

**Title: Law and Entrepreneurship
Spring 2022**

Instructor

Instructor: Michael Chasalow
Office: Gould 466
Office phone: 213.740.3722
E-mail: mchasalow@law.usc.edu

Lecture Class

Section: LAW 350
Time: Tuesday & Thursday 2:00 – 3:50 pm
Location: TBD
Units: 4

Office Hours

Friday: 11:00 am – 12:00 pm
And by appointment

Course Description

This course examines areas of the law that impact the entrepreneur in the process of starting, growing, operating and financing a business. At the start of the course, we will select a fictional business that will be the focal point for introducing a range of substantive legal topics that impact entrepreneurs and their business endeavors. These topics will include: the selection of a business entity; legal issues that arise in raising funds for a business; employment law, contract law, intellectual property; legal issues related to the global expansion of a business; mergers and acquisitions and taking a company public. The course is intended to provide a basic introduction to the legal and regulatory controls that impact start-up businesses.

Course Objectives

The course provides students the opportunity to learn about substantive business law topics that typically arise in the life-cycle of a startup company. The overarching purpose of this course is to prepare students to meet the legal and regulatory challenges and opportunities they can expect to encounter as entrepreneurs, venture capitalists, or managers of private and public businesses. At the conclusion of the course, students will be able to identify significant legal issues that underlie many activities of new business ventures as well as the legal issues that impact the rights and duties of the managers of these ventures. The object of the course is not to convince students to go to law school, or prepare them to be business lawyers. Rather, it is based on the understanding that entrepreneurs face unique legal and regulatory challenges, and developing a basic familiarity with legal concepts and issues will prepare students to identify legal issues as they arise and to work with lawyers to

navigate these challenges and build stronger, more effective ventures. Students will be exposed to the critical thinking present in any good legal analysis and will develop a greater facility with the legal issues, vocabulary, and rules of law that impact entrepreneurship.

During the course, students will contribute to their own learning by discussing legal and business case studies. The course provides the long-term benefit of identifying potential legal risks and strategies to mitigate them. Through study, discussion, and assessments students will become better critical thinkers while being equipped with tools that will prepare them for work in an industry involving innovation, risk management, and strategic thinking.

Course Learning Objectives

- Students will be able to identify legal issues that arise in the context of selecting an entity for a new venture, raising money for a venture, hiring (and firing) workers, entering into binding agreements, limiting liability in tort, protecting and acquiring intellectual property, and growing a business.
- Students will sharpen their abilities to think strategically with respect to the legal issues that may confront the entrepreneur.
- Students will be able to identify any distinguish legal issues.
- Students will strengthen general writing skills and their ability to articulate a legal issue or concern in writing.
- Students will develop a legal literacy in identifying issues and selecting an attorney to provide assistance.
- Students will develop a confidence in their ability to confront legal challenges and to navigate a business through them.
- Students will demonstrate critical thinking skills so as to become future-oriented decision makers, problem solvers and innovators.

At the conclusion of the course, students will know general principles of business law and be able to identify and distinguish legal issues. They will acquire the legal terminology of business organization and finance, and anticipate their impact in the context of new ventures. Students will be able to integrate knowledge ranging from issue spotting, identifying legal issues and anticipating how substantive law may apply. The students will be challenged to be critical thinkers as they learn and apply the material. Efficiently marshaling the ethical, legal and public policy rationales to decide a course of action is one of the learning outcomes we seek in this course.

Students will improve their deductive reasoning skills and knowledge of both basic and advanced topics within the subject matter presented. Students will be able to identify legal issues and apply the relevant laws, regulations, and case law. They will recognize ethical conflicts in the governance of business organizations and be able to distinguish alternative actions to pursue. They will critically question the issues presented, identify the competing legal standards and relevant points of view in those business problems that lack clear standards for solution.

These objectives will be met through class discussion and the assigned materials. It is important for students to read the assigned material before class, both in the textbook and in any supplemental

sources assigned. Bring the textbook to each class in order to participate fully in class discussions, and apply the concepts learned in the readings to both hypothetical and current events.

