

K-Notes: Venture Capital Collaboration Agreement

with an IT firm

Recognize Severe Exclusivity

It might sound like a standard exclusivity clause, but agreeing to first refusal on collaboration is actually very severe. Especially when the extent of collaboration is not defined in any way.



"This is pretty much like contract bingo for what you shouldn't put in a contract and how many words I can use that really are unnecessary and add no value to the document."

Nicole Morris

Director & Professor in Practice, Emory University

"As a start up, you don't want to be handcuffed so strongly that you can't even collaborate."

KEY TAKEAWAYS

- **Be wary of future giveaways**

Watch out for giving away future rights, like the rights to future innovations. Especially keep an eye out for things that might tie-up your client for a long period of time.

- **Data is valuable**

If you are sharing data, be sure you are compensated fairly for it. Don't give it away for free. Also, keep in mind that data collection and usage laws are different across jurisdictions. Be aware of those laws and draft accordingly.

- **Watch out for hidden obligations**

Things like right of first refusal clauses can be run-of-the-mill, but are unusual to see in the context of a collaboration agreement. Likewise, learn how to spot nefarious attempts to collect data through your efforts. Anything that seems like it is overreaching needs a close examination.

- **Strip Terrible Contracts to Build Master Templates**

If the contract you are handed is terrible, you can use it to build a master template with clauses that fit your clients needs and protect them. Just don't write from scratch.