***The Legal and Regulatory Environment of Business, 18e* (Pagnattaro)**

**Chapter 1 Law as a Foundation for Business**

1) Law is considered to be a formal social force.

2) The first known written set of laws was the Code of King Solomon.

3) Rule-of-law nations adopt laws supporting the private market because it is in everyone's interest, including the lawmakers'.

4) Common property applies to public resources owned by the government (or "state") like roads, public buildings, public lands, and monuments.

5) Tort law compensates owners whose resources are wrongfully injured by the acts of others.

6) Regulatory law forbids owners from monopolizing classes of resources and sets rules for how businesses can compete to acquire ownership in new resources.

7) Jurisprudence is the philosophy of law.

8) Natural law theory asserts that law contains universal moral principles.

9) The basis of sociological jurisprudence is that contemporary law should focus on legal principles that have survived the test of time in a nation.

10) Jurisprudence refers to the general body of law interpretations by judges as different from legislation passed by legislators.

11) Legal realism is the idea that courts should understand the meaning of the Constitution relative to the times in which they interpret it.

12) Those countries that were colonized by England, such as The United Kingdom, Canada, the United States, and India, follow the civil law.

13) The common law arose in the eleventh and twelfth centuries as the English monarchy appointed royal judges to ride circuits around the countryside and to resolve conflicts in the name of the king (or queen).

14) Louisiana is not the only U.S. state that follows a partial civil law system due to its historical ties with France, a civil law nation.

15) The common law relies more on legislation than judicial decisions to determine what the law is.

16) In tort law, a government official represents society, or "the people," and it is the responsibility of the official to seek justice to achieve the ends of society.

17) Property law involves the recognition of an exclusive right in only tangible resources.

18) Contract law often but not always requires actual injury to the owner's resources.

19) Judges in civil law courts find themselves obligated to follow precedents.

20) In a common law legal system, a judge would not use *stare decisis* to make current judicial decisions.

21) In the United States, there is only a federal court system to hear and decide legal issues.

22) In constitutional law, originalism is synonymous with constitutional relativity.

23) Legislation passed by the Congress is called an ordinance.

24) The Second Amendment to the Constitution holds that "No State shall . . . deprive any person of life, liberty or property without due process of law."

25) A zoning board is a state or local agency that helps plan local development by specifying where businesses can be located.

26) Disadvantages of case law do not destroy the benefits of certainty, predictability, and stability provided by case law and *stare decisis*.

27) Judges in future cases are not as likely to follow the dicta in prior cases as they are the holdings.

28) Under *stare decisis*, judges in current cases follow whenever possible the interpretation of law determined by judges in prior cases.

29) If a dispute arises involving the rule of law in multiple states, judges will need to apply conflict of law rules to determine which state's substantive rules of law to use.

30) With reference to the hierarchy of sources of law, case law prevails over local ordinances.

31) The Fourteenth Amendment to the Constitution recognizes that the law is enforced by taking a person's life, freedom, or the resources that he or she owns.

32) Whether it is stated in the contract or not, when a breach of contract occurs, the injured party will usually recover his or her attorney fees as part of compensatory damages.

33) The single largest volume of lawsuits heard by courts today, especially the federal courts, involves one business suing another business for breach of contract.

34) Tort law helps protect property boundaries by providing compensation when someone wrongfully crosses such boundaries.

35) In addition to compensatory damages, breach-of-contract cases may award punitive damages, when the breaching party knew or had reason to know that special circumstances existed that would cause the other party to suffer additional losses if the contract were breached.

36) A strict liability tort requires the plaintiff to show that a defendant injured what was proper to a plaintiff through unreasonable behavior.

37) Sanctions for breach of contract include death sentences.

38) The threat of sanctions usually results in compliance with the requirements of law.

39) Corporate governance rules do not safeguard the property interests that owners have in corporations.

40) Corporate governance can fail even when corporate managers do nothing illegal.

41) Article 6 of the Treaty on European Union, called the Maastricht Treaty, says the EU is "founded" on \_\_\_\_\_\_\_\_.

A) specific performance

B) the law of eminent domain

C) *stare decisis*

D) the rule of law

E) constitutional relativity

42) Which of the following statements is true of the rule of law?

