

Technology Startups and IPR Protection in India

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Table of Content

About the Study

Objective

Introduction

IP Trends and Government Initiatives in India

Survey Methodology

Findings

Recommendations

About the Study

GOAL

To advocate for constructive policy and regulatory reforms in the IPR regime to foster innovation and competition.

Linkages between IP Protection and Start-ups in India

Case studies of startups about IP protection

Objective



**TWO-FOLD
OBJECTIVES**

Examine the level
of IP awareness
and engagement
of Indian
technology start-
ups

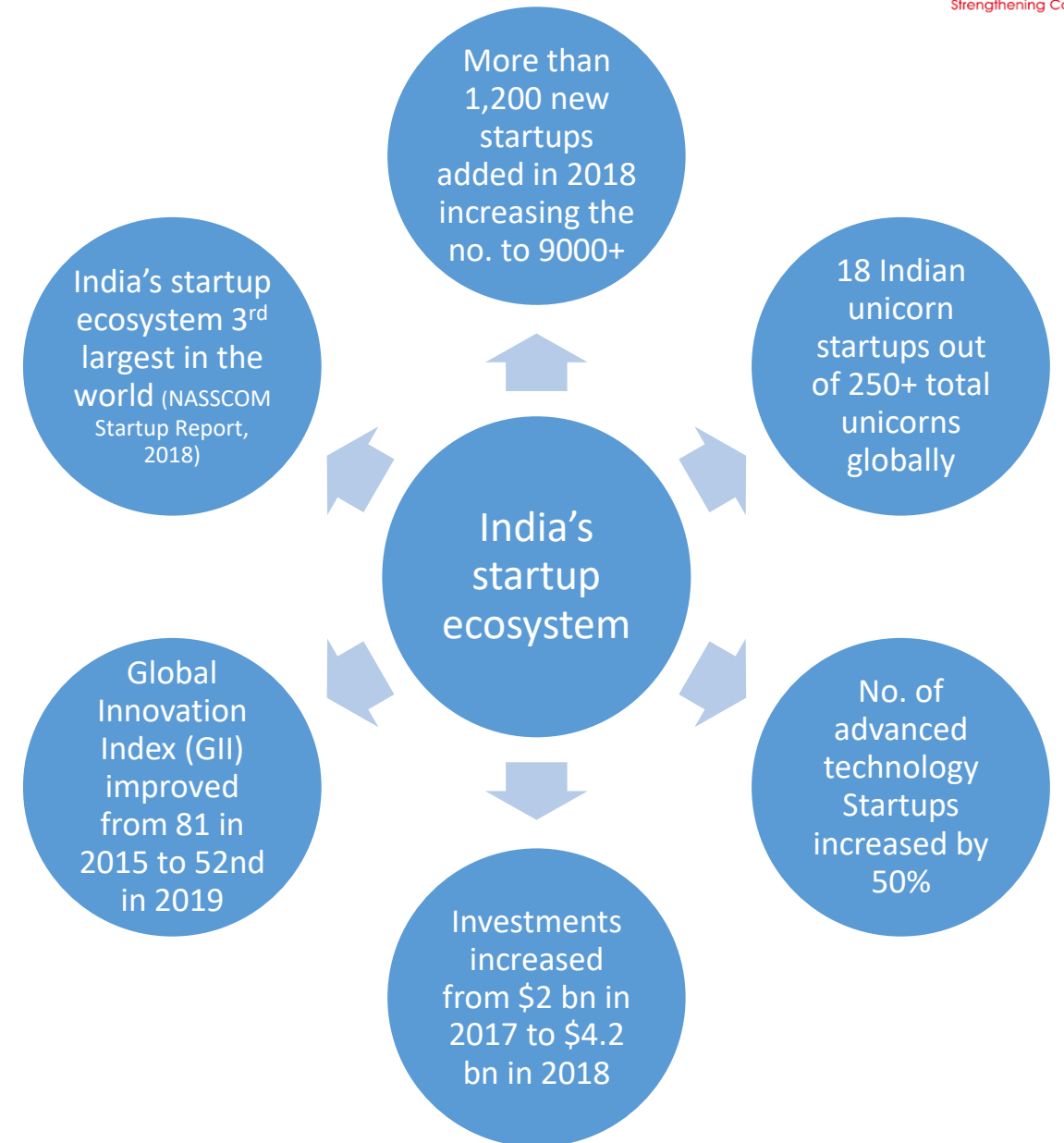
Ascertain the
benefits of
government
initiative availed
by Indian
technology start-
ups

