

Legal Issues in Nigeria's Entrepreneurship

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ABSTRACT

Entrepreneurship, which is the art of managing humans and materials, has grown in proportion in Nigeria with the development of new business techniques. Since there is hardly any aspect of human life that is not subject to control by law, it requires the law to achieve its objectives. This paper appraises Nigeria's legal issues in entrepreneurship by focusing on pertinent areas such as business structure, taxation, business registration, fundraising, contracts, employment, intellectual or intangible property, insurance and anti-trust. It exposes the issues of law that arise in entrepreneurship and shows how to effectively navigate them by adopting legal approach. As such, the 21st-century Nigerian lawyers can no longer wear the toga of conservatism but must employ relevant legal tools to make meaningful impacts in business. They must possess a working knowledge of several areas of the law, develop innovative techniques that operate across national borders and possess adequate entrepreneurial skills to cope with the complex and sophisticated demands of the business class to remain relevant.

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INTRODUCTION

Law is central to the establishment and maintenance of an orderly society, and it is equally instrumental to the lawful creation and effective operation of businesses. Under Nigerian law, a business refers to any legitimate trade, industry, profession, or occupation carried on for the purpose of generating profits. Refer to Section 868 of the Companies and Allied Matters Act, No. 3 of 2020 (the CAMA) and (Garner, 2019). In the case of *Uzoukwu v Idika* (2022) 3 NWLR (Pt. 1818) 403, the Supreme Court defined it as a commercial enterprise carried on for profit, a particular occupation or employment habitually engaged in for livelihood or gain and anything which is an occupation as distinguished from pleasure. The law recognises and protects the right to engage in lawful business for sustenance. This right is enshrined in the provisions of national, regional and international legal frameworks like those under Sections 16(1)(d), 17, 42 and 43 of the Constitution of the Federal Republic of Nigeria, 1999 (the Constitution); the CAMA; Articles 2, 14 and 20-22 of the African Charter on Human and Peoples' Rights (Ratification and Enforcement) Act, 1983; Articles 2, 14 and 20-22 of the African Charter on Human and Peoples' Rights, 1981; Articles 7, 17 and 22-23 of the Universal Declaration of Human Rights (the UDHR); and Articles 1-3 and 6-8 of the International Covenant on Economic, Social and Cultural Rights, 1966 (the ICESCR) that apply in Nigeria. In *Sikiru Agboola Lasisi v Registrar of Companies* (1976) 7 SC 73, the Supreme Court noted that the Appellant and other subscribers to the Memorandum and Articles of Association of the proposed British Leyland International (Nigeria) Limited have the right to form a private company in line with Section 1(1) of the Companies Decree No. 51, 1968 having complied with the

necessary legal requirements. As such, no person (natural or artificial) should be deprived of the right except in line with the dictates of the law.

Against this background, this article examines the principal legal issues that entrepreneurs must consider when creating and operating businesses in Nigeria. It argues that legal compliance is not merely a formal requirement but a strategic condition for business continuity, regulatory legitimacy, risk mitigation and sustainable growth.

METHODS

This article adopts a doctrinal legal research approach. It relies on the analysis of primary legal materials, including the Constitution of the Federal Republic of Nigeria, the Companies and Allied Matters Act, tax statutes, intellectual property statutes, employment legislation and judicial authorities. It also draws on secondary sources, including books, academic commentaries and practice-oriented legal materials already cited in the manuscript. The approach is appropriate because the article seeks to clarify the legal framework governing business creation and operation in Nigeria and to identify the compliance obligations that entrepreneurs must observe.

RESULTS AND DISCUSSION

1. Conceptual Scope of Legal Issues in Business

Generally, failure, neglect or refusal to act within legal limits or to comply with applicable law attracts sanctions and other accountability mechanisms. In the context of business creation and operation, compliance is the extent to which business activities are carried on in accordance with applicable laws, rules and regulations. To meet potential market demands, therefore, entrepreneurs need to constantly navigate legal issues. Legal issues in business are the problems relating to the law which entrepreneurs encounter in the course of their business creation and operation. They are the legal questions which entrepreneurs need to answer in order to make business decisions that are in tandem with the provisions of the law. These issues manifest in different forms and are more profound for startups, which are businesses just setting off, especially those in areas where the legal framework is still emerging. The common areas rife with legal issues include business structure, business registration, fundraising, contracts, employment, intellectual or intangible property, tangible property, torts, insurance, antitrust, conflict of interest, taxation, as well as expert advice. Accordingly, from creating new businesses to raising funds, entering legally binding agreements, acquiring tangible property, protecting intellectual property rights, etc., understanding the issues in the legal landscape and complying with them are essential for the success of businesses. Some of these issues, which traverse many areas of business law like company law, commercial law, the law of contract, the law of banking and insurance, land or property law, intellectual property law, labour law, the law of taxation, etc. will now be discussed.

2. Legal Issues in Business Creation and Operation

a. Capacity to Register a Business

Every adult citizen and foreigner can register or join in registering and carrying on business in Nigeria, provided they are of sound mind and not undischarged bankrupts or artificial persons in liquidation. Minors under the age of eighteen years (18yrs) are also not eligible to register or join in registering a business, except they do

so with at least two adults who are qualified to do business in Nigeria. The CAMA introduced a new form of sole proprietorship where only one person may form and incorporate a private company by complying with the requirements of the Act in respect of private companies. Refer to Sections 18-20 of the CAMA and (Orojo, 1992).

b. Business Structure

One of the first issues entrepreneurs must decide before creating a business is the right structure. Now, corporate bodies may be business or non-business inclined, created by statute or the Corporate Affairs Commission (the CAC), which is a product of Section 1 of the CAMA. In the *Bank of Industry Ltd v Obeya* (2022) 1 NWLR (Pt. 1821) 589, the Supreme Court commented on the status of the Bank of Industry Ltd (the BOI) as an agency of the federal government. It then follows that except for corporate bodies like the BOI and the Nigerian Ports Authority (the NPA) (otherwise called statutory corporations) established under Section 2(1) of the Statutory Corporations, Etc. (Special Provisions) Act, 1969, the CAC creates and regulates all non-statutory corporate bodies in Nigeria. These non-statutory corporate bodies are generally categorised into business names, partnerships, companies and incorporated trustees. While the first three are typically business inclined, the last and companies limited by guarantee are not so inclined as non-governmental organisations, schools, social groups, etc., which are not usually set up for profit-making, are registered under them. Entrepreneurs must determine which of the business-oriented structures of a business name, partnership or company they will settle for, influenced by factors like the nature of their proposed business and their financial strength.

Pursuant to Section 21 of the CAMA, companies are divided into three types (i.e. companies limited by shares, companies limited by guarantee and unlimited companies), which may be private or public depending on the restriction on membership (Alobo, 2022), (Wigwe, 2016) and (Tonwe, 1997). On the other hand, partnerships may be limited partnerships or limited liability partnerships. Each of these business structures has its own set of startup rules, advantages and disadvantages in terms of legal and business implications that can impact their registration, management, privacy, flexibility, finance, tax liability and general legal protection (Ogunyemi, 2020). For instance, a business name or company may be registered as a sole proprietorship, while a company may also be registered with a minimum of two adult shareholders. Also, while the members of a business name or partnership should not ideally exceed twenty (20), those of a private company cannot exceed fifty (50). Then, the membership of a public company is unlimited. Furthermore, the type of company registered determines its minimum share capital, which then determines the amount of tax due and payable to the Nigerian Revenue Service (the NRS), formerly the Federal Inland Revenue Service (the FIRS) or the State Inland Revenue Service (the SIRS), depending on which applies and its annual dues to be paid to the CAC.

