

Business Organizations

LAW 459.001/508D.001

Summer 2024

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Course Description and Objectives

This course is an introduction to the law of business organizations. We will examine several forms of business organization, such as partnerships and corporations. We will look at the legal and organizational rules governing these forms and how they seek to resolve any underlying structural issues such as allocation of risk, return, control, and conflicts of interest. The majority of the semester will be spent on examining key issues concerning the corporate form, including individual and corporate liability, governance, changes in control, and shareholder rights and remedies.

The primary objectives of the course are to equip you with the knowledge and analytical skills that are essential to providing competent legal advice on the law of business organizations and to organize and communicate this advice in a professional and understandable manner.

Lectures will take place on Mon, Wed, Fri (1:30 pm - 5:30 pm) in room 105 unless the class is cancelled and a make-up class is scheduled. I usually try to be available after each class. You can also email me to schedule an appointment.

Required Readings

The following are the required materials for the course:

- Robert Yalden et al, *Business Organizations: Practice, Theory and Emerging Challenges*, 2nd ed. (Toronto: Emond Publishing, 2018).
 - I have listed the book at the UBC Bookstore so they should have copies available for purchase but you also have the option to purchase the book directly from the publisher: <https://emond.ca/business-organizations-practice-theory-and-emerging-challenges-2nd-edition.html>
- Selected provisions from the following statutes as covered in readings and class lectures:
 - [British Columbia Partnership Act](#), R.S.B.C. 1996, c. 348 (BCPA)
 - [British Columbia Business Corporations Act](#), S.B.C. 2002, c. 57 (BCBCA)

- [Canada Business Corporations Act](#), R.S.C. 1985, c. C-44 (CBCA)

All statutes can be accessed online and free of charge.

- Any additional required reading will be posted on CANVAS.

Assessment

Your assessment will be based on an open-book final exam worth 100% of the total grade. The final exam is currently scheduled to take place on July 22, 2024, at 9:00 am in room 105. Please consult with Student Services at studentservices@allard.ubc.ca for confirmation.

List of Topics

The following is a tentative list of topics and readings which will be covered in the course. I will let you know in advance if there are any changes to be made.

Introduction to Business Organizations

- Chapter 1, Section III (pgs. 8-32)

Agency

- Notes on Agency, posted on CANVAS
- Chapter 13.II.A, Agency Costs (pgs. 840-843)

Partnership: Formation and Legal Status

- Chapter 2, Sections I-IV (pgs. 46-93)
 - Cases: *Cox & Wheatcroft v. Hickman*; *Pooley v. Driver*; *AE LePage v. Kamex*; *Volzke Construction Ltd. v. Westlock*; *Lansing v. Ierullo*; *Backman v. Canada*; *McCormick v. Fasken LLP*; *Re Thorne*

Relationship Between Partners; Relationship Between Partners and Third Parties

- Chapter 2, Sections V-VI (pgs 93-100)
 - Cases: *McKnight v. Hutchinson*, *Ernst & Young v. Falconi*, *Strother*

Limited Partnership, Limited Liability Partnership, and Joint Ventures

- Chapter 2, Sections VII-X (pgs. 101-125)
 - Cases: *Haughton Graphic v. Zivot*; *Nordile v. Breckenridge*; *Woronuk v. Woronuk*

The Corporate Form: Separate Legal Personality and Limited Liability

- Chapter 3, Section IV (pgs. 149-176)
 - Cases: *Salomon v. Salomon & Co.*; *Lee v. Lee's Air Farming*

The Process of Incorporation

- Chapter 3, Section III (pgs. 144-149)

Piercing the Corporate Veil

- Notes on Piercing the Corporate Veil, posted on CANVAS

- Chapter 3, Section V (pgs. 177-184) *Only read: Mohamed F. Khimji & Christopher C. Nicholls, “Piercing the Corporate Veil in the Canadian Common Law Courts: An Empirical Study”

Financial Statements and Auditors

- Chapter 1, Section IV (pgs. 33-43)
- Chapter 11, Section XV (pgs. 734-747)
 - Cases (posted on Canvas): *Deloitte And Touche v Livent Inc; Hercules Managements Ltd. v. Ernst & Young*

Capitalization of the Corporation

- Chapter 6
 - Cases: *Sparling v. Québec; Stokes v. Continental Trust Co.; Bower Canadian Ltd. v. RL Crain Inc.; International Power Co. v. McMaster University / In re Puerto Rico Power Co.*

Directors and Officers

- Chapter 11, Sections I-VI, XV-XVI (pgs. 674-684, 687-701, 707-711, 730-747)
 - Cases: *Peoples Department Stores Inc. (Trustee of) v. Wise; BCE Inc. v. 1976 Debentureholders*
 - *Not Required: *Nielsen (Estate of) v. Epton; Aurum, LLC v. Calais Resources Inc.*

Shareholder Voting Rights

- Chapter 12, Sections I-IV (pgs. 753-779)
 - Cases: *Automatic Self-Cleansing v. Cunninghame; Jacobsen v. United Canso; McClurg v. Canada*

Shareholder Meetings

- Chapter 12, Sections V-VII, IX, X (pgs. 779-787, 796-798, 803-812, 827-833)
 - Cases: *Blair v. Consolidated Enfield Corp; Re Varsity Corp and Jesuit Fathers of Upper Canada*

*Not Required: Sections VI.D-F; *Genesis Corp v. Smoothwater Capital Corp.*, Sections IX.E-H.

Fiduciary Duties

- Chapter 13, Sections III, IV (pgs. 846-851, 855-884, 888-889)
- *Not Required: Section IV.A.1 (Standard of Care Prior to Codification); IV.A.2.a (Income Tax Act Cases); IV.B.1.d (Ontario and Quebec Securities Regulation Requirements in the Context of Particular Conflict of Interest Transactions), IV.B.3.a (Proper Purpose)

Closely Held Corporations

- Chapter 11, Sections VIII-XIII (pgs. 711-724)

Stakeholder Remedies

- Notes on Stakeholder Remedies, posted on CANVAS
- *Rea v. Wildeboer, Hercules Managements Ltd. v Ernst & Young* (posted on Canvas)

Mergers and Acquisitions

- Chapter 15, Sections II-IV, V (A, C, E) (pgs.1002-1046, 1052-1066, 1082-1102)
 - Cases: *Teck Corporation Ltd v Millar, CW Shareholdings Inc. v. WIC Western International Communications Ltd* (posted on CANVAS); *Maple Leaf Foods Inc v Schneider Corp, BCE Inc v 1976 Debentureholders* (Ch. 14, pp 954-966)

University Policies

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on [the UBC Senate website.](#)