Guide: IP Transfer Process for Spin-offs

This enhanced guide helps founding teams and universities structure and efficiently manage the IP transfer process, creating a sustainable foundation for a successful spin-off.

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1. Initial Meeting

- **Purpose**: Introduction of all parties and clarification of roles and content.
- **Participants**: The founding team and all relevant university representatives, including negotiation teams.
- **Contents**:
    - Presentation of the planned spin-off, including business idea, team, and funding status.
    - Overview of the desired IP (e.g., patents, software, know-how).
    - Explanation of relevant university processes, resources, and support services (e.g., infrastructure, mentoring, funding options).
- **Outcome**: Definition of tasks and schedule for the follow-up meeting.

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2. Follow-up Meeting

- **Purpose**: Deepening discussions and preparation for contract negotiations.
- **Contents**:
    - Review of IP reservation and assignment.
    - Development of an IP strategy aligned with the business model.
    - Discussion of licensing models (e.g., product, process, or service licenses).
    - Decision on potential university equity participation.
    - Clarification of patent cost coverage (e.g., through funding programs).
- **Additionally: Memorandum of Understanding (MoU)**:
    - **Purpose**: Establishing a solid framework for the further IP transfer process.
    - **MoU Contents**:
        1. **Definition of Relevant IP**: Transparent identification of IP components and their importance to the spin-off.

2. **Provision of Resources**:
   - Specification of infrastructure, consulting, and other services provided by the university.
   - Clarification of the founding team's obligations in return.
3. **Tasks and Responsibilities**:
   - Clarification of IP ownership rights.
   - Development of a business model and revenue streams.
   - Creation of a validation plan with milestones.
4. **Time Limitation**: Ensuring that the relevant IP is not used elsewhere during the MoU period.

- **Outcome**: Clarity on objectives, resources, and requirements before contract negotiations.

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3. Contract Negotiation and Term Sheet

- **Purpose**: Definition of key terms and conditions of the IP contract.
- **Term Sheet**:
  - **Definition of IP**: Precise description of intellectual property rights (e.g., patents, software, databases) and agreed usage rights (e.g., exclusive or non-exclusive use).
  - **Scope of Usage Rights**:
    - Geographic coverage.
    - Duration of rights.
    - Type of use (e.g., production, further development, commercialization).
  - **Financial Components**:
    - Revenue sharing: Percentage of the spin-off's profit or revenue.
    - Milestone payments: Payments upon achieving defined development or commercialization goals.
    - Minimum license fees and one-time payments.
    - Coverage of patent costs from contract signing.

- **Additional Provisions**:
    - Right of first negotiation: Priority for the university in future IP or extensions.
    - Termination options: Conditions under which the contract can be terminated early.
    - Equity models: Possibility of the university acquiring shares in the company.
- **Procedure**:
    - Drafting the term sheet based on a well-founded business plan.
    - Use of a modular system for market-standard and start-up-friendly terms.
    - Early involvement of key stakeholders for transparent negotiations.

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4. Conclusion of the IP Contract

- **Purpose**: Execution of a binding IP contract, possibly supplemented by an equity participation agreement.
- **Contract Contents**:
    - **Usage Obligations**: Commitments to actively utilize the IP in the spin-off.
    - **Payment Terms**: Clarification of financial obligations, e.g., license fees or patent maintenance fees.
    - **Patent Management**: Regulations on further development and protection of intellectual property rights.
    - **Liability Clauses**: Protection of both parties against legal risks.
    - **Compliance Regulations**: Ensuring adherence to legal and ethical standards.
    - **Long-term Usage Rights**: Possibility of extending or modifying the contract in response to future developments.
- **Goals**:
    - Establishment of a strategic partnership between the university and the spin-off.
    - Promotion of knowledge and technology transfer.