Corporations

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Corporations

A Contemporary Approach

Cases and Materials for a Course in Corporate Law

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Carolina Academic Press
Durham, North Carolina
For Dalia
—L.E.M.

To all the loved ones, those here and those gone, who have provided love, inspiration, and support.
—M.D.
# Contents

Table of Primary Cases xiii
Introduction xvii

**Chapter One  The Nature and Purpose of the Corporation**

Introduction 3

Section 1: The Nature of the Corporation 4
   Trustees of Dartmouth College v. Woodward 5
   Delaware General Corporation Law Section 394.
   Reserved power of State to amend or
   repeal chapter; chapter part of corporation’s
   charter or certificate of incorporation. 15

Section 2: The Purpose of the Corporation 16
   Dodge v. Ford Motor Co. 16
   Dalia Tsuk, Corporations Without Labor: 23
   The Politics of Progressive Corporate Law
   A. P. Smith Mfg. Co. v. Barlow 25
   The American Law Institute Principles of Corporate Governance:
   Analysis and Recommendations 30

Section 3: Who Counts Within the Corporation? 32
   Steinway v. Steinway & Sons 32
   Simons v. Cogan 35
   Jedwab v. MGM Grand Hotels, Inc. 38
   Connecticut General Statutes Annotated 41
   New York Business Corporations Law 42
   Shareholder Valuism: The New Business “Ethic” 43

Section 4: The Role of the Corporation in Public Life 45
   Poletown Neighborhood Council v. City of Detroit 46
   Charter Township of Ypsilanti v. General Motors Corporation 47
   John Doe I v. Unocal Corporation 53

Section 5: The Legal Structure of the Corporation 70

Section 6: A Global Perspective 73
   William W. Bratton and Joseph A. McCahery, Comparative
   Corporate Governance and the Theory of the Firm:
   The Case Against Global Cross Reference 74

