

Overview of Commercial Law

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(A concise, organized guide for quick reference)

1. Definition & Scope

Aspect	Description
Commercial Law	Body of statutes, regulations, and case law governing business activities, trade, and commerce.
Also Called	Business law, mercantile law, or trade law.
Primary Goal	Facilitate fair, efficient, and predictable commercial transactions while protecting parties' rights.
Key Domains	• Contracts • Sales & Secured Transactions • Agency & Partnerships • Corporations & Business Entities • Bankruptcy & Insolvency • Intellectual Property (in commercial context) • Competition/Antitrust • International Trade

2. Core Principles

Principle	Meaning	Example
Freedom of Contract	Parties may freely negotiate terms, subject to statutory limits.	A supplier and retailer set price, delivery schedule, and warranty clauses.
Good Faith & Fair Dealing	Parties must act honestly and not undermine the contract's purpose.	A seller cannot hide known defects in goods.
Consideration	Each party must give something of value for a contract to be enforceable.	Payment for services rendered.
Legality	Contractual subject matter must be lawful.	No contracts for illegal gambling.

Overview of Commercial Law

Principle	Meaning	Example
Capacity	Parties must have legal ability to contract (age, mental competence).	Minors generally cannot be bound unless for necessities.
Reliance & Estoppel	Reliance on a promise can create enforceable rights even without formal contract.	Promissory estoppel in employment promises.

3. Major Sub?Areas

3.1 Contracts

- **Formation:** Offer ? Acceptance ? Consideration ? Intent ? Legal capacity.
- **Types:** Sale of goods (UCC §2), services, leases, franchise agreements.
- **Key Issues:**
 - *Warranties* (express, implied, merchantability).
 - *Remedies* (damages, specific performance, rescission).
 - *Defenses* (misrepresentation, duress, impossibility).

3.2 Sale of Goods (Uniform Commercial Code – UCC)

- **Scope:** Transactions of movable goods priced at \$500+ (U.S. threshold).
- **Important Provisions:**
 - **§2?101–§2?106:** Definitions & scope.
 - **§2?201:** Statute of frauds – writing required for contracts > \$500.
 - **§2?313:** Express warranties.
 - **§2?315:** Implied warranties of merchantability & fitness.

3.3 Secured Transactions (UCC Article 9)

- **Purpose:** Create security interests in personal property to secure payment.
- **Steps:** Attachment ? Perfection (usually filing a financing statement).
- **Priority Rules:** First to file/perfect generally has priority; purchase?money security interests may have super?priority.

3.4 Business Entities

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Entity	Liability	Formation	Governance
Sole Proprietorship	Unlimited personal liability	No formal filing (may need local license)	Owner decides
Partnership (General)	Joint & several liability	Partnership agreement (often informal)	Partners manage
Limited Partnership (LP)	General partners liable; limited partners not	Certificate of limited partnership	General partners manage

**Limited Liability Company (