

# COMPREHENSIVE LEGAL REFERENCE GUIDE

*Corporate, Employment, and Contract Law*

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# **1. EMPLOYMENT LAW**

## ***1.1 Wrongful Termination***

Under California Labor Code Section 2922, employment relationships are generally "at-will," meaning either party can terminate the relationship at any time. However, wrongful termination occurs when an employee is fired for reasons that violate public policy, including: • Filing workers' compensation claims • Reporting workplace safety violations (whistleblowing) • Refusing to commit illegal acts • Taking legally protected leave (FMLA, pregnancy leave) • Reporting discrimination or harassment Remedies for wrongful termination include reinstatement, back pay, front pay, and in some cases, punitive damages. The statute of limitations is typically 2-3 years depending on the specific claim.

## ***1.2 Wage and Hour Violations***

California Labor Code requires employers to pay minimum wage (\$16.00/hour as of 2024), provide meal and rest breaks, and pay overtime compensation: • Overtime: 1.5x regular rate for hours over 8 per day or 40 per week • Double time: 2x regular rate for hours over 12 per day or after 8 hours on 7th consecutive day • Meal breaks: 30 minutes for shifts over 5 hours, 1 hour penalty pay if denied • Rest breaks: 10 minutes per 4 hours worked, 1 hour penalty pay if denied Employers must provide accurate wage statements and pay all wages owed within 72 hours of termination.

## ***1.3 Workplace Discrimination***

The Fair Employment and Housing Act (FEHA) prohibits discrimination based on: • Race, color, national origin • Religion, creed • Sex, gender, gender identity, gender expression • Sexual orientation • Marital status, pregnancy • Age (40 and over) • Physical or mental disability • Medical condition • Military or veteran status Employees must file complaints with DFEH within 3 years. Remedies include damages, reinstatement, promotion, and attorney's fees.

## **2. CONTRACT LAW**

### **2.1 Contract Formation**

Valid contracts require four essential elements: 1. OFFER: Clear, definite proposal communicated to offeree 2. ACCEPTANCE: Unqualified agreement to terms (mirror image rule) 3. CONSIDERATION: Exchange of value (money, services, forbearance) 4. CAPACITY: Legal ability to enter contracts (age, mental competency) Contracts may be written, oral, or implied by conduct. Statute of Frauds requires written contracts for sales of goods over \$500, real estate transfers, and agreements that cannot be performed within one year.

### **2.2 Breach of Contract**

Material breach occurs when a party's failure to perform substantially defeats the purpose of the contract. Remedies include: • EXPECTATION DAMAGES: Put non-breaching party in position they would have been in • RELIANCE DAMAGES: Reimburse costs incurred in reliance on contract • RESTITUTION: Restore value conferred to prevent unjust enrichment • SPECIFIC PERFORMANCE: Court order to perform (available for unique goods/real estate) • LIQUIDATED DAMAGES: Pre-agreed reasonable estimate of damages Mitigation doctrine requires non-breaching party to minimize damages where reasonable.

### **2.3 Contract Defenses**

Common contract defenses include: • MISTAKE: Mutual mistake of material fact makes contract voidable • DURESS: Improper threat that overcomes free will • UNDUE INFLUENCE: Abuse of position of trust/authority • UNCONSCIONABILITY: Contract terms are unfairly one-sided • ILLEGALITY: Contract purpose or performance violates law • IMPOSSIBILITY/FRUSTRATION: Performance becomes impossible or purpose is frustrated Statute of limitations for contract claims is generally 4 years for written contracts, 2 years for oral contracts in California.

## **3. CORPORATE LAW**

### ***3.1 Business Entity Formation***

California offers several business entity types: • CORPORATION (C-Corp): Limited liability, double taxation, suitable for investors • S-CORPORATION: Pass-through taxation, restrictions on shareholders • LIMITED LIABILITY COMPANY (LLC): Flexible management, pass-through taxation • LIMITED PARTNERSHIP: General partners have unlimited liability, limited partners protected • SOLE PROPRIETORSHIP: No liability protection, simplest structure Formation requires filing appropriate documents with California Secretary of State and paying required fees. Corporations must adopt bylaws and issue stock certificates.

### ***3.2 Fiduciary Duties***

Directors and officers owe fiduciary duties to corporation and shareholders: • DUTY OF CARE: Make informed decisions, exercise reasonable business judgment • DUTY OF LOYALTY: Act in good faith, avoid conflicts of interest • BUSINESS JUDGMENT RULE: Protects directors who make informed, good faith decisions Breach of fiduciary duty can result in personal liability for damages, disgorgement of profits, and removal from office.

### ***3.3 Securities Law Compliance***

California Corporate Securities Law and federal securities laws regulate: • REGISTRATION: Securities offerings must be registered or qualify for exemption • DISCLOSURE: Material information must be disclosed to investors • ANTI-FRAUD: Prohibition on misrepresentations and omissions • INSIDER TRADING: Trading on material non-public information prohibited Violations can result in civil and criminal penalties, rescission rights, and SEC enforcement actions.

