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***Business Law, 11e* (Cheeseman)**
Chapter 1 Legal Heritage and the Information Age

1) Which of the following is that which must be obeyed and followed by citizens subject to sanctions or legal consequences?
A) morality
B) philosophy
C) law
D) religion
Answer: C
Diff: 1
LO: 1.1 Define law.
AACSB: Analytical thinking
Classification: Concept

2) Law is described as _____.
A) a body of rules of action or conduct prescribed by controlling authority, and having binding legal force
B) a study of fundamental problems, such as those connected with existence, knowledge, and language
C) a system that builds and organizes knowledge in the form of testable explanations and predictions
D) a group of hypotheses employed to explain a phenomenon
Answer: A
Diff: 1
LO: 1.1 Define law.
AACSB: Analytical thinking
Classification: Concept

3) Which of the following would be considered an example of shaping moral standards, as seen as a function of the law?
A) laws granting freedom of speech and religion
B) laws discouraging drug and alcohol abuse
C) laws providing rights to peaceful protest
D) laws preventing overthrow of a government
Answer: B
Diff: 2
LO: 1.1 Define law.
AACSB: Analytical thinking
Classification: Concept

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4) What function of the law is being served when passing laws that prohibit discrimination at workplaces?
A) keeping the peace
B) providing a basis for compromise
C) maintaining the status quo
D) promoting social justice
Answer: D
Diff: 2
LO: 1.1 Define law.
AACSB: Analytical thinking
Classification: Concept

5) Halfren, a county in the state of Halizona, is extremely earthquake-prone. The governor of Halizona sets up a committee to study the effects of past earthquakes on Halfren and the possible methods that could be used to minimize damage and loss of life. The committee found that a new technique of using steel reinforcements in building columns would help reduce overall damages. The findings were put to a debate at the local town hall, where it was accepted by a majority of the residents of Halfren. The state government then passed a law making it mandatory to use the new steel-reinforced columns while constructing new buildings in Halfren. Which of the following functions of the law did the state government of Halizona exhibit in this case?
A) promoting social justice
B) maximizing individual freedom
C) shaping moral standards
D) facilitating orderly change
Answer: D
Diff: 2
LO: 1.1 Define law.
AACSB: Application of knowledge
Classification: Application

6) What function of the law is being served when passing laws that protect the U.S. government from the risk of being forcefully overthrown?
A) maintaining the status quo
B) shaping moral standards
C) facilitating orderly change
D) promoting social justice
Answer: A
Diff: 2
LO: 1.1 Define law.
AACSB: Analytical thinking
Classification: Concept

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7) By allowing the United States citizens to practice any religion of their choice, what essential function of the law does the U.S. Constitution serve?
A) facilitating orderly change
B) maintaining the status quo
C) maximizing individual freedom
D) facilitating planning
Answer: C
Diff: 1
LO: 1.1 Define law.
AACSB: Analytical thinking
Classification: Concept

8) Mark Walton was involved in a car accident in which the airbag of his car failed to deploy. He sued the car manufacturer for installing faulty airbags. But in the course of the case being heard in court, the car company and Mark decided to settle the lawsuit out of court. What important function of the law was served in this case?
A) promoting social justice
B) maximizing individual freedom
C) providing a basis for compromise
D) maintaining the status quo
Answer: C
Diff: 2
LO: 1.1 Define law.
AACSB: Application of knowledge
Classification: Application

9) Laws should not attempt to shape society's moral standards.
Answer: FALSE
Diff: 1
LO: 1.1 Define law.
AACSB: Analytical thinking
Classification: Concept

10) The American system of law is set up to be one of the fairest and most democratic systems ever developed. When our system of law fails, it is often because of human failure – abuses of discretion, mistakes by judges and juries, and unequal application of law.
Answer: TRUE
Diff: 2
LO: 1.1 Define law.
AACSB: Analytical thinking
Classification: Concept

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11) The United States Supreme Court decision in *Brown v. Board of Education* was important because it exhibited _____.
A) the use of the affirmative action policy
B) the flexibility of the law
C) the state's supremacy over federal rulings
D) the importance of following precedent
Answer: B
Diff: 2
LO: 1.2 Describe the flexibility of the law.
AACSB: Analytical thinking
Classification: Concept

12) Laws in the United States do not evolve with changes in social norms.
Answer: FALSE
Diff: 1
LO: 1.2 Describe the flexibility of the law.
AACSB: Analytical thinking
Classification: Concept

13) United States law evolves and changes along with norms of society, technology, and the growth and expansion of commerce in the U.S. and the world.
Answer: TRUE
Diff: 1
LO: 1.2 Describe the flexibility of the law.
AACSB: Analytical thinking
Classification: Concept

14) What characteristic of the American legal system was most clearly illustrated by the U.S. Supreme Court's opinion in *Brown v. Board of Education*? Explain your answer.
Answer: The U.S. Supreme Court illustrated flexibility of the law in deciding *Brown v. Board of Education* in 1954. The Court in *Brown v. Board of Education* overturned an 1896 U.S. Supreme Court decision, *Plessy v. Ferguson*, in which the Court had held the separate but equal doctrine to be constitutional. In reversing its 1896 decision, the Court in 1954 found that the separate but equal doctrine violated the Equal Protection Clause of the Fourteenth Amendment to the U.S. Constitution. Although the decision was controversial in 1954, requiring both court orders and military action to enforce it, the Supreme Court was unanimous in its determination that society had evolved to prohibit separate facilities for schoolchildren of different races.
Diff: 2
LO: 1.2 Describe the flexibility of the law.
AACSB: Analytical thinking
Classification: Concept

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15) Which of the following is described as the science or philosophy of the law?
A) morality
B) ethics
C) justice
D) jurisprudence
Answer: D
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

16) Philosophers of the _____ School of jurisprudence emphasize a moral theory of law, where law is based on morality and ethics, and is discovered by human reasoning and making choices between good and evil.
A) Sociological
B) Analytical
C) Historical
D) Natural Law
Answer: D
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

17) The Analytical School of jurisprudence maintains that the law is _____.
A) shaped by logic
B) based on social behavior
C) set by the ruling class
D) based on morality
Answer: A
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

18) Which school of jurisprudence views law as a sort of evolutionary process, where changing norms of society will be reflected in the law?
A) the Natural Law School of jurisprudence
B) the Sociological School of jurisprudence
C) the Analytical School of jurisprudence
D) the Historical School of jurisprudence
Answer: D
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

