Chapter 07

The International Legal Environment: Playing by the Rules

**True / False Questions**

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| 1. | The form of law found in the United States and England is classified as civil or code law.    True    False |

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| 2. | The form of law found in Germany, France, and Japan is called civil or code law.    True    False |

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| 3. | Common law is based on an all-inclusive system of written rules of law.    True    False |

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| 4. | Under code law, the legal system is generally divided into three separate codes: commercial, civil, and criminal.    True    False |

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| 5. | Islamic law prescribes specific patterns of social and economic behavior for all individuals.    True    False |

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| 6. | Code law prohibits the receipt and payment of interest on loans.    True    False |

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| 7. | In Marxist–socialist societies, law is subordinate to prevailing economic conditions.    True    False |

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| 8. | The World Court can settle disputes between a company and a government.    True    False |

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| 9. | When dealing with foreign countries, a marketer should refer to “international commercial law” for guidance.    True    False |

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| 10. | Disputes relating to commercial transactions must be settled in courts and cannot be settled informally.    True    False |

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| 11. | The statements made by the parties during conciliation may be used as evidence in the subsequent litigation.    True    False |

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| 12. | If conciliation is not used to settle a difference in an international business dispute or an agreement cannot be reached, the next step is litigation.    True    False |

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| 13. | Arbitration requires the sole clause of agreement to abide by the awards resulting from the arbitration.    True    False |

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| 14. | One of the deterrents to litigation with respect to disputes in the international business arena is the fear of creating a poor image and damaging public relations.    True    False |

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| 15. | A certain level of piracy is beneficial for some companies as it provides an unplanned trial.    True    False |

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| 16. | Legal ownership in one country does not necessarily mean ownership in other countries.    True    False |

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| 17. | The ownership of intellectual property rights in United States, a common law country, is established by registration rather than by prior use.    True    False |

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| 18. | In many code-law countries, ownership of intellectual property rights is established by registration rather than by prior use.    True    False |

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| 19. | The General Agreement on Tariffs and Trade is the most comprehensive multilateral agreement on intellectual property to date.    True    False |

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| 20. | In the United States, a patent reverts to public domain if it is not produced within a specified period.    True    False |

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| 21. | Charging what the market will bear is a suggested strategy for IP-rich firms to make money in China.    True    False |

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| 22. | Cybersquatters buy and register descriptive nouns, geographic names, names of ethnic groups and pharmaceutical substances, and other similar descriptors and hold them until they can be sold at an inflated price.    True    False |

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| 23. | The shipping companies collect the taxes for products that are sold by a company through the Internet to customers outside its home country.    True    False |

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| 24. | The Informed Consumer Standard is used in the consumer protection courts in Canada and it places the onus of making the right decisions on the buyer who is expected to have substantial knowledge of the industry and its products.    True    False |

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| 25. | The laws regulating direct selling in China are unusually detailed compared to others around the world.    True    False |

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| 26. | Germany has the most stringent green marketing laws that regulate the management and recycling of packaging waste.    True    False |

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| 27. | Antitrust laws were not enforced in the United States for the better part of the twentieth century.    True    False |

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| 28. | Moving their businesses outside the political boundaries of the home country, exempts the companies from the home-country laws.    True    False |

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| 29. | Firms that have been penalized for bribing by the Foreign Corrupt Practices Act (FCPA) can reduce the penalties by helping in investigations.    True    False |

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| 30. | The responsibility of determining if a license is required rests with the exporter.    True    False |

**Multiple Choice Questions**

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| 31. | Which of the following forms of law is derived from English law?       |  |  | | --- | --- | | A. | Code law |  |  |  | | --- | --- | | B. | Common law |  |  |  | | --- | --- | | C. | Religious law |  |  |  | | --- | --- | | D. | Civil law |  |  |  | | --- | --- | | E. | Universal law | |

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| 32. | Which of the following laws is primarily found in the United States, England, Canada, and other countries once under English influence?       |  |  | | --- | --- | | A. | Code law |  |  |  | | --- | --- | | B. | Common law |  |  |  | | --- | --- | | C. | Religious law |  |  |  | | --- | --- | | D. | Civil law |  |  |  | | --- | --- | | E. | Universal law | |

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| 33. | Code law is also known as \_\_\_\_\_.       |  |  | | --- | --- | | A. | business law. |  |  |  | | --- | --- | | B. | common law. |  |  |  | | --- | --- | | C. | religious law. |  |  |  | | --- | --- | | D. | civil law. |  |  |  | | --- | --- | | E. | universal law. | |

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| 34. | Civil or code law was derived from the \_\_\_\_\_.       |  |  | | --- | --- | | A. | English law |  |  |  | | --- | --- | | B. | Economic law |  |  |  | | --- | --- | | C. | Greek law |  |  |  | | --- | --- | | D. | Persian law |  |  |  | | --- | --- | | E. | Roman law | |

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| 35. | The basis for \_\_\_\_\_ is tradition, past practices, and legal precedents set by the courts through interpretations of statutes, legal legislation, and past rulings.       |  |  | | --- | --- | | A. | civil law |  |  |  | | --- | --- | | B. | common law |  |  |  | | --- | --- | | C. | code law |  |  |  | | --- | --- | | D. | commercial law |  |  |  | | --- | --- | | E. | criminal law | |

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| 36. | \_\_\_\_\_ seeks "interpretation through the past decisions of higher courts which interpret the same statutes or apply established and customary principles of law to a similar set of facts."       |  |  | | --- | --- | | A. | Constitutional law |  |  |  | | --- | --- | | B. | Family law |  |  |  | | --- | --- | | C. | Criminal law |  |  |  | | --- | --- | | D. | Civil law |  |  |  | | --- | --- | | E. | Common law | |

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| 37. | Code law is based upon \_\_\_\_\_.       |  |  | | --- | --- | | A. | the interpretation through the past decisions of higher courts |  |  |  | | --- | --- | | B. | the established and customary principles of law and their legal precedence |  |  |  | | --- | --- | | C. | an all-inclusive system of written rules of law |  |  |  | | --- | --- | | D. | the interpretation of the Koran |  |  |  | | --- | --- | | E. | the codes of English law that apply in all countries under English influence | |

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| 38. | Under \_\_\_\_\_, the legal system is generally divided into three separate codes: commercial, civil, and criminal.       |  |  | | --- | --- | | A. | constitutional law |  |  |  | | --- | --- | | B. | code law |  |  |  | | --- | --- | | C. | family law |  |  |  | | --- | --- | | D. | religious law |  |  |  | | --- | --- | | E. | traditional law | |

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| 39. | Laws governing \_\_\_\_\_ offer the most striking differences between common-law and code-law systems.       |  |  | | --- | --- | | A. | international trade |  |  |  | | --- | --- | | B. | social welfare |  |  |  | | --- | --- | | C. | homicide |  |  |  | | --- | --- | | D. | intellectual property |  |  |  | | --- | --- | | E. | domestic industry | |

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| 40. | Under common law, the ownership of intellectual property is established by \_\_\_\_\_.       |  |  | | --- | --- | | A. | title deeds |  |  |  | | --- | --- | | B. | use |  |  |  | | --- | --- | | C. | tradition |  |  |  | | --- | --- | | D. | patent |  |  |  | | --- | --- | | E. | registration | |

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| 41. | In code-law countries, the ownership of intellectual property is determined by \_\_\_\_\_.       |  |  | | --- | --- | | A. | heredity |  |  |  | | --- | --- | | B. | nature of use |  |  |  | | --- | --- | | C. | duration of usage |  |  |  | | --- | --- | | D. | registration |  |  |  | | --- | --- | | E. | indemnification | |

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| 42. | \_\_\_\_\_ is considered complete as a result of catchall provisions found in most of this type of law systems.       |  |  | | --- | --- | | A. | Common law |  |  |  | | --- | --- | | B. | code law |  |  |  | | --- | --- | | C. | Islamic law |  |  |  | | --- | --- | | D. | Marxist-socialist tenets |  |  |  | | --- | --- | | E. | The English legal tradition | |

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| 43. | Apart from intellectual property laws, another illustration of how fundamental differences in the common and code systems can cause difficulty is in the performance of a contract.      |  |  | | --- | --- | | A. | conducting civil trials. |  |  |  | | --- | --- | | B. | determining laws governing export and import. |  |  |  | | --- | --- | | C. | deciding heredity laws. |  |  |  | | --- | --- | | D. | determining criminal laws. |  |  |  | | --- | --- | | E. | evaluating the performance of a contract. | |

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| 44. | Which of the following is true of code-law systems?       |  |  | | --- | --- | | A. | They represent a legal system that is not all-inclusive. |  |  |  | | --- | --- | | B. | They establish ownership of intellectual property by prior use rather than registration. |  |  |  | | --- | --- | | C. | They originate from tradition, past practices, and legal precedents set by the courts through interpretations of statutes, legal legislation, and past rulings. |  |  |  | | --- | --- | | D. | They sometimes fail to consider agreements to be enforceable unless properly notarized or registered. |  |  |  | | --- | --- | | E. | They fail to consider unforeseeable human acts such as riots as acts of nature. | |

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| 45. | The basis for \_\_\_\_\_ is the interpretation of the Koran.       |  |  | | --- | --- | | A. | common law |  |  |  | | --- | --- | | B. | code law |  |  |  | | --- | --- | | C. | Islamic law |  |  |  | | --- | --- | | D. | Marxist-socialist tenets |  |  |  | | --- | --- | | E. | legal tradition | |

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| 46. | Islamic law is also known as the \_\_\_\_\_.       |  |  | | --- | --- | | A. | Ulema |  |  |  | | --- | --- | | B. | Umrah |  |  |  | | --- | --- | | C. | Zakkath |  |  |  | | --- | --- | | D. | Shari’ah |  |  |  | | --- | --- | | E. | Barakah | |

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| 47. | The Islamic law prohibits the payment of \_\_\_\_\_.      |  |  | | --- | --- | | A. | taxes |  |  |  | | --- | --- | | B. | profits |  |  |  | | --- | --- | | C. | interest |  |  |  | | --- | --- | | D. | equity |  |  |  | | --- | --- | | E. | accounting fees | |

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| 48. | Under \_\_\_\_\_, the legal system is subordinate to prevailing economic conditions.       |  |  | | --- | --- | | A. | common law |  |  |  | | --- | --- | | B. | code law |  |  |  | | --- | --- | | C. | Islamic law |  |  |  | | --- | --- | | D. | Marxist-socialist tenets |  |  |  | | --- | --- | | E. | legal tradition | |

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| 49. | Because of political changes in the late twentieth century, which of the following countries has had to build from scratch an entire commercial legal system?       |  |  | | --- | --- | | A. | France |  |  |  | | --- | --- | | B. | Germany |  |  |  | | --- | --- | | C. | Taiwan |  |  |  | | --- | --- | | D. | Russia |  |  |  | | --- | --- | | E. | Saudi Arabia | |

