

Introduction

# RUNNING A BUSINESS

English for Lawyers I.3

Autumn 2013

# Syllabus

- Running a business
  - organization - types of companies, internal management, raising capital, termination of business
- Family law
  - nullification of marriage, divorce, rights of succession, protection of children
- Law and consumers
  - contracts between goods and services suppliers and consumers, exemption clauses, product liability
- Employment law
  - employment rights, EU employment law
- Intellectual property
  - patents, copyrights, trademarks, trade secrets, infringing copyright

# Study materials

## COMPULSORY

- Interactive syllabi, study materials
  - [Skupiny MSme](#)
- Chromá, Marta. *New introduction to legal English. Volume I.* Univerzita Karlova, 2007
- Chromá, Marta. *New introduction to legal English. Volume II.* Univerzita Karlova, 2007
- Chromá, Marta. *English-Czech law dictionary.* Leda, 1997.
- Chromá, Marta. *Czech -English law dictionary.* Leda, 2001.
- Powell, Richard. *Law today.* 1. ed. Harlow : Longman, 1993

# Study materials

## OPTIONAL

- Powell, Richard. *Law today*. 1. ed. Harlow : Longman, 1993
- Krois-Lindner, Amy – Firth, Matt. *Introduction to International Legal English*. CUP, 2008.
- Black, Henry Campbell. *Blackův právnícký slovník*. Praha : Victoria Publishing, 1993
- Online dictionaries

# Requirements

## o Attendance

- o 1 unexcused absence
- o 1 excused absence

## o Active participation in class

## o Credit test

- o 10.12.2013
- o 70% correct (max. 59 pts, pass: **41.5+ pts**)
- o 10 translations Czech – English
- o 10 translations English – Czech
- o 3 definitions of legal terms
- o 2 open questions

## o Bonus points

- o **Hmm, I was was racking my brain over it...**
- o presentations (*discretionary*)
- o homework (*discretionary*)
- o outstanding activity in seminars (*discretionary*)
- o 100% attendance: + 3 points

# Failure to attend my own seminar...

- can be made up for by appearing in a seminar taught by my teacher, i.e.
  - Tuesday
    - 13:30-15:00
    - 15:05-16:30
    - 16:40-18:10
    - 18:15-19:45
  - always in room n. 315
- **ONLY EXCEPTIONAL FAILURE!!!**

# I reserve the right...

- to add more requirements during the semester.
- not to award the bonus points if I find that there is a reason for it.

# Revision

- What have we covered so far?
  1. What is law?
  2. Sources of modern law
  3. Division of law
  4. Judicial institutions
  5. Lawyers at work
  6. Contracts
  7. Criminal law
  8. Torts
  9. Trusts
  10. Land law



# Translate:

## Czech

1. absolutně neplatná smlouva
2. pachatel trestného činu
3. pachatel občanskoprávního deliktu
4. zůstavitel a správce svěřeného majetku
5. objektivní odpovědnost
6. věcná práva k věci cizí
7. zatykač
8. vyhoštění a zákaz pobytu
9. zánik smlouvy splněním
10. pracovní smlouva, kupní smlouva a smlouva o smlouvě budoucí

## English

1. void contract
2. criminal, perpetrator, offender, felon
3. tortfeasor
4. testator and trustee
5. liability without fault, strict liability
6. legal interests
7. arrest warrant
8. banishment and prohibition of abode/stay/residence
9. discharge of a contract by performance
10. employment contract, bill of sale, and preliminary contract / letter of intent

# Running a business

- What can you do for a living?
- How is earning for a living affected by law?
- How is running a business affected by law?



