

Think Critically

1. How do laws promote competition?

2. How can entrepreneurs protect intellectual property rights?

True or False

- _____ 1. The Clayton Act makes it illegal for competitors to get together and set prices on the products or services they sell.
- _____ 2. The Wheeler-Lea Act bans unfair or deceptive actions or practices by businesses.
- _____ 3. The Antitrust Division of the FTC takes legal action against any business it believes has tried to monopolize an industry.
- _____ 4. During the period a patent is in effect, no business or individual can copy or use the patented invention without permission from the patent holder.
- _____ 5. Copyrights remain in effect for 20 years after the death of the author.
- _____ 6. Regulations that protect consumers include trademarks, zoning regulations, and consumer protection laws.
- _____ 7. The original, creative work of an artist or inventor is called intellectual property.
- _____ 8. The Consumer Product Safety Act sets safety standards for products other than food and drugs.
- _____ 9. One of the most common reasons that a business hires a lawyer is to assist with contracts.
- _____ 10. Consideration occurs when one party in a contract offers or agrees to do something and the other party accepts.

Multiple Choice

- _____ 1. The antitrust legislation that makes it illegal for competitors to set prices is the (a) Sherman Act, (b) Clayton Act, (c) Robinson-Patman Act, (d) Wheeler-Lea Act.
- _____ 2. This law makes it illegal to charge different prices to different groups of nonretail consumers. (a) Sherman Act, (b) Clayton Act, (c) Robinson-Patman Act, (d) Wheeler-Lea Act.
- _____ 3. The law that bans false or misleading advertising is the (a) Sherman Act, (b) Clayton Act, (c) Robinson-Patman Act, (d) Wheeler-Lea Act.

- _____ 4. Laws that protect businesses involve (a) licenses, (b) zoning, (c) trademarks, (d) the Justice Department.
- _____ 5. Restrictions on where businesses can locate are (a) licensing laws, (b) zoning laws, (c) consumer protection laws, (d) enforced by the FDA.
- _____ 6. This law requires all banks to calculate credit costs in the same way. (a) Sherman Act, (b) Clayton Act, (c) Truth-in-Lending Act, (d) Fair Credit Billing Act.
- _____ 7. The FTC monitors all of the following activities except (a) false or misleading advertising, (b) price setting by competitors, (c) price discrimination, (d) the sale of unhealthful foods.
- _____ 8. This means the parties to a contract are legally able to enter into a binding agreement. (a) Consideration, (b) Legality, (c) Capacity, (d) Agreement.

Problem Solving

The following table describes various laws that entrepreneurs should know and understand. Complete the table by identifying each law by name.

Description of Law	Name of Law
States that names, symbols, or special marks that distinguish certain businesses can be used only by the business.	
Sets safety standards for products other than food and drugs.	
States that it is illegal for a business to require a customer to purchase one good in order to be able to purchase another good.	
Regulations that control what types of buildings can be built in what areas.	
Helps consumers correct credit card billing errors.	
Makes it illegal for competitors to get together and set prices on the products or services they sell.	
Gives an inventor the sole right to produce, use, and sell an invention.	
Bans the sale of impure, improperly labeled, falsely guaranteed, and unhealthful foods, drugs, and cosmetics.	
Bans unfair or deceptive actions or practices by businesses.	
Establishes rights to exclusive publication, production, sale, or distribution of a literary or artistic work.	
Makes it illegal to charge different prices to different groups of nonretail customers.	