Introduction

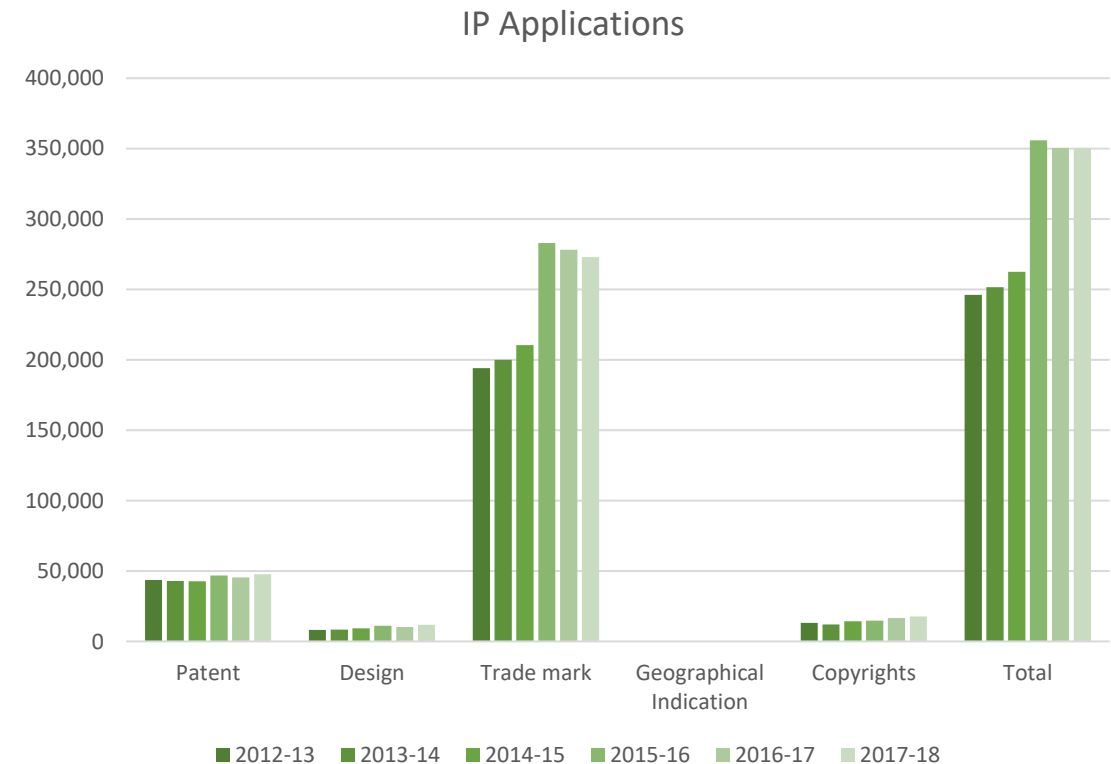
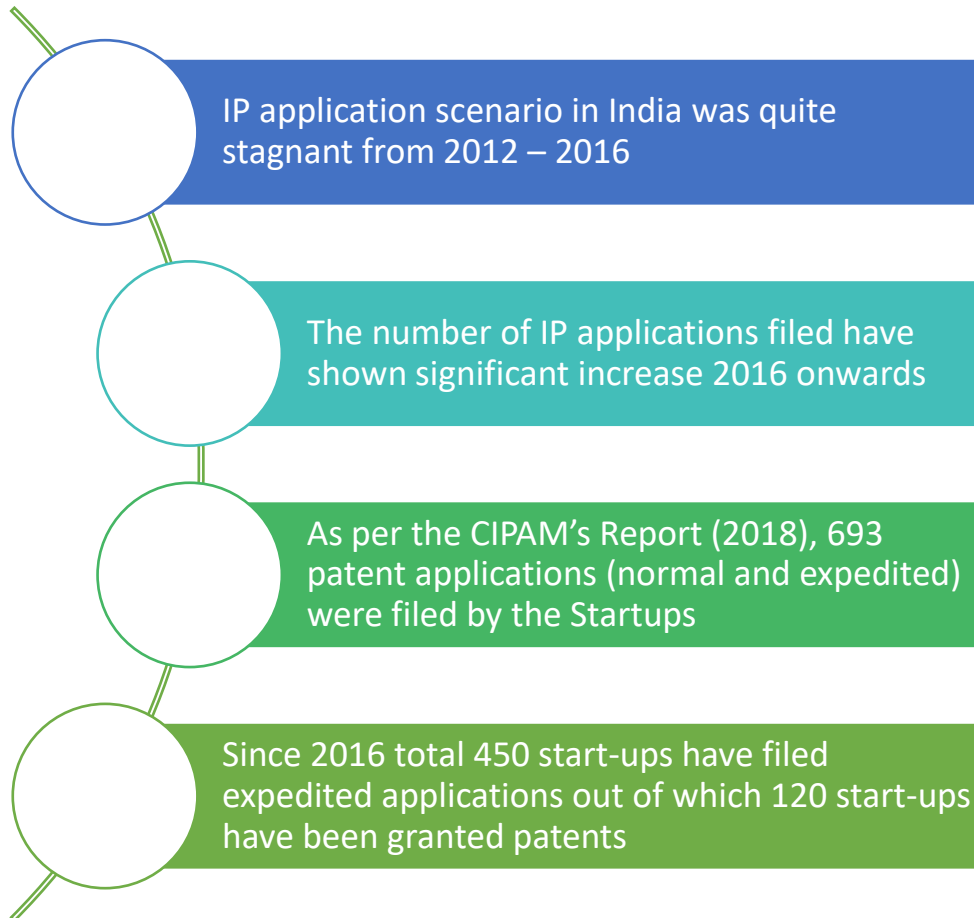
More than 90% of the startups in India fail in their first five years due to lack of innovation (IBM Institute for Business Value and Oxford Economics, 2017)

No significant improvement in IP application scenario in India during 2012 – 2016 (CGPDTM annual reports, 2012-107)

Policy initiatives in 2016 to create a conducive environment for innovation and entrepreneurship



IP Trends in India



Source: The Controller General of Patents, Designs, Trademarks and Geographical Indications (CGPDTM) Annual Report (2016- 17); CIPAM Report (2018)

