Legal Aspects of Entrepreneurship is a practical and intensive course that examines critical legal issues confronting start-up and emerging growth companies. Extensive readings and detailed lecture presentations are at the core of the course. The course provides perspective on how the law impacts business risk, the deployment of resources and shareholder value. It is strongly urged that students taking this course already have completed Legal Studies 101.

Course topics include the U.S. legal system, including the process and economics of a lawsuit and issues of court jurisdiction; the risks created by the basic “business torts” (torts between two businesses); how contract law and insurance law can be used to manage risks; the nature and enforceability of non-competition and other restrictive employment-related agreements; choice of the legal form for your business, including the legal, financial and basic tax advantages and disadvantages of general partnerships, limited partnerships, corporations and limited liability companies; creditors’ rights and duties; securities law; venture capital and private equity financings; mergers and acquisitions; employment law; and intellectual property law including copyrights, trademarks, trade secrets and patents. Consideration will also be given to “law and economics,” a field that analyzes legal rules from the standpoint of economic efficiency.

There will be one mid-term examination, and one final examination. Each examination will be equally weighted and each will be a closed-book, closed-note examination.

**Required Readings:** Required readings will be assigned from the following: (1) Bagley & Dauchy, *The Entrepreneur’s Guide to Business Law* (3rd ed. 2008); (2) materials contained on webCafé; and (3) Cooter & Ulen, *Law & Economics* (5th ed. 2008). The Syllabus lists the readings in the order in which they should be read, and the webCafé readings are numbered in the order in which they should be read.

**Optional Readings:** Suggested but optional readings are contained in (1) the Cooter & Ulen text; (2) the webCafé materials; and (3) Smith, *Start-Up & Emerging Companies: Planning, Financing, and Operating the Successful Business*. The Syllabus specifies the optional readings from the Cooter & Ulen text, and the optional webCafé materials are denoted as such on webCafé. The Syllabus does not specify suggested readings from the Smith treatise. Instead, the Smith treatise, which has a detailed table of contents, should be consulted in the event that a more in-depth and advanced examination of the course topics is desired.

All course books are available in the Reserve section at Lippincott Library.
TOPICAL ASSIGNMENTS


Required Readings: Introductory Hypothetical on webCafé

Bagley, Chapter 1

Cooter & Ulen, Chapter 3

U.S. Legal System I materials on webCafé

Optional Readings: Cooter & Ulen, Chapter 1 and Chapter 2 (if not already covered in a microeconomics course)

CLASS 2 U.S. LEGAL SYSTEM II: PERSONAL JURISDICTION OF COURTS AND ALTERNATIVE DISPUTE RESOLUTION

Required Readings: U.S. Legal System II materials on webCafé

Bagley, Chapter 9, pp. 257-261 (focus on “The U.S. Approach to Jurisdiction”)

CLASS 3 THE COMMON LAW AND BUSINESS RISKS: THE BASIC “BUSINESS TORTS” AND MANAGING RISKS WITH CONTRACT LAW AND INSURANCE LAW


Bagley, Chapter 9, focusing on pp. 221-234 (skip pp. 255-257, on “Unfair Competition,” and pp. 257-261, on “Jurisdiction” etc.)


Common Law and Business Risks materials on webCafé

Cooter & Ulen, Chapter 4 and Chapter 8, pp. 322-335 (through Question 8.7)

Optional Readings: Cooter & Ulen, Chapter 7 (skip pp. 280-281, on

CLASS 4  DUTIES TO YOUR FORMER EMPLOYER: COMMON LAW DUTIES AND NON-COMPETE AND OTHER RESTRICTIVE EMPLOYMENT-RELATED AGREEMENTS

Required Readings:  Bagley, Chapters 2 and 3

Bagley, Chapter 14, pp. 494-503, “Trade Secret Protection”

Duties to Your Former Employer materials on webCafé

Cooter & Ulen, Chapter 5, pp. 119-124 (up until “Intellectual Property”)

CLASS 5  CHOICE OF BUSINESS FORM I: SOLE PROPRIETORSHIPS, GENERAL PARTNERSHIPS AND LIMITED PARTNERSHIPS, INCLUDING BASIC TAX ISSUES

Required Readings:  Bagley, Chapter 4

Choice of Business Form I materials on webCafé

Optional Readings:  Cooter & Ulen, Chapter 6, pp. 217-224 (“Default Rules and Transaction Costs”)

CLASS 6  CHOICE OF BUSINESS FORM II: CORPORATIONS AND LIMITED LIABILITY COMPANIES, INCLUDING BASIC TAX ISSUES

Required Readings:  Bagley, Chapter 5

Bagley, Chapter 6, pp. 116-121, “The Responsibilities of the Board” through “Business Judgment Rule”

Bagley, Chapter 8, pp. 184-185, “Authority” and pp. 197-198, “Signatures”


Choice of Business Form II materials on webCafé

CLASS 7  MID-TERM EXAMINATION (NO EXCEPTIONS) – DATE TO BE DETERMINED

CLASS 8  FINANCING A BUSINESS: CREDITORS' RIGHTS AND DUTIES

Required Readings:  Bagley, Chapter 7, pp. 132-156 (through “Investors’
Representations”)

Bagley, Chapter 8, p. 218, “Loan Agreements”

Bagley, Chapter 12

Creditors’ Rights and Duties materials on webCafé

**CLASS 9**  
**FINANCING A BUSINESS: SECURITIES LAW**

**Required Readings:** Bagley, Chapter 7, pp. 157-179 including Table 7.1 (*skip* “Blue Sky Laws” including Table 7.2)

Securities Law materials on webCafé

**CLASS 10**  
**FINANCING A BUSINESS: VENTURE CAPITAL AND PRIVATE EQUITY INVESTMENTS**

**Required Readings:** Bagley, Chapter 13 (and re-review Bagley, Chapter 7, pp. 150-156 as need be)

Venture Capital and Private Equity materials on webCafé

**CLASS 11**  
**BUYING OR SELLING A BUSINESS: MERGERS AND ACQUISITIONS AND “DEAL LITIGATION”**

**Required Readings:** Bagley, Chapter 16 (and re-review Bagley, Chapter 7, pp. 154-156 as need be)

Mergers and Acquisitions materials on webCafé

**CLASS 12**  
**EMPLOYMENT LAW: INDEPENDENT CONTRACTORS VERSUS EMPLOYEES; “AT WILL” VERSUS CONTRACT EMPLOYMENT; EMPLOYMENT DISCRIMINATION**

**Required Readings:** Bagley, Chapter 10 (*skip* pp. 306-322, “The Employment Agreement” through “Employer Liability for Employees’ Acts”)

Employment Law materials on webCafé

**CLASS 13**  
**INTELLECTUAL PROPERTY LAW**

**Required Readings:** Bagley, Chapter 14 (note that pp. 494-503, “Trade Secret Protection,” was assigned for Class 4)

Bagley, Chapter 9, pp. 255-257, “Unfair Competition”

Intellectual Property materials on webCafé

CLASS 14  THE ECONOMICS OF THE LITIGATION PROCESS INCLUDING SETTLEMENT DECISIONS

Required Readings:  Cooter & Ulen, Chapter 10

Re-review Bagley, Chapter 14, pp. 526-528 (“Patent Infringement”)

FINAL EXAMINATION:  TIME AND LOCATION TO BE DETERMINED BY REGISTRAR (NO EXCEPTIONS)