Overview of transfer options in IP transfer

Option	Explanation
IP sale for a one-off payment	Here, a specific price is determined for the transfer of the intellectual property rights (IPR) to the spin-off, which is then paid as a purchase price in one payment or in several installments. The basis for determining the value of the IP often varies in practice and is subject to many uncertainties, so that the respective purchase price is usually the result of a bilateral negotiation process.
IP licensing	In the case of licensing, rights of use to the IP are transferred in exchange for money, i.e. the scientific institution remains the owner of the IP. Since this application focuses on IP transfer in spin-offs, exclusive (or at least partially exclusive) licensing is assumed. The following price components are customary for an exclusive license: Upfront payment + royalties on patent-based product sales (single-digit % rate) and (higher, usually double-digit) on sublicenses of the spin-off to third parties + possibly (especially common in the life sciences, as a lot of time elapses before market entry) Milestone payments.
IP sale for virtual shares	In this case, the IPRs are transferred to the startup in return for the granting of virtual shares for the scientific institution. These are not shares as shareholders. The scientific institution has no shareholder rights or obligations. Rather, a contract under the law of obligations is concluded which, in the event of an "exit" / "trigger event" (see general definitions above), places the research institution in the same position with regard to the distribution of proceeds as if it were a normal shareholder in the company to a certain extent. In the event that an exit or trigger event does not occur, a certain term is often defined for the virtual shares, after which the research institution can sell its virtual share claims to the spin-off company.
IP sale for business shares	In this case, the IPRs are transferred to the spin-off and the scientific institution receives shares in the company in return (or is granted shares at the nominal amount (of the share capital) in return). In this case, the scientific

institution becomes a shareholder of the spin-off company with all rights and obligations. Depending on the (state or federal) law to which the scientific institution is subject, this may be subject to certain additional conditions (approval requirements from committees/authorities, audit rights, minimum requirements for annual financial statements, etc.). In the event of an "exit" (see general definitions above) / sale of its shares, the scientific institution participates as a normal shareholder.

License & shares	Combination of IP licensing (= granting of usage rights, see above) with the possibility for the research institution to participate as a shareholder in the spin-off company to a certain extent. In return for the participation, the price components of IP licensing (compared to the pure IP licensing model) will either be more moderate or certain price components will be omitted. In return, the scientific institution participates in the "exit" proceeds as a normal shareholder. - The scientific institution remains the owner of the property rights and is a shareholder in the company.
License & virtual shares	Combination of IP licensing (= granting of usage rights, see above) with the possibility for the research institution to obtain so-called "virtual shares". In return for the "virtual shares", the price components of IP licensing (compared to the pure IP license model) will either be more moderate or certain price components will be omitted. In return, in the event of a trigger event, the scientific institution participates in the proceeds like a normal shareholder. - The scientific institution remains the owner of the property rights but is not a shareholder in the company.