Government initiatives to promote innovation

The Startup India Scheme, 2016

- Establishment of incubation centers
- Easier IPR facilitation, including easier patent filing
- Improved regulatory framework - tax benefits, easier compliance
- Relaxed norms of public procurement for startups,
- Launch of innovation core programs for students
- Funds of Funds scheme - funding support of Rs.10,000 crores for startups
- Atal Innovation Mission - to cultivate one million innovators in India

The Startups Intellectual Property Protection (SIPP) Scheme, 2016

- To encourage innovation by promoting and creating awareness of Intellectual Property Rights in Startups
- To assist startups in protecting and commercializing their IPRs by providing high quality IP services and resources
- Provided 80% and 50% fee concession for filing patents and trademarks respectively
- Introduced expedited examination process
- Reduced the number of trademarks application forms from 74 to 8
- Provided rebate of 10% in e-filing
- Introduced video conferencing for hearing, among other initiatives etc.

Cell for IPR Promotion and Management (CIPAM)

- Assists in streamlining of IP processes and undertakes steps for furthering IPR awareness, commercialization and enforcement
- Conducted roadshows and IPR awareness campaigns in school, IP enforcement trainings for police officers
- Launched IPR enforcement toolkits dealing with IP-Crimes, trademark counterfeiting and copyright piracy
- Adopted an animated IP Mascot, namely “IP Nani”

The Intellectual Property (IP) Mascot – IP Nani



Survey Methodology

Sample

400 startups out of a stack of 8000+ startups (ASSOCHAM, 2016)

Department of Industrial Policy & Promotion (DIPP) startup definition

A startup incorporated or registered as private limited company or partnership firm or limited liability partnership in India, operated up to seven years from the date of its incorporation and has turnover not more than 25 crore (250 million) INR for any financial year since its inception.

Sampling Methodology

Stratified Random Sampling

Strata I- Delhi NCR (38%)

Strata II- Mumbai/Pune (28%)

Strata III- Bengaluru (25%)

Strata IV- Other locations (8%)