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19) Imposing a ban on public smoking can serve as an example of a law that adheres to the _____ School of jurisprudence.
A) Command
B) Sociological
C) Law and Economics
D) Analytical
Answer: B
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

20) The philosophers of the Command School of jurisprudence will assert that the law is _____.
A) developed, communicated, and enforced by the ruling party
B) a means to achieve and advance sociological goals
C) a collection of a society's traditions and customs that has developed over the centuries
D) based on human reasoning, and humans' choosing power between what is good and evil
Answer: A
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

21) Which school of jurisprudence bases its principles for solving legal disputes on broad notions of fairness, and subjective decision making by judges?
A) the Natural Law School of jurisprudence
B) the Analytical School of jurisprudence
C) the Critical Legal Studies School of jurisprudence
D) the Sociological School of jurisprudence
Answer: C
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

22) Which school of jurisprudential thought emphasizes using law as a tool for market efficiency while solving legal disputes?
A) the Critical Legal Studies School of jurisprudence
B) the Command School of jurisprudence
C) the Sociological School of jurisprudence
D) the Law and Economics School of jurisprudence
Answer: D
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

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23) Which school of jurisprudential thought is reflected in documents such as the U.S. Constitution, the Magna Carta, and the United Nations Charter?
A) the Natural Law School
B) the Historical School
C) the Sociological School
D) the Analytical School
Answer: A
Diff: 2
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

24) The U.S. government passed draft laws during the Vietnam War decreeing that men of a certain age had to serve in the military if they met specific physical requirements. Which of the following schools of jurisprudential thought does such draft laws adhere to the most?
A) the Historical School of jurisprudential thought
B) the Natural Law School of jurisprudential thought
C) the Sociological School of jurisprudential thought
D) the Command School of jurisprudential thought
Answer: D
Diff: 2
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

25) The Law and Economics School of jurisprudential thought believes that promoting market efficiency should be the central goal of legal decision making.
Answer: TRUE
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

26) The Critical Legal Studies School proposes that legal rules are unnecessary and are used as an obstacle by the powerful to maintain the status quo.
Answer: TRUE
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

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27) The Critical Legal Studies School of jurisprudential thought seeks to restrict the subjective decision-making powers of judges.
Answer: FALSE
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

28) The Command School of jurisprudence believes that the law is a set of rules developed, communicated, and enforced by the ruling party.
Answer: TRUE
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

29) Sociological philosophers are unlikely to adhere to past law as precedent.
Answer: TRUE
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

30) The Analytical School of jurisprudence lays emphasis on how the result of a case is reached rather than the logic of the result itself.
Answer: FALSE
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

31) The Natural Law School of jurisprudence emphasizes shaping laws based on morals and ethics.
Answer: TRUE
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

32) Legal precedent is a key feature of the Historical School of jurisprudence.
Answer: TRUE
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

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33) The Law and Economics School believes that legal decision making should be functional to market efficiency.
Answer: TRUE
Diff: 1
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

34) Differentiate between the Historical School of jurisprudence and the Sociological School of jurisprudence.
Answer: The Historical School of jurisprudence believes that the law is an aggregate of social traditions and customs that have developed over the centuries. It believes that changes in the norms of society will gradually be reflected in the law. To these legal philosophers, the law is an evolutionary process.
The Sociological School of jurisprudence asserts that the law is a means of achieving and advancing certain sociological goals. The followers of this philosophy, known as realists, believe that the purpose of law is to shape social behavior. Sociological philosophers are unlikely to adhere to past law as precedent.
Diff: 2
LO: 1.3 List and describe the schools of judicial thought.
AACSB: Analytical thinking
Classification: Concept

35) What was a result of the development of the English common law?
A) the development of forensic science in helping decide cases
B) the supremacy of the king and his intervening powers when deciding cases
C) the use of precedent of past cases for judges to decide present similar cases
D) the subjective decision making of judges when it came to similar cases
Answer: C
Diff: 1
LO: 1.4 Learn the history and development of American law.
AACSB: Analytical thinking
Classification: Concept

36) What was a reason for the creation of law courts during the early development of the English common law?
A) to administer law in a uniform manner
B) to help merchants form a standardized set of commercial laws
C) to increase the power of the king in law-making
D) to facilitate legal disputes for the wealthy and influential
Answer: A
Diff: 2
LO: 1.4 Learn the history and development of American law.
AACSB: Analytical thinking
Classification: Concept

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37) Which of the following statements best indicates how chancery courts were different from law courts?
A) Chancery courts emphasized developing merchant laws rather than laws for the common citizen.
B) Chancery courts inquired into the merits of a case rather than emphasize legal procedures.
C) Chancery courts emphasized a standard set of remedies across different cases rather than provide equitable remedies.
D) Chancery courts had lower precedence level over legal decisions than the law courts.
Answer: B
Diff: 2
LO: 1.4 Learn the history and development of American law.
AACSB: Analytical thinking
Classification: Concept

38) Which of the following courts were allowed to give equitable remedies under the English common law?
A) merchant
B) law
C) chancery
D) appellate
Answer: C
Diff: 1
LO: 1.4 Learn the history and development of American law.
AACSB: Analytical thinking
Classification: Concept

39) What led to the creation of the Chancery Courts?
A) the insistence for a court system that emphasized legal procedure rather than the merits of a case
B) the law courts' inability to hear all the cases presented to them
C) the increase in overseas trade and proliferation of piracy
D) the unfair results and limited remedies provided by the law courts
Answer: D
Diff: 1
LO: 1.4 Learn the history and development of American law.
AACSB: Analytical thinking
Classification: Concept

40) Equitable orders and remedies of the Court of Chancery took precedence over the legal decisions and remedies of the law courts.
Answer: TRUE
Diff: 1
LO: 1.4 Learn the history and development of American law.
AACSB: Analytical thinking
Classification: Concept

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41) The merchant courts were established because of the unfair results and limited remedies available in the chancery courts.
Answer: FALSE
Diff: 1
LO: 1.4 Learn the history and development of American law.
AACSB: Analytical thinking
Classification: Concept

42) When the American colonies were first settled, the English system of law was adopted as the system of jurisprudence.
Answer: TRUE
Diff: 1
LO: 1.4 Learn the history and development of American law.
AACSB: Analytical thinking
Classification: Concept

43) The chancery courts under the English common law were under the authority of the lord chancellor.
Answer: TRUE
Diff: 1
LO: 1.4 Learn the history and development of American law.
AACSB: Analytical thinking
Classification: Concept

