

# Ecosummit Düsseldorf 2012



## Legal Support for Cleantech Startups



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14. November 2012

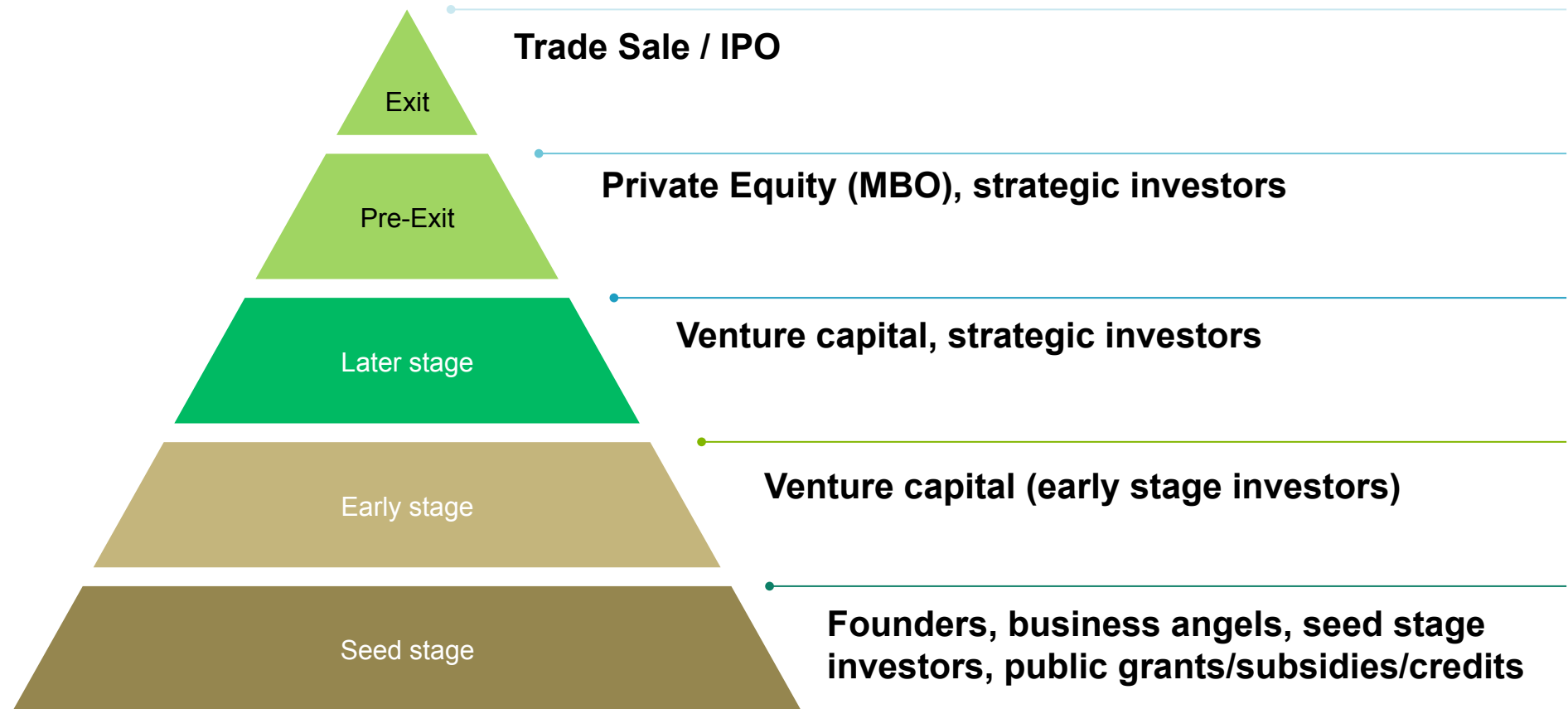
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**Is it all about money? Is it all about ...**

