employee sues their employer for wrongful termination. This case would need to be seen by the state court system (United States Courts, n.d.)

Sources: (Kubasek et al, 2020) (United States Courts, n.d.)



(Pixabay, n.d.)

DIFFERENCES

- Criminal law: regulates public acts
- Civil law regulates acts between people, or between people and the government
- Alternative Dispute Resolution regulates legal problems without litigation

Source: (Kubasek et al, 2020)

Example

CRIMINAL LAW

A secretary at IBM had inside information that the company would acquire another. Eventually she leaked that information to over 20 people who purchased stock based on the information.

CIVIL LAW

A company had to award \$9 million in compensation to a person who sued them for not alerting customers to the risks of using their products.

ADR

Employees at Hooters signed an agreement stating that they would utilize arbitration instead of litigation to settle disputes, this is also known as Alternative Dispute Resolution (ADR).



Conclusion

People pursuing a career in business must understand four basic elements of the U.S. legal system. The constitution lays the **foundation** for which business laws are carried out. The **sources** of law provide an understanding of where law comes from. The **courts** oversee cases of business law. And the **differences** between criminal and civil law, and ADR provide businesses with different options for regulating law.

Sources: (Kubasek et al, 2020)

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