

Business Law, 7e (Cheeseman)

Chapter 2 Court Systems and Jurisdiction

1) General jurisdiction trial courts can be found in every state.

Answer: TRUE

Diff: 2

Topic: The State Court Systems

2) An inferior court is also known as a limited jurisdiction trial court.

Answer: TRUE

Diff: 1

Topic: The State Court Systems

3) In many situations, the parties in a small claims court cannot have a lawyer represent them.

Answer: TRUE

Diff: 2

Topic: The State Court Systems

4) An intermediate appellate court does not allow the introduction of new testimony or evidence.

Answer: TRUE

Diff: 1

Topic: The State Court Systems

5) Most states use specialized courts to handle commercial litigation.

Answer: FALSE

Diff: 2

Topic: The State Court Systems

6) General jurisdiction trial courts hear evidence and testimony.

Answer: TRUE

Diff: 1

Topic: The State Court Systems

7) Small claims courts are considered courts of record.

Answer: FALSE

Diff: 3

Topic: The State Court Systems

8) Decisions of state supreme courts can always be appealed to the U.S. Supreme Court.

Answer: FALSE

Diff: 2

Topic: The State Court Systems

9) In Delaware, the Chancery Court hears and decides business litigation.

Answer: TRUE

Diff: 2

Topic: The State Court Systems

10) The majority of states have a supreme court.

Answer: TRUE

Diff: 1

Topic: The State Court Systems

11) The U.S. courts of appeal were created by Congress rather than the U.S. Constitution.

Answer: TRUE

Diff: 2

Topic: The Federal Court System

12) The United States District Court is the general jurisdiction trial court in the federal system.

Answer: TRUE

Diff: 1

Topic: The Federal Court System

13) Each state has only one U.S. District Court.

Answer: FALSE

Diff: 1

Topic: The Federal Court System

14) In the U.S. Circuit Courts of Appeals, a review *en banc* is an appeal heard by a three-judge panel.

Answer: FALSE

Diff: 2

Topic: The Federal Court System

15) A majority decision of the U.S. Supreme Court that is not unanimous does not become precedent.

Answer: FALSE

Diff: 2

Topic: The Federal Court System

16) There is concurrent state and federal jurisdiction for diversity of citizenship cases so long as the minimum amount in controversy is met.

Answer: TRUE

Diff: 1

Topic: The Federal Court System

17) The Court of Appeals for the Federal Circuit was the thirteenth court of appeals that was created.

Answer: TRUE

Diff: 2

Topic: The Federal Court System

18) The Court of Appeals for the Federal Circuit may review the decisions made in the Patent and Trademark Office.

Answer: TRUE

Diff: 1

Topic: The Federal Court System

19) Appeals from the Court of International Trade are heard by the Court of Appeals for the Federal Circuit.

Answer: TRUE

Diff: 1

Topic: The Federal Court System

20) A federal question case brought in federal district court must meet the minimum dollar amount limit of \$75,000.

Answer: FALSE

Diff: 2

Topic: The Jurisdiction of the Courts

21) The concept of standing requires that the plaintiff have a stake in the outcome of the case that is filed.

Answer: TRUE

Diff: 1

Topic: Personal Jurisdiction

22) Where a long-arm statute is present, a defendant need not have minimum contact with a state for that state's courts to have jurisdiction over the defendant.

Answer: FALSE

Diff: 2

Topic: Personal Jurisdiction

23) A forum-selection clause forbids parties to a contract to designate and agree to the jurisdiction of a court that otherwise might not have personal jurisdiction.

Answer: FALSE

Diff: 2

Topic: Personal Jurisdiction

24) Courts generally frown upon *forum shopping*.

Answer: TRUE

Diff: 1

Topic: The Jurisdiction of the Courts

25) The following are examples of limited jurisdiction trial courts **except**:

- A) small claims court
- B) appellate court
- C) family law court
- D) traffic court
- E) probate court

Answer: B

Diff: 1

Topic: The State Court Systems

Skill: Legal Concepts

26) An inferior trial court is one that:

- A) can hear only matters involving relatively small dollar amounts
- B) has had a larger than normal portion of its decisions overturned on appeal
- C) has an appointed judge rather than an elected judge
- D) can only hear certain kinds of cases
- E) must have all of its decisions approved by a higher court before they become effective

Answer: D

Diff: 2

Topic: The State Court Systems

Skill: Legal Concepts

27) The United States Constitution states that the federal government's judicial power lies with the:

- A) state superior court
- B) intermediate appellate court
- C) small claims court
- D) inferior trial court
- E) supreme Court

Answer: E

Diff: 2

Topic: The State Court Systems

Skill: Legal Concepts

28) Which of the following statements is generally **not** true about state intermediate appellate courts?

