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# Tech wars: From tech savvy to legal savvy



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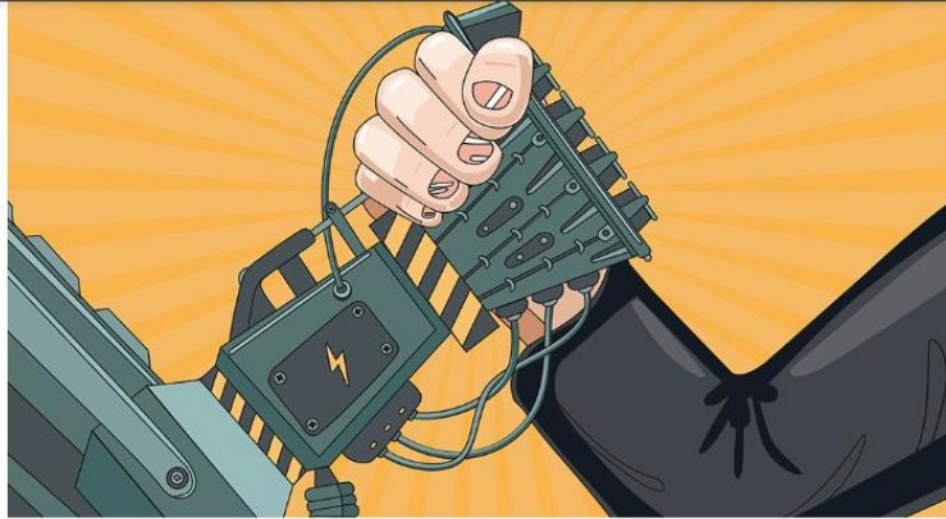


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The 2010 film “The Social Network” made over **\$96 million** at the box office, and that’s not including its profits overseas in Japan, the Philippines and Russia. The 2013 film “Jobs” didn’t make nearly the same amount: **\$6 million** in the U.S. But regardless of which film did better, they both had something in common. Co-creators of the tech companies got burned in the startup process, and a larger audience found out the behind-the-scenes business decisions of Facebook and Apple from looks at Eduardo Saverin and Steve Wozniak.

Saverin and Steve Wozniak.

Regardless of instances like these, tech startups are continuing to grow, including overseas. Mark Zuckerberg, the co-founder of Facebook, showed up in Nigeria in September of this year for the [Co-Creation Hub \(CC-Hub\)](#) in Yaba, an event where young Nigerians discuss technology startup ideas that can be turned into technology solutions to address immediate and long-term challenges. And it would make sense that he did, according to [ThisDay](#), considering there are 16 million Facebook active users in Nigeria — the largest amount in the entire continent.

Networking and presenting projects are never a bad thing. It's a time to make a product better, get feedback and find out just how desirable these projects may be to a consumer market. But the legal paperwork should be a priority, too, including among family, friends and business partners.

Before launching a startup, tech founders should consider the following:

1) **Intellectual Property Right:** Who is going to own the intellectual property used by the startup? Typically, in tech startups, one person develops the technology, system, copyright or trademark that is the business. The person who creates the intellectual property has ownership rights to the property. If it is the intent that the intellectual property is going to be owned by the startup, then the founders will want to discuss the terms of the partnership agreement.

property is going to be owned by the startup, then the founders will want to discuss the terms of the assignment agreement.

2) **What happens when the founders have a dispute?** Will the parties use a mediator or arbitrator to resolve business disputes? Or will the parties initiate litigation against each other? It's advisable to speak with a business attorney about which dispute resolution mechanism makes the most sense for that tech startup.

3) **Exit Terms:** What happens when one founder wants to leave the tech startup? Usually, an operating or partnership agreement will have buyout terms. Will an exiting partner be required to offer his shares in the company to the remaining partners first? Or can the exiting founder sell his shares to a third party? How will the exiting founder's shares be valued to determine a purchase? A transactional attorney can help tech founders work through these questions.

Have more legal questions about tech startups? Contact J. Paye & Associates today.

*Shamontiel L. Vaughn contributed to this blog. Find out more about her at [Shamontiel.com](http://Shamontiel.com).*

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