Title page

Rough draft

1. Description of business situation

The purpose of non-compete contracts is to protect secrets and goodwill of organizations. In this contract one party agrees that it will not enter into trade of similar product or business against other party. Thus business situation is ethical in case of innovative projects such as the pharmaceutical companies investing in research and development.

1. Utilitarian theory explains that an action is ethical that leads to the benefit of masses. Non-compete contracts are ethical according to this theory because they allow pharmaceutical companies to invest in medicine research that leads to the welfare of masses (Ames, 2011). Without such contracts the companies bear high risk of investments. This indicates that it is ethical to engage in non-compete contracts.

The theory of justice depicts that businesses must choose actions that are fair and acts in the welfare of humans (Nathan, 2017). It suggests to analyze the problem of redistribution.

1. Environmental law: it states that the basic laws of contract are applicable on the businesses (MridulaGoel & E.Ramanathan, 2014). These are the basic laws that are important for building a valid employment contract. This reflects competency to contract, offer and accept. A legal contract occurs when a party makes offer and the other party accepts. This is ethical because both parties have engaged in a contract willingly (DesJardins & Hartman, 2007).

Contract law: The contract law is also important that is controlled by the common laws. It deals with the factors of contract that are other than sales of goods. It suggests drawing a line between reasonable and unreasonable terms (Jrank, 2011). These are considered as important elements of the contract. It is unethical to enter into a contract that lacks will of either party.

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