FOUNDERS’ AGREEMENT TEMPLATE

AMONG THE FOUNDERS OF [PROJECT NAME]

The undersigned (each a “Founder” and together the “Founders”) are collaborating with the purpose of developing together a Business Concept related to the following:

[PROJECT NAME] is a [PROJECT DESCRIPTION]

Founders agree that all related technology to the Business Concept is also owned by the Founders pursuant to this Agreement (together, the “Business Concept and Technology”).  As the Business Concept is further developed, Founders intend to transfer the Business Concept and Technology to either a California or Delaware Corporation that shall be formed by the Founders (the “Company”) upon the earliest of the following circumstances: [WHEN THE PROJECT WILL BECOME A COMPANY]

**What is a founders agreement?**
A founders agreement is a document, involving a company with two or more founders, specifying the details of the development of the company, such as the share of ownership and guaranteed obligations of the different founders.

Parties agree to transact the Business Concept and Technology through the corporation [OPERATION COMPANY NAME], (the “Operational Company”) a Delaware corporation with a business address of [OPERATION COMPANY ADDRESS].  Parties agree that the Operational Company has no rights in, or to the Business Concept and Technology.

In connection with such collaboration of the Business Concept and Technology, and in consideration for a mutually agreeable framework which shall serve as the foundation for the Founders to successfully develop the Business Concept and Technology, the undersigned hereby agree as follows:

1. TRANSFER OF OWNERSHIP TO COMPANY UPON FORMATION

Section 1.1

Each Founder shall grant and assign to the Company immediately upon its formation all of his or her right, title, and interest in and to the Business Concept and Technology (including all right, title and interest to intellectual property thereto), including all ideas (however formed or unformed) and labor and/or work product that results from any task or work performed by the Founder that relates to the Business Concept or Technology for the full term of such rights. Each Founder shall also perform any and all acts and execute all documents and instruments as may be required by the Company at its sole discretion to perfect title in the Business Concept and Technology, and any related intellectual property.

Section 1.2

Any future agreement that requires an ownership interest in the Business Concept and Technology and related intellectual property to be transferred to a third party before the formation of the Company must be agreed upon by each Founder. In the event of such an agreement, the obligations of this Founder Collaboration Agreement must be disclosed to that third party.

Section 1.3

For purposes of this Agreement, the Company shall be considered formed upon registration and recognition of a business entity by the Secretary of State of any state (preferably California or Delaware), including but not limited to registration and recognition of a limited liability company or any form of corporation.

2. OWNERSHIP STRUCTURE UPON FORMATION

Section 2.1

Upon formation of the Company, the entire issued share ownership of the Company shall reflect the following:

|  |  |  |
| --- | --- | --- |
| Person | Shares | Percentage |
| [FOUNDER1 NAME] | [FOUNDER1 SHARES AMOUNT] | [FOUNDER1 SHARES PERCENTAGE] |
| [FOUNDER2 NAME] | [FOUNDER2 SHARES AMOUNT] | [FOUNDER2 SHARES PERCENTAGE] |
|  |  |  |

Should the Founders wish to reserve any portion of the shares for future employees or for an option share pool, any such portion of shares reserved will dilute all Founders equally.

Upon formation of the Company, each Founder shall be elected by the Company to serve as a Board of Director and as an Officer of the Company.

Section 2.2

The shares issued to each Founder shall vest accordingly:

[FOUNDER1 NAME] interest in the Company shall vest pursuant to a four (4) year vesting schedule beginning [FOUNDER1 VESTING STARTING DATE], which shall vest 1/48th per month in exchange for consecutive service to the Business Concept and Technology.  Additionally, [FOUNDER1 NAME] vesting schedule shall be subject to a one (1) year cliff. Founders shall all reasonably agree to the definition of “consecutive service” for purposes of this vesting schedule.

[FOUNDER2 NAME] interest in the Company shall vest pursuant to a four (4) year vesting schedule beginning [FOUNDER2 VESTING STARTING DATE], which shall vest 1/48th per month in exchange for consecutive service to the Business Concept and Technology.  Additionally, [FOUNDER2 NAME] vesting schedule shall be subject to a one (1) year cliff. Founders shall all reasonably agree to the definition of “consecutive service” for purposes of this vesting schedule.

If a Founder who is subject to a vesting schedule departs the Company prior to full vesting of his or her shares, the remaining portion of any unvested shares shall be returned to the Company in accordance with that vesting schedule.

Section 2.3

The shares issued to each Founder shall come from the same series and class of shares, such that there are no differences in the rights (including but not limited to voting and distribution rights) accorded to the shares issued to each Founder.

Section 2.4

Sale of the Company to an interested third party shall take place if the sale is authorized by the board of directors and a majority of the outstanding shares, and otherwise in conformity with all applicable state and federal laws.

3. CONFIDENTIALITY

Section 3.1

The Founders agree to keep the Business Concept and Technology confidential; disclosure of the Business Concept and Technology will occur only on an as-needed basis and only upon consent of all Founders. Notwithstanding such unanimous consensual disclosures, the Founders shall take all necessary steps to keep the Business Concept and Technology confidential until the formation of the Company, at which time the Founders shall further detail and define any confidentiality obligations.

4. CONTRACTUAL COMMUNICATION AND DISPUTE RESOLUTION

Section 4.1

Within one year of signature, if the Founders have not yet formed a Company, the Founders agree to discuss the benefits of continued collaboration related to the Business Concept and Technology and will discuss a mutually agreeable timetable for the formation of the Company.

Section 4.2

In the event that the Founders do not wish to continue their mutual collaboration, the Founders shall discuss a mutually agreeable separation and division of assets of their collaboration. The Founders shall further define any and all confidentiality obligations related to the Business Concept and Technology. Consistent with Cal. Bus. & Prof. Code § 16600, et seq., in no circumstance shall the underlying business concept be considered confidential upon termination of this Agreement.

Section 4.3

In the event that the Founders are not able to agree to a mutually agreeable separation, the Founders agree that they will submit to a binding confidential mediation to be held in San Francisco, California and conducted by a mutually agreed to mediator. The Founders agree and acknowledge that all provisions of this agreement, including confidentiality provisions, shall be binding up through the end of this mediation process. Costs of the mediation shall be borne equally by all Founders. The Founders hereby waive any and all right to have this agreement adjudicated by a court or jury.

5. REPRESENTATIONS AND WARRANTIES

Section 5.1

Each Founder represents and warrants that he or she is not a party to any other agreement that would restrict such Founder’s ability to perform its obligations as set forth in this Founder Collaboration Agreement. Each Founder represents and warrants that no third party can claim any rights to any intellectual property or other proprietary right possessed by that Founder as it relates to the Business Concept and Technology.

6. CHOICE OF LAW

This Agreement shall be governed by and construed in all respects in accordance with [STATE AND COUNTRY].

IN WITNESS WHEREOF, the Founders have signed this Agreement.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_         \_\_\_\_\_\_\_\_\_\_

[FOUNDER1 NAME]                                DATE

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_         \_\_\_\_\_\_\_\_\_\_

[FOUNDER2 NAME]                                DATE