44) The law courts of the English common law could only provide monetary awards for damages.
Answer: TRUE
Diff: 2
LO: 1.4 Learn the history and development of American law.
AACSB: Analytical thinking
Classification: Concept

45) The law courts of the English common law emphasized legal procedure over the merits of an individual case.
Answer: TRUE
Diff: 1
LO: 1.4 Learn the history and development of American law.
AACSB: Analytical thinking
Classification: Concept

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46) Give an account of the Law Merchant in early English common law.
Answer: As trade developed during the Middle Ages, merchants who traveled about England and Europe developed certain rules to solve their commercial disputes. These rules, known as the "law of merchants" or the Law Merchant, were based on common trade practices and usage. Eventually, a separate set of courts was established to administer these rules. This court was called the Merchant Court. In the early 1900s, the Merchant Court was absorbed into the regular law court system of England.
Diff: 2
LO: 1.4 Learn the history and development of American law.
AACSB: Analytical thinking
Classification: Concept

47) What is considered as the supreme law of the land in the United States?
A) judicial decisions issued by the state courts
B) the Constitution of the United States of America
C) the federal statutes passed by the United States Congress
D) executive orders passed by the president
Answer: B
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

48) The _____ branch of the federal government has the power to enforce the law.
A) judicial
B) legislative
C) executive
D) commissary
Answer: C
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

49) What is the function of the judicial branch of the federal government?
A) It has the power to interpret and determine the validity of the law.
B) It has the power to enact the law.
C) It has the power to enforce the law.
D) It has the power to act as a liaison between the legislative and executive branches.
Answer: A
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

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50) The _____ branch of the federal government has the power to enact laws.
A) legislative
B) judicial
C) consulate
D) executive
Answer: A
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

51) Which of the following legal documents establishes the U.S. federal government and specifies its powers?
A) federal statutes
B) the U.S. Constitution
C) the combined list of state statutes
D) the set of codified laws called ordinances
Answer: B
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

52) A(n) _____ is a compact made between two or more nations.
A) amendment
B) treaty
C) charter
D) statute
Answer: B
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

53) A(n) _____ is a written law enacted by the legislative branch of the federal and state governments that establishes certain courses of conduct to which covered parties must adhere.
A) charter
B) treaty
C) executive order
D) statute
Answer: D
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

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54) From the following, identify an example of codified law in the United States.
A) judicial rulings
B) federal statutes
C) treaties
D) executive orders
Answer: B
Diff: 2
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

55) Ordinances are codified laws that are issued by _____.
A) the president
B) the state legislature
C) the Supreme Court judges
D) local government bodies
Answer: D
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

56) Which of the following are established by the legislative and executive branches of the federal and state governments to enforce and interpret statutes enacted by the United States Congress and state legislatures?
A) commissaries
B) state courts
C) administrative agencies
D) councils
Answer: C
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

57) What is a judicial decision?
A) a decision issued by the executive branch in a state of emergency
B) a decision about an individual lawsuit issued by a federal or state court
C) a codified law passed by the state legislature
D) a decision issued by the legislative branch to establish courses of conduct to which covered parties must adhere
Answer: B
Diff: 2
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

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58) The Securities and Exchange Commission (SEC), created by the United States Congress to enforce federal securities laws, is an example of a(n) _____.
A) intelligence agency
B) congressional body
C) judicial body
D) administrative agency
Answer: D
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

59) According to the priority of law in the United States, which of the following statements is true?
A) State regulations take precedence over state statutes.
B) Valid state laws take precedence over any conflicting federal laws.
C) Valid state laws take precedence over local laws.
D) State laws take precedence over the U.S. Constitution within that state.
Answer: C
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

60) Powers not given to the federal government by the United States Constitution are reserved to the states.
Answer: TRUE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

61) Provisions of federal law are valid as long as they do not conflict with any state law.
Answer: FALSE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

62) Within a state, the state constitution precedes the United States Constitution.
Answer: FALSE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

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63) Administrative agencies are created by the judicial branch of governments.
Answer: FALSE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

64) A treaty does not require United States Senate approval before being passed.
Answer: FALSE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

65) Federal statutes take precedence over federal regulations.
Answer: TRUE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

66) Treaties are considered to be part of the supreme law of the United States.
Answer: TRUE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

67) Statutes are enacted by the U.S. Congress and state legislatures.
Answer: TRUE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

68) Federal statutes are organized by topic into code books.
Answer: TRUE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

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69) Statutes are written laws that establish certain courses of conduct to which covered parties must adhere.
Answer: TRUE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

70) The authority to enact ordinances lies solely with the state legislatures.
Answer: FALSE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

71) Executive orders are an example of codified law.
Answer: FALSE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

72) Ordinances are not codified into code books.
Answer: FALSE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

73) Executive orders are issued only by the executive branch of the federal or state governments.
Answer: TRUE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

74) Decisions issued by administrative agencies are called statutes.
Answer: FALSE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

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75) State courts of one state are not required to follow the legal precedent established by the courts of another state.
Answer: TRUE
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

76) Explain the priority of law in the United States.
Answer: The U.S. Constitution and treaties take precedence over all other laws in the United States. Federal statutes take precedence over federal regulations. Valid federal law takes precedence over any conflicting state or local law. State constitutions rank as the highest state law. State statutes take precedence over state regulations. Valid state law takes precedence over local laws.
Diff: 1
LO: 1.5 List and describe the sources of law in the United States.
AACSB: Analytical thinking
Classification: Concept

77) *Stare decisis* is the doctrine of _____.
A) providing proof to assert a fact in court
B) adhering to precedent
C) separating powers between state and religion
D) ensuring all legal rights are provided to a person when otherwise deprived of them
Answer: B
Diff: 1
LO: 1.6 Describe the doctrine of stare decisis.
AACSB: Analytical thinking
Classification: Concept

78) How is legal precedent used between courts of different states?
A) Courts of a state cannot cite the judicial decisions of courts of another state in its decisions.
B) Courts of a state must follow precedent from courts of another state for similar cases.
C) Courts of a state can use precedent from courts of another state as a form of guidance.
D) Courts of a state cannot challenge the precedent of courts of another state.
Answer: C
Diff: 2
LO: 1.6 Describe the doctrine of stare decisis.
AACSB: Analytical thinking
Classification: Concept