**Chapter 2  The Duties of Directors and Officers** 77

Introduction 77

Section 1: The Authority of the Board 78
   People ex rel. Manice v. Powell et al. 81
Grimes v. Donald  
Section 2: Derivative Litigation  
A. The Distinction Between Derivative and Direct Actions  
   Eisenberg v. The Flying Tiger Line, Inc.  
   Grimes v. Donald  
B. Security for Expenses  
   Baker v. MacFadden Publications, Inc.  
C. Demand on the Board  
   Grimes v. Donald  
The Fiduciary Duties of Directors and Officers  
Section 3: The Duty of Care  
   Kamin v. American Express Company  
   Joy v. North  
   Cede & Co. v. Technicolor, Inc.  
   In re The Walt Disney Company Derivative Litigation  
   Francis v. United Jersey Bank  
   Senn v. Northwest Underwriters Inc.  
   In re Caremark International Inc. Derivative Litigation  
Section 4: The Duty of Loyalty  
A. Self-Dealing Transactions  
   Meinhard v. Salmon  
   Bayer v. Beran  
   Marciano v. Nakash  
   Cooke v. Oolie  
Section 5: Fairness  
A. Fair Price: A Matter of Value – A Primer on Financial Valuation  
Section 6: Not for Profits  
   Croton River Club, Inc. v. Half Moon Bay Homeowners Association, Inc.  
Section 7: Corporate Opportunity  
   Broz v. Cellular Information Systems, Inc.  
   Energy Resources Corporation, Inc. v. Porter  
   In re eBay, Inc. Shareholders Litigation  
Section 8: Compensation and Waste  
   Lewis v. Vogelstein  
   Sanders v. Wang  
Section 9: Demand Refusal and Special Committees in Derivative Litigation  
A. Demand Refusal  
   Marx v. Akers  
B. Special Committees  
   Auerbach v. Bennett  
   Zapata Corporation v. Maldonado  
Section 10: The Sarbanes-Oxley Act of 2002  
Section 11: Disclosure  
   In re Wheelabrator Technologies, Inc. Shareholders Litigation  
Section 12: Indemnification  
   Waltuch v. Conticommodity Services, Inc.  
   Citadel Holding Corporation v. Roven
Chapter 3  Closely Held Corporations and Related Matters  283
Section 1: Preliminary Matters  285
  A. A Catalog of Business Forms  285
     1. Elements of Choice  285
     2. The Forms of Doing Business  287
        a. Sole Proprietorship  287
        b. Partnership  288
        c. Limited Partnerships  289
        d. Limited Liability Companies  291
        e. Limited Liability Partnerships and Limited Liability
           Limited Partnerships  291
  B. Agency  291
     1. Types of Agency Authority  292
        a. Actual Authority  292
        b. Apparent Authority  292
        c. Inherent Authority  293
           Watteau v. Fenwick  294
     2. Scope of Authority  296
        Clover v. Snowbird Ski Resort  297
Section 2: The Process of Incorporating  300
  A. Promoters, Pre-Incorporation Agreements and Promoter Liability  301
     Coopers & Lybrand v. Fox  302
  B. Choosing the State of Incorporation  304
  C. Defective Incorporation  305
     Cranson v. International Business Machines Corp.  306
Section 3: Disregard of Corporate Identity  308
  Walkovsky v. Carlton  308
  Kinney Shoe Corporation v. Polan  314
  A. Notes on Related Concepts  320
     1. Parent/Subsidiary  320
     2. Reverse Piercing  321
        Sea-Land Services, Inc. v. The Pepper Source  322
Section 4: The Position of Minority
  Shareholders in Closely Held Corporations  327
  A. Shareholder Voting and Control  328
  B. Agreements Among Shareholders  329
     1. Proxies  330
     2. Voting Trusts  331
     3. Shareholders Agreements  332
        Ringling Bros.-Barnum & Bailey
        Combined Shows, Inc. v. Ringling  333
        Lehrman v. Cohen  339
        Oceanic Exploration Co. v. Grynberg  346
        Ramos v. Estrada  353
        Rosiny v. Schmidt  358
  C. Shareholders’ Ability to Bind Directors  369
     McQuade v. Stoneham  370
     Clark v. Dodge  375
     Galler v. Galler  378
D. Fiduciary Duties of Shareholders in Closely Held Corporations 386
   Donahue v. Rodd Electrotype Company of New England, Inc. 387
   Wilkes v. Springside Nursing Home, Inc. 396
   Sugarman v. Sugarman 402
   Zidell v. Zidell, Inc. 407
   Ingle v. Glamore Motor Sales, Inc. 410
   Smith v. Atlantic Properties, Inc. 417
E. Remedies for Oppression 421
   Matter of Kemp & Beatley, Inc. 422
   Alaska Plastics, Inc. v. Coppock 427
   In the Matter of the Voluntary Dissolution of Radom & Neidorff, Inc. 432
   In the matter of June Wollman v. Marilyn Littman 435
F. Other Shareholder Cases 436
   Sinclair Oil Corporation v. Levien 437
   Anadarko Petroleum Corporation v. Panhandle Eastern Corporation 441
   Zahn v. TransAmerica Corp. 447
   Perlman v. Feldmann 451
   Weinberger v. UOP, Inc. 455

Chapter 4 Basic Issues in Securities Regulation 465
   Section 1: The Regulation of Transactions in Securities 465
      A. Registration of Newly Issued Securities Under the Securities Act of 1933 466
      B. The Meaning of “Security” 466
         Great Lakes Chemical Corp. v. Monsanto Co. 467
         Koch v. Hankins 480
      C. The Registration Requirement 487
         Securities and Exchange Commission v. Ralston Purina Co. 488
   Section 2: Antifraud Provisions of the Securities Acts 493
      A. Historical Antecedents 493
         Goodwin v. Agassiz 494
         1. Underpinnings of the Modern Rule 497
            In the Matter of Cady, Roberts & Co. 498
            SEC v. Texas Gulf Sulphur 504
         2. Limitations on the Applicability of $10(b) 515
            Santa Fe Industries, Inc. v. Green 515
            Basic Inc. v. Levinson 521
         3. Theoretical Expansion of the Concept of “Insider” 532
            a. Duty to disclose 532
               Chiarella v. United States. 532
            b. Tippees 537
               Dirks v. SEC 537
               Moss v. Morgan Stanley Inc. 545
               United States v. Chestman 553
               United States v. O’Hagan 561
Section 3: Short Swing Profits

