

# TOP 10 LEGAL TIPS FOR STARTUPS

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Avoid the legal pitfalls that will haunt your business later

## Enticounsel Legal Tips

### 1) Pitch



It's important to have a great pitch deck. A pitch deck is essential a concise version of your business plan. Take a look at [www.bplans.com](http://www.bplans.com) and [www.enticounsel.com/blog/the-one-page-business-plan](http://www.enticounsel.com/blog/the-one-page-business-plan) for some great examples.

### 2) Trademarks

File a trademark application to protect your brand or identity. Entrepreneurs often make the mistake of trying to save money in developing their venture, invention or idea. This is at the expense of opening themselves up to potential obstacles in the future.



### 3) Work For Hire

The work for hire agreement ensures that your start up owns all the intellectual property rights in their agreement, whether a patent, trademark or copyright. A start up should obtain a work for hire agreement from all their employees and contractors especially those that are developing ideas and making improvements to your existing intellectual property. Canada uses the term "work in the course of employment".



### 4) Domain & Business Name

Do not make the mistake that just because you registered a specific domain name or business name, that you can go forward with that business name. Have business names and trademark searches done as well



### 5) Invention Disclosure

Many startups may disclose their invention to a third party without realizing the time limitations involved with filing a patent. While patents can be expensive and cost anywhere from \$15,000 to \$20,000 per jurisdiction or more, it protects you in meeting with potential distributors and partners so you can safely disclose your invention. A patent gives you exclusivity over that invention for a certain period in a jurisdiction.



### 6) NDAs & Other Agreements

Many startups may disclose their idea or invention to another party without a non-disclosure agreement ("NDA") signed. While it may be difficult to get an NDA signed, it is better to not share your idea until you have your ideas or intellectual property protected. Many start ups may also use generic templates found on the internet. These templates may have a clause that could be problematic later. For instance, the jurisdiction clause may state that the parties choose the governing law to be in London, UK but meanwhile both parties are located in the United States.

### 7) Raising Money

Many new startups may make the mistake of seeking investments and funds without knowing the rules around presenting to potential investors. A new company may inadvertently break securities legislation.

### 8) Co-Founders

Many new startups take on co-founders as a way to get free services when they are first starting. However, they may find that their co-founder does little to contribute to the growth of the business down the road. It's always better to spend money at the beginning and hire the people that you need before trying in people to your company who may not add value later on.

### 9) Intellectual Property Protection



Many founders may be on the ball with getting trademark, patent and copyright protected in their jurisdiction. However, if they plan to grow internationally, it's important to also look at other jurisdictions and protect your idea or invention in other jurisdictions as well.



### 10) Anti-Spam

Many new businesses grow their business by collecting email addresses and sending out newsletters and emails. However, it's important to consider any anti-spam legislation in your jurisdiction and not collect any personal information such as email addresses without permission or a specific "opt-in".



**BONUS TIP:** Many startups try to save money by failing to get the proper legal advice at the outset. Spending a bit of money at the beginning can save you a ton later.



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