A) Rule-of-law nations adopt laws supporting the private market because it is in everyone's interest, including the lawmakers'.

B) Under the rule of law, laws that are made are not generally and equally applicable.

C) Its only aim is to prevent special interest groups to benefit at the expense of others.

D) It adopts laws supporting the growth of the public markets over private markets, increasing economic growth of nations.

E) It removes the power of the courts and creates an autocratic regime where businesses can freely invest and economic growth is high.

43) \_\_\_\_\_\_\_\_ property is an ownership fence, which applies to resources like land that more than one individual owns jointly.

A) Private

B) Civil

C) Public

D) Common

E) Tort

44) \_\_\_\_\_\_\_\_ property is a resource that you own as an individual.

A) Public

B) Private

C) Shared

D) Communal

E) Government

45) A property-based legal system \_\_\_\_\_\_\_\_.

A) is unimportant in Western legal systems

B) believes that law is simply the commands of the state backed up by force and punishments

C) is contrary to the philosophy of natural law

D) does not allow for the transfer of private resources

E) allows people to exclude others from interfering with what their efforts produce

46) \_\_\_\_\_\_\_\_ can be thought of as the central element providing the basis for Western legal systems.

A) Dictum

B) Morals

C) Contract

D) Property

E) Common law

47) In the context of property, contract law\_\_\_\_\_\_\_\_.

A) enables an owner to exchange resources, especially at a future date

B) compensates owners whose resources are wrongfully harmed by the actions of others

C) punishes those who harm an owner's resources in particular ways

D) identifies how individuals can own and use private resources in groups

E) protects ownership and sets limits on private resource use

48) \_\_\_\_\_\_\_\_ law both protects ownership and sets limits on private resource use.

A) Tort

B) Antitrust

C) Securities

D) Regulatory

E) Contract

49) The law that provides protection to the owners of a business entity from the managers who run it for them is called \_\_\_\_\_\_\_\_.

A) corporate governance

B) criminal law

C) constitutional law

D) conflicts of law

E) civil law

50) \_\_\_\_\_\_\_\_ law forbids owners of businesses from monopolizing classes of resources and sets rules for how businesses can compete to obtain ownership in new resources.

A) Environmental law

B) Antitrust law

C) Securities law

D) Antidiscrimination law

E) Labor law

51) The ideas and philosophies that explain the origin of law and its justification are called \_\_\_\_\_\_\_\_.

A) the rule of law

B) torts

C) *stare decisis*

D) jurisprudence

E) statutes

52) \_\_\_\_\_\_\_\_ law jurisprudence believes that law is simply the commands of the state backed up by force and punishments.

A) Positive

B) Natural

C) Historical

D) Sociological

E) Tort

53) Which of the following schools of jurisprudence emphasizes that contemporary law should focus on legal principles that have withstood the test of time in a nation?

A) Sociological

B) Tort

C) Positive

D) Historical

E) Natural

54) \_\_\_\_\_\_\_\_ jurisprudence supports the idea that law can and should change to meet new developments in society.

A) Historical

B) Natural

C) Sociological

D) Positive law

E) Legal realism

55) Which of the following philosophies of law tries to see beyond only the words of law to examine what law enforcement officials, administrators, prosecutors, and judges are actually doing as they carry out, interpret, and apply laws?

A) Negative law jurisprudence

B) Sociological jurisprudence

C) Historical school of jurisprudence

D) Natural law

E) Legal realism

56) Positive law is contrary to the philosophy of \_\_\_\_\_\_\_\_.

A) specific performance

B) legal realism

C) historical jurisprudence

D) natural law

E) sociological jurisprudence

57) John has written a book, *Battlefield*, and was talking to some interested parties from Broadway about making a musical based on it. However, he turned down an offer due to conflicting opinions of who should play the lead roles. A year later, *Battlefield* was made into a musical but it did not acknowledge the author. This scenario best reflects a violation of \_\_\_\_\_\_\_\_.

A) property law

B) administrative law

C) tort law

D) common law

E) contract law

58) Kate Ace is a luxury purse brand that has its own distinctive logo. The company recently discovered that another retailer has been selling counterfeit Kate Ace bags. The legal dispute that will arise here is most likely to be governed by \_\_\_\_\_\_\_\_.