Sectors

Health-Tech
Edu-Tech
Agri-Tech
E-commerce
Technology Solutions
Others

Mode of survey

Personal interviews
Telephonic interviews
Electronic means

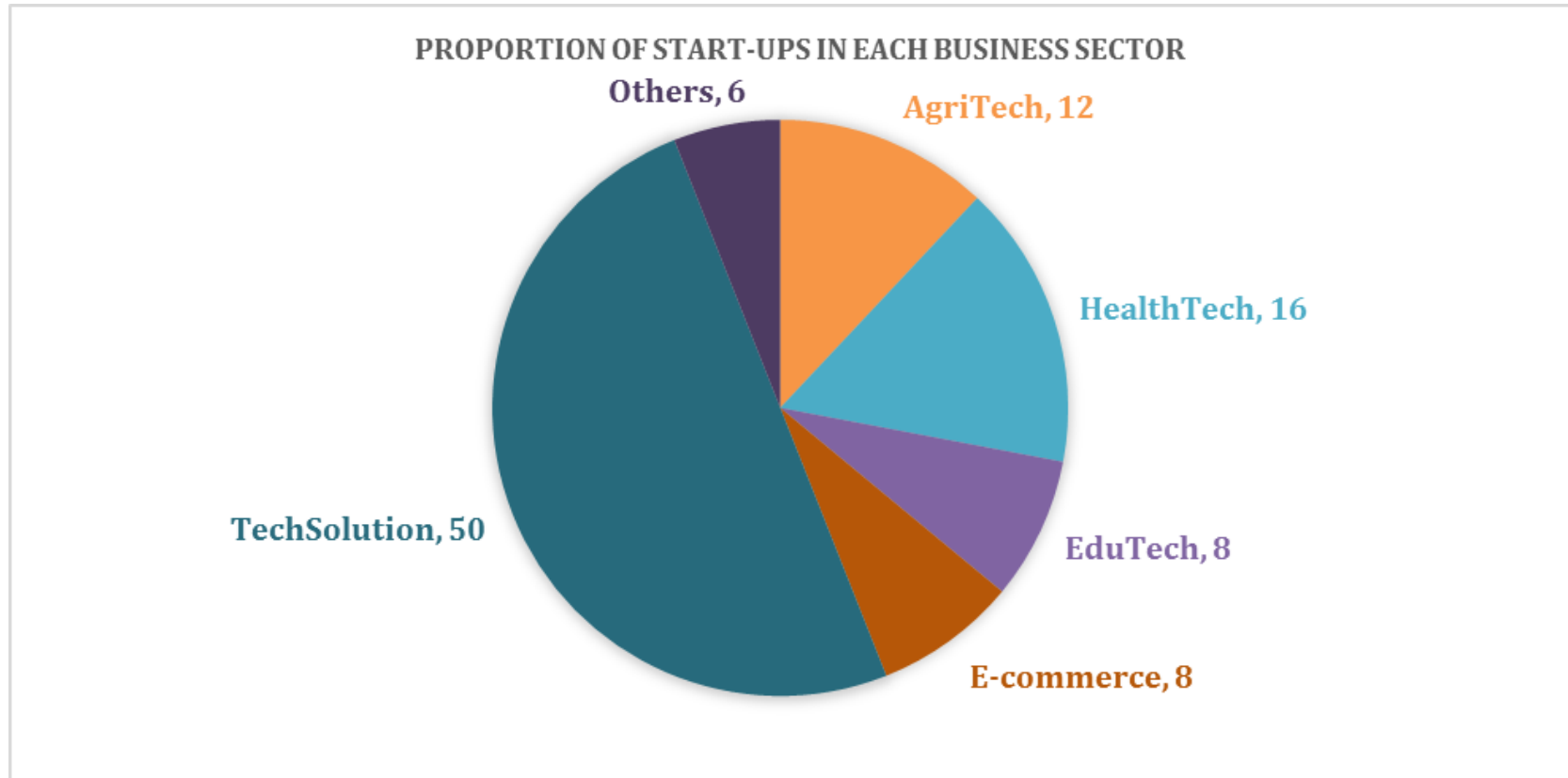
Findings

For the analysis, startups are categorized as **IPR active** and **IPR inactive**.

“**IPR active**” indicates firms that file at least one application for the protection of IPRs like patent, copyright and trademark.

“**IPR inactive**” signifies firms that have not filed a single application for IPR protection.

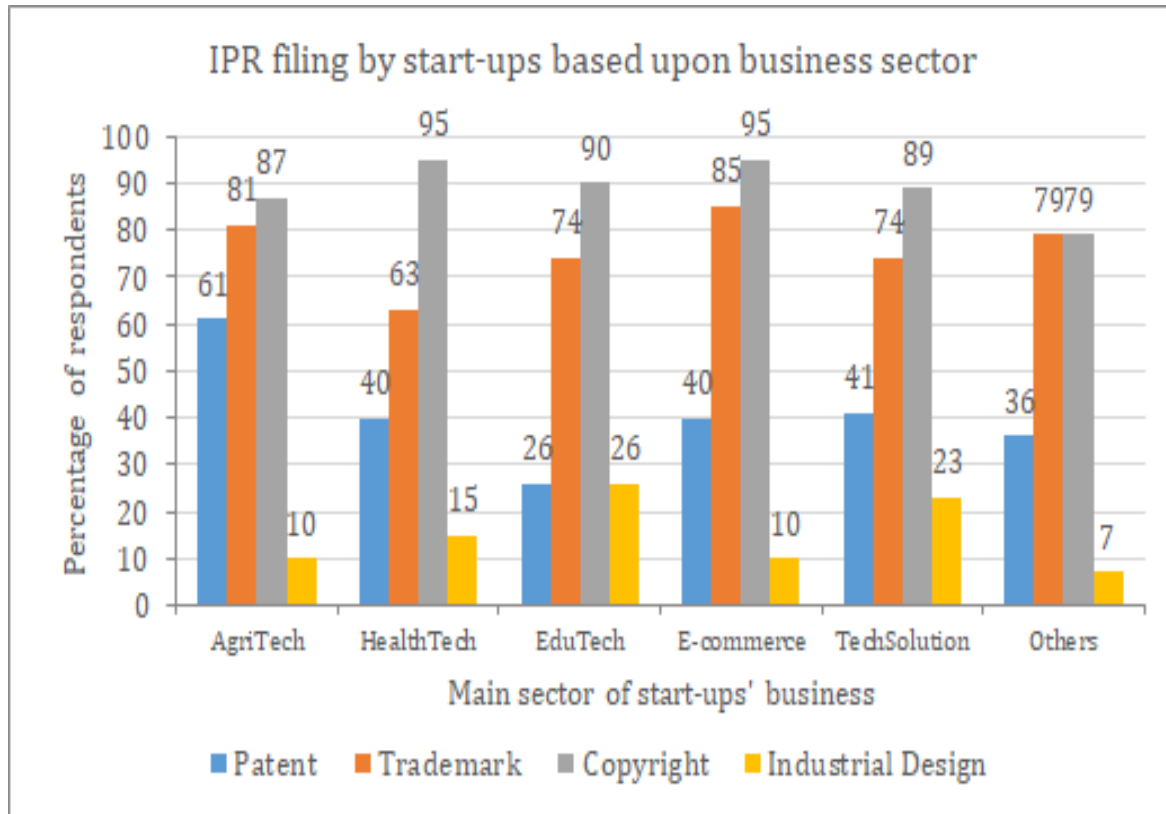
Proportion of tech-startups in different industrial sectors



Note: 'Technology Solutions' category are involved in e-ticketing, e-mobility, smartwatch, Internet of Things (IoT), software and IT solutions, etc.