Smolowe v. Delendo Corp. 568
Reliance Electric Co. v. Emerson Electric Co. 570
Kern County Land Co. v. Occidental Petroleum Corp. 573
Foremost-McKesson, Inc. v. Provident Securities Company 585
Chemical Fund v. Xerox Corp. 591

Chapter 5  The Corporation in Modern Society 595

Section 1: Protection of Shareholder Voting Participation 595
A. The Solicitation Process 596
B. Proxy Fight Expenses 597
Rosenfeld v. Fairchild Engine and Airplane Corp. 597
C. Shareholder Rights to Make Proposals for Shareholder Action 607
1. Shareholder Proposals 607
Medical Committee for Human Rights v. SEC 609
New York City Employees’ Retirement System v. Dole Food Co. 618
D. Shareholder Right to Inspect 626
Delaware Code Annotated 627
McKinney’s Consolidated Laws of New York Annotated 627
State Ex. Rel. Pillsbury v. Honeywell, Inc. 630
Parsons v. Jefferson-Pilot Corp. 633
D. False or Misleading Proxy Materials 637
Mills v. Electric Auto-Lite Co. 638
Virginia Bankshares, Inc. v. Sandberg 642

Section 2: Protection of Constituencies 650
Other Than Shareholders 651
A. Historical Antecedents 652
A.P. Smith Mfg. Co. v. Barlow 652
B. Other Constituencies 652
New York 653
Pennsylvania 653
C. Plant Closings 655
Local 1330 United Steel Workers of America v. United States Steel Corp. 656
Shapiro Bros. Shoe Co., Inc. v. Lewiston-Auburn Shoeworkers Protective Ass’n, Inc. 666

Section 3: The Corporation as Political Actor 669
A. Political Contributions and Expenditures 671
First National Bank of Boston v. Bellotti 671
Austin v. Michigan State Chamber of Commerce 679
B. Limitations Based on Government Grant 685
Reagan v. Taxation With Representation 685
C. The Blurring of the Public/Private Distinction 688
Marsh v. Alabama 689
Lloyd Corporation, Ltd v. Tanner 695
New Jersey Coalition Against War in the Middle East v. J. M. B. Realty Corporation 704
Chapter Six  Fundamental Transactions  717
Section 1: Sales of Assets  717
   Katz v. Bregman  719
Section 2: Mergers  721
   A. Some Historical Background  721
   B. Mergers  723
      Farris v. Glen Alden Corporation  725
      Hariton v. Arco Electronics, Inc.  730
Section 3: Parent-Subsidiary Mergers  732
   A. The Remedy  732
      Weinberger v. UOP, Inc.  732
      Cede & Co. v. Technicolor  734
   B. Weinberger’s Reach  737
      Rabkin v. Hunt Chemical Corporation  737
      In re Siliconix Incorporated Shareholders Litigation  742
      Glassman v. Unocal Exploration Corp.  749
      Coggins v. New England Patriots Football Club, Inc.  751
      Leader v. Hycor, Inc.  757
      Ace Ltd. v. Capital Re Corp.  762
Section 3: Tender Offers  774
   Unocal Corporation v. Mesa Petroleum Co.  775
   Moran v. Household International, Inc.  786
   Revlon, Inc. v. MacAndrews & Forbes Holdings, Inc.  792
   Paramount Communications, Inc. v. Time Incorporated  801
   Paramount Communications Inc. v. QVC Network Inc.  814
   Unitrin, Inc. v. American General Corp.  834
   Omnicare, Inc. v. NCS Healthcare, Inc.  852
   NY Bus. Corp. Law §912  873