Students should be open to communicating freely in class, being called upon to clarify another student's comment, and to otherwise actively participate in our learning this semester. Class presentations are part of the process to demonstrate students' technical competencies and presentation skills within a team setting.

Required Materials

- The Entrepreneur's Guide to Law and Strategy, Fifth Edition (***Please do NOT get earlier editions.***)
Authors: Constance E. Bagley, Craig E. Dauchy
Publisher: Cengage
ISBN: 9781285428499

Office Hours

My office hours will be from 11 am to noon on Fridays. If you cannot attend my regular office hours, send an **email** to schedule an appointment.

Prerequisites

There are no prerequisites for this course. However, a familiarity with and an interest in, business is helpful.

Grading Summary

The course grading is based on the following criteria:

Class Participation: 10%
Midterms: 60%
Final: 30%

Assessment	Maximum points
1 st Midterm Exam	60
2 nd Midterm Exam	60
Final Exam	60
Total Points	180

Grading Scale (Example)

Course final grades will be determined using the following scale

A	95-100
A-	90-94
B+	87-89
B	83-86
B-	80-82
C+	77-79
C	73-76
C-	70-72
D+	67-69
D	63-66
D-	60-62
F	59 and below

Exam Dates

	Date [Tentative]	Time
1st Midterm Exam	2/17/2022	During class
2nd Midterm Exam	3/31/2022	During class
Final Exam	TBD	

Course Grading Policy. The instructor determines what qualifies as an accurate grade on an assignment, exam, or other deliverable, and the instructor's evaluation of the performance of each individual student is the final basis for assigning grades for the course. Students' grades for this course depend upon their performance and the grading standards and policies and procedures of the University. There is no specific guideline with respect to the number or percentage of any specific grade given or the numbers of persons who pass or fail the course. Thus, discretion is given to each instructor regarding the assignment and distribution of grades.

Preparation for class. Students are expected to read each week's reading assignments *prior to class*, and *be prepared* to discuss them. In order to make the class periods as engaging as possible, there will be a concentration on the application of the material. Students should always proceed to the next reading assignment whether the previous reading has been fully discussed in class. Projects, exercises and guest speakers can interrupt the delivery of instructional material. Despite these interruptions students are responsible for learning all material assigned even if not directly covered in lecture.

Exams. The tests given during the semester, including the final exam, are not cumulative. Generally, the material is unique to each test or quiz; however, students may be asked to compare and contrast a substantive law rule with one learned earlier in the course. While every examination will ask students to recognize definitions, the focus of the examinations will be on the application of the legal principle involved.

Makeup exams and grading issues. Make-up midterms will be given only in *exceptional circumstances* and will require *prior* arrangements. Student-athletes and others with verifiable

schedule conflicts with the exam schedule must arrange for an alternate test and testing date *one week* prior to an exam date.

Absences. A student does not need to email me in advance that they will miss class on a particular day.

USC technology rental program

Attending classes online and completing coursework remotely requires access to technology that not all students possess. If you need resources to successfully participate in your classes, such as a laptop or internet hotspot, you may be eligible for the university's equipment rental program. To apply, please [submit an application](#). The Student Basic Needs team will contact all applicants and distribute equipment to eligible applicants prior to the start of the fall semester. (Students applying to this program after the start of fall semester will need to request additional information.)

USC Technology Support Links

[Zoom information for students](#)

[Blackboard help for students](#)

[Software available to USC Campus](#)

Statement on Academic Conduct and Support Systems

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Academic Conduct:

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, “Behavior Violating University Standards” policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, policy.usc.edu/scientific-misconduct.

Support Systems:

Counseling and Mental Health - (213) 740-9355 – 24/7 on call
studenthealth.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call
suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press “0” after hours – 24/7 on call
studenthealth.usc.edu/sexual-assault

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office of Equity and Diversity (OED) - (213) 740-5086 | Title IX – (213) 821-8298
equity.usc.edu, titleix.usc.edu

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298
usc-advocate.symphlicity.com/care_report

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity | Title IX for appropriate investigation, supportive measures, and response.

