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Business Law

PRINCIPLES AND PRACTICES

Arnold J. Goldman
William D. Sigismund

Business Law

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Preface

The founding fathers of the United States believed that our system of government should be based on the rule of law. They put this into practice by drafting a Constitution and establishing a system of federal courts to interpret that document. Americans have continued to show faith in the rule of law, despite periods in our history in which the rule of law has been challenged and our legal institutions disrespected. Most citizens depend on the courts to protect their rights and to settle their disputes with their government and their neighbors. People are involved with law in many ways, whether as parties in a lawsuit; as spectator at court trials; watching fictional trials or programs involving lawyers on TV; or following civil and criminal matters on TV, the Internet, and the newspapers. They continue to show their faith in the rule of law by relying on the courts to solve many of their problems. Interest in the law is at an all-time high. The trend is clear. Law will continue to be an important part of our lives and will always govern them. This is vital for the protection of our liberties and for stability in our legal and business relationships. Learning about the law and how it is administered should be a priority for everyone.

Business Law: Principles and Practices, 9th edition, as usual, continues to offer appeal to those college students in a business program and to those for whom business law may be their only business subject. It continues to be accurate, comprehensive, authoritative, and written in a conversational style. Included within the chapter narrative are concise, practical examples that demonstrate important legal concepts in a manner that makes them readily understandable to the students.

To the Instructor

Business Law: Principles and Practices, 9th edition, like prior additions, will give your students an overview of general legal principles to apply wherever the need for their application exists, and we hope, through your daily instruction, enriched by your many experiences, students will learn that no person or institution is above the law. Your authors, with respect for your position as instructors, also hope that what has been stated in the opening paragraph of this preface about law will become embedded in the minds of your students. Finally, thank you for using our textbook.

To the Student

We hope that our approach to presenting the information contained in this new edition and that the instruction you receive in your business law class will encourage you to get excited about the material and do further research on the topics that interest you. You will discover as you study the chapters in this book what legal problems are “out there” and that there are different ways to solve these problems, either through court action, arbitration, mediation, or negotiation. Who knows—this college law course may pique your interest and stimulate your thinking about a career in the legal profession. Good luck in whatever career you finally choose, and may you retain the knowledge you’ve learned in these pages for future reference.

New and Updated Coverage in the Ninth Edition

All chapters in the ninth edition of *Business Law: Principles and Practices* reflect changes in the law and legal procedures that have occurred since the publication of the eighth edition. Some text material in the chapters has been reorganized, expanded, and rewritten for clarity and comprehension. Several chapters have been extensively revised to accommodate new laws or to incorporate new material. There are new cases in many of the chapters. New pedagogical devices have been developed and added to each chapter, with an increased emphasis on ethics as well as legal decision making, which will assist students to critically analyze chapter material.

The highlights of content changes and updates that were made in the ninth edition are as follows:

Part 1 Understanding Your Legal Environment

Chapter 2 details many changes, especially as it relates to small claims court, including a new section on how to make a winning case in small claims court. Chapter 3 expands the content of the section on the American criminal justice system. Chapter 4 expands the area of libel and slander. There is a new addition to the section on fraud, and the section on tort reform has been completely rewritten.

Part 2 Contracts

In Chapter 9, a major revision has been made to better clarify the legal responsibilities of those having the impaired ability to contract—namely minors, person under the influence of alcohol or other drugs, and individuals suffering from mental illness. Chapter 11 has a new title, “Memorialize Contracts in Writing—Statute of Frauds,” and the section on contracts in consideration of marriage has been rewritten. In Chapter 12, sections have been reorganized and expanded to provide a better understanding of the material in the chapter.

Part 3 Purchase, Sale, and Lease of Goods Under the UCC

Sections in all chapters have been rewritten and restructured for clarity and to allow for changes in Article 2 and 2A of the Uniform Commercial Code. In fact, the 2003 Amendments to Article 2 and 2A were withdrawn from the official text in 2011, consequently, any references to this version were removed. One such change deals with the Statute of Frauds. This change was reflected in Chapter 15. The section on enforcing contracts online in Chapter 15 has also been revised and updated.

