

# 15.615 – Essential Law for Business

## Fall 2017 – Preliminary Syllabus

Instructor: John Akula

Mon/Wed 8:30-10:00; E51-149

Meets full semester; 9 units; Letter-graded; No prerequisites

Primarily for graduate students; undergraduates welcome

### Overview

This course is a broad-gauged introduction to business law. It provides a solid grasp of the different ways in which law shapes opportunities and risks in the business world. It considers key law-sensitive junctures faced by young and mature companies. It considers these issues from the perspectives of the company, of individual managers who are both guiding the company and planning their own careers, and of investors, lenders, consultants and advisors. Complex deals and finance get special attention.

The primary focus is US law, but US law will be viewed in a comparative perspective, and some time will be spent on transnational issues in connection with many of the topics.

The instructor was for many years a practicing attorney, and the focus throughout is on realistic management problems and practical skills and tools.

For some classes, we will have leading practitioners come in to share their expertise.

If you are wondering if this is the right law course for you, see the Addendum to this Syllabus on “Picking the right law course.”

### Class-by-class topical outline for Fall 2017

Class	Topic
<b>MODULE I: HOW LAW STRUCTURES BUSINESS CONSTRAINTS AND OPPORTUNITIES – SOME FUNDAMENTALS</b>	
1 W 9/6	Introduction to course
2 M 9/11	The law of duties (I)
3 W 9/13	The law of duties (II)
4 M 9/18	The law of duties (III) – Focus on fiduciary duties
5 W 9/20	Contracts and the law of the deal (I)
6 M 9/25	Contracts and the law of the deal (II) – Focus on “busted” M&A deals
7 W 9/27	The hard edge of regulation (I)
8 M 10/2	The hard edge of regulation (II)
9 W 10/4	The hard edge of regulation (III) – Focus on insider trading

<b>MODULE II – MANAGING CRITICAL CAREER JUNCTURES – CHANGING JOBS</b>	
10 W 10/11	Changing jobs (I)
11 M 10/16	Changing jobs (II)
<b>MODULE III – MERGERS AND ACQUISITIONS</b>	
12 W 10/18	Mergers and acquisitions (I)
13 M 10/30	Mergers and acquisitions (II)
<b>MODULE IV – LENDING, FINANCIAL DISTRESS, AND TRADING IN DERIVATIVES</b>	
14 W 11/1	Commercial finance, and bankruptcy & reorganization (I)
15 M 11/6	Commercial finance, and bankruptcy & reorganization (II)
16 W 11/8	Trading in derivatives
<b>MODULE V – VENTURE CAPITAL AND PRIVATE EQUITY</b>	
17 M 11/13	Entrepreneurial finance and venture capital
18 W 11/15	Private equity
<b>MODULE VI – COMPETITION POLICY AND LITIGATION</b>	
19 M 11/20	Competition policy (I)
20 W 11/22 T	Managing litigation risk
21 M 11/27	Competition policy (II)
<b>MODULE VII – NEW TECHNOLOGIES AND INTELLECTUAL PROPERTY</b>	
22 W 11/29	New technologies and intellectual policy (I)
23 M 12/4	New technologies and intellectual policy (II)
<b>MODULE VIII– EMPLOYMENT LAW</b>	
24 W 12/6	Employment law (I)
25 M 12/11	Employment law (II)
26 W 12/13	Employment law (III)

**Note:** No class Mon 10/9 (Columbus Holiday); Mon 10/23, or Wed 10/25 (SIP week)

### **Prerequisites and prior experience**

There are no prerequisites for this course, and you are not expected to have any prior understanding of law or of any particular business topics. Students from departments outside of Sloan are welcome. Whatever background you need for this course will be provided in class.

The law has its own terminology, and this may be a concern for students for whom English is a second language. However, a special effort has been made in designing the readings and

deliverables to minimize this problem – all of my courses are intended to be English-second-language friendly.

## Expectations of students

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**Class attendance:** Much of the most important material in this course is presented only in class and not in the readings, so students should plan on attending all classes. Classes will begin promptly at 8:35. Attendance will be a factor in grading. Absences for good cause (such as job hunting or family obligations) will not be penalized, so long as the number of such absences is not excessive. "Excessive" depends on the circumstances; however, more than 1 excused absence will get a hard look. You should e-mail the TA before or shortly after the class in question, with a "cc" to the instructor, to request an excused absence. (You do not need to include in the e-mail any personal details -- just a general statement of the reasons, e.g., job interview, family obligations).

Under no circumstances should a student sign in for anybody but himself or herself.

Please do not use laptops or cell phones during class.

**Class participation:** All students are encouraged to participate in class discussion. The instructor may use what is sometimes called "soft" cold calling. (By a "cold call," I mean calling upon a student to respond to a question even if the student has not volunteered by raising his or her hand. By a "soft" cold call, I mean that if the student does not wish to respond he or she can simply "pass" without penalty. Soft cold calling is a technique for encouraging widespread class participation.) Failure to participate will not result in a downward adjustment to a grade, but participation which is thoughtful, especially participation which demonstrates a firm grasp of the readings, may be a positive factor in grading. There may be feedback polls on some of the classes for which you will be required to submit a response.