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| 50. | The World Court can adjudicate disputes between:       |  |  | | --- | --- | | A. | governments. |  |  |  | | --- | --- | | B. | a company and a government. |  |  |  | | --- | --- | | C. | two companies. |  |  |  | | --- | --- | | D. | a citizen and a government. |  |  |  | | --- | --- | | E. | trade associations of various countries. | |

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| 51. | In settling international commercial transaction disputes, which of the following methods accounts for the majority of settlements?       |  |  | | --- | --- | | A. | Criminal suits |  |  |  | | --- | --- | | B. | Conciliation |  |  |  | | --- | --- | | C. | Arbitration |  |  |  | | --- | --- | | D. | Litigation |  |  |  | | --- | --- | | E. | Coercion | |

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| 52. | \_\_\_\_\_ is a nonbinding agreement between parties to resolve disputes by asking a third party to mediate differences.       |  |  | | --- | --- | | A. | Litigation |  |  |  | | --- | --- | | B. | Prosecution |  |  |  | | --- | --- | | C. | Arbitration |  |  |  | | --- | --- | | D. | Conciliation |  |  |  | | --- | --- | | E. | Coercion | |

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| 53. | Which of the following methods is considered most effective while resolving disputes with Chinese business partners?       |  |  | | --- | --- | | A. | Arbitration |  |  |  | | --- | --- | | B. | Conciliation |  |  |  | | --- | --- | | C. | Coercion |  |  |  | | --- | --- | | D. | Litigation |  |  |  | | --- | --- | | E. | Criminal suits | |

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| 54. | Jimmy’s foods, a popular food company in the United States is trying to resolve a dispute with a local company in New Zealand which has been operating under the same name in their country. All the attempts by the company to settle the issue in a friendly manner have failed. The directors at Jimmy’s want to retain their trade name in the country and have decided to settle the dispute with the local company by appointing a mediator. They also want the sessions to be private because of the fear of creating a poor public image. Which of the following dispute resolution methods is best suited for the above situation?       |  |  | | --- | --- | | A. | Conciliation |  |  |  | | --- | --- | | B. | Prosecution |  |  |  | | --- | --- | | C. | Arbitration |  |  |  | | --- | --- | | D. | Coercion |  |  |  | | --- | --- | | E. | Litigation | |

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| 55. | Ralph Richards has been attempting to solve a problem that his company has with a contract default by the Dutch government. He has tried conciliation but the two parties could never find any common ground on which they could begin a fruitful negotiation for settlement. Which of the following is likely to be the course of action that both the parties will try next?       |  |  | | --- | --- | | A. | Mediation |  |  |  | | --- | --- | | B. | Informal settlement |  |  |  | | --- | --- | | C. | Arbitration |  |  |  | | --- | --- | | D. | Litigation |  |  |  | | --- | --- | | E. | Coercion | |

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| 56. | In the usual \_\_\_\_\_ procedure, parties select a disinterested and informed party or parties to serve as a referee to determine the merits of the case and make a judgment that both parties agree to honor under the law.       |  |  | | --- | --- | | A. | arbitration |  |  |  | | --- | --- | | B. | informal settlement |  |  |  | | --- | --- | | C. | conciliation |  |  |  | | --- | --- | | D. | litigation |  |  |  | | --- | --- | | E. | coercion | |

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| 57. | When formal arbitration organizations receive requests for arbitration, they initially attempt to resolve the issue by:       |  |  | | --- | --- | | A. | coercion. |  |  |  | | --- | --- | | B. | prosecution. |  |  |  | | --- | --- | | C. | direct legal intervention. |  |  |  | | --- | --- | | D. | litigation. |  |  |  | | --- | --- | | E. | conciliation. | |

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| 58. | A textile manufacturing company is trying to solve a dispute with one of its raw material suppliers over a breach of contract. After the initial attempts to solve the dispute in a friendly informal manner failed, the companies have approached an international commission to appoint an informed party to act as a referee and make a judgment that both parties will honor. Which of the following dispute resolution methods is being used by the companies in the above scenario?       |  |  | | --- | --- | | A. | Litigation |  |  |  | | --- | --- | | B. | Arbitration |  |  |  | | --- | --- | | C. | Mediation |  |  |  | | --- | --- | | D. | Coercion |  |  |  | | --- | --- | | E. | Judicial intervention | |

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| 59. | In the case of arbitration:       |  |  | | --- | --- | | A. | lawsuits are initiated between the conflicting parties. |  |  |  | | --- | --- | | B. | the preliminary step of conciliation is often bypassed. |  |  |  | | --- | --- | | C. | the International Chamber of Commerce has been weak and ineffective. |  |  |  | | --- | --- | | D. | the plaintiff and the defendant select a person each to present their case. |  |  |  | | --- | --- | | E. | the ICC Court does not appoint any member to regulate the private affairs of the two parties. | |

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| 60. | Which of the following is usually placed in the arbitration clause that is becoming standard in many international contracts?      |  |  | | --- | --- | | A. | The preferred court or legal body of arbitration. |  |  |  | | --- | --- | | B. | The place of arbitration and the language used in the arbitration process. |  |  |  | | --- | --- | | C. | The contract stating that the results of the arbitration process are not binding on both parties. |  |  |  | | --- | --- | | D. | The judgment of the legal action initiated in the litigation stage. |  |  |  | | --- | --- | | E. | The copy of the lawsuit filed by the plaintiff. | |

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| 61. | Arbitration clauses require agreement wherein the concerned parties agree:       |  |  | | --- | --- | | A. | on who is right and who is wrong. |  |  |  | | --- | --- | | B. | on the validity of the litigation issues. |  |  |  | | --- | --- | | C. | to abide by the awards resulting from the arbitration. |  |  |  | | --- | --- | | D. | to not hire a legal counsel to represent each of the parties involved. |  |  |  | | --- | --- | | E. | to not name the arbitrators. | |

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| 62. | When all else fails in an international commercial dispute, the final step is:       |  |  | | --- | --- | | A. | conciliation. |  |  |  | | --- | --- | | B. | to encourage one’s government to force the other party to comply. |  |  |  | | --- | --- | | C. | to restart the arbitration process. |  |  |  | | --- | --- | | D. | litigation. |  |  |  | | --- | --- | | E. | coercion. | |

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| 63. | Which of the following should ideally be the first step in the settlement of a dispute?       |  |  | | --- | --- | | A. | Using the strategy of conciliation. |  |  |  | | --- | --- | | B. | Engaging in arbitration. |  |  |  | | --- | --- | | C. | Coercing the other party. |  |  |  | | --- | --- | | D. | Placating the injured party. |  |  |  | | --- | --- | | E. | Initiating a litigation. | |

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| 64. | Which of the following poses a major challenge to international marketers while dealing with counterfeiting?      |  |  | | --- | --- | | A. | The ease with which consumers can tell the difference between real and counterfeit products. |  |  |  | | --- | --- | | B. | The theft of products by pirates during shipping. |  |  |  | | --- | --- | | C. | Government regulations legitimizing counterfeiting. |  |  |  | | --- | --- | | D. | Collusion between contract manufacturers and illegitimate sellers. |  |  |  | | --- | --- | | E. | The widespread availability of duplication software. | |

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| 65. | Which of the following is the most attractive target for pirates because of high development cost and low reproducibility costs?      |  |  | | --- | --- | | A. | Apparels |  |  |  | | --- | --- | | B. | Software |  |  |  | | --- | --- | | C. | Auto parts |  |  |  | | --- | --- | | D. | Books |  |  |  | | --- | --- | | E. | Baby formula | |

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| 66. | Which of the following commonly counterfeited products has the potential for doing the greatest harm to the consuming public?       |  |  | | --- | --- | | A. | Toys |  |  |  | | --- | --- | | B. | CDs |  |  |  | | --- | --- | | C. | Pharmaceuticals |  |  |  | | --- | --- | | D. | Software |  |  |  | | --- | --- | | E. | Clothing | |

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| 67. | In which of the following countries is the ownership of IP rights established by prior use?       |  |  | | --- | --- | | A. | Japan |  |  |  | | --- | --- | | B. | Brazil |  |  |  | | --- | --- | | C. | Saudi Arabia |  |  |  | | --- | --- | | D. | Jordan |  |  |  | | --- | --- | | E. | United States | |

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| 68. | In a common-law country, ownership of intellectual property rights is established by “prior use versus registration” which implies that to claim the ownership of a trademark, an individual:      |  |  | | --- | --- | | A. | must be ratified by the United Nations trademark protection agency. |  |  |  | | --- | --- | | B. | must pay for the right to own a trademark. |  |  |  | | --- | --- | | C. | must establish first use of a trademark. |  |  |  | | --- | --- | | D. | must prove the ownership of a trademark in a court of law. |  |  |  | | --- | --- | | E. | must register a trademark only in his home country. | |

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| 69. | Which of the following international conventions was established to recognize intellectual property rights?       |  |  | | --- | --- | | A. | The Paris Convention |  |  |  | | --- | --- | | B. | The Munich Agreement |  |  |  | | --- | --- | | C. | The Tokyo Convention |  |  |  | | --- | --- | | D. | The Eurasian Convention |  |  |  | | --- | --- | | E. | The Kyoto Protocol | |

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| 70. | Which of the following conventions is responsible for the promotion of the protection of intellectual property rights among all the member countries of the UN?      |  |  | | --- | --- | | A. | The Basel Convention |  |  |  | | --- | --- | | B. | The Madrid Arrangement |  |  |  | | --- | --- | | C. | The Tokyo Agreement |  |  |  | | --- | --- | | D. | The Eurasian Convention |  |  |  | | --- | --- | | E. | The World Intellectual Property Organization | |

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| 71. | The \_\_\_\_\_ is a multicountry agreement that has established a regional patent system that allows any nationality to file a single international application for a European patent.       |  |  | | --- | --- | | A. | Madrid Arrangement |  |  |  | | --- | --- | | B. | Paris Convention |  |  |  | | --- | --- | | C. | TRIPs Agreement |  |  |  | | --- | --- | | D. | Basel Convention |  |  |  | | --- | --- | | E. | European Patent Convention | |

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| 72. | Which of the following is the most comprehensive multilateral agreement on intellectual property to date and covers a full range of rights that are embodied in current international agreements?       |  |  | | --- | --- | | A. | World Intellectual Property Organization Charter |  |  |  | | --- | --- | | B. | Trade-Related Aspects of Intellectual Property Rights |  |  |  | | --- | --- | | C. | Inter-American Convention Agreement |  |  |  | | --- | --- | | D. | The Madrid Arrangement |  |  |  | | --- | --- | | E. | Paris Agreement for the Protection of Industrial Property | |