Part 4 Negotiable Instruments

Chapters 19 through 22 reflect important changes in how negotiable instruments play a critical role in business and in our personal lives. Chapter 22 thoroughly covers the Check 21 Act, which has drastically changed the way that banks process over 70 billion checks a year. In Chapter 22, the sections “Bank’s

Liability for Wrongful Payment of a Check” and “Check Processing—Twenty-First Century” have been considerably revised.

Part 5 Agency, Employment, and Labor Law

This section updates regulations affecting employer-employee relations, including employees’ rights to privacy, insurance protection, and drug use by employees, specifically the Drug-Free Workplace Act of 1988.

Part 6 Business Organization and Regulation

Increased attention is given to securities regulation, corporate disclosures, and the powers of stockholders and directors.

Part 7 Real and Personal Property, Bailments, and Wills and Estate Planning

This section gives new coverage to contesting a will and the result of simultaneous death of beneficiaries, as well as new rules regarding estate tax exemption. It also combines the topic of bailments into one succinct chapter.

Part 8 Consumer and Creditor Protection

Information on revised rules protecting air travel passengers and new regulations for credit card companies is provided.

Pedagogical Devices to Assist Students

Listed here are some of the features of the text to help students master the material.

Part Objectives

These objectives, listed at the beginning of each new part, outline the goals for students to understand in that section, along with corresponding page numbers.

Learning Objectives

New to each chapter! These objectives outline the goals to achieve in each chapter, with associated page numbers. These Learning Objectives are also cross-referenced at the section level.

Chapter Highlights

These brief summaries give students an overview of what is covered in each chapter.

In-Text Examples

These case examples throughout the chapters help students master the legal concepts presented by association with real-life situations.

You React

New to each chapter! These brief scenarios are followed by questions to get students to react to hypothetical situations based on their understanding of the chapter content.

Self-Check Quizzes

New to each chapter! Appearing at the end of major sections, these questions—in a variety of formats—allow students to self-test their understanding of the material just presented, with the answers printed at the bottom of the page.

Key Points in Chapter

There is a summary in each chapter presenting a brief review of the salient points discussed in the chapter. Reading the summary of each chapter is an excellent way to review the material prior to a quiz or test.

Important Legal Terms

Also defined in the margins of each chapter, this list of key terms are important legal terms used throughout the chapter.

Questions and Problems for Discussion; Cases for Review

Most chapters end with questions, minicases, and actual cases taken from court files to help students apply legal concepts learned in the chapters.

Suppose You're the Judge

These cases present trial scenarios, arguments at trial, and follow-up activities that ask students to play the role of the judge.

Ethics in a Business Setting

Ethics cases, found in every other chapter, emphasize the strong relationship between business practices and ethical considerations. Questions are posed to students, asking them to consider the ethical implications.

Illustrations

Many chapters include redesigned illustrations and tables to bring out and expand upon key points in the chapter.

Appendices

Several appendices are provided in the text:

Appendix A Understanding Statutes and Court Decisions

Appendix B Doing Legal Research on the Internet

Appendix C Comparison Between Contract Law Under the Common Law and Sales Law Under the UCC

Appendix D The Constitution of the United States

Supplemental Materials

Instructor's Resource CD (IRCD)

The IRCD includes the Instructor's Manual, ExamView® Test Bank, and PowerPoint® slides.

Instructor's Manual

The comprehensive electronic Instructor's Manual, which has been prepared by the text authors, is available both on the IRCD and the text's companion Web site. The Instructor's Manual contains teaching notes for each chapter that include: a chapter summary, teaching points, challenges in the chapter, teaching tips, solutions to all chapter questions, and new additional activities and questions.

ExamView® Test Bank

The electronic Test Bank is available on the IRCD and the Word version on the companion Web site. It includes 50 true/false, multiple-choice, completion, and short answer questions for each chapter in the text. The Test Bank questions vary in levels of difficulty and meet a full range of tagging requirements so that instructors can tailor their testing to meet their specific needs. ExamView® software makes test preparation, scoring, and grading easy. Featuring automatic grading, ExamView® allows you to create, deliver, and customize tests and study guides (both print and online) in minutes.