# Introduction to company law

Session 2:

# RUNNING A BUSINESS

English for Lawyers I.3

Autumn 2013

# Powell U11: Find the equivalent

Czech	English
začít podnikat	set up a business
prodávat služby	sell services
znalosti základních právních principů	knowledge of basic legal principles
podnikat, vést podnik	run a business
nezákonné nakládání s miliony dolarů	improper handling millions of dollars
sada zákonů	set of laws
čelit problémům	face problems
komplexní zákoník	comprehensive code
sjednotit dřívější zákony	consolidate previous statutes

# Liabilty

- = legal responsibility
- Companies:
  - limited (liabilty) company
  - unlimited company

# Limited liability company (ltd.)

- members have limited liability
  - limited by shares
    - the limit is the amount unpaid on shares they hold
  - limited by guarantee
    - the limit is the amount they have guaranteed to contribute to company assets
- the company's liability itself is not limited
- Video: Limited Liability Company (LLC)

# Public limited companies (PLC)

- they *získávat kapitál* by selling shares to the general public, and these are listed on the *burza cenných papírů*
- Video: Public Company



# Raising capital

- selling shares
- issuing **debentures** or **bonds** in return for **loans**
  - entitled to an annual payment of interest
  - they have the right to sell their debenture back to the company (call in their loan) or sell them to someone else

# Share

- = ownership of a proportion of the company, and thus a right to a proportion of any profit it makes (dividend)
  - Powell's words
- Your words?
  - share
    - Any of the equal parts into which the capital stock of a corporation or company is divided.
  - dividend
    - A share of a surplus; a bonus.

# Shares (vocabulary)

- vydávat akcie
  - issue shares
- nominální hodnota
  - nominal value
- prodat se ziskem
  - sell at a premium
- prodat se ztrátou
  - sell at a loss / a discount

# Forms of business

- Individual proprietorship
  - a form of business ownership in which one ***fyzická osoba*** owns a business and may ***bud'*** be the sole worker or may ***zaměstnávat*** as many individuals as needed to ***podnikat***
  - Advantages
  - Disadvantages

# Forms of business

- Partnership
  - involves the pooling of capital **zdroje** and the business or professional talents of two or more individuals with the goal of **dosažení zisku**
  - does not exist in the Czech law
  - Anglo-American: law firms, medical associates,...
  - Advantages
  - Disadvantages

# Give synonyms

- to conduct a business
- to keep in a business
- to function as a partnership
- to run a business
- to retain in a business
- to operate as a partnership

# Forms of business

- Corporation
  - What is the primary reason of the existence of a corporation?
    - Making a profit
  - Creation of corporations requires a corporate structure consisting of
    - shareholders (owners of the business),
      - elect a board of directors
    - directors (responsible for the management of the business),
    - officers (the agents of the business)
      - employed by directors
      - run the day-to-day operations of the business

# Corporations - ADVANTAGES

- The shareholder's risk of *ztráta* from the business is *omezená na* the amount of capital the shareholder invested in the business.
- A corporation is a *samostatná právnická osoba* capable of holding property, contracting, *žalovat*, and *být žalovaná* in its own name.
- The death of a shareholder has no *právní důsledek* on the entity. (*x partnership*)
- Separate taxable entity.



# Corporations - DISADVANTAGES

- A corporation is required to pay *daň z příjmu právnických osob*.
- Shareholders, when they receive a distribution of profits for the corporation, are required to pay *daň z příjmu fyzických osob* (a form of double taxation).
- Expenditure of funds for organizational and *provozní výdaje*.

# Explain / Define:

- Shareholder(s)
- Double taxation
- A board (of directors)
- Operational expenses

# Corporations

- The process by which a company/corporation is formed is called **incorporation**.
- What are the consequences?
  - A corporation becomes a separate legal entity distinct from its members.
  - The property of the corporation is owned by the corporation (not by the persons).
- Declaration of compliance
- Certificate of incorporation

# Corporations

- **Promoter**
  - The person who developed the idea of forming a corporation and who induce others to join in the enterprise.
  - (profesionální) zakladatel obchodní společnosti
- **Incorporator**
  - The person who make the application for the certificate of incorporation.
  - zakladatel, zakládající člen.