- A) The appellate court reviews the record of the trial court.
- B) The appellate court usually allows the parties to file briefs outlining support for their positions.
- C) The appellate court allows the parties to make oral arguments outlining their position.
- D) The appellate court allows the parties to introduce new evidence so long as it was not previously introduced at the original trial.
- E) Appellate court decisions are final and further appeal is not possible.

Answer: D

Diff: 3

Topic: The State Court Systems

Skill: Legal Concepts

- 29) Which of the following is correct about litigating commercial disputes?
- A) Nearly all states have specialized trial courts that hear commercial disputes.
 - B) Commercial disputes, because of their specialized nature, are first heard at the appellate court level.
 - C) A few states have established specialized trial courts for commercial disputes.
 - D) Businesses generally dislike the concept of specialized trial courts for commercial disputes because the large numbers of consumers who sue businesses in these courts have led the judges to become generally biased against business.
 - E) In all states, commercial disputes must be heard in a limited-jurisdiction court.

Answer: C

Diff: 3

Topic: The State Court Systems

Skill: Legal Concepts

- 30) The general jurisdiction trial court in the federal system is called the:

- A) United States Trial Court
- B) United States Circuit Court
- C) United States General Court
- D) United States District Court
- E) Federal Chancery Court

Answer: D

Diff: 2

Topic: The Federal Court System

Skill: Legal Concepts

- 31) Which federal court or courts is directly established by the United States Constitution?

- A) The Supreme Court only
- B) Federal trial courts only
- C) The Supreme Court and federal trial courts
- D) The Supreme Court and federal courts of appeal
- E) The Supreme Court, federal courts of appeal, and federal trial courts

Answer: A

Diff: 2

Topic: The Federal Court System

Skill: Legal Concepts

- 32) How are judges for the federal courts selected?

- A) by nationwide election
- B) by election by the voters within the state where they preside
- C) by the President, subject to confirmation by the Senate
- D) by the Supreme Court justices
- E) by the sitting federal judges within the same circuit

Answer: C

Diff: 1

Topic: The Federal Court System

Skill: Legal Concepts

33) The U.S. claims court hears what kinds of cases?

- A) any case with claims involving more than one state
- B) civil cases where at least \$75,000 is in dispute
- C) cases against the United States
- D) cases where counterclaims have been filed
- E) cases involving disputes in the way an earlier case was decided

Answer: C

Diff: 2

Topic: The Federal Court System

Skill: Legal Concepts

34) Most federal circuits of the federal appellate court system are determined based on:

- A) geography
- B) the subject matter of the case being appealed
- C) whether the case is criminal or civil
- D) the amount in controversy in the appeal
- E) whether the appeals come from state or federal courts

Answer: A

Diff: 1

Topic: The Federal Court System

Skill: Legal Concepts

35) Which of the following is generally true about federal appellate court proceedings?

- A) The appeals can come only from a U.S. district court.
- B) New evidence can be introduced, so long as it relates to the evidence introduced in the original trial.
- C) Appeals are usually heard by a three-judge panel rather than by all the judges of the court.
- D) To avoid being improperly influenced by the lower court decision, the appellate court must make its own decision on the case without knowing the outcome in the original trial.

Answer: C

Diff: 2

Topic: The Federal Court System

Skill: Legal Concepts

36) Which of the following is correct with regard to the Court of Appeals for the Federal District?

- A) It hears appeals of all federal district court cases.
- B) It hears its cases in New York City.
- C) It includes three Supreme Court justices on its panel of judges.
- D) It hears appeals only from within the District of Columbia.
- E) It reviews decisions of the Patent and Trademark Office.

Answer: E

Diff: 2

Topic: The Federal Court System

Skill: Legal Concepts

37) What happens if the U.S. Supreme Court reaches a tie in a decision?

- A) The case will be reconsidered in the following year.
- B) The decision will be held in abeyance until one of the justices decides to change his or her mind.
- C) The case will be returned to the Circuit Court of Appeals to reconsider the case in light of the tie decision by the Supreme Court.
- D) The lower court decision in the case is overturned.
- E) The lower court decision in the case is affirmed.

Answer: E

Diff: 2

Topic: The Federal Court System

Skill: Legal Concepts

38) The consequence of a plurality decision is that:

- A) the decision of the Circuit Court of Appeals is affirmed
- B) the case is not decided and will be reheard at a later date
- C) the case is decided but is not precedent for later cases
- D) the case is decided and becomes precedent for later cases
- E) the case is not decided, but the applicable legal reasoning becomes precedent for later cases

Answer: C

Diff: 3

Topic: The Federal Court System

Skill: Legal Concepts

39) Which of the following is true with regard to the appellate process?