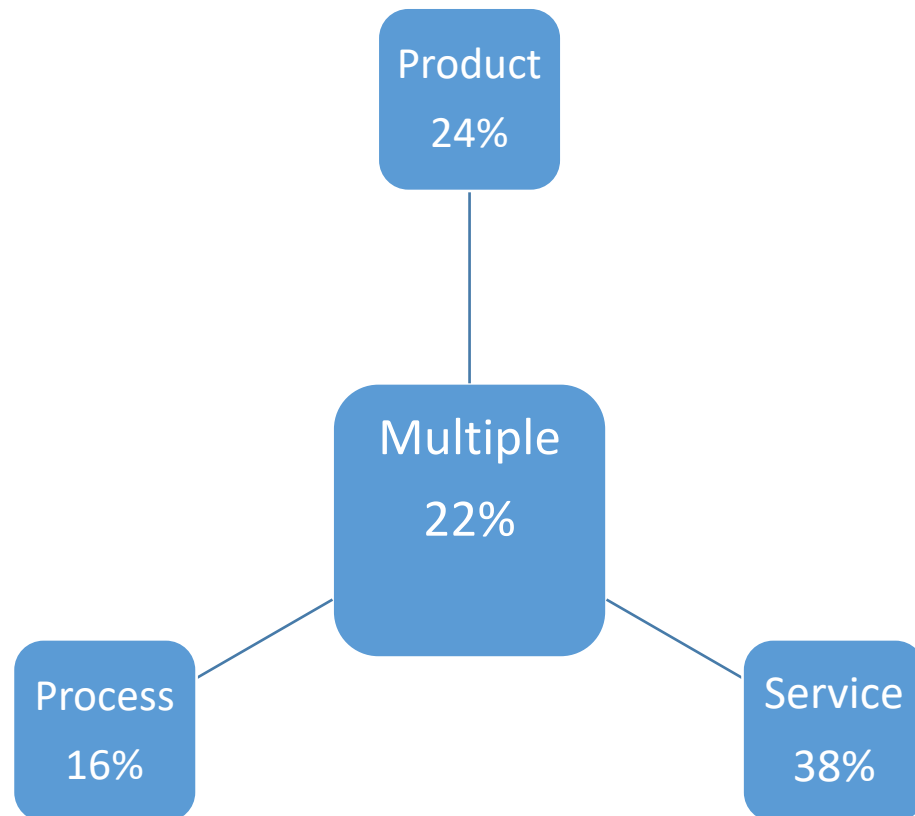
'Others' category include gaming, real estate, social networking, media, R&D, Advertising etc.

Proportion of tech-startups in different industrial sectors that file IPR applications



- Greater propensity for Copyright and Trademark protection by Startups in HealthTech and E-Commerce sectors can be attributed to their nature of their business and product/service offerings.
- Higher propensity to file patent protection by Agritech firms may be attributed to impetus from the government to promote Research and Development (R&D) in this sector.

Business Offering

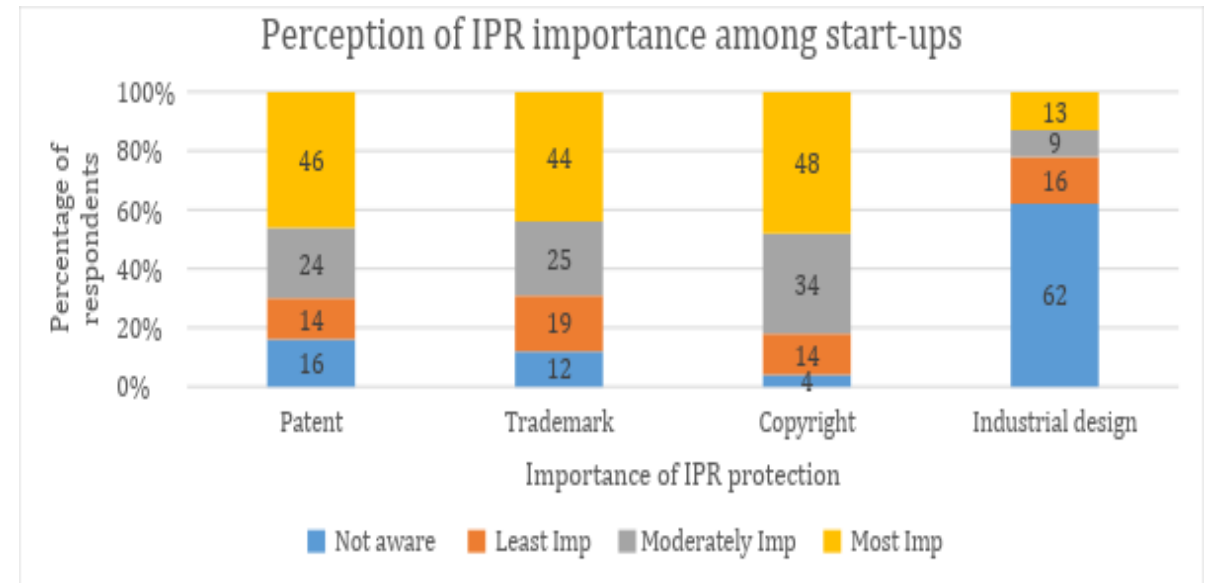


- Trademark filing propensity of firms categorized under 'multiple' category (56%) is far less than the trademark filing propensity of firms that fall exclusively under 'product' and 'service' (80% each), and 'process' (75%) category.
- For both Copyright and Patent, filing propensity of firms that fall under different business categories do not differ much from each other.
- For industrial design filing, it is found that firms that fall under 'process' category have higher propensity to file industrial design as compared to other firms.

