

ENT 329 B

Legal Plan

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**Contractual Relationships:** Entities that “Adaptable Attire” will have contracts with...

**LLP Agreement:** Adaptable Attire will be a LLP: Limited Liability Partnership (discussed in the organizational formation section). This agreement will clearly discuss how profits will be divided up between the 3 of us. It will lay out managerial control and day-to-day responsibilities. We will sign a confidentiality agreement with our contract to ensure we are only discussing Adaptable Attire with entities involved. If an issue of personal bankruptcy arises for any one of us, that individual has the right to exit the LLP, but remains severally liable for their share. If any partner wishes to modify the LLP Agreement, we must meet with our lawyer to agree upon new conditions. Without this agreement, we would potentially have issues between the three of us not agreeing on sharing profits, managing the entities of our business, and general decision making.

**Retailers:** In order to receive the associated discount, we commit to ordering in bulk from our partnered retailers. We aim to act as an extension in order to enhance their customer’s experience. We agree to adhere to their standard commercial procedures, maintain favorable brand images and uphold sales goals, plans and forecasts. All copyrightable work products will be maintained in connection with our service. Retailers and brands maintain exclusive ownership of product designs and our service will only aim to enhance their customer service experience. Possible issues that could arise in the event of copyright infringement i.e. if we displayed a retailer’s products without the proper licensing. We only have legal grounds utilize their company logos with the proper licensing agreement between both parties.

**Apple IOS Store:** In exchange for hosting our app, we agree to adhere to the full extent of standard procedures set in place by Apple Inc. We understand our responsibilities as “Apple Developers”. We will adhere to all respective all respective laws, both federal and state, aim to maintain the well respected reputation of our benefactors, and agree to all standard procedures in place for all “Apple Developers” and those associated with Apple Inc. This contract is extremely necessary, without it we would be prevented from launching our app in the App Store, which would make it almost impossible to succeed as an app.

**App Developer/Designer:** App developer will allow us to copyright the coding created for Adaptable Attire. Developer will sign confidentiality agreement not to share information regarding Adaptable Attire with any entity outside of Adaptable Attire. Developer is paid

up-front. It's important that we go into detail with this contract because without it, our app developer could technically use the same coding for another company.

**Contracted Tailor(s):** Contract will include an indemnification clause and a hold harmless agreement. Tailoring work will be performed on their own time often within the confines of their own property. Each tailor is required to take out an insurance policy covering any and all possible on site or work related injuries, losses, expenses, costs and judgments. Tailor must follow workplace procedures and guidelines set by Adaptable Attire, LLC as well as not work more than 40 hours per week. Adaptable Attire will have the grounds to terminate relationship upon the circumstances regarding unsatisfactory work. Tailor will be on our payroll and will be paid \$14 hourly as a starting rate. Tailor must clock in and out via virtual "Shiftplanning" website to track hours worked. If the contract isn't in place, it leaves us vulnerable and open to lawsuit in the form of workplace injury. We will place a gross negligence clause in place by the off chance that a foreign object got sewn into the clothing or if there were mistakes made.

**Landlord of Rental Space:** We agree to lease commercial property from its respective landlord. We agree to pay all respective monthly rent in full. Our lease dates will initiate on our first day of operation. All respective utility expenses will also be paid in full on a monthly basis. In any given instance, that extra fees, emergency services and repair costs are needed, all costs will be paid at our discretion on a regular basis per the landlord's orders. This measure also includes any interest fees. We agree that the premises will only be occupied by employees and business partners. This agreement also confirms that we have correct ordinances by the city to conduct business in this rental space. We could potentially face a lawsuit from the city if we do not have the proper grounds to conduct our business in the area we rent in.

**Customers:** Customers will agree to Terms & Conditions when installing our app. In the off chance we do not live up to our promise to deliver customer tailored clothing, customers will be compensated with a free consultation in order to receive a more proper in-person fitting. A full return policy is displayed on our app for users (see Potential Exposure). Information is collected directly from customers and stored directly by our business. Information is collected solely for the purpose of enhancing the shopping experiences and will not be directly shared with third parties. Customers are responsible for choosing the information of which they share. In the off

chance of a data breach, Adaptable Attire is not responsible for any information lost or stolen by a third party as agreed to under selecting the 'Terms & Conditions' upon signing up for the expenditure. Customers may attempt to take out lawsuits on us given a data breach, but they have already agreed to the Terms & Conditions, where we state we are not liable for data breaches.

**Bank of America:** All expenses will be properly accounted for and reported to any and all financial stakeholders. We agree to not tamper with financial documents, tax records and expense notices in any way shape or form. In any case that it is discovered that our business partners, investors or accountants have exhibited financial dishonesty, any and all measures will be taken to rectify the matter. All conflicts, confusions, comments, questions and concerns will call for an open meeting and/or commentary between all involved parties and our lawyer.