It suffices to note here that the NRS was established in 2025. Unlike its predecessor, it is vested with a wide scope of responsibility to collect all revenues accruing to the federal government (including those previously collected by agencies like the Nigeria Customs Service, the Nigerian Ports Authority (the NPA), the Nigerian Maritime Administration and Safety Agency (the NIMASA) and the Nigerian Upstream Petroleum Regulatory Commission (the NUPRC)). The essence is to unify the assessment, collections and give account of the federal government's revenue; stop the multiplicity in taxation and ultimately increase the ease of doing business. Refer to

the Nigerian Revenue Service (Establishment) Act, 2025 (the NRS Act). So, at the earliest stage in the process of creating a business, intending entrepreneurs should consider what type of business structure will meet their desires in terms of the nature of the business, membership, shareholding, projected income, payment of taxes and annual dues, as well as give the best legal protection and general advantages. This will help to pay attention to its accounting and finance activities as well as adhere to the appropriate tax regulations, ensuring timely filing and payment of taxes to avoid legal penalties.

c. Business Registration

After deciding on the business structure and making other startup decisions, entrepreneurs need to register their businesses with the appropriate body. The CAC is responsible for birthing, sustaining and signing the death warrant of most businesses in Nigeria. The process starts with the name availability search and reservation to the issuance of the certificate of registration of the business. The business names eligible to be reserved must not be misleading, undesirable, offensive or otherwise contrary to public policy. Specifically, a business name should not be identical to the name of a business already in existence or nearly resemble such other business as to be likely to confuse or deceive the public that they are the same or share the same ownership. In *A Dikko and Sons Ltd. v Corporate Affairs Commission* (2004) 8 NWLR (Pt. 1939), the CAC registered *A Dikko and Sons Nigeria Limited*, a company with a name similar to that of the plaintiff, which made the plaintiff suffer financial loss as cheques meant for it were diverted to an account controlled by the promoter of the similar company. The Supreme Court held that the CAC has a statutory duty of care to avoid registering companies identical or deceptive due to their similar names. Refer also to the decisions in *Hendriks v Montagu* (1881) 17 Ch.D 638; *British Vacuum Cleaner Co. v New Vacuum Cleaner Co.* (1907) 2 Ch. 312 and *Niger Chemist Ltd. v Nigeria Chemists* (1961) NGHC 8. Also, no business should be registered with words like Federal, National, Regional, State, Government or any other word or words which, in the opinion of the CAC, suggest that it enjoys special governmental support or patronage. Refer to Section 852(1-4) of the CAMA. Accordingly, Section 31 of the CAMA provides that an approved business name can be withdrawn or cancelled where it is discovered to have been erroneously or fraudulently procured, while Section 30 of the CAMA states the circumstances where a previously approved name can be changed. It is noteworthy that no company can be formed to carry on an unlawful purpose. Note also that businesses incorporated or registered under the CAMA as companies attain legal personalities distinct from those of their members, making them artificial persons which can legally do everything natural persons can do. Refer to the cases of *Salomon v Salomon & Co Ltd* (1897) AC 22, *Sikiru Agboola Lasisi v Registrar of Companies* (supra) and *Dike v Kay-Kay Construction Limited* (2017) 14 NWLR (Pt. 1584) 1 CA.

d. Taxation and Tax Compliance

Nigeria operates a decentralised system of taxation where the federal, state and local governments play significant roles in tax administration. In June, 2025, the system underwent significant reform with the passage of four (4) tax laws. These laws, the Nigeria Tax Act, 2025 (the NT Act), the Nigeria Tax Administration Act, 2025 (the NTA Act), the NRS Act and the Joint Revenue Board (Establishment) Act, 2025 (the JRB Act), collectively overhaul Nigeria's tax landscape. They retained the

decentralised tax system, introduced a progressive tax structure, digital tax records and stricter compliance measures. By and large, these modernised tax laws and regulations aim to establish uniform procedures for tax collection, enhance compliance with tax collection processes, optimise revenue generation, ensure efficiency and consistency in tax administration, create a fairer and more predictable tax system that fosters compliance and boosts investors' confidence as well as promote greater accountability within Nigeria's tax system. Ultimately, enabling efficient, equitable and transparent tax administration for growth across all levels of government. The personal income tax (the PIT), companies' income tax (the CIT) and value-added tax (the VAT) remain the main tax types under the new reform. Others are capital gains tax, withholding tax, and development levy.

The PIT is imposed and collected from different sources of individual workable incomes like salaries, profits, pensions, interests and dividends. It is applied on a progressive tax rate structure with an annual minimum of 15% and a maximum of 25% depending on the annual earnings of the taxpayer. However, individuals earning eight hundred thousand naira (N800,000.00) or less per annum are exempted from tax. Refer to the elaboration of Section 58 under the Fourth Schedule of the NT Act on individuals' income tax rates. Non-resident individuals' entrepreneurship income, profits or gains are taxable once they accrue in Nigeria or are derived from Nigeria. The criteria are that the income or profits must have been derived from trade, business, profession or vocation. It is significant, however, that the income of such individuals has a permanent establishment or significant economic presence in Nigeria and the profit or income is attributable to the permanent establishment or presence pursuant to Section 17(3)(a-b) of the NT Act.

The CIT, also called corporate tax, is levied on the annual taxable profits made by businesses created by the CAC after the deduction of allowable expenses and applicable reliefs in line with the provisions of the NT Act. These taxable profits include profits from trade or business; rent on properties; premiums, interest, etc., from investments; dividends, interest, royalties, discounts, charges or annuities, fees from Nigeria and any income accruing in, derived from or brought into Nigeria. Section 3 of the NRS Act established the NRS, while Section 4 provides for its functions, such as the power to assess, collect and account for taxes and other revenues accruing to the federal government. All businesses registered in Nigeria, and foreign businesses carrying on business in Nigeria or deriving profits in Nigeria, are required to file their CIT self-assessment returns with the NRS in line with Section 11(1)(a) of the NTA Act and pay their company tax annually, where applicable. So, the companies contemplated under the provision are all companies, whether granted exemption from tax or not.

Non-resident companies doing business in Nigeria and who derive profit from such business are also taxable under Sections 3(a), 4(1), 5 and 6 of the NT Act with respect to their incomes, profits, gains, chargeable to tax in Nigeria. The income or profits of these companies are taxable in Nigeria once they accrue in and are derived from Nigeria pursuant to Sections 17(1-3) of the NT Act. The essential requirements are that these companies must have obtained or derived income or profits, or made gains by way of trading or business, or disposal of chargeable assets. Non-resident companies must have permanent establishments or significant economic presence in Nigeria to the extent that the profit is attributable to such establishment or presence in

line with Section 17(3) of the NT Act. A partnership of individuals involved in business is also subject to tax pursuant to Section 15 of the NT Act. But the income of partners is taxed as the income of an individual.

The NT Act and the NTA Act show the similarity between a small company and a small business. Section 202 of the NT Act provides that a small company is one with a gross turnover of fifty million naira (N50,000,000.00) or less per annum and a total fixed assets not exceeding two hundred and fifty million naira (N250,000,000.00). Similarly, Section 147 of the NTA Act provides that a small business is one with a gross turnover of fifty million naira (N50,000,000.00) or less per annum and a total fixed asset below two hundred and fifty million naira (250,000,000.00). There are specialised trades or businesses, such as general insurance and life insurance companies, whose profits are taxed pursuant to Section 6 or 17 of the NT Act. The taxable income of such specialised businesses is premium and investment incomes receivable, less re-insurance reserve for unexpired risks. Profit or income of other specialised trade or businesses, such as the lottery and gaming trade or business, collective investment schemes and mining operations, are taxable pursuant to Sections 62, 63 and 64 of the Act, respectively. However, a trade or business carried on by an export processing or export free zone entity is fully exempted from tax in accordance with the provisions under Section 60 and the Second Schedule of the Act.