Awareness of IPR

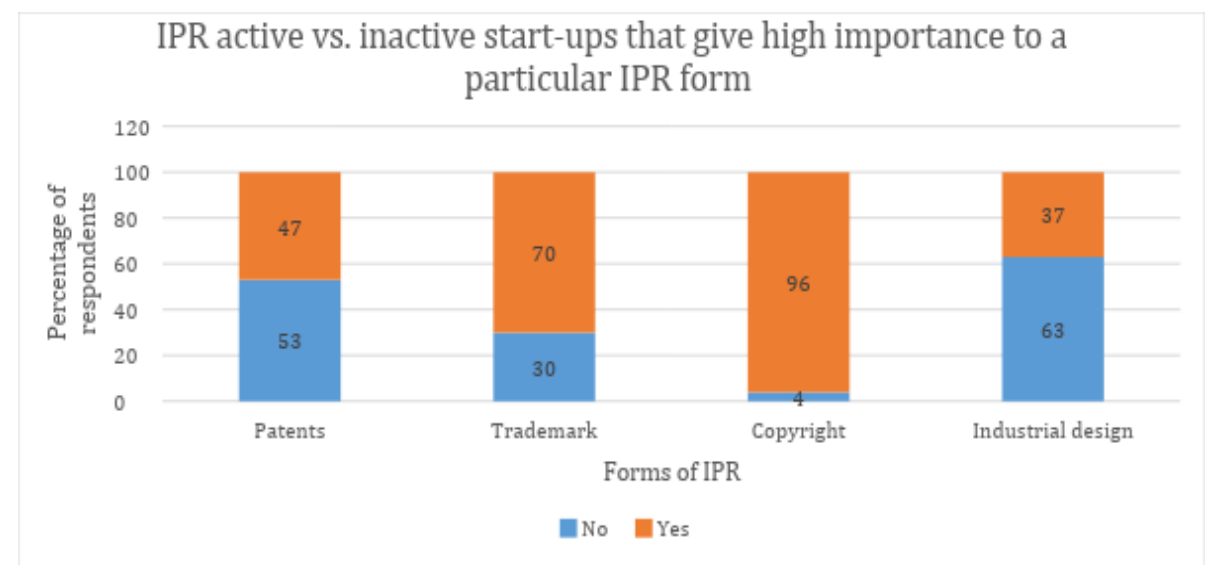
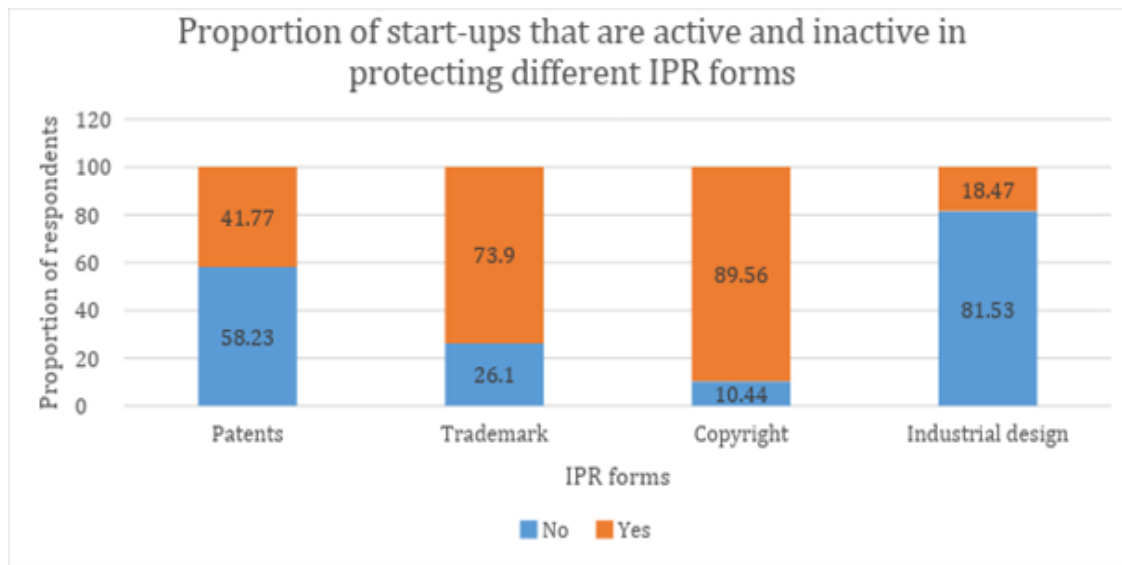
- The tech-startups were asked about what type of IP protection should be applied for different categories of novelties / innovation to assess the level of their knowledge of IP protection.
- Around 60-75% tech-startups correctly identified the items that can be protected by trademarks and copyrights. However, only 44% respondents could correctly identify the items that can be protected by patents.

- Rating by tech-startups to each form of IPR on a scale of three based on their level of importance for them (3 being the most important).