- A) Very important cases are usually initially tried in the U.S. Supreme Court.
- B) When a case is appealed, the appellate court usually holds a new trial.
- C) In the federal court system, there are usually two levels of appeal by right.
- D) The U.S. Supreme Court chooses to review only a small fraction of those cases that it is asked to review.
- E) The vote of only one justice is needed for the U.S. Supreme Court to hear a case.

Answer: D

Diff: 3

Topic: The Federal Court System

Skill: Legal Concepts

40) The power or authority of a court to hear a case is known as:

- A) *voir dire*
- B) appellate
- C) extradition
- D) forum-selection
- E) jurisdiction

Answer: E

Diff: 2

Topic: The Jurisdiction of the Courts

Skill: Legal Concepts

41) Which of the following kinds of jurisdiction would be necessary and sufficient for a court to hear a case?

- A) Subject matter **and** *in personem* **and** *in rem*.
- B) Subject matter **or** *in personem* **or** *in rem*.
- C) Subject matter **and either** *in personem* or *in rem*.
- D) *In rem* **and either** subject matter or *in personam*.

Answer: C

Diff: 3

Topic: The Jurisdiction of the Courts

Skill: Legal Concepts

42) The term for jurisdiction based on the location of a piece of property is:

- A) long-arm jurisdiction
- B) *in personam* jurisdiction
- C) *in rem* jurisdiction
- D) subject matter jurisdiction
- E) *de facto* jurisdiction

Answer: C

Diff: 2

Topic: The Jurisdiction of the Courts

Skill: Legal Concepts

43) What does it mean if a court has "*in personam* jurisdiction?"

- A) It means the court has the power to make and enforce a judgment against a particular person.
- B) It means a party has a personal stake in the outcome of a particular case.
- C) It means the court must meet special requirements in nonbusiness cases involving individuals.
- D) It means the case has been filed at the correct location with the state.
- E) It means the court has personal jurisdiction but not subject matter jurisdiction.

Answer: A

Diff: 2

Topic: The Jurisdiction of the Courts

Skill: Legal Concepts

44) How are long-arm statutes and forum-selection clauses similar?

- A) They both eliminate the necessity for a court to have subject matter jurisdiction.
- B) They both eliminate any requirement that there be a connection between a state and a party over whom that state is attempting to exercise jurisdiction.
- C) They both can be factors in determining whether or not a state has personal jurisdiction over a defendant.
- D) They both eliminate the need to meet venue requirements in a case.

Answer: C

Diff: 3

Topic: The Jurisdiction of the Courts

Skill: Legal Concepts

45) How is a forum-selection clause related to questions of personal jurisdiction?

- A) The two are not related at all.
- B) The forum-selection clause will be valid only if it names a jurisdiction that would have personal jurisdiction over the parties to the contract even in the absence of the forum-selection clause.
- C) Forum-selection clauses are attempts by some parties to contracts to take away jurisdictional rights from the other party, and are generally found to be invalid.
- D) A forum-selection clause will specify which courts have personal jurisdiction over the parties to the contract, and for disputes related to the particular contract, the forum-selection clause will control over the general jurisdiction rules.
- E) Forum-selection clauses are usually enacted by one party to select a jurisdiction most favorable to that party, thus they are effective only if, after a lawsuit has been filed, the defendant in the action agrees to jurisdiction as provided in the clause.

Answer: D

Diff: 3

Topic: The Jurisdiction of the Courts

Skill: Legal Concepts

46) A motion for a change of venue would typically be granted where:

- A) a court does not have personal jurisdiction over the plaintiff
- B) selection of an impartial jury is unlikely at the original venue location
- C) the party losing a case would like a retrial in another location
- D) the judge committed errors in a trial
- E) the plaintiff but not the defendant requests it

Answer: B

Diff: 3

Topic: The Jurisdiction of the Courts

Skill: Legal Concepts

47) Two friends, Mary and Dean, are hiking in the Colorado Mountains when a dog being walked by its owner, Wally, who is from Wyoming, bites Dean, causing injury. Mary wants Dean to sue Wally, but Dean does not want to incur the cost. Which of the following is true?

- A) Mary does not have standing to sue Wally, the owner of the dog.
- B) Mary will have standing only if she files the lawsuit in Wyoming.
- C) Whether Mary has standing depends on whether Mary files the suit in state or federal court.
- D) Mary has standing if Dean consents to Mary filing the suit.
- E) Mary's presence at the time of Dean's injury gives her standing to file suit.