PowerPoint® Slides

PowerPoint slides provide outlines of the topics covered in each chapter, and include some graphics. They can be used for lecture or review. The PowerPoint slides are available both on the IRCD and the text's companion Web site.

Textbook Companion Web Site

Available at www.cengagebrain.com, the companion Web site offers an array of teaching and learning resources, including interactive quizzes to help students study the material covered in the text, key terms and flashcards, instructor supplements (for instructors only), and a link to online case updates.

New CourseMate

CourseMate brings course concepts to life with interactive learning, study, and exam preparation tools—including an e-book—that supports the printed textbook. Brand new to this edition, student study materials and a set of auto-gradable, interactive quizzes allow students to instantly gauge their comprehension of the material. Built-in engagement tracking tools allow instructors to follow students' study activities and assess their progress.

Business Law Digital Video Library

Featuring more than 100 video clips that spark class discussion and clarify core legal principles, the Business Law Digital Video Library is organized into six series: Legal Conflicts in Business (includes specific modern business and e-commerce scenarios); Ask the Instructor (presents straightforward explanations of concepts for student review); Drama of the Law (features classic business scenarios that spark classroom participation); LawFlix (contains clips from many popular films); Real World Legal (presents legal scenarios encountered in real businesses); and Business Ethics in Action (presents ethical dilemmas in business scenarios). For more information about the Digital Video Library, visit www.cengage.com/blaw/dvl. Access for students is free when bundled with a new textbook or can be purchased separately. Students must register for and purchase access to the Digital Video Library at www.cengagebrain.com.

The Cengage Global Economic Watch (GEW) Resource Center

This is your source for turning today's challenges into tomorrow's solutions. This online portal houses the most current and up-to-date content concerning the economic crisis. Organized by discipline, the GEW Resource Center offers the solutions instructors and students need in an easy-to-use format. Included are an overview and timeline of the historical events leading up to the crisis, links to the latest news and resources, discussion and testing content, an instructor feedback forum, and a Global Issues Database. Visit www.cengage.com/thewatch for more information.

Acknowledgments

Even though *Business Law: Principles and Practices* is in its ninth edition and not a new text, the authors still had to work on many fronts before the package was completed. Due to substantial changes to the law over the last few years, the chapters have been extensively revised. Our sole aim is to convey these updates clearly for the understanding and learning of our students. When the final product goes to press and copies are distributed to instructors and students, we hope that our effort paid off and our readers find value and knowledge throughout the entire Business Law package.

In addition, we would like to thank the Cengage Learning team that was heavily involved in the development and production of this edition—Vicky True-Baker, Senior Acquisitions Editor, Sarah Blasco, Developmental Editor, and Karunakaran Gunasekaran, Manager, Project Management. We cannot thank all of them enough for their commitment in this book and the extraordinary support that they gave us as we progressed through the numerous changes to the ninth edition. We also discovered that Cengage Learning is a top-notch organization, and we are proud to be affiliated with the company.

Arnold J. Goldman
William D. Sigismund

Understanding Your Legal Environment

CHAPTER 1

Foundations of Law and the Role of Ethics in Business 4

CHAPTER 2

The Legal System in the United States and Its Constitutional Foundation 25

CHAPTER 3

Personal, Business, Cyber Crimes and the American Criminal Justice System 49

CHAPTER 4

Tort Law: Traditional Torts and Cyber Torts 77

CHAPTER 5

Litigation and Alternatives for Settling Civil Disputes 103

After studying Part 1, you should be able to:

- 1.** Name and explain the four functions of law. 6
- 2.** Demonstrate knowledge of the primary sources of law in the United States. 9
- 3.** Realize the impact of unethical behavior in the workplace. 16
- 4.** Outline the structure of the federal and state court systems in the United States. 29
- 5.** Demonstrate a knowledge of selected personal, business, and cyber crimes and the steps in the criminal justice system faced by a person accused of committing a crime. 51
- 6.** Demonstrate an understanding of wrongful acts called torts and the legal rights of victims against whom a tort has been committed. 79
- 7.** Outline the steps in a civil law suit and the several alternatives for settling legal disputes outside the courtroom. 109