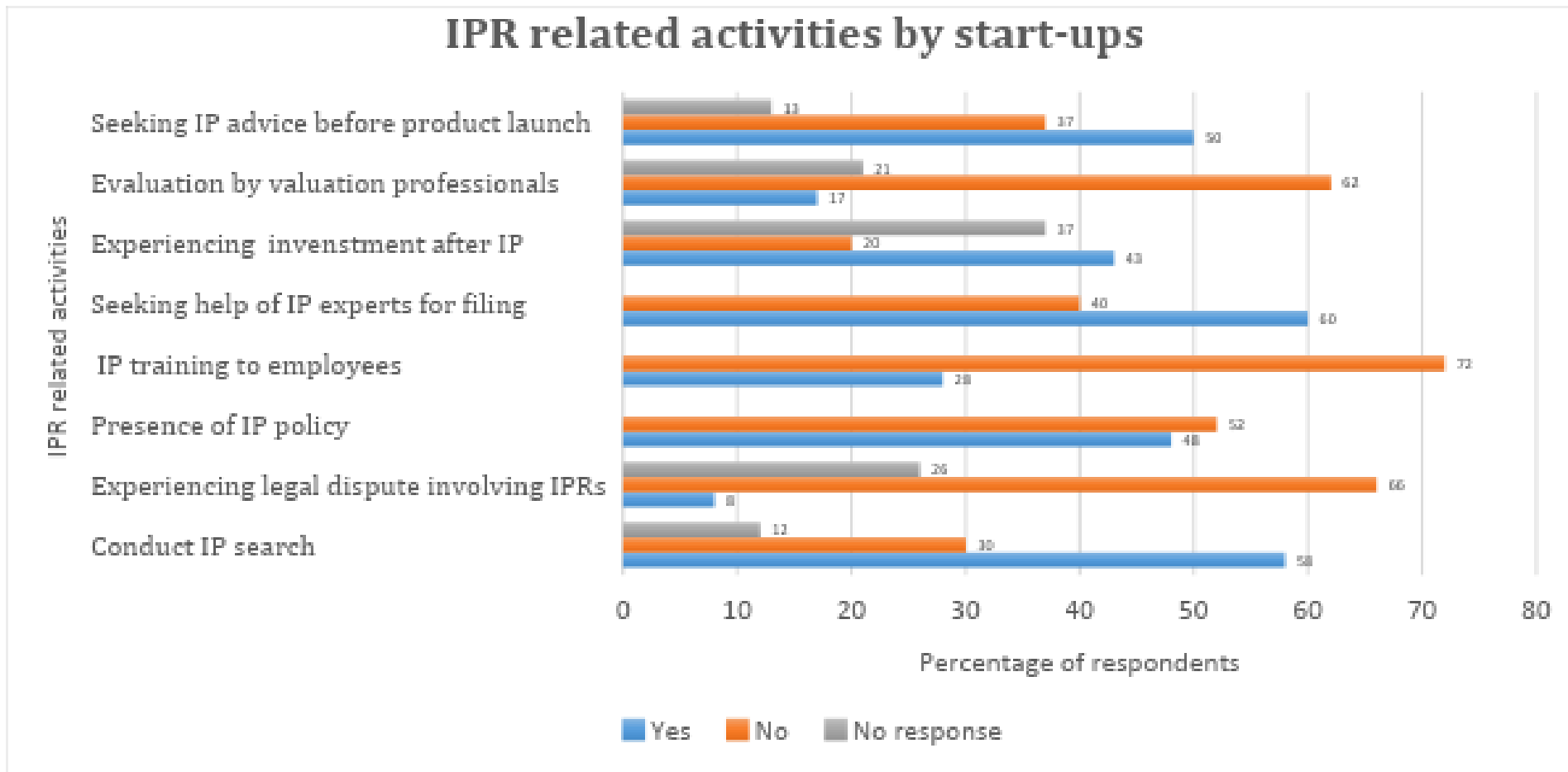


Importance of IPR

- Proportion of IPR active and inactive tech-startups among those that give high rating to a particular IPR form.
- Among those who consider patents to be of high importance (most important) for their business, only 47% firms actually file for its protection, while a very large proportion (i.e. 53%) are inactive in patent filing.

