

Overview of Commercial Law

Overview of Commercial Law

Designed for quick reference and easy study

1. Definition & Scope

Aspect	Description
Commercial Law	Body of statutes, regulations, and case law governing business activities, trade, and commerce.
Primary Goal	Facilitate fair, efficient, and predictable commercial transactions. • Contracts • Sales of goods • Secured transactions • Negotiable instruments
Key Areas	• Agency & partnership • Corporate formation & governance • Bankruptcy & insolvency • Consumer protection • International trade

2. Core Principles

1. **Freedom of Contract** – Parties may freely negotiate terms, subject to legal limits (e.g., public policy, fraud).
 2. **Good Faith & Fair Dealing** – Parties must act honestly and not undermine the contract's purpose.
 3. **Reliance & Expectation** – Protects parties who rely on contractual promises.
 4. **Uniformity** – Use of model statutes (UCC, CISG) to harmonize rules across jurisdictions.
 5. **Risk Allocation** – Determines who bears loss when unforeseen events occur (e.g., force majeure, risk of loss clauses).
-

3. Major Legal Frameworks (U.S. Focus)

Overview of Commercial Law

Framework	Governing Body	Main Subject
Uniform Commercial Code (UCC)	State legislatures (adopted in all 50 states)	Sale of goods, leases, negotiable instruments, secured transactions, bank deposits, etc.
Federal Trade Commission Act (FTCA)	Federal (FTC)	Consumer protection, unfair/ deceptive practices.
Bankruptcy Code (Title 11, U.S. Code)	Federal courts	Reorganization (Chapter 11) and liquidation (Chapter 7) of insolvent entities.
Securities Exchange Act of 1934	SEC	Regulation of public securities markets and disclosures.
International Sale of Goods (CISG)	United Nations	Cross-border sale of goods (adopted by > 80 countries).
Uniform Partnership Act (UPA) / Revised UPA	State legislatures	Formation, rights, and duties of partnerships.
Model Business Corporation Act (MBCA)	State legislatures	Corporate formation, governance, shareholder rights.

4. Key Topics Explained

4.1 Contracts

- **Elements:** Offer, acceptance, consideration, capacity, legality.
- **Types:**
 - *Bilateral* – Mutual promises.
 - *Unilateral* – Promise for performance.
 - *Executed vs. executory* – Completed vs. pending obligations.
- **Remedies:**
 - Damages (compensatory, consequential, liquidated).
 - Specific performance.
 - Rescission & restitution.

4.2 Sale of Goods (UCC §2)

- **Scope:** Goods that are movable at the time of identification to the contract.

Overview of Commercial Law

- **Warranties:**
 - *Express* – Explicit promises.
 - *Implied* – Merchantability, fitness for a particular purpose.
- **Risk of Loss:** Determined by delivery terms (FOB, CIF, etc.) and contract language.

4.3 Secured Transactions (UCC §9)

- **Purpose:** Provide lenders a security interest in the debtor's collateral.
- **Steps:**
 1. **Attachment** – Agreement, value, and rights in collateral.
 2. **Perfection** – Usually filing a