

***Business Law and the Legal Environment Standard
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Chapter 1 - Introduction to Law

True / False

1. When Congress passes a law restricting the access of children to specific websites, the statute will be rendered void if the U.S. Supreme Court subsequently rules that the statute conflicts with the First Amendment of the U.S. Constitution.

- a. True
- b. False

ANSWER: True

2. In Anglo-Saxon society, men were put into groups of ten, known as a “tithing,” and were individually held responsible for any injury caused by any member of the group, and this is the forerunner of the idea of business partnerships.

- a. True
- b. False

ANSWER: True

3. A rule that establishes a maximum length of work shifts for air traffic controllers demonstrates an agency imposing a regulation.

- a. True
- b. False

ANSWER: True

4. In 1994, the Arizona Supreme Court decided the case of *Hernandez v. Arizona Board of Regents* and found a duty of care to avoid furnishing alcohol to underage consumers. So, if in 2024 an Arizona plaintiff brings a lawsuit against an Arizona university’s fraternity for providing alcohol to members under the legal drinking age, the *Hernandez v. Arizona Board of Regents* case will serve as precedent.

- a. True
- b. False

ANSWER: True

5. Salvador was driving too fast for the icy road conditions and hit Xochitl's car, so Xochitl can sue Salvador in criminal court.

- a. True
- b. False

ANSWER: False

6. Lawyers originated in Anglo-Saxon courts, where they were used to mediate disputes.

- a. True
- b. False

ANSWER: False

7. When Yusuf breaches his contract with Alia and causes Alia a great deal of financial harm, Alia may prosecute Yusuf criminally.

- a. True
- b. False

ANSWER: False

8. If the president vetoes a bill, it can still become law if both the House and the Senate approve it with a 51 percent

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majority.

- a. True
- b. False

ANSWER: False

9. The doctrine of precedent is binding on all courts from lower courts to the U.S. Supreme Court.

- a. True
- b. False

ANSWER: False

10. A case called *Kuehn v. Pub Zone* would reveal that *Kuehn* is the plaintiff because the plaintiff is always listed first.

- a. True
- b. False

ANSWER: False

11. Under the natural law theory of jurisprudence, an unjust law is no law at all.

- a. True
- b. False

ANSWER: True

12. Common law is a body of cases decided by legislatures.

- a. True
- b. False

ANSWER: False

13. To decide a current case, Judge Smith refers to prior rulings on the same subject because, as required, she is relying on precedent to make her decision.

- a. True
- b. False

ANSWER: True

14. DoorWay Computers, Inc., the trademark owner of "DoorWay," seeks a court injunction to prevent Handyman Hardware, Inc. from using the domain name, "DoorWay.com," and a jury will decide whether DoorWay is entitled to this remedy.

- a. True
- b. False

ANSWER: False

15. If the Ninth Circuit Court of Appeals affirms a district court's decision, this means that the Ninth Circuit Court of Appeals approved the district court's decision and upheld the outcome in the case.

- a. True
- b. False

ANSWER: True

Multiple Choice

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16. Anh threatens Dirk, and Dirk fears for his life. Dirk is not sure how to handle this situation and consults with an attorney for assistance. The attorney advises Dirk that the county attorney in their county will prosecute Anh. The case against Anh thus involves

- a. procedural law.
- b. private law.
- c. civil law.
- d. criminal law.

ANSWER: d

17. What does the common law refer to?

- a. Law that is the same or similar in all the states.
- b. Law made when judges decide cases and then follow those decisions in later cases.
- c. Law made by legislatures in the form of statutes.
- d. The legal systems of France, Germany, and Italy.

ANSWER: b

18. Hasbro, Inc., the trademark owner of "Candy Land," seeks a court injunction to stop Internet Entertainment Group, LTD from using the domain name, "candyland.com." This injunction would have to be issued by a(n)

- a. jury.
- b. judge.
- c. executive order.
- d. lawyer.

