



# LEGAL ASPECTS OF ENTREPRENEURIAL ENDEAVORS

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# Introduction

- This presentation is intended to give you a general overview of some of the legal issues that you will wish to consider as you start your business
- Lawyers are trained to interpret the law and those lawyers who specialize in business law can assist businesses at all stages.



# Business Vehicle

Factors to consider when choosing what business vehicle to use:

- number of people involved
- type of business
- Potential tax, liability and financial issues

Three common options are:

- Sole Proprietorship
- Partnership
- Corporation



# Sole-Proprietorship

## Advantages

- Less Costly
- Simpler

## Disadvantages

- No limited liability
- Still need HST number
- Still have requirements such as employee remittances to the CRA, CPP, and workers compensation
- Only financing is that extended to you personally



# Partnerships

## Advantages

- Simplicity
- Can be made up of individuals, corporations or combinations of both
- No written agreement is required (but recommended)

## Disadvantages

- Subject to same disadvantages as sole proprietors
- Also have to be concerned about potential liability brought in by other partners





# Corporations

## Advantages

- Separate legal existence
- Lends itself to more sophisticated structure
- Limited liability

## Disadvantages

- Cost
- Annual filings
- Formalities required



# Buying an Existing Business

Ways to buy an existing business

- Purchase the assets of the business
- Purchase the shares of the company

Things to consider when buying a business

- Due diligence searches
- Complexity of Agreement
- Non-competition Agreements





# Contractual Relationships

There are certain types of contracts that you should obtain the advice and assistance of lawyers with, including:

- Commercial Leases
- Franchise Agreements
- Supplier contracts
- Customer contracts



# Equity Financing

May require legal assistance with:

- Reviewing investor documentation;
- Drafting shareholders' agreements;
- Conducting due diligence searches;
- Drafting and registering security;
- Advising how new agreements may affect prior agreements that are in place



# Other Issues

There are many issues that can come up when engaging in entrepreneurial activities.

Some other situations that may require legal advice include:

- **Employee issues**

- Should you have an employment contract
- Problems with past or present employees

- **Disputes amongst business partners**

- What do?
- How to prevent? (e.g. shareholders' agreement)



# Other Issues Cont'd

- **Protecting your intellectual property and goodwill**
  - Registering business names
  - Trademarks
  - Patents
  - Confidentiality Agreements
  - Assignment of Intellectual Property Agreements



# Any Questions

If you have any questions about this presentation or any other legal or business related questions, feel free to contact me as follows:

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