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| 73. | Which of the following is an effective approach to prevent Chinese consumers from creatively copying foreign intellectual property?      |  |  | | --- | --- | | A. | Boycotting all trade activities with China. |  |  |  | | --- | --- | | B. | Placing embargoes on trade with China. |  |  |  | | --- | --- | | C. | Charging what the market will bear. |  |  |  | | --- | --- | | D. | Disengaging local representation in sales. |  |  |  | | --- | --- | | E. | Pursuing dispute resolution at the World Court. | |

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| 74. | Which of the following is true with regard to the Internet?       |  |  | | --- | --- | | A. | The Internet is strongly restricted by global and national boundaries. |  |  |  | | --- | --- | | B. | The existing cyberlaws incorporate the uniqueness of the Internet successfully. |  |  |  | | --- | --- | | C. | The dynamics of cross-border transactions, censorship, and piracy have been curtailed successfully with cyberlaws. |  |  |  | | --- | --- | | D. | The individual country laws which may or may not include private protection are used in the absence of uniform and internationally accepted cyberlaws. |  |  |  | | --- | --- | | E. | The taxes are collected by the transporting services like Fedex in the case of sale of goods using the Internet site as a platform to consumers in another country. | |

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| 75. | \_\_\_\_\_ buy and register descriptive nouns, geographic names, names of ethnic groups and pharmaceutical substances, and other similar descriptors and hold them until they can be sold at an inflated price.       |  |  | | --- | --- | | A. | Patent trolls |  |  |  | | --- | --- | | B. | Server farms |  |  |  | | --- | --- | | C. | Domain name registries |  |  |  | | --- | --- | | D. | Cybersquatters |  |  |  | | --- | --- | | E. | Universal resource locators | |

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| 76. | According to Canadian law, what is the standard expected by courts in Canada to determine whether a representation is false or misleading?       |  |  | | --- | --- | | A. | De Novo standard |  |  |  | | --- | --- | | B. | Credulous person standard |  |  |  | | --- | --- | | C. | Clearly Erroneous standard |  |  |  | | --- | --- | | D. | Informed consumer standard |  |  |  | | --- | --- | | E. | Discretionary standard | |

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| 77. | Which of the following acts developed by the European Union erases legal and trade differences that have existed for decades between the member nations?       |  |  | | --- | --- | | A. | European Sanctity Act |  |  |  | | --- | --- | | B. | European Indemnification Act |  |  |  | | --- | --- | | C. | European Unification Act |  |  |  | | --- | --- | | D. | Single European Market Act |  |  |  | | --- | --- | | E. | Foreign Corrupt Practices Act | |

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| 78. | Which of the following countries has enacted the most stringent green marketing laws that regulate the management and recycling of packaging waste?       |  |  | | --- | --- | | A. | South Korea |  |  |  | | --- | --- | | B. | China |  |  |  | | --- | --- | | C. | Germany |  |  |  | | --- | --- | | D. | United States |  |  |  | | --- | --- | | E. | India | |

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| 79. | The question of jurisdiction of U.S. law over acts committed outside the territorial limits of the country has been settled by the courts through application of a long-established principle of international law called the:       |  |  | | --- | --- | | A. | right of imminent domain. |  |  |  | | --- | --- | | B. | legal transfer of power. |  |  |  | | --- | --- | | C. | rights of foreign powers and citizens. |  |  |  | | --- | --- | | D. | objective theory of jurisdiction. |  |  |  | | --- | --- | | E. | McNeil Principle of International Law. | |

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| 80. | The \_\_\_\_\_ of the United States makes it illegal for companies to pay bribes to foreign officials, candidates, or political parties.       |  |  | | --- | --- | | A. | Taft-Hartley Act |  |  |  | | --- | --- | | B. | Informed Consumer Standard |  |  |  | | --- | --- | | C. | Foreign Corrupt Practices Act |  |  |  | | --- | --- | | D. | Best Practices Act |  |  |  | | --- | --- | | E. | International Codes of Law | |

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| 81. | The first objective of these laws is to protect American consumers by ensuring that they benefit from products and ideas produced by foreign competitors as well as by domestic competitors. \_\_\_\_\_ are being discussed in this scenario.       |  |  | | --- | --- | | A. | Incorporation laws |  |  |  | | --- | --- | | B. | Intellectual property laws |  |  |  | | --- | --- | | C. | Antitrust laws |  |  |  | | --- | --- | | D. | Indemnification laws |  |  |  | | --- | --- | | E. | Insurance laws | |

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| 82. | Which of the following U.S. government agencies oversees antitrust enforcement in international commerce?       |  |  | | --- | --- | | A. | Department of State |  |  |  | | --- | --- | | B. | Department of Justice |  |  |  | | --- | --- | | C. | Department of Commerce |  |  |  | | --- | --- | | D. | Department of Defense |  |  |  | | --- | --- | | E. | Department of Home Land Security | |

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| 83. | Under the Antiboycott Law, U.S. companies are forbidden to participate in any unauthorized foreign boycott. Which of the following situations brought about the Antiboycott Law in the U.S.?      |  |  | | --- | --- | | A. | The boycott of Cuba by the U.S. |  |  |  | | --- | --- | | B. | The boycott of South Africa by the world community. |  |  |  | | --- | --- | | C. | The boycott of Israel by the Arab League. |  |  |  | | --- | --- | | D. | The boycott of China by the United States. |  |  |  | | --- | --- | | E. | The boycott of the U.S. by the U.S.S.R. (the wheat embargo). | |

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| 84. | U.S. firms, their foreign subsidiaries, or foreign firms that are licensees of U.S. technology cannot sell a product to a country in which the sale is considered by the U.S. government to affect:       |  |  | | --- | --- | | A. | the competitive balance of world trade. |  |  |  | | --- | --- | | B. | the competitive balance of free competition inside the U.S. |  |  |  | | --- | --- | | C. | the relationship of the US with the world community. |  |  |  | | --- | --- | | D. | the overall balance of payments of the United States. |  |  |  | | --- | --- | | E. | the national security of the United States. | |

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| 85. | The revised set of export regulations published by the Department Of Commerce to alleviate many of the problems and confusions of exporting and to expedite the process is called \_\_\_\_\_.       |  |  | | --- | --- | | A. | Agreement on International Trade and Negotiations |  |  |  | | --- | --- | | B. | Export-Import Manual |  |  |  | | --- | --- | | C. | International Trade Regulations |  |  |  | | --- | --- | | D. | Export Charter |  |  |  | | --- | --- | | E. | Export Administration Regulations | |

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| 86. | Which of the following are the licenses required for products exported from the United States?       |  |  | | --- | --- | | A. | International or bilateral license |  |  |  | | --- | --- | | B. | General or a validated license |  |  |  | | --- | --- | | C. | Single license |  |  |  | | --- | --- | | D. | Exporter or third-party license |  |  |  | | --- | --- | | E. | Shipment license or agent license | |

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| 87. | The responsibility of determining if a license is required rests with the \_\_\_\_\_.       |  |  | | --- | --- | | A. | Department of Commerce of the exporting nation |  |  |  | | --- | --- | | B. | The regulatory body of the industry |  |  |  | | --- | --- | | C. | exporter |  |  |  | | --- | --- | | D. | U.S. Customs department |  |  |  | | --- | --- | | E. | Importing country’s authorities | |

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| 88. | The exporter is responsible for selecting the \_\_\_\_\_ which leads to a description in the Commerce Control List (CCL), which indicates the exportability status of the item.       |  |  | | --- | --- | | A. | Entity List Number |  |  |  | | --- | --- | | B. | Priority Number |  |  |  | | --- | --- | | C. | Export License Number |  |  |  | | --- | --- | | D. | Trade Regulations Number |  |  |  | | --- | --- | | E. | Export Control Classification Number | |

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| 89. | Which of the following indicates the exportability status of the item based on the ECCN?       |  |  | | --- | --- | | A. | Commerce Control List |  |  |  | | --- | --- | | B. | Entity List |  |  |  | | --- | --- | | C. | Common List |  |  |  | | --- | --- | | D. | Priority Export List |  |  |  | | --- | --- | | E. | International Trade List | |

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| 90. | The Export License Application and Information Network is an electronic service that enables exporters to:       |  |  | | --- | --- | | A. | ship their goods for those licenses approved without conditions. |  |  |  | | --- | --- | | B. | check the status of their license and classification applications. |  |  |  | | --- | --- | | C. | submit commodity classification requests via the Internet to the Bureau of Export Administration. |  |  |  | | --- | --- | | D. | submit license applications via the Internet for all commodities except supercomputers to all free-world destinations. |  |  |  | | --- | --- | | E. | submit the export and re-export applications and high-performance computer notices via the Internet. | |

**Essay Questions**

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| 91. | What are the four forms of law and what are the heritages linked to these forms of law? |

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| 92. | What are the bases of international legal disputes? Describe the situations and the authority that addresses the issues. |

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| 93. | Compare conciliation with arbitration. |

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| 94. | Compare the differences between “prior use” and “registration” ownership with an example. |

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| 95. | List the major international conventions designed for mutual recognition and protection of intellectual property rights. |

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| 96. | Briefly describe the modus operandi of cybersquatters. |

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| 97. | Briefly describe the legal process of determining whether a representation is false or misleading. |

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| 98. | Describe how countries are facing the threat of environmental issues through green marketing legislation. |

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| 99. | Will leaving the country make an American businessman immune to U.S. laws? |

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| 100. | Identify the two types of licenses required for export. |

Chapter 07 The International Legal Environment: Playing by the Rules Answer Key

**True / False Questions**

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| 1. | The form of law found in the United States and England is classified as civil or code law.    **FALSE**  Common law is derived from English law and found in England, the United States, Canada, and other countries once under English influence. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 2. | The form of law found in Germany, France, and Japan is called civil or code law.    **TRUE**  Civil or code law is derived from Roman law and is found in Germany, Japan, France, and non-Islamic and non-Marxist countries. |

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| 3. | Common law is based on an all-inclusive system of written rules of law.    **FALSE**  Code law is based on an all-inclusive system of written rules (codes) of law. |

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| 4. | Under code law, the legal system is generally divided into three separate codes: commercial, civil, and criminal.    **TRUE**  Code law is based on an all-inclusive system of written rules (codes) of law. Under code law, the legal system is generally divided into three separate codes: commercial, civil, and criminal. |

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| 5. | Islamic law prescribes specific patterns of social and economic behavior for all individuals.    **TRUE**  Islamic law encompasses religious duties and obligations, as well as the secular aspect of law regulating human acts. Islamic law defines a complete system that prescribes specific patterns of social and economic behavior for all individuals. |

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| 6. | Code law prohibits the receipt and payment of interest on loans.    **FALSE**  Among the unique aspects of Islamic law is the prohibition against the payment of interest. Prohibiting the receipt and payment of interest is the nucleus of the Islamic system. |