ANSWER: b

19. Suppose the North Carolina Supreme Court rules in a case that when a substance in food causes injury to a consumer of the food, it is not a bar to recovery against the seller that the substance was natural to the food. Then, if in a later case involving a consumer's injury caused by a fish bone in a bowl of fish chowder, that court follows the earlier North Carolina Supreme Court decision, the court's action in the second case would be an example of

- a. *stare decisis*.
- b. statutory law.
- c. public law.
- d. criminal law.

ANSWER: a

20. Research has shown that a new drug is dangerous when used by children. The FDA investigates this claim and decides to prohibit the drug from being marketed in the United States. This has the force of law. Because of this, what the FDA has done is

- a. passed a private law.
- b. passed an agency regulation.
- c. engaged in a Congressional action legal negativism.
- d. implemented an executive order.

ANSWER: b

21. The title of an appellate court case appears as *Jones v. Smith*. Based on this citation, what is accurate?

- a. The Jones is the plaintiff, and Smith is the defendant.

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- b. Smith won the trial court decision.
- c. That someone cannot determine which party is the plaintiff because when a defendant loses a trial and files an appeal, some, but not all, courts reverse the names of the parties.
- d. The trial judge was Jones, and the appellate judge is Smith.

ANSWER: c

22. What does precedent require?
- a. That the victim testify.
 - b. That the defendant testify.
 - c. A 12-member jury of the defendant's peers.
 - d. That judges base their rulings on previous cases.

ANSWER: d

23. Which of the following played a role in the creation of the U.S. government by solving the problem of federalism?
- a. The Visigoths
 - b. The Iroquois Native Americans
 - c. Confucius
 - d. Alexis de Tocqueville

ANSWER: b

24. Henry David Thoreau felt that war was unjust and therefore refused to pay his taxes when the United States declared war on Mexico. Thoreau felt that there was a higher law than the law of the land. Which theory of jurisprudence was he applying?

- a. Legal positivism
- b. Natural law
- c. Legal realism
- d. Common law

ANSWER: b

25. The state of Ohio is concerned about gun violence and wants to institute a strong gun control measure. After a year and a careful writing of the law, Ohio passes a law that severely restricts gun ownership. A group of plaintiffs file a lawsuit regarding the constitutionality of the law, and the U.S. Supreme Court hears the case. The U.S. Supreme Court finds that the Ohio law conflicts with the U.S. Constitution. The Ohio law is

- a. void.
- b. valid, but only within the state of Ohio and can only be enforced against Ohio citizens.
- c. valid within the state of Ohio and can be enforced against any U.S. citizen.
- d. voidable by an Ohio legislature.

ANSWER: a

26. Henry David Thoreau felt that war was unjust and therefore refused to pay his taxes when the United States declared war on Mexico. If Henry David Thoreau's neighbor agreed that war was unjust but paid his taxes because the law required him to pay the tax, the neighbor would be applying the jurisprudence theory of

- a. legal positivism.
- b. natural law.
- c. legal realism.

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d. common law.

ANSWER: a

27. What is a power of the United States Supreme Court?

- a. The power to appoint judges to serve on the Supreme Court.
- b. The power to void laws passed by Congress.
- c. The power to issue executive orders.
- d. The power to ratify treaties.

ANSWER: b

28. What is a power the president of the United States has?

- a. The power to create federal common law.
- b. The power to veto Congressional legislation.
- c. The power to determine the constitutionality of statutes.
- d. The power to pass statutes.

ANSWER: b

29. Antonio assaulted Mando after the two argued about a parking space. The District Attorney's office prosecuted Antonio on assault charges. Subsequently, Mando filed a lawsuit against Antonio for money damages. Classify each legal action.

- a. The District Attorney's case was a criminal case; Mando's lawsuit was a civil case.
- b. The District Attorney's case was a civil case. Mando's lawsuit was a criminal case.
- c. Both cases are criminal.
- d. Both cases are civil.

