



Business Law Alert

Collecting from Dead-Beat Contractors

Today, a business owner asked me "what are my remedies when a contractor will not pay for my invoice for my final week of work?". This was my response:

If you are a subcontractor working on a property, you can lodge a mechanic's lien against the property. First you must send a written, signed letter demanding payment with a deadline for the contractor to comply. If he/she doesn't pay, then file a lien. A lien is just a mark on the property's title. It doesn't guarantee payment. However, it does place pressure on the property owner to settle your dispute to keep the title clear.

You can on the other hand, sue the contractor. If you are in Philly and your claim is under \$10,000, you can sue in small claims court. The result will be a judgment in your favor. A judgment doesn't guarantee payment, either. It's just a document declaring that the contractor legally owes you money.

However, with a judgment you can garnish money from the contractor's bank account, if he/she has a bank account.

If you suspect that your contractor has run out of money, then the new bankruptcy laws allow you force a business into bankruptcy. It's very complicated process, but a serious option if your contractor owes you a large sum of money.

If you are fortunate enough to be working on a government contract, the contractor was required to post a bond to qualify for the contract. A bond is like an insurance policy. File a claim for payment with the contractor's bonding company.

My business advice to you would be to speak with an attorney about the details of your situation and map out a cost-effective, yet realistic plan to get your money.

Frivolous Lawsuit Costs Business \$300K in Legal Fees

Luxury handbag maker Louis Vuitton claimed a Las Vegas company infringed on its trademark with furry "Chewy Vuiton" dog toys,

Seminars::

LLC or S-Corp:
Which is best for me?

Oct. 21st at 6:30 pm

Speaker: Sharmil McKee, Esq.

Networking::

Business After Dinner

Oct. 25th at 6pm

Sole Restaurant

Host: Center City Proprietors Association

McKee Law Office

Business Attorneys
7715 Crittenden St
Suite 314

Philadelphia, PA
215-242-5260

www.mckeeoffice.com



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but a federal appeals court refused to bite. "

Small Business owner, Haute Diggity Dog, eventually won the lawsuit, but she paid her attorneys over \$300,000 to defend the company. Before Haute Diggity Dog opened its doors, the owner should have consulted with an business attorney.

Her attorneys could have developed a pre-emptive strategy to avoid a potential lawsuit involving trademark infringement, like this.

In this case, I would probably have recommended that Haute Diggity Dog enter into an agreement with Louis Vuitton. I would have clearly demonstrated to Vuitton, in our negotiations, that Haute has the legal authority to create these toys because they do not infringe.

The agreement would specify that Vuitton would not sue Haute (and perhaps offer that Vuitton purchase a license from Haute to produce dog toys.

Thus, it is better to do business with Haute, than against Haute.

Author: Sharmil McKee
Business Attorney
sm@mckeeoffice.com
215-242-5260 X2

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Referrals Welcome

Business Opportunity

The Commonwealth of Pennsylvania is looking for a Real Estate Broker to help it locate properties to lease.

Interested? Call Ronmil Hoop at 215-242-5260 x5 or rh@mckeeoffice.com

Guest contributors to the Business Law Alert are welcome.

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Philadelphia, PA
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