Incomes arising from upstream petroleum operations in the onshore, shallow waters, and deep offshore with licenses and leases are liable to the hydrocarbon tax, which is charged and assessed on its profits relating to operations for each accounting period or year in line with the assessment schedule under Sections 65-87 of the NT Act. Sections 67 and 68 of the Act deal with methods of ascertaining crude oil revenue and the nature of allowable deduction from profits before tax, respectively. Section 69 outlines expenses not permitted to be deducted from profit before tax, while Section 78(1-3) provides for the method of determining the income of a petroleum company.

VAT is a consumption tax paid when goods are purchased or services rendered. It is a multi-stage tax borne by the final consumer. All goods and services produced within or imported into Nigeria are taxable except those specifically exempted by the NT Act. The tax is triggered by taxable supply, not by the turnover of a business. In other words, the law does not make VAT liability dependent on turnover size but on whether a taxable supply has occurred. Sections 145 and 148 of the NT Act impose VAT on goods and services at the fixed rate of 7.5% to be paid not later than the 21st day following the month of transaction. Some goods and services, such as non-oil exports, enjoy 0% tax. Under the Nigerian VAT system, three groups of taxpayers (businesses that are carrying on VATable transactions with non-resident companies within the country; governmental ministries, statutory bodies and other agencies of government, as well as businesses operating in the oil and gas sector) are obligated to deduct VAT at source and remit directly to the NRS. The value of taxable supplies for monetary consideration is determined by the amount which, with the addition of the VAT chargeable, is equal to the consideration. It can also be determined by the market value concept, where taxable supply is not for monetary consideration.

The payment of VAT by vatable persons for the supplier of goods and services is regarded as input VAT under Section 152(2) of the NT Act. A taxable person is required to maintain a sequential invoice numbering, which shall in respect of a supply

provide relevant details such as suppliers tax identification number (TIN), an invoice number, name and address of the supplier, supplier's incorporation or business registration number as applicable, date of supply, name of the purchaser, gross amount of transaction and the VAT charged and rate of VAT payable. A VAT invoice is issued by a vatable person making a supply or by such persons as may be appointed by the revenue service. Taxable persons are mandated to render tax returns as prescribed under Sections 11 and 13 of the NTA Act. Pursuant to Section 154(1-2) of the NT Act, an output VAT is that collected by a taxable person on making a taxable supply at the specified rate. Where output VAT exceeds the input, the excess must be remitted to the revenue service. Where input VAT exceeds the output VAT, the vatable person is entitled to utilise the excess as a credit against subsequent months.

The scope of vatable persons under the NT Act is very elastic but covers all professional services. Similarly, professionals are excluded from small business relief provided under Section 22(4) of the NTA Act. The section expressly excludes providers of professional services from being classified as small businesses for tax compliance exemptions. The professional services in contemplation are accounting, auditing, legal, consulting, engineering, architectural and similar advisory services. The implication of this is that professional firms cannot rely on low turnover to avoid VAT registrations or filing obligations. Any person making a taxable supply must register for VAT on taxable goods and services, issue VAT invoices and file returns. On the taxation of income or profits of persons involved in business or trade, profession or vocation, the Act imposes tax on the income of individuals or gains that accrue in or are derived from Nigeria for whatever period of time.

Tax registration by all businesses run by individuals, companies, trusts, communities, executors, government agencies or any entity earning income or carrying on economic activities is mandatory pursuant to Sections 4-9 of the NTA Act. The essence of registration is to obtain a TIN. Non-residents and foreign entities are also required to mandatorily obtain the TIN once they derive income from Nigeria or supply taxable goods or services to Nigeria pursuant to Section 6 of the Act. They are, however, exempted from obtaining a TIN where their income from investment in Nigeria is passive. A TIN may be temporarily suspended, deregistered and cancelled where a taxable person temporarily ceases to carry on business in Nigeria. The taxable person should notify the tax authority of the intention to suspend registration within thirty (30) days of the temporal cessation of trade or business pursuant to Section 10 of the NTA Act.

To strengthen compliance and ensure effective enforcement of the new tax laws, the NTA Act outlines a wide range of offences and corresponding penalties for individuals, businesses and corporate bodies. Chapter Four of the Act provides for financial and legal consequences for non-compliance to ensure accountability. The penalties aim at combating tax evasion and ensuring a transparent revenue system in Nigeria. The provisions on key offences and penalties under the Act are highlighted below.

Table 1. Offences and Penalties under the NTA Act

No.	Section	Offence	Penalty
1	100	Failure to register	N50,000.00 for the first month of default and N25,000.00 for every additional month of default.
2	101	Failure to file tax returns	N100,000.00 for the first month of default and N50,000.00 for every additional month of default.
3	102	Failure to keep proper books	N10,000.00 penalty for individuals and N50,000.00 penalty for companies.
4	103	Failure to grant access for technology deployment	N1,000,000.00 for the first day of default and N10,000.00 for each day thereafter.
5	104	Failure to use the fiscalisation system	N200,000.00 plus 100% of the tax due, along with interest at the prevailing CBN rate.
6	105	Failure to deduct tax	40% of the amount of tax not deducted.
7	106	Failure to make attribution	N1,000,000.00 fine.
8	107	Failure to remit tax deducted or self-account	The amount not remitted must be paid fully. 10% of the unremitted amount per annum. Interest at the prevailing CBN monetary policy rate. In more serious cases, offenders may face imprisonment up to three (3) years, or fine not less than the principal tax due, plus up to 50% of the due sum as penalty, or both.
9	108(1)	Failure to respond to demands, requests or notices.	N100,000.00 for the first day of default and N10,000.00 for each day thereafter.
10	108(2)	Failure to provide tax information, documents or records	N200,000.00 for the first day of default and N10,000.00 for each day thereafter.
11	108(3)	Non-compliance with legal arrangements or circulars	N1,000,000.00 for the first day of default and N10,000.00 per each day thereafter.
12	109	Non-compliance by Virtual Asset Service Providers (VSAP)	N10,000,000.00 for the first month of default and N1,000,000.00 for every additional month of default, or suspension/revocation of operating license by the Securities and Exchange Commission (the SEC).
13	110	Failure to stamp required instruments	10% of the unpaid duty plus interest at the prevailing CBN rate.
14	111	Failure to disclose facts in dutiable instruments	N100,000.00 or on conviction, N50,000.00 fine or imprisonment up to three (3) years.
15	112	Failure to notify change of address	N100,000.00 for the first month of default and N5,000.00 for every additional month of default.
16	113	Fraud related to stamps	Imprisonment not exceeding three (3) years or a fine of at least N2,000,000.00 or both.
17	114	Offences by authorised or unauthorised persons	Fine equivalent to 200% of the amount involved or imprisonment up to three (3) years or both.
18	115	Inducement of a tax officer	Individuals, N500,000.00. Corporate bodies, N2,000,000.00 or imprisonment up to three (3) years, in addition to paying the tax due.
19	116(1)	Use of a weapon during a tax offence	Imprisonment up to five (5) years.
20	116(2)	Injury to a tax officer while armed	Imprisonment up to ten (10) years.
21	117	Impersonation of a tax officer	N1,000,000.00 fine or imprisonment up to three (3) years or both.
22	118	Aiding and abetting tax offences	N1,000,000.00 fine or imprisonment up to three (3) years or both.

