

# Syllabus

## 1. General information

|  |   |
|--|---|
| <b>Name of the subject:</b>                  | Introduction to Business Law              |
| <b>Academic Year:</b>                        | 2013-2014                                 |
| <b>Course:</b>                               | First year                                |
| <b>Trimesters:</b>                           | 2nd and 3rd                               |
| <b>Degree / BA:</b>                          | B. A. in International Business Economics |
| <b>Subject Code:</b>                         | 21119                                     |
| <b>Credits ECTS of this subject</b>          | 8   |
| <b>Estimated hours of study per student:</b> | 200 hours                                 |
| <b>Teaching language:</b>                    | English (both group and subgroups)        |

- **Professors and lecturers:**

| SECOND TERM  | THIRD TERM   |
|--|--|
| <b>Pablo Salvador Coderch</b><br>Office: 40.119 (Roger de Llúria)<br>Email: <a href="mailto:pablo.salvador@upf.edu">pablo.salvador@upf.edu</a><br>Office Hours: TBA                  | <b>Antoni Rubí Puig</b><br>Office: 40.104 (Roger de Llúria)<br>Email: <a href="mailto:antoni.rubi-puig@upf.edu">antoni.rubi-puig@upf.edu</a><br>Office Hours: Mondays 17:30 to 18:30 |
| Seminars   |  |
| <b>Antoni Rubí Puig</b><br>Office: 40.104 (Roger de Llúria)<br>Email: <a href="mailto:antoni.rubi-puig@upf.edu">antoni.rubi-puig@upf.edu</a><br>Office Hours: Mondays 17:30 to 18:30 | <b>Fernando Gómez Pomar</b><br>Office: 40.112 (Roger de Llúria)<br>Email: <a href="mailto:fernando.gomez@upf.edu">fernando.gomez@upf.edu</a><br>Office hours: TBA                    |

Note: For any **urgent** matter, please send an email to [antoni.rubi-puig@upf.edu](mailto: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 Farnsworth'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 and 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"><li>1. Understanding and interpreting in an appropriate and reasoned way written academic texts.</li><li>2. Being able to justify one's own positions with sound arguments and to defend them publicly.</li><li>3. Being able to use English in all areas of work (proficient skills in reading, writing and speaking).</li><li>4. Developing an ability to argue and provide sound reasons on controversial issues.</li><li>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.</li><li>6. Being proactive in the desire to increase knowledge, as an essential feature in any learning process and in any professional activity.</li><li>7. Being able to flexibly and creatively apply the acquired knowledge and to adapt to new situations and contexts.</li><li>8. Being able to independently and continuously progress in training and learning processes.</li><li>9. Applying the relevant knowledge and procedures to a range of complex situations.</li><li>10. Identifying the key factors of a problem.</li></ol> | <ol style="list-style-type: none"><li>1. Identify legal problems that business may face.</li><li>2. Ability to understand and apply simple legal solutions.</li><li>3. Ability to relate the analysis of legal issues with the goals and instruments of legal systems.</li><li>4. Analytical abilities (of legal issues and the alternative solutions the legal system provides).</li><li>5. Legal reasoning through simple legal cases.</li><li>6. Ability to search information independently (on legal issues regarding business in specified data bases, the media, etc).</li></ol> |

## **11. INTRODUCTION TO BUSINESS LAW SYLLABUS (2013-2014)**

### **FIRST TERM**

#### **PART I – INSTITUTIONS OF LEGAL SYSTEMS (Antoni Rubí)**

##### **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 (Pablo Salvador)**

- 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  
(Pablo Salvador)**

- 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 (Pablo Salvador)**

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

**PART V – PSYCHOLOGY (Pablo Salvador)**

- 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 (Pablo Salvador)**

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

## **SECOND TERM**

### **BASIC INSTITUTIONS OF BUSINESS LAW IN SPAIN:** **CONTRACTS, PROPERTY, CORPORATIONS, AND BANKRUPTCY** **(Fernando Gómez/ Antoni Rubí)**

#### **CHAPTER 1 – INTRODUCTION TO SPANISH CONTRACT LAW**

- 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.

#### **CHAPTER 2 - MARKET REGULATION**

- 2.1 Consumer protection Law and regulation of advertisement
- 2.2 Labor market regulation
- 2.3 Antitrust regulation

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

- 3.1 Tangible property
- 3.2 Intellectual property

#### **CHAPTER 4 - CORPORATIONS AND THE LEGAL FORM OF BUSINESSES**

- 4.1 Introduction. The purpose of corporate law
- 4.2 Main types of business structures in Spanish Law

#### **CHAPTER 5 – INSOLVENCY AND BANKRUPTCY LAW**

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

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

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

**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<br>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<br>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<br>Property Law – Intellectual Property |
|         | Lecture 12: CHAPTER 4 - Corporations and the legal form of business. 4.1 Introduction. The purpose of corporate law                                      |  |

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