## **4. INTELLECTUAL PROPERTY LAW**

### ***4.1 Copyright Protection***

Copyright protects original works of authorship including: • Literary works (books, articles, software code) • Musical compositions and sound recordings • Dramatic works and choreography • Visual arts (paintings, photographs, sculptures) • Motion pictures and audiovisual works Protection arises automatically upon creation and fixation. Registration with Copyright Office provides enhanced remedies. Duration is generally life of author plus 70 years.

### ***4.2 Trademark Rights***

Trademarks protect distinctive marks used in commerce: • WORD MARKS: Company names, product names, slogans • DESIGN MARKS: Logos, symbols, distinctive packaging • SERVICE MARKS: Marks used to identify services Rights arise through use in commerce. Federal registration provides nationwide protection. Trademarks can last indefinitely with proper use and renewal.

### ***4.3 Trade Secret Protection***

Trade secrets include confidential business information that: • Derives economic value from secrecy • Is subject to reasonable efforts to maintain secrecy • Examples: formulas, processes, customer lists, business strategies California Uniform Trade Secrets Act provides remedies including injunctive relief, monetary damages, and attorney's fees for willful misappropriation.

## **5. PRIVACY AND DATA PROTECTION**

### ***5.1 California Consumer Privacy Act (CCPA)***

CCPA grants California consumers rights regarding personal information: • **RIGHT TO KNOW:** What personal information is collected and how it's used • **RIGHT TO DELETE:** Request deletion of personal information • **RIGHT TO OPT-OUT:** Opt out of sale of personal information • **RIGHT TO NON-DISCRIMINATION:** Equal service regardless of privacy rights exercise Applies to businesses with \$25M+ revenue, 50,000+ consumers, or 50%+ revenue from selling personal information. Penalties up to \$2,500 per violation (\$7,500 if intentional).

### ***5.2 GDPR Compliance***

General Data Protection Regulation applies to EU residents' data: • **LAWFUL BASIS:** Must have valid legal basis for processing • **DATA MINIMIZATION:** Collect only necessary information • **CONSENT:** Must be freely given, specific, informed • **BREACH NOTIFICATION:** Must notify within 72 hours • **DATA SUBJECT RIGHTS:** Access, rectification, erasure, portability Maximum fines: 4% of annual revenue or €20 million, whichever is higher.

## **6. LITIGATION PROCEDURES**

### ***6.1 Pre-Litigation Strategy***

Before filing lawsuit, consider: • **DEMAND LETTERS**: Formal notice of claim and opportunity to resolve • **ALTERNATIVE DISPUTE RESOLUTION**: Mediation, arbitration clauses • **STATUTE OF LIMITATIONS**: Time limits vary by claim type • **JURISDICTIONAL ISSUES**: Proper court and venue selection • **EVIDENCE PRESERVATION**: Litigation hold notices, document retention Cost-benefit analysis essential given litigation expenses and time commitment.

### ***6.2 Discovery Process***

California Code of Civil Procedure provides discovery tools: • **INTERROGATORIES**: Written questions (maximum 35) • **DOCUMENT REQUESTS**: Production of relevant documents • **DEPOSITIONS**: Sworn testimony under oath • **REQUESTS FOR ADMISSION**: Admissions of fact or genuineness • **EXPERT WITNESS DISCLOSURE**: Timely disclosure required Discovery must be proportional to case value and complexity. Sanctions available for abuse.

### ***6.3 Motion Practice***

Common motions in civil litigation: • **DEMURRER**: Challenges legal sufficiency of pleadings • **MOTION TO STRIKE**: Remove improper or irrelevant matter • **SUMMARY JUDGMENT**: No triable issues of material fact • **MOTION IN LIMINE**: Exclude evidence at trial • **MOTION FOR SANCTIONS**: Seek penalties for misconduct Meet and confer requirements often required before filing motions.

## **7. SETTLEMENT GUIDELINES**

### ***7.1 Settlement Valuation***

Factors in settlement valuation: • **ECONOMIC DAMAGES:** Lost wages, medical expenses, out-of-pocket costs • **NON-ECONOMIC DAMAGES:** Pain and suffering, emotional distress • **PUNITIVE DAMAGES:** Available in cases of malice, fraud, or oppression • **PROBABILITY OF SUCCESS:** Likelihood of favorable verdict • **LITIGATION COSTS:** Attorney's fees, expert witness fees, court costs • **TIME VALUE:** Present value of future damages Settlement often preferable to avoid litigation risks and costs.

### ***7.2 Settlement Agreement Terms***

Key provisions in settlement agreements: • **PAYMENT TERMS:** Amount, timing, method of payment • **RELEASE SCOPE:** Claims being released, parties covered • **CONFIDENTIALITY:** Non-disclosure of terms and facts • **NON-DISPARAGEMENT:** Prohibiting negative statements • **NON-ADMISSION:** Settlement not admission of liability • **ENFORCEMENT:** Jurisdiction, attorney's fees provision Agreements should be clear, comprehensive, and legally enforceable.