The corporation, a principal driver of economic development for more than two centuries, is among the most important institutions in modern life. This course surveys the law governing the American business corporation, with a focus on the implications of Delaware and federal policy for entrepreneurs, managers, and investors. In the first half of the course, we consider the conflicts inherent in the “separation of ownership from control” and study the basic tools law and market institutions have developed to ameliorate them. In the second half of the course, we consider how the law impacts managers and investors (including creditors and employees) in a handful of important, concrete contexts, including mergers and acquisitions and insider trading.

Assessment

- Professionalism (15%)
- Midterm exam (35%)
- Final exam (50%)
**Idiosyncratic Policies**

This course will involve a combination of lecture, discussion, and “Socratic” questioning. Cold calling will be a regular feature of class. Therefore, students are expected to read the assigned materials carefully and be ready to discuss them critically.

Three policies to note:

- **Electronic devices.** Electronic devices are not permitted in class. If an emergency requires that you have connectivity, confer with me before class.

- **Cold calling.** This course will involve a combination of lecture, discussion, and “Socratic” questioning. Cold calling will be a regular feature of class. Therefore, students are expected to have read the assigned materials carefully before class and to be ready to discuss them critically.

- **Unfinished readings.** Students should generally be in class and prepared to participate critically. It is not always feasible to complete readings before class. If you cannot finish an assignment, please let me know by email at least an hour before class, and I will not call on you (max four times during the semester). Please do not pretend to have read what you haven’t.

More generally, students are expected to behave like adults. Shirking and whining are especially discouraged. A secondary goal of this course is to develop social intuitions about how to create a strong reputation within a business organization. Teaser: everyone likes someone who is courteous, punctual, engaged, and positive; everyone dislikes the opposite.

**Informal Get-Togethers**

Let’s have coffee or lunch. We can but needn’t talk about corporate law!

**Text**


// agenda on next page
Agenda (subject to change by announcement on Canvas)

Tentative reading assignments are listed below. All readings can be found either in the assigned text (abbreviated “HMM,” 13th ed., pagination in highlighted yellow), on the course’s Canvas site, or with a simple web search. Note that “DGCL” stands for the Delaware General Corporation Law.

1. **1.20.21** — introduction: what is a firm?
   
   **Readings**
   - Google articles of association (skim) [Canvas]
   - HMM, pp. 1–14 [1–7]

2. **1.25.21** — agency and partnership: some fundamentals
   
   **Readings**

3. **1.27.21** — attributes of the corporate form: some fundamentals
   
   **Readings**
   - DGCL §§ 141(a), (b); 142; 101(a), (b); 102(a)–(c); 109; 242 [online]
   - HP certificate of incorporation (skim for structure / subject-matter) [Canvas]
   - HP bylaws (skim for structure / subject-matter) [Canvas]
   - HMM, pp. 273–81 [225–32]

4. **2.1.21** — director elections
   
   **Readings**
   - DGCL §§ 212; 141(k); 141(d)
   - HMM, 401–09 [318–24]; 495–503 [389–95]
   - Starboard Darden Presentation (skim) [Canvas]
   - Starboard wins
   - Xerox – HP proxy fight (better, but gated, WSJ recap)
   - HP certificate of incorporation (Articles VI and VII) [Canvas]
   - HP certificate of incorporation amendment [Canvas]
   - HP bylaws (§§ 2.2(b), (e), (f), and (h); 2.9; 2.13) [Canvas]
   - Dual-Class Companies List (skim) [Canvas]

5. **2.3.21** — shareholder voice
   
   **Readings**
   - SEC Rule 14a-8
   - HMM, pp. 534–40 [413–20]; 547–48 [420–21]
   - Aguilar speech
6. **2.8.21** — business judgment and directors’ duty of care

*Readings*


Marchand v. Barnhill [Canvas]

7. **2.10.21** — duty of loyalty; derivative suits

*Readings*

Guth v. Loft [Canvas]

HMM, pp. 689–99 [534–42]

8. **2.15.21** — derivative suits and special litigation committees

*Readings*

HMM, 699–708 [543–50]

In re Oracle Derivative Litigation [Canvas]

In re Oracle Derivative Litigation—Letter to Court [Canvas]

9. **2.17.21** — other constituencies

*Readings*

Berle, *Corporate Powers as Powers in Trust* (pp. 1049–50, 1072–74) [Canvas]