Foundations of Law and the Role of Ethics in Business

CHAPTER PREVIEW

Why Laws Are Important

The Nature of Law

The Legitimate Functions of Law

Settlement of Disputes
Protection of the Individual and Society
Protection of Property
Promotion of Worthwhile Social Objectives

Development of Law

Roman Law
Common Law

Sources of Law in the United States

Constitutions
Statutes
Court Decisions
Administrative Regulations

Civil Law Versus Criminal Law

Uniform Laws

The Impact of Unethical Behavior in the Workplace

Business Ethics
The Role of Ethics in a Business Setting

Ethical Challenges in the Workplace

Role of Managers
Ethical Issues Faced by Managers
Building Sound Ethical Practices
Development of Business Codes of Ethics
The Role of the Legal System in Ethical Disputes

LEARNING OBJECTIVES

- Identify reasons why laws are important. p. 5
- Verbalize the meaning of the term *law*. p. 6
- Summarize the legitimate functions of a legal system. p. 6
- Describe the influences of Roman law and especially the English common law on the development of law in the United States. p. 8
- Classify and explain the sources of law in the United States. p. 9
- Differentiate between civil and criminal law. p. 13
- Explain why uniform laws were introduced into our legal system. p. 15
- Discuss the impact of unethical behavior in the workplace. p. 16
- Describe the ethical challenges that arise in the workplace. p. 19

**CHAPTER
HIGHLIGHTS**

This opening chapter focuses on law and ethics. It describes what law is, why it is needed, where it came from, and what functions it serves. This chapter also points out that although the modern emphasis in the United States is on statutory law, Americans also rely heavily on case law and rules of administrative agencies to protect a right or to correct a wrong. Civil law, which protects individuals from harm by other individuals, is discussed in contrast to criminal law, which protects society from harmful acts of individuals. The second half of the chapter focuses on business ethics and the impact of ethical behavior on the workplace.

**ETHICS
IN A BUSINESS
SETTING**

Ramega, a key employee in a large corporation in a large city, favored a particular candidate for mayor of that city. The employee on her own time actively supported this candidate by making speeches to people in many neighborhoods, had people to her house with the candidate present to meet these neighbors, and made political contributions to this candidate's campaign. The employee's candidate won the election. Shortly after taking office, the new mayor awarded a very lucrative contract for the purchase of office equipment to this employee's company. Is awarding of this contract by the new mayor ethically correct?

Questions

1. What is the meaning of the term *ethics*?
2. What are reasons for unethical behavior in the workplace?
3. Is it important to a corporation to be seen as ethical by consumers of its products?
4. Are legal standards the same as ethical standards?
5. Is it okay for a company manager to use her position to determine what is ethically right or wrong when it comes to workplace issues that arise on the job?

Why Laws Are Important**LEARNING OBJECTIVE**

Identify reasons why laws are important.

Living in the twenty-first century is not easy, especially when it comes to understanding why we cannot do our own thing rather than obey regulations imposed on us at all levels of government. Throughout history, violence by individuals and groups has been used as a way to resolve disputes. People's individual feelings or biases have caused them to take action that has resulted in terror, loss of life, and destruction of property. Clearly, then, we must have laws to regulate human behavior. Otherwise, anything goes. The law provides a guarantee that justice will be carried out according to rules established by federal and state courts and the judiciary and not as the result of individuals' feelings or biases. Those who obey the law will be protected, and those who do not will be punished. The following instances of violent crimes demonstrate that violence by individuals and groups has indeed been used as a way to resolve disputes.