No.	Section	Offence	Penalty
23	119	Obstruction of tax authorities	N1,000,000.00 and on conviction, an additional fine up to N1,000,000.00 or imprisonment up to three (3) years or both.
24	120	Unauthorised disclosure of tax payers' information considered confidential by a member or former member of the board of a relevant tax authority, employee or former employee of tax authority	N1,000,000.00 or imprisonment up to three (3) years or both.
25	121	False claim of tax refund under Section 55	50% of the tax refunded plus interest at the prevailing CBN rate.
26	122	False claim of VAT refund under Section 56	100% of the tax refunded plus interest at the prevailing CBN rate.
27	123	Default in payment of mineral royalty for thirty (30) days	10% of the amount of royalty payable shall be added to the royalty due. In the case of foreign currency transactions, interest at the prevailing Secured Overnight Financing Rate (SOFR) or successor rate. In the case of Naira transaction, interest at the prevailing CBN rate.
28	124	False tax declaration or answer to a tax question	N1,000,000.00 fine in addition to payment of the tax undercharged, or on conviction, a N1,000,000.00 fine or imprisonment up to three (3) years or both.
29	125	Counterfeiting of documents	N1,000,000.00 and on conviction, imprisonment up to three (3) years or N1,000,000.00 fine or both.
30	126	Offence by corporate bodies	Director, manager, secretary, partner, officer of the firm, etcetera, to be proceeded against in a court of law.
31	127	General penalty for offences for which there is no specific penalty	N1,000,000.00 or on conviction, imprisonment up to three (3) years or a fine or both.

While the provisions of the new tax laws seem impressive, they face implementation, infrastructural, technological, trust and accountability issues. This is coupled with the controversies on the constitutionality of the process leading to the final copies of the gazetted laws, especially the NT Act, which critics claim contains provisions different from those passed by the National Assembly. Critics also question a memorandum of understanding purportedly entered into by the Nigerian FIRS with the French government in December, 2025 to digitally administer the new tax system. According to them, the agreement with France digitally exposes the economic data of Nigeria to France in real time, giving it the power to control and influence different sectors of the social, economic and political policies of the Nigerian government. This, they warn, amounts to digital colonialisation, which is potently dangerous. Consequently, the impacts of the tax reforms will depend on their effective implementation in the interest of the government, businesses and ordinary citizens.

e. Fundraising

Raising funds is a huge factor in creating new businesses. Unfortunately, many entrepreneurs fail to appreciate the magnitude of the expenses they will incur. Although there are different sources of funds, care should be taken to consider legitimate sources when deciding how to finance a business. The legitimate sources

for raising funds include bootstrapping or tapping into personal savings and resources, financial and material gifts, soft loans from family and friends, crowdfunding (equity, debt, donation or reward-based), governmental grants, grants from non-governmental institutions, bank loans, venture capital from investors, etc.. It is important for entrepreneurs to consider how each of their choices of funding can also impact the valuable expertise and network required for their businesses to grow.

f. Legal Agreements and Contracts

These are essential tools for entrepreneurs in creating and formalising their business relationships with partners, employees, suppliers or vendors and customers. Often, a business idea is developed among friends, and they might not think it is necessary to execute a legal agreement or contract until the business takes off. Alternatively, they may find it awkward to discuss negative scenarios that could happen and endanger the subsistence of the business along the line. However, executing a formal written agreement in the form of a startup contract before a business takes off between business partners is crucial. It will help to spell out the possible challenges of a proposed business through a contract that is legally binding and enforceable at the earliest stages of the creation of the business. And even when entrepreneurs agree verbally on their businesses, it is always best to put it in writing as soon as possible through carefully drafted contracts to ensure they accurately reflect their terms of the agreement and protect the interests of the parties to it. This is because, as time goes on, memories fade, and even honest people with good intentions may have different recollections of what was agreed upon. As negligible as it seems, some businesses have failed due to misunderstandings between the owners on essential issues. So, setting out the terms of a business in a legal agreement is important because it records essential information like the contributions of the partners to the business, sharing of profits, communication methods, trust issues, conflict of interest issues, etc.. A good example of a business partnership which ran into trouble is the Punch newspaper company, founded by Sam Amuka Pemu, a journalist and James Aboderin, an accountant, who parted ways because of their conflicted political interests during the second republic, with no record of compensation paid to Pemu, who moved on to set up the Vanguard newspaper company. So, it is necessary to have a plan for dispute resolution by including the time and money-saving alternative dispute resolution methods clause as part of the terms of startup contracts instead of the British imposed adjudicatory methods (Habba, 2024). Other than startup contracts, entrepreneurs can enter contracts of employment, service, vendor or non-disclosure agreements (NDAs).

In its simplest form, a contract is a binding agreement. In *Umera v Nigerian Railway Corporation* (2022) 10 NWLR (Pt. 1838) 349, 355, the Supreme Court defined a contract of employment as any agreement, whether oral or written, express or implied, whereby one person agrees to employ another as a worker and that other person agrees to serve the employer as a worker. These types of contracts are commenced by the offer of terms and conditions of employment to an intending employee. An acceptance of the employment offer signifies the entry into an employment agreement between the employer who makes the offer and the employee who accepts the offer (the parties). This successful exchange of the offer and acceptance (the promises) by the parties, otherwise described as the meeting of the minds (consensus ad idem) as per the terms of the agreement, represents the creation

of the employment agreement. What then transforms the agreement into a contract are the added contractual elements of the consideration, intention to enter into legal relations and capacity of the parties to contract. Accordingly, all legally valid agreements must have the five elements of an offer, acceptance, consideration, intention to enter into legal relations and capacity to contract or create legal relations to assume the status of a contract. Refer to the case of *Abdullahi v El-Rufai* (2022) 1 NWLR (Pt. 1811) 209, 216 on the meaning and elements of valid contracts.

Contracts are legally binding agreements between two or more parties (individuals, otherwise called natural persons or corporate bodies, otherwise called artificial persons) which create legal obligations that are recognised and enforceable at law. They are a set of promises exchanged between two or more natural persons or natural persons and artificial persons or artificial persons which create obligations (duties) between them. Nwogugu (1980) and Ezejiolor et al. (1982) define them as agreements which are legally binding on the parties and which, if broken, may be enforced by action in court against the defaulting party. Thus, unilateral or one-sided or gratuitous promise(s) without consideration are not considered contracts except they are made under seal. Accordingly, contracts also mean documents that set forth the terms reached by the parties to legal agreements. Refer to *Eyiboh v Mujaddadi* (2022) 7 NWLR (Pt. 1830) 380, 387 for the meaning and nature of contracts, consideration, unilateral and bilateral contracts, the difference between unilateral and bilateral contracts, distinction between express and implied contracts, elements of valid contracts, among others.

