



**G.H. RAISONI INSTITUTE OF ENGINEERING & TECHNOLOGY
WAGHOLI, PUNE**



entrepreneurship.

Incubation Center, GHRIET Pune (ICG, Pune)

Legal Tips for an Entrepreneur

1. Form of Incorporation: There are many forms of Incorporation in India, but to start with the LLC will be the best option. LLC means Limited Liability Partnership (a special article is written by in the same section for more idea of LLC)

2. Trademark your brand: Purchase related domains (can buy from godaddy.com, in order to protect your brand); and sign comprehensive confidential agreements with your employees and co-founders to avoid any kind of infringement.

3. Different kind of Licenses for Business

In India an individual firm needs to have several licenses. Some licenses are simple tax registrations. Sole proprietorship just needs a trade license or Shops and Establishment Registration. On the other hand some specific activity like manufacturing, you may need a lot of different licenses. For employing more than 10 employees, you may need various labour and employment related registrations. To run your business smoothly, you should really obtain all the respective licenses as per your business ownership.

3. Importance of founders' agreement

If there are co-founders in the start-ups then it is mandatory to enter into a founder's contract, stating all the terms and conditions clearly, it solves all the legal conflicts in later stage. Forming the general obligations and rule based clause will enable other founders to take action in case of non-contributory partner or partners.

4. Documentation

Documentation is important. Always make sure that you should get all of your initial legal work done correctly. This includes offer letters, all sorts of agreements, as well as customer contracts.

5. Accounts

A lot of startups completely fail on this fact and many founders have to pay huge fines, possibility of imprisonment and highly unproductive litigation, they face due to tax bills, simply due to negligence with filing tax and maintaining books of account. Startups should be abided by the law of the country.

5. Protection of Intellectual property

It should be owned by your company, so in the initial journey with the employees get a contract signed that anything novel, novice process or product invention related to the company will be the company's intellectual property and the inventor will also have his share according to your company's policy. Intellectual property agreements, which guarantee that the intellectual property created in the present as well as the IP developed in the future would be owned by the company, rather than the founder members or employees are the best solution to avoid any legal issues related to IPR in future.

6. Employment Contracts

Employees keep changing their jobs and hence it is important to have all the human rights department related legal clauses pre-defined. An offer letter should be clearly defined with

company policies, benefits, remuneration, incentive structure as well as disciplinary clauses, mutual agreement to arbitrate clauses, and other protective addendums. Maintain counter-signed copies in file and formally document performance appraisal along with under performance records, if found during evaluation. This will save a lot of time of the company during any kind of employment related disputes.