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| 7. | In Marxist–socialist societies, law is subordinate to prevailing economic conditions.    **TRUE**  In Marxist–socialist societies, law is subordinate to prevailing economic conditions. |

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| 8. | The World Court can settle disputes between a company and a government.    **FALSE**  The World Court can adjudicate disputes between governments, whereas disputes between a company and a government and between two companies must be handled in the courts of the country of one of the parties involved or through arbitration. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-02 The important factors in the jurisdiction of legal disputes Topic: Jurisdiction in International Legal Disputes* |

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| 9. | When dealing with foreign countries, a marketer should refer to “international commercial law” for guidance.    **FALSE**  Because there is no “international commercial law,” the foreign marketer must look to the legal system of each country involved—the laws of the home country, the laws of the countries within which business is conducted, or both. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-02 The important factors in the jurisdiction of legal disputes Topic: Jurisdiction in International Legal Disputes* |

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| 10. | Disputes relating to commercial transactions must be settled in courts and cannot be settled informally.    **FALSE**  Most disputes that arise in commercial transactions are settled informally. When resolution is not forthcoming however, conciliation can be an important first step in settling a dispute. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 11. | The statements made by the parties during conciliation may be used as evidence in the subsequent litigation.    **FALSE**  Unlike arbitration and litigation, conciliation sessions are private, and all conferences between parties and the mediator are confidential; the statements made by the parties may not be disclosed or used as evidence in any subsequent litigation or arbitration. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 12. | If conciliation is not used to settle a difference in an international business dispute or an agreement cannot be reached, the next step is litigation.    **FALSE**  If conciliation is not used or an agreement cannot be reached, the next step is arbitration. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 13. | Arbitration requires the sole clause of agreement to abide by the awards resulting from the arbitration.    **FALSE**  Arbitration clauses require agreement on two counts: (1) The parties agree to arbitrate in the case of a dispute according to the rules and procedures of some arbitration tribunal and (2) they agree to abide by the awards resulting from the arbitration. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 14. | One of the deterrents to litigation with respect to disputes in the international business arena is the fear of creating a poor image and damaging public relations.    **TRUE**  Fear of creating a poor image and damaging public relations is one of the deterrents to litigation. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 15. | A certain level of piracy is beneficial for some companies as it provides an unplanned trial.    **TRUE**  Recent research implies that for companies like Microsoft, some level of piracy actually can serve the company. It can be seen as a kind of product trial that ultimately builds commitment. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 16. | Legal ownership in one country does not necessarily mean ownership in other countries.    **TRUE**  One of the more frequent errors is assuming that because the company has established rights in the United States, they will be protected around the world or that rightful ownership can be established should the need arise. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 17. | The ownership of intellectual property rights in United States, a common law country, is established by registration rather than by prior use.    **FALSE**  In the United States, a common-law country, ownership of IP rights is established by prior use—whoever can establish first use is typically considered the rightful owner. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 18. | In many code-law countries, ownership of intellectual property rights is established by registration rather than by prior use.    **TRUE**  In many code-law countries, however, ownership is established by registration rather than by prior use—the first to register a trademark or other property right is considered the rightful owner. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 19. | The General Agreement on Tariffs and Trade is the most comprehensive multilateral agreement on intellectual property to date.    **FALSE**  The Trade-Related Aspects of Intellectual Property Rights (TRIPs) agreement, a major provision of the World Trade Organization, is the most comprehensive multilateral agreement on intellectual property to date. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 20. | In the United States, a patent reverts to public domain if it is not produced within a specified period.    **FALSE**  Once a trademark, patent, or other intellectual property right is registered, most countries require that these rights be used and properly policed. The United States is one of the few countries in which an individual can hold a patent without the patented entity being manufactured and sold throughout the duration of the patent period. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 21. | Charging what the market will bear is a suggested strategy for IP-rich firms to make money in China.    **TRUE**  The authors suggest that an excellent way for IP-rich firms to make money in China currently and in the near future is to use the oldest pricing strategy of all: Charge what the market will bear. All countries have laws regulating marketing activities in promotion, product development, labeling, pricing, and channels of distribution. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-05 How to protect against piracy and counterfeiting Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 22. | Cybersquatters buy and register descriptive nouns, geographic names, names of ethnic groups and pharmaceutical substances, and other similar descriptors and hold them until they can be sold at an inflated price.    **TRUE**  Cybersquatters (CSQs) buy and register descriptive nouns, geographic names, names of ethnic groups and pharmaceutical substances, and other similar descriptors and hold them until they can be sold at an inflated price. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-06 The many issues of evolving cyberlaw Topic: Cyberlaw: Unresolved Issues* |

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| 23. | The shipping companies collect the taxes for products that are sold by a company through the Internet to customers outside its home country.    **FALSE**  In “brick-and mortar” sales, the retailer collects taxes, but with the Internet site in one country and the customer in another, the issue of tax collection becomes complex. One proposal was to have shipping companies such as FedEx or credit card companies collect taxes but this is unlikely to be implemented in the near future. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-06 The many issues of evolving cyberlaw Topic: Cyberlaw: Unresolved Issues* |

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| 24. | The Informed Consumer Standard is used in the consumer protection courts in Canada and it places the onus of making the right decisions on the buyer who is expected to have substantial knowledge of the industry and its products.    **FALSE**  The Canadian courts are expected to apply the “credulous person standard,” which means that if any reasonable person could possibly misunderstand the representation, the representation is misleading. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-07 The legal differences between countries and how those differences can affect international marketing plans Topic: Commercial Law within Countries* |

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| 25. | The laws regulating direct selling in China are unusually detailed compared to others around the world.    **TRUE**  China has relaxed some of its restrictions on direct marketing that particularly affected companies such as Mary Kay. However, the laws regulating direct selling are unusually detailed compared to others around the world. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-07 The legal differences between countries and how those differences can affect international marketing plans Topic: Commercial Law within Countries* |

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| 26. | Germany has the most stringent green marketing laws that regulate the management and recycling of packaging waste.    **TRUE**  Germany has passed the most stringent green marketing laws that regulate the management and recycling of packaging waste. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-07 The legal differences between countries and how those differences can affect international marketing plans Topic: Commercial Law within Countries* |

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| 27. | Antitrust laws were not enforced in the United States for the better part of the twentieth century.    **FALSE**  With the exception of the United States, antitrust laws were either nonexistent or not enforced in most of the world’s countries for the better part of the twentieth century. However, the European Union, Japan, and many other countries have begun to actively enforce their antitrust laws, patterned after those in the United States. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-07 The legal differences between countries and how those differences can affect international marketing plans Topic: Commercial Law within Countries* |

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| 28. | Moving their businesses outside the political boundaries of the home country, exempts the companies from the home-country laws.    **FALSE**  Leaving the political boundaries of a home country does not exempt a business from home-country laws. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-08 The different ways U.S. laws can be applied to U.S. companies operating outside the United States Topic: U.S. Laws Apply in Host Countries* |

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| 29. | Firms that have been penalized for bribing by the Foreign Corrupt Practices Act (FCPA) can reduce the penalties by helping in investigations.    **TRUE**  Firms that have been penalized for bribing by the Foreign Corrupt Practices Act (FCPA) can reduce the penalties by helping in investigations. The Justice Department has also agreed not to penalize companies that have an excellent training program in place. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-08 The different ways U.S. laws can be applied to U.S. companies operating outside the United States Topic: U.S. Laws Apply in Host Countries* |

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| 30. | The responsibility of determining if a license is required rests with the exporter.    **TRUE**  The responsibility of determining if a license is required rests with the exporter. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-09 The steps necessary to move goods across country borders Topic: Export Restrictions* |