Index  879
# Table of Primary Cases

<table>
<thead>
<tr>
<th>Case Name</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. P. Smith Mfg. Co. v. Barlow</td>
<td>25, 652</td>
</tr>
<tr>
<td>Ace Ltd. v. Capital Re Corp.,</td>
<td>762</td>
</tr>
<tr>
<td>Alaska Plastics, Inc. v. Coppock</td>
<td>427</td>
</tr>
<tr>
<td>Anadarko Petroleum Corporation v. Panhandle Eastern Corporation</td>
<td>441</td>
</tr>
<tr>
<td>Auerbach v. Bennett</td>
<td>239</td>
</tr>
<tr>
<td>Austin v. Michigan State Chamber of Commerce</td>
<td>679</td>
</tr>
<tr>
<td>Baker v. MacFadden Publications, Inc.</td>
<td>91</td>
</tr>
<tr>
<td>Basic Inc. v. Levinson</td>
<td>521</td>
</tr>
<tr>
<td>Bayer v. Beran</td>
<td>162</td>
</tr>
<tr>
<td>Broz v. Cellular Information Systems, Inc.</td>
<td>194</td>
</tr>
<tr>
<td>Cede &amp; Co. v. Technicolor, Inc.</td>
<td>108, 734</td>
</tr>
<tr>
<td>Charter Township of Ypsilanti v. General Motors Corporation</td>
<td>47</td>
</tr>
<tr>
<td>Chemical Fund v. Xerox Corp.</td>
<td>591</td>
</tr>
<tr>
<td>Chiarella v. United States,</td>
<td>532</td>
</tr>
<tr>
<td>Citadel Holding Corporation v. Rozen</td>
<td>277</td>
</tr>
<tr>
<td>Clark v. Dodge</td>
<td>375</td>
</tr>
<tr>
<td>Clover v. Snowbird Ski Resort</td>
<td>297</td>
</tr>
<tr>
<td>Coggins v. New England Patriots Football Club, Inc.</td>
<td>751</td>
</tr>
<tr>
<td>Cooke v. Oolie</td>
<td>176</td>
</tr>
<tr>
<td>Coopers &amp; Lybrand v. Fox</td>
<td>302</td>
</tr>
<tr>
<td>Cranson v. International Business Machines Corp.,</td>
<td>306</td>
</tr>
<tr>
<td>Croton River Club, Inc. v. Half Moon Bay Homeowners Association, Inc.</td>
<td>190</td>
</tr>
<tr>
<td>Delaware Code Annotated</td>
<td>627</td>
</tr>
<tr>
<td>Dirks v. SEC</td>
<td>537</td>
</tr>
<tr>
<td>Dodge v. Ford Motor Co.,</td>
<td>16</td>
</tr>
<tr>
<td>Donahue v. Rodd Electrotype Company of New England, Inc.</td>
<td>387</td>
</tr>
<tr>
<td>Eisenberg v. The Flying Tiger Line, Inc.</td>
<td>86</td>
</tr>
<tr>
<td>Energy Resources Corporation, Inc. v. Porter</td>
<td>203</td>
</tr>
<tr>
<td>Farris v. Glen Alden Corporation</td>
<td>725</td>
</tr>
<tr>
<td>First National Bank of Boston v. Bellotti</td>
<td>671</td>
</tr>
<tr>
<td>Foremost-McKesson, Inc. v. Provident Securities Company</td>
<td>585</td>
</tr>
<tr>
<td>Francis v. United Jersey Bank</td>
<td>130</td>
</tr>
<tr>
<td>Galler v. Galler</td>
<td>378</td>
</tr>
<tr>
<td>Glassman v. Unocal Exploration Corp.</td>
<td>749</td>
</tr>
<tr>
<td>Goodwin v. Agassiz</td>
<td>494</td>
</tr>
<tr>
<td>Great Lakes Chemical Corp. v. Monsanto Co.</td>
<td>467</td>
</tr>
<tr>
<td>Grimes v. Donald</td>
<td>83, 90, 94</td>
</tr>
<tr>
<td>Hariton v. Arco Electronics, Inc.</td>
<td>730</td>
</tr>
<tr>
<td>In re eBay, Inc. Shareholders Litigation</td>
<td>206</td>
</tr>
<tr>
