

Law for Business

Fourteenth Edition

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BARNES: LAW FOR BUSINESS, FOURTEENTH EDITION

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This book is printed on acid-free paper.

1 2 3 4 5 6 7 8 9 LWI 24 23 22 21 20

ISBN 978-1-260-24776-3 (bound edition)
 MHID 1-260-24776-7 (bound edition)
 ISBN 978-1-260-72467-7 (loose-leaf edition)
 MHID 1-260-72467-0 (loose-leaf edition)

Executive Portfolio Manager: *Kathleen Klehr*
 Product Developers: *Jaroslav Szymanski and Michael McCormick*
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 Cover Image: ©Valex/Shutterstock
 Compositor: *SPi Global*

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Library of Congress Cataloging-in-Publication Data

Names: Barnes, A. James, author. | Dworkin, Terry Morehead, author. | Richards, Eric L., author.
 Title: Law for business / A. James Barnes, J.D., Terry Morehead Dworkin, J.D., Eric L. Richards, J.D., all of Indiana University.
 Description: Fourteenth edition. | New York, NY : McGraw-Hill Education, [2021] | Includes index. | Audience: Ages 18+
 Identifiers: LCCN 2019039500 | ISBN 9781260247763 (hardcover) | ISBN 1260247767
 Subjects: LCSH: Commercial law—United States. | Trade regulation—United States. | LCGFT: Textbooks.
 Classification: LCC KF889 .B28 2021 | DDC 346.7307—dc23
 LC record available at <https://lccn.loc.gov/2019039500>

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Preface

For more than 38 years, *Law for Business* has set the standard as an easy-to-read textbook that provides students with the tools for understanding the legal environment of business. This, the fourteenth edition, has not strayed from that winning formula. The text goes well beyond merely identifying the current legal rules and regulations affecting business by offering insights into new developments and trends that promise to greatly affect the future of both domestic and international businesses. The result is a comprehensive, yet concise, treatment of the legal issues of fundamental importance to business students and the business profession.

We are extremely pleased with the number of institutions and instructors that continue to adopt *Law for Business*. They represent a wide range of programs in business in both two-year and four-year colleges and universities throughout the country and the world. Feedback from faculty and students alike confirms that they particularly like the clear exposition, the careful selection and editing of high-interest cases, and the text's attractive and readable design.

What's New in the Fourteenth Edition?

In preparing this latest edition of *Law for Business*, we have tried to maintain the strengths of the past editions while updating the material and cases.

In addition to the edited and updated questions and problem cases in chapters, the following changes have been made to the fourteenth edition of *Law for Business*:

CHAPTER 1

- Added three new cases: *Marinello v. United States*, *Henry Schein v. Archer & White Sales*, and *South Dakota v. Wayfair*, replacing *United States v. Farinella*, *Coach v. Goodfellow*, *Apple v. Samsung*, *United States v. Gorski*, and *Peterson v. Katten Muchin Rosenman*.
- Added one new topic: President Trump/Chief Justice Roberts debate on the political agenda of federal court judges.
- Moved: Cases and materials on the legal profession to Chapter 2.

CHAPTER 2

- Added six new cases: *Spokeo v. Robins*, *BNSF Railway v. Tyrrel*, *BAE Systems v. Korea*, *FTC v. Boehringer*, *Winn-Dixie v. Dolgencorp*, and *Cullinane v. Uber Technologies*, replacing *OBB Personenverkehr v. Sachs* and *Wal-Mart Stores v. Dukes*.
- Added two new topics: Expanded coverage of the adversary system to include discussion of the legal profession; expanded coverage of litigation to include standing and deeper coverage of jurisdiction.

CHAPTER 3

- Replaced one case: *International Union v. Johnson*.
- Added three new topics: Summary of California law requiring female representation on corporate boards; updated discussion of Volkswagen's diesel-emission scandal; transformed *International Union v. Johnson* case into a discussion paragraph.

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CHAPTER 4

- Added three new cases: *South Dakota v. Wayfair*, *American Beverage Assn. v. San Francisco*, and *Lucia v. SEC*, replacing *American Beverage Assn. v. Snyder*, *Reed v. Town of Gilbert*, and *Michigan v. EPA*.
- Added six new topics/examples: Discussion of taxicab challenges to Uber/Lyft on Takings Clause and equal protection grounds; the constitutionality of “In God We Trust” on U.S. coins and currency in the context of free speech rights, the Establishment Clause, the Free Exercise Clause, and the Religious Freedom Restoration Act (*Burwell v. Hobby Lobby* case).