**Multiple Choice Questions**

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| 31. | Which of the following forms of law is derived from English law?       |  |  | | --- | --- | | A. | Code law |  |  |  | | --- | --- | | **B.** | Common law |  |  |  | | --- | --- | | C. | Religious law |  |  |  | | --- | --- | | D. | Civil law |  |  |  | | --- | --- | | E. | Universal law |   Common law is derived from English law and found in England, the United States, Canada, and other countries once under English influence. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 32. | Which of the following laws is primarily found in the United States, England, Canada, and other countries once under English influence?       |  |  | | --- | --- | | A. | Code law |  |  |  | | --- | --- | | **B.** | Common law |  |  |  | | --- | --- | | C. | Religious law |  |  |  | | --- | --- | | D. | Civil law |  |  |  | | --- | --- | | E. | Universal law |   Common law is derived from English law and found in England, the United States, Canada, and other countries once under English influence. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 33. | Code law is also known as \_\_\_\_\_.       |  |  | | --- | --- | | A. | business law. |  |  |  | | --- | --- | | B. | common law. |  |  |  | | --- | --- | | C. | religious law. |  |  |  | | --- | --- | | **D.** | civil law. |  |  |  | | --- | --- | | E. | universal law. |   Civil or code law is derived from Roman law and found in Germany, Japan, France, and non-Islamic and non-Marxist countries. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 34. | Civil or code law was derived from the \_\_\_\_\_.       |  |  | | --- | --- | | A. | English law |  |  |  | | --- | --- | | B. | Economic law |  |  |  | | --- | --- | | C. | Greek law |  |  |  | | --- | --- | | D. | Persian law |  |  |  | | --- | --- | | **E.** | Roman law |   Civil or code law is derived from Roman law and found in Germany, Japan, France, and non-Islamic and non-Marxist countries. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 35. *(p. 187)* | The basis for \_\_\_\_\_ is tradition, past practices, and legal precedents set by the courts through interpretations of statutes, legal legislation, and past rulings.       |  |  | | --- | --- | | A. | civil law |  |  |  | | --- | --- | | **B.** | common law |  |  |  | | --- | --- | | C. | code law |  |  |  | | --- | --- | | D. | commercial law |  |  |  | | --- | --- | | E. | criminal law |   The basis for common law is tradition, past practices, and legal precedents set by the courts through interpretations of statutes, legal legislation, and past rulings. Code law, in contrast, is based on an all-inclusive system of written rules (codes) of law. Under code law, the legal system is generally divided into three separate codes: commercial, civil, and criminal. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 36. | \_\_\_\_\_ seeks "interpretation through the past decisions of higher courts which interpret the same statutes or apply established and customary principles of law to a similar set of facts."       |  |  | | --- | --- | | A. | Constitutional law |  |  |  | | --- | --- | | B. | Family law |  |  |  | | --- | --- | | C. | Criminal law |  |  |  | | --- | --- | | D. | Civil law |  |  |  | | --- | --- | | **E.** | Common law |   Common law seeks "interpretation through the past decisions of higher courts which interpret the same statutes or apply established and customary principles of law to a similar set of facts." |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 37. | Code law is based upon \_\_\_\_\_.       |  |  | | --- | --- | | A. | the interpretation through the past decisions of higher courts |  |  |  | | --- | --- | | B. | the established and customary principles of law and their legal precedence |  |  |  | | --- | --- | | **C.** | an all-inclusive system of written rules of law |  |  |  | | --- | --- | | D. | the interpretation of the Koran |  |  |  | | --- | --- | | E. | the codes of English law that apply in all countries under English influence |   Code law is based on an all-inclusive system of written rules of law. Under code law, the legal system is generally divided into three separate codes: commercial, civil, and criminal. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 38. | Under \_\_\_\_\_, the legal system is generally divided into three separate codes: commercial, civil, and criminal.       |  |  | | --- | --- | | A. | constitutional law |  |  |  | | --- | --- | | **B.** | code law |  |  |  | | --- | --- | | C. | family law |  |  |  | | --- | --- | | D. | religious law |  |  |  | | --- | --- | | E. | traditional law |   Code law is based on an all-inclusive system of written rules of law. Under code law, the legal system is generally divided into three separate codes: commercial, civil, and criminal. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 39. | Laws governing \_\_\_\_\_ offer the most striking differences between common-law and code-law systems.       |  |  | | --- | --- | | A. | international trade |  |  |  | | --- | --- | | B. | social welfare |  |  |  | | --- | --- | | C. | homicide |  |  |  | | --- | --- | | **D.** | intellectual property |  |  |  | | --- | --- | | E. | domestic industry |   Laws governing intellectual property offer the most striking differences between common-law and code-law systems. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 40. | Under common law, the ownership of intellectual property is established by \_\_\_\_\_.       |  |  | | --- | --- | | A. | title deeds |  |  |  | | --- | --- | | **B.** | use |  |  |  | | --- | --- | | C. | tradition |  |  |  | | --- | --- | | D. | patent |  |  |  | | --- | --- | | E. | registration |   Under common law, ownership is established by use; under code law, ownership is determined by registration. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 41. | In code-law countries, the ownership of intellectual property is determined by \_\_\_\_\_.       |  |  | | --- | --- | | A. | heredity |  |  |  | | --- | --- | | B. | nature of use |  |  |  | | --- | --- | | C. | duration of usage |  |  |  | | --- | --- | | **D.** | registration |  |  |  | | --- | --- | | E. | indemnification |   Under common law, ownership is established by use; under code law, ownership is determined by registration. In some code-law countries, certain agreements may not be enforceable unless properly notarized or registered. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 42. | \_\_\_\_\_ is considered complete as a result of catchall provisions found in most of this type of law systems.       |  |  | | --- | --- | | A. | Common law |  |  |  | | --- | --- | | **B.** | code law |  |  |  | | --- | --- | | C. | Islamic law |  |  |  | | --- | --- | | D. | Marxist-socialist tenets |  |  |  | | --- | --- | | E. | The English legal tradition |   Common law is recognized as not being all-inclusive, whereas code law is considered complete as a result of catchall provisions found in most code-law systems. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 43. | Apart from intellectual property laws, another illustration of how fundamental differences in the common and code systems can cause difficulty is in the performance of a contract.      |  |  | | --- | --- | | A. | conducting civil trials. |  |  |  | | --- | --- | | B. | determining laws governing export and import. |  |  |  | | --- | --- | | C. | deciding heredity laws. |  |  |  | | --- | --- | | D. | determining criminal laws. |  |  |  | | --- | --- | | **E.** | evaluating the performance of a contract. |   Apart from intellectual property laws, another illustration of how fundamental differences in the common and code systems can cause difficulty is in the performance of a contract. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 44. *(p. 187)* | Which of the following is true of code-law systems?       |  |  | | --- | --- | | A. | They represent a legal system that is not all-inclusive. |  |  |  | | --- | --- | | B. | They establish ownership of intellectual property by prior use rather than registration. |  |  |  | | --- | --- | | C. | They originate from tradition, past practices, and legal precedents set by the courts through interpretations of statutes, legal legislation, and past rulings. |  |  |  | | --- | --- | | **D.** | They sometimes fail to consider agreements to be enforceable unless properly notarized or registered. |  |  |  | | --- | --- | | E. | They fail to consider unforeseeable human acts such as riots as acts of nature. |   In some code-law countries, certain agreements may not be enforceable unless properly notarized or registered; in a common-law country, the same agreement may be binding so long as proof of the agreement can be established. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 45. | The basis for \_\_\_\_\_ is the interpretation of the Koran.       |  |  | | --- | --- | | A. | common law |  |  |  | | --- | --- | | B. | code law |  |  |  | | --- | --- | | **C.** | Islamic law |  |  |  | | --- | --- | | D. | Marxist-socialist tenets |  |  |  | | --- | --- | | E. | legal tradition |   The basis for the Shari’ah (Islamic law) is interpretation of the Koran. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-01 The four heritages of today's legal systems Topic: Marxist-Socialist Tenets* |

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| 46. | Islamic law is also known as the \_\_\_\_\_.       |  |  | | --- | --- | | A. | Ulema |  |  |  | | --- | --- | | B. | Umrah |  |  |  | | --- | --- | | C. | Zakkath |  |  |  | | --- | --- | | **D.** | Shari’ah |  |  |  | | --- | --- | | E. | Barakah |   The basis for the Shari’ah (Islamic law) is interpretation of the Koran. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 47. | The Islamic law prohibits the payment of \_\_\_\_\_.      |  |  | | --- | --- | | A. | taxes |  |  |  | | --- | --- | | B. | profits |  |  |  | | --- | --- | | **C.** | interest |  |  |  | | --- | --- | | D. | equity |  |  |  | | --- | --- | | E. | accounting fees |   Among the unique aspects of Islamic law is the prohibition against the payment of interest. The Islamic law of contracts states that any given transaction should be devoid of riba, which is defined as unlawful advantage by way of excess of deferment, that is, interest or usury. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 48. | Under \_\_\_\_\_, the legal system is subordinate to prevailing economic conditions.       |  |  | | --- | --- | | A. | common law |  |  |  | | --- | --- | | B. | code law |  |  |  | | --- | --- | | C. | Islamic law |  |  |  | | --- | --- | | **D.** | Marxist-socialist tenets |  |  |  | | --- | --- | | E. | legal tradition |   Socialist economies like the former Soviet Union and China built up entire commercial legal system under the premise that law, according to Marxist–socialist tenets, is strictly subordinate to prevailing economic conditions, such fundamental propositions as private ownership, contracts, due process, and other legal mechanisms have had to be developed. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-01 The four heritages of today's legal systems Topic: Marxist-Socialist Tenets* |

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| 49. | Because of political changes in the late twentieth century, which of the following countries has had to build from scratch an entire commercial legal system?       |  |  | | --- | --- | | A. | France |  |  |  | | --- | --- | | B. | Germany |  |  |  | | --- | --- | | C. | Taiwan |  |  |  | | --- | --- | | **D.** | Russia |  |  |  | | --- | --- | | E. | Saudi Arabia |   Central European countries such as the Czech Republic and Poland had comprehensive codified legal systems before communism took over, and their pre-World War II commercial legal codes have been revised and reinstituted. Russia and most of the republics of the former Soviet Union and China have had to build from scratch an entire commercial legal system. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 50. | The World Court can adjudicate disputes between:       |  |  | | --- | --- | | **A.** | governments. |  |  |  | | --- | --- | | B. | a company and a government. |  |  |  | | --- | --- | | C. | two companies. |  |  |  | | --- | --- | | D. | a citizen and a government. |  |  |  | | --- | --- | | E. | trade associations of various countries. |   The World Court can adjudicate disputes between governments, whereas the other two situations must be handled in the courts of the country of one of the parties involved or through arbitration. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-02 The important factors in the jurisdiction of legal disputes Topic: Jurisdiction in International Legal Disputes* |

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| 51. | In settling international commercial transaction disputes, which of the following methods accounts for the majority of settlements?       |  |  | | --- | --- | | A. | Criminal suits |  |  |  | | --- | --- | | **B.** | Conciliation |  |  |  | | --- | --- | | C. | Arbitration |  |  |  | | --- | --- | | D. | Litigation |  |  |  | | --- | --- | | E. | Coercion |   Most disputes that arise in commercial transactions are settled informally. Conciliation (also known as mediation) is a nonbinding agreement between parties to resolve disputes by asking a third party to mediate differences. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 52. | \_\_\_\_\_ is a nonbinding agreement between parties to resolve disputes by asking a third party to mediate differences.       |  |  | | --- | --- | | A. | Litigation |  |  |  | | --- | --- | | B. | Prosecution |  |  |  | | --- | --- | | C. | Arbitration |  |  |  | | --- | --- | | **D.** | Conciliation |  |  |  | | --- | --- | | E. | Coercion |   Conciliation (also known as mediation) is a nonbinding agreement between parties to resolve disputes by asking a third party to mediate differences. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 53. | Which of the following methods is considered most effective while resolving disputes with Chinese business partners?       |  |  | | --- | --- | | A. | Arbitration |  |  |  | | --- | --- | | **B.** | Conciliation |  |  |  | | --- | --- | | C. | Coercion |  |  |  | | --- | --- | | D. | Litigation |  |  |  | | --- | --- | | E. | Criminal suits |   Conciliation is considered especially effective when resolving disputes with Chinese business partners, because they feel less threatened by conciliation than arbitration. The Chinese believe that when a dispute occurs, informal, friendly negotiation should be used first to solve the problem; if that fails, conciliation should be tried. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 54. | Jimmy’s foods, a popular food company in the United States is trying to resolve a dispute with a local company in New Zealand which has been operating under the same name in their country. All the attempts by the company to settle the issue in a friendly manner have failed. The directors at Jimmy’s want to retain their trade name in the country and have decided to settle the dispute with the local company by appointing a mediator. They also want the sessions to be private because of the fear of creating a poor public image. Which of the following dispute resolution methods is best suited for the above situation?       |  |  | | --- | --- | | **A.** | Conciliation |  |  |  | | --- | --- | | B. | Prosecution |  |  |  | | --- | --- | | C. | Arbitration |  |  |  | | --- | --- | | D. | Coercion |  |  |  | | --- | --- | | E. | Litigation |   Conciliation is a nonbinding agreement between parties to resolve disputes by asking a third party to mediate differences. Unlike arbitration and litigation, conciliation sessions are private, and all conferences between parties and the mediator are confidential; the statements made by the parties may not be disclosed or used as evidence in any subsequent litigation or arbitration. |