On the evening of April 4, 1968, while standing on the balcony of his hotel room in Memphis, Tennessee, where he had led a nonviolent protest march, Martin Luther King Jr., leader of an organization that was involved in the burgeoning civil rights movement, was assassinated. In July 1994, Megan Kanka, a seven-year-old girl living in New Jersey, was raped and murdered by a twice-convicted sex offender who lived across the street from her home. Dr. Barnett Slepian was murdered in his home near Buffalo, New York, in October 1998 by a sniper because he performed abortions. James Brady, press secretary to former President Ronald Reagan,

was seriously injured in an assassination attempt on the president in March 1981. These instances of violent crimes serve as reminders that, throughout history, violence by individuals and groups has been used as a way to resolve disputes.

It has therefore become obvious that the only alternative to violence is some system of rules of order (laws) for society's members. The federal government responded to these acts of violence by passing legislation such as Megan's Laws and the Brady Law. Megan's Laws require local law enforcement agencies and the public to be notified when known sex offenders move into their communities. The Brady Law establishes a five-day waiting period and a criminal background check on individuals who purchase handguns from firearms dealers. Without these laws and other protective laws, living in a modern society would parallel living in a primitive society where lawlessness prevailed.

The Nature of Law

LEARNING OBJECTIVE

Verbalize the meaning of the term *law*.

law: enforceable set of rules of conduct

As individuals living in the United States, we are guided by the rule of law. Law can be defined as rules established and enforceable by a government—federal, state, or local—to regulate the conduct of individuals and groups in a society. No person or institution is above the law. Just as there are rules for playing a game, so there are rules for living with other people in society, whether that society is a neighborhood, a town, a city, a state, a nation, or the entire world. The rules that make up law are actually legal duties that are imposed on people and that require them to act in a certain way. When people do not follow these rules, they violate the law. Through the courts, individuals injured by those who violate the law are provided with legal remedies, such as requiring the wrongdoer either to pay money damages go to prison, or in some cases both. Keep in mind that the object of any legal rule is justice, or fairness. Can we therefore say that when a court provides a remedy to an injured party because someone violated his or her rights this decision is fair? Theoretically, yes; in our practical world, however, the word *fair* is often challenged based on people's perception of fairness. Take the O.J. Simpson murder trial. As you may recall, Simpson, a national football hero, was acquitted by a jury of murdering his ex-wife and her friend in June 1994. However, poll after poll taken after the trial revealed people's disagreement with this jury verdict. They said it was unfair. Although the legal process was followed in determining Simpson's not-guilty status, people's perception that the not-guilty verdict was unfair may have had merit. Thus, the saying "justice always prevails" may mean to many only that the process of bringing a court case to a legal conclusion was followed, not that the outcome was necessarily fair. Although absolute justice is therefore unattainable in every case that is brought before a court, the legal process is the best rule that could be devised under the circumstances.

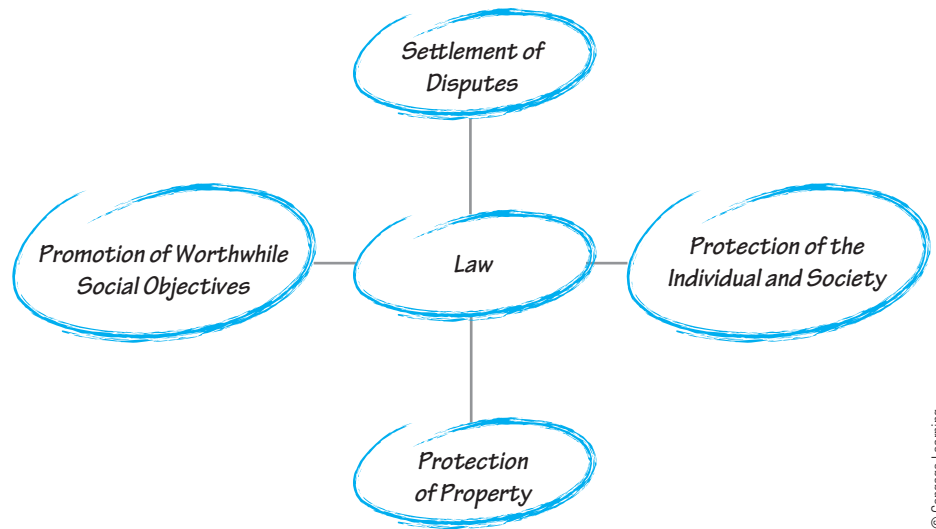
The Legitimate Functions of Law

LEARNING OBJECTIVE

Summarize the legitimate functions of a legal system.