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79) How does the doctrine of *stare decisis* help in creating stability in a legal system?
A) by ensuring that witnesses of a case will be protected by the state
B) by ensuring that the legal rights of a defendant are preserved
C) by allowing the use of precedent in deciding future cases
D) by allowing the use of writs
Answer: C
Diff: 2
LO: 1.6 Describe the doctrine of stare decisis.
AACSB: Analytical thinking
Classification: Concept

80) The doctrine of *stare decisis* provides that each court decision is independent and should stand on its own.
Answer: FALSE
Diff: 1
LO: 1.6 Describe the doctrine of stare decisis.
AACSB: Analytical thinking
Classification: Concept

81) Explain the doctrine of *stare decisis* and how it has influenced the legal system.
Answer: Adherence to precedent is called the doctrine of *stare decisis*. The doctrine of *stare decisis* promotes uniformity of law within a jurisdiction, makes the court system more efficient, and makes the law more predictable for individuals and businesses. A court may later change or reverse its legal reasoning if a new case is presented to it and change is warranted. Based on the common law tradition, past court decisions become precedent for deciding future cases. Lower courts must follow the precedent established by higher courts. That is why all federal and state courts in the United States must follow the precedents established by U.S. Supreme Court decisions. The courts of one jurisdiction are not bound by the precedent established by the courts of another jurisdiction, although they may look to each other for guidance.
Diff: 2
LO: 1.6 Describe the doctrine of stare decisis.
AACSB: Analytical thinking
Classification: Concept

82) Give an account of how the digital age has affected lawmaking in the United States.
Answer: In a span of about three decades, computers have revolutionized society. Computers, once primarily used by businesses, have permeated the lives of most families as well. The electronic age arrived before new laws were written that were unique and specific for this environment. Courts have applied existing laws to the new digital environment by requiring interpretations and applications. In addition, new laws have been written that apply specifically to this new environment. The U.S. Congress has led the way, enacting many new federal statutes to regulate the digital environment.
Diff: 2
LO: 1.7 Describe how existing laws are being applied to the digital environment and how new laws are being enacted that specifically address issues of the information age.
AACSB: Analytical thinking
Classification: Concept

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83) Which of the following consists of investigating, analyzing, evaluating, and interpreting information to solve a legal issue or case?
A) rote learning
B) critical legal thinking
C) creative problem solving
D) memorization
Answer: B
Diff: 2
LO: 1.8 Learn what critical legal thinking is and how to apply it to analyzing legal cases.
AACSB: Analytical thinking
Classification: Concept

84) Which of the following consists of a professor asking students questions about a case or legal issue to stimulate critical thinking by the students?
A) the Socratic method
B) the IRAC method
C) rote learning
D) active learning
Answer: A
Diff: 2
LO: 1.8 Learn what critical legal thinking is and how to apply it to analyzing legal cases.
AACSB: Analytical thinking
Classification: Concept

85) What is the first step in examining a legal case using IRAC method?
A) application of the law to the facts of a case using critical thinking
B) identification of a legal issue that is to be answered
C) identification of the law that is to be applied to a case
D) reaching a conclusion
Answer: B
Diff: 2
LO: 1.8 Learn what critical legal thinking is and how to apply it to analyzing legal cases.
AACSB: Analytical thinking
Classification: Concept

86) Which is an accurate list of the steps in the critical legal thinking process known as IRAC?
A) Information, Research, Analysis, Communication
B) Issue, Rule, Application, Conclusion
C) Identification, Research, Analogy, Conclusion
D) Information, Record, Answer, Causation
Answer: B
Diff: 2
LO: 1.8 Learn what critical legal thinking is and how to apply it to analyzing legal cases.
AACSB: Analytical thinking
Classification: Concept

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87) A teaching method often used by law professors which requires a give-and-take inquiry and debate between professor and students is known as _____.
A) the Socratic method
B) rote learning
C) the leading question approach
D) the Marshall approach
Answer: A
Diff: 1
LO: 1.8 Learn what critical legal thinking is and how to apply it to analyzing legal cases.
AACSB: Analytical thinking
Classification: Concept

88) Critical legal thinking requires intellectually disciplined thinking.
Answer: TRUE
Diff: 1
LO: 1.8 Learn what critical legal thinking is and how to apply it to analyzing legal cases.
AACSB: Analytical thinking
Classification: Concept

89) More often than not, the law does not provide a bright-line answer, so legal scholars must often consider the "gray area" in determining legal disputes.
Answer: TRUE
Diff: 1
LO: 1.8 Learn what critical legal thinking is and how to apply it to analyzing legal cases.
AACSB: Analytical thinking
Classification: Concept

90) Explain the IRAC method of case analysis.
Answer: In the study of law, legal cases are usually examined using the IRAC method (an acronym that stands for issue, rule, application, and conclusion) as outlined in the following:
I = What is the legal issue in the case?
R = What is the rule (law) of the case?
A = What is the court's application and its rationale?
C = What was the conclusion or outcome of the case?
First, the facts of the case are investigated and understood. Next, the legal issue that is to be answered is identified and succinctly stated. Then the law that is to be applied to the case is identified, read, and understood. Once the facts, law, and legal issue have been stated, critical thinking is used in applying the law to the facts of the case. This requires that the decision maker — whether a judge, juror, or student — analyze, examine, evaluate, interpret, and apply the law to the facts of the case. Last, the critical legal thinker must reach a conclusion and state his or her judgment.
Diff: 2
LO: 1.8 Learn what critical legal thinking is and how to apply it to analyzing legal cases.
AACSB: Analytical thinking
Classification: Concept

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91) According to the text, all but which of the following are key to a successful career today?
A) critical thinking
B) memorization
C) collaboration
D) knowledge application
Answer: B
Diff: 1
LO: 1.9 Learn how the material, cases, and lessons of this book will apply to your future career.
AACSB: Analytical thinking
Classification: Concept

92) According to the text, all but which of the following are key to a successful career today?
A) business ethics
B) social responsibility
C) rote learning
D) information technology application
Answer: C
Diff: 1
LO: 1.9 Learn how the material, cases, and lessons of this book will apply to your future career.
AACSB: Analytical thinking
Classification: Concept

93) Due to *stare decisis*, the study of court cases will not assist a student in the development of his or her critical thinking skills.
Answer: FALSE
Diff: 1
LO: 1.9 Learn how the material, cases, and lessons of this book will apply to your future career.
AACSB: Analytical thinking
Classification: Concept

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Business Law, 11e **(Cheeseman)**
Chapter 2 Courts and Jurisdiction

