

Chapter 1

Introduction to Law and Legal Reasoning

TRUE/FALSE QUESTIONS

A1. The stability and predictability of the law is essential to business activities.

ANSWER: T PAGE: 2 TYPE: =
NAT: AACSB Analytic AICPA Critical Thinking

B1. An important function of the law is to provide jurisprudence.

ANSWER: F PAGE: 2 TYPE: N
NAT: AACSB Reflective AICPA Critical Thinking

A2. Law is a body of enforceable rules governing relationships among individuals and between individuals and their society.

ANSWER: T PAGE: 2 TYPE: =
NAT: AACSB Analytic AICPA Legal

B2. How judges apply the law to specific disputes may depend in part on their personal philosophical views.

ANSWER: T PAGE: 2 TYPE: =
NAT: AACSB Reflective AICPA Critical Thinking

A3. The basis for the U.S. legal system is natural law.

ANSWER: F PAGE: 3 TYPE: N
NAT: AACSB Ethics AICPA Critical Thinking

- B3. A judge's view of the law is of little importance in a common law legal system.

ANSWER: F PAGE: 2 TYPE: =
NAT: AACSB Reflective AICPA Critical Thinking

- A4. Constitutional law includes only the U.S. Constitution.

ANSWER: F PAGE: 6 TYPE: =
NAT: AACSB Analytic AICPA Legal

- B4. Congress can only pass legislation that falls within the limits set up by the U.S. Constitution.

ANSWER: T PAGE: 6 TYPE: +
NAT: AACSB Analytic AICPA Legal

- A5. A state constitution is supreme within the state's borders.

ANSWER: T PAGE: 6 TYPE: =
NAT: AACSB Analytic AICPA Legal

- B5. The U.S. Constitution is the supreme law of the United States.

ANSWER: T PAGE: 6 TYPE: =
NAT: AACSB Analytic AICPA Legal

- A6. Whether a law is constitutional depends on its source.

ANSWER: F PAGE: 6 TYPE: =
NAT: AACSB Analytic AICPA Legal

B6. Each state has its own constitution.

ANSWER: T PAGE: 6 TYPE: =
NAT: AACSB Analytic AICPA Critical Thinking

A7. Uniform laws apply in all states, including those in which the laws have not been adopted.

ANSWER: F PAGE: 6 TYPE: =
NAT: AACSB Analytic AICPA Legal

B7. The Federal Trade Commission developed the Uniform Commercial Code.

ANSWER: F PAGE: 7 TYPE: =
NAT: AACSB Reflective AICPA Critical Thinking

A8. A state law that conflicts with the U.S. Constitution will be deemed unconstitutional.

ANSWER: T PAGE: 6 TYPE: =
NAT: AACSB Analytic AICPA Legal

B8. State agency regulations take precedence over conflicting federal agency regulations.

ANSWER: F PAGE: 7 TYPE: +
NAT: AACSB Analytic AICPA Legal

A9. Statutory law does not include county ordinances.

ANSWER: F PAGE: 6 TYPE: =
NAT: AACSB Reflective AICPA Legal

B9. Common law is a term for the laws that are familiar to most of us.

ANSWER: F PAGE: 8 TYPE: =
NAT: AACSB Analytic AICPA Critical Thinking

A10. No state has adopted the Uniform Commercial Code in its entirety.

ANSWER: F PAGE: 7 TYPE: +
NAT: AACSB Reflective AICPA Legal

B10. Equity is a branch of unwritten law that seeks to supply remedies other than damages.

ANSWER: T PAGE: 8 TYPE: +
NAT: AACSB Analytic AICPA Legal

A11. Common law is a term for law that is common throughout the world.

ANSWER: F PAGE: 8 TYPE: =
NAT: AACSB Analytic AICPA Critical Thinking

B11. A court's direction to a party to stop doing a particular act is a rescission.

ANSWER: F PAGE: 8 TYPE: =
NAT: AACSB Analytic AICPA Legal

A12. Damages is a remedy at law.

ANSWER: T PAGE: 8 TYPE: +
NAT: AACSB Analytic AICPA Legal

B12. In most states, the courts no longer grant "legal" remedies.

ANSWER: F PAGE: 9 TYPE: N
NAT: AACSB Analytic AICPA Critical Thinking

A13. Equitable remedies include injunctions and decrees of specific performance.

ANSWER: T PAGE: 8 TYPE: =
NAT: AACSB Analytic AICPA Legal

B13. A plaintiff is a person against whom a lawsuit is brought.