Dodd, *For Whom Are Corporate Managers Trustees?* [Canvas]

Berle, *For Whom Are Corporate Managers Trustees? A Note* [Canvas]

10. **2.22.21** — controlling shareholders’ obligations

*Readings*

HMM, pp. 650–55 [490–95]

11. **2.24.21** — hostile takeovers i: tender offer theory and mechanics

*Readings*

HMM, pp. 1010–14 [769–72]

12. **3.1.21** — hostile takeovers ii: defensive measures

*Readings*

HMM, pp. 1036–46 [786–93]; 1062–78 [800–10] [Next year: 1062–72; 1036–46; 1072–78. Possibly put Unocal in the day before.]

13. **3.3.21** — jurisdictional competition

*Readings*

Cary, *Federalism and Corporate Law* [Canvas]

Winter, *State Law and Shareholder Protection* [Canvas]

14. **3.8.21** — midterm exam
15. **3.15.21** — friendly m&a: mechanics and due care

*Readings*
- DGCL § 251(a)–(c) [merger, general]
- DGCL § 253(a) [merger, cleaning up tender offer]
- DGCL § 251(h) [merger, cleaning up tender offer]
- HMM, pp. 560–76 [432–46], including DGCL § 102(b)(7)

16. **3.17.21** — friendly m&a: auctions and loyalty

*Readings*
- Revlon v. McAndrews & Forbes [Canvas]
- Lyondell Chemical v. Ryan [Canvas]
- Corwin v. KKR Financial Holdings [Canvas]

17. **3.22.21** — friendly m&a: controlling shareholder take-private transactions

*Readings*
- Jensen & Meckling, *Theory of the Firm* (pp. 312–33) [Canvas]
- HMM, pp. 656–70; [495–507]
- Kahn v. M&F Worldwide [Canvas]
- DGCL § 253(a)

18. **3.24.21** — friendly m&a: disclosure litigation, appraisal

*Readings*
- In re Trulia [Canvas]
- DGCL § 262(a), (d)–(i)
- DFC Global v. Muirfield [Canvas]
- Dell v. Magnetar [Canvas]
- Verition v. Aruba Networks [Canvas]

19. **3.29.21** — insider trading: foundations and tender offers

*Readings*
- HMM, p. 819 [637] (Exchange Act of 1934, § 10(b))
- HMM, pp. 819–20 [637–38] (SEC Rule 10b-5)
- HMM, pp. 858–66 [654–61]
- HMM, pp. 869–71 [663–64] (note 6)
20. **3.31.21** — insider trading: tipper-tippee liability

*Readings*
HMM, pp. 887–98 [683–90]
United States v. Blaszczak [Canvas]

*Galleon article*

21. **4.5.21** — insider trading: managing material nonpublic information

*Readings*
HMM, pp. 885–87 [675–77]
HMM, pp. 855–56 [652–53]

22. **4.7.21** — creditors’ interests: asset stripping and delaware law

*Readings*
Jensen & Meckling, *Theory of the Firm* (pp. 333–43) [Canvas]
DGCL §§ 170, 154
NACEPF v. Gheewalla [Canvas]

23. **4.12.21** — creditors’ interests: other sources of commercial law

*Readings*
Baird & Jackson, *Fraudulent Conveyance and Its Proper Domain* [Canvas]
Bratton, *Bond Covenants and Creditor Protection* [Canvas]
U.S. Bank v. Windstream [Canvas]


*Readings*
Blair & Stout, *A Team Production Theory of Corporate Law* [Canvas]
Roe, *German Codetermination and German Securities Markets* [Canvas]
Warren, “Accountable Capitalism Act” Summary [Canvas]

25. **4.19.21** — human capital ii: trade secrets, non-competes, innovation assignments

*Readings*
Uniform Trade Secrets Act §§ 1–3 [Canvas]
Waymo v. Uber [Canvas]
Bishara, *Covenants Not to Compete* (pp. 295–313) [Canvas]
Mattel v. MGA [Canvas]

26. **4.21.21** — political economy

*Readings*
TBD
27. **4.26.21** — “uncorporations”: LPs and LLCs


28. **4.28.21** — review

*Readings* none / everything

**FINAL EXAM**

Date / Time TBD