1) Which of the following are courts that hear matters of a specialized or limited nature?
A) general-jurisdiction trial courts
B) inferior trial courts
C) intermediate appellate courts
D) chancery courts
Answer: B
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

2) Which of the following are courts that hear cases of a general nature that are not within the jurisdiction of limited-jurisdiction trial courts?
A) courts of record
B) intermediate appellate courts
C) inferior trial courts
D) state supreme courts
Answer: A
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

3) Which of the following hears appeals from trial courts?
A) the highest state court
B) a court of record
C) an inferior trial court
D) an intermediate appellate court
Answer: D
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

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4) Decisions of the _____ are final unless a question of law is involved that is appealable to the United States Supreme Court.
A) courts of appeals
B) courts of records
C) highest state courts
D) general-jurisdiction trial courts
Answer: C
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

5) Which of the following is a function of the state supreme courts?
A) conducting trials related to misdemeanor criminal law
B) hearing appeals from intermediate appellate state courts and certain trial courts
C) conducting trials related to felonies and civil disputes
D) reviewing the judgments and records of the lower courts and ratifying them
Answer: B
Diff: 2
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

6) Which of the following statements is true about intermediate appellate courts?
A) They hear new evidence and testimony that have come to light after the trial courts have made their decision.
B) They do not grant any oral hearings to the parties.
C) They have jurisdiction to hear cases of a limited or specialized nature.
D) They review either pertinent parts or the whole trial court record from the lower court.
Answer: D
Diff: 2
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

7) A decision of a limited-jurisdiction trial court can be appealed at a general-jurisdiction court or an appellate court.
Answer: TRUE
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

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8) In small claims courts, the parties must be represented by a lawyer.
Answer: FALSE
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

9) General-jurisdiction trial courts can be found in every state.
Answer: TRUE
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

10) In general-jurisdiction trial courts, the testimony and evidence at trial are recorded and stored for future reference.
Answer: TRUE
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

11) The decisions handed down by the general-jurisdiction trial courts are appealable to an intermediate appellate court or the state supreme court.
Answer: TRUE
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

12) Intermediate appellate courts review new evidence or testimony that was not seen or heard in the lower courts.
Answer: FALSE
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

13) Intermediate appellate court decisions are final and cannot be appealed to any higher courts.
Answer: FALSE
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

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14) The intermediate appellate courts do not allow the parties to have oral hearings.
Answer: FALSE
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

15) No new evidence or testimony is heard in the state supreme courts.
Answer: TRUE
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

16) Decisions of highest state courts are final unless a question of law is involved that is appealable to the U.S. Supreme Court.
Answer: TRUE
Diff: 1
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

17) Explain the differences between limited- and general-jurisdiction trial courts in the state court systems. In your answer, provide some examples of limited-jurisdiction trial courts.
Answer: Limited-jurisdiction trial courts, also called inferior courts, can only hear matters of a limited nature. Some examples of limited-jurisdiction trial courts are traffic court, juvenile court, justice-of-the-peace court, probate court, family law court, small-claims court, and specialized misdemeanor criminal court. Most limited-jurisdiction trial courts keep records of proceedings. The decisions of limited-jurisdiction trial courts are usually appealable to general-jurisdiction trial courts or appellate courts.
On the other hand, general-jurisdiction trial courts, also known as courts of record, hear matters that do not fall within the jurisdiction of a limited-jurisdiction trial court. Trial testimony and evidence are stored for future reference. Decisions of general-jurisdiction trial courts are appealable to an intermediate appellate court or to the state supreme court.
Diff: 2
LO: 2.1 Describe state court systems.
AACSB: Analytical thinking
Classification: Concept

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18) The _____ established by the United States Congress have limited jurisdiction.
A) state supreme courts
B) state appeals courts
C) special federal courts
D) courts of records
Answer: C
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

19) Which of the following courts are the federal court system's trial courts of general jurisdiction?
A) the U.S. district courts
B) the U.S. Tax Courts
C) the U.S. courts of appeals
D) the U.S. courts of federal claims
Answer: A
Diff: 2
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

20) The geographical area served by each U.S. court of appeals is referred to as a _____.
A) district
B) county
C) range
D) circuit
Answer: D
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

21) The _____ has special appellate jurisdiction to review the decisions of the Court of Federal Claims, the Patent and Trademark Office, and the Court of International Trade.
A) U.S. District Court
B) U.S. Court of Appeals for the Federal Circuit
C) First Circuit Court
D) District of Columbia Circuit
Answer: B
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

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22) The _____ hears cases brought against the United States.
A) U.S. Supreme Court
B) U.S. Tax Court
C) U.S. Court of Federal Claims
D) U.S. District Court
Answer: C
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

23) Which of the following courts are considered as the federal court system's intermediate appellate courts?
A) the U.S. Courts of Appeals for Veterans Claims
B) the U.S. courts of appeals
C) the U.S. district courts
D) the U.S. courts of federal claims
Answer: B
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

24) Why was the Court of Appeals for the Federal Circuit created?
A) It was created to exercise appellate jurisdiction over members of the armed services.
B) It was created to hear cases that involve federal tax laws.
C) It was created to provide uniformity in the application of federal law in certain areas, particularly patent law.
D) It was created to hear appeals from intermediate appellate state courts and certain trial courts.
Answer: C
Diff: 2
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

25) Which of the following courts was created by Article III of the U.S. Constitution?
A) the U.S. Supreme Court
B) the U.S. Tax Court
C) the U.S. Court of Appeals
D) the U.S. Court of Federal Claims
Answer: A
Diff: 2
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

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26) The United States Supreme Court is composed of _____ justices.
A) nine
B) six
C) ten
D) three
Answer: A
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

27) How are the justices of the U.S. Supreme Court appointed?
A) They are nominated by the president and confirmed by the U.S. Senate.
B) They are appointed by the president of the United States.
C) They are nominated and confirmed by the Chief Justice of the U.S. Supreme Court.
D) They are nominated by the Associate Justices and confirmed by the Chief Justice of the U.S. Supreme Court.
Answer: A
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

28) Which of the following statements is true of the U.S. Supreme Court?
A) The U.S. Supreme Court's decisions are appealable.
B) The U.S. Supreme Court hears appeals only from the federal circuit courts of appeals.
C) The U.S. Supreme Court does not hear any new evidence or testimony in reviewed cases.
D) The U.S. Supreme Court does not grant any oral hearings to the parties.
Answer: C
Diff: 2
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