ANSWER: F PAGE: 9 TYPE: =
NAT: AACSB Analytic AICPA Legal

A14. In most states, the courts no longer grant "equitable" remedies.

ANSWER: F PAGE: 9 TYPE: N
NAT: AACSB Analytic AICPA Legal

B14. A decision on a given issue by a court is not binding on an inferior court.

ANSWER: F PAGE: 10 TYPE: =
NAT: AACSB Analytic AICPA Legal

A15. A defendant is a person against whom a lawsuit is brought.

ANSWER: T PAGE: 9 TYPE: N
NAT: AACSB Analytic AICPA Legal

B15. *Stare decisis* is a doctrine obligating judges to help persons who have failed to protect their own rights.

ANSWER: F PAGE: 10 TYPE: N
NAT: AACSB Analytic AICPA Legal

A16. Courts do not depart from precedents.

ANSWER: F PAGE: 10 TYPE: =
NAT: AACSB Reflective AICPA Critical Thinking

B16. A court may depart from a precedent if the precedent is no longer valid in view of changed technology.

ANSWER: T PAGE: 11 TYPE: =
NAT: AACSB Reflective AICPA Critical Thinking

A17. How the courts interpret a statute determines how that statute is applied.

ANSWER: T PAGE: 13 TYPE: =
NAT: AACSB Analytic AICPA Legal

B17. Common law is no longer a source of legal authority.

ANSWER: F PAGE: 13 TYPE: =
NAT: AACSB Analytic AICPA Critical Thinking

A18. Criminal law focuses on duties that exist between persons.

ANSWER: F PAGE: 14 TYPE: =
NAT: AACSB Analytic AICPA Legal

B18. Courts often rely on the common law as a guide to interpreting legislation.

ANSWER: T PAGE: 13 TYPE: N
NAT: AACSB Analytic AICPA Critical Thinking

A19. A reference to “28 U.S.C. Section 1332” means that a statute can be found in section 1332 of title 28 of the United States Code.

ANSWER: T PAGE: 15 TYPE: +
NAT: AACSB Analytic AICPA Research

B19. A substantive law creates or defines legal rights and obligations.

ANSWER: T PAGE: 14 TYPE: =
NAT: AACSB Analytic AICPA Legal

A20. Most state trial court decisions are not published.

ANSWER: T PAGE: 15 TYPE: =
NAT: AACSB Analytic AICPA Research

B20. Rules and regulations adopted by federal administrative agencies are compiled in the Code of Federal Regulations.

ANSWER: T PAGE: 15 TYPE: =
NAT: AACSB Analytic AICPA Research

MULTIPLE CHOICE QUESTIONS

A1. John is a judge. The function of John and other judges is to

- a. decide cases on the basis of their opinions about the issues.
- b. decide cases on the basis of their personal philosophical views.
- c. interpret and apply the laws.
- d. make the laws.

ANSWER: C PAGE: 2 TYPE: =
NAT: AACSB Reflective AICPA Critical Thinking

B1. To Pete, the written law of a particular society at a particular time is most significant. Pete is

- a. a legal positivist.
- b. a legal rationalist.
- c. a legal realist.
- d. a person who adheres to the natural law tradition.

ANSWER: A PAGE: 3 TYPE: +
 NAT: AACSB Analytic AICPA Critical Thinking

A2. Under Ohio's state constitution, the Ohio Environmental Protection Agency issues a new rule, the Polk County Commission approves a new property tax measure, and the professors and students at Ohio Law School publish the results of their most recent legal research. Sources of law do not include

- a. the measures approved by local governing bodies.
- b. the results of legal scholars' research.
- c. the rules issued by state administrative agencies.
- d. the states' constitutions.

ANSWER: B PAGE: 6 TYPE: N
 NAT: AACSB Reflective AICPA Legal

B2. The River City Council, the Santa Clara County Board, the Texas state legislature, and the U.S. Congress enact laws. These laws constitute

- a. administrative law.
- b. case law.
- c. stare decisis.
- d. statutory law.

ANSWER: D PAGE: 6 TYPE: =
 NAT: AACSB Reflective AICPA Critical Thinking

A3. Hawaii enacts a state law that violates the U.S. Constitution. This law can be enforced by

- a. no one.
- b. the federal government only.
- c. the state of Hawaii only.

- d. the United States Supreme Court only.