Contracts may be formal or informal. Formal contracts are written, signed, sealed and delivered by the executing party to the other party, and they are usually used to enter into substantial transactions like those relating to the transfer of interest in land, shares, hire purchase or executed by companies. In *Kolawole v Lanre Adebodun Olorioko Nigeria Limited* (2016) 13 NWLR (Pt. 1529) 274, the Court of Appeal stated that it is mandatory for a hire purchase agreement to be in writing. According to Okany (2009) and Sagay (2009) informal contracts are all non-formal contracts, otherwise called simple contracts. Refer to *Edision Automotive Industries v NERFUND* (2022) 4 NWLR (Pt. 1821) 419, 425 on the meaning of simple contracts. Although informal contracts are recognised and enforceable under Nigerian law, proving their terms may be difficult. One of the easy ways to cure this is to communicate the informal promises electronically through electronic mails (e-mails), text messages, recorded calls, etc., to document the key terms of the contract. That way, if a dispute arises, the stored records can easily be relied on.

g. Business Operation and Sector-Specific Regulatory Compliance

After being registered with the CAC, some businesses require further registration with designated regulatory bodies for the issuance of their operational certificates, permits or licenses and regular inspection depending on their specific trade. Failure to comply with these regulatory requirements can result in the suspension or withdrawal of licenses, permits, business operation certificates; payment of fines; legal actions against the affected businesses; or may even be blacklisted (this is usually after a number of certificate withdrawals arising from repeated defaults in keeping with operation standards) and closed down.

In this regard, a business related to the production and distribution of packaged water, food, drugs, controlled medicine, cosmetics, chemicals or detergents (regulated

products) must be further registered with the National Agency for Food and Drug Administration and Control (the NAFDAC). This is because the NAFDAC is the body vested with the power to regulate and control the manufacturing, advertisement, distribution, exportation, importation, sale and use of these regulated products. It is also vested with the responsibility to test the products to ensure compliance with the specified standards; investigate production raw materials, premises, processes, and establish relevant quality assurance system; inspect imported regulated products; compile and issue standard specifications, regulations and guidelines for the production, importation, exportation, sales, distribution and registration of the regulated products; etc.. Accordingly, it is empowered to register by issuing registration numbers with certificates of registration, permits or licences to businesses that apply to it for the registration of their operations, monitor them to ensure they maintain the specified operational standards and penalise them when they default. Refer to Sections 1, 5-7, 25-27 and other relevant provisions of the National Agency for Food and Drug Administration and Control Act, 1992 (the NAFDAC Act) and its attached regulations.

Also, a driving school will need to register and obtain a permit from the Federal Road Safety Corps (the FRSC) office to kick-start operations and be subject to routine inspection by the designated committee to ensure it maintains the specified operational standards or suffer the suspension or withdrawal of its operation certification or other penalties. The FRSC is assisted in the performance of this role of driving skills training and improvement by the State Committee on Driving School Standardisation Programme (the DSSP). The Committee is headed by the Commissioner for Works and Transport as Chairman, Chairman of the State Board of Internal Revenue, Sector Commander of the FRSC, Chief Vehicle Inspection Officer as members of the Committee, while the FRSC Sector Head of Training, Standard and Certification is the Secretary.

Similarly, a farm business will require the operational permit and monitoring of the Federal Ministry of Agriculture and Food Security (the FMAFS), the Federal Ministry of Environment and the Ministry of Lands, among others, to ensure its compliance with food, health and ecosystem safety regulations for the well-being of its employees and consumers. Formerly known as the Federal Ministry of Agriculture and Rural Development (the FMARD), FMAFS was established in 1966 to promote agricultural sustainability and food security in Nigeria by empowering farmers, facilitating market access and promoting sustainable agricultural practices. The focus of the Ministry of Environment is to secure quality environment conducive for the good health and well-being of both animals and plants, promote sustainable use of natural resources, restore and maintain the ecosystem, ecological process, preserve biodiversity, etc.. The Land Use Act, 1978 is implicitly credited for the establishment of the Ministry of Lands across the states of the federation and the Federal Capital Territory, Abuja, because of its provision on the need for a body to administer land matters. It regulates land ownership, usage and provides for the grant of permits for the agricultural use of lands from the relevant state or local government authorities. Furthermore, the Environmental Impact Assessment Act, 1992 (the EIA) provides for the general principles, procedures and methods for the assessment of the potential environmental impacts of activities likely to affect the environment, like farming

operations and obtaining approval from the FMAFS and the Federal Ministry of Environment.

h. Employment Laws

When it comes to hiring workers and building a team, entrepreneurs can make costly mistakes if they do not understand the applicable employment laws. The Labour Act, 1971 is the most important law that governs employment relations in Nigeria. It has provisions on conditions of work and employment, wages, contracts and terms of employment, redundancy, recruitment, special classes of workers, including apprentices, women and young persons. Generally, it prohibits young persons from performing underground work, night work and forced labour. Other employment laws include the Nigerian Minimum Wage Act, 2019 (the NMW Act) which provides for the minimum wage of every Nigerian worker and situations where employers may be excepted from the minimum wage requirement; the National Minimum Wage (Amendment) Bill, 2024 which proposes to increase the minimum wage of Nigerian workers from thirty thousand naira (N30,000.00) in the principal NMW Act to seventy thousand naira (N70,000.00) monthly and reduce the periodic review of the national minimum wage and other related matters from five years (5yrs) to three years (3yrs); the Employee Compensation Act, 2010 (Refer to Section 1 of the Act which enumerates its objectives); the Discrimination Against Persons with Disabilities (Prohibition) Act, 2018 (Refer to Part VI of the Act on opportunity for employment and participation in politics and public life of these persons) and the Trade Unions Act, 1973. It is important to know, understand and comply with employment laws because they govern various aspects of the rights and duties of both employers and employees relating to contracts of employment, payment of wages, work hours, workplace safety, regular leave periods, sick leave periods, termination procedures, among others. They apply to the public and private sectors, males, females, young persons and persons with disabilities. They are crucial to the fair treatment of employers and their employees. By understanding them, entrepreneurs will be in a better position to make good decisions, comply with important legal requirements and protect their businesses from potential legal liabilities.

i. Intellectual Property Rights

Intellectual properties are innovative products borne out of the human mind which are protected by the law. Ajetunmobi (2017) describes them as legally protected original creations or unique ideas which can be converted into practical and value-added products or services. They are considered intangible assets as they lack physical features like length, width, weight and colour. However, like tangible assets, they can be bought, sold, rented, destroyed or lost out of negligence or continue in perpetuity, insured or used as collateral (David & Halbert, 2014). Some of these intangible assets are required to be converted to tangible forms before protection, as is with copyrighted inventions. The Constitution, the Copyright Act, 2022, the Trade Marks Act, 1967 and the Patents and Designs Act, 1971 are the primary laws which regulate the ownership, registration, assignment, licensing, etc., for the protection of these rights in Nigeria. There are also several international laws which regulate copyrights across national borders under the auspices of the UDHR, the ICESCR, the World Trade Organisation (the WTO) and the World Intellectual Property Organisation (the WIPO). These laws include the Berne Convention for the Protection of Literary and Artistic Works, 1886 (the Berne Convention), the Trade Related Aspects of

Intellectual Property Rights (TRIPS) Agreement which exists within the WTO, the WIPO Copyright Treaty (the WCT), 1996, the WIPO Performances and Phonograms Treaty, 1996 (the WPPT) and the African Regional Intellectual Property Organization (the ARIPO) (originally conceived as the English Speaking African Regional Industrial Property Organization – the ESARIPO) all of which Nigeria is signatory to.