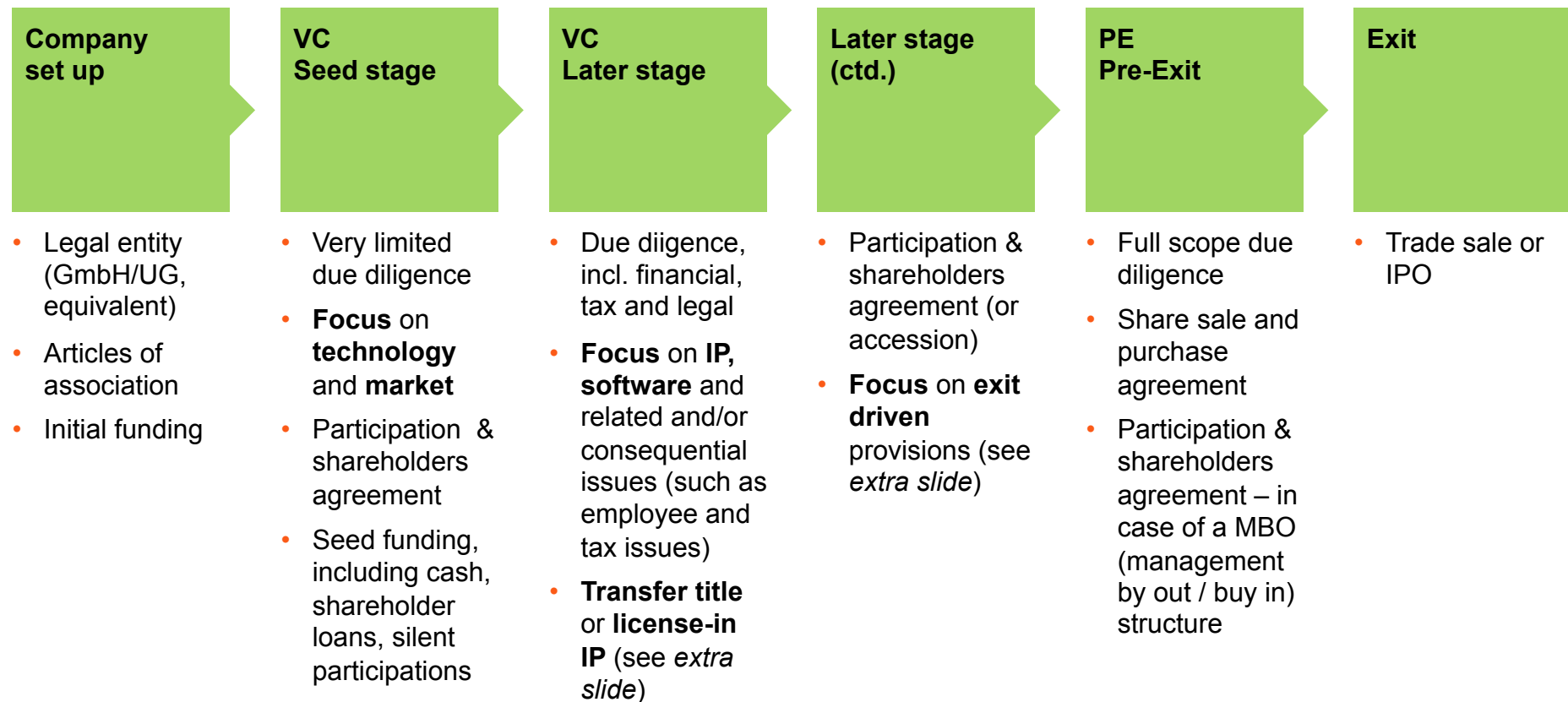
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# Life cycle of cleantech startups – an example only:



