



GPM TechLaw 1.0:

WARNING: Technology and the Law can be a Dangerous Mix

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Agenda

- Introduction
- Launching Your Business (Doug)
- Policies No One Reads But Are Important (Kate)
- Top 5 Legal Developments
- Ask a Lawyer
- Networking

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TechLaw Quarterly Programs

- Quarterly sessions in September, December, March and June
- We want feedback: email us at techlaw@gpmlaw.com
- Working on TechLaw updates or newsletter with contents from programs

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Launching a Venture - Planning 

Phase I: Planning


- Develop a Business Plan
- Assess Current Status
- Understanding Among Founders
 - Roles/expectations
 - Contributions
 - Ownership

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Launching a Venture - Planning 

- Obtaining Rights to Intellectual Property
 - What is IP? (see Attachment A to handout)
 - Ownership/Rights
 - Creator
 - Employer
 - Contracting Company
 - Protection
 - Filings
 - Nondisclosure Agreements
 - Assignment

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Launching a Venture - Planning 

- Selecting a Name
 - Domain name
 - Business Name
 - Trademark/Brand

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Launching a Venture - Organize 

Phase II: Organization

- Set Up a Business Entity
 - Why?
 - Types
 - Factors
- Organizational Documents
- Hiring Personnel
 - Employee vs. Independent Contractor
 - Agreements

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Launching a Venture - Organize 

- Contribution and Ownership
 - IP, Cash, Service
- Agreements
 - Assignment
 - Subscription/Contribution Agreement
 - Restricted Equity Agreement
 - Founder/Owner Agreement

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Launching a Venture - Organize 

- Raising Capital
 - Debt vs Equity
 - Common, Preferred or Convertible Debt
 - Documentation
 - MN Angel Tax Credit
 - Securities Law Compliance
- Contracts (suppliers, distributors, etc.)
- Location

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Launching a Venture - Launch 

Phase III: Launch

- Marketing
- Business Model
- Customer Agreements
- Risk Assessment/Minimization
- Raising Additional Capital

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Launching a Venture - Mistakes 

Ten Common Legal Mistakes


- No Business Entity
- Poor Allocation or Restriction of Equity
- Not Considering Tax Implications
- Failure to Comply with Securities Laws
- No Written Assignment of IP

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Launching a Venture - Mistakes 


- Not Protecting IP
- No Written Agreements
- Misclassification of Employee/Contractor
- Copying/Pasting Terms of Use and Privacy Policy
- Not Engaging an Experienced Attorney

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The Fine Print: Privacy Policies 


- Not required by federal law (except certain industries)
- Required by some states (California), so basically required to operate in US
- FTC is on the prowl

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The Fine Print: Privacy Policies 

- Privacy Policy must be **accurate** and **truthful**
- Both IT and marketing at the table to draft
- May apply to mobile app and website
- Don't accept data from kids (under 13)
- Should not make false promises:
"Your data will be extra safe with us"


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The Fine Print: Privacy Policies 

FTC and California AG lawsuits:


- Jerk.com (harboring data from Facebook)
- Delta mobile app (missing privacy policy)
- Under CalOPPA, \$2,500 per downloaded app without privacy policy
- Marketing and behavioral advertising is next frontier

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The Fine Print: Terms of Use 

- Privacy Policy = your practices
- Terms of Use = controlling your user's practices
- Protect your IP and software
- May serve as End User License Agreement (EULA) in mobile application


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The Fine Print: Terms of Use 

Special considerations:

- Serve as a license for content (beware of consent issues!)
- Guidelines for user contents


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The Fine Print: Terms of Use 

Special considerations:


- Serve as a license for content (beware of consent issues!)
- Guidelines for user content
- Digital Millennium Copyright Act (DMCA)
- Lots of boilerplate language

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The Fine Print: Click Through Agreements 

- Quasi-Terms of Use/Actual Agreement
- Recommended for unique terms
- Certain terms may require consent under other laws (Canada's CASL)
- If you're doing something complicated, talk to a lawyer.


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Top 5 Legal Developments 

1. Data Privacy and Security

- The FTC has authority (Wyndham case)
- Shifting prevention to mitigation
- Cyberliability insurance
- Third party vendors are a major loophole

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Top 5 Legal Developments 

2. Restriction on Payment of Patent Royalties

- Kimble v. Marvel Entertainment (toy string-shooting spider man)
- No payment of royalties beyond life of patent
- No exceptions

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Top 5 Legal Developments 

3. Employment: Hiring and Compensation

- Do you have employees or contractors?
- Uber, Homejoy, the assault on franchise systems


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Top 5 Legal Developments 

4. Equity Crowdfunding in Minnesota

- MN State Law in Effect
- Waiting on Regulations

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Top 5 Legal Developments 

5. New Minnesota LLC Statute

- New LLCs: Effective August 1, 2015
- Existing LLCs: Effective January 1, 2018 or sooner if elected
- Consider review of existing documents

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Q & A and Parting Thoughts



- Thank you.
- We'll see you in December
- We want to hear from you:

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