

# BUSINESS LAW

## Introduction to law

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BME  
Gazdaság- és  
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# Syllabus

Feb. 10	Introduction to law
Feb. 17	IP law I
Feb. 24	IP law II
Mar. 3	Company law I
Mar. 10	International conference (Technology transfer and investment law) organized by the department
Mar. 17	Company law II
Mar. 24	Company law III
Mar. 31	<b>Test I</b>
Apr. 7	(Essential) contract law
Apr. 14	Contract for the international sale of goods
Apr. 21	public holiday
Apr. 28	Other independent contracts, c. related to the mark. of goods
May 5	International contracts related to transport of goods
May 12	Financing international business transactions
May 19	<b>Test II</b>

# Requirements

- Two online Moodle tests from the slides and the materials (literature) indicated on the slides. 25 multiple choice questions, 25 minutes, each correct answer one point (2x25 p, max. 50 p, 25-31= grade 2, 32-37= 3, 38-42= 4, 43-50= 5), in the test you cannot go back to the previous question!
- You can make up only one test, so you have to write at least one during the term period. You can retake (correct) both tests, but the last result counts. Test make up and retake is during the retake week.
- Class participation and activity is not obligatory, but you can get additional scores (1 point for each attendance). You will have to sign an attendance list.
- If you have any question, please write to the following e-mail: [vig.zoltan@gtk.bme.hu](mailto:vig.zoltan@gtk.bme.hu), including the subject (Business law) name in the email subject line.

# Readings

At the beginning of each set of slides you will find reading materials for that lecture. If it says „not obligatory“, it means that it is enough to learn the slides for the exam, however, if it says „obligatory“, it means that you might have questions from that reading material at the test.

# Readings (obligatory)

Zoltan Vig: International Business Transactions, BME,  
Budapest, 2023, Chapter I






# Social norm, legal norm

- **norm**: behavioural standard that should be followed
- **social norm** – behavioural standards that prescribe what is correct and needs to be followed in the society >> there is public interest, however, it is not sanctioned by the state
- **legal norm** is a social norm enforced (sanctioned) by the state  
“If you earn money, you should pay tax. If you do not pay, you will be fined by the state”  
or let us see the practice:  
„You may not steal. If you steal, you will be sanctioned by the state.”



# Subjects of the law

- State 
- legal persons (e.g. company) 
- natural persons (human beings) 

# Legal acts, legal system, private and public law

**legal norms** are contained in **legal acts** (legislation or laws). The whole of legal acts in force of a sovereign state form its **legal system**. The legal system is divided into public and private law, and within these are different legal branches.

**public law** is part of law which governs issues related to the functioning of the state (legal and natural persons are always subordinated to the state)

- protection of the public interest

- the relationship between the state and other subjects is always asymmetric: natural (humans) and legal persons (e.g. companies) are subordinated to the state, because the **state represents the public interest**

- typical branches of public law are **constitutional law**, **administrative law**, **tax law** and **criminal law**

**private law** deals with relationships between natural and legal persons, and sometimes between natural and legal persons and the state (states can have private acts, like doing business through state companies), where the state is of equal rank with the former in front of the law and courts

- protection of the private interest

- **civil law**, **company law**, **international trade law**, etc.



	Substantive law	Procedural law
definition	Deals with those areas of law which establish the <b>rights and obligations</b> of individuals, what individuals may or may not do	Deals with and lays down the <b>ways and means by which substantive law can be enforced</b>
powers	Independent powers to decide the fate of a case	No independent powers
examples	Civil Code, Criminal Code, Labour Code	Code on Civil Procedure, Code on Criminal Procedure

# Validity, effectivity

**validity**: suitable to trigger a targeted legal effect

- it was created / adopted by a body empowered to legislate in respect of that


source (the Constitution defines + jurisdiction, power, competence)

- the law fits into the hierarchy of laws,
- the procedural rules governing the creation of that legislation have been respected in the course of the legislative procedure
- proper publication / promulgation of the law (official bulletin, gazette)

**effectivity** or **effectiveness**: indicates the applicability of the norm → scope

- material scope
- personal scope
- temporal scope
- territorial scope >>>>

# Effectivity or scope

1. **material scope**: what is covered by the norm (e.g. public transportation, education, trade) 

2. **personal scope**: who is covered



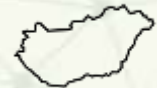
- generally: everybody
- however, it might have a specific scope: e.g. official person, traders

3. **temporal scope**: „from - to” applicable



- usually starts with its publication, if other not indicated
- ends with a new law in the same subject matter, or exceptionally, the law itself provides for its temporal scope

4. **territorial scope**: the territory on which it should be applied



- federal state (USA, Germany, Russia) (federal laws – state laws)
- unitary states (France, Hungary)
- municipalities - local decrees (applicable only on their territories)

# Sources (business) law

- constitution
- bi- and multilateral international treaties (conventions)
  - (i) public law character
  - (ii) mixed character
  - (iii) private law character
- national laws

**conflict of laws** rules (it is also called **private international law rules**). These rules will help the judge seized with the dispute to determine the substantive law of which country is to be applied in private law legal relationship (international sale contract for example) that involves a foreign person, property or right (foreign element), when the laws of different states would be applicable, and the parties did not agree on the applicable *substantive law*.

**These rules will also determine which court has *jurisdiction*.**

- decrees (and other lower (than laws) legal acts)

## Sources (of business law) that are formally not laws (not made by sovereign states or their institutions)

- (1) contract
- (2) international commercial customs
- (3) written usages
- (4) unique business practices between the contracting parties
- (5) practice (case law) of international commercial arbitration
- (6) lex mercatoria

# Two important sources of EU law

**regulation** - binding legislative act, must be applied in its entirety across the EU

**directive** - is a legislative act that sets out a goal that EU countries must achieve, however, it is up to the individual countries to devise their own laws on how to reach these goals



# Useful sources

Introduction to Law, Basic Concepts of Law

[http://kretschmer.cc/pdf/introduction\\_1.pdf](http://kretschmer.cc/pdf/introduction_1.pdf)

How laws are made in the UK

<https://www.youtube.com/watch?v=iM4CKYCrW7Y>

Separation of Powers explained

<https://www.youtube.com/watch?v=e1cN5KuB5so>

# Thank you!



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