29) Federal judges of the U.S. district courts are appointed for 14-year terms.
Answer: FALSE
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

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30) Pursuant to the power given to it by Article III of the U.S. Constitution, Congress has established the U.S. courts of appeals.
Answer: TRUE
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

31) In the United States, each state has only a single district court.
Answer: FALSE
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

32) The federal district courts are empowered to impanel juries, receive evidence, hear testimony, and decide cases.
Answer: TRUE
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

33) The first 12 circuits of the federal court system are geographical.
Answer: TRUE
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

34) In the U.S. courts of appeals, the parties file legal briefs with the court and are given a short oral hearing.
Answer: TRUE
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

35) In the U.S. circuit courts of appeals, an *en banc* review refers to an appeal heard by a three-judge panel.
Answer: FALSE
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

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36) Appeals from the Court of International Trade are heard by the U.S. Court of Appeals for the Federal Circuit.
Answer: TRUE
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

37) The highest court in the land is the Supreme Court of the United States, which is located in Washington DC.
Answer: TRUE
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

38) The Chief Justice of the Supreme Court is elected by the Associate Justices of the U.S. Supreme Court.
Answer: FALSE
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

39) The decisions of the U.S. Supreme Court can be appealed to higher courts.
Answer: FALSE
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

40) What is the jurisdiction of the U.S. Supreme Court?
Answer: The Supreme Court, which is an appellate court, hears appeals from federal circuit courts of appeals and, under certain circumstances, from federal district courts, special federal courts, and the highest state courts. No new evidence or testimony is heard. As with other appellate courts, the lower court record is reviewed to determine whether there has been an error that warrants a reversal or modification of the decision. Legal briefs are filed, and the parties are granted a brief oral hearing. The Supreme Court's decision is final.
Diff: 1
LO: 2.2 Describe the federal court system.
AACSB: Analytical thinking
Classification: Concept

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41) Which of the following refers to an official notice that the U.S. Supreme Court will review a case?
A) a writ of *certiorari*
B) *stare decisis*
C) an *en banc* review
D) a *sua sponte* review
Answer: A
Diff: 1
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Analytical thinking
Classification: Concept

42) In the U.S. Supreme Court, if all the justices voting agree as to the outcome and reasoning used to decide a case, it is a _____ decision.
A) tie
B) plurality
C) majority
D) unanimous
Answer: D
Diff: 1
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Analytical thinking
Classification: Concept

43) In the U.S. Supreme Court, if a majority of the justices agree as to the outcome of a case but not as to the reasoning for reaching the outcome, it is a _____ decision.
A) unanimous
B) majority
C) plurality
D) tie
Answer: C
Diff: 1
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Analytical thinking
Classification: Concept

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44) Mary has already won her case at the U.S. Court of Appeals. When the case is reviewed by the Supreme Court, only eight judges are present. Four of the judges vote for Mary while the other four vote against her. Which of the following will be the result of this case?
A) The case will be sent to the U.S. Court of Appeals for a review.
B) Mary will win the case as she had already won at the U.S. Court of Appeals.
C) The case will be reviewed again by the U.S. Supreme Court when all the judges are present.
D) Mary will win and the case will set a precedent for later cases.
Answer: B
Diff: 2
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Application of knowledge
Classification: Application

45) Which of the following is true about a plurality decision of the Supreme Court?
A) It settles a case but does not set the precedent for later cases.
B) It affirms the decision of the lower court.
C) It settles a case and sets the precedent for later cases.
D) It causes a case to be reviewed again at a later date.
Answer: A
Diff: 2
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Analytical thinking
Classification: Concept

46) Which of the following is true about a majority decision reached by the U.S. Supreme Court?
A) All the judges agree as to the outcome and reasoning used to decide a case.
B) A majority of the judges agree as to the outcome but not the reasoning used to decide a case.
C) A majority of the justices agree as to the outcome and reasoning used to decide a case.
D) An equal number of judges vote for and against the petitioner and the case remains undecided.
Answer: C
Diff: 1
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Analytical thinking
Classification: Concept

47) Which of the following similarities is observed between tie and plurality decisions reached by the U.S. Supreme Court?
A) The decisions can be appealed against in the U.S. courts of appeals.
B) The decisions do not set precedent for later cases.
C) The decision of the lower court is affirmed.
D) New evidence and testimony is heard before reaching decisions.
Answer: B
Diff: 2
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Analytical thinking
Classification: Concept

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48) Sue, a resident of the state of New York, is visiting her aunt in Iowa. On her way, her car is hit by Jerry, a resident of the state of Iowa who is drunk. Sue is injured in the accident. Which of the following actions is Sue allowed to take?
A) Sue can sue Jerry and bring the case to Iowa state court provided that the dollar amount of the controversy exceeds $75,000.
B) Sue can file a case against Jerry in the New York state court as she is a resident of that state.
C) Sue can file a case against Jerry only in the Iowa state court as this is a matter that involves state negligence law.
D) Sue can sue Jerry and bring the case to Iowa federal court as this is a case that involves diversity of citizenship.
Answer: D
Diff: 3
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Application of knowledge
Classification: Application

49) A petitioner must file a petition for *certiorari*, asking the United States Supreme Court to hear the case.
Answer: TRUE
Diff: 1
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Analytical thinking
Classification: Concept

50) A tie decision by the U.S. Supreme Court sets a precedent for later cases.
Answer: FALSE
Diff: 1
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Analytical thinking
Classification: Concept

51) A justice who agrees with the outcome of a case but not the reason proffered by other justices can issue a dissenting opinion that sets forth his or her reasons for deciding the case.
Answer: FALSE
Diff: 1
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Analytical thinking
Classification: Concept

52) The U.S. Supreme Court hears new evidence and testimony that was not previously permitted in the U.S. district court.
Answer: FALSE
Diff: 1
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Analytical thinking
Classification: Concept

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53) The U.S. Congress gives the Supreme Court discretion to decide what cases it will hear.
Answer: TRUE
Diff: 1
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Analytical thinking
Classification: Concept

