

Negotiation Segment 1

General

Information

Preliminary Round
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THE DATA VAULT DEAL:

The Case of Inheritance and Intellectual Property

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The Data Vault Deal

LexVault Technologies Pvt. Ltd., a Bengaluru-based legal technology company, finds itself in the throes of a high-stakes internal conflict following the sudden demise of one of its co-founders. The company, established in 2017, is on the brink of securing significant venture capital investment and expanding nationally. However, unresolved questions about intellectual property ownership, strategic vision, recognition of contributions, and leadership succession threaten to derail its trajectory.

LexVault has gained acclaim for LexSense, its flagship product. It uses artificial intelligence, machine learning, and natural language processing to assist legal professionals with due diligence in mergers and acquisitions, analyze litigation risks, summarize and compare contractual clauses, and aid compliance under SEBI and RBI frameworks. The company serves Tier-I law firms, private equity funds, and the legal departments of major banks. In December 2024, it received informal approval from SEBI for LexSense’s pre-IPO compliance tool — an endorsement that dramatically increased its valuation.

The company was informally co-founded by Raghav Menon, a veteran capital markets lawyer turned entrepreneur, and Kabir Verma, a self-taught programmer with a background in IT services. Raghav contributed strategy, regulatory connections, and client development; Kabir built the LexSense prototype between 2014 and 2016, before LexVault was incorporated.

In January 2025, Raghav passed away due to sudden cardiac arrest. His will, probated by the Bengaluru District Court, transferred his 60% equity stake in LexVault to his daughter, Aarohi Menon. Aarohi, a dual-degree graduate in law and business from ISB Hyderabad, has since taken over as Chairperson. Kabir, who retains a 40% stake and continues as the company’s Chief Technology Officer (CTO), claims co-creator status and seeks formal authorship recognition and financial compensation beyond his equity holding. Aarohi, guided by legal counsel, vehemently disputes this. She asserts that all contributions made for the benefit of LexVault, especially after



its incorporation, are the company's property. While acknowledging Kabir's foundational role, she maintains that his employment contract (signed in 2018) included a general IP assignment clause, and that no formal IP transfer deed exists for his pre-incorporation code.

Tensions have now reached palpable levels. Without consulting Kabir, Aaroahi signed a non-binding term sheet with Mumbai-based VC firm BlueTribe Ventures, valuing LexVault at INR 240 crores. She argues that urgency demanded swift action. Kabir retaliated by revoking backend access to LexSense's source code and testing servers, citing a lack of governance transparency and acknowledgement. This act disrupted a scheduled demo with Zenith Capital, a high-value client preparing for IPO, resulting in reputational damage.

Now, both leaders face critical choices. Kabir's continued presence at LexVault, the formal ownership and authorship of LexSense, interim technical governance, and communication with clients and investors all hang in the balance.

The central issues up for negotiation include:

- Ownership and authorship of the LexSense codebase
- Kabir's future role and recognition at LexVault
- Terms and valuation of a potential equity buyout if Kabir exits
- Interim access and trade secret protections
- Public messaging strategies

Publicly available facts complicate matters further. It is public knowledge that Aaroahi holds 60% of the company by inheritance, and Kabir holds the remaining 40%. The company is known to be in advanced conversations with two VC firms, BlueTribe Ventures and ClearFrame Capital, both of whom have paused all discussions until internal conflicts are resolved. What complicates matters is the fact that there is no founders' agreement or formal board governance framework; LexVault is governed by the Companies Act, 2013 under informal board governance. Kabir's appointment letter as CTO (2018) includes a broad IP assignment clause dealing with the



Negotiation: Preliminary Round

assignment of any intellectual property developed in the course of employment (however, the source code was built before this. The absence of a written IP transfer agreement leaves room for dispute.

Following Kabir's server lockout, client feedback has been critical, and key enterprise clients governed by NDAs have raised internal concerns. Any litigation or media leak could activate indemnity clauses and reputational penalties. While Aarohi has engaged a leading corporate law firm and senior counsel for IP strategy, Kabir has retained a boutique technology law firm and a former NCLT judge.

The legal framework for this dispute draws on the Indian Contract Act, 1872, to interpret informal agreements and employment clauses; the Companies Act, 2013, for governance issues; the Copyright Act, 1957, for authorship claims; and the Information Technology Act, 2000, for cybersecurity and digital control. Additionally, SEBI's LODR framework influences disclosure practices in light of the company's fundraising and IPO prospects.

