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P.P. code L 33026

**SYBFM SEM – IV BUSINESS LAW 2**  
**MODEL ANSWERS**

Q.1)

(a) Fill in the Blanks :

1. Director Identification Number
2. Corporate Veil
3. Loss
4. 6 months
5. Official Gazette
6. 60 years
7. 20 years
8. Underwriter
9. Rs. One Lakh per day or One crore whichever is Less
10. Prospectus.

(b) True or False.

1. True
2. False
3. True
4. True
5. False
6. True
7. False
8. True
9. True
10. True

Q.2)

- (a) Characteristics of company are Separate entity, registration, can sue and can be sued, easy transfer, buying of property, perpetual succession, common seal, limited liability, Artificial person but not a citizen.
- (b) Doctrine of Ultra vires says that anything done beyond the object clause of Memorandum of Association is void i.e. beyond the powers. Case : Ashbury Railway Carriage and Wagon Co. v/s. Riche. Doctrine of Indoor Management is for the benefit of outsiders and case : Royal British Bank vs. Turquand.

OR

- (c) Prospectus is an invitation to an offer to public to invest in share of company. It is not compulsory for private company to issue prospectus. Different types of prospectus are Deemed prospectus, Abridged Prospectus, Red herring prospectus, Statement in lieu of Prospectus.
- (d) Private placement means: Any offer of securities or invitation to a selected group of persons by a company (other than by way of public offer) through issue of a private placement offer letter and which satisfies the conditions specified in section-42. which allows any company, whether private or public, to make private placement of securities through issue of a "Private Placement Offer Letter". Rules of Private placement includes Maximum no of members allowed, Approval, Separate Bank Account etc.

Q.3)

- (a) Copyright is a right given by the law to the author or creator of original literary, dramatic, musical, artistic works and producers of cinematograph films and sound recordings. Two cases are important which explained what does not amount to infringement of copyright thereby indirectly calling it original work. R.G.Anand vs. Dulux Films and others and Eastern Law Book vs. O.B.Modhak. Some of the points are that original work does not always need to be novel or non-obvious.
- (b) Patent is derived from the term letters patent. Patent is the official document that confers ownership of the invention or an improvement of an existing article of a new process of making an article on the patentee by the Government.
- What is Patentable : Process, method or manner of manufacture, Machines, apparatus or a product etc.
- What is non patentable : an invention that is frivolous or obvious, an invention which is contrary to law or morality or injurious to public health etc.

OR

2

- (c) A trade mark in layman's language is a visual symbol which may be a word signature, name, device, label, numerals, symbols, 3D symbols etc... Types of Trademarks : Collective Mark, Certification Mark... Trademarks which cannot be registered : which is not capable of distinguishing goods or services of one person from those of another person, has become customary in the current language, a generic term etc.
- (d) Infringement of Copyright can be in case of literary, dramatic or musical work, In case of computer program, In case of an artistic work In case of Cinematography films, In case of Sound recording. Refringement is Reproducing without permission, Translation, Adaptation, To perform the work in public or communicate tto the public.

Q. 4)

- (a) Distinction between LLP and Company  
Governing Act, Minimum no., capital, Constitution, Liability of Members, Profit sharing ratios, Management, Decisions taking mechanism, Meetings, Written Resolutions, Registration as a Non for Profit Organisation.

OR

- (c) Sometimes a person though not a partern of the LLP is held liable as a partner. This Principal is applicable under Sec. 28 of the Indian Partnership Act, is called as Holding Out the same principle is there in LLP also. LLP requires capital for its running. This capital comes in there form of contribution from the partners. Contribution in case of LLP is like a share capial in case of Company.
- (d) LLP is Limited Liability Partnership. Features are body corporate, separate legal entity, making profit, atleast 2 partners, annual accounts etc.

Q.5)

- (a) Enforcement of Security Interest is under SARFAESI Act. This Act gives Banks to sell their NPAs and generate income and balance their liabilities and assets.
- (b) SEBI is regulatory authority established under Sec. 3 of SEBI Act 1992 to protect interest of investors in securities and to promote the development of and regulate the securities market. Objects are to protect the interest of investors, To promote orderly and healthy growth, To ensure fair practices etuc.

OR

1. Doctrine of Constructive Notice is for the benefit of the Company.
2. Whistle blowing means exposing a wrong doing in the hope of bringing it to an end.
3. Types of partners are Active, Nominal, Dormant, Estoppel etc.
4. Derivatives are the financial instruments that are valued according the expected price movements of an underlying asset which my be a commodity, currency or a security.
5. Powers of SEBI :to inspect, of civil court, inquiry or investigation , prohibition and regulation of issue of proepctus, issue directions.