ANSWER: A PAGE: 6 TYPE: =
NAT: AACSB Reflective AICPA Legal

- B3. The U.S. Congress enacts a new federal statute that sets different standards for the liability of businesses selling defective products. This statute applies

- a. only to matters not covered by state law.
b. only to those states that adopt the statute.
c. to all of the states.
d. to none of the states.

ANSWER: C PAGE: 6 TYPE: =
NAT: AACSB Reflective AICPA Legal

- A4. The Federal Trade Commission is a government agency that issues rules, orders, and decisions. The Georgia state legislature enacts statutes. The Jackson County Board and the Peach City Council enacts ordinances. Administrative law includes

- a. all law that affects a business's operation.
b. the rules, orders, and decisions of the Federal Trade Commission.
c. statutes enacted by the Georgia state legislature.
d. ordinances created by the Jackson County Board and the city council of Peach City, Georgia.

ANSWER: B PAGE: 7 TYPE: =
NAT: AACSB Reflective AICPA Legal

B4. If a provision in the Florida state constitution conflicts with a provision in the U.S. Constitution

- a. neither provision applies.
- b. the provisions are balanced to reach a compromise.
- c. the state constitution takes precedence.
- d. the U.S. Constitution takes precedence.

ANSWER: D PAGE: 6 TYPE: =
 NAT: AACSB Reflective AICPA Legal

A5. The Securities Exchange Commission is an administrative agency. The chief purpose of such agencies is to

- a. act as liaisons between federal and state governments.
- b. impose uniform laws on the states.
- c. perform specific government functions.
- d. standardize laws for the executive and judicial branches.

ANSWER: C PAGE: 7 TYPE: N
 NAT: AACSB Reflective AICPA Legal

B5. Mary is a consultant to the National Conference of Commissioners on Uniform State Laws. This organization

- a. adopts uniform laws for the states.
- b. applies uniform laws to the states.
- c. drafts uniform laws for adoption by the states.
- d. imposes uniform laws on the states.

ANSWER: C PAGE: 6 TYPE: =
 NAT: AACSB Reflective AICPA Critical Thinking

A6. In a suit against Kit, Leo obtains specific performance. This is

- a. an equitable remedy and a remedy at law.
- b. an equitable remedy only.
- c. a remedy at law only.
- d. neither an equitable remedy nor a remedy at law.

ANSWER: B PAGE: 8 TYPE: =
 NAT: AACSB Reflective AICPA Legal

- B6. Owen is a federal judge whose judicial decisions are part of case law, which includes interpretations of
- a. administrative regulations only.
 - b. constitutional provisions only.
 - c. statutes only.
 - d. administrative regulations, constitutional provisions, and statutes.

ANSWER: D PAGE: 7 TYPE: =
NAT: AACSB Reflective AICPA Critical Thinking

- A7. As a judge, Jay applies common law rules. These rules develop from
- a. decisions of the courts in legal disputes.
 - b. regulations issued by administrative agencies.
 - c. statutes enacted by Congress and the state legislatures.
 - d. uniform laws drafted by legal scholars.

ANSWER: A PAGE: 8 TYPE: =
NAT: AACSB Reflective AICPA Legal

- B7. As a judge, Nina decides cases that involve principles of various sources of law. Common law is
- a. administrative law.
 - b. case law.
 - c. civil law.
 - d. statutory law.

ANSWER: B PAGE: 7 TYPE: =
NAT: AACSB Reflective AICPA Legal

- A8. In an action against Elin, Frank obtains a remedy. This is
- a. an administrative agency's enforcement of its rule.
 - b. a principle of the law derived from earlier court cases.
 - c. a statute enacted by a state legislature or Congress.
 - d. the legal means to recover a right or to redress a wrong.

ANSWER: D PAGE: 8 TYPE: N
NAT: AACSB Reflective AICPA Legal

B8. The United States has a common law system. The common law began as

- a. components of the Roman civil law.
- b. principles codified by continental European nations.
- c. rules applied in the courts throughout England.
- d. standards imposed within small pagan communities and tribes.

ANSWER: C PAGE: 8 TYPE: +
 NAT: AACSB Reflective AICPA Legal

A9. Holly is a state court judge. Ilsa appears in a case in Holly's court, claiming that Jim breached a contract. As in most state courts, Holly may

- a. award damages, cancel a contract, or direct a party to do or not to do an act.
- b. award damages only.
- c. cancel a contract only.
- d. direct a party to do or not to do a particular act only.