The Office of Disability Services and Programs - (213) 740-0776
dsp.usc.edu

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

Students requesting test-related accommodations will need to share and discuss their DSP recommended accommodation letter/s with their faculty and/or appropriate departmental contact person at least three weeks before the date the accommodations will be needed. Additional time may be needed for final exams. Reasonable exceptions will be considered during the first three weeks of the semester as well as for temporary injuries and for students recently diagnosed. Please note that a reasonable period of time is still required for DSP to review documentation and to make a determination whether a requested accommodation will be appropriate.

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in Grace Ford Salvatori Hall (GFS), 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is 213.740.0776. For more information visit <https://dsp.usc.edu/>

If you are taking an examination at the DSP office and believe that a question is unclear, incomplete, ambiguous or otherwise defective, you are advised to attach additional pages to the examination placed at DSP. If you are making such a contention, then, you are *required* to state clearly the problem you encountered with the question and why you answered the question in the manner you did. Only with such information in hand at the time I grade your examination will I be able to gauge the appropriateness of giving you credit for your answer to the subject question. If for some reason, you must take the examination *after* the class has taken the examination, you will take a comparable examination to that given the students in class. You will not receive the same examination as your classmates as all students leave an exam with a copy of the exam questions.

USC Campus Support and Intervention - (213) 821-4710

campussupport.usc.edu

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity at USC - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call
dps.usc.edu

Non-emergency assistance or information.

Help with Basic Needs

<https://studentbasicneeds.usc.edu/>

<https://studentbasicneeds.usc.edu/resources/covid-19/>

If you are experiencing food insecurity

<https://studentbasicneeds.usc.edu/resources/food-insecurity/>

If you are experiencing housing insecurity

<https://studentbasicneeds.usc.edu/resources/housing-insecurity/>

If you are experiencing financial insecurity

<https://studentbasicneeds.usc.edu/resources/financial-insecurity/>

If you need help procuring technology to perform coursework remotely

<https://studentbasicneeds.usc.edu/resources/technology-assistance/>

We realize attending classes online and performing coursework remotely requires access to technology that not all students may possess. If you need resources to successfully participate in your classes, such as a laptop or internet hotspot, you may be eligible for the University's equipment rental program. To apply, please fill out this form (see link above) and our Student Basic Needs team will partner with you to evaluate your options.

Other Course Policies

No recording and copyright notice. *No student may record any lecture, class discussion or meeting with me without my prior express written permission.* The word “record” or the act of recording includes, but is not limited to, any and all means by which sound or visual images can be stored, duplicated or retransmitted whether by an electro-mechanical, analog, digital, wire, electronic or other device or any other means of signal encoding. I reserve all rights, including copyright, to my lectures, course syllabi and related materials, including summaries, Power Points, prior exams, answer keys, and all supplementary course materials available to the students enrolled in my class whether posted on Blackboard or otherwise. They may not be reproduced, distributed, copied, or disseminated in any media or in any form, including but not limited to all course note-sharing websites. *Exceptions are made for students who have made prior arrangements with DSP and me.* Use of any recorded or distributed material is reserved exclusively for the USC students registered in this class.

Incomplete grades. A mark of IN (incomplete) may be assigned when work is not completed because of a documented illness or other “emergency” that occurs after the 12th week of the semester (or the twelfth week equivalent for any course that is scheduled for less than 15 weeks).

An “emergency” is defined as a serious documented illness, or an unforeseen situation that is beyond the student's control, that prevents a student from completing the semester. Prior to the 12th week,

the student still has the option of dropping the class. Arrangements for completing an IN must be initiated by the student and agreed to by the instructor prior to the final examination. If an Incomplete is assigned as the student's grade, the instructor is required to fill out an "Assignment of an Incomplete (IN) and Requirements for Completion" form at (http://www.usc.edu/dept/ARR/forms/Incomplete_form_32008.pdf) which specifies to the student and to the department the work remaining to be done, the procedures for its completion, the grade in the course to date, and the weight to be assigned to work remaining to be done when the final grade is computed. Both the instructor and student must sign the form with a copy of the form filed in the department. Class work to complete the course must be completed within one calendar year from the date the IN was assigned. The IN mark will be converted to an F grade should the course not be completed.

