

Syllabus

1. General information

Name of the subject:	Introduction to Business Law
Academic Year:	2012-2013
Course:	First year
Trimesters:	2nd and 3rd
Degree / BA:	B. A. in International Business Economics
Subject Code:	21119
Credits ECTS of this subject	8
Estimated hours of study per student:	200 hours
Teaching language:	English (both group and subgroups)

- Professors and T.A.:

SECOND TERM	THIRD TERM
Antoni Rubí Puig Office: 40.106 (Roger de Llúria) Email: antoni.rubi-puig@upf.edu Office Hours: Mondays 17:30 to 18:30	Fernando Gómez Pomar Office: 40.112 (Roger de Llúria) Phone: 93 542 1647 Email: fernando.gomez@upf.edu Office hours: Tuesdays from 18.00 to 20.00
T.A. (both trimesters)	
Antoni Rubí Puig Office: 40.106 (Roger de Llúria) Email: antoni.rubi-puig@upf.edu Office Hours: Mondays 17:30 to 18:30	

Note: For any **urgent** matter, please send an email to antoni.rubi-puig@upf.edu in order to set an appointment.

2. Presentation

The course **Introduction to Business Law** is fundamental in the curricula of International Business Economics. This is a mandatory course. Following Ward Fasworth's approach as it is developed in his book "The Legal Analyst. A toolkit for thinking About the Law (Chicago University Press, 2007), the goal of this course is offering a guide to tool for thinking about the law. Economic, game theory, psychology, jurisprudence, history, and other fields will be used to provide an overview of the importance of legal rules applicable to businesses so that when completing this course, students will be able to identify legal issues an their impact on businesses while at the same time, getting familiar with the solutions legal systems provide in order to solve legal problems arising from the participation of businesses in market transactions.

Hence, this course is of crucial importance for this degree given that it provides the opportunity to become familiar with the different legal disciplines affecting the regulatory business context. The course will benefit all students given that it will enable them to develop a command of legal language and concepts that are encountered in the everyday business world.

Introduction to business is structured in two different parts that correspond to the two trimesters that this course lasts. The first part of this course intends to study legal issues that are relevant and have an impact on business decisions. The second part of this course aims at providing an overview of specific issues on contract law, focusing on Spanish contract law and its influence on business matters.

As we will see, business legal issues are real world daily matters so that it will therefore be crucial that you follow up on what is going on in the business world around you by regularly reading newspapers and magazines that regularly deal with economic and legal issues like Financial Times, the Wall Street Journal, The Economist, Business Week, Expansión, Cinco Días, or La Vanguardia, el País, as well as their weekend especial sections in economics.

- **Position of the course in the curricula project**

Introduction to Business is a mandatory subject of the second and third trimesters of the first year of the B.A. in International Business Economics. This course is worth 9 credits ECTS.

- **Course Organization**

The course duration is 20 weeks. All students will meet weekly with the professor for a lecture of an hour and a half.

Further, every second week, starting week 2, there will be a two hour practice session with the T.A. of this course. There will be a total of 10 practice sessions, 5 during the second trimester and 5 during the third. These practice sessions will be used to deepen discussion of the readings done and the topics studied as well as to relate the acquired knowledge with everyday legal issues regarding business matters.

3. Course skills

This course aims at providing students with analytical and discussion skills that will be useful for their studies in International Business Economics and for their prospect professional career. The skills that this course intends to develop are general and specific and are reflected in the next chart.

All skills will be evaluated through the biweekly continuous valuation assignments as well as with the different exams of this class – both at the end of the second trimester and at the end of the third trimester.