A) securities law

B) environmental law

C) property law

D) tort law

E) antitrust law

59) Mary was driving her four kids to soccer practice one day when she was rear-ended by Ted, who was driving his Porsche too fast and did not see that traffic was at a standstill. Mary's mini-van was damaged and required extensive repairs. Additionally, she had to go to the chiropractor for whiplash that she sustained in the accident. Mary meets with an attorney to discuss filing a lawsuit against Ted to recover compensation for the damages to herself and her vehicle. If the attorney takes the case, she will likely utilize which type of law?

A) Common law

B) Contract law

C) Regulatory law

D) Tort law

E) Constitutional law

60) So significant is the role of judges in the United States that they determine the meaning of the Constitution and can declare void the legislation of Congress and the acts of the president. This illustrates that the legal system in the United States is based on \_\_\_\_\_\_\_\_.

A) civil law

B) religious law

C) common law

D) hybrid law

E) constitutional law

61) What type of courts do not make law and have judges who do not think themselves obligated to follow prior judicial decisions called precedents.

A) Civil law courts

B) Criminal law courts

C) Common law courts

D) Appeals courts

E) Traffic law courts

62) \_\_\_\_\_\_\_\_ covers the legal principles that apply to government agencies, bureaus, boards, or commissions.

A) Administrative law

B) Constitutional law

C) Tort law

D) Criminal law

E) Contract law

63) Which of the following would be governed by the rules of property law?

A) An individual's right to wear religious clothing to the workplace

B) An incident in which a driver negligently operates a vehicle and harms a pedestrian

C) The negotiation of a merger of two companies

D) The issuing of a fine for violating a city ordinance

E) The patent of an invention

64) Which of the following statements is true of civil cases?

A) They typically involve a representative of government attempting to prove the wrong committed against society and seeking to have the wrongdoer punished by the court system.

B) They typically involve a request for damages or other appropriate relief that does not involve punishment of the wrongdoer.

C) They typically include matters that involve the regulation of society as opposed to individuals interacting.

D) They typically include matters that involve the interpretation and application of either the federal or state constitutions.

E) They typically include legal principles that apply to government agencies, bureaus, boards, or commissions.

65) Which of the following statements is true of tort law?

A) It involves the recognition of exclusive right in both tangible and intangible resources such as copyrights, patents, trademarks, etc.

B) It covers the rules of how owners transfer resources by exchanging them.

C) It specifies various offenses against the proper order of the state.

D) It covers the legal principles that apply to government agencies, bureaus, boards, or commissions.

E) It establishes rules for compensation when an owner's legal boundaries are wrongfully crossed by another.

66) Michael has agreed to buy a townhouse from Kate. They enter into a binding real estate agreement for the sale and purchase of the home. When Michael meets to complete the deal, as per the agreement, Kate no longer wants to go through with the transaction. Which of the following best categorizes Kate and Michael's issue in the context of classifications of laws?

A) This is a private law issue regarding substantive law.

B) This is a public law issue regarding contract law.

C) This is a public law issue regarding procedural law.

D) This is a private law issue regarding contract law.

E) This is a public law issue regarding constitutional law.

67) The time allowed for one party to sue another and the rules of law governing the process of a lawsuit are examples of \_\_\_\_\_\_\_\_.

A) tort laws

B) procedural laws

C) international laws

D) substantive laws

E) property laws

68) Which of the following statements is true of substantive law?

A) The rules of law governing the process of a lawsuit are substantive in nature.

B) It deals with the method and means by which procedural law is made and administered.

C) The time allowed for one party to sue another is an example of substantive law.

D) Enforcement of a contractual promise is substantive in nature.

E) It provides the machinery for rights and duties.

69) Public law traditionally includes which type of law?

A) Copyright law

B) Tort law

C) Substantive law

D) Religious law

E) Criminal law

70) Private law traditionally includes \_\_\_\_\_\_\_\_.

A) international law

B) property law

C) administrative law

D) constitutional law

E) criminal law

71) The \_\_\_\_\_\_\_\_ in prior cases were necessary to reach the decisions in those cases.

