

Put it in Writing

5 Legal Tips for Startups

Being a lawyer in Tuscaloosa has afforded me the opportunity to work with many entrepreneurs in bringing ideas to reality. When starting a company there are many different issues and obstacles to address. Doing some of the things referenced below may help you overcome some of those obstacles and protect your ideas and hard work as you watch your startup take shape.

1. Partner Agreements

Your partners are your assets. To maintain the best relationship, do NOT assume anything or take anything for granted. Make sure to have a clearly documented agreement with your co-founders. Topics such as ownership percentages, roles and responsibilities, exit options, and how a sale of the business would be decided and handled should be addressed in the agreement.

2. Business Entity Paperwork

Decide on the type of legal entity your business will operate as. Tax implications and personal liabilities should be considered. Consult a lawyer and a CPA when sorting through your options and be sure to file the appropriate documents once a decision has been made.

3. Standard / Uniform Contracts

When creating standard agreements, looking online to determine how similar businesses set up contracts is great for background research. However, merely replacing a name and address can lead to problems if care is not taken to insure your contract language accurately reflects your business' needs. In addition, your contracts should be tailored to the jurisdiction where your business operates.

4. Employment Documentation

Creating and maintaining accurate employment documentation is critical. This is true for all businesses but is particularly so for start-ups. One way to avoid issues is to create a core group of documents right away. Develop offer letters, stock option documents (if applicable), at-will employment agreements, and employee handbooks / policies.

5. Intellectual Property Protection

Intellectual property is not just a consideration for founders, it is also very important to investors. Therefore, if you are looking for funding or hope to one day sell your unique idea, you must protect your intellectual property. Your company's value is at risk if you do not make this a priority at the inception of an idea. If solutions or technology are developed ahead of a company's formation then intellectual property rights can become unclear. Confidentiality agreements, trademarks, copyrights, and patents are just a few ways to protect intellectual property.

Get Started the "Write" Way

If you need help writing agreements or would like to have your current agreements reviewed, please email me or give me a call at (205) 344-5000.



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