These legal protections afforded to intellectual properties in Nigeria enable new businesses to protect their valuable assets, such as patents, designs, copyrights, trademarks and trade secrets from potential threats and disputes. The protection of these assets has economic implications relating to the financial benefits from the innovation and moral implications relating to the acknowledgement of an inventor. These protections are in line with the notion that the owner of a property, whether intellectual (intangible) or physical (tangible), is entitled to its fair recognition, use and enjoyment without the disturbance or theft by another. Refer to Sections 14-15 of the Copyright Act, for instance. According to Fisher (2010) and Oriakhogba & Olubiyi (2020, 10-12), the protection of intellectual properties has a further developmental implication of ultimately engendering social, technological and national progress. As such, it has been argued that intellectual property laws and other useful instruments should be used to foster a culture of creativity. The rights are essentially a government granted monopoly which are strictly enforced albeit not absolute to protect public interest like public interest in education, research and innovation (Babafemi, 2007, 47-54; Oriakhogba & Olubiyi, 2021, 2, 241-244; Uford, n.d. Chapter 8).

These rights are particularly important for startups because they help to differentiate them from other businesses and increase their competitive advantage through innovations. It is therefore necessary for entrepreneurs to be aware of intellectual property rights under the law. Being aware of these rights helps to establish brand awareness and secure secondary revenue streams (Ethical and Legal Issues in Entrepreneurship, 2020). For instance, if a startup business creates a unique invention, it is important to protect it. Without such protection, any competitor can legally copy the invention, put their own name on it, use or sell it as if it were their own creation. Also, the failure to protect a business's trademark may lead to another business acquiring the legal rights to it. This will create the challenge of the business rebranding at an inopportune time, often after it already has some brand recognition or is on the verge of getting a big capital investment (Master of Science in Law (MSL), 2022). Thus, curtailing the public knowledge of the brand and its ability to benefit from its invention. Protecting these assets is therefore essential to prevent other businesses from using or exploiting them without consent. The forms of intellectual properties legally protected in Nigeria will now be considered.

j. Patents and Industrial Designs

A patent is the legal right conferred on an inventor, whether natural or artificial, to use, manufacture, sell or distribute an invention that is capable of industrial application. It is a grant to an inventor to exclusively hold the right and protect it from exploitation by others without the consent of the inventor first sought and obtained (Ajetunmobi, 2007, 136-137). For an invention to qualify for a patent, it must be a new invention or an improvement on an invention that has already been granted a patent; the result of an inventive activity; and have an industrial application. Patent rights are obtained through the application to the Trademarks, Patents and Designs Registry under the Commercial Law Department of the Ministry of Trade and Investment for a

twenty year (20 year) protection from the date the application is filed, after which it will fall into the public domain on the expiration of the 20 year period. Refer to Sections 1, 3 and 7 of the Patents and Designs Act for the meaning of patentable inventions, procedures for application/grant of patent rights, as well as duration of protection.

From a technical point, there are design patents and utility patents. A utility patent protects the way a new product idea or invention works, while a design patent protects the ornamental aspects of the idea or the way it looks. To develop a sustained competitive advantage, entrepreneurs should protect, provide the needed safeguards and continually grow the IP of the business. These responsibilities include understanding, differentiating between and dealing with the different types and technical aspects of a business's IP. It also means that the entrepreneur should be concerned with the nontechnical aspect of IP, which is to develop a culture of creativity that enables the business to deliver a continuous stream of new IPs (Ethical and Legal Issues in Entrepreneurship, 2020).

On the other hand, industrial designs focus mainly on any aesthetic feature of the products of a business with regard to its appearance, form and outlook, which is intended by the maker to be a model or pattern to be multiplied by the industrial process. It is a feature that makes an industrial product easily identifiable in the market (Ayara, 2023). So, in contrast with patents, which are the exclusive rights granted to an inventor, designs rights protect and cover the appearance, form and outlook of an invention (Odama, 2024). Where they are new and not contrary to public order or morality, industrial designs are registered by the Trademarks, Patents and Designs Registry, which entitles the inventor to a certificate and a five year (5yrs) protection, which is renewable twice, for a period of 5yrs each. Refer to Sections 12, 13, 15-17 and 20 of the Patents and Designs Act on the nature of industrial designs, their registrability, the procedures for application for registration/grant of industrial designs, as well as the duration of protection.

Patents and designs holders have the right to stop others from using their inventions or regulate such use through licenses, contracts, etc.. Unauthorised users of the rights face the risk of a civil action for their infringements. The violation of the rights is enforceable by the inventor, employers of the inventor, an assignee by deed of the inventor or licensee. A successful legal suit will lead to civil remedies in the form of damages, injunctions, etc.. The court vested with jurisdiction over the infringement of these rights is the Federal High Court (the FHC). Refer to Sections 26 and 32 of the Patents and Designs Act for the specific rights of inventors and infringement implications.

k. Copyrights

They are the rights to commercially exploit literary, musical, artistic, audiovisual, sound recording and broadcast innovative works which have been transformed into tangible forms. Refer to Section 2 of the Copyright Act on works eligible for copyright protection and Part IX of the Copyright Act on the protection of expressions of folklore. The protected rights are usually associated with writings, songs, paintings, sculptures and other literary and artistic works like books, training materials, marketing contents, software, websites and architectural designs. They include the owners' rights to publish, produce, perform, mould, paint, broadcast, etc. and their rights against copying, displaying, performing, selling or making derivative versions of the work of

authorship. They thus deal with the exclusive rights to produce and protect literary and artistic innovations against copying.

It is noteworthy that a creation is not an infringement, no matter how similar it is to a copyrighted work, if it was not copied. This is more so as copyrights protect the way an innovative idea is produced and not the idea itself. So, two or more works that express the same idea in different ways do not violate copyright. It is because the right protected is the exact presentation and arrangement of the information and not the information itself. Also, copyright does not protect single words, phrases, titles or mere ideas. It protects the expression of ideas set forth in tangible media. Like patents and designs, copyright is a negative right because it restrains others from copying the original works without consent. The right is based on the idea that inventors should be allowed to control and benefit from their intellectual works, giving them the financial incentive to create more intellectually enriching information and works for direct public benefit through their public use and expansion of information, given that they ultimately fall into the public domain.

Some copyright laws have created exceptions to copyright in favour of users of the works as a way of balancing authors' rights to just rewards and public interest for the promotion of creativity, culture and social welfare. These exceptions are regarded as users' rights or defence of fair dealing or use which users may rely on in claims of infringement by authors of the works or holders of the copyright. In England, the concept of fair dealing with or use of copyrighted works was developed by the Common Law Courts in the early 19th century. By it, limited unauthorised copying is permitted in appropriate circumstances, like the promotion of further knowledge. It is based on the idea that a more flexible approach to the right against copying will contribute to scholarship and development. Arguably, this is also the position in America and Canada. The concept is not defined under the provisions of the Nigerian Copyright Act, other applicable statutes and case laws. However, the provisions under Part II of the Copyright Act recognise limited close-ended fair dealing or use of copyrighted works by the government, persons with disabilities, archives, libraries, museums and galleries, for educational purposes, etc.. Given the restricted nature of the provisions, (Olubiyi & Oriakhogba, 2021, 196-213) argue that the legislature may have left the task of defining fair dealing or use and determining whether a copyrighted work has been fairly used to the court. However, in the case of *Peter Obi v Grapevine Communications Limited* (2007) 5 IPLR 354-384, a defence raised on it was rejected by the court.

Generally, copyrights are protected for fifty years (50yrs) or seventy years (70yrs) from the day they are created, produced, published, sold or the end of the year of the author's death. Specifically, literary, musical or artistic works other than photographs are protected for 70yrs after the end of the year in which the author dies. Audiovisuals, photographs and sound recordings are protected for 50yrs after the end of the year in which the work was first made available to the public with the consent of the author or 50yrs after the work was created, if not made available to the public within that time. Broadcasts are protected for 50yrs after the end of the year in which the broadcast was first made. For works with joint authorship, reference to the death of the author means the author who dies last. Innovative works made by or under the direction or control of a government, its agencies or prescribed international bodies are protected for 50yrs after the end of the year in which the work was first made

available to the public or 50yrs after the work was created, if not made available to the public within that time. Refer to Sections 18 and 19 of the Copyright Act, respectively, on the commencement of copyright protection and the duration of the protection of different copyrighted works.