ANSWER: a

30. Which school of jurisprudence is based on the philosophy that what matters is not what is written as law, but who enforces the law and by what process?

- a. Legal positivism
- b. Natural law
- c. Legal realism
- d. Sovereign selection

ANSWER: c

31. The contemporary law principle of collective responsibility, such as all partners being personally responsible for the debts of the partnership, had its roots in the

- a. Anglo-Saxon method of ensuring public order through tithing.
- b. Anglo-Saxon practice of using "oath helpers."
- c. English use of "shire reeves."
- d. English system of feudalism.

ANSWER: a

32. President Nixon issued wage-price controls in an effort to stabilize the economy. This use of executive power was a(n)

- a. illegal usurpation of legislative powers that belong to Congress.

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- b. valid use of power based on Article II of the Constitution.
- c. valid use of judicial power.
- d. illegal usurpation of the regulatory powers of administrative agencies.

ANSWER: b

33. Sharif and Karen enter into a contract which requires Sharif to make ten bracelets each month and for Karen to pay Sharif \$500 each month for these bracelets. Karen plans to then sell the bracelets in her boutique downtown. Three months later, Sharif makes ten bracelets, but Karen only pays Sharif \$200. Sharif consults with his attorney to find out what he should do. The attorney will advise Sharif to

- a. prosecute Karen criminally.
- b. regulate Karen administratively.
- c. sue Karen civilly.
- d. pass a law against Karen's actions legislatively.

ANSWER: c

34. Manuelita filed a lawsuit against Ulhoff for failure to repay \$1,000 according to the terms of a promissory note. The trial ended before it began, with the trial judge granting a motion for summary judgment in favor of Manuelita. Ulhoff appealed, and the Supreme Court of Iowa remanded the case. This means

- a. Manuelita automatically wins because he won in the lower court.
- b. Ulhoff automatically wins because he lost in the lower court.
- c. neither party wins because the case is being thrown out.
- d. we do not know who wins yet because the case is being returned to the trial court for additional steps.

ANSWER: d

35. Which of the following is a correct description of legal realism?

- a. There is no duty to follow unjust laws.
- b. The law should advance morality.
- c. The law is what the sovereign says it is.
- d. Who enforces and by what process is the law enforced is most important.

ANSWER: d

36. Regarding legal positivism, which of the following is true?

- a. It leaves no room for questions of morality.
- b. It follows precedent.
- c. Government powers should be separated.
- d. Laws that are unjust are not laws at all.

ANSWER: a

37. If the U.S. Supreme Court makes a decision interpreting the U.S. Constitution, and Congress does not agree with this decision, how can Congress override the Supreme Court?

- a. By amending the Constitution
- b. Through an executive order
- c. By separation of power
- d. Through checks and balances

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ANSWER: a

38. Our legal system is influenced by the people who colonized the United States. Because of this, American law
- a. is identical to the English common law.
 - b. is completely different from the English common law because the colonists were escaping from the English legal system.
 - c. has been a blend of the ancient principles of English common law and a zeal and determination of change.
 - d. has been a blend of the English common law and Roman law because of the far reach of the Roman Empire in ancient times.

ANSWER: c

39. Jamir is late for work and drives to work with his cell phone in his hand in case his supervisor texts him. When Jamir's cell phone vibrates with a text notification, Jamir looks down to check his text messages, and, when he sees that it is a text from his supervisor, Jamir begins to text his supervisor an excuse for his lateness. Because Jamir is looking down while texting, he doesn't see that Mirabella's car is stopped in front of him, and he collides with Mirabella's car and causes Mirabella severe whiplash injuries. There is a law in the state in which the accident occurred that makes it illegal to text while driving. This law was passed because many people in the state believed it to be the right thing to do. This is an example of

- a. how law and morality are not connected.
- b. how law and morality are linked.
- c. how technology is poorly understood.
- d. how technology is immoral.

