

UNIT – V

Startups and Intellectual Property Rights (IPR)

1. Start-up Requirements

A startup generally requires:

- Business idea
 - Problem identification
 - Market research
 - Value proposition
 - Founding team
 - Business model
 - Business plan
 - Legal registration
 - Financial resources
 - Technology/resources
 - Marketing strategy
 - Intellectual property protection
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2. Building Founding Teams and Mentors

A **founding team** consists of individuals who jointly establish and develop a startup.

Qualities of a Good Founding Team

- Complementary skills
- Shared vision
- Trust
- Communication
- Leadership
- Technical knowledge
- Business knowledge
- Problem-solving ability

Role of Mentors

Mentors provide:

- Industry knowledge

- Business guidance
- Networking
- Strategic advice
- Fundraising guidance
- Problem-solving support

3. Pitch Preparation

A **startup pitch** is a short presentation designed to convince investors, customers or stakeholders about the potential of a business idea.

Typical Pitch Structure

1. Problem
2. Solution
3. Target market
4. Value proposition
5. Business model
6. Competition
7. Marketing/GTM strategy
8. Traction
9. Team
10. Financial projections
11. Funding requirement
12. Future plans

Good Pitch Characteristics

- Clear
- Short
- Data-driven
- Customer-focused
- Persuasive
- Realistic

4. Start-up Registration Process

In India, entrepreneurs generally need to:

1. Select business structure.

2. Register the business/entity.
3. Obtain applicable tax registrations.
4. Open a business bank account.
5. Obtain required licenses.
6. Maintain statutory records.
7. Consider startup recognition where eligible.
8. Protect intellectual property.

Possible structures include:

- Sole proprietorship
- Partnership
- LLP
- Private Limited Company
- One Person Company

5. Funding Opportunities and Schemes

Startups can obtain funds through:

Internal Sources

- Personal savings
- Friends and family
- Bootstrapping

External Sources

- Angel investors
- Venture capital
- Bank loans
- Incubators
- Accelerators
- Crowdfunding
- Government-supported schemes

Importance of Funding

Funding helps startups:

- Develop products
- Hire employees
- Purchase equipment

- Market products
 - Expand operations
 - Enter new markets
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6. Institutional Support to Entrepreneurs

Institutions supporting entrepreneurship may include:

- Incubators
- Accelerators
- Universities
- Entrepreneurship Development Institutes
- Government agencies
- Banks
- Industry associations
- Technology parks

They may provide:

- Mentoring
 - Infrastructure
 - Training
 - Networking
 - Funding support
 - Technical assistance
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7. Start-up Lifecycle

A startup generally progresses through the following stages:

Idea → Validation → Launch → Early Growth → Scaling → Maturity/Exit

1. Idea Stage

Identify a problem and develop an idea.

2. Validation Stage

Test whether customers actually need the solution.

3. Launch Stage

Introduce the product/service to the market.

4. Growth Stage

Increase customers, revenue and market presence.

5. Scaling Stage

Expand operations rapidly.

6. Exit/Maturity

Possible IPO, acquisition, merger or continued operation.

8. Startup Documentation

Important documents may include:

- Business plan
 - Pitch deck
 - Financial statements
 - Founder agreements
 - Partnership/company documents
 - Employment agreements
 - Customer contracts
 - Vendor agreements
 - Intellectual property documents
 - Tax and statutory records
 - Investment agreements
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9. Legal Aspects of Startups

Important legal areas include:

- Business registration
- Contracts
- Tax compliance
- Labour laws

- Consumer protection
- Data protection/privacy
- Intellectual property
- Competition law
- Licenses and permits
- Regulatory compliance

Legal compliance helps reduce **financial, operational and reputational risks**.

10. Venture Pitching Readiness

Before pitching to investors, entrepreneurs should be ready with:

Business

- Clear problem
- Strong solution
- Target market
- Competitive advantage

Financial

- Revenue model
- Cost structure
- Financial projections
- Funding requirement
- Use of funds

Market

- Market size
- Customer profile
- Competitor analysis
- GTM strategy

Team

- Founder capabilities
- Experience
- Roles

Evidence

- Prototype/MVP
 - Customer validation
 - Traction
 - Revenue, if available
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11. National Innovation and Startup Policy (NISP)

The **National Innovation and Startup Policy (NISP)** provides a framework to promote innovation and entrepreneurship in higher educational institutions.

Major Features

- Promotes innovation among students and faculty
- Encourages entrepreneurship
- Supports incubation
- Promotes technology commercialization
- Encourages IPR creation and protection
- Supports industry-academia collaboration
- Encourages startup creation
- Promotes innovation ecosystems within institutions
- Provides guidance for institutional entrepreneurship policies

Importance of NISP

NISP helps educational institutions move from:

“Knowledge creation” → “Innovation” → “Commercialization” → “Startup creation”

INTELLECTUAL PROPERTY RIGHTS (IPR)

12. Meaning of IPR

Intellectual Property Rights are legal rights given to creators and innovators to protect their intellectual creations.

Major Forms

- Patents
 - Copyrights
 - Trademarks
 - Industrial Designs
 - Geographical Indications
 - Trade Secrets
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13. Patents

A **patent** is a legal right granted for an invention, giving the patent holder exclusive rights over the invention for a specified period, subject to applicable law.

Example

A company develops a new technology for efficient solar panels and obtains patent protection.

Purpose

- Encourage innovation
 - Protect inventions
 - Prevent unauthorized commercial use
 - Provide competitive advantage
 - Enable commercialization
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14. Designs

An **industrial design** protects the visual or aesthetic features of a product.