Section 77 of the Copyright Act establishes the Nigerian Copyright Commission (the NCC) for the administration, regulation, protection and enforcement of copyrights. Refer to Part X of the Act for other provisions on the administration of copyright in Nigeria. Copyright usually commences as soon as the work is made or created. That is why copyright exists in authored works the moment they are published. So, they do not necessarily need to be registered with the NCC to be protected. However, given that the NCC runs a depository and notification scheme, authors of these works need to register them with the NCC to notify it of the existence of the literary work through application, after which a certificate to that effect is issued.

L Trademarks

They are unique marks, signs, words, numbers, logos, signatures, sounds, jingles, colours, etc., legally registered and representing a business or its goods or services. They are important because they help to distinguish a business from others, assure the public that the goods or services offered are of the standard associated with the business and protect the goodwill promoted by the owner(s). The Trade Marks Act and the Merchandise Marks Act, 1916 regulate trademarks in Nigeria, while the Trademarks, Patents and Designs Registry is vested with powers to regulate, enforce and protect trademarks in Nigeria. Unlike patents and copyrights, which may be registered, trademarks must be registered to be legally recognised as having commercial significance against unauthorised use. The registration of trademarks is done at the Trademarks, Patents and Designs Registry.

A validly registered trademark lasts for seven years (7yrs), and it is renewable for a period of fourteen years (14yrs) at a time from the date of the expiration of the first registration or last renewal as long as it is still in use to protect it against unauthorised use by third parties. Refer to Section 23 of the Trade Marks Act. Note that unregistered trademarks are regulated by the received English Common Laws, applicable to Nigeria (Ayara, 2023). However, trademarks registered on a date before the commencement of the extant Trade Marks Act enjoy a longer period of 14yrs protection on first registration, and they are renewable for 14yrs at a time. The Trade Marks Act recognises that the owner of a registered trademark can bring a civil suit for damages and injunction against the infringement of his or her ownership rights before the FHC. Trademark rights are infringed where another mark which looks like, sounds like or has the same or similar meaning, relates to similar goods or services with them is in use or proposed to be registered. The courts have noted in a number of decided cases that such infringement will occur if the new trademark is deceptive to the public or causes confusion when compared to an already registered trademark.

In the civil case of *Maduka v Tropical Naturals Ltd.*, 409 F. Supp. 3d 337, 362 (E.D. Pa. 2019) Chinjindu Chris Maduka brought a claim of trademark infringement as plaintiff against the Nigerian company, Tropical Naturals Ltd (TNL – the defendant), before the American District Court for the Eastern District of Pennsylvania. He claimed that he developed the African black soap brand and related body care products, which he marketed and sold using the trademarks of Dudu Osun and Dudu Osum. He also claimed that he was suing the defendant for infringing its Dudu Osun trademark and

unfair competition. He then sought to recover \$1,020,665.68 from the defendant for loss of profit for the past six years (6yrs) of its use of Dudu Osun. The defendant counterclaimed against the plaintiff as the rightful owner of the trademark and sought to recover \$29,235.02 as profit for its use by the plaintiff in the past 6yrs, legal representation fees, with a permanent injunction barring the plaintiff from registering and or using the trademarks in dispute. It was established in evidence that the defendant's legal ownership of the trademark predated its commercial use by the plaintiff, and due to the striking similarity between the marks and products, the plaintiff was prevented from acquiring any rights in the trademark. Accordingly, trademark rights are based on who had the first legally registered commercial use of the mark in connection with a product or service in America, same as Nigeria. See also *Alban Pharmacy Ltd. v Sterling Products International Inc.* (1968) 1 ALL NLR and *Seven-Up Company & Anor v Warri Bottling Company Limited* (1984) FHCL 183.

The infringement of trademarks can also result in criminal liability. The criminalisation of trademarks infringement is meant to control dealings in counterfeits, fake or deceptive products and services which can mislead and endanger the health, safety and well-being of members of the public. The Merchandise Marks Act, the Trade Malpractices (Miscellaneous Offences) Act, 1992 and the Counterfeit and Fake Drugs Unwholesome Processed Foods (Miscellaneous Provisions) Act, 1999 criminalise acts like forging trademarks; false description of products; false or misleading labelling, packaging, offer or advertisement and sale of products; production, manufacture, importation, possession, distribution or sale of counterfeits, adulterated, banned, fake, substandard drug or unwholesome processed food; done for fraudulent and other purposes.

m. Trade Secrets: These are confidential information on a special substance, practice, process or other internal knowledge that is used by businesses to make their products or services delivery unique and contribute to their competitive advantage in the open market. Hornick describes them as the lifeblood of many businesses, which most companies have. Although not as visible as other intellectual properties, they lurk quietly in the shadows, often supporting a company's basic infrastructure, like the formula for Coca

Cola (Hornick, 2004). Unlike patents, designs, copyrights and trademarks, they are not protected under the Nigerian intellectual property laws. However, in practice, they are generally protected by being kept as secrets and enforced under the law of contract through contracts like NDAs and non-compete agreements (NCAs) between employers and their employees and or partners to protect sensitive information and prevent unauthorised disclosure. Now, NDAs are contracts between two or more parties that prohibit either or some of them from sharing confidential information with third parties. On the other hand, NCAs are trade-restraint contracts between an employer and employee where the employee promises not to interfere or compete with his employer within a specified period (usually six months (6mos) to two years (2yrs)) upon leaving his or her employ. They are recognised and enforceable under the provisions of the Federal Competition and Consumer Protection Act, 2018 (the FCCPA) if they are reasonable in terms of duration, scope and protect legitimate business concerns and interests without unduly restricting the rights of the parties to them. Both types of contracts play key roles in ensuring a high level of protection for businesses (Sameer, 2020).

The development of the culture of intellectual property innovation is important for entrepreneurs and businesses because it enables them to develop a sustained competitive advantage regardless of their form. Their protection under the law and in practice is to reward inventors and encourage continuous streams of inventions, which will ultimately foster economic growth and societal development. However, technological advancement has increased theft, creating a persistent challenge to enforcing these rights despite the amendment of some of the extant applicable laws. It is therefore important to consult expert intellectual property lawyers to determine the best strategies for protecting these assets through registrations, contracts and other enforcement measures.

n. Torts and Vicarious Liability

This is an important issue for entrepreneurs because financial liability often results from aspects of this area of the law, like breach of privacy and vicarious liability. In relation to vicarious liability, responsibility is imposed upon an employer for the liability of the employee for his or her failure to exercise reasonable care because of their special relationship. Most employers should know that they run the risk of taking responsibility for the torts committed by their employees within their business premises, like negligently causing the injury of another employee or customer while on duty, destroying property or equipment hired by the employer or uploading defamatory information about their business competitors on the employer's business website. They should also be aware that they can actually be liable for harm done by their employees in the course of performing their assigned roles outside their business premises, like a car crash by an employee on the car of another road user while on an official assignment far away from the business premises. These kinds of negligence by employees have serious liability consequences for entrepreneurs if adequate insurance is not procured.

