



**Phillips Lytle** LLP

## **Legal Considerations for Startups**

**Forming and Structuring Your Company Like a Boss**

**SUNY Startup Summer School**

**Nicholas Querques, Director of New Ventures**

**The Research Foundation for SUNY**

**Presented by Richard E. Honen, Esq.**

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## Choice of Entity

- **Need an entity to hold the IP and to facilitate investment**
- **Corporation v. Limited Liability Company (LLC)**
- **Considerations - liability, taxes, cost and ease of use, exits**



## Choice of Entity Considerations

- **The critical question is whether you plan to seek outside investment in the near term**
- **Other considerations are liability, taxes, and ease of use**



## Important Startup Agreements

- **Entity Formation Documents**
- **NDA's**
- **Assignment and work-for-hire agreements**
- **Consulting/employment agreements – non-competes**



## Founders Agreement

- **Assignment and non-compete**
- **Restricted transferability**
- **Vesting of equity based on continuing “business relationship”**
- **Acceleration?**
- **We include this in our startup package**



## License Agreements

- **An agreement with the owner of the technology, often the RF or a college or university**
- **Standard license terms and benchmarks**
- **Important to work with your tech transfer office early to determine realistic benchmarks**



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## Questions?

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