Title: Law and Entrepreneurship  
Spring 2023

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: LAW- Room 2  
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 constructs that impact a start-up business.

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:

<table>
<thead>
<tr>
<th>Class Participation</th>
<th>10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midterms</td>
<td>60%</td>
</tr>
<tr>
<td>Final</td>
<td>30%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Maximum points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Midterm Exam</td>
<td>60</td>
</tr>
<tr>
<td>2nd Midterm Exam</td>
<td>60</td>
</tr>
<tr>
<td>Final Exam</td>
<td>60</td>
</tr>
<tr>
<td>Total Points</td>
<td>180</td>
</tr>
</tbody>
</table>
Grading Scale (Example)
Course final grades will be determined using the following scale:

<table>
<thead>
<tr>
<th>Letter grade</th>
<th>Corresponding numerical point range</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>93-100</td>
</tr>
<tr>
<td>A-</td>
<td>90-92</td>
</tr>
<tr>
<td>B+</td>
<td>87-89</td>
</tr>
<tr>
<td>B</td>
<td>83-86</td>
</tr>
<tr>
<td>B-</td>
<td>80-82</td>
</tr>
<tr>
<td>C+</td>
<td>77-79</td>
</tr>
<tr>
<td>C</td>
<td>73-76</td>
</tr>
<tr>
<td>C-</td>
<td>70-72</td>
</tr>
<tr>
<td>D+</td>
<td>67-69</td>
</tr>
<tr>
<td>D</td>
<td>63-66</td>
</tr>
<tr>
<td>D-</td>
<td>60-62</td>
</tr>
<tr>
<td>F</td>
<td>59 and below</td>
</tr>
</tbody>
</table>

Exam Dates

<table>
<thead>
<tr>
<th>Exam</th>
<th>Date [Tentative]</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Midterm Exam</td>
<td>2/16/2023</td>
<td>During class</td>
</tr>
<tr>
<td>2nd Midterm Exam</td>
<td>3/30/2023</td>
<td>During class</td>
</tr>
<tr>
<td>Final Exam</td>
<td>TBD</td>
<td></td>
</tr>
</tbody>
</table>

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 and Zoom.** You do not need to email me in advance if you will miss class on a particular day. However, if you miss class more than 5 times during the semester without my written approval, it will impact your participation grade. While our class sessions will typically be recorded on Zoom and available through a link on Blackboard (synchronously and asynchronously), viewing lectures remotely is not considered “attending class.” I understand that, occasionally events may arise that impact your ability to attend in person. However, I strongly recommend that you attend classes in-person.

**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](#)

**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

<table>
<thead>
<tr>
<th>Week</th>
<th>Topics/Daily Activities</th>
<th>Readings and Homework</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Leaving your Employer; Working with Lawyers</td>
<td>Bagley &amp; Dauchy: 16-36</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bagley &amp; Dauchy: 38-53</td>
</tr>
<tr>
<td>3</td>
<td>Selecting an entity for a new business venture.</td>
<td>Bagley &amp; Dauchy: 55-76; 79-101</td>
</tr>
<tr>
<td>4</td>
<td>Entity Selection; Founders’ Equity; Structuring the Board</td>
<td>Bagley &amp; Dauchy: 105-122</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bagley &amp; Dauchy: 127-139</td>
</tr>
<tr>
<td>5</td>
<td>Raising Funds</td>
<td>Bagley &amp; Dauchy: 146-169; Bagley &amp; Dauchy: 169-181; 186-189</td>
</tr>
<tr>
<td>6</td>
<td>Spring Break</td>
<td><em>Note that the week of Spring Break is not “counted” as a week of class.</em></td>
</tr>
<tr>
<td></td>
<td>Midterm 1 Review</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Midterm 1</td>
<td></td>
</tr>
<tr>
<td>Week 7</td>
<td>No Class Tuesday February 21st; Employment Law Issues</td>
<td>Bagley &amp; Dauchy: 193-201</td>
</tr>
<tr>
<td>-------</td>
<td>-----------------------------------------------------</td>
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</tbody>
</table>
| Week 8 | Employment Law – Civil Rights in the workplace; Hiring, firing, compensation, and benefits; Arbitration; Vicarious liability | Bagley & Dauchy: 201-222  
Bagley & Dauchy: 231-245; 247-256 |
| Week 9 | Introduction to Contracts; Contract basics for Entrepreneurs | Bagley & Dauchy: 261- 273  
Bagley & Dauchy: 273-290 |
| Week 10 | E-commerce; sales and Consumer Privacy | Bagley & Dauchy: 290-301  
Bagley & Dauchy: 305-307; 309-342; |
| Week 11 | Midterm 2 Review Midterm 2 | |
| Week 12 | Liability issues in a startup venture | Bagley & Dauchy: 348-365  
Bagley & Dauchy: 371-380; 380-388 |
| Week 13 | Liability concerns for the startup venture; Introduction to Intellectual Property | Bagley & Dauchy: 496-523  
Bagley & Dauchy: 523-541 |
| Week 14 | Intellectual Property | Bagley & Dauchy: 541-568;  
Bagley & Dauchy: 615-632; 646-650; 669-681; 689-691 |
| Week 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 |
Statement on Academic Integrity and Support Systems