# Legal tasks





***“I call my invention ‘The Wheel,’ but so far I’ve been unable to attract any venture capital.”***

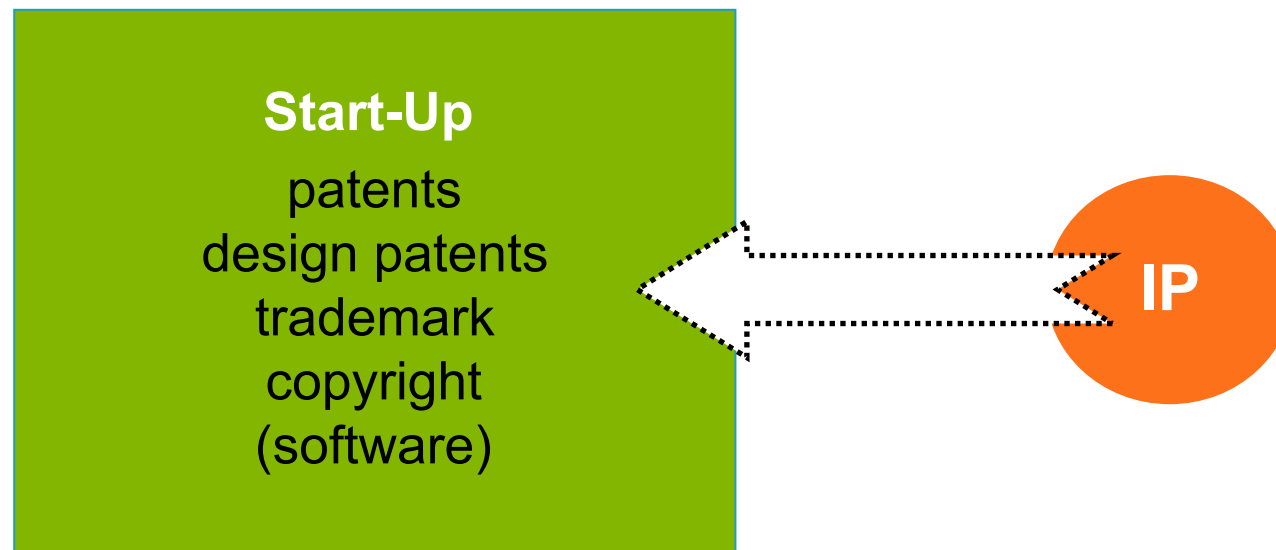


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# How to protect my business model?

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**IP rights as key asset in cleantech start ups:**



# VC contracts – it is all about (forced) "exit"

Examples of exit-driven provisions in VC contracts which usually play a major role in contract negotiations:

<b>Subscription right</b>	<b>Voting rights</b>	<b>Tag-along</b>
<b>VC access to "secondary" financing</b> <ul style="list-style-type: none"> <li>• Subscription right to capital increase</li> <li>• Special: "<i>anti-dilution</i> protection" clause</li> </ul>	<b>VC influence</b> <ul style="list-style-type: none"> <li>• Majority requirements, blocking rights in shareholders meeting</li> <li>• Can be critical under competition law!</li> </ul>	<b>Co-sale right for VC</b> <ul style="list-style-type: none"> <li>• If "others" want to sell to third party acquirer</li> <li>• Conditional upon minimum % of sale; pro rata or VC preferential right?</li> </ul>
<b>Drag-along</b>	<b>IPO right</b>	<b>Exit / liquidation preference</b>
<b>Co-sale obligation for "others"</b> <ul style="list-style-type: none"> <li>• Forced sale!</li> <li>• Acceptable only if conditional upon minimum valuation (at least during early years)</li> </ul>	<b>Right for VC to request IPO</b> <ul style="list-style-type: none"> <li>• Majority requirement to take decisions</li> <li>• "Mandate" for VC to control IPO process at the expense of company</li> </ul>	<b>Preferential treatment of VCs</b> <ul style="list-style-type: none"> <li>• Tends to apply to wide range of "exit" definition</li> <li>• One of <i>the</i> crucial points for debate in VC contract negotiations</li> </ul>





The hand of Venture Capital emerges from the clouds and bestows its blessings.

Money falls like rain, refreshing the denizens of the under-funded startup.

Are there **invisible threads** attached? Who can tell.

Aid, assistance, nourishment, help.

Reversed: meddling, micro-management, unwelcome partnership, **aversion to risk**, cowardice.





# Kontakt



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