

LEGL 2700 HACKLEMAN 3 PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What happens if a trademark is found to be generic?**
 - A. It becomes eligible for registration
 - B. It loses its trademark protection
 - C. It gains additional protections
 - D. It transitions into a service mark
- 2. True or False: Dodd-Frank reduced the protections available to whistleblowers.**
 - A. True
 - B. False
 - C. Only for corporate employees
 - D. True, but under specific circumstances
- 3. What is an example of a collective mark?**
 - A. NFL logo
 - B. Coca Cola logo
 - C. Adidas stripes
 - D. Panda Express logo
- 4. True or False: Owners of limited liability companies have more flexibility compared to S corporations.**
 - A. True
 - B. False
 - C. Only in tax matters
 - D. Only in ownership structure
- 5. What risk does the brand "Velcro" face according to its YouTube promotional content?**
 - A. Being misrepresented by competitors
 - B. Generic marks cannot be protected
 - C. Insufficient advertising strategies
 - D. Brand dilution through expansion

- 6. What is a collective mark?**
- A. A mark used solely for individual commercial benefit
 - B. A mark representing membership in a specific organization
 - C. A mark that acts as a guarantee of product authenticity
 - D. A mark related to digital media
- 7. According to the business principles, what is the primary role of shareholders in a corporation?**
- A. To manage daily activities of the company
 - B. To invest and own part of the corporation
 - C. To make legal decisions on behalf of the corporation
 - D. To appoint outside auditors for financial reviews
- 8. A sole proprietorship is defined as:**
- A. a business entity run by one person
 - B. a corporation owned by shareholders
 - C. an organization with multiple owners
 - D. a non-profit entity
- 9. What was the outcome of the The Verve vs. The Rolling Stones case?**
- A. The Verve lost all rights to their song
 - B. The Verve retained rights through an agreement
 - C. The Verve gained lifelong rights to Rolling Stones music
 - D. The Rolling Stones had to pay damages to The Verve
- 10. Which term refers to regulations aimed at protecting investors in securities?**
- A. Blue sky laws
 - B. Insider trading laws
 - C. Securities disclosure laws
 - D. Corporate governance laws

Answers

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1. B
2. B
3. A
4. A
5. B
6. B
7. B
8. A
9. B
10. A

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Explanations

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1. What happens if a trademark is found to be generic?

- A. It becomes eligible for registration
- B. It loses its trademark protection**
- C. It gains additional protections
- D. It transitions into a service mark

When a trademark is found to be generic, it loses its trademark protection. A generic term is one that refers to a class of products or services rather than indicating the source of a specific product or service. For example, terms like "computer" for computers or "shoe" for footwear cannot be owned by a single entity because they are common language used to describe the product as a whole. Once a trademark is deemed generic, it can no longer function as an identifier of the source of goods or services, which is the fundamental purpose of trademark protection. This means that the owner of the trademark can no longer enforce exclusive rights to use that term in commerce, allowing others to freely use it without infringing on trademark rights. This loss of protection is significant since it can lead to the term becoming even more widely used generically, further solidifying its status and preventing any individual from claiming exclusivity.

2. True or False: Dodd-Frank reduced the protections available to whistleblowers.

- A. True
- B. False**
- C. Only for corporate employees
- D. True, but under specific circumstances

The statement is false because the Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in response to the 2008 financial crisis, actually enhanced protections for whistleblowers. The Act established the Securities and Exchange Commission's (SEC) whistleblower program, which provides incentives and protections for individuals who report violations of securities laws. It aims to encourage reporting of misconduct without the fear of retaliation from employers. Under Dodd-Frank, whistleblowers may receive monetary rewards based on the amount recovered from the enforcement actions that stem from their reports. This bolsters the protections afforded to whistleblowers, making it easier for individuals to come forward with information about wrongdoing in financial institutions and corporations.

