

# Top Business Legal Problems that Keep Business Owners Awake at Night



The consequences of a customer lawsuit or failure to [comply with privacy laws](#) can prove deadly for a business. Consequently, wise business owners either hire a staff lawyer or retain the services of a trusted law firm. The following top business legal problems illustrate just a few of the challenges that business lawyers will help organizations navigate safely.

## 1. Lawsuits and Product Liability

Lawsuits from a variety of potential sources can cost the company a great deal, both in fines and in lost reputation. Common legal actions include occupational lawsuits such as those related to on-the-job injuries.

Additionally, in today's litigious society, customers routinely file lawsuits related to allegedly faulty products. Even the threat of a lawsuit can cause damage. And if numerous people gather and file a class action lawsuit against the company, the company could owe millions of dollars.

## 2. The Wrong Business Structure

Setting up a new business correctly from the start will help avoid significant headaches down the road. New business owners must choose the correct business structure and file mounds of paperwork correctly.

For instance, a sole proprietorship offers great autonomy, but it leaves business owners and their families open to personal liability. In a limited liability company (LLC), on the other hand, the owner(s) and the business are considered separate entities.

Other types of organizations, from partnerships to corporations to non-profit organizations, each have their own tax and legal repercussions. A business lawyer will help potential business owners choose the optimal business type. They will also ensure that the business obtains all the necessary licenses and permits and keeps them renewed.

### 3. Merger and Acquisition Misunderstandings

Like business formation, merging two businesses requires careful planning and documentation. A business lawyer will carefully review contracts and make sure all necessary paperwork is completed and filed.



### 4. Hiring and Firing Problems

Several employment issues can land a business in hot water. For instance, employers must know the legal status of the people they hire. And employee contracts should spell out the conditions of employment, from employee role and salary to benefits and overtime policies.

When it comes time to dismiss an employee, companies must follow the proper procedures. Without proper documentation, a disgruntled former employee may prevail with an unlawful termination lawsuit.

## 5. Contract Disputes

Business must negotiate a variety of contracts with suppliers, consultants, customers, and employees. Contracts can help avoid miscommunication and protect the company from harm. They also bind the company to certain actions. Lawyers will draw up or review contracts to ensure clarity and fairness.

## 6. Intellectual Property Mistakes

Intellectual property includes patents, copyrights, and trademarks, as well as inventions and other trade secrets. The company must protect its own intellectual property. It must also avoid the innocent, but potentially costly, mistake of choosing a business or product name already owned by another company.



## 7. Discrimination and Harassment

Organizations need to guard against discrimination or harassment related to sex, race, age, religion and other sensitive areas. This begins with the hiring process and extends throughout the company culture. The legal team and human resources department must work closely together to proactively address any issues.

## 8. Tax Filing Errors

The business structure chosen at the outset will influence how the owners and the business must file taxes. Other factors complicate the tax picture, and tax laws change from year to year. For instance, businesses that operate in multiple states must abide by the taxation laws in each state. Seeking advice from a tax lawyer can save substantial fines in the end.

## 9. Cyber Security Breaches

Companies store vast quantities of valuable information. In addition to safeguarding company secrets, organizations have legal and contractual obligations to protect sensitive data belonging to their customers and employees.

A [cyber security lawyer](#) will help the company put plans and practices in place to minimize damage in case of a breach. When breaches do occur, the legal team will play a central role in incident response, from communication to preparation for possible litigation.

## 10. Regulatory Non-Compliance

Businesses must demonstrate compliance with a host of laws and industry regulations. For instance, any organization taking credit card payments must comply with PCI DSS. And both healthcare providers and their business associates must abide by HIPAA regulations. Additionally, numerous states have developed their own [privacy laws](#) that change regularly.

### Choose the Right Partners to Avoid Top Business Legal Problems

The right [business attorney](#) will help the organization build a strategic advantage, protect intellectual property and prevent or prevail in lawsuits. They will also play a significant role in strengthening incident preparedness and maintaining regulatory compliance.

Additionally, the [legal technology experts](#) at eMazzanti can help your organization implement the technology solutions to stay compliant and safeguard essential intellectual property.

