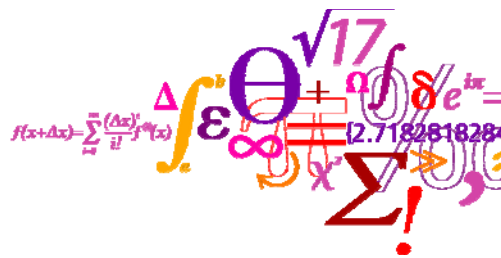


IP related Agreements in Start-ups

1. Types and purposes
2. Essentials of the financing agreement
3. Essentials of the shareholders' agreement



Types

- Company laws (Vedtægter)
 - Mandatory for limited companies
 - Public document. Registered at Danish Commerce and Companies Agency (Erhvervs og Selskabsstyrelsen)
 - Defines equity capital, location, objectives and management - for 3. parties to study
- Financing agreement
 - Term sheet with conditions for tranche-based capital injections
- Shareholders Agreement
 - Agreement between owners
 - Mandatory in VC backed start-up companies
 - Regulates anything of importance to shareholders

- **Financing agreement**

- Sets company pre-money valuation and ownership distribution after capital injections
- Commits investor to invest tranches at milestones
- Sets milestone specifications
- Defines tangibles and non-tangibles owned/controlled by the company – including IPR
- Commits founders and cancel investors obligations in case patents are nullified/worked around and/or patent applications fail to pass = the presupposed entry barrier fails to work

- **Partnership Company (I/S)**

- Partner agreement **VERY** important
In particular: get the decision-making authority clausud in

- **Limited company (incl. private)**

- Decision-making authority further defined including protocols for board meetings
- Sets rules for capital contribution (investing in new shares)
- Sets rules for selling and buying shares
- Protects in case of conflicts of interest (disloyalty)
- Consolidates the investor's exit (to some extent)
- Protects investor against dilution as well as early loss of cash

- **Handling agreements at start-up time**
 - Requires professional assistance!
 - Find out what is negotiable and what's not in VC investor's standard templates
 - Define your minimum requirements = have contingency plans ready
 - Avoid negotiating with your back against the wall – like just before the PCT patent application enters the national phase.