We concluded that if people are to live together peacefully, law must be an important part of their lives. Be aware, however, that this need for law presents a dilemma. Every time a law is created, a person's freedom to act is in some way restricted; at the same time, trying to settle disputes without resorting to law will produce chaos. Given this dilemma, what functions can law legitimately serve without unduly restricting a person's freedom? There are four functions, as illustrated in Figure 1.1:

- Settlement of disputes
- Protection of the individual and society
- Protection of property
- Promotion of worthwhile social objectives



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FIGURE 1.1 Legitimate Functions of Law

Settlement of Disputes

People in a society do not all behave in the same manner, and sometimes it is hard to tell where one person's rights end and another's begin. There needs to be a peaceful way to settle disputes between individuals. Suppose that you start playing your stereo too loudly or have an all-night party on your patio with guests making a lot of noise, and these acts are disturbing to your neighbor. You feel that you have a right to do these things. Your neighbor doesn't feel the same way. The result could be that you fight it out with words or fists, or even guns. Your neighbor, instead, could call the police and file a complaint against you for disturbing the peace. According to law, as you may know, this is allowed because you violated the neighbor's right to peace and quiet. While calling the police may be distasteful to you, the police officer who arrives on the scene may settle the dispute between your neighbor and you, and if you insist that you were within your rights, the officer could exercise his or her right under the law to either arrest you or order you to appear in court at a later date.

Law thus serves to protect the rights of each individual and to regulate conduct between persons in a society. Law provides stability, allowing people to develop their own interests without infringing on the rights of others.

Protection of the Individual and Society

One of the major reasons for the development of law was to protect the individual. Freedom to live without fear—fear that someone will commit a crime against you, such as stealing from you or killing a family member—is so important that a perpetrator of crimes will be punished and also may be sued by their victims for money damages. Many laws that are designed to protect the individual also protect society by keeping our cities and towns safe places to live and work. For example, society needs protection from thieves, muggers, murderers, vandals, and others who violate all individuals' rights when they commit harmful acts. As another example, without orderly plans for the development of land, it would be possible for shopping malls, condominiums, parking lots, or hotels to crop up in the middle of residential areas.

Protection of Property

Law protects property as well as people. Our society places much value on the importance of property and the need to protect it. Our laws protect property in many ways. Those who destroy or damage property may be punished or may

have to compensate the injured party. The government may not take private property for public use without just compensation. Governments may tax property but only if the tax is fair and reasonable. Those who own property may, upon dying, pass it on to other persons, subject only to reasonable rules.

Promotion of Worthwhile Social Objectives

Law is not limited to regulating conduct between individuals or between individuals and their society. Law may also be used as a positive force to promote worthwhile social objectives. The Social Security system is a good example. The system was established by the Congress of the United States to aid the aged, the poor, and the disabled. Through a system of contributions and salary deductions required by law, the government helps those who need some form of public assistance.

Promoting good health and educational opportunities is another example of using law to promote worthwhile objectives. Congress has enacted many laws establishing and financing medical centers and research facilities. Grants are given each year for extensive medical research, treatment programs, and immunization. Both federal and state governments assist education through legislation. Tax dollars help support many colleges, and many students receive government scholarships to study in the United States and in other countries. Many states help pay for the high cost of education by giving tax deductions for educational expenses.

Promoting commerce is also an important goal. Our society believes that law should not be limited to regulating competition in promoting trade. It should also be used to assist in other ways. One example is the use of tax dollars for research to improve trade and develop new products. Another example is the use of public funds to finance businesses and business expansion. By providing direct loans or insuring private loans, government enables many small businesses to get started and to expand as the need arises.

Development of Law

LEARNING OBJECTIVE

Describe the influences of Roman law and especially the English common law on the development of law in the United States.

