

Co-Founder Agreement with IP Provisions (India)

Roles, equity vesting, IP ownership, decision-making, and departure terms for co-founders

HOW TO USE THIS TEMPLATE

1. Execute at or before incorporation — covers roles, equity, IP, decision-making, and departure.
2. This works **ALONGSIDE** individual Founder IP Assignment Agreements — not instead of them.
3. Every co-founder must sign both this agreement **AND** their individual IP Assignment Agreement.
4. Fill equity percentages and vesting schedule carefully — these are legally binding.
5. Have an IP advocate and a corporate lawyer both review before execution.

PARTIES

Company — Full Legal Name	[Company full legal name and CIN]
Company — Registered Address	[Registered office address with PIN]
Founder 1 — Full Name	[Full legal name]
Founder 1 — PAN	[PAN Number]
Founder 1 — Designation	[CEO / MD / Executive Director]
Founder 1 — Shareholding	[X%] — [Y equity shares of Rs. Z each]
Founder 2 — Full Name	[Full legal name]
Founder 2 — PAN	[PAN Number]
Founder 2 — Designation	[CTO / COO / Other]
Founder 2 — Shareholding	[X%] — [Y equity shares of Rs. Z each]
Founder 3 (if applicable)	[Name] — [Designation] — [Shareholding]
Date of Agreement	[DD Month YYYY]

RECITALS

1. The Founders have decided to establish and build the Company to pursue the Business.
2. The Founders wish to document their roles, responsibilities, equity, decision-making rights, and obligations to each other and to the Company.
3. The Founders recognise that clear documentation from the outset is essential for operational effectiveness, fundraising, and long-term success.
4. Each Founder is simultaneously executing an individual Founder IP Assignment Agreement assigning all relevant IP to the Company.
5. The Parties intend this Agreement to be a binding, enforceable document governing the co-founder relationship.

NOW THEREFORE, the Parties agree as follows:

1. DEFINITIONS

"**Business**" means the business of the Company as described in its Memorandum of Association and as developed from time to time.

"**Confidential Information**" means all non-public information relating to the Business, technology, customers, finances, strategies, or operations of the Company.

"**Good Leaver**" means a Founder who departs due to death, permanent disability, terminal illness, or departure approved by unanimous resolution of the remaining Founders.

"**Bad Leaver**" means a Founder who departs for any reason other than as a Good Leaver, including resignation, termination for cause, or any other voluntary departure.

"**Reserved Matters**" means decisions listed in Schedule 2 requiring unanimous consent of all Founders before implementation.

"**Change of Control**" means any transaction resulting in a third party acquiring more than 50% of the voting shares of the Company.

"**Intellectual Property Rights**" means all patents, trademarks, copyrights, design rights, trade secrets, and all other intellectual property rights worldwide.

2. ROLES AND RESPONSIBILITIES

2.1 Designation of Roles. The Founders are each designated to the roles specified in the Parties section. Each Founder shall carry out the responsibilities associated with their role diligently, competently, and in the best interests of the Company.

2.2 Full-Time Commitment. Each Founder commits to devoting their full professional time, attention, and ability to the Business. No Founder shall engage in any other employment, business activity, or investment that conflicts with the Company's interests without prior written consent of the other Founders.

2.3 Role Adjustments. Founders' roles may be adjusted by mutual written agreement as the Business evolves. No material reduction in any Founder's role may be made without that Founder's written consent.

2.4 Key Person Obligations. Each Founder shall: (a) prioritise the Company's business over all other professional activities; (b) disclose promptly any personal interest that conflicts with the Company; (c) not accept any directorship, advisory role, or significant investment in any company that competes with the Company; and (d) immediately notify the other Founders of any approach by a competitor, potential acquirer, or recruiter.

3. EQUITY OWNERSHIP AND VESTING

3.1 Current Shareholding. The Founders' current shareholding is as specified in the Parties section. The full vesting schedule is in Schedule 1.

