



Why Clear Contracts Are Key to International Success

Arno F. Likar / Executive Partner, Founder at LIKAR Law

[Sector] Law

Arno F. Likar studied law in Graz before specializing in EU and international law. After spells at institutions such as the Austrian Trade Commission and studies at the European University Institute in Florence and the renowned London School of Economics, he gained experience in international mergers and acquisitions at Graz and Viennese law firms before setting up LIKAR Law. As well as advising startups, Arno counts international clients and investors among his clients and is himself a business owner, investor and startup mentor for Graz University's Startup Garage. All of this puts him in a unique position to understand all sides in a negotiation and know what investors and corporations look for in a startup.

LIKAR Law typically advises startups on international contracts prior to launch in a new overseas market. However, Arno recommends having the right internal agreements in place from the word go. In Austria, he explains, you're considered a business organization with legal effect even before the company is incorporated, so you need a founder agreement covering rights, duties and IP ownership, etc. This makes things a lot easier if you split or have conflicts or differences of opinion in the future. It also makes you more attractive to investors and sets you up for compliance with international standards and regulations like anti-money laundering. "If you want to attract investment or access government support or other programs, you need a solid professional structure," he says. "Basic contracts, shareholder agreements, bylaws and clear division of founders' responsibilities are essential."

Drawing on the combined experience of its partners and a network of international business contacts and lawyers, LIKAR Law assists startups with each new cross-border negotiation or market launch. The aim is to make growing companies as competitive as possible by protecting them with the right international contracts and agreements and ensuring they comply with applicable regulations. For example, startups in heavily regulated fields such as medical or energy supply are bound by the regulations of the country they are launching in. For private contracts, though, others can negotiate the most favorable jurisdiction (courts) to govern their activities. As an example, if you're launching in an African country



Most important tips for startups:

- **Know your customer and your partners.** Always check potential partners out before any negotiation or agreement, and get copies of ID documents, excerpts of companies' registers, etc. Make sure you know who the ultimate beneficial owner is, which might not be the person you're negotiating with, and have a get-out clause in case they change in the future.
- **Choose the most favorable applicable law when entering an overseas market.** Private contracts allow you to choose which jurisdiction applies to your activities, which is a lot easier than having different provisions for each new country you launch in.
- **Have contracts in place covering representations, liabilities and warranties.** Having the right provisions protects your personal liability and makes you more attractive to investors.
- **Keep it simple.** Contracts should be easy to understand and accessible. Use consistent terminology, include definitions of the main terms, and give examples. It all helps minimize the possibility of future conflicts.



and have agreed that Austrian law will apply to your contracts, local courts are unlikely to be familiar with it. Therefore, stipulating Austrian jurisdiction as well means any legal issues will be decided by an Austrian court. Reaching an agreement on jurisdiction during contract negotiations essentially means you'll be in a better position to claim damages, should you need to. Trying to enforce a decision in another country with its own jurisdiction is a different story. Therefore, it can make sense in cross-border dealings to agree on arbitration proceedings, like the International Chamber of Commerce or the Vienna International Arbitral Centre, to make decisions more enforceable.

Once a startup sets its sights on overseas markets, LIKAR Law starts the process of negotiating the international contracts it needs. These may include R+D and cooperation or joint venture agreements to team up with local partners to develop the product or launch and scale in a local market. It's essential to have watertight contracts in place during any negotiation with potential partners, warns Arno, as you're taking a calculated risk by sharing your know-how. An NDA is the obvious first step, as is performing due diligence and background checks on your potential partners.

If all goes well, you'll need agency law contracts to bring local distributors on board, and you'll need transfer and purchase agreements when the time comes to buy or sell shares. These last stipulate liabilities, representations and warranties and regulate the rights and duties of all parties involved. Startups also need to ensure IPs such as company names, trademarks, domains and patents, etc., are protected under the regulations of any new country they're entering, because EU protections don't automatically provide global protection.

Despite being a lawyer, Arno recommends avoiding legalese in all your agreements. Both your business model and contracts, he says, "should be explained in a way that everyone can understand what is meant."

About

Specializing in business law, LIKAR Law has over twenty years experience as a one-stop legal, financial and tax advice shop for startups, investors and corporations. It leverages a strong international presence and networks to ensure clients have the right agreements and structures in place to protect them through setup and national and international market entry, scaling and investment. Founding partner Arno F. Likar is highly experienced in negotiation strategy while other partners specialize in data protection (Walter Korschelt), IP strategy (Peter Griehser) and insolvency prevention and real estate (Markus Tutsch).

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- **Commit yourself fully.**
Be fully committed to making a success of your business. We expect teams to be working full time on their companies and to have made a personal financial commitment to the business.
- **Think big.**
We're looking for startups that see beyond just the business plan, are willing to think big and comprehensively, and are able to see the longer-term strategy.
- **Protect your property.**
Our years of legal and intellectual property experience mean we have a unique insight into what it takes to protect your business from a legal perspective. We want you to have already begun to protect your assets.
- **Be authentic.**
We are not interested in egos; we're looking for solid teams who want to work hard and succeed.
- **Have a balanced team.**
Acknowledge your strengths and weaknesses, know when to ask for help and be open to taking it when you need it.

[Name] HAI Smart Equity GmbH

[Elevator Pitch] *"As highly experienced business angels and investors, we are exceptionally positioned to help future-orientated startups realize their potential. We have access to a unique global network and have an unparalleled understanding of what it takes to grow and scale a business."*

[Sector] All but predominantly technology, sustainability, energy

[Description] Started in 2014 by Arno F. Likar and Peter Griehser, HAI Smart Equity are business angels and startup investors. Arno and Peter have a wealth of experience in the startup scene, having worked as entrepreneurs themselves and founded their own companies prior to forming HAI. They are uniquely positioned and connected to offer cash investment – typically from €20,000 (\$24,000) to €200,000 (\$240,000) – to future-thinking, scalable and innovative technology-led startups. One of their most successful investments so far is a blockchain technology company, and they are keen to explore the potential of this industry more. Their main investment criteria is that the team leading the startup must be authentic and willing to commit wholeheartedly to its business. The startup should be a full-time occupation, and the founders should have already made a financial contribution to the business themselves. Arno and Peter are especially interested in ideas and business concepts that are future-orientated and provide solutions for real world problems. Having worked in the legal sector for many years, it is also of utmost importance to them that startups are legally sound and compliant.

With strong links to the local startup scene, and acting as advisers to Graz-based startups in their capacity as lawyers, Arno and Peter are mentors on a number of accelerator programs, including the Gründungsgarage, the Science Park Graz and Unicorn Graz. They bring an exceptional perspective and understanding of what it takes to grow and scale a business. They see themselves as sparring partners for the startups they invest in and work closely with them to offer advice and ensure that the startup's potential is unleashed and the business has room to grow and scale, unheeded by intervention. They also have exceptional access to the global funding community and to a network of large funds, allowing them to connect to additional funding opportunities for the startups they work with.

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