General Skills	Specific Skills
<ol style="list-style-type: none"> 1. Understanding and interpreting in an appropriate and reasoned way written academic texts. 2. Being able to justify one's own positions with sound arguments and to defend them publicly. 3. Being able to use English in all areas of work (proficient skills in reading, writing and speaking). 4. Developing an ability to argue and provide sound reasons on controversial issues. 5. Accepting the diversity of standpoints as a fundamental ingredient of academic life and integral to contemporary society, and being able to present one's own opinions while respecting differing points of view. 6. Being proactive in the desire to increase knowledge, as an essential feature in any learning process and in any professional activity. 7. Being able to flexibly and creatively apply the acquired knowledge and to adapt to new situations and contexts. 8. Being able to independently and continuously progress in training and learning processes. 9. Applying the relevant knowledge and procedures to a range of complex situations. 10. Identifying the key factors of a problem. 	<ol style="list-style-type: none"> 1. Identify legal problems that business may face. 2. Ability to understand and apply simple legal solutions. 3. Ability to relate the analysis of legal issues with the goals and instruments of legal systems. 4. Analytical abilities (of legal issues and the alternative solutions the legal system provides). 5. Legal reasoning through simple legal cases. 6. Ability to search information independently (on legal issues regarding business in specified data bases, the media, etc).

11. INTRODUCTION TO BUSINESS LAW SYLLABUS (2011-2012)

FIRST TRIMESTER OF THIS CLASS

PART I – INSTITUTIONS OF LEGAL SYSTEMS

Chapter 1 - ESSENTIAL ELEMENTS OF THE LEGAL SYSTEM

- 1.1. Legal Rules and Mechanisms for their Production and Application.
- 1.2. The Two Legal Systems: Civil Law And Common Law

CHAPTER 2 - THE ACTORS OF THE SPANISH LEGAL SYSTEM

- 2.1. Parliaments and their legislative output. Legislative hierarchy in the Constitution.
- 2.2. The judiciary: Basic structure; functions; processes.
- 2.3. Public administrations: types, structures, normative and regulatory functions, application and execution of legal rules; their special position as subjects in the legal system.
- 2.4. Institutions of formalization and legal certainty: notaries and public registries.
- 2.5. The state and Autonomous Communities.

CHAPTER 3 - THE EUROPEAN UNION LAW: THE EUROPEAN COMMUNITY AND THE MEMBER STATES.

- 3.1. Structure
- 3.2. Bodies
- 3.3. Power structure
- 3.4. Sources of Community law.

PART II – INCENTIVES

- 1. EX ANTE AND EX POST
- 2. THE IDEA OF EFFICIENCY
- 3. THINKING AT THE MARGIN
- 4. THE SINGLE OWNER
- 5. THE LAST COST AVOIDER
- 6. ADMINISTRATIVE COST

- 7. RENTS
- 8. THE COASE THEOREM

PART III – TRUST, COOPERATION, AND OTHER PROBLEMS FOR MULTIPLE PLAYERS

- 9. AGENCY
- 10. THE PRISONER'S DILEMMA
- 11. PUBLIC GOODS
- 12. THE STAG HUNT
- 13. CHICKEN
- 14. CASCADES
- 15. VOTING PARADOXES
- 16. SUPPRESSED MARKETS

PART IV – JURISPRUDENCE

- 17. RULES AND STANDARDS
- 18. SLIPPERY SLOPES
- 19. ACOUSTIC SEPARATION
- 20. PROPERTY RULES AND LIABILITY RULES
- 21. BASELINES

PART V – PSYCHOLOGY

- 22. WILLINGNESS TO PAY AND WILLINGNESS TO ACCEPT: THE ENDOWMENT EFFECT AND KINDRED IDEAS
- 23. HINDSIGHT BIAS
- 24. FRAMING EFFECTS
- 25. ANCHORING
- 26. SELF-SERVING BIAS, WITH A NOTE ON ATTRIBUTION ERROR

PART VI – PROBLEMS OF PROOF

- 27. PRESUMPTIONS
- 28. STANDARDS OF PROOF
- 29. THE PRODUCT RULE
- 30. THE BASE RULE
- 31. VALUE AND MARKETS

SECOND TRIMESTER OF THIS CLASS

PART 2 - BASIC INSTITUTIONS OF BUSINESS LAW IN SPAIN: CONTRACTS, PROPERTY, CORPORATIONS, AND BANKRUPTCY

CHAPTER 1 – INTRODUCTION TO SPANISH CONTRACT LAW

Class Materials, Fernando Gómez Pomar, Basic Rules of Contract Law: A Law and Economics Perspective