CHAPTER 5

- Added two new cases: *RJR Nabisco Inc. v. European Community* and *Royal Truck & Trailer Sales & Service v. Kraft*, replacing *Boyle v. United States* and *United States v. Nosal*.
- Added one new topic: The Cybersecurity Information Sharing Act.
- Updated coverage: State “victim’s rights” laws, the Inter-American Convention Against Corruption (IACAC), and the Council of Europe’s Convention on Cybercrime.
- Added new problem case: Question 9 in the “Questions and Problem Cases,” based on *United States v. Nosal*.

CHAPTER 6

- Added three new cases: *ADT v. Adler Holdings*, *Ioppolo v. Rumana*, and *Lovelace v. Van Tine*, replacing *Williams v. Tharp* and *Allison v. Union Hospital*.
- Added one new topic: U.S. Supreme Court’s 2007 ruling that punitive damages cannot be used to punish defendants for harming people who are not parties to the case.

CHAPTER 7

- Added three new cases: *AMTRAK v. Cimarron Crossing Feeders*, *Garvine v. Maryland*, and *Peterson v. Midstate Environmental Services*, replacing *Wells v. Smith Kline Beecham*, *Thomson v. St. Joseph Regional Medical Center*, and *Steigman v. Outrigger Enterprises*.
- Added new problem case: Replaced Question 4 of the “Questions and Problem Cases” with a new problem case based on *Thomson v. St. Joseph Regional Medical Center*.

CHAPTER 8

- Added three new cases: *Alliance for Good Government v. Coalition for Better Government*, *Oracle America v. Google*, and *Waymo v. Uber Technologies and Ottomotto*, replacing *Bikram’s Yoga College v. Evolution Yoga*, *Author’s Guild v. Google*, and *Seneca Companies v. Midwest Industrial Supply*.
- Added nine new topics/examples: Revised and expanded coverage of utility patent, design patent, copyright, trademark, and trade secret law; added U.S. Supreme Court’s decision in *Moseley v. V Secret Catalogue* as an example of trademark dilution; added the U.S. Supreme Court’s decision in *Kirtsaeng v. John Wiley & Sons* on copyright exhaustion and the “first sale” doctrine; replaced *Microsoft v. AT&T* with *WesternGeco LLC v. ION Geophysical* as an example of the extraterritorial reach of U.S. patent law; and added coverage of business strategies for protecting intellectual property.
- Moved: Discussion of unfair and deceptive advertising and FTC Guidelines to Chapter 46.

CHAPTER 9

- Added three new cases: *Transmar Commodity Group v. Cooperativa Agraria Industrial, Depp v. Bloom Hergott Diemer* (involving famous actor Johnny Depp), and *Nardone v. LVI Services*, replacing *Gruppo Essenziero Italiano v. Aromi D'Italia*, *Dodd v. American Mutual Family Insurance*, and *Harmon v. Delaware Harness Racing Commission*.
- Updated: The 2011 withdrawal of the 2003 proposed amendments to the UCC.
- Added one new example: Agreement to steal a car as an example of a contract that is void based on illegality.

CHAPTER 10

- Added two new cases: *NBD v. Viking* and *Wayment v. Schneider Auto Group*, replacing *Allen v. Clarian Health Partners* and *Alexander v. Lafayette Crime Stoppers*.
- Revised case: *Kolodziej v. Mason*.
- Added two new topics/examples: Advertisements that qualify as offers because they state limited quantities available or contain words of limitation like “first come, first served” and “while supplies last”; example of an option contract to buy a car.

CHAPTER 11

- Added two new cases: *ConocoPhillips Alaska v. Williams Alaska Petroleum* and *SDK Troy Towers v. Troy Towers*, replacing *Allied Dynamics v. Kennametal* and *Sprout v. Board of Education*.
- Revised example: Examples of acceptance by telegram replaced with more current examples of acceptance by courier.

CHAPTER 12

- Added three new cases: *Pappas v. Duran*, *Sfreddo v. Sfreddo*, and *Strasser v. Strasser*, replacing *Devaney v. L'Esperance*, *J.L. v. J.L.*, *Tasini v. AOL*, and *Jane Doe v. Roman Catholic Archdiocese of Indianapolis*.
- Moved: *Bob Acres v. Schumacher Farms* case, to the beginning of the section on “The Idea of Consideration.”
- Added one new problem case: Replaced Question 7 of the “Questions and Problem Cases” with a new problem case based on *J.L. v. J.L.*

CHAPTER 13

- Added two new cases: *Cleveland Central Catholic High School v. Mills* and *I.C. ex rel. Solovsky v. Delta Galil USA*, replacing *Rimes v. Curb Records* and *In re Estate of Reed v. Reed*.

