

LGST-213-001: LEGAL ASPECTS OF ENTREPRENEURSHIP COURSE SYLLABUS, SPRING 2016
THE WHARTON SCHOOL LEGAL STUDIES & BUSINESS ETHICS DEPARTMENT
E. Carolyn Hochstadter

Wharton Office/Hours: 631 Jon M. Huntsman Hall (JMHH) after class and by appointment

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Class Hours/Location: Tuesday/Thursday 10:30 a.m.-12:00 p.m. (classroom TBA)

Course Description: Legal Aspects of Entrepreneurship is a practical course that examines the critical legal and transactional issues confronting start-up and emerging growth companies, as well as companies involved in innovation and disruption. The course will focus on how to use the law strategically to manage risk, deploy resources and maximize value. Topics include confidentiality, non-competition, invention assignment and non-solicitation clauses in employment contracts, choice of venue, choice of form, including the tax advantages of general/limited partnerships, corporations and LLC's, the securities law aspects of raising venture capital and private equity, mergers and acquisitions, labor law, independent contractor and discrimination issues, IP law including trade secrets, copyrights, patents and trademarks, and debtor-creditor law, including bankruptcy.

Students will learn to use the law as a tool to successfully navigate the landscape of business. They will learn to spot legal issues through a study of cases, statutes, pleadings and contracts. They will be able to work with counsel to draft Term Sheets and agreements tailored to their business plans. They will also learn to mitigate liability through risk-protective policies, as well as manage litigation.

The course fulfills Elective requirements for the following Concentrations/Minors

- Wharton Legal Studies and Business Ethics
- Wharton Management: Entrepreneurship and Innovation
- Wharton Social Impact and Responsibility
- SAS Legal Studies Minor
- SAS Science Technology and Society Major with approval

Course Materials: (1) Bagley & Dauchy, *The Entrepreneur's Guide to Business Law* (4th ed. 2012) and (2) Materials posted on canvas in the *Readings* folders for each Class. Those that are marked *Supplemental* are FYI only.

Readings, Assignments, and Class Topics may be subject to change. *Please check canvas for updated postings.*

Class Preparation and Participation are mandatory, and will be graded.

Class Attendance is not mandatory, but attendance at all classes will enhance your grade.

Blogs: Students are required to post a weekly Response on canvas by 11:59 p.m. Sunday in response to an issue raised by me in the *Discussions* folder, which will be graded as part of Class Participation.

Timely Submission of Typewritten Assignments is required. Please submit hard copy in class & post on canvas.

Exams: There will be one mid-term examination (in class) and one final examination. Each exam will be closed book and closed note. No exceptions are permitted by the LGST department regarding the exam schedule.

Grading: Grading will be broken down as noted below and posted in the *Grading* folder on canvas.

- **Exams:** midterm (30%); final (30%); **Assignments:** 20%; **Class Participation;** **Glossary;** **Weekly Blog** 20%
- **Extra Credit:** **Class Attendance & Research project** of student's choice/interest

Lunch with Professor: I look forward to having lunch with you! Please sign up on canvas in the calendar appointments. The program requires a minimum of 3 students, and a maximum of 7 students may attend.