Founder	Total Shares	Vesting Start	Cliff	Total Period	Post-Cliff Schedule
[Founder 1]	[No. shares]	[DD/MM/YYYY]	12 months	48 months	Monthly instalments
[Founder 2]	[No. shares]	[DD/MM/YYYY]	12 months	48 months	Monthly instalments
[Founder 3]	[No. shares]	[DD/MM/YYYY]	12 months	48 months	Monthly instalments

3.2 Vesting Mechanics. Until the Cliff date, no shares vest. On the Cliff date, 25% of the total allocation vests. Thereafter, the remaining 75% vests in equal monthly instalments over 36 months. Vesting requires continued

Active Engagement on each vesting date.

3.3 Reverse Vesting and Buy-Back. If a Founder ceases Active Engagement before full vesting: a Good Leaver retains all vested shares and forfeits unvested shares; a Bad Leaver forfeits all unvested shares. The Company has the right (but not obligation) to purchase forfeited shares at face value within thirty (30) days of departure.

3.4 Transfer Restrictions. No Founder shall sell, transfer, charge, pledge, or otherwise encumber any shares (vested or unvested) without first complying with the right of first refusal in Clause 8.3.

3.5 Future Dilution. The Founders acknowledge that equity issuances to investors, employees, and advisors will dilute all Founders pro-rata. All new equity issuances require Reserved Matter approval under Schedule 2.

4. INTELLECTUAL PROPERTY — THE MOST CRITICAL SECTION

4.1 Mandatory IP Assignment. Each Founder has executed a separate Founder IP Assignment Agreement simultaneously with this Agreement, assigning all Pre-Existing IP and Future IP to the Company. Execution of such IP Assignment Agreement is a condition precedent to the equity grant in Clause 3.

4.2 IP Ownership Independent of Vesting. All IP assigned by any Founder under their Founder IP Assignment Agreement is and remains the exclusive property of the Company from the date of assignment, regardless of: (a) the Founder's vesting status at any time; (b) whether the Founder is a Good Leaver or Bad Leaver; (c) any dispute between the Parties; or (d) whether the Founder's equity has been partially or fully bought back. IP ownership does not unvest under any circumstances.

4.3 Ongoing IP Obligations. During each Founder's association, they shall: (a) promptly disclose all new inventions, works, and developments to the Company; (b) not file any patent, trademark, or copyright registration in their own name for any IP related to the Business; (c) sign all documents to perfect the Company's IP title; and (d) not use the Company's IP for any purpose outside their role.

4.4 No Competing IP Activities. No Founder shall, during their association, develop, contribute to, or assist in the development of any IP that competes with or is intended to compete with the Company's Business.

4.5 IP Disputes. If any Founder or third party asserts a claim to any IP that the Company relies upon, the Founders agree to cooperate fully in defending the Company's IP ownership, including by providing testimony, documents, and technical assistance as reasonably required.

5. DECISION MAKING

5.1 Day-to-Day Decisions. Each Founder may take operational decisions within their area of responsibility without consent of other Founders, subject to any budget or authority limits established by the Board.

5.2 Major Decisions. Decisions involving expenditure above Rs.[X] lakhs, key contractor engagement, material contract entry, or product strategy changes require majority Founder consent.

5.3 Reserved Matters. Decisions in Schedule 2 require unanimous written consent of all active Founders. These include equity issuance, IP licensing, sale of material assets, debt above Rs.[X] lakhs, new co-founder admission, and M&A; transactions.

5.4 Board Composition. Each Founder shall be entitled to serve as a Director of the Company during their Active Engagement. The Founders shall exercise their voting rights to maintain this entitlement until a Series A investor requires a different Board structure.

5.5 Deadlock. If Founders cannot reach a required decision within thirty (30) days of first discussion, they shall attempt mediation before arbitration.

6. CONFIDENTIALITY

6.1 Each Founder shall maintain all Confidential Information in strict confidence during their association and for three (3) years thereafter (indefinitely for trade secrets), regardless of their vesting status. This applies to all Company information including customer data, financial projections, technical architecture, product roadmaps, and investor terms.

6.2 No External Disclosure. No Founder shall disclose any Confidential Information to any investor, partner, media outlet, or third party without prior written consent of the Board. All investor communications shall be coordinated through the CEO.

7. NON-SOLICITATION AND NON-DISPARAGEMENT

7.1 Non-Solicitation. For twelve (12) months after any Founder's departure, that Founder shall not solicit any employee, contractor, customer, or investor of the Company with whom they had material dealings during their tenure.