Although many societies and nations have contributed to the development of law, Roman law and English common law are the most important influences on law as we know it today.

Roman Law

Prior to the Romans, most law was oral. Decisions were made by judges or juries, but a written record of those decisions was not kept. Instead, the decisions were passed on by word of mouth from generation to generation. The Romans developed the concept of written codes that everyone could know and understand. These codes, or laws, were to be so complete that they would guide almost every aspect of life. During the reign of the Emperor Justinian (A.D. 527–565), a great body of law was developed and written. It eventually became known as the Justinian Code. When this code was revised by Napoleon I of France in 1804, it became known as the Napoleonic Code. The Napoleonic Code is the basis of much of the law of Europe today as well as the laws of China, Japan, some South American countries, Mexico, and the state of Louisiana. Louisiana state law is based on the Roman law because the state was settled primarily by people of French descent.

Common Law

The second great influence on the development of law was the English system of law. Developed in England following the Norman conquest of A.D. 1066, the English system of law is called common law. **Common law** refers to the body of legal decisions made by English court judges, under the authority of the

common law: unwritten law based on local English customs

precedent: example or standard for deciding subsequent cases involving the same or similar facts

stare decisis: practice by which judges follow precedents in previously decided cases

king, over a period of many years. Unlike the written Roman law, the common law in its early stages was oral. English judges traveled to various communities in their locality to hold court and try cases. They made legally binding decisions based on local customs and traditions but did not write down those decisions. As a result, common law is often referred to as the “unwritten law.” Each case produced a new oral law that served as a **precedent**, an example or standard for deciding subsequent cases involving the same or similar facts. This practice of judges following the precedents established by previously decided cases evolved into a doctrine called **stare decisis**, which means “to stand by a decision which was previously decided.” The doctrine generally demands that a prior decision be followed, but it can be overturned and a new rule established if there is a good reason to do so. For example, societal changes can determine that a precedent is no longer applicable, or a court may decide that a precedent is simply incorrect.

When Henry II became king in 1154, he institutionalized common law by organizing it into a unified body of law. He did this by incorporating and elevating local customs to the national level, thereby ending local enforcement of the unwritten customs dealing with criminal and civil matters. Laws were put in writing, arbitrary remedies (e.g., trial by having the accused snatch a stone from a hot fire) were eliminated, and the jury system was sworn on oath to decide criminal and civil cases rather than using an informal group of community members. One of the first printed books containing important decisions of English court judges was *Blackstone’s Commentaries*, published in several volumes from 1765 to 1769. Today, decided cases are printed in books called *reporters*.

The English common law system became the model for the legal system of the United States after its independence from England.

Sources of Law in the United States

LEARNING OBJECTIVE

Classify and explain the sources of law in the United States.

Although much of our law originated in English common law, we also rely on other sources of law to meet the changing needs of our society. Our primary sources of law in the United States are constitutions, statutes, administrative regulations, and court decisions (see Figure 1.2).

Constitutions

A constitution is the fundamental written law of a state (e.g., the state in which you live) or nation (e.g., the United States). It defines the individual’s rights and duties and describes the government’s structure and functions, its powers and limitations, and the relationship between the government and individual citizens.

There are fifty-one constitutions in the United States: the federal or U.S. Constitution and one for each of the fifty states. **Constitutional law** is the law stated in these constitutions. Most state constitutions are modeled after the U.S. Constitution. The U.S. Constitution, the supreme law of the land, takes precedence over all state constitutions. No law, whether enacted by Congress or by a state legislature, may conflict with the basic principles of the U.S. Constitution. If it does, a court may declare the law invalid or “unconstitutional” and thus unenforceable. Each state has its own constitution, which is the supreme law within its boundaries. If a state or local government passes a law that conflicts with the state constitution, that law may also be declared invalid by a court of law.

Constitutional law evolves primarily from judicial interpretation of the meaning of the Constitution as issues arise. Because the Constitution is written in broad, general terms, interpretations are necessary to allow for unanticipated

constitutional law: law derived from the U.S. Constitution and the constitution of the individual states