



THE BUSINESS OWNER'S STARTER PACK

By: Frederick L. Stoker III, Esq.

CHOICE OF ENTITY

Sole Proprietor	Corporation
Partnership	LLC

The entity type a business owner chooses will be one of the most important decisions he or she makes. The choice will govern the structure of the entity, taxation on the assets and interests, and the liability each person involved may be subject to.

The simplest of entities is the **Sole Proprietor** which consists of an individual doing business for his or herself, with or without employees, and without any shield from liability.

Next is the **Partnership** which has multiple subdivisions, but always requires a

minimum of two (2) parties. At the most basic level is the **General Partnership** which also lacks a shield from liability and may be formed without a written agreement (and therefore unintentionally by the parties). Other Partnership forms exist that include limited liability features and distinct classes of Partners.

The well-known **Corporation** is managed by a board of directors who are appointed by the shareholders and often are majority shareholders. Liability of the shareholders is limited to the amount they invested (i.e. the amount paid for each share held) whereas certain directors can, under certain circumstances, be held personally liable.

Finally, the **Limited Liability Company** ("LLC") provides the most flexibility with respect to management, taxation, and the transfer of interests. The LLC can be member-managed or manager-managed and only requires 1 member to be formed.

STATE OF ORGANIZATION

Another important factor for any business owner is the location where they form the entity. Each state has its own laws governing what corporations, partnerships, LLCs, and all the variations of each can and cannot do, Depending on the nature of the business, one jurisdiction may undoubtedly prove more advantageous than others, but is it practical? For some time now, corporations have elected

to organize in Delaware where the Court of Chancery³ is comprised of adjudicators with substantial knowledge and understanding about business practices. When deciding on what state law you want to govern the management of your entity, also consider whether it would be feasible for your to go to court in that jurisdiction.

INTELLECTUAL PROPERTY CONSIDERATIONS

Copyright	Patent
Trade Secret	Trademark

As with all great things, first comes the initial idea which is to serve as the foundation of the business. This will arguably be the most important part of the business worthy of protection, therefore, one should consider:

- **Copyright** - for visual and audio works as well as written works including code;
- **Trade Secret** - for a formula used to create your product (i.e. the syrup in Coca Cola);
- **Patent** - for designs and blueprints for products; and
- **Trademark** - to establish and protect your brand as a reputable source of goods or services.

Do not waste any more time, we are here to STROKE the fire within entrepreneurs!

³ <https://courts.delaware.gov/chancery/>