TECHNOLOGY ENTREPRENEUR CENTER (TEC)

COZAD NEW VENTURE CHALLENGE 20th YEAR of COZAD
THE NEXT GENERATION OF ENTREPRENEURS

COZAD APPLICATION DEADLINE JANUARY 22

Do you have a startup, or a great startup idea? Take the Cozad New Venture Challenge! In its 20th year, Cozad has awarded over $2M in cash and in-kind prizes. **go.illinois.edu/Cozad**

ILLINOIS INNOVATION PRIZE

NOMINATION DEADLINE JANUARY 25

Ask your mentor or instructor to nominate you for this annual prize. The winning student will receive $20,000!

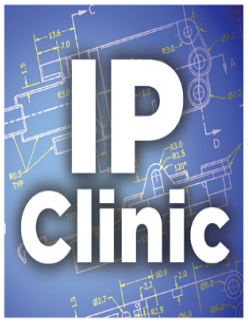
go.illinois.edu/IIP19

amazon alexa

AMAZON ALEXA SKILL WORKSHOP

Bring a laptop and learn how to create a simple Alexa skill and launch it on a device. Echo Dot or Echo Show giveaway!

Tues., Jan. 29 | 5:00-6:30pm
1111 Siebel Center
RSVP: go.tec.illinois.edu/AlexaWorkshop



INTELLECTUAL PROPERTY CLINIC

Selected participants can receive help with their patent application or trade-marking at no cost. *Lunch provided!*

Thurs., Jan. 31 | 11:00am-12:30pm
CSL Auditorium (B02)
RSVP: go.tec.illinois.edu/IPClinic19

Illinois I-Corps

ILLINOIS I-CORPS APPLICATIONS OPEN JAN. 23

Do you want $2000 to increase the impact of your customer discovery research, or want to explore commercial-izing your research? Apply for I-Corps!
tec.illinois.edu/programs/icorps

now hiring

TEC HIRING PHOTO & VIDEO INTERNS

TEC is hiring a video intern for Spring 2019 (could be extended) and a photography intern for Fall 2019/Spring 2020. Email Catharine Ingram for more information at **clingram@illinois.edu.**

UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN

Startups: Incorporation, Funding, Contracts, and Intellectual Property

Professor Barich
Class 2

illinois.edu

Reminders

- Links and materials at joebarich.com
- Exams and presentations Thursdays at 7pm in Engineering Hall Room 106B1
  - Project 1 – 2/7
  - Exam 1 – 2/14
  - Project 2 – 3/14
  - Exam 2 – 3/28
  - Project 3 – 4/25
  - Exam 3 – 4/26 - 2nd half of last class
- Syllabus available online
- Conflicts people – notify me in advance
- Pop Quizzes at any time – know the materials as we go along and ask any questions right away
- Questions from last time?

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Summary

- Avoid the unlimited liability of a sole proprietorship or general partnership
  - Be carful not to accidentally fall into a GP
- Look to a c-corp or an LLC
  - Lean toward LLC to preserve cash/keep it simple and early in development
  - Lean toward c-corp if you are a really taking off

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Practicalities: Corporate Name

- Choosing a corporate name is often an important first step
  - Mentally defines the corporation as a separate entity in the mind of the entrepreneur
- Name can always be changed with later
  - Never legally "locked-in" to name
  - Can be changed with later filing with state
  - But!
    - There may be a fee
    - More importantly, you will start marketing under your selected name so if you choose a new one, you likely lose much of your marketing investment

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State Corporate Registry

- Illinois Secretary of State
  - http://www.cyberdriveillinois.com/departments/business_services/corp.html
  - Conduct online search exercise
  - State will not register identical corporate names
- Legal identification in name of corporation
  - Most states require LLC/Inc.
  - But! Most states allow assumption of a d/b/a

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US PTO Trademark Registry

- U.S. Patent and Trademark Office
  - http://www.uspto.gov/trademarks/index.jsp
  - Conduct basic search
    - Not just identical marks – "consumer confusion" standard
  - We will be learning more about trademarks and the trademark registry later in the course
  - Can't register generic marks
  - Even if your exact mark is being used, it may not prevent your registration for a different field of use
  - But! You may wish to just avoid the issue
  - And! It also give you an indication of what other marks may be in your space

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Domain Name Registry

- Visit a domain name registrar
  - www.godaddy.com
  - Search domain name availability and options
  - Most people want the shortest .com possible
  - New Generic Top Level Domains (gTLDs)?
    - www.godaddy.com/tlds/gtld.aspx
  - Typically want domain to march corporation and/or proposed trademark
  - Often want to register backups, mis-spellings, or similar names – extra names are cheap and it prevents people from snagging them and selling them back to you

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Next Steps

- OK, Now you have a name
- Determine who will hold equity stakes
- Choose your entity
  - Sole Proprietor/LLC/Partnership/Corporation
  - Note! Consulting an attorney is advisable at all steps of the process, but of heightened desirability when you are forming a LLC and extreme desirability when forming a partnership or corporation
  - Your attorney can advise you with regard to options and risks you would not otherwise be aware of

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LLC Creation

- Review Illinois LLC Guide
- Review Illinois LLC Articles of Organization
- Review Sample LLC Operating Agreement
- Note! Your attorney will likely use a somewhat different Operating Agreement and it may vary depending on how you want to run your LLC

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Corporation Creation

- Review Illinois Corporation Guide
- Review Illinois Corp. Articles of Incorporation
- Review Sample Corporate Bylaws
- Note! Corporate Bylaws can vary widely and be very complicated in some situations
  - Additionally, the complication may be desirable to help you in your ownership planning to maintain control or make investment more desirable
  - Consult an attorney

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Partnership Creation

- Review Sample General Partnership Agreement
- Note! Even more so than with Corporate Bylaws, the General Partnership Agreement can vary widely and be incredibly complicated in some situations
  - Remember that you are dealing with the potential of personal unlimited liability
  - Be very cautious about entering any general partnership – it is generally not a preferred entity
  - Consult an attorney

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Employees?

- One big question is whether your business will have employees
  - Equity owners need not be employees – at least initially, but will eventually likely be employees if a startup (will get a salary)
  - Employees get wages – Equity owners get flowthrough shares of profit or dividends
- Federal Employer Identification Number (FEIN)
  - www.irs.gov
- Some Illinois Requirements
  - Worker's Comp, Unemployment Insurance, Anti-Discrimination rules, Visa Status, etc.
- Best practice - If you are going to have employees, it really is time to get a lawyer – and likely an accountant

Your time is better spent actually developing your business than learning law and accounting

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Questions?

See you next week!

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