7.2 Non-Disparagement. No Founder shall make any public statement, social media post, or communication that disparages the Company, its products, other founders, or employees, whether during or after their association.

8. FOUNDER DEPARTURE

8.1 Notice Period. Any Founder wishing to depart shall give not less than [sixty (60)] days written notice to the other Founders and the Company, unless departure is due to death or medical emergency.

8.2 Transition Obligations. A departing Founder shall: (a) complete all work in progress during the notice period; (b) document and transfer all knowledge necessary for continuation of their functions; (c) return all Company property, devices, access credentials, and Confidential Information; (d) resign from all Company offices and directorships; and (e) cooperate fully in transitioning their role.

8.3 Right of First Refusal. Any Founder wishing to transfer vested shares must first offer those shares to the other Founders and the Company pro-rata at the proposed transfer price, before offering to any third party. The ROFR must be exercised within [30] days of notice.

8.4 Exit Handshake. On departure, the departing Founder and remaining Founders shall execute a formal exit deed confirming: (a) the count of vested and unvested shares; (b) confirmation that all IP is owned by the Company; (c) return of all Company property; and (d) confirmation of ongoing confidentiality and non-solicitation obligations.

9. FUNDING AND INVESTOR RELATIONS

9.1 The Founders shall collectively manage fundraising activities. All investment terms, shareholder agreements, and term sheets shall require Reserved Matter approval. No Founder shall make representations to investors about the Company without Board approval.

9.2 IP Representations to Investors. The Founders acknowledge that investors will rely on representations regarding IP ownership during due diligence. Each Founder shall ensure that all IP representations made to investors are accurate and shall notify the Company immediately of any IP claim or dispute that could affect such representations.

10. GENERAL PROVISIONS

10.1 Governing Law. Governed by the Companies Act 2013 and Indian Contract Act 1872. Jurisdiction: courts of [City].

10.2 Dispute Resolution. Negotiation for 30 days, then arbitration in [City] under the Arbitration and Conciliation Act 1996. [1/3] arbitrator(s). Language: English.

10.3 Entire Agreement. Together with individual Founder IP Assignment Agreements, this constitutes the complete agreement among the Founders.

10.4 Amendment. Amendments require written consent of all Founders and the Company.

10.5 Severability. If any provision is unenforceable, the remainder continues in force.

10.6 Counterparts. May be executed in counterparts. Electronic and PDF signatures are valid.

10.7 Stamp Duty. Execute on non-judicial stamp paper. Company bears stamp duty.

SCHEDULE 2 — RESERVED MATTERS (UNANIMOUS CONSENT REQUIRED)

The following decisions require the unanimous written consent of all active Founders:

1. Any issuance of new equity shares, convertible instruments, warrants, ESOPs, or SAFEs.
2. Any merger, consolidation, acquisition, joint venture, or Change of Control transaction.
3. Any assignment, licensing, pledge, or other disposition of any Company IP.
4. Admission of any new co-founder or issuance of founder-level equity to any new person.
5. Any sale or disposal of assets outside ordinary course above Rs.[X] lakhs.
6. Any borrowing or creation of security above Rs.[X] lakhs.
7. Any amendment to the Memorandum or Articles of Association.
8. Any decision to wind up, dissolve, or liquidate the Company.
9. Any related-party transaction above Rs.[X] lakhs.
10. Any public announcement regarding the Company's IP, technology, or business plans.
11. Any litigation settlement above Rs.[X] lakhs.
12. Appointment or removal of the statutory auditor.

EXECUTION

COMPANY	FOUNDER 1	FOUNDER 2
[Company Name and CIN]	[Founder 1 Full Name]	[Founder 2 Full Name]
Authorised: _____	Signature: _____	Signature: _____
Name: _____	PAN: _____	PAN: _____
Designation: _____	Name: _____	Name: _____
Date: _____	Date: _____	Date: _____
Place: _____	Place: _____	Place: _____

IMPORTANT NOTE

Each Founder must ALSO sign an individual Founder IP Assignment Agreement. This Co-Founder Agreement alone does not transfer IP to the Company. Both documents are required. Template only — not legal advice.