Supplementary Reading: Teresa Rodríguez de las Heras Bellal, INTRODUCTION TO SPANISH PRIVATE LAW, Routledge (2009); Chapter 6, Relationships and Private Law. Transactions and Contracts, pages 235-267

1.1 Contracts as instruments to encourage economic cooperation and business activity

1.2 Basic institutions of Spanish contract law: contract formation; performance and breach

1.3 Warranties in consumer sales.

Directive 99/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees

Supplementary reading: Fernando Gómez Pomar, "Economic Analysis of the Directive", in Stefan Grundmann and Cesare Massimo Bianca (eds.), EU Sales Directive Commentary (2002), pages 53-78

CHAPTER 2 - MARKET REGULATION

2.1 Consumer protection Law and regulation of advertisement

Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011, on consumer rights

Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive')

Supplementary readings:

Teresa Rodríguez de las Heras Bellal, INTRODUCTION TO SPANISH PRIVATE LAW, Routledge (2009); Chapter 4, Business, Market and the Law pages 161-177

Fernando Gómez Pomar, The Unfair Commercial Practices Directive: A Law and Economics Perspective, www.indret.com (2005)

2.2 Labor market regulation

Botero, J, S Djankov, R La Porta, F Lopez-de-Silanes, and A Shleifer, "The Regulation of Labor", *Quarterly Journal of Economics* (2004).

2.3 Antitrust regulation

FGP Slides

Supplementary reading : Francesco Parisi, Paul Stephan and Ben Depoorter, *The Law and Economics of the European Union* (Lexis Publishing, 2003), pages 715-726, 735-739, 752-754, 771-774, 779-787

CHAPTER 3 - PROPERTY LAW: CHATTELS AND REAL ESTATE. REAL ESTATE MARKET INSTITUTIONS. INTELLECTUAL PROPERTY

3.1 Tangible property

3.1.1 Property and other limited rights. Rights of guarantee.

FGP Slides

Supplementary Reading: Teresa Rodriguez de las Heras Bellall, *INTRODUCTION TO SPANISH PRIVATE LAW*, Routledge (2009); Chapter 5, Good and Private Law, pages 178-212

3.1.2 Land registry

FGP Slides

Supplementary Reading: Pedro del Pozo, "Land register", in Sjef Van Erp and Antoni Vaquer, *INTRODUCTION TO SPANISH PATRIMONIAL LAW* (2006), pages 329-339

3.2 Intellectual property

Fernando Gómez Pomar slides on European Intellectual Property Law.

CHAPTER 4 - CORPORATIONS AND THE LEGAL FORM OF BUSINESSES

4.1 Introduction. The purpose of corporate law

Reading: Reinier Kraakman, John Armour, Paul Davies, Luca Enriques, Henry B. Hansmann, Gerard Hertig, Klaus J. Hopt, Hideki Kanda, Edward B. Rock, *The Anatomy Of Corporate Law: A Comparative And Functional Approach* (2009), Chapter 1, What is corporate Law ?, pages 1-34.

4.2 Main types of business structures in Spanish Law

FGP Slides

Supplementary Reading: Teresa Rodriguez de las Heras Bellall, *INTRODUCTION TO SPANISH PRIVATE LAW*, Routledge (2009); Chapter 3,

Organizations and Private Law: Communities, Companies and Groups,
pages 72 -124.

4.2.1 Non-limited liability business structures.

4.2.2 Corporations: creation, structure and legal regime

4.2.3 Limited liability companies: specificities.

4.2.4 Others.

4.2.5 Large corporations and agency problems: issues of corporate
governance.

Reading: Luca Enriques and Paolo Volpin, Corporate Governance
Reforms in Continental Europe, Journal of Economic Perspectives, Vol. 21,
Num. 1 (2007)

CHAPTER 5 – INSOLVENCY AND BANKRUPTCY LAW

Reading: Fernando Gómez Pomar, Marco Celentani Miguel García-
Posada, Spanish corporate bankruptcy puzzle, working Paper (2009)

12. Course Evaluation

Course evaluation will be based on the following criteria:

- Exam grades (both trimesters) : 70%
- Practice sessions (both trimesters): 30%

Both parts of this course will be jointly evaluated so that you will only have one grade for the WHOLE course.