3. What is an example of a collective mark?

- A. NFL logo**
- B. Coca Cola logo
- C. Adidas stripes
- D. Panda Express logo

A collective mark represents the brand of a group whose members are part of that entity, typically indicating a shared characteristic or affiliation. The NFL (National Football League) logo is a prime example of a collective mark because it identifies the collective brand of all teams that are members of the league. It signifies not just one team, but the entire organization and the collective identity of its member teams, representing their shared values and activities. In contrast, the other options depict trademarks owned by individual companies or brands rather than a collective entity. The Coca Cola logo is a trademark for the specific beverage and company, the Adidas stripes signify a single brand's identity, and the Panda Express logo represents a particular restaurant chain. None of these examples indicate a collective brand affiliation among multiple members or organizations.

4. True or False: Owners of limited liability companies have more flexibility compared to S corporations.

A. True

B. False

C. Only in tax matters

D. Only in ownership structure

Owners of limited liability companies (LLCs) indeed have more flexibility compared to S corporations, which makes the assertion true. This flexibility is evident in several areas, including management structures, profit distribution, and the potential for variation in ownership. In LLCs, owners, known as members, can choose how they want to manage the company. They can opt for a member-managed structure, where all members participate in the management, or a manager-managed structure, where they designate specific members or outsiders to handle daily operations. This provides significant leeway compared to S corporations, which have a more rigid management structure dictated by corporate governance rules. Regarding profit distribution, LLCs can distribute profits in any manner they choose, regardless of ownership percentage. This is unlike S corporations, where profit distribution must align with the proportion of ownership, limiting flexibility in how members can allocate financial gains among themselves. Additionally, LLCs have fewer restrictions on ownership. S corporations are limited to 100 shareholders and can only issue one class of stock, imposing stricter eligibility requirements for owners. Conversely, LLCs can have an unlimited number of members and various classes of ownership interests, accommodating a broader range of potential investors. These aspects contribute to the overall flexibility of LLCs, making the statement true.

5. What risk does the brand "Velcro" face according to its YouTube promotional content?

A. Being misrepresented by competitors

B. Generic marks cannot be protected

C. Insufficient advertising strategies

D. Brand dilution through expansion

The correct answer reflects the concept of genericity in trademark law, particularly in relation to brand protection. A trademark can only be protected as long as it maintains its distinctiveness. When a brand name, such as "Velcro," becomes synonymous with the general product that it represents—such as hook-and-loop fasteners—it risks losing its trademark protection. This process can occur when consumers start using the brand name to describe similar products, regardless of their actual origin. Therefore, if "Velcro" becomes a generic term for any hook-and-loop fastener, the company may find it difficult to enforce its trademark rights against competitors using the term. This highlights the importance of proactive brand management to ensure that a trademark remains unique and distinctive in the marketplace. The content provided in promotional materials aims to maintain the brand's identity and address this ongoing risk by encouraging consumers to recognize "Velcro" as a brand rather than a product category.

6. What is a collective mark?

- A. A mark used solely for individual commercial benefit
- B. A mark representing membership in a specific organization**
- C. A mark that acts as a guarantee of product authenticity
- D. A mark related to digital media

A collective mark refers to a trademark used by members of a collective group or organization to signify their membership and the goods or services they provide. This type of mark distinguishes the products or services offered by the members of the collective from those of non-members. The hallmark characteristic of a collective mark is that it serves as an indicator of membership, rather than highlighting individual ownership or the commercial benefits of a sole entity. In this context, the other options describe marks that do not align with the definition of a collective mark. A mark used solely for individual commercial benefit indicates ownership by a single entity and does not relate to collective membership. A mark that acts as a guarantee of product authenticity is more akin to a certification mark, which focuses on the quality or source of goods rather than membership in an organization. Finally, a mark related to digital media does not inherently denote collective membership and is a broader category that can apply to various forms of content, not limited to trademark law. Thus, the correct choice highlights the purpose and function of a collective mark effectively.