ANSWER: A PAGE: 9 TYPE: =
 NAT: AACSB Reflective AICPA Legal

B9. Great Internet, Inc. (GII), is an Internet service provider. GII's tech support employees are on strike. Six of the workers are blocking GII's door. To get them away from the door, GII should obtain

- a. a decree of specific performance.
- b. an award of damages.
- c. an injunction.
- d. a rescission.

ANSWER: C PAGE: 8 TYPE: =
 NAT: AACSB Reflective AICPA Decision Modeling

A10. In a suit against Clem, Dona obtains the cancellation of a contractual obligation. This is

- a. an injunction.
- b. damages.
- c. rescission.
- d. specific performance.

ANSWER: C PAGE: 9 TYPE: +
NAT: AACSB Reflective AICPA Legal

B10. Gary is a state court judge. In his court, as in most state courts, he may grant

- a. equitable and legal remedies.
- b. equitable remedies only.
- c. legal remedies only.
- d. neither equitable nor legal remedies.

ANSWER: A PAGE: 9 TYPE: =
NAT: AACSB Reflective AICPA Legal

A11. In a suit against Sandy, Tyler obtains a remedy. In the U.S. legal system, this remedy will most likely be

- a. an injunction.
- b. damages.
- c. rescission.
- d. specific performance.

ANSWER: B PAGE: 9 TYPE: N
NAT: AACSB Reflective AICPA Legal

B11. Lee is a judge in a court of equity. In this court, Lee may bar a suit if it is not filed within a proper time under the doctrine known as

- a. laches.
- b. stare decisis.
- c. the chancellor's discretion.
- d. the king's conscience.

ANSWER: A PAGE: 9 TYPE: =
NAT: AACSB Analytic AICPA Legal

A12. Net Corporation files a suit against Omega, Inc., alleging that Omega breached a contract to sell Net a computer system for \$100,000. Net is

- a. the appellant.
- b. the appellee.
- c. the defendant.

d. the plaintiff.

ANSWER: D

PAGE: 9

TYPE: =

NAT: AACSB Reflective

AICPA Legal

B12. Jill is an appellate court judge. In this capacity, Jill establishes a rule of law. Under the doctrine of *stare decisis*, the principle must be adhered to by

- a. all courts.
- b. courts of lower rank only.
- c. that court and courts of lower rank.
- d. that court only.

ANSWER: C PAGE: 10 TYPE: =
NAT: AACSB Analytic AICPA Legal

A13. In *Abel v. Baker*, a state supreme court held that a minor could cancel a contract for the sale of a car. Now a trial court in the same state is deciding *Charles v. Delta*, a case with similar facts. Under the doctrine of *stare decisis*, the trial court is likely to

- a. allow the minor to cancel the contract.
- b. disregard the previous case.
- c. order the minor to cancel the contract.
- d. require the minor to fulfill the contract.

ANSWER: A PAGE: 10 TYPE: =
NAT: AACSB Reflective AICPA Critical Thinking

B13. In *Best Sales Corp. v. Consumer Products Co.*, the court decides that a precedent is incorrect or inapplicable. The court

- a. may rule contrary to the precedent.
- b. must apply the precedent.
- c. must ask a higher court to rule on the case.
- d. must refuse to decide the case.

ANSWER: A PAGE: 11 TYPE: +
NAT: AACSB Reflective AICPA Legal

A14. Kurt is a judge hearing the case of *Local Co. v. Macro Corp.* Applying the relevant rule of law to the facts of the case requires Kurt to find previously decided cases that, in relation to the case under consideration, are

- a. as different as possible.
- b. as similar as possible.

- c. at odds.
- d. exactly identical.

ANSWER: B PAGE: 10 TYPE: =
 NAT: AACSB Reflective AICPA Critical Thinking

B14. A state trial court has before it *Eagle Manufacturing Co. v. Fine Products Corp.*, a case of first impression. The court can

- a. not refuse to decide the *Eagle* case.
- b. postpone deciding *Eagle* indefinitely.
- c. postpone deciding *Eagle* until there is binding authority.
- d. refuse to decide *Eagle*.

ANSWER: A PAGE: 11 TYPE: =
 NAT: AACSB Reflective AICPA Legal

A15. In *Export Co. v. Imports, Inc.*, there is no precedent on which the court can base a decision. The court can consider, among other things,

- a. neither public policy nor social values.
- b. public policy only.
- c. public policy or social values.
- d. social values only.