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| *AACSB: Reflective Thinking Blooms: Apply Difficulty Level: 2 Medium Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 55. *(p. 191)* | Ralph Richards has been attempting to solve a problem that his company has with a contract default by the Dutch government. He has tried conciliation but the two parties could never find any common ground on which they could begin a fruitful negotiation for settlement. Which of the following is likely to be the course of action that both the parties will try next?       |  |  | | --- | --- | | A. | Mediation |  |  |  | | --- | --- | | B. | Informal settlement |  |  |  | | --- | --- | | **C.** | Arbitration |  |  |  | | --- | --- | | D. | Litigation |  |  |  | | --- | --- | | E. | Coercion |   If conciliation is not used or an agreement cannot be reached, the next step is arbitration. |

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| *AACSB: Reflective Thinking Blooms: Apply Difficulty Level: 2 Medium Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 56. | In the usual \_\_\_\_\_ procedure, parties select a disinterested and informed party or parties to serve as a referee to determine the merits of the case and make a judgment that both parties agree to honor under the law.       |  |  | | --- | --- | | **A.** | arbitration |  |  |  | | --- | --- | | B. | informal settlement |  |  |  | | --- | --- | | C. | conciliation |  |  |  | | --- | --- | | D. | litigation |  |  |  | | --- | --- | | E. | coercion |   The usual arbitration procedure is for the parties involved to select a disinterested and informed party or parties as referees to determine the merits of the case and make a judgment that both parties agree to honor. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 57. | When formal arbitration organizations receive requests for arbitration, they initially attempt to resolve the issue by:       |  |  | | --- | --- | | A. | coercion. |  |  |  | | --- | --- | | B. | prosecution. |  |  |  | | --- | --- | | C. | direct legal intervention. |  |  |  | | --- | --- | | D. | litigation. |  |  |  | | --- | --- | | **E.** | conciliation. |   When an initial request for arbitration is received, the chamber first attempts conciliation between the disputants. If this fails, the process of arbitration is started. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 58. | A textile manufacturing company is trying to solve a dispute with one of its raw material suppliers over a breach of contract. After the initial attempts to solve the dispute in a friendly informal manner failed, the companies have approached an international commission to appoint an informed party to act as a referee and make a judgment that both parties will honor. Which of the following dispute resolution methods is being used by the companies in the above scenario?       |  |  | | --- | --- | | A. | Litigation |  |  |  | | --- | --- | | **B.** | Arbitration |  |  |  | | --- | --- | | C. | Mediation |  |  |  | | --- | --- | | D. | Coercion |  |  |  | | --- | --- | | E. | Judicial intervention |   The usual arbitration procedure is for the parties involved to select a disinterested and informed party or parties as referees to determine the merits of the case and make a judgment that both parties agree to honor. Although informal arbitration is workable, most arbitration is conducted under the auspices of one of the more formal domestic and international arbitration groups organized specifically to facilitate the resolution of commercial disputes. |

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| *AACSB: Reflective Thinking Blooms: Apply Difficulty Level: 2 Medium Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 59. | In the case of arbitration:       |  |  | | --- | --- | | A. | lawsuits are initiated between the conflicting parties. |  |  |  | | --- | --- | | B. | the preliminary step of conciliation is often bypassed. |  |  |  | | --- | --- | | C. | the International Chamber of Commerce has been weak and ineffective. |  |  |  | | --- | --- | | **D.** | the plaintiff and the defendant select a person each to present their case. |  |  |  | | --- | --- | | E. | the ICC Court does not appoint any member to regulate the private affairs of the two parties. |   The plaintiff and the defendant select one person each from among acceptable arbitrators to defend their case, and the ICC Court of Arbitration appoints a third member, generally chosen from a list of distinguished lawyers, jurists, and professors. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 60. *(p. 193)* | Which of the following is usually placed in the arbitration clause that is becoming standard in many international contracts?      |  |  | | --- | --- | | A. | The preferred court or legal body of arbitration. |  |  |  | | --- | --- | | **B.** | The place of arbitration and the language used in the arbitration process. |  |  |  | | --- | --- | | C. | The contract stating that the results of the arbitration process are not binding on both parties. |  |  |  | | --- | --- | | D. | The judgment of the legal action initiated in the litigation stage. |  |  |  | | --- | --- | | E. | The copy of the lawsuit filed by the plaintiff. |   While preparing contracts and other legal documents, including the number of arbitrators, the place of arbitration (city and/or country), and the language of the arbitration in the clause is also useful. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 61. | Arbitration clauses require agreement wherein the concerned parties agree:       |  |  | | --- | --- | | A. | on who is right and who is wrong. |  |  |  | | --- | --- | | B. | on the validity of the litigation issues. |  |  |  | | --- | --- | | **C.** | to abide by the awards resulting from the arbitration. |  |  |  | | --- | --- | | D. | to not hire a legal counsel to represent each of the parties involved. |  |  |  | | --- | --- | | E. | to not name the arbitrators. |   Arbitration clauses require agreement on two counts: (1) The parties agree to arbitrate in the case of a dispute according to the rules and procedures of some arbitration tribunal and (2) they agree to abide by the awards resulting from the arbitration. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 62. | When all else fails in an international commercial dispute, the final step is:       |  |  | | --- | --- | | A. | conciliation. |  |  |  | | --- | --- | | B. | to encourage one’s government to force the other party to comply. |  |  |  | | --- | --- | | C. | to restart the arbitration process. |  |  |  | | --- | --- | | **D.** | litigation. |  |  |  | | --- | --- | | E. | coercion. |   When all else fails, the final step to solve a dispute is litigation. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 63. | Which of the following should ideally be the first step in the settlement of a dispute?       |  |  | | --- | --- | | A. | Using the strategy of conciliation. |  |  |  | | --- | --- | | B. | Engaging in arbitration. |  |  |  | | --- | --- | | C. | Coercing the other party. |  |  |  | | --- | --- | | **D.** | Placating the injured party. |  |  |  | | --- | --- | | E. | Initiating a litigation. |   One authority suggests that the settlement of every dispute should follow four steps: first, try to placate the injured party; if this does not work, conciliate, arbitrate, and, finally, litigate. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-01 The four heritages of today's legal systems Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 64. | Which of the following poses a major challenge to international marketers while dealing with counterfeiting?      |  |  | | --- | --- | | A. | The ease with which consumers can tell the difference between real and counterfeit products. |  |  |  | | --- | --- | | B. | The theft of products by pirates during shipping. |  |  |  | | --- | --- | | C. | Government regulations legitimizing counterfeiting. |  |  |  | | --- | --- | | **D.** | Collusion between contract manufacturers and illegitimate sellers. |  |  |  | | --- | --- | | E. | The widespread availability of duplication software. |   Collusions between the contract manufacturer and illegitimate sellers poses a great difficulty for law-enforcement authorities trying to tackle the problem of counterfeiting and piracy. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 65. | Which of the following is the most attractive target for pirates because of high development cost and low reproducibility costs?      |  |  | | --- | --- | | A. | Apparels |  |  |  | | --- | --- | | **B.** | Software |  |  |  | | --- | --- | | C. | Auto parts |  |  |  | | --- | --- | | D. | Books |  |  |  | | --- | --- | | E. | Baby formula |   Software, music, and movies are especially attractive targets for pirates because they are costly to develop but cheap to reproduce and distribute over the Internet. Judging from the press on the topic, one might conclude that China is the biggest piracy problem. |

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| *AACSB: Reflective Thinking Blooms: Understand Difficulty Level: 1 Easy Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 66. | Which of the following commonly counterfeited products has the potential for doing the greatest harm to the consuming public?       |  |  | | --- | --- | | A. | Toys |  |  |  | | --- | --- | | B. | CDs |  |  |  | | --- | --- | | **C.** | Pharmaceuticals |  |  |  | | --- | --- | | D. | Software |  |  |  | | --- | --- | | E. | Clothing |   Although counterfeit CDs, toys, and similar products cost companies billions of dollars in lost revenue and have the potential of damaging the product’s brand image, the counterfeiting of pharmaceuticals can do serious physical harm. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 67. | In which of the following countries is the ownership of IP rights established by prior use?       |  |  | | --- | --- | | A. | Japan |  |  |  | | --- | --- | | B. | Brazil |  |  |  | | --- | --- | | C. | Saudi Arabia |  |  |  | | --- | --- | | D. | Jordan |  |  |  | | --- | --- | | **E.** | United States |   In the United States, a common-law country, ownership of IP rights is established by prior use—whoever can establish first use is typically considered the rightful owner. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 68. *(p. 196)* | In a common-law country, ownership of intellectual property rights is established by “prior use versus registration” which implies that to claim the ownership of a trademark, an individual:      |  |  | | --- | --- | | A. | must be ratified by the United Nations trademark protection agency. |  |  |  | | --- | --- | | B. | must pay for the right to own a trademark. |  |  |  | | --- | --- | | **C.** | must establish first use of a trademark. |  |  |  | | --- | --- | | D. | must prove the ownership of a trademark in a court of law. |  |  |  | | --- | --- | | E. | must register a trademark only in his home country. |   In the United States, a common-law country, ownership of IP rights is established by prior use—whoever can establish first use is typically considered the rightful owner. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 69. | Which of the following international conventions was established to recognize intellectual property rights?       |  |  | | --- | --- | | **A.** | The Paris Convention |  |  |  | | --- | --- | | B. | The Munich Agreement |  |  |  | | --- | --- | | C. | The Tokyo Convention |  |  |  | | --- | --- | | D. | The Eurasian Convention |  |  |  | | --- | --- | | E. | The Kyoto Protocol |   One of the three major international conventions is The Paris Convention for the Protection of Industrial Property, commonly referred to as the Paris Convention, includes the United States and 100 other countries. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 70. | Which of the following conventions is responsible for the promotion of the protection of intellectual property rights among all the member countries of the UN?      |  |  | | --- | --- | | A. | The Basel Convention |  |  |  | | --- | --- | | B. | The Madrid Arrangement |  |  |  | | --- | --- | | C. | The Tokyo Agreement |  |  |  | | --- | --- | | D. | The Eurasian Convention |  |  |  | | --- | --- | | **E.** | The World Intellectual Property Organization |   The World Intellectual Property Organization (WIPO) of the United Nations is responsible for the promotion of the protection of intellectual property and for the administration of the various multilateral treaties through cooperation among its member states. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 71. | The \_\_\_\_\_ is a multicountry agreement that has established a regional patent system that allows any nationality to file a single international application for a European patent.       |  |  | | --- | --- | | A. | Madrid Arrangement |  |  |  | | --- | --- | | B. | Paris Convention |  |  |  | | --- | --- | | C. | TRIPs Agreement |  |  |  | | --- | --- | | D. | Basel Convention |  |  |  | | --- | --- | | **E.** | European Patent Convention |   Two multicountry patent arrangements have streamlined patent procedures in Europe. The first, the Patent Cooperation Treaty (PCT), facilitates the process for application for patents among its member countries. The second, the European Patent Convention (EPC), established a regional patent system allowing any nationality to file a single international application for a European patent. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 72. | Which of the following is the most comprehensive multilateral agreement on intellectual property to date and covers a full range of rights that are embodied in current international agreements?       |  |  | | --- | --- | | A. | World Intellectual Property Organization Charter |  |  |  | | --- | --- | | **B.** | Trade-Related Aspects of Intellectual Property Rights |  |  |  | | --- | --- | | C. | Inter-American Convention Agreement |  |  |  | | --- | --- | | D. | The Madrid Arrangement |  |  |  | | --- | --- | | E. | Paris Agreement for the Protection of Industrial Property |   The Trade-Related Aspects of Intellectual Property Rights (TRIPs) agreement, a major provision of the World Trade Organization, is the most comprehensive multilateral agreement on intellectual property to date. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 73. | Which of the following is an effective approach to prevent Chinese consumers from creatively copying foreign intellectual property?      |  |  | | --- | --- | | A. | Boycotting all trade activities with China. |  |  |  | | --- | --- | | B. | Placing embargoes on trade with China. |  |  |  | | --- | --- | | **C.** | Charging what the market will bear. |  |  |  | | --- | --- | | D. | Disengaging local representation in sales. |  |  |  | | --- | --- | | E. | Pursuing dispute resolution at the World Court. |   The author suggests an excellent way for IP-rich firms to make money in China currently and in the near future, using the oldest pricing strategy of all: Charge what the market will bear. Even with the reluctant help of the Chinese authorities in enforcing the WTO/TRIPs agreement, Chinese consumers will continue the creative copying of foreign intellectual property until they are charged what they perceive as “reasonable” prices. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 07-05 How to protect against piracy and counterfeiting Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 74. | Which of the following is true with regard to the Internet?       |  |  | | --- | --- | | A. | The Internet is strongly restricted by global and national boundaries. |  |  |  | | --- | --- | | **B.** | The existing cyberlaws incorporate the uniqueness of the Internet successfully. |  |  |  | | --- | --- | | C. | The dynamics of cross-border transactions, censorship, and piracy have been curtailed successfully with cyberlaws. |  |  |  | | --- | --- | | D. | The individual country laws which may or may not include private protection are used in the absence of uniform and internationally accepted cyberlaws. |  |  |  | | --- | --- | | E. | The taxes are collected by the transporting services like Fedex in the case of sale of goods using the Internet site as a platform to consumers in another country. |   Until uniform international laws apply worldwide, companies will have to rely on individual-country laws, which may or may not provide protection. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-06 The many issues of evolving cyberlaw Topic: Cyberlaw: Unresolved Issues* |