<td>In re Siliconix Incorporated Shareholders Litigation</td>
<td>742</td>
</tr>
<tr>
<td>In re Wheelabrator Technologies, Inc. Shareholders Litigation</td>
<td>257</td>
</tr>
<tr>
<td>In the Matter of Cady, Roberts &amp; Co.</td>
<td>498</td>
</tr>
<tr>
<td>In the matter of June Wollman v. Marilyn Littman</td>
<td>435</td>
</tr>
<tr>
<td>In the Matter of the Voluntary Dissolution of Radom &amp; Neidoff, Inc.</td>
<td>432</td>
</tr>
<tr>
<td>Ingle v. Glamore Motor Sales, Inc.</td>
<td>410</td>
</tr>
<tr>
<td>Jedwab v. MGM Grand Hotels, Inc.</td>
<td>38</td>
</tr>
<tr>
<td>John Doe I v. Unocal Corporation</td>
<td>53</td>
</tr>
<tr>
<td>Joy v. North</td>
<td>104</td>
</tr>
<tr>
<td>Case Title</td>
<td>Page</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Kamin v. American Express Company,</td>
<td>99</td>
</tr>
<tr>
<td>Katz v. Bregman, 719</td>
<td></td>
</tr>
<tr>
<td>Kern County Land Co. v. Occidental Petroleum Corp., 579</td>
<td></td>
</tr>
<tr>
<td>Kinney Shoe Corporation v. Polan, 314</td>
<td></td>
</tr>
<tr>
<td>Koch v. Hankins, 480</td>
<td></td>
</tr>
<tr>
<td>Leader v. Hycor, Inc., 757</td>
<td></td>
</tr>
<tr>
<td>Lehrman v. Cohen, 339</td>
<td></td>
</tr>
<tr>
<td>Lewis v. Vogelstein, 210</td>
<td></td>
</tr>
<tr>
<td>Lloyd Corporation, Ltd v. Tanner, 695</td>
<td></td>
</tr>
<tr>
<td>Local 1330 United Steel Workers of America v. United States Steel Corp., 656</td>
<td></td>
</tr>
<tr>
<td>Marciano v. Nakash, 170</td>
<td></td>
</tr>
<tr>
<td>Marsh v. Alabama, 689</td>
<td></td>
</tr>
<tr>
<td>Marx v. Akers, 232</td>
<td></td>
</tr>
<tr>
<td>Matter of Kemp &amp; Beatley, Inc., 422</td>
<td></td>
</tr>
<tr>
<td>McQuade v. Stoneham, 370</td>
<td></td>
</tr>
<tr>
<td>Medical Committee for Human Rights v. SEC, 609</td>
<td></td>
</tr>
<tr>
<td>Meinhard v. Salmon, 156</td>
<td></td>
</tr>
<tr>
<td>Mills v. Electric Auto-Lite Co., 638</td>
<td></td>
</tr>
<tr>
<td>Moran v. Household International, Inc., 786</td>
<td></td>
</tr>
<tr>
<td>Moss v. Morgan Stanley Inc., 545</td>
<td></td>
</tr>
<tr>
<td>New Jersey Coalition Against War in the Middle East v. J. M. B. Realty Corp., 704</td>
<td></td>
</tr>
<tr>
<td>New York City Employees' Retirement System v. Dole Food Co., 618</td>
<td></td>
</tr>
<tr>
<td>Oceanic Exploration Co. v. Grynberg, 346</td>
<td></td>
</tr>
<tr>
<td>Omnicare, Inc. v. NCS Healthcare, Inc., 852</td>
<td></td>
</tr>
<tr>
<td>Panhandle Eastern Corporation, 441</td>
<td></td>
</tr>
<tr>
<td>Paramount Communications Inc. v. QVC Network Inc., 814</td>
<td></td>
</tr>
<tr>
<td>Paramount Communications, Inc. v. Time Incorporated, 801</td>
<td></td>
</tr>
<tr>
<td>Parsons v. Jefferson-Pilot Corp., 633</td>
<td></td>
</tr>
<tr>
<td>People ex rel. Manice v. Powell et al., 81</td>
<td></td>
</tr>
<tr>
<td>Perlman v. Feldmann, 451</td>
<td></td>
</tr>
<tr>
