What are the three main systems of law? Give a brief description of each. Where are they used? How do they affect commercial activities?

The three main systems of law are common, civil, and Islamic law. Common law is rooted in English common law, the outcomes of disputes are generally based on decisions from past judicial decisions, and legal system is based on concept of stare decisis. Civil law reflects laws of the Roman Empire. Because Roman law was so different depending on time and region, European countries created their own set of national private-law codes, which are referred to as the Code Napoleon of 1804. Islamic law is based on sharia law, which is based on the Koran.

Each system of law is used predominately in different areas. Common law is used in the United States and a few Asian countries. Civil law is used in the majority of countries such as China and Japan. Islamic law is used in Middle eastern countries and in predominately Islamic countries. In regards to common law companies are legally incorporated by the state authority and tend to rely on codes, such as the Uniform Commercial Code. Civil law on the other hand companies are formed by a contract between two or more parties who are fully liable for the company. And finally Islamic law affects commercial activities in many ways, there are many forbidden practices and if you are to conduct business in one of these countries you must have understanding of Islamic law and how it will affect business.