Answer: A

Diff: 3

Topic: Personal Jurisdiction

Skill: Factual Application

48) Tammi Tenant was a university student in Ohio who rented a house from Loretta, who also lived in Ohio. Upon graduation, Tammi moved to Nebraska. Assuming that one party sued the other in connection with the lease after Tammi had moved to Nebraska, which of the following correctly describes the court(s) with jurisdiction over the defendant?

If Loretta sued, there would be

personal jurisdiction over Tammi in:

- A) Ohio only
- B) Nebraska only
- C) Nebraska or Ohio
- D) Nebraska or Ohio
- E) Nebraska or Ohio

Answer: E

Diff: 3

Topic: The Jurisdiction of the Courts

Skill: Factual Application

If Tammi sued, there would be

personal jurisdiction over Loretta in:

- Ohio only
- Ohio only
- Nebraska only
- Nebraska or Ohio
- Ohio only

49) Mike, an 80-year-old resident of North Dakota, has long wanted to experience driving in New York City during rush hour. He realizes his goal, but gets into an accident with a taxi driver who has never been outside of New York City. The accident causes \$24,000 in damage to Mike's Porsche Boxster. Mike wants to sue the taxi driver. Where can Mike file his lawsuit?

- A) In state or federal court in either North Dakota or New York.
- B) In state or federal court in New York only.
- C) Only in state court in New York.
- D) Only in federal court in New York.
- E) In federal court in either New York or New Jersey.

Answer: C

Diff: 3

Topic: The Jurisdiction of the Courts

Skill: Factual Application

50) The Double Diamond Dude Ranch is located in Montana and maintains a Web site on the Internet. Before the Internet, the ranch had relied exclusively on word-of-mouth advertising. The Web site simply provides some general information and lists the ranch's phone number for reservations, but reservations cannot be made online. The ranch has no other connections or presence outside of Montana. Bob lives in Ohio and learned of the ranch through its Web site. Bob then spent a week as a paying guest at the ranch, but was injured when he fell off a horse. Can Bob sue the dude ranch in an Ohio state court?

A) No, because the mere ability of an Ohio resident to view the ranch's Internet advertising does not amount to the minimum contacts necessary for personal jurisdiction over the ranch in Ohio.

B) No, because the minimum contacts standard simply cannot be met based on Internet activity.

C) No, because cases involving residents of two different states must be filed in federal, not state, court.

D) Yes, because Bob noticed the advertisement when he was in Ohio.

E) Yes, assuming that other Ohio residents had visited the ranch before Bob's visit.

Answer: A

Diff: 3

Topic: The Jurisdiction of the Courts

Skill: Factual Application

51) When the U.S. Constitution was written and established the Supreme Court, the population of the country was under 5 million. Today the population is more than 260 million. Because this means that there are far more lawsuits today than in the early days of our nation, the chances that the Supreme Court will accept a case is much smaller today than in the past. Should one or more additional "supreme" courts be established so that more cases are reviewed twice?

Answer: Even if several times as many cases could be accepted, it will nonetheless be a tiny fraction of the cases for which a petition for *certiorari* is filed. The Supreme Court has some ability to adjust the number of cases it hears by changing the number of judicial clerks that it hires to assist in researching and writing opinions.

Diff: 3

Skill: Ethics and Policy

52) Steve often purchases office supplies from Supplymax, a company with stores in many states, but none in Steve's home state of Missouri. Supplymax does, however, maintain a distribution center in Kansas City, Missouri. Supplymax does not advertise in Missouri except that it places a few advertisements in national magazines, some of which are sold in Missouri. Steve has an arrangement with its store in Chicago, and Steve will often contact the Chicago store and have it hold items for him to pick up when he is on one of his frequent business trips to Chicago. Last year, Steve purchased eight chairs from Supplymax to use with his conference table at his business. At a recent meeting with his local sales staff, one of the chairs collapsed, injuring Steve. Steve has sued Supplymax in state court in his hometown of St. Louis. Supplymax does not want to have this case heard in St. Louis, or anywhere in Missouri for that matter. But if it must be in Missouri, Supplymax demands that the case be heard in Kansas City. Discuss the issues and likely outcome of this situation.

Answer: Supplymax probably meets the minimum contacts requirement with the state of Missouri, given its distribution center and advertising in national publications that reach Missouri, thus Missouri would have personal jurisdiction. Because the lawsuit arises out of events in St. Louis and there are witnesses from St. Louis, proper venue would be in St. Louis. If the amount in controversy were more than \$75,000, Supplymax could transfer the case to federal court.

Diff: 3

Topic: The Jurisdiction of the Courts

Skill: Factual Application