CHAPTER 14

- Added two new cases: *Cortes v. Wendl* and *Winthrop v. Deck*, replacing *Jordan v. Knafel* and *Compton v. First National Bank of Monterrey*.
- Added one new topic: Expanded coverage of when a party has a duty to disclose information to avoid misrepresentation.

CHAPTER 15

- Added two new cases: *HVAC Specialist v. Dominion Mechanical Contractors* and *Cardenas-Cuevas v. Arbonne International*, replacing *Alatrisme v. Caesar's Exterior Designs* and *Lhotka v. Geographic Expeditions*.
- Revised case: *Clark's Sales and Service v. Smith*.
- Added a new case problem: Replaced Question 8 in the “Questions and Problem Cases” with a new case problem based on *Lhotka v. Geographic Expeditions*.

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CHAPTER 16

- Added two new cases: *Freeman Holdings v. FNBC Bancorp* and *P.J. Lindy & Company v. Savage*, replacing *Reich v. Lincoln Hills Christian Church* and *Extra Equipamentos e Exportacao v. Case*.

CHAPTER 17

- Added two new cases: *Fransmart v. Freshii Development* and *Hexagon Holdings v. Carlisle Syntec*, replacing *Travelers Casualty & Surety v. U.S. Filter* and *Huff v. FirstEnergy*.
- Added one new case problem: Question 9 in the “Questions and Case Problems,” based on *Huff v. FirstEnergy*.

CHAPTER 18

- Added two new cases: *Ahmad v. Sekely* and *Serio v. Copeland Holdings*, replacing *East Capitol View Community Development v. Robinson* and *Equal Employment Opportunity Commission v. Dresser Rand*.
- Added one new topic: Expanded coverage of the “strict performance” standard.

CHAPTER 19

- Added one new case: *National Music Museum: America’s Shrine to Music v. Johnson*; replacing case *Butler v. Beer Across America*.

CHAPTER 20

- Updated text material concerning the implied warranty of merchantability.
- Added one new case: *Frese v. City Security Tours of Washington, D.C.*, replacing case *Bobholz v. Banaszak*.

CHAPTER 21

- Added one new case: *Hillerich & Bradsby v. Charles Products*, replacing case *Fitl v. Strek*.

CHAPTER 22

- Added one new case: *Beau Townsend Ford Lincoln v. Don Hinds Ford*, replacing case *Jewish Federation of Greater Des Moines v. Cedar Forrest Products Co.*

CHAPTER 23

- Added two new cases: *New Star Realty v. Jungang* and *Westmas v. Creekside Tree Service*, replacing *In re Porter* and *In re Madoff*.

CHAPTER 24

- Added two new cases: *IO Moonwalkers v. Bank of America* and *Payphone/AM Connection Plus v. Abdelmajid*, replacing *Ameristone Tile v. Ceramic Consulting Corporation*, *Treadwell v. J.B. Construction*, and *Robert v. Danner*.

CHAPTER 25

- Added three new cases: *Kleber v. CareFusion*, *Gardea v. JBS USA*, and *Shepherd v. City of East Peoria*, replacing *Mauerhan v. Wagner* and *Ontario v. Quon*.
- Added four new topics: Expanded coverage of the Genetic Information Nondiscrimination Act (GINA) and the Age Discrimination in Employment Act (ADEA), including differences with Title VII; the U.S. Supreme Court’s ruling in *Gross v. FBL Financial Services* that the ADEA requires “but for” proof of discrimination (not “mixed motive” cases); and recent court decisions holding that the ADEA does not allow “disparate impact” claims.

CHAPTER 26

- Added three new cases: *KDN Management v. WinCo Foods*, *Kisner v. Broome*, and *Recovery Racing v. Maserati*, replacing *North American Steel v. Watson Metal Products*, *McCann v. McCann, Jr.*, and *Boulanger v. Dunkin Donuts*.

CHAPTER 27

- Added two new cases: *Capital Equity Group v. Ripkin Sports* and *Congel v. Malfitano*; replacing *Second Measure v. Kim* and *McGregor v. Crumley*.

CHAPTER 28

- Added three new cases: *KDN Management v. WinCo Foods*, *Taylor v. Taylor*, and *TY Builder II v. 55 Day Spa*, replacing *Nuss v. Sabad*, *Keene v. Brookhaven Academy*, and *Modern Board v. Board Institute*.

CHAPTER 29

- Added two new cases: *Segal v. Genitrix* and *Jesner v. Arab Bank*, replacing *Kirschner v. K&L Gates* and *Sarei v. Rio Tinto*.