ANSWER: C PAGE: 11 TYPE: =
 NAT: AACSB Reflective AICPA Critical Thinking

B15. Quinn is a state court judge. In the case of *Regal Products, Inc. v. Superior Manufacturing Co.*, Quinn establishes a logical relationship by comparing the facts in the case to the facts in other cases and, to the extent the facts are similar, applies the same rule. This is

- a. deductive reasoning.
- b. faulty reasoning.
- c. linear reasoning.
- d. reasoning by analogy.

ANSWER: D PAGE: 12 TYPE: =
 NAT: AACSB Reflective AICPA Critical Thinking

- A16. A federal statute regulates an employment practice. To resolve a dispute concerning the practice, Paula, a judge, will most likely apply
- a. a common law doctrine that applied before the statute was enacted.
 - b. a common law doctrine that applies to other, different practices.
 - c. Paula's personal philosophy of law.
 - d. the statute.

ANSWER: D PAGE: 13 TYPE: =
NAT: AACSB Reflective AICPA Critical Thinking

B16. Areas of the law not governed by statutory or administrative law are

- a. governed by the common law.
- b. not governed by any law.
- c. open to each individual's own interpretation.
- d. subject to local ordinances.

ANSWER: A PAGE: 13 TYPE: =
 NAT: AACSB Analytic AICPA Legal

Fact Pattern 1-A1 (Questions A17-A19 apply)

The Montana Supreme Court decides the case of National Co. v. Overseas Corp. Of nine justices, six believe the judgment should be in National's favor. Justice Peel, one of the six, writes a separate opinion. The four justices who believe the judgment should be in Overseas's favor join in a third separate opinion.

A17. Refer to Fact Pattern 1-A1. These opinions are collected and published in volumes called

- a. citations.
- b. codes.
- c. regulations.
- d. reporters.

ANSWER: D PAGE: 10 TYPE: N
 NAT: AACSB Reflective AICPA Research

B17. Civil law is concerned with disputes between persons and

- a. other persons and between citizens and their governments.
- b. other persons and between persons and the public as a whole.
- c. other persons only.
- d. the public as a whole only.

ANSWER: A PAGE: 14 TYPE: N
 NAT: AACSB Analytic AICPA Critical Thinking

Fact Pattern 1-A1 (Questions A17-A19 apply)

The Montana Supreme Court decides the case of National Co. v. Overseas Corp. Of nine justices, six believe the judgment should be in National's favor. Justice Peel, one of the six, writes a separate opinion. The four justices who

believe the judgment should be in Overseas's favor join in a third separate opinion.

A18. Refer to Fact Pattern 1-A1. Peel's opinion is known as

- a. a concurring opinion.
- b. a dissenting opinion.
- c. a majority opinion.
- d. a propounding opinion.

ANSWER: A PAGE: 21 TYPE: +
NAT: AACSB Reflective AICPA Research

B18. Standard Business Company appeals a decision against it, in favor of Top Flight Corporation, from a lower court to a higher court. Standard is

- a. the appellant.
- b. the appellee.
- c. the defendant.
- d. the plaintiff.

ANSWER: A PAGE: 21 TYPE: =
NAT: AACSB Reflective AICPA Legal

Fact Pattern 1-A1 (Questions A17-A19 apply)

The Montana Supreme Court decides the case of National Co. v. Overseas Corp. Of nine justices, six believe the judgment should be in National's favor. Justice Peel, one of the six, writes a separate opinion. The four justices who believe the judgment should be in Overseas's favor join in a third separate opinion.

A19. Refer to Fact Pattern 1-A1. The opinion joined by the four justices who favor Overseas is known as

- a. a concurring opinion.
- b. a dissenting opinion.
- c. a majority opinion.
- d. a propounding opinion.

ANSWER: B PAGE: 21 TYPE: N
NAT: AACSB Reflective AICPA Research

B19. The title of a case appears as “Duck Sales Corp. v. Egret Supply Co.” The party in whose favor the case was decided

- a. could be either party.
- b. might be neither party.
- c. must be Duck.
- d. must be Egret.

ANSWER: A PAGE: 21 TYPE: +
 NAT: AACSB Reflective AICPA Research

A20. During a sports event for East High School, Floyd, a senior, waves a sign that reads, “Meth’d Up!” Gina, East’s principal, confiscates the sign and suspends Floyd from school for ten days. Under the principles discussed in “A Sample Court Case,” *Morse v. Frederick*, Gina most likely acted

- a. in violation of Floyd’s rights under the First Amendment.
- b. reasonably in confiscating the sign but not in suspending Floyd.
- c. reasonably in suspending Floyd but not in confiscating the sign.
- d. reasonably in the circumstances and under the law.