54) Describe the different types of decisions issued by the U.S. Supreme Court – unanimous, majority, plurality, and tie. In your answer, specify whether each kind of decision becomes binding precedent.
Answer: In a unanimous decision, all the justices who hear a case agree as to both its outcome and the reasoning behind the outcome. A unanimous decision becomes precedent.
A majority opinion occurs if five, six, seven, or eight justices agree on both outcome and reasoning. A majority opinion becomes precedent, just like a unanimous decision.
A plurality occurs when a majority of the justices agree as to outcome but disagree as to the reasoning leading to that outcome. A plurality decision settles the case but does not provide precedent.
A tie can occur only when the Court sits without all nine justices. If a tie occurs, the lower court decision is affirmed. A tie decision does not provide precedent.
Diff: 2
LO: 2.3 Describe the U.S. Supreme Court and the types of cases it decides.
AACSB: Analytical thinking
Classification: Concept

55) Which of the following refer to cases arising under the U.S. Constitution, treaties, and federal statutes and regulations?
A) federal question cases
B) diversity of citizenship cases
C) federal crimes cases
D) copyrights and trademarks cases
Answer: A
Diff: 1
LO: 2.4 Explain the jurisdiction of federal courts and compare it with the jurisdiction of state courts.
AACSB: Analytical thinking
Classification: Concept

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56) In which of the following cases do federal and state courts have concurrent jurisdiction?
A) bankruptcy cases
B) diversity of citizenship cases
C) antitrust cases
D) patents cases
Answer: B
Diff: 1
LO: 2.4 Explain the jurisdiction of federal courts and compare it with the jurisdiction of state courts.
AACSB: Analytical thinking
Classification: Concept

57) In which of the following cases do federal courts have exclusive jurisdiction?
A) cases involving sales and lease contracts
B) federal question cases
C) suits against the United States
D) diversity of citizenship cases
Answer: C
Diff: 1
LO: 2.4 Explain the jurisdiction of federal courts and compare it with the jurisdiction of state courts.
AACSB: Analytical thinking
Classification: Concept

58) Altonvista Inc., a company based in California, is sued by a plaintiff from the state of Texas. Which of the following statements would apply to this situation?
A) The case must be heard in the California federal court as this is a subject matter in which federal courts have exclusive jurisdiction.
B) If the plaintiff chooses to bring the case to the California federal court, it would stay in the federal court.
C) If the plaintiff decides to bring the case to the California federal court, Altonvista Inc. can have the case moved to a California state court.
D) The case can only be heard in a California state court as the matter is not subject to federal jurisdiction.
Answer: B
Diff: 2
LO: 2.4 Explain the jurisdiction of federal courts and compare it with the jurisdiction of state courts.
AACSB: Application of knowledge
Classification: Application

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59) For federal question cases to be brought in a federal court, the dollar amount of the controversy must exceed $75,000.
Answer: FALSE
Diff: 1
LO: 2.4 Explain the jurisdiction of federal courts and compare it with the jurisdiction of state courts.
AACSB: Analytical thinking
Classification: Concept

60) If a plaintiff brings a diversity of citizenship case in state court, it will remain there unless a defendant removes the case to federal court.
Answer: TRUE
Diff: 1
LO: 2.4 Explain the jurisdiction of federal courts and compare it with the jurisdiction of state courts.
AACSB: Analytical thinking
Classification: Concept

61) The federal court must apply federal laws in deciding diversity of citizenship cases.
Answer: FALSE
Diff: 1
LO: 2.4 Explain the jurisdiction of federal courts and compare it with the jurisdiction of state courts.
AACSB: Analytical thinking
Classification: Concept

62) Antitrust, bankruptcy, patent and copyright cases can be heard by state courts.
Answer: FALSE
Diff: 1
LO: 2.4 Explain the jurisdiction of federal courts and compare it with the jurisdiction of state courts.
AACSB: Analytical thinking
Classification: Concept

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63) Donna Driver, an Idaho resident, operated her vehicle negligently, causing an accident in Boise, Idaho. Donna veered into oncoming traffic, hitting Valerie Victim's expensive new automobile. Valerie, a resident of Wyoming, was only in Idaho for a short business trip. The damage to Valerie's vehicle is estimated to be $25,000, which is the amount Valerie now seeks in damages. Neither Donna nor Valerie was physically or emotionally injured. In what court(s) can Valerie properly file a lawsuit seeking damages? Why?
Answer: There is no federal question in this case. There is only a question of state negligence law. Valerie can only bring her case in Idaho state court. Even though the parties are residents of different states, Valerie cannot bring her case in federal court because the amount in controversy does not exceed $75,000, the minimum required for removing to federal court on the basis of diversity of citizenship.
Diff: 1
LO: 2.4 Explain the jurisdiction of federal courts and compare it with the jurisdiction of state courts.
AACSB: Analytical thinking
Classification: Application

64) Jeremy crashes his friend John's car because he is an incompetent driver. Emily, John's sister, is outraged and wants John to sue his friend. John refuses to file a case against his long-time friend. Which of the following is Emily allowed to do in this situation?
A) She can sue Jeremy on John's behalf, as she has standing to sue.
B) She can sue Jeremy, provided that John gives his consent.
C) She can file a case in the state court where she will have standing to sue.
D) She cannot sue Jeremy as she has no stake in the outcome of the case.
Answer: D
Diff: 2
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Application of knowledge
Classification: Application

65) Which of the following refers to a court's jurisdiction over the parties to a lawsuit?
A) *in rem*
B) *quasi in rem*
C) *in personam*
D) *sua sponte*
Answer: C
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

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66) Which of the following refers to the authority of a court to hear a case because of jurisdiction over the property of the lawsuit?
A) *in rem*
B) *quasi in rem*
C) private
D) *en personam*
Answer: A
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

67) Which of the following refers to jurisdiction that allows a plaintiff who obtains a judgment in one state to try to collect the judgment by attaching property of the defendant located in another state?
A) *in rem*
B) *in personam*
C) private
D) *quasi in rem*
Answer: D
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

68) Why do courts need to accomplish service of process?
A) to obtain personal jurisdiction over the plaintiff in a lawsuit
B) to obtain personal jurisdiction over the defendant in a lawsuit
C) to obtain jurisdiction to hear a case where the court has jurisdiction over the property in the lawsuit
D) to obtain jurisdiction over nonresidents who were not served summons within a state
Answer: B
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

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69) Bill is trying to sell his house in Oklahoma City to George, who lives in Arkansas. They have a dispute over the terms of the contract and Bill decides to sue George. Which of the following statements is true in this situation?
A) The Arkansas state court will hear this case as it has *in personam* jurisdiction over George.
B) The Arkansas state court has *in rem* jurisdiction to hear this case.
C) The Oklahoma state court has *in rem* jurisdiction to hear this case.
D) The Oklahoma state court does not have jurisdiction to hear this case as the defendant is from another state.
Answer: C
Diff: 2
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Application of knowledge
Classification: Application