CHAPTER 30

- Added three new cases: *Tedeton v. Tedeton*, *Guidry v. Savoie*, and *Hill International v. Opportunity Partners*, replacing *FleetBoston Financial Corporation v. Alt*, *Accipiter Life Sciences v. Helfer*, and *Lerner v. Immelt*.

CHAPTER 31

- Added two new cases: *Salman v. United States* and *Digital Realty Trust v. Somers*, replacing *Morrison v. National Bank of Australia*, *United States v. Newman*, and *Berman v. Neo@Ogilvy*.
- Added three new topics: Revised anti-retaliation provisions in Dodd-Frank whistleblower law, revised coverage of tipper/tippee liability, and discussion of JOBS Act and crowdsourcing.

CHAPTER 32

- Added three new cases: *In re Johnson*, *Reperex v. Coldwell Banker Commercial*, and *Bowman v. Iddon*, replacing *Delollis v. Friedberg, Smith & Co.*, *Stephenson v. PriceWaterhouseCoopers*, and *Arthur Andersen v. United States*.

CHAPTER 33

- Added one new problem case.
- Added one new case: *Cooley v. Tucker*, replacing *Clippard v. Pfefferkorn*.

CHAPTER 34

- Added two new cases: *Francini v. Goodspeed Airport* and *Edwards v. Landry Chalet Rentals*, replacing *Honeycutt v. Brookings* and *Michigan Department of Natural Resources v. Carmody-Lahti Real Estate, Inc.*

CHAPTER 36

- Added one new case: *In re. Estate of Horton v. Jones*, replacing *Estate of Abshire*.

CHAPTER 37

- Added five new cases: *Sveen v. Melin*, *American Tooling Center v. Travelers Casualty & Surety*, *AIG Property Casualty v. Cosby*, *Heimer v. Companion Life Insurance*, and *Encompass Insurance v. Stone Mansion Restaurant*, replacing *Nationwide Insurance v. Central Laborers' Pension Fund*, *Artisan & Truckers Casualty Company v. Hanover Insurance*, *ISBA Mutual Insurance v. Greenfield*, *Kutlenios v. Correa*, and *Indian Harbor Insurance v. F & M Equipment*.

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CHAPTER 38

- Replaced one problem case.

CHAPTER 39

- Added one new case: *Triffin v. Sinha*, replacing *Firststar Bank, N.A. v. First Service Title Agency*.

CHAPTER 40

- Added one new problem case.

CHAPTER 41

- Added one new case: *Forcht Bank v. Gribbins*, replacing *Lor-Mar/toro v. 1st Constitution Bank*.
- Updated the section on electronic transfers.
- Rewrote the section on wire transfers.

CHAPTER 42

- Rewrote the section on suretyship.

CHAPTER 43

- Added one new case: *Hyman v. Capital One Auto Finance*, replacing *Giles v. First Virginia Credit Services, Inc.*

CHAPTER 44

- Updated the dollar amounts to conform to current Bankruptcy Code.

CHAPTER 45

- Added four new cases: *Anderson News v. American Media*, *Ohio v. American Express*, *United States v. AT&T*, and *Animal Science Products v. Hubei Welcome Pharmaceutical*, replacing *In re Chocolate Confectionary Antitrust Litigation*, *Texaco v. Dagher*, and *Federal Trade Commission v. Actavis*.

CHAPTER 46

- Added two new cases: *Marchisio v. Carrington Mortgage Services* and *United States v. Svirskiy*, replacing *Wen Y. Chiang v. Verizon New England*.
- Added four new topics: The Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018; The Food, Drug, and Cosmetic Act; the Family Smoking Prevention and Tobacco Control Act (giving the FDA regulatory authority over tobacco products); and expanded coverage of the Consumer Financial Protection Bureau's "qualified mortgage" rule.

CHAPTER 47

- Updated the text to include a discussion of the Clean Power Plan adopted by the Obama EPA to reduce emission of greenhouse gases that contribute to global climate change and also updated discussion of the continuing controversy over the jurisdictional reach of the Clean Water Act—that is, which water bodies and wetlands can be regulated by the federal government. Also updated the drinking water section and added a new section on the Toxic Substances Control Act and the regulation of pesticides.

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Instructor's Manual The authors of *Law for Business* have prepared an instructor's manual providing insights into the major topics introduced in each chapter. Each case is briefly summarized and accompanied by a "Points for Discussion" section that poses ideas for stimulating classroom dialogue. This manual also includes the answers to all the Questions and Problem Cases that appear in the text, as well as references to appropriate places within the chapter to discuss particular end-of-chapter cases.