<td>Poletown Neighborhood Council v. City of Detroit, 46</td>
<td></td>
</tr>
<tr>
<td>Protective Ass'n, Inc., 666</td>
<td></td>
</tr>
<tr>
<td>Rabkin v. Hunt Chemical Corporation, 737</td>
<td></td>
</tr>
<tr>
<td>Ramos v. Estrada, 353</td>
<td></td>
</tr>
<tr>
<td>Reagan v. Taxation With Representation, 685</td>
<td></td>
</tr>
<tr>
<td>Reliance Electric Co. v. Emerson Electric Co., 573</td>
<td></td>
</tr>
<tr>
<td>Revlon, Inc. v. MacAndrews &amp; Forbes Holdings, Inc., 792</td>
<td></td>
</tr>
<tr>
<td>Ringling Bros.-Barnum &amp; Bailey Combined Shows, Inc. v. Ringling, 333</td>
<td></td>
</tr>
<tr>
<td>Rosenfeld v. Fairchild Engine and Airplane Corp., 597</td>
<td></td>
</tr>
<tr>
<td>Rosiny v. Schmidt, 358</td>
<td></td>
</tr>
<tr>
<td>Sanders v. Wang, 221</td>
<td></td>
</tr>
<tr>
<td>Santa Fe Industries, Inc. v. Green, 515</td>
<td></td>
</tr>
<tr>
<td>Sea-Land Services, Inc. v. The Pepper Source, 322</td>
<td></td>
</tr>
<tr>
<td>SEC v. Texas Gulf Sulphur, 504</td>
<td></td>
</tr>
<tr>
<td>Securities and Exchange Commission v. Ralston Purina Co., 488</td>
<td></td>
</tr>
<tr>
<td>Senn v. Northwest Underwriters Inc., 140</td>
<td></td>
</tr>
<tr>
<td>Shapiro Bros. Shoe Co., Inc. v. Lewiston-Auburn Shoeworkers Protective Ass'n, Inc., 666</td>
<td></td>
</tr>
<tr>
<td>Simons v. Cogan, 35</td>
<td></td>
</tr>
<tr>
<td>Sinclair Oil Corporation v. Levien, 437</td>
<td></td>
</tr>
<tr>
<td>Smith v. Atlantic Properties, Inc., 417</td>
<td></td>
</tr>
<tr>
<td>Smolowe v. Delendo Corp., 570</td>
<td></td>
</tr>
<tr>
<td>State Ex. Rel. Pillsbury v. Honeywell, Inc., 630</td>
<td></td>
</tr>
<tr>
<td>Steinway v. Steinway &amp; Sons, 32</td>
<td></td>
</tr>
<tr>
<td>Sugarman v. Sugarman, 402</td>
<td></td>
</tr>
<tr>
<td>Trustees of Dartmouth College v. Woodward, 5</td>
<td></td>
</tr>
<tr>
<td>United States v. Chestman, 553</td>
<td></td>
</tr>
<tr>
<td>United States v. O'Hagan, 561</td>
<td></td>
</tr>
<tr>
<td>Unitrin, Inc. v. American General Corp., 834</td>
<td></td>
</tr>
<tr>
<td>Unocal Corporation v. Mesa Petroleum Co., 775</td>
<td></td>
</tr>
<tr>
<td>Virginia Bankshares, Inc. v. Sandberg, 642</td>
<td></td>
</tr>
<tr>
<td>Walkovsky v. Carlton, 308</td>
<td></td>
</tr>
<tr>
<td>Waltuch v. Conticommodity Services, Inc., 267</td>
<td></td>
</tr>
<tr>
<td>Watteau v. Fenwick, 294</td>
<td></td>
</tr>
<tr>
<td>Weinberger v. UOP, Inc., 455, 732</td>
<td></td>
</tr>
<tr>
<td>Wilkes v. Springside Nursing Home, Inc., 396</td>
<td></td>
</tr>
<tr>
<td>Case</td>
<td>Page</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Zahn v. TransAmerica Corp.</td>
<td>447</td>
</tr>
<tr>
<td>Zapata Corporation v. Maldonado</td>
<td>245</td>
</tr>
<tr>
<td>Zidell v. Zidell, Inc.</td>
<td>407</td>
</tr>
</tbody>
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Introduction