Add/Drop Process

In compliance with USC policies classes are open enrollment (R-clearance) through the first week of class. All classes are closed (switched to D-clearance) at the end of the first week. This policy minimizes the complexity of the registration process for students by standardizing across classes. You will be dropped from the class if you don't attend the first two sessions. If you decide to drop, or if you choose not to attend the first two sessions and are dropped, you risk being not being able to add to another section this semester, since they might reach capacity. You can only add a class after the first week of classes if you receive approval from the instructor.

Course Readings

The course coverage:

1. Introduction (Ch. 1, 2, 3)
2. Entity Choice and the Agency Problem (Ch. 4-6)
3. Raising Funds (Ch. 7)
4. Labor (Ch. 8)
5. Contracts (Ch. 9, 10)
6. Avoiding and Addressing Potential Liability for the Startup (Ch. 11)
7. Intellectual Property (Ch. 14)
8. Expansion and IPO (Ch. 15-17)

Course Schedule: A Weekly Breakdown

	Topics/Daily Activities	Readings and Homework
<i>Week 1</i>	Introduction; How to Evaluate a Potential Business Venture;	<p>Before our first class, please listen to any episode of the podcast <i>How I Built This with Guy Raz</i>; If you can't pick one, I especially like:</p> <p>Ben and Jerry's Ice Cream, Spanx, Warby-Parker, and Airbnb https://www.npr.org/2020/03/20/818918341/ben-jerrys-ben-cohen-and-jerry-greenfield; https://www.npr.org/2017/08/15/534771839/spanx-sara-blakely; https://www.npr.org/2018/03/26/586048422/warby-parker-dave-gilboa-neil-blumenthal ; https://www.npr.org/2017/10/19/543035808/airbnb-joe-gebbia</p> <p>Bagley & Dauchy: 1-15</p> <p>Start Up Nation:</p> <ul style="list-style-type: none"> • https://startupnation.com/start-your-business/create-fundable-business-plan/ • https://startupnation.com/manage-your-business/common-reasons-startups-fail/
<i>Week 2</i>	Leaving your Employer; Working with Lawyers	<p>Bagley & Dauchy: 16-36</p> <p>Bagley & Dauchy: 38-53</p>

<i>Week</i> 3	Selecting an entity for a new business venture.	Bagley & Dauchy: 55-76; 79- 101
<i>Week</i> 4	Entity Selection; Founders Equity; Structuring the Board	Bagley & Dauchy: 105-122 Bagley & Dauchy: 127-139
<i>Week</i> 5	Raising Funds	Bagley & Dauchy: 146-169; Bagley & Dauchy: 169-181; 186-189
<i>Week</i> 6	Midterm 1 Midterm review	
<i>Week</i> 7	No Class Tuesday February 22nd; Employment Law Issues	Bagley & Dauchy: 193-201; 201-222
<i>Week</i> 8	Employment Law – Stock options and equity compensation;	Bagley & Dauchy: 231-245; 247-256 Bagley & Dauchy: 261- 273
<i>Week</i> 9	Introduction to Contracts; Contract basics for Entrepreneurs	Bagley & Dauchy: 261- 273 Bagley & Dauchy: 273-289
<i>Week</i> 10	E-commerce; sales and Consumer Privacy	Bagley & Dauchy: 290-301 Bagley & Dauchy: 305-307; 309-342;
<i>Week</i> 11	Midterm 2 Midterm Review	
<i>Week</i> 12	Liability issues in a startup venture	Bagley & Dauchy: 348-365 Bagley & Dauchy: 371-380; 380-388
<i>Week</i> 13	Liability concerns for the startup venture; Introduction to Intellectual Property	Bagley & Dauchy: 496-523 Bagley & Dauchy: 523-541
<i>Week</i> 14	Intellectual Property	Bagley & Dauchy: 541-568;
<i>Week</i> 15	Buying and Selling a Business; Going Public	Bagley & Dauchy: 615-632; 646-650; 669-681; 689-691 Bagley & Dauchy: 691-712;721-728;733-741