# Společenská smlouva

- GB: Memorandum of Association
- US: Articles of Incorporation

Definition?

= a legal document describing a new company

- What does it contain?
  - primarily concerned with regulation and outward appearance of the company in respect of its dealings with third parties
    - the company
    - its objects (the objects clause)
    - whether it is limited by shares or guarantee
    - the amount of share capital
    - ...

# Where are the articles / the memorandum filed?

- They are filed with a **registrar** at the **registry** in a **register**.



I know, I know... 😊

- Registrar
  - an official keeper of records made in a register.
- Register
  - a book / list in which records of acts, events, names, etc., are kept.
- Registry
  - a place where a register is kept; an office of registration.

# CZ

- **s. r. o.**
  - limited liability company
- **a. s.**
  - joint stock company
  - US: stock corporation
  - GB: public limited company
- **k. s.**
  - limited partnership company
- **v. o. s.**
  - unlimited (liability) company

# Translate

- **Společnost vzniká zápisem do obchodního rejstříku.**
- \_\_\_\_\_  
\_\_\_\_\_.
- T\_\_\_\_ l\_\_\_\_ e\_\_\_\_ o\_\_\_\_ a c\_\_\_\_ s\_\_\_\_ c\_\_\_\_  
u\_\_\_\_ t\_\_\_\_ r\_\_\_\_ t\_\_\_\_ i\_\_\_\_ t\_\_\_\_ C\_\_\_\_ R\_\_\_\_.
- **The legal existence of a company shall commence upon the registration thereof in the Commercial Register.**



# Objects clause of the memorandum

- a part of a company's memorandum of association that states the aims of the company and the powers of the company directors
  - The amendment of any provision in the objects clause requires a prior written consent.
- = ustanovení o předmětu podnikání
- Why is it important?
  - activities **ultra vires** (= outside its capacity)
    - When a company engages in activity beyond its registered objects.

# Ultra vires

- ['vaɪrɪz]
- beyond the legal power or authority of a person, corporation, agent, etc.
- Video

# Stanovy

- Articles of association (GB)
- Bylaws (US)
- What do they deal with?
  - primarily concerned with internal affairs of the company
    - at what notice meetings must be held
    - voting rights
    - size of majority
    - appointment, powers, and removal of directors
    - ...

# Insider trading

- = the illegal buying or selling of securities on the basis of information that is unavailable to the public.
  - nedovolené obchodování akcemi prováděné zaměstnanci na základě důvěrných informací o firmě

# Dissolution & Termination

- How can a company be **dissolved**?
  - its registration may be cancelled
  - removed from the register (Commercial Register)
  - it may be liquidated (wound up)
    - compulsory (enforced) liquidation
      - going bankrupt
    - voluntary liquidation
- CZ: Expungement of the record of a company from the Commercial Register (termination of the legal existence of a company)

# Life of a company

- Formation
- Incorporation
- Dissolution
- Termination

# Listening: Forming a business in the UK

# Company law



THANK YOU

A horizontal twine string is stretched across the center of the image. Eight wooden clothespins are clipped to the string, each holding a small, rectangular piece of colored paper. The papers are arranged in a row and contain the words 'THANK YOU' in a simple, black, hand-drawn font. The colors of the papers are: orange (T), light orange (H), blue (A), red (N), yellow (K), pink (Y), light blue (O), and yellow (U).

# References

- <http://dictionary.cambridge.org/dictionary/business-english>
- <http://www.thefreedictionary.com>
- Chromá, Marta. *English-Czech law dictionary*. Leda, 1997.
- Chromá, Marta. *Czech -English law dictionary*. Leda, 2001.
- Chromá, M. *New Introduction to Legal English Volume II*. Praha : Nakladatelství Karolinum, 2003. 554 p.
- Powell, R. *Law Today*. Longman Group UK Limited, 1993. 128p.