A) dicta

B) holdings

C) citations

D) statutes

E) ordinances

72) According to \_\_\_\_\_\_\_\_, judges in current cases follow whenever possible the interpretation of law determined by judges in prior cases.

A) *stare decisis*

B) *writ of certiorari*

C) *ratio decidendi*

D) constitutional relativism

E) legal realism

73) When judges who decide appeals from trial courts make decisions on legal issues, they write their decisions, or \_\_\_\_\_\_\_\_, setting out reasons.

A) citations

B) opinions

C) codes

D) statutes

E) ordinances

74) Which of the following are judicial decisions that interpret the relevant constitutional, legislative, and regulatory laws?

A) Citations

B) Injunctions

C) Case law

D) Dicta

E) Statutes

75) In constitutional law, the idea that courts should understand the meaning of the Constitution relative to the times in which they interpret it is known as \_\_\_\_\_\_\_\_.

A) constitutional holding

B) legal realism

C) legal originalism

D) constitutional relativity

E) constitutional governance

76) \_\_\_\_\_\_\_\_ stands for the idea that courts should interpret the Constitution only according to the intentions of those who wrote it.

A) Constitutional relativity

B) Originalism

C) Legal realism

D) Dicta

E) Constitutional holding

77) One important advantage of *stare decisis* was \_\_\_\_\_\_\_\_.

A) increased emphasis on dicta than on holding

B) the elimination of alternative dispute resolution methods

C) security with regard to property

D) limited volume of cases

E) rejection of precedent

78) Which of the following sources of law ranks the highest in the hierarchy of sources of law?

A) Local ordinances

B) State constitutions

C) Statutes of Congress

D) State administrative regulations

E) U.S. Constitution and Amendments

79) The Latin meaning of the word *stare decisis* is \_\_\_\_\_\_\_\_.

A) speak the truth

B) let the prior decision stand

C) the thing has been decided

D) let the plaintiff beware

E) the rationale for the decision

80) Collections of legislation, often on the same subject, passed by the Congress are called \_\_\_\_\_\_\_\_.

A) precedents

B) opinions

C) ordinances

D) codes

E) citations

81) After months of debating the issue, the House of Representatives and Senate have both agreed to pass a bill that will increase the tax on alcohol sales. This type of legislation is called a(n) \_\_\_\_\_\_\_\_.

A) statute

B) rule

C) precedent

D) amendment

E) *stare decisis*

82) The administrative agencies in the Town of Oceanview, a beach-side community, have passed a written law banning patrons from entering restaurants and bars barefoot. This legislation is an example of a(n) \_\_\_\_\_\_\_\_.

A) statute

B) amendment

C) code

D) ordinance

E) jurisprudence

83) Which of the following are essential to locate prior precedents?

A) Codes

B) Remediations

C) Citations

D) Dicta

E) Torts

84) Which of the following refers to judicial decisions that apply to legal problems and interpret the relevant constitutional, legislative, and regulatory laws?

A) Case law

B) Procedural law

C) Substantive law

D) Commercial law

E) Tort law

85) The source of law that ranks the lowest among all the others is a \_\_\_\_\_\_\_\_.

A) local ordinance

B) statute

C) case law

D) state administrative regulation

E) federal administration regulation

86) \_\_\_\_\_\_\_\_ are in effect a form of punishment for violating the law and have a preventive function.

A) Ordinances

B) Statutes

C) Sanctions

D) Torts

E) Opinions

87) The right of an individual to take another person's resources because that person has failed to meet the requirements of the law is known as a \_\_\_\_\_\_\_\_.

A) precedent

B) citation

C) remedy

D) dicta

E) holding

88) A \_\_\_\_\_\_\_\_ is a civil wrong other than a breach of contract.

A) caucus

B) tort

C) sanction

D) remedy

E) dicta

89) Which of the following statements is true of a breach of contract?

A) A tort is a kind of breach of contract, which is a civil wrongdoing.

B) Damages make most parties totally whole because as a general rule they include attorney's fees.

C) A contract can be rescinded only if both the parties to the contract agree to it.