ANSWER: b

40. Vicky is a new attorney who was just licensed. Vicky's law firm has given her the case of *Jones v. Smith* to handle on her own. Vicky has to go in front of the judge tomorrow and argue why her client is correct and argue which law applies to the case. Vicky wants to be sure she is using primary, not secondary, sources of law when arguing her case. Vicky plans to refer the judge to the common law, an administrative agency regulation, and a law review article. Which, if any, are primary sources of law?

- a. The common law and the administrative agency regulation are primary sources of law.
- b. The common law, the administrative agency regulation, and the law review article are all primary sources of law.
- c. Only the common law is a primary source of law.
- d. The administrative agency regulation and the law review article are primary sources of law.

ANSWER: a

41. What correctly describes the role of judicial power under the U.S. Constitution?

- a. The right to create laws, the right to interpret laws, and the right to enforce the laws.
- b. The right to enforce the laws and the right to create the laws.
- c. The right to interpret laws and the right to determine the validity of laws.
- d. The right to determine the validity of laws and the right to create laws.

ANSWER: c

Essay

42. Explain the role that power, importance, and fascination play in contemporary American law.

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ANSWER: The role of "power" in contemporary law is reflected in the fact that the strong reach of the law touches nearly everything we do. The role of "importance" in contemporary law reflects the fact that law is essential. Every society of which we have any historical record has had some system of laws. The law, too, is fascinating. For better or worse, we do expect courts to resolve many problems. Not only do Americans litigate, they watch each other do it. Every television season offers at least one new courtroom drama to a national audience. In addition, almost all of the states permit live television coverage of real trials.

43. Identify and discuss the primary sources of contemporary U.S. law.

ANSWER: The primary sources of U.S. law include (1) the U.S. Constitution (the supreme law of the land) and state constitutions (which establish state governments); (2) statutes, which are drafted by the legislatures; (3) common law, which is the body of cases decided by judges, as they follow earlier cases, known as precedent; (4) court orders, which compel a party to and prohibit it from doing something; (5) administrative law, which are the rules and decisions made by federal and state administrative agencies; and (6) treaties, which are agreements between the U.S. and other sovereign countries.

44. Explain the concepts of legal positivism, natural law, and legal realism as they relate to the field of jurisprudence.

ANSWER: Legal positivism simply means that the law is what the sovereign says it is. The sovereign is the recognized political power whom citizens obey, so, in the United States, both the state and federal governments are sovereign. Therefore, whatever the sovereign declares to be the law is the law, regardless of whether it is right or wrong.

Natural law stems from the belief that the law must have a moral basis. Therefore, an unjust law is no law at all and need not be obeyed.

Legal realism says that it does not matter what is written as law; what counts is who enforces that law and by what process. Personal characteristics and biases influence this determination.

45. Describe the doctrine of precedent and its application to common law.

ANSWER: The doctrine of precedent, which developed gradually over centuries, requires that judges decide current cases based on previous rulings. This vital principle is at the heart of American common law. Precedent ensures predictability. The accumulation of precedent, based on case after case, makes up the common law.

46. Misha, Gretchen, and Sam were stranded on a mountainside after their plane went down in a snowstorm. They had no means of radio communication and virtually no food or other supplies. After 18 days, Misha and Gretchen killed Sam, the weakest survivor. Misha and Gretchen ate Sam. This allowed them to survive until they were rescued. After they were rescued, they were charged with premeditated first-degree murder under the relevant state statute. Discuss the three schools of jurisprudence and how each would influence a finding of guilt or innocence for the two charged.

ANSWER: The three theories of jurisprudence are legal positivism, natural law, and legal realism. The legal positivism would say the law is the law. Therefore, Misha and Gretchen are guilty and must pay the consequences of the state statute. The natural law supporter would argue that in this instance the law is unjust and need not be obeyed because of the desperate circumstances. The legal realists would argue that the case will be influenced by the judges' and jury's income, education, family background, race, religion, and other factors which they bring to the case.