ANSWER: D PAGE: 24 TYPE: N
 NAT: AACSB Reflective AICPA Research

B20. The South Carolina Supreme Court decides the case of *Toy Co. v. Umbrella Corp.* The court issues an opinion that does not indicate which justice authored it. This opinion is

- a. a concurring opinion.
- b. a dissenting opinion.
- c. an en banc decision.
- d. a per curiam opinion.

ANSWER: D PAGE: 22 TYPE: N
 NAT: AACSB Reflective AICPA Research

ESSAY QUESTIONS

A1. Americans with a Better Cause (ABC), a nonprofit organization, files a suit against the U.S. Department of Justice (DOJ), claiming that a certain federal statute the DOJ is empowered to enforce conflicts with the U.S.

Constitution and with a state constitution. In each situation, which source of law has priority?

ANSWER: The U.S. Constitution is the supreme law of the land. A law in violation of the Constitution, no matter what its source, will be declared unconstitutional and will not be enforced. Thus, the federal statute does not have priority over the Constitution. The federal statute would have priority over the state constitution, however, because under the U.S. Constitution, when there is a conflict between a federal law and a state law, the state law is rendered invalid.

PAGE: 6 TYPE: =
NAT: AACSB Reflective AICPA Decision Modeling

- B1. In a lawsuit between Digital Sales Corporation and Engineering Associates, Inc., the court applies the doctrine of *stare decisis*. What is this doctrine? What does this doctrine have to do with the American legal system?

ANSWER: In a common law legal system, past judicial decisions are binding in current disputes with similar facts. This feature of the common law, which is the basis of the American legal system, is unique because, unlike the law in other legal systems, it is judge-made law. Within the common law system, when possible, judges attempt to be consistent and to base their decisions on the principles suggested by earlier cases. The body of principles and doctrines that form the common law emerged over time as judges applied the principles announced in earlier cases to subsequent legal controversies. The practice of deciding cases with reference to former decisions, or precedents—the cornerstone of the American legal system—is called the doctrine of *stare decisis*. Under this doctrine, judges are obligated to follow the precedents established within their jurisdictions. This helps courts to be more efficient, and makes the law more stable and predictable.

PAGES: 9–11 TYPE: =
NAT: AACSB Reflective AICPA Critical Thinking

- A2. 321 Studios, a seller of software for copying digital versatile discs (DVDs), filed an action in the U.S. District Court of the Northern District of California. 321 Studios sought a declaratory judgment from the court as to whether 321 Studios' product infringes on copyrights held by Metro Goldwyn Mayer Studios, Inc., and other film studios. The court's opinion in

the case is at 321 Studios v. Metro Goldwyn Mayer Studios, Inc. 307 F.Supp.2d 1085 (N.D.Ca. 2004). Specifically where can this opinion be found?

ANSWER: This case—321 Studios v. Metro Goldwyn Mayer Studios, Inc. 307 F.Supp.2d 1085 (N.D.Ca. 2004)—can be found in its entirety in volume 307 of the Federal Supplement, Second Series, on page 1085. The U.S. District Court for the Northern District of California decided this case in 2004.

PAGES: 16 & 19 TYPE: =
NAT: AACSB Reflective AICPA Research

- B2. For a business law class, Kelly reads and briefs several court opinions using the IRAC method of legal reasoning. What do the letters I, R, A, and C abbreviate? What are the steps in the IRAC method?

ANSWER: The letters I, R, A, and C designate “Issue,” “Rule,” “Apply,” and “Conclude.” The IRAC method of legal reasoning requires Kelly or any other student or reader to first summarize the important facts of a legal case and state the salient issue or issues. The second step is to determine and set out the rule of law that applies to the facts to resolve the issue. The third step is to apply that rule to those facts. The application of the rule requires an answer to the question posed by the issue. This answer may involve one or more different types of legal reasoning, but those reasons should be thought out and expressed clearly. Finally, the conclusion derived from the application of the rule to the facts is stated. This is sometimes referred to as the result or the outcome in a case—who won, who lost, what the award, if any, consists of, or what the parties are, or are not, required to do next.

PAGES: 11–12 & 23–26 TYPE: N
NAT: AACSB Reflective AICPA Lega