**Organizational Formation:** We found that our company would work best as a limited liability partnership. First, sole proprietorship was not an option - there are three of us. General partnerships are too risky, because there is too much personal liability at stake. We are not a large enough company to consider becoming a corporation, and would have difficulty obtaining shareholders. Also, we want to avoid double-taxation. Even though the limited personal liability was a plus, we decided that a corporation wasn't necessarily feasible for us. Considering hybrid forms of businesses, we examined the possibility of a limited partnership. This wasn't ideal because not all three of us would be permitted to daily operations of the business, and one of us would be a general partner. Again, the limited liability was a plus. We could be an S-Corp, considering we would never have more than 100 shareholders, and we meet all other requirements. However an S-Corp would require us to take personal tax liability. Thus we arrived at a limited liability partnership. LLPs are inexpensive to claim, and partners would be free to enter and exit. We also could share equal managerial control, which is important to us. This will be a side business for each of us so the flexibility of an LLP is critical to us.

**Intellectual Property:** Since we provide our customers with custom tailored clothing delivered to their homes via measurements through our app, we should make our tailoring and measuring methods trade secrets to avoid another entity from copying us. We know this is a viable mean for a trade secret, because: 1. We as a company will be taking "reasonable measures" to protect our information, and 2. The knowledge holds as value to us by not being public knowledge, because

we run our business on this information. We would like to copyright our company name, “Adaptable Attire.” That way it can be licensed for use on any signage, social media, or our website. Our name is original, because it hasn’t been trademarked or copyrighted before, so we want to protect our company name. We also will need to copyright our coding for our app. Our app developer will create unique coding for our app that we need to have the rights to. This copyrighted coding will then be licensed out to the IOS App Store. We will need to obtain a design patent for our app as well. This will include the layout (the menu and each page of the app) and the icon of the app. The design is nonobvious, because of the unique layout, and is novel as well as useful. We hope to take out a utility patent our business model: the process that we go about selling to our customers to acquire new business. Since it is unique and offers a differentiation aspect to it, it will be feasible. Selling and tailoring popular branded clothing is what separates us from our competitors, therefore we are hoping to patent our business model.

**Potential Exposure:** The potential exposure that faces us in our unique scenario is if by the off-chance a foreign object got sewn into the clothing or a customer being allergic to the clothing they purchase. These are two vivid examples of products liability. We are going to safeguard ourselves through means of taking the necessary precautionary measures listed here: tailors are independent contractors and indemnify us, work from home on their own time, and are contractually obligated to follow Adaptable Attire’s procedure to avoid product liability issues (see App. 2). We will include all fabric material information for each piece of clothing for purchase on our app. This information will be available to users when they select “Material” under the photo of the item, in the “Details” screen. This protects us from any liability or any facet that could be considered negligent. The clothing will include tags on them as well that contain all the relevant ingredients. In addition we must prevent any confusion regarding customers returning our clothing. The return policy is the security blanket that protects us from any hidden lawsuits if people quibble or decide that they are dissatisfied with our product(s). If the customer is not satisfied with the product he or she will have the option to voluntarily return it within 90 days of shipping date, given that the product is deemed in fair condition. Items that are damaged or compromised in any way may be denied a refund or exchange - this discretion is up to LLC partners.

## **Appendix 1.**

### *Licensing Agreement with Retailers:*

**Items Purchased:** Adaptable Attire agrees to buy and sell the following goods in accordance to the terms and conditions of this contract

**Product Standards:** The products delivered by the retailers will comply with any and all industry standards.

**Title/Risk of Loss:** Buyer shall pay reasonable shipping costs in accordance with shipping instructions with the seller responsible for packaging, shipping and safe delivery and shall bear all risk of damage or loss until the good are delivered to the buyer's address.

**Payment:** Payments shall be made to the buyer's address in installments throughout the year. In addition to any other right or remedy provided by law, if Adaptable Attire fails to pay for the goods when due, such failure to pay is considered a material breach of this contract, and seek legal remedies as described below on "Remedies by Default".

**Delivery:** Adaptable Attire will arrange for delivery by carrier completed on the first of every month under contract.

**Payment of Taxes:** Adaptable Attire agrees to pay all taxes of every description federal and state. Remedies on Default: In addition to any and all other rights a party may have in accordance to law, if a party defaults by failure to perform any aspect of this contract the other party may terminate it with a written notice within seven days of discovery.

**Confidentiality:** Upon termination of this contract, Adaptable Attire will return all notes and documents used or created by the retailers during the term of this contract.

**Entire Contract:** This contract supersedes any prior written or oral agreements. This contract contains the entire agreement of both parties.

**Severability:** If any provision of this intractable shall be held invalid, the other provisions will remain in place.

**Amendment:** Amendments of any kind require written signatures from both parties.

**Applicable Law:** This Contract shall be governed by and constructed according to the laws of the State of Massachusetts

**Signatures:**\_\_\_\_\_

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## **Appendix 2.**

Tailor must abide by these procedures for working on own property:

1. Work space must be clear of any food
2. Fabric must be stored properly: guidelines written in employment contract
3. Finished work must be inspected before passed on to shipping: all pockets are to be checked in clear light, seams must be pressed down on to ensure nothing wrongful was sewn into the garment)

## Endnotes

1. Formating By: <https://www.rocketlawyer.com/app.rl/>