7. According to the business principles, what is the primary role of shareholders in a corporation?

- A. To manage daily activities of the company
- B. To invest and own part of the corporation**
- C. To make legal decisions on behalf of the corporation
- D. To appoint outside auditors for financial reviews

The primary role of shareholders in a corporation is to invest in and own part of the corporation. Shareholders provide the capital that companies need to operate and grow, and in return, they own shares of the company, which entitle them to a portion of the profits and a say in certain company decisions through voting rights. This ownership reflects their investment risk in the corporation's performance, meaning they benefit when the company does well and may incur losses if it does poorly. In contrast to managing daily activities or making legal decisions, which are typically the responsibilities of the company's management and board of directors, shareholders focus on their investment interests. Their involvement is primarily financial rather than operational, making their role foundational to the corporate structure. Shareholders may also influence corporate governance through the election of board members, but their main function is to provide ownership and uphold the interests of their investment.

8. A sole proprietorship is defined as:

- A. a business entity run by one person**
- B. a corporation owned by shareholders
- C. an organization with multiple owners
- D. a non-profit entity

A sole proprietorship is indeed defined as a business entity run by one person. This structure means that an individual operates and manages the business on their own, with complete control over all decisions and operations. One of the key characteristics of a sole proprietorship is the simplicity and ease of establishment, as it does not require formal registration or incorporation with the state, unlike corporations or partnerships. In a sole proprietorship, the owner receives all profits generated by the business and is also personally responsible for any debts or liabilities incurred. This personal liability means that the owner's personal assets can be at risk if the business fails or faces legal issues. This singular ownership structure is particularly appealing to many entrepreneurs because it allows for quick decision-making and direct management of the enterprise without the complexities that larger business forms might entail. Understanding the nature of a sole proprietorship is essential for anyone considering starting their own business, as it lays the foundational knowledge about how businesses can be structured.

9. What was the outcome of the The Verve vs. The Rolling Stones case?

- A. The Verve lost all rights to their song
- B. The Verve retained rights through an agreement**
- C. The Verve gained lifelong rights to Rolling Stones music
- D. The Rolling Stones had to pay damages to The Verve

The outcome of The Verve vs. The Rolling Stones case centers around issues of copyright and licensing music samples. In this case, The Verve originally used a sample from a Rolling Stones song called "The Last Time" in their hit song "Bitter Sweet Symphony." After the release of "Bitter Sweet Symphony," legal action was taken by the Rolling Stones' management, which led to a significant ruling regarding the rights to the sample. The decision allowed The Verve to retain certain rights related to their song under an agreement, even though they initially had to share royalties due to the unauthorized use of the sample. The eventual settlement facilitated an arrangement that upheld The Verve's creative contribution while recognizing the original copyright held by The Rolling Stones. Thus, the outcome reflects a compromise that ensured that The Verve could continue to perform and benefit from their song while acknowledging the rights of the original artists. This situation illustrates the complexities of copyright law in the music industry, especially when it comes to sampling and derivative works.

10. Which term refers to regulations aimed at protecting investors in securities?

- A. Blue sky laws**
- B. Insider trading laws
- C. Securities disclosure laws
- D. Corporate governance laws

The term that refers to regulations aimed at protecting investors in securities is known as blue sky laws. These laws are designed to prevent fraud in the sale of securities and to protect investors from misleading and deceptive practices. They require issuers of securities to provide detailed information about the potential risks and financial health of the investment before it can be sold to the public. Blue sky laws vary from state to state in the U.S. but generally include requirements for the registration of securities and the disclosure of pertinent information. This regulatory framework is essential for ensuring transparency and maintaining investor confidence in the financial markets. While other laws such as insider trading laws focus on preventing unlawful profits from non-public information, and securities disclosure laws mandate that companies disclose important financial information to investors, blue sky laws specifically target the protection of investors from fraud in the trading of securities. Corporate governance laws, on the other hand, deal more with the internal structures and practices of companies rather than directly addressing investor protection in the securities market.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

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We wish you the very best on your exam journey. You've got this!

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