70) Jill wins a lawsuit against Terry in the Wyoming state court. The court passes a judgment for Terry to pay $20,000 to Jill. Immediately after the case is settled, Terry moves to Colorado, where she owns a house, and refuses to pay Jill the money. Which of the following is the best course of action for Jill?
A) file a lawsuit against Terry in a Colorado state court to enforce the Wyoming court judgment
B) file another case against Terry in the Wyoming state court to collect the money against Terry's property
C) file a case against Terry in Wyoming to force Terry to sell her house in Colorado to pay the money
D) file a case in the Colorado federal court as this qualifies as a federal question case
Answer: A
Diff: 2
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Application of knowledge
Classification: Application

71) Which of the following refers to a concept that requires lawsuits to be heard by a court with jurisdiction that is nearest the location in which an incident occurred or where the parties reside?
A) jurisdiction
B) venue
C) *res ipsa loquitur*
D) s*tare decisis*
Answer: B
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

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72) Donald, a resident of Louisiana, is robbed in Oklahoma County, Oklahoma. The robber, a resident of Texas, is soon apprehended. Which of the following is the proper venue to hear this case?
A) state court in Louisiana because the plaintiff is from Louisiana
B) state court in Texas because the defendant is from Texas
C) Oklahoma federal court because the robber has committed a federal crime
D) Oklahoma County Court because it is nearest in location to the scene of the crime
Answer: D
Diff: 2
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Application of knowledge
Classification: Application

73) A(n) _____ clause refers to a contract provision that designates a certain court to hear any dispute concerning nonperformance of the contract.
A) no-contest
B) choice-of-law
C) forum-selection
D) arbitration
Answer: C
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

74) A(n) _____ clause refers to a contract provision that designates a certain state's law or country's law that will be applied in any dispute concerning nonperformance of the contract.
A) choice-of-law
B) forum-shopping
C) arbitration
D) forum-selection
Answer: A
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

75) By filing a lawsuit with a court, the plaintiff gives the court *in personam* jurisdiction over him- or herself.
Answer: TRUE
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

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76) Parties are not allowed to argue against the imposition of jurisdiction by a court.
Answer: FALSE
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

77) A change of venue may be requested in order to find a jury that is not prejudiced.
Answer: TRUE
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

78) Where a long-arm statute is present, a defendant need not have minimum contact with a state for that state's courts to have jurisdiction over the defendant.
Answer: FALSE
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

79) A forum-selection clause forbids parties to a contract to designate and agree to the jurisdiction of a court that otherwise might not have personal jurisdiction.
Answer: FALSE
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

80) Describe the need for forum-selection and choice-of-law clauses.
Answer: One issue that often comes up when parties from different states or countries have a legal dispute is which jurisdiction's court will be used. Also, sometimes there is a dispute as to which jurisdiction's laws apply to a case. When the parties have not agreed in advance, courts must make the decision about which court has jurisdiction and what law applies. This situation causes ambiguity, and resolving it will cost the parties time and money. Therefore, parties sometimes agree in their contract as to what state's courts, what federal court, or what country's court will have jurisdiction to hear a legal dispute should one arise. Such clauses in contracts are called forum-selection clauses or choice-of-forum clauses. Of course, the selected court must have jurisdiction to hear the case.
In addition to agreeing to a forum, the parties also often agree in contracts as to what state's law or country's law will apply in resolving a dispute. These clauses are called choice-of-law clauses. The selected law may be of a jurisdiction that does not have jurisdiction to hear the case.
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

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81) Discuss the need for and significance of a state long-arm statute.
Answer: In most states, a state court can obtain jurisdiction in a civil lawsuit over persons and businesses located in another state or country through the state's long-arm statute. These statutes extend a state's jurisdiction to nonresidents who are not served a summons within the state. The nonresident defendant in the civil lawsuit must have had some minimum contact with the state such that the maintenance of that lawsuit in that state does not offend traditional notions of fair play and substantial justice.
The exercise of long-arm jurisdiction is generally permitted over nonresidents who have (1) committed torts within the state (e.g., caused an automobile accident in the state), (2) entered into a contract either in the state or that affects the state (and allegedly breached the contract), or (3) transacted other business in the state that allegedly caused injury to another person.
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

82) Compare and contrast between *in rem* and *quasi in rem* jurisdiction.
Answer: A court may have jurisdiction to hear and decide a case because it has jurisdiction over the property of the lawsuit. This is called *in rem* jurisdiction ("jurisdiction over the thing"). Sometimes a plaintiff who obtains a judgment against a defendant in one state will try to collect the judgment by attaching property of the defendant that is located in another state. This is permitted under *quasi in rem* jurisdiction, or attachment jurisdiction. Under the Full Faith and Credit Clause of the U.S. Constitution (Article IV, Section 1), a judgment of a court of one state must be given "full faith and credit" by the courts of another state.
Diff: 1
LO: 2.5 Define standing to sue, jurisdiction, and venue.
AACSB: Analytical thinking
Classification: Concept

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83) Discuss the significance of the *Zippo Manufacturing Company v. Zippo Dot Com, Inc.* case in terms of jurisdiction in cyberspace.
Answer: A seminal case that addressed jurisdiction in cyberspace was *Zippo Manufacturing Company v. Zippo Dot Com, Inc.* Zippo Manufacturing Company (Zippo) manufactures its well-known line of tobacco lighters in Bradford, Pennsylvania, and sells them worldwide. Zippo Dot Com, Inc. (Dot Com), which was a California corporation with its principal place of business and its servers located in Sunnyvale, California, operated an internet website that transmitted information and sexually explicit material to its subscribers.
Three thousand of Dot Com's 140,000 paying subscribers worldwide were located in Pennsylvania. Zippo sued Dot Com in U.S. District Court in Pennsylvania for trademark infringement. Dot Com defended, alleging that it was not subject to personal jurisdiction in Pennsylvania because the "minimum contacts" and "traditional notions of fair play and substantial justice" standards were not met and therefore did not permit Pennsylvania to assert jurisdiction over it.
The court held that Dot Com was subject to personal jurisdiction under the Pennsylvania long-arm statute and ordered Dot Com to defend itself in Pennsylvania.
Diff: 1
LO: 2.6 Explain how jurisdiction is applied to digital commerce.
AACSB: Analytical thinking
Classification: Concept

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