Test Bank and Quizzes Our test bank and quizzes contain a variety of true/false, multiple-choice, and essay questions.

PowerPoint Presentation Slides This edition's revised PowerPoints contain an easy-to-follow lecture outline summarizing key points for every chapter.

Business Law Newsletter McGraw-Hill Education's monthly Business Law newsletter, *Proceedings*, is designed specifically with the Business Law educator in mind. *Proceedings* incorporates "hot topics" in business law, video suggestions, an ethical dilemma, teaching tips, and a "chapter key" cross-referencing newsletter topics with the various McGraw-Hill Education business law textbooks. *Proceedings* is delivered via email to business law instructors each month.

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The statements contained in *Law for Business*, Fourteenth Edition, are provided only as a guide for the users of this textbook. The AACSB leaves content coverage and assessment within the purview of individual schools, the mission of the school, and the faculty. Although *Law for Business*, Fourteenth Edition, and the teaching package make no claim of any specific AACSB qualification or evaluation, we have within *Law for Business*, Fourteenth Edition, labeled selected questions according to the general knowledge and skill areas.

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Pedagogy

We have employed a number of proven pedagogical devices to aid students in their comprehension and critical analysis of the often complex topics raised in any business law course.

Chapter Openers—Most chapters begin with high-interest vignettes that provide a context for the law in the upcoming chapter. They generally take the form of a real-life case and are followed by a list of questions or issues that introduce the reader to the concepts presented in the chapter.

Learning Objectives—Succinct, crisply written learning objectives follow the chapter openers at the beginning of each chapter. The numbered objectives describe what the students can expect to learn as a result of completing the chapter. Each objective is identified by a unique symbol in the margin where the material appears in the text. Learning Objectives are coded to the assessment questions in Connect.

Concept Summaries—Each chapter contains numerous outlines, figures, or drawings that reinforce important or complex legal rules, issues, or concepts.

Visual Illustrations—Flowcharts and other visual illustrations are inserted in each chapter to facilitate student comprehension of key topics.

Cases

Textual material is supplemented by recent, high-interest cases decided by state and federal courts. Cases have been selected to illustrate practical applications of the important legal concepts introduced in each chapter. Although the cases are brief, they provide sufficient facts and analysis to clearly explain the law in action. To enhance understanding of the material, each case is placed immediately after the textual point it discusses.

E-Commerce

Most chapters contain one or more e-commerce boxes, cases, or sections that introduce important e-commerce and Internet law topics related to the chapter material. This key feature should enable students to more accurately identify future regulatory efforts and their implications for business.

Ethics in Action

Ethics in Action boxes are interspersed throughout each chapter. Appearing in the form of questions or commentaries, they should assist students in recognizing the ethical issues confronting businesspeople on a daily basis. In many chapters, these features introduce and explore various features of the Sarbanes-Oxley Act of 2002. These supplements to the regular textual material will permit students to more fully appreciate the complex and pervasive nature of ethical issues they will encounter in their professional lives. Finally, our increased focus on ethics is demonstrated by the continued inclusion of Chapter 3. This chapter clearly explains the predominant theories of ethical reasoning and provides guidelines for making ethical decisions.

International Focus

Where relevant, the authors have inserted cases and textual material introducing the legal and business risks that often attend global operations. Through this global approach, students are taught that international issues are an integral part of business.

Acknowledgments

We wish to thank the many adopters of our prior editions; we have greatly profited from their suggestions. Of course, we have had to use our judgment in determining which ones to follow. Accordingly, responsibility for any shortcomings in this edition remain ours. We do solicit the comments and criticism of instructors and students who use this edition.

We also acknowledge the assistance of the following individuals at Indiana University who facilitated the preparation of the manuscript: Elise Boruvka of Indiana University School of Public and Environmental Affairs and Professor Sarah Jane Hughes of the Indiana University Maurer School of Law.

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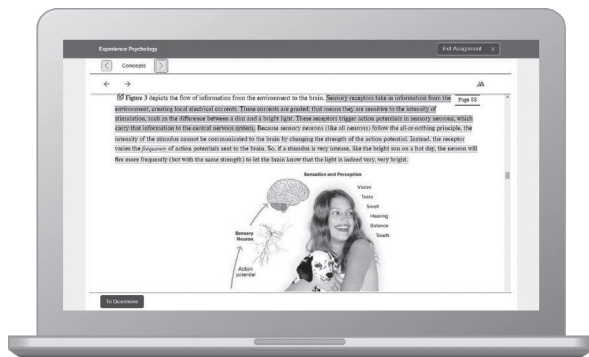
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