o. Antitrust and Competition Laws

They are anti-competition laws developed to ensure that one competitor does not abuse its position and power in the market to exclude or limit competition on a particular product or service. The laws make it illegal for a competitor to reach agreements that would limit competition in the market, to encourage competition, and provide options for consumers. They boost the ability of intending entrepreneurs to form new startups that are able to compete favourably with larger and more established businesses, which may try to discourage competition. The primary law on fair business competition and consumer protection is the FCCPA. It established the Federal Competition and Consumer Protection Commission (the FCCPC), which is responsible for enforcing the provisions of the FCCPA, like preventing actions that restrict competition, such as tying agreements, predatory pricing and mergers that could lessen competition, as well as ensuring that consumers have access to affordable, safe products and services.

p. Risk Management and Insurance

It is the systematic process of identifying, assessing and mitigating the impacts of threats or uncertainties that can affect a business. It involves analysing the likelihood and impact of risk, developing strategies to minimise harm and monitoring their effectiveness (Hubbard, 2020) and (Gibson, n.d.). According to (Simons, n.d.), competing successfully in any industry involves some level of risk, and high-performing businesses with high-pressure cultures are especially vulnerable. An

entrepreneur should know how and why these risks arise and how to avoid them. Insurance is a form of risk management, primarily used to protect against the risk of a contingent or uncertain loss. It is used to protect financial losses in which a party agrees to compensate another party in the event of a certain loss, in exchange for a fee. The body which provides the insurance cover is the underwriter, insurance carrier, insurance company or insurer. The person or body who buys or pays for the insurance cover is the policyholder. The person, body or asset covered or protected by the insurance agreement, contract, or policy is the beneficiary or insured. The insurance policy contains the conditions and circumstances under which the insurer will compensate the insured or their designated beneficiary or assignee. The amount of money charged by the insurer to the policyholder for the coverage set forth in the insurance policy is called the premium. If the insured experiences a loss which is potentially covered by the insurance policy, the policyholder or insured submits a claim to the insurer for processing by a claims adjuster. A mandatory out-of-pocket expense required by an insurance policy before an insurer will pay a claim is called a deductible (if required by a health insurance policy, it is called a copayment). The insurer may hedge its own risk by taking out reinsurance, whereby another insurance company agrees to take some of the risks, especially if the primary insurer deems the risk too large for it to carry.

The principal legislation governing insurance is the Insurance Act, 2004. It regulates insurance activities, including registration, operation, premiums, commissions and disclosures, mandating persons intending to insure or reinsure their Nigerian-based assets to place the risk on Nigerian registered insurers within the country, except local capacity is inadequate. The National Insurance Commission (NAICOM) is the primary regulatory body for the insurance industry. It plays key roles like establishing standards for the conduct of insurance businesses, approving premium and commission rates in respect of all classes of insurance business, licensing insurers and reinsurers, regulating the role of insurance brokers in assisting clients to obtain insurance policies, ensuring adequate protection of government assets and advising the Federal Government on insurance-related matters. The common types of insurance include life, health, workers' compensation, property and motor vehicle insurance. Some types of insurance, like health insurance for employees of businesses or bodies with a minimum of five employees, professional indemnity insurance for healthcare providers and motor vehicle insurance for all vehicle owners and drivers, are mandatory under the provisions of the National Health Insurance Act, 2022, and the Motor Vehicle (Third Party Insurance) Act 1945 respectively. Entrepreneurs should endeavour to buy insurance if risk occurs in their businesses.

q. Breach of Trust and Conflict of Interest

Entrepreneurs should be cautious about breach of trust, especially in areas where they owe a fiduciary duty to their clients. This requires a very high duty of good conduct and full disclosure, one that prohibits being involved in both sides of a transaction. The recommendation of a particular product or service to a client by an entrepreneur simply for being the owner or one of the owners of the business that produces it, without full disclosure of the facts of his or her stake in the business, amounts to a conflict of trust. Also, conflict of interest occurs in business where an entrepreneur has interests in multiple areas which conflict with each other, thereby reducing the efficiency in the production processes. In relation to employees, a

conscious or deliberate attempt to avoid, ignore or marginalise that which is rightfully due to an employer by addressing their own personal interests amounts to a conflict of interest. This could be as simple as using company time or resources for personal projects that have not been sanctioned and will not add value to the business. It could also mean using the tangible and intellectual resources of a company on something that will benefit the employee rather than the employer. These kinds of behaviours are unethical as they are not fact-based and do not give employers their due in time, talents and services in exchange for the agreed consideration (Ethical and Legal Issues in Entrepreneurship, 2020).

Entrepreneurs consistently strive to apply ethics-based concepts like truthfulness and full disclosure in practice. The underlying facts, reality and evidence behind something are the truthfulness of the matter, while disclosure describes sharing the needed facts and details about a subject in a transparent and truthful way. The information should be adequate, timely and relevant to allow the recipient to understand the purpose and intent behind a product or service and to make a good decision about the value of that product or service. Any deliberate attempt to hide, change or bend the truth is unethical and irresponsible, which may lead to legal action, as it happened in the case of *Carlill v Carbolic Smoke Ball Company* (1893) 1 QB 256. In the case, Carbolic Smoke Ball Company, advertised its smoke balls as a cure for influenza with a promise to pay any person who purchased and used the product but still contracted the disease after properly following the instructions a £100 reward. The advert further stated that the company had demonstrated its sincerity by placing £1000 into a bank account to pay the reward. Louisa Elizabeth Carlill, who purchased the product but still came down with influenza after proper use, attempted to claim the reward. However, the company argued that it could not be bound by its advert as it was a mere invitation to treat rather than a definite offer. It also argued that an offer could not be made to the world. Accordingly, the claimant did not technically provide acceptance as the wording of the advert was imprecise, and there was no consideration necessary for the creation of a binding contract in law. On whether the advert constituted an offer or an invitation to treat, the English Court of Appeal held that it constituted an offer for a unilateral contract for which Carlill provided acceptance and consideration by her use of the product. The Court also found that an offer could indeed be made to the world where the wordings are reasonably clear. By 1896, the company was wound up due to poor patronage. Consequently, businesses that fully disclose the truth about their goods and services earn a level of credibility and reliability over time because what they say aligns with what they do. Truthfulness and full disclosure are not only part of an ethical approach to doing business, they are also underlying requirements of several areas of law, including fraud (Ethical and Legal Issues in Entrepreneurship, 2020).

r. Seeking Legal Advice

Navigating the legal landscape and complexities of businesses can be daunting, especially for new entrepreneurs, because it requires careful consideration and proactive planning. Seeking advice and guidance from legal professionals experienced in business law as they arise can provide invaluable support and expertise. On the other hand, entrepreneurs may appoint standby legal experts as legal advisers on retainer to help them prevent and resolve legal issues that may arise. Such experts can help to identify potential legal risks, develop strategies to

mitigate them and ensure that the business operates in compliance with applicable laws and regulations. So, Nigerian lawyers should possess adequate entrepreneurial skills, be innovative and abreast with different areas of the law to cope with the legal demands of the business class.

CONCLUSION

A business is a commercial activity recognised by law. The right to engage in business is enshrined in the Nigerian laws. Some of these laws are regional and international, domesticated in line with Section 12 of the Constitution. Creating and operating a successful business requires considerable knowledge of its legal landscape. Entrepreneurs need to know, understand and comply with business laws to avoid the legal issues that may arise to hinder the success of their business operations, long-term growth and sustained competitive edge. This, they can achieve by seeking expert legal aid and advice in the course of their business, as the failure to anticipate and navigate these issues can lead to the demise of their businesses.

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