Each trimester of the course –second and third- will have the same weight in the final grade. Hence, each trimester is with 50% of the total grade.

The minimum required grade to pass this course will be 5 points out of 10.

In order to be able to take the average grade between both trimesters you need to score at least 3.5 points as the lowest grade of one of the trimesters. If the average between both grades is above 5 so that you can compensate the 3.5 points, you will pass this course.

Students failing this course will have the opportunity to retake the final exam in July. Only those students that meet the following requirements are entitled to retake the final exam:

- a) Students that have taken the final exams held at the end of both trimesters;
and
- b) Students that have at least completed fifty per cent (50%) of the mandatory assignments during the course.

This July exam would include contents from both trimesters.

13. Methodology

This class combines classroom activities as well as readings and writing students will have to perform outside of the classroom.

Introduction to business is a 20 week course structured in two differentiated parts, each of which will last 10 weeks and will weight equally in the evaluation of the course.

The methodology of each kind of lectures will follow the same structure:

a. For the theory lectures:

Each week students will have a two hour lecture given by the professor of the course.

b. For the practice sessions

During the 20 weeks there will be 10 practice sessions – 5 in each part – to further work the issues arising from the class materials and to apply them to the daily business realities.

The 10 practice sessions will be conducted by the Teacher Assistant of this class.

Two weeks before the practice session you will have the assignment available to work on it and hand it in the week before the practice session so that there will be enough time to grade them and return them to you during the practice session.

c. Work load :

Credits ECTS: 8

Total hours of study of each student: 200 hours (25 hours per credit ECTS).

Distribution of work load for each student:

1. Lecture hours: 60
40 hours of theoretical lectures
20 hours of practice sessions
2. Hours of supervised work: 20 hours (TA office weekly hours)
Attendance non compulsory
3. Hours of student work: 120 hours to prepare the readings and the course cases and of individual study

Weekly calendar

PART I - INTRODUCTION TO THE LEGAL SYSTEM

WEEKS	LECTURES	PRACTICE
Week 1	Lecture 1: CHAPTER – Lecture 2: CHAPTER – 1. EX ANTE AND EX POST 2. THE IDEA OF EFFICIENCY 3. THINKING AT THE MARGIN	
Week 2	Lecture 3: CHAPTER Lecture 4: CHAPTER 4. THE SINGLE OWNER 5. THE LAST COST AVOIDER 6. ADMINISTRATIVE COST	PRACTICE SESSION 1 Chapter X - ESSENTIAL ELEMENTS OF THE POLITICAL AND LEGAL SYSTEMS CHAPTER X - THE EUROPEAN UNION LAW: THE EUROPEAN COMMUNITY AND THE MEMBER STATES.
Week 3	Lecture 5: CHAPTER Lecture 6: CHAPTER 7. RENTS 8. THE COASE THEOREM 9. AGENCY	

Week 4	Lecture 7: CHAPTER Lecture 8: CHAPTER 10. THE PRISONER'S DILEMMA 11. PUBLIC GOODS 12. THE STAG HUNT	PRACTICE SESSION 2 CHAPTER X - THE ACTORS OF THE SPANISH LEGAL AND JUDICIAL SYSTEM
Week 5	Lecture 9: CHAPTER Lecture 10: CHAPTER 13. CHICKEN 14. CASCADES 15. VOTING PARADOXES	
Week 6	Lecture 11: CHAPTER Lecture 12: CHAPTER 16. SUPPRESSED MARKETS 17. RULES AND STANDARDS	PRACTICE SESSION 3 QUESTIONS TO BE HANDED IN
Week 7	Lecture 13: CHAPTER Lecture 14: CHAPTER 18. SLIPPERY SLOPES 19. ACOUSTIC SEPARATION 20. PROPERTY RULES AND LIABILITY RULES	
Week 8	Lecture 15: CHAPTER Lecture 16: CHAPTER 21. BASELINES 22. WILLINGNESS TO PAY AND WILLINGNESS TO ACCEPT: THE ENDOWMENT EFFECT AND KINDRED IDEAS	PRACTICE SESSION 4 QUESTIONS TO BE HANDED IN