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| 75. | \_\_\_\_\_ buy and register descriptive nouns, geographic names, names of ethnic groups and pharmaceutical substances, and other similar descriptors and hold them until they can be sold at an inflated price.       |  |  | | --- | --- | | A. | Patent trolls |  |  |  | | --- | --- | | B. | Server farms |  |  |  | | --- | --- | | C. | Domain name registries |  |  |  | | --- | --- | | **D.** | Cybersquatters |  |  |  | | --- | --- | | E. | Universal resource locators |   Cybersquatters buy and register descriptive nouns, geographic names, names of ethnic groups and pharmaceutical substances, and other similar descriptors and hold them until they can be sold at an inflated price. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-06 The many issues of evolving cyberlaw Topic: Cyberlaw: Unresolved Issues* |

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| 76. | According to Canadian law, what is the standard expected by courts in Canada to determine whether a representation is false or misleading?       |  |  | | --- | --- | | A. | De Novo standard |  |  |  | | --- | --- | | **B.** | Credulous person standard |  |  |  | | --- | --- | | C. | Clearly Erroneous standard |  |  |  | | --- | --- | | D. | Informed consumer standard |  |  |  | | --- | --- | | E. | Discretionary standard |   Courts have been directed by Canadian law to take into account, in determining whether a representation is false or misleading, the “general impression” conveyed by the representation as well as its literal meaning. The courts are expected to apply the “credulous person standard,” which means that if any reasonable person could possibly misunderstand the representation, the representation is misleading. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-07 The legal differences between countries and how those differences can affect international marketing plans Topic: Commercial Law within Countries* |

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| 77. | Which of the following acts developed by the European Union erases legal and trade differences that have existed for decades between the member nations?       |  |  | | --- | --- | | A. | European Sanctity Act |  |  |  | | --- | --- | | B. | European Indemnification Act |  |  |  | | --- | --- | | C. | European Unification Act |  |  |  | | --- | --- | | **D.** | Single European Market Act |  |  |  | | --- | --- | | E. | Foreign Corrupt Practices Act |   The Internet is by its nature a global enterprise for which no political or national boundaries exist. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-07 The legal differences between countries and how those differences can affect international marketing plans Topic: Commercial Law within Countries* |

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| 78. | Which of the following countries has enacted the most stringent green marketing laws that regulate the management and recycling of packaging waste?       |  |  | | --- | --- | | A. | South Korea |  |  |  | | --- | --- | | B. | China |  |  |  | | --- | --- | | **C.** | Germany |  |  |  | | --- | --- | | D. | United States |  |  |  | | --- | --- | | E. | India |   Germany has passed the most stringent green marketing laws that regulate the management and recycling of packaging waste. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-07 The legal differences between countries and how those differences can affect international marketing plans Topic: Commercial Law within Countries* |

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| 79. | The question of jurisdiction of U.S. law over acts committed outside the territorial limits of the country has been settled by the courts through application of a long-established principle of international law called the:       |  |  | | --- | --- | | A. | right of imminent domain. |  |  |  | | --- | --- | | B. | legal transfer of power. |  |  |  | | --- | --- | | C. | rights of foreign powers and citizens. |  |  |  | | --- | --- | | **D.** | objective theory of jurisdiction. |  |  |  | | --- | --- | | E. | McNeil Principle of International Law. |   The question of jurisdiction of U.S. law over acts committed outside the territorial limits of the country has been settled by the courts through application of a long-established principle of international law, the “objective theory of jurisdiction.” |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-08 The different ways U.S. laws can be applied to U.S. companies operating outside the United States Topic: U.S. Laws Apply in Host Countries* |

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| 80. | The \_\_\_\_\_ of the United States makes it illegal for companies to pay bribes to foreign officials, candidates, or political parties.       |  |  | | --- | --- | | A. | Taft-Hartley Act |  |  |  | | --- | --- | | B. | Informed Consumer Standard |  |  |  | | --- | --- | | **C.** | Foreign Corrupt Practices Act |  |  |  | | --- | --- | | D. | Best Practices Act |  |  |  | | --- | --- | | E. | International Codes of Law |   The Foreign Corrupt Practices Act (FCPA) makes it illegal for companies to pay bribes to foreign officials, candidates, or political parties. Stiff penalties can be assessed against company officials, directors, employees, or agents found guilty of paying a bribe or of knowingly participating in or authorizing the payment of a bribe. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-08 The different ways U.S. laws can be applied to U.S. companies operating outside the United States Topic: U.S. Laws Apply in Host Countries* |

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| 81. | The first objective of these laws is to protect American consumers by ensuring that they benefit from products and ideas produced by foreign competitors as well as by domestic competitors. \_\_\_\_\_ are being discussed in this scenario.       |  |  | | --- | --- | | A. | Incorporation laws |  |  |  | | --- | --- | | B. | Intellectual property laws |  |  |  | | --- | --- | | **C.** | Antitrust laws |  |  |  | | --- | --- | | D. | Indemnification laws |  |  |  | | --- | --- | | E. | Insurance laws |   Antitrust enforcement has two purposes in international commerce. The first is to protect American consumers by ensuring that they benefit from products and ideas produced by foreign competitors as well as by domestic competitors. The second purpose of antitrust legislation is to protect American export and investment opportunities against any privately imposed restrictions. |

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| *AACSB: Analytic Blooms: Understand Difficulty Level: 2 Medium Learning Objective: 07-08 The different ways U.S. laws can be applied to U.S. companies operating outside the United States Topic: U.S. Laws Apply in Host Countries* |

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| 82. | Which of the following U.S. government agencies oversees antitrust enforcement in international commerce?       |  |  | | --- | --- | | A. | Department of State |  |  |  | | --- | --- | | **B.** | Department of Justice |  |  |  | | --- | --- | | C. | Department of Commerce |  |  |  | | --- | --- | | D. | Department of Defense |  |  |  | | --- | --- | | E. | Department of Home Land Security |   The Antitrust Division is committed to controlling foreign transactions at home or abroad that have a substantial and foreseeable effect on U.S. commerce. When such business practices occur, there is no question in the Antitrust Division of the Department of Justice that U.S. laws apply. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-08 The different ways U.S. laws can be applied to U.S. companies operating outside the United States Topic: U.S. Laws Apply in Host Countries* |

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| 83. | Under the Antiboycott Law, U.S. companies are forbidden to participate in any unauthorized foreign boycott. Which of the following situations brought about the Antiboycott Law in the U.S.?      |  |  | | --- | --- | | A. | The boycott of Cuba by the U.S. |  |  |  | | --- | --- | | B. | The boycott of South Africa by the world community. |  |  |  | | --- | --- | | **C.** | The boycott of Israel by the Arab League. |  |  |  | | --- | --- | | D. | The boycott of China by the United States. |  |  |  | | --- | --- | | E. | The boycott of the U.S. by the U.S.S.R. (the wheat embargo). |   Under the Antiboycott law, U.S. companies are forbidden to participate in any unauthorized foreign boycott; furthermore, they are required to report any request to cooperate with a boycott. The Antiboycott law was a response to the Arab League boycott of Israeli businesses. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-08 The different ways U.S. laws can be applied to U.S. companies operating outside the United States Topic: U.S. Laws Apply in Host Countries* |

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| 84. | U.S. firms, their foreign subsidiaries, or foreign firms that are licensees of U.S. technology cannot sell a product to a country in which the sale is considered by the U.S. government to affect:       |  |  | | --- | --- | | A. | the competitive balance of world trade. |  |  |  | | --- | --- | | B. | the competitive balance of free competition inside the U.S. |  |  |  | | --- | --- | | C. | the relationship of the US with the world community. |  |  |  | | --- | --- | | D. | the overall balance of payments of the United States. |  |  |  | | --- | --- | | **E.** | the national security of the United States. |   American firms, their foreign subsidiaries, or foreign firms that are licensees of U.S. technology cannot sell products to a country in which the sale is considered by the U.S. government to affect national security. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-09 The steps necessary to move goods across country borders Topic: Export Restrictions* |