Why another casebook on corporate law? The field abounds with good choices. We have undertaken this project because we think that despite the existence of excellent casebooks on the market, no one of them completely addresses issues we believe corporate law students need to think through in order to be equipped both to serve as corporate lawyers and to be educated as lawyer citizens in the twenty-first century. In one respect, our casebook is traditional: we address the same topics and use many of the leading cases found in other books. In another, we believe that our approach is entirely original. It is that aspect of our project that has led us to produce this book.

We believe that the study of corporate law apart from the consideration of issues raised by the nature of the corporation and its purpose in society provides an incomplete education in the subject. All contemporary casebooks treat the corporation as an economic institution, and ours is no exception. As a doctrinal matter, corporations serve as the most powerful and prominent vehicle for the conduct of business in America and indeed the world. As a theoretical matter, corporate law has, over the course of its history in this country, developed to serve this function very well. We, like others, present these doctrinal and theoretical views, both through the cases and in the materials following them. We, like others, address issues of practical lawyering throughout the book.

But it’s not enough to say that doctrine and economics answer all of the important questions about the modern business corporation. In fact they frequently fail to raise some of the most important questions. For all of its vitality as an economic institution, the corporation is a social and political institution as well. It’s peculiar legal characteristics, its role in public life, and its dominating power in the world economy require the modern corporate lawyer to understand the special roles of the entity she is serving. To this end, we have the range of social science insights that normally accompany the study of corporate law doctrine, from economics alone to sociology, psychology, political and moral philosophy, and history. We have done so not only through our essays and questions throughout the book but also, as in the case of Chapter One, in the very construction of the book itself. We hope that through our approach to the study of corporate law, the questions of role, purpose, and responsibility, questions of public entity versus private property, questions of shareholders versus stakeholders, all undergird the doctrinal materials and make for a richer course that situates the modern American business corporation in the world more realistically than does a more traditional limited focus on the internal workings of the enterprise. We have done this, we believe, in a format that will be comfortable for and familiar to seasoned teachers of corporate law, including teachers who focus on traditional paradigms, stimulating to new teachers, and, most important, enriching for students in the course.
While we have our own well-known views on these questions, we have tried to present this material with as light and subtle a touch as we can. It is not our intention to be heavy-handed or to attempt to indoctrinate students into our way of thinking. It is, instead, simply our belief that no student should finish her study of corporations without thinking about the questions and problems we raise. The conclusions that you reach will be your own, informed by the material we present.

It is in that spirit—the spirit of broad intellectual engagement—that we present this book. We hope you enjoy it and welcome your comments for our consideration in future editions. We want to thank Adam Winkler for his early comments on Chapter One, and Larry Cunningham (Mitchell’s casebook coauthor in Corporate Finance) for work in that book on mergers that has helped inform our approach to the subject. Although you should feel free to direct any comments to either of us, generally comments on Chapters 1, 2 and 6 should be directed to Mitchell, and Chapters 3, 4, and 5 to Diamond.

Note to Teachers

You will, as we mentioned, find the classic cases in our book, as well as other cases that we believe enhance our thematic and methodological approach. One area we have not addressed in very much depth is agency and partnership, topics that in recent years have formed the opening sections of most corporations casebooks. We do discuss these materials where we think they are helpful to an understanding of corporate law, but we do not present them in a way that permits their in-depth teaching. We feel comfortable in this decision both because we believe that there is so much material to cover in corporate law itself that we did not want to detract from the principal focus of the book or its themes, and also because we know that several excellent paperback casebooks covering only agency and partnership law are available for those teachers who choose to explore these materials in detail and would otherwise be inclined to use our book.

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