Week 9	Lecture 17: CHAPTER Lecture 18: CHAPTER 23. HINDSIGHT BIAS 24. FRAMING EFFECTS	
Week 10	Lecture 19: CHAPTER Lecture 20: CHAPTER 25. ANCHORING	PRACTICE SESSION 5 PRACTICE QUESTIONS ABOUT THE MATERIAL COVERED DURING THE TRIMESTER
EXAM PERIOD		

PART 2 - BASIC INSTITUTIONS OF BUSINESS LAW: CONTRACTS, PROPERTY AND CORPORATIONS

WEEKS	LECTURES	PRACTICE
Week 11	Lecture 1: CHAPTER 1 – Introduction to contracts. 1.1 Contracts as instruments to encourage economic cooperation and business activity.	
	Lecture 2: CHAPTER 1 – Introduction to contracts. 1.2 Basic institutions of contract law	
Week 12	Lecture 3: CHAPTER 1 – Introduction to contracts. 1.3 Warranties in consumer sales	PRACTICE SESSION 1 Contract law
	Lecture 4: CHAPTER 2 - Market regulation. 2.1 Consumer protection Law and regulation of advertisement (I)	
Week 13	Lecture 5: CHAPTER 2 - Market regulation. 2.1 Consumer protection Law and regulation of advertisement (I)	
	Lecture 6: CHAPTER 2 - Market regulation. 2.2 Labor market regulation.	
Week 14	Lecture 7: CHAPTER 2 - Market regulation. 2.3 Antitrust regulation.	PRACTICE SESSION 2 Contract law - Antitrust
	Lecture CHAPTER 3 - Property Law On Chattels and Real Estate. Real Estate Market Institutions. Intellectual Property. 3.1 Tangible property (I)	
Week 15	Lecture 9: CHAPTER 3 – Property Law On Chattels and Real Estate. Real Estate Market Institutions. Intellectual Property. 3.1 Tangible property (II)	
	Lecture 10: CHAPTER 3 – Property Law On Chattels and Real Estate. Real Estate Market Institutions. Intellectual Property. 3.2 Intellectual property (I)	
Week 16	Lecture 11: CHAPTER 3 - Property Law On Chattels and Real Estate. Real Estate Market Institutions. Intellectual Property. 3.2 Intellectual property (II)	PRACTICE SESSION 3 Property Law – Intellectual Property
	Lecture 12: CHAPTER 4 - Corporations and the legal form of business. 4.1 Introduction. The purpose of corporate law	

Week 17	Lecture 13: CHAPTER 4 - Corporations and the legal form of business. 4.2 Main types of Business structures (I) Lecture 14: CHAPTER 4 - Corporations and the legal form of business. 4.2 Main types of Business structures (II)	
Week 18	Lecture 15: CHAPTER 4 - Corporations and the legal form of business. 4.2 Main types of Business structures (III) Lecture 16: Professor Ward Farnsworth's lecture	PRACTICE SESSION 4 Corporations
Week 19	Lecture 17: CHAPTER 4 - Corporations and the legal form of business. 4.2 Main types of Business structures (IV) Lecture 18: CHAPTER 4 - Corporations and the legal form of business. 4.2 Main types of Business structures (V)	
Week 20	Lecture 19: CHAPTER 5 - Insolvency and bankruptcy law (I). Lecture 20: CHAPTER 5 - Insolvency and bankruptcy law (II).	PRACTICE SESSION 5 Corporations or insolvency
<p align="center">EXAM PERIOD THIRD TRIMESTER FINAL EXAM FOR INTRODUCTION TO BUSINESS</p>		