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| 85. | The revised set of export regulations published by the Department Of Commerce to alleviate many of the problems and confusions of exporting and to expedite the process is called \_\_\_\_\_.       |  |  | | --- | --- | | A. | Agreement on International Trade and Negotiations |  |  |  | | --- | --- | | B. | Export-Import Manual |  |  |  | | --- | --- | | C. | International Trade Regulations |  |  |  | | --- | --- | | D. | Export Charter |  |  |  | | --- | --- | | **E.** | Export Administration Regulations |   The volume of exports and the number of companies exporting from the United States have grown spectacularly over the last decade. In an effort to alleviate many of the problems and confusions of exporting and to expedite the process, the Department of Commerce has published a revised set of export regulations known as the Export Administration Regulations (EAR). |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-09 The steps necessary to move goods across country borders Topic: Export Restrictions* |

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| 86. | Which of the following are the licenses required for products exported from the United States?       |  |  | | --- | --- | | A. | International or bilateral license |  |  |  | | --- | --- | | **B.** | General or a validated license |  |  |  | | --- | --- | | C. | Single license |  |  |  | | --- | --- | | D. | Exporter or third-party license |  |  |  | | --- | --- | | E. | Shipment license or agent license |   Products exported from the United States require a general or a validated export license, depending on the product, where it is going, the end use, and the final user. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-09 The steps necessary to move goods across country borders Topic: Export Restrictions* |

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| 87. | The responsibility of determining if a license is required rests with the \_\_\_\_\_.       |  |  | | --- | --- | | A. | Department of Commerce of the exporting nation |  |  |  | | --- | --- | | B. | The regulatory body of the industry |  |  |  | | --- | --- | | **C.** | exporter |  |  |  | | --- | --- | | D. | U.S. Customs department |  |  |  | | --- | --- | | E. | Importing country’s authorities |   The responsibility of determining if a license is required rests with the exporter. The exporter is responsible for selecting the proper classification number, known as the Export Control Classification Number (ECCN), for the item to be exported. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-09 The steps necessary to move goods across country borders Topic: Export Restrictions* |

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| 88. | The exporter is responsible for selecting the \_\_\_\_\_ which leads to a description in the Commerce Control List (CCL), which indicates the exportability status of the item.       |  |  | | --- | --- | | A. | Entity List Number |  |  |  | | --- | --- | | B. | Priority Number |  |  |  | | --- | --- | | C. | Export License Number |  |  |  | | --- | --- | | D. | Trade Regulations Number |  |  |  | | --- | --- | | **E.** | Export Control Classification Number |   The exporter is responsible for selecting the proper classification number, known as the Export Control Classification Number (ECCN), for the item to be exported. The ECCN leads to a description in the Commerce Control List (CCL), which indicates the exportability status of the item. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-09 The steps necessary to move goods across country borders Topic: Export Restrictions* |

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| 89. | Which of the following indicates the exportability status of the item based on the ECCN?       |  |  | | --- | --- | | **A.** | Commerce Control List |  |  |  | | --- | --- | | B. | Entity List |  |  |  | | --- | --- | | C. | Common List |  |  |  | | --- | --- | | D. | Priority Export List |  |  |  | | --- | --- | | E. | International Trade List |   The ECCN leads to a description in the Commerce Control List (CCL), which indicates the exportability status of the item. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-09 The steps necessary to move goods across country borders Topic: Export Restrictions* |

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| 90. | The Export License Application and Information Network is an electronic service that enables exporters to:       |  |  | | --- | --- | | A. | ship their goods for those licenses approved without conditions. |  |  |  | | --- | --- | | B. | check the status of their license and classification applications. |  |  |  | | --- | --- | | C. | submit commodity classification requests via the Internet to the Bureau of Export Administration. |  |  |  | | --- | --- | | **D.** | submit license applications via the Internet for all commodities except supercomputers to all free-world destinations. |  |  |  | | --- | --- | | E. | submit the export and re-export applications and high-performance computer notices via the Internet. |   ELAIN (Export License Application and Information Network) enables exporters that have authorization to submit license applications via the Internet for all commodities except supercomputers to all free-world destinations. When approved, licensing decisions are conveyed back to the exporters via the Internet |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-09 The steps necessary to move goods across country borders Topic: Export Restrictions* |

**Essay Questions**

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| 91. | What are the four forms of law and what are the heritages linked to these forms of law?     Four heritages form the bases for the majority of the legal systems of the world: (1) common law, derived from English law and found in England, the United States, Canada, and other countries once under English influence; (2) civil or code law, derived from Roman law and found in Germany, Japan, France, and non-Islamic and non-Marxist countries; (3) Islamic law, derived from the interpretation of the Koran and found in Pakistan, Iran, Saudi Arabia, and other Islamic states; and (4) a commercial legal system in the Marxist–socialist economies of Russia and the republics of the former Soviet Union, Eastern Europe, China, and other Marxist–socialist states whose legal system centered on the economic, political, and social policies of the state. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-01 The four heritages of today's legal systems Topic: Bases for Legal Systems* |

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| 92. | What are the bases of international legal disputes? Describe the situations and the authority that addresses the issues.     Legal disputes can arise in three situations: between governments, between a company and a government, and between two companies. The World Court can adjudicate disputes between governments, whereas the other two situations must be handled in the courts of the country of one of the parties involved or through arbitration. Unless a commercial dispute involves a national issue between nation states, the International Court of Justice or any similar world court does not handle it. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-02 The important factors in the jurisdiction of legal disputes Topic: Jurisdiction in International Legal Disputes* |

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| 93. | Compare conciliation with arbitration.     Conciliation (also known as mediation) is a nonbinding agreement between parties to resolve disputes by asking a third party to mediate differences. The function of the mediator is to carefully listen to each party and to explore, clarify, and discuss the various practical options and possibilities for a solution with the intent that the parties will agree on a solution. Unlike arbitration and litigation, conciliation sessions are private, and all conferences between parties and the mediator are confidential; the statements made by the parties may not be disclosed or used as evidence in any subsequent litigation or arbitration. If conciliation is not used or an agreement cannot be reached, the next step is arbitration. When all else fails, arbitration rather than litigation is the preferred method for resolving international commercial disputes. The usual arbitration procedure is for the parties involved to select a disinterested and informed party or parties as referees to determine the merits of the case and make a judgment that both parties agree to honor. Although informal arbitration is workable, most arbitration is conducted under the auspices of one of the more formal domestic and international arbitration groups organized specifically to facilitate the resolution of commercial disputes. |

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| *AACSB: Reflective Thinking Blooms: Understand Difficulty Level: 3 Hard Learning Objective: 07-03 The various methods of dispute resolution Topic: International Dispute Resolution* |

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| 94. | Compare the differences between “prior use” and “registration” ownership with an example.     In the United States, a common-law country, ownership of IP rights is established by prior use—whoever can establish first use is typically considered the rightful owner. In many code-law countries, however, ownership is established by registration rather than by prior use—the first to register a trademark or other property right is considered the rightful owner. For example, a trademark in Jordan belongs to whoever registers it first in Jordan. Thus you can find “McDonald’s” restaurants, “Microsoft” software, and “Safeway” groceries all legally belonging to Jordanians. |

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| *AACSB: Reflective Thinking Blooms: Understand Difficulty Level: 3 Hard Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 95. | List the major international conventions designed for mutual recognition and protection of intellectual property rights.     Many countries participate in international conventions designed for mutual recognition and protection of intellectual property rights. There are three major international conventions:  • The Paris Convention for the Protection of Industrial Property, commonly referred to as the Paris Convention, includes the United States and 100 other countries.  • The Inter-American Convention includes most of the Latin American nations and the United States.  • The Madrid Arrangement, which established the Bureau for International Registration of Trademarks, includes 26 European countries.  In addition, the World Intellectual Property Organization (WIPO) of the United Nations is responsible for the promotion of the protection of intellectual property and for the administration of the various multilateral treaties through cooperation among its member states. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-04 The unique problems of protecting intellectual Topic: Protection of Intellectual Property Rights: A Special Problem* |

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| 96. | Briefly describe the modus operandi of cybersquatters.     Cybersquatters (CSQs) buy and register descriptive nouns, geographic names, names of ethnic groups and pharmaceutical substances, and other similar descriptors and hold them until they can be sold at an inflated price. For example, a cybersquatter sold “www.themortgage.com” for $500,000. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-06 The many issues of evolving cyberlaw Topic: Cyberlaw: Unresolved Issues* |

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| 97. | Briefly describe the legal process of determining whether a representation is false or misleading.     Courts have been directed by Canadian law to take into account, in determining whether a representation is false or misleading, the "general impression" conveyed by the representation as well as its literal meaning. The courts are expected to apply the "credulous person standard," which means that if any reasonable person could possibly misunderstand the representation, the representation is misleading. In essence, puffery, an acceptable practice in the United States, could be interpreted in Canada as false and misleading advertising. Thus a statement such as "the strongest drive shaft in Canada" would be judged misleading unless the advertiser had absolute evidence that the drive shaft was stronger than any other drive shaft for sale in Canada, the "general impression" conveyed by the representation as well as its literal meaning. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 3 Hard Learning Objective: 07-07 The legal differences between countries and how those differences can affect international marketing plans Topic: Commercial Law within Countries* |

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| 98. | Describe how countries are facing the threat of environmental issues through green marketing legislation.     Multinational corporations also face a growing variety of legislation designed to address environmental issues. Germany has passed the most stringent green marketing laws that regulate the management and recycling of packaging waste. Many European countries also have devised schemes to identify products that comply with certain criteria that make them more environmentally friendly than similar products. Products that meet these criteria are awarded an "ecolabel" that the manufacturer can display on packaging to signal to customers that it is an environmentally friendly product. The EU is becoming more aggressive in issuing new directives and in harmonizing ecolabeling and other environmental laws across all member states. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-07 The legal differences between countries and how those differences can affect international marketing plans Topic: Commercial Law within Countries* |

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| 99. | Will leaving the country make an American businessman immune to U.S. laws?     Leaving the political boundaries of a home country does not exempt a business from home-country laws. Regardless of the nation where business is done, a U.S. citizen is subject to certain laws of the United States. What is illegal for an American business at home can also be illegal by U.S. law in foreign jurisdictions for the firm, its subsidiaries, and licensees of U.S. technology. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 1 Easy Learning Objective: 07-08 The different ways U.S. laws can be applied to U.S. companies operating outside the United States Topic: U.S. Laws Apply in Host Countries* |

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| 100. | Identify the two types of licenses required for export.    The first step when complying with export licensing regulations is to determine the appropriate license for the product. Products exported from the United States require a general or a validated export license, depending on the product, where it is going, the end use, and the final user. The general license permits exportation of certain products that are not subject to EAR (Export Administration Regulations) control with nothing more than a declaration of the type of product, its value, and its destination. The validated license, issued only on formal applications, is a specific document authorizing exportation within specific limitations designated under the EAR. |

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| *AACSB: Analytic Blooms: Remember Difficulty Level: 2 Medium Learning Objective: 07-09 The steps necessary to move goods across country borders Topic: Export Restrictions* |