Several times each month, we are pleased to republish a recent book review from the Canadian Law Library Review (CLLR). CLLR is the official journal of the Canadian Association of Law Libraries (CALL/ACBD), and its reviews cover both practice-oriented and academic publications related to the law.


Reviewed by Kim Nayyer, BSc LLB MLIS
Associate University Librarian, Law
University of Victoria
In CLLR 44:1

An entrepreneur generates an idea for the next successful venture. But what happens next? This highly practical book aims to give the guidance an entrepreneur needs to bring inspiration to action. It offers insights and practical exposition of considerations, from business form and funding of the venture through to its operation.

Startup Law 101 is neither an academic treatise nor a reference book. Rather, it is akin to a user’s manual for the entrepreneur, designed to help the would-be founder identify and address key steps, considerations, and options for establishing the venture. The preface expresses the goal of the book well: the high-risk tolerance considered typical of startup founders does not discharge the persistent legal issues that could, if unrecognized or unaddressed, become barriers to either the success of the venture or the preservation of investors’ financial stake in it.

Organized in three parts, with 21 chapters from 32 contributing authors, Startup Law 101 is comprehensive in its scope though sometimes shallow in its depth. Some matters are covered in considerable detail, such as sections on potential financing options available to startup founders. Others are sparingly presented, presumably to ensure clear communication of key issues, as minimal legal detail and analysis suits the practical purpose of the book. At the same time, the large number of contributors and chapters underscores the complexity of legal issues that intersect with startup companies’ launches and operations.

Part 1 addresses business formation and structure options and their tax implications, along with financing strategies, explanation of debt and equity financing, and alternative funding models such as sweat equity and crowdfunding. This part focusses on Ontario, with the remainder of Canada discussed by way of contrast. Part 1 concludes with a comprehensive, 67-page guide to funding sources, incubators, and investor sources.

Part 2 looks at the operations of the new venture. This part features chapters on human resources matters, including the differences among employees, independent contractors, and dependent contractors; important contractual terms, including non-disclosure, non-solicitation, and non-competition clauses; the importance of various policies, including terms of service; marketing and consumer protection law issues; and legal considerations important particularly to businesses operating in the internet sphere, such as defamation and privacy law issues. Many of the chapters in this part discuss key legal authorities from across Canada that support the positions presented; for example, the human resources discussion includes a table of employment standards basics or key provisions across the country. Part 2 also offers some valuable supplementary materials: precedent clauses, template agreements, and sample policies.

Part 3 is different from the other two parts in that it does not follow the track from inspiration to formation to operation. Rather, the editor presents Part 3 as material integral to all stages of a startup’s life. This part
details strategies to protect the startup’s intangible assets, or intellectual property, and the importance of attention to intellectual property considerations from the initial stages onward, including inadvertent misuse of another party’s intellectual property. Part 3 begins with an overview of the types of intellectual property applicable to a startup, including the more commonly recognized types like patents, trademarks, and copyrights, along with trade secrets, industrial designs, and integrated circuit topographies. A chart highlights the subject, applicable legislation or governing law, and key requirements of each type, and a simple checklist outlines questions to consider in each area. Part 3 also explains the process of intellectual property due diligence and offers due diligence checklists from the buyer and the seller perspective.

Startup Law 101 is a manual that offers a wealth of useful information to startup company founders and operators, and those who may advise them. It will be of greatest value to entrepreneurs in the early stages of planning or launching a startup. Though it doesn’t seem to be designed to be a law student text, students or early stage lawyers considering a future in advising startups will appreciate the broad scope of matters to be considered. Similarly, the book will assist lawyers who encounter clients engaged in startup ventures to spot issues for their own handling or for potential referral.

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