- CLASS 1: INTRODUCTION; OVERVIEW OF BUSINESS LAW AND ENTREPRENEURSHIP ISSUES**
Readings: Introductory Hypothetical & NYT Article on canvas
- CLASS 2: U.S. LEGAL SYSTEM I: THE U.S. COURT SYSTEM; SUBJECT MATTER JURISDICTION; LIFECYCLE OF A LAWSUIT; HOW TO BRIEF A LEGAL CASE**
Readings: Bagley Chapter 1
 U.S. Legal System I Materials on canvas
- CLASS 3: U.S. LEGAL SYSTEM II: PERSONAL JURISDICTION OF COURTS**
Readings: Bagley Chapter 10, pp. 355-359 “The U.S. Approach to Jurisdiction”
 U.S. Legal System II Materials on canvas
Assignment: Written Brief of Vetrotex case
- CLASS 4: U.S. LEGAL SYSTEM III: ALTERNATIVE DISPUTE RESOLUTION**
Readings: Bagley Chapter 9, pp. 303-05
 U.S. Legal System III Materials on canvas
In-Class Assignment: Prepare for in-class mock mediation of the Vetrotex case
- CLASS 5: THE COMMON LAW, UCC & BUSINESS RISKS I: MANAGING RISKS WITH CONTRACTS**
Readings: Bagley Chapters 9 & 10 – pages posted in canvas *Assignments* folder
 The Common Law, UCC & Business Risks I Materials on canvas
Assignment for Class Discussion: Draft a one-page contract for a business deal
- CLASS 6: THE COMMON LAW, UCC AND BUSINESS RISKS II: THE BASIC “BUSINESS TORTS”**
Readings: Bagley Chapters 8 & 11 – pages posted in canvas *Assignments* folder
 The Common Law, UCC & Business Risks II Materials on canvas
- CLASS 7: DUTIES TO EMPLOYER I: COMMON LAW, NON-COMPETE & RESTRICTIVE COVENANTS**
Readings: Bagley Chapters 2 & 14 – pages posted in canvas *Assignments* folder
 Duties to Your Current/Former Employer I Materials on canvas
- CLASS 8: DUTIES TO EMPLOYER II: RESTRICTIVE COVENANTS AND INSURANCE**
Readings: Bagley Chapters 3 & 11 – pages posted in canvas *Assignments* folder
 Duties to Your Current/Former Employer II Materials on canvas
In-Class Assignment: Prepare for in-class drafting of Restrictive Covenants
- CLASS 9: CHOICE OF BUSINESS FORM I: SOLE PROPRIETORSHIPS, PARTNERSHIPS & TAX ISSUES**
Readings: Bagley Chapter 4
 Choice of Business Form I Materials on canvas
Assignment: Written Risk Management Policy for a business
- CLASS 10: CHOICE OF BUSINESS FORM II: CORPORATIONS, LLCs & TAX ISSUES**
Readings: Choice of Business Form II Materials on canvas
- CLASS 11: CHOICE OF BUSINESS FORM III: CORPORATE GOVERNANCE I & TAX ISSUES**
Readings: Bagley Chapters 5 & 9 – pages posted in canvas *Assignments* folder
 Choice of Business Form III Materials on canvas
- CLASS 12: CHOICE OF BUSINESS FORM IV: CORPORATE GOVERNANCE II**
Readings: Bagley Chapter 6 – pages posted in canvas *Assignments* folder
 Choice of Business Form IV Materials on canvas
- CLASS 13: MID-TERM EXAMINATION THROUGH CLASS 11 (IN CLASS) NO EXCEPTIONS**

- CLASS 14: FINANCING A BUSINESS IA: CREDITOR RIGHTS AND DUTIES**
Readings: Bagley Chapters 7 & 9 – pages posted in canvas *Assignments* folder
 Financing a Business Materials IA on canvas
Assignment for Class Discussion: Prepare 6-word description or limerick of 1 case holding
- CLASS 15: FINANCING A BUSINESS IB: BANKRUPTCY**
Readings: Bagley Chapter 12, pp. 425-457
 Financing a Business Materials IB on canvas
- CLASS 16: FINANCING A BUSINESS IIA: SECURITIES LAW I**
Readings: Bagley Chapters 7 & 16 – pages posted in canvas *Assignments* folder
 Financing a Business Materials IIA on canvas
- CLASS 17: FINANCING A BUSINESS IIB: SECURITIES LAW II**
Readings: Financing a Business Materials IIB on canvas
Assignment: Written plan of liquidation or reorganization for a distressed business
- CLASS 18: EMPLOYMENT LAW I: INDEPENDENT CONTRACTORS V. EMPLOYEES**
Readings: Bagley Chapter 8
 Employment Law I Materials on canvas
- CLASS 19: EMPLOYMENT LAW II: DISCRIMINATION AND HARASSMENT; HUMAN RESOURCES ISSUES**
Readings: Employment Law II Materials on canvas
- CLASS 20: FINANCING A BUSINESS IIIA: VENTURE CAPITAL AND PRIVATE EQUITY I (GUEST)**
Readings: Bagley Chapter 13 (re-review Bagley Chapter 7, pp. 145-172 if needed)
 Financing a Business Materials IIIA on canvas
- CLASS 21: FINANCING A BUSINESS IIIB: VENTURE CAPITAL AND PRIVATE EQUITY II**
Readings: Financing a Business Materials IIIB on canvas
Assignment for Class Discussion: Present various deal term provisions of VC term sheet
- CLASS 22: PRIVATE EQUITY GUEST LECTURER**
CLASS 23: ENTREPRENEUR AND VC GUEST LECTURERS
Assignment: Written outline of a business plan
- CLASS 24: INTELLECTUAL PROPERTY LAW I: COPYRIGHT, TRADEMARKS, SERVICEMARKS**
Readings: Bagley Chapters 10 & 14 – pages posted in canvas *Assignments* folder
 Intellectual Property Law I Materials on canvas
- CLASS 25: INTELLECTUAL PROPERTY LAW II: PATENTS AND TRADE SECRETS (GUEST)**
Readings: Bagley Chapter 14 – pages posted in canvas *Assignments* folder
 Intellectual Property Law II Materials on canvas
- CLASS 26: EXTRA-CREDIT PRESENTATIONS**
- CLASS 27: BUYING OR SELLING A BUSINESS: MERGERS AND ACQUISITIONS I**
Readings: Bagley Chapter 16
 Buying or Selling a Business I Materials on canvas
- CLASS 28: BUYING OR SELLING A BUSINESS: MERGERS AND ACQUISITIONS II (GUEST)**
Readings: Buying or Selling a Business II Materials on canvas