D) The remedy for an injured party may be a decree of specific performance under certain circumstances.

E) Breach-of-contract cases may not award any consequential damages under any circumstances.

90) Which of the following is an order by the court commanding the other party actually to perform a bargain as agreed?

A) *De novo* judicial review

B) *Obiter dicta*

C) *Stare decisis*

D) Specific performance

E) Eminent rationality

91) Which of the following sanctions are awarded with the objective of ensuring that a party be in as good a position as he or she would have been in had the contract been performed?

A) Punitive damages

B) Compensatory damages

C) Incidental damages

D) Exemplary damages

E) Liquidation damages

92) Coach Racket is the head coach of the softball team at Riverdale Junior High School. She gets angry with one of the players following a game and pushes the player into the bleachers. The player's legs are badly bruised from hitting the bleachers, and her wrist is sprained from trying to break her fall. In this scenario, Coach Racket can be sued for committing a(n) \_\_\_\_\_\_\_\_.

A) Negligent act

B) strict tort

C) intentional tort

D) punitive tort

E) nuisance

93) In intentional tort cases, a plaintiff is often awarded this type of relief or compensation:

A) punitive damages

B) sanctions

C) compensatory damages

D) specific performance

E) fines

94) In a broad general sense, \_\_\_\_\_\_\_\_ includes the legal property relations that large businesses have with each other, with their customers, and with society.

A) corporate governance

B) specific performance

C) *stare decisis*

D) tort law

E) strict liability

95) \_\_\_\_\_\_\_\_ refers to the legal rules that structure, empower, and regulate the agents of organizations and define their relationships to the owners.

A) *Voir dire*

B) *Res judicata*

C) Corporate relativity

D) Corporate governance

E) Categorical imperative

96) Tom is the manager of Happy Feet, a corporation that designs and sells children's shoes. As manager, Tom gets an insider tip and decides to sell some of his stock in the company, making a ton of money for himself. What is Tom's insider trading an example of?

A) The proper responsibility of a corporate manager

B) Improper and illegal corporate governance

C) A wise business deal

D) An act of fiduciary duty

E) The normal job responsibility of a manager

97) Which of the following usually requires a plaintiff to prove only that a defendant has injured something proper to the plaintiff?

A) Torts of negligence

B) Intentional torts

C) Strict liability torts

D) Statutory torts

E) Torts of nuisance

98) Which of the following is an entity chartered by the state to do business as a legal person in a certain form of organization?

A) Partnership

B) Cooperative

C) Corporation

D) Sole Proprietorship

E) Administration

99) Why is law considered to be a formal social force?

100) Why is law considered to be the most significant of social forces in modern nations?

101) Briefly explain the rule of law.

102) When defining property in the legal sense of the word, there are three main types of ownership fences. Describe the three types of ownership fences.

103) What is the basic definition of property? Explain how the concept of property relates to the areas of constitutional law, administrative and regulatory law, contract law, and tort law.

104) Compare natural law and positive law in jurisprudence.

105) Illustrate the concept of sociological jurisprudence with an example.

106) How do procedural law and substantive law differ?

107) Briefly describe the two major legal systems: common law and civil law.

108) Describe public law and its categories.

109) What is private law? What are its categories?

110) Briefly describe civil law and criminal law.

111) Briefly describe *stare decisis*.

112) Briefly explain the importance of federal law.

113) What are acts, statutes, and codes?

114) What are opinions, precedents, and citations?

115) Briefly describe the information that can be obtained from the case citation, 675 F.3d 23 (2014).

116) Briefly outline the disadvantages and advantages of case law.

117) Distinguish between holding and dicta in prior precedent.

118) What is constitutional relativity? How does it affect *stare decisis*?

119) Briefly explain conflicts of law.

120) List the various sources of law and their order of hierarchy.

121) The Fourteenth Amendment recognizes that law may be enforced by taking resources owned by a citizen. Name the instances in which someone's resources may be taken.

122) Differentiate between an intentional tort and negligence.

123) What are exemplary damages?

124) What sanctions may be imposed for violating statutes and regulations?

125) Define a corporation.

126) How does corporate governance break down due to the illegal actions of managers?

127) What are compensatory damages?