Academic Integrity

The University of Southern California is foremost a learning community committed to fostering successful scholars and researchers dedicated to the pursuit of knowledge and the transmission of ideas. Academic misconduct is in contrast to the university’s mission to educate students through a broad array of first-rank academic, professional, and extracurricular programs and includes any act of dishonesty in the submission of academic work (either in draft or final form).

This course will follow the expectations for academic integrity as stated in the USC Student Handbook. All students are expected to submit assignments that are original work and prepared specifically for the course/section in this academic term. You may not submit work written by others or “recycle” work prepared for other courses without obtaining written permission from the instructor(s). Students suspected of engaging in academic misconduct will be reported to the Office of Academic Integrity.

Other violations of academic misconduct include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

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 Research and Scholarship Misconduct.

For more information about academic integrity see the student handbook or the Office of Academic Integrity’s website, and university policies on Research and Scholarship Misconduct.

Please ask me if you are unsure about what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution. Collaboration. In this class, you are expected to submit work that demonstrates your individual mastery of the course concepts. Group work. Unless specifically designated as a ‘group project,’ all assignments are expected to be completed individually.

If found responsible for an academic violation, students may be assigned university outcomes, such as suspension or expulsion from the university, and grade penalties, such as an “F” grade on the assignment, exam, and/or in the course.
Students and Disability Accommodations:

USC welcomes students with disabilities into all of the University’s educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

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.

_Relation and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press “0” after hours – 24/7 on call_
studianthealth.usc.edu/sexual-assault
Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

_Office for Equity, Equal Opportunity, and Title IX (EEO-TIX) - (213) 740-5086_
eeotix.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.symplicity.com/care_report
Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

_The Office of Student Accessibility Services (OSAS) - (213) 740-0776_
osas.usc.edu
OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

_USC Campus Support and Intervention - (213) 821-4710_
Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

*Diversity, Equity and Inclusion - (213) 740-2101*

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*

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*

Non-emergency assistance or information.

*Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)*

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

*Occupational Therapy Faculty Practice - (323) 442-3340 or otfp@med.usc.edu*

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

*Help with Basic Needs*

https://studentbasicneeds.usc.edu/

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/
Other Course Policies

Course Content Distribution and Synchronous Session Recordings Policies
USC has policies that prohibit recording and distribution of any synchronous and asynchronous course content outside of the learning environment.

Recording a university class without the express permission of the instructor and announcement to the class, or unless conducted pursuant to an Office of Student Accessibility Services (OSAS) accommodation. Recording can inhibit free discussion in the future, and thus infringe on the academic freedom of other students as well as the instructor. (Living our Unifying Values: The USC Student Handbook, page 13).

Distribution or use of notes, recordings, exams, or other intellectual property, based on university classes or lectures without the express permission of the instructor for purposes other than individual or group study. This includes but is not limited to providing materials for distribution by services publishing course materials. This restriction on unauthorized use also applies to all information, which had been distributed to students or in any way had been displayed for use in relationship to the class, whether obtained in class, via email, on the internet, or via any other media. (Living our Unifying Values: The USC Student Handbook, page 13).

No recording and copyright notice. Without limiting the general information above, 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.