

# **BUSINESS LAW**

## **CHAPTER 5 NOTES**

### **Two Court Systems:**

1. Federal (powers come from Article III of US Constitution)
2. State

### **FEDERAL COURT SYSTEM**

#### **Federal Court jurisdiction:**

1. U.S. is a party
2. Cases that raise federal issue (constitutional issues)
3. Citizens of different states (diversity of citizenship)
4. Admiralty, patent-rights, copyright, bankruptcy cases

#### **Federal District Courts:**

1. Most federal cases begin here – original jurisdiction over most federal cases
2. Civil and criminal cases are heard here
3. With or without juries
4. At least one district court in each state (95 district courts)

The federal court's jurisdiction is limited to specific cases listed in the Constitution and specifically provided for by Congress. Generally, federal courts only hear cases in which the United States is a party, cases involving violations of the Constitution or federal laws, and cases between citizens of different states.

Some cases are such that only federal courts have jurisdiction over them. In other cases, the parties can choose whether to go to state court or to federal court. In most cases, however, they can only go to state court.

Although the federal courts hear significantly fewer cases than the state courts, the cases they do hear tend more often to be of national importance, because of the federal laws they enforce and the federal rights they protect.

Most cases in federal courts are civil rather than criminal. One type of federal case might involve a claim by a private citizen that a company failed to carry out its duty under the law - for example, that the company refused to hire the person simply because she was a woman or minority. Another kind of federal case might be a lawsuit by a private citizen claiming that they are entitled to receive money under a government program, such as benefits from Social Security. A third type of federal civil lawsuit might require the court to decide whether a corporation is violating federal laws by having a monopoly over a certain kind of business.

There are many more federal civil cases than criminal cases because more crimes concern problems that the Constitution leaves to the states. We all know, for example, that robbery is a crime. The Constitution does not say it is against the law to commit a robbery. By and large, state laws, not federal laws, make robbery a crime. There are only a few federal laws about robbery, such as the law that makes it illegal to rob a bank whose deposits are insured by a federal agency. Examples of other federal crimes are illegal importation of drugs into the country and the use of the U.S. mails to swindle consumers.

### **Court of Appeals:**

1. Hears appeals from lower courts
2. Panel of three judges
3. No witnesses, no jury, no evidence
4. Only questions of LAW; not facts can be appealed

### **Supreme Court:**

1. Highest court of the land
2. Original jurisdiction – cases involving ambassadors, consuls, public ministers, state is party
3. Appellate jurisdiction – main function
4. Cases involving constitutionality of a federal law
5. Justices vote – 4 out of 9 on which cases to hear from US COA & state supreme court

### **STATE COURT SYSTEM**

#### **Local Trial Courts:**

1. Limited jurisdiction
2. Misdemeanors & civil cases with small amounts of \$
3. Traffic courts, police courts, municipal courts

#### **Circuit Courts**

1. Cases involving major crimes & large amounts of money
2. Determine facts
3. Uses a jury

#### **Appellate Courts:**

1. Hears appeals from general trial courts
2. Hears appeals only on questions of law
3. Panel of 3 judges

#### **State Supreme Court:**

1. Decide whether error was made in lower courts

2. 46 states call highest court, supreme court

**Special Courts are set up in both court systems.**

**Sate court systems do not depend on each other.**

**Intermediate courts refer to appellate courts.**

**Federal courts get authority from Article III of the U. S. Constitution.**

**Special Federal Courts – example: Tax Court**