It may relate to:

- Shape
- Configuration
- Pattern
- Ornamentation
- Composition of lines or colours

Example: The distinctive external design of a consumer product may be protected as an industrial design if it meets the legal requirements.

15. Patentability

For an invention to qualify for patent protection, it generally needs to satisfy requirements such as:

1. Novelty

The invention must be new.

2. Inventive Step

It should involve a non-obvious technical advancement.

3. Industrial Applicability

It should be capable of being made or used in industry.

4. Patentable Subject Matter

The invention must fall within the categories permitted by applicable patent law.

16. Procedure for Grant of Patents in India

A simplified process is:

Invention → Prior-art search → Patent application → Publication → Examination → Response/Amendment → Grant

Main Steps

1. Develop the invention.
2. Conduct a prior-art search.
3. Prepare the patent specification.
4. File the patent application.
5. Application is published.
6. Request examination.
7. Patent office examines the application.
8. Applicant responds to objections, if any.
9. Patent is granted if requirements are satisfied.
10. Maintain the patent through applicable renewal/maintenance requirements.

17. Indian Scenario of Patenting

India has a formal patent system governed principally by the **Patents Act, 1970**, along with subsequent amendments and rules.

Important institutions include the **Indian Patent Office** and **CGPDTM (Controller General of Patents, Designs & Trade Marks)**.

Indian startups and universities increasingly use patents to:

- Protect research
- Commercialize technology
- Attract investors
- Build competitive advantage
- Support technology transfer

18. International Scenario and International Cooperation

Intellectual property has an international dimension because businesses operate across countries.

Important international frameworks and organizations include:

- **WIPO – World Intellectual Property Organization**
- **TRIPS Agreement**
- Paris Convention
- Berne Convention
- Patent Cooperation Treaty (PCT)

International cooperation helps provide mechanisms for protecting intellectual property across different jurisdictions.

19. Scope of Patent Rights

Patent rights generally allow the patent owner to control specified acts relating to the patented invention, subject to applicable law.

The owner may generally:

- Use the invention
- Manufacture it
- Sell it
- License it
- Assign the patent
- Prevent unauthorized exploitation within the scope of the patent

Patent rights are **territorial**, meaning protection is based on the jurisdiction in which rights are obtained.

20. Copyright

Copyright protects original literary, artistic, musical and other eligible creative works.

Examples

- Books
- Articles
- Software
- Music
- Films
- Paintings
- Photographs

Copyright generally protects the **expression of an idea**, rather than the underlying idea itself.

21. Trademarks

A **trademark** identifies and distinguishes the goods or services of one enterprise from those of others.

Examples

- Brand names
- Logos
- Symbols
- Taglines, where registrable

Importance

- Brand recognition
 - Consumer trust
 - Market differentiation
 - Protection against confusingly similar marks
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22. Geographical Indications (GI)

A **Geographical Indication** identifies goods as originating from a specific geographical region where a particular quality, reputation or characteristic is attributable to that geographical origin.

Indian Examples

- Darjeeling Tea
- Kanchipuram Silk
- Mysore Silk
- Pochampally Ikat

GI protection helps protect the reputation and economic value of region-specific products.

23. Licensing

Licensing is an arrangement where the owner of intellectual property permits another party to use it under agreed terms and conditions.

Parties

- **Licensor** – IP owner
- **Licensee** – Party receiving permission

Example

A university licenses its patented technology to a company for commercial production in return for royalties.

24. Transfer of Technology

Technology transfer is the process of transferring technological knowledge, intellectual property, skills or know-how from one organization/person to another for use or commercialization.

Sources

- Universities
- Research institutions
- Companies
- Government laboratories

Benefits

- Commercialization of research
- Faster innovation
- Industry-academia collaboration
- Revenue generation
- Economic development

★ Important Examination Questions

2-Mark Questions

1. Define a business model.
2. What is Lean Canvas?
3. List the nine blocks of Lean Canvas.
4. Define unit economics.
5. What are economies of scale?
6. What is a GTM strategy?
7. Define startup.
8. What is NISP?
9. Define IPR.
10. What is a patent?
11. What is patentability?
12. Define copyright.
13. What is a trademark?
14. What is a GI?
15. Define licensing.
16. What is technology transfer?

5-Mark Questions

1. Explain the different types of business models.
2. Explain the nine blocks of the Lean Canvas.
3. Explain the components of a business plan.
4. Discuss different types of costs.
5. Explain unit economics with examples.
6. Explain the importance of GTM strategy.
7. Explain the startup lifecycle.
8. Discuss the role of mentors in startups.
9. Explain the features of NISP.
10. Explain the different forms of IPR.

10/15-Mark Questions

1. **Explain the Lean Canvas approach and demonstrate how to build a Lean Canvas for a startup.**
2. **Discuss business planning with special reference to sales plan, people plan and financial plan.**
3. **Explain financial planning, unit economics, economies of scale and financial performance analysis.**
4. **Explain the GTM approach and discuss channel selection, digital presence and customer acquisition strategy.**
5. **Explain the startup lifecycle and discuss startup registration, funding, institutional support and legal aspects.**
6. **Explain NISP and discuss its role in promoting innovation and entrepreneurship in higher educational institutions.**
7. **Explain the patent system, patentability criteria and procedure for grant of patents in India.**
8. **Discuss patents, copyright, trademarks, designs and geographical indications.**
9. **Explain international cooperation in intellectual property and the scope of patent rights.**
10. **Explain licensing and transfer of technology and discuss their importance for startups.**