**Written exercises:** There are 2 written exercises, one around the middle of the semester and one a week or two prior to the last class. The exercises are done outside of class at the times shown below. A student may elect to do the exercises as an individual or as part of a team of up to 3 members. The exercises may be done at any location, but an entire team must be gathered at one location.

Each exercise will present a realistic business situation and requiring an assessment of its law-sensitive aspects.

The time allotments for the exercises are generous enough so you do not have to write fast to do well. This may be of special importance for students for whom English is a second language.

Both exercises are "open book." The sources you may consult are the following: (i) the readings for the course; (ii) any other published source (but since in grading the exercise I will be looking for indications that you have done the readings assigned in this course, consulting other sources is not likely to do you much good); and (iii) any notes prepared by you, or by any other student currently enrolled in the class with whom you have prepared for the exercise. During the entire period for which each exercise is available, a student may not consult with any other person, except for team members, about the exercise.

The exercises are tentatively scheduled for the times shown below. Students should plan to be available at those times. Alternative arrangements can be made to do the exercise at another time, but only for compelling reasons, so you should block out those times on your calendar.

	Dates	Material covered
1 <sup>st</sup> exercise	Tuesday, October 31, 7-9pm	Classes 1-11
2 <sup>nd</sup> exercise	Tuesday, December 5, 7-9pm	Classes 11-22

## Grading

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Grading is not tied to a formula, but will be based approximately as shown below:

First exercise	25%
Second exercise	50%
Class attendance/participation	25%

One important note about grading: If your attendance is poor, you should expect a substantial downward adjustment in your grade.

## Textbook and readings

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Students should purchase *The Entrepreneur's Guide to Law and Strategy* by Constance Bagley and Craig Dauchy (5th ed.; 2018; Cengage Learning; ISBN: 978-1-285-42849-9).

The book will be at the Coop, and is available new for about \$113 on Amazon. Other material will be posted on Stellar or distributed in class.

## Contact information

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## ADDENDUM ON PICKING THE RIGHT LAW COURSE

Here is some information you might find useful if you are considering bidding on one of my general enrollment law courses this year. The chart below provides an overview. All the courses are full-semester.

Fall 2017	Spring 2018 (anticipated)
<b>15.615. Essential law for business.</b> 9 credits. M/W 8:30-10am. Usual grading.	<b>15.615. Essential law for business.</b> 9 credits. M/W 8:30-10am. Usual grading
<b>15.618. Entrepreneurship, Innovation, Startups and the Law.</b> 6 credits. Tues 4-6pm. P/D/F only.	<b>15.618. Entrepreneurship, Innovation, Startups and the Law.</b> 6 credits. Tues 7-9pm. P/D/F only.
	<b>15.6181.</b> Undergraduate “meets with” listing for 15.618.

**As for key differences:** My two courses are not a sequence, but a choice. So you should pick the one most aligned with your interests or other commitments.

The key differences in content are these: 15.615 is the broader course. To the extent that it has a “tilt,” it is towards the legal problems of established organizations, including the law-sensitive aspects of complex deals and finance. The material relating to startups has been cut back a bit (but not eliminated), reflecting the expanded availability of 15.618. 15.618 is a deep-dive into the key law-sensitive issues faced by innovation-driven startups. We take a company and its key stakeholders from organization through early financing and growth, and through sale or failure. We also take a close look at technology-related legal issues and intellectual property.

That said, it is important to note that both courses include a strong common core, designed to provide managers with the law-sensitive skills needed when their organizations or careers face key law-sensitive junctures. So these courses are more alike than their titles might suggest. (For example, both consider the legal issues that arise in financing companies, or managing financial distress, or in buying and selling companies, but with a tilt in 615 towards more mature companies and a tilt in 618 towards younger ones.) So If you have scheduling constraints, it is not a bad idea to let that guide your decision.

There are also some important differences in expectations of students. 15.618 is 6 credits; graded P/D/F only; and meets once a week. 15.615 is 9 credits; letter graded; and meets twice a week. 15.618 was designed to impose a lesser burden, in part to make available a law course to students under tight limits as to time and commitment.

**As for prerequisites and background:** There are no prerequisites required or suggested for any of the courses. No particular background is required or expected – any needed background will be provided in class. Technical legal language is kept to a minimum, and many students for whom English is a second language have taken these courses.

Students from any MIT division are welcome in these courses, and many students from outside of Sloan have enrolled (especially in 15.618). Undergraduates are also welcome in any of these courses.

**As for deliverables:** In both courses, students have the option of doing any deliverables as individuals or as part of a 3-4 member team.

If you have questions about your selection, feel free to chase me down ([jakula@mit.edu](mailto:jakula@mit.edu)).