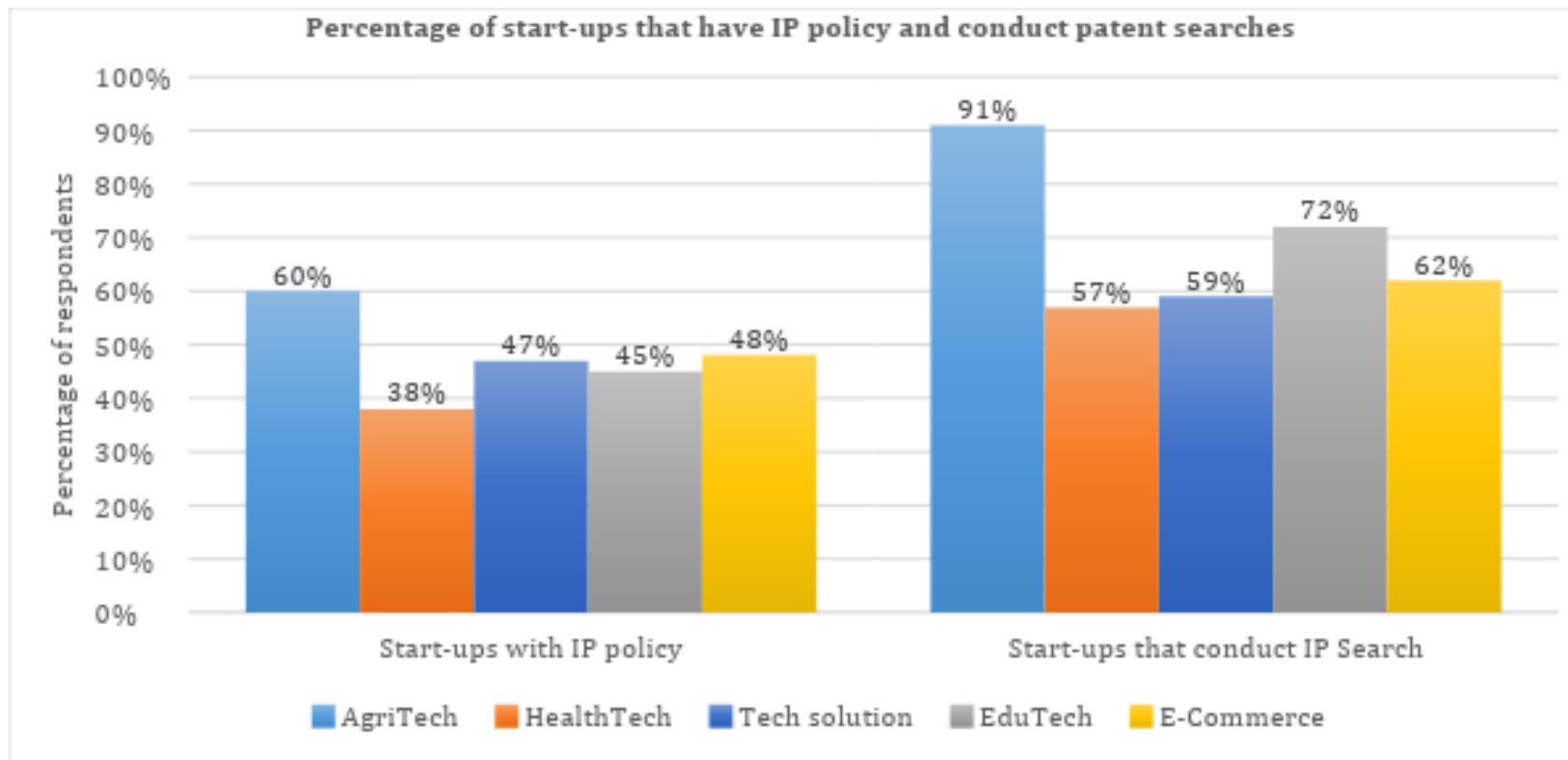


Ancillary Practices

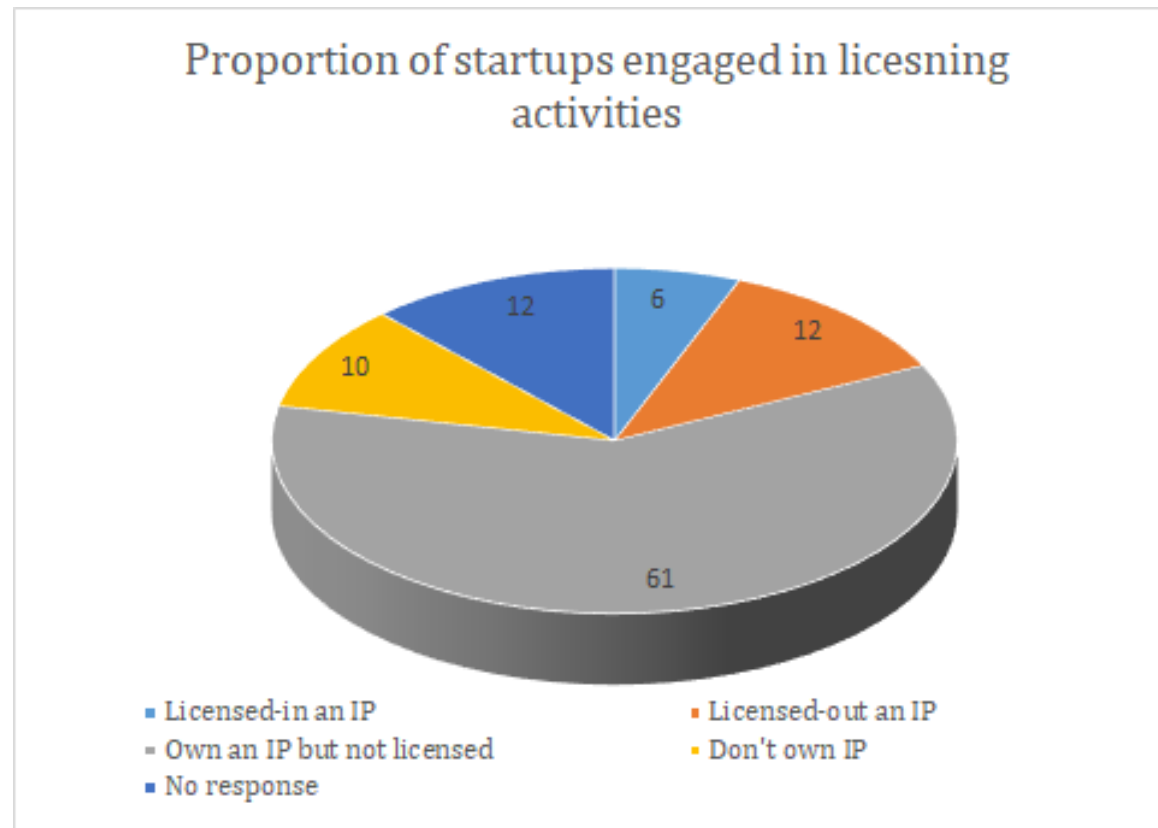


IP Policy and IP Searches

- The likelihood of forming an IP policy and conducting IP searches is particularly **high for AgriTech firms** and relatively **low for HealthTech firms**.



Proportion of tech-startups engaged in licensing activity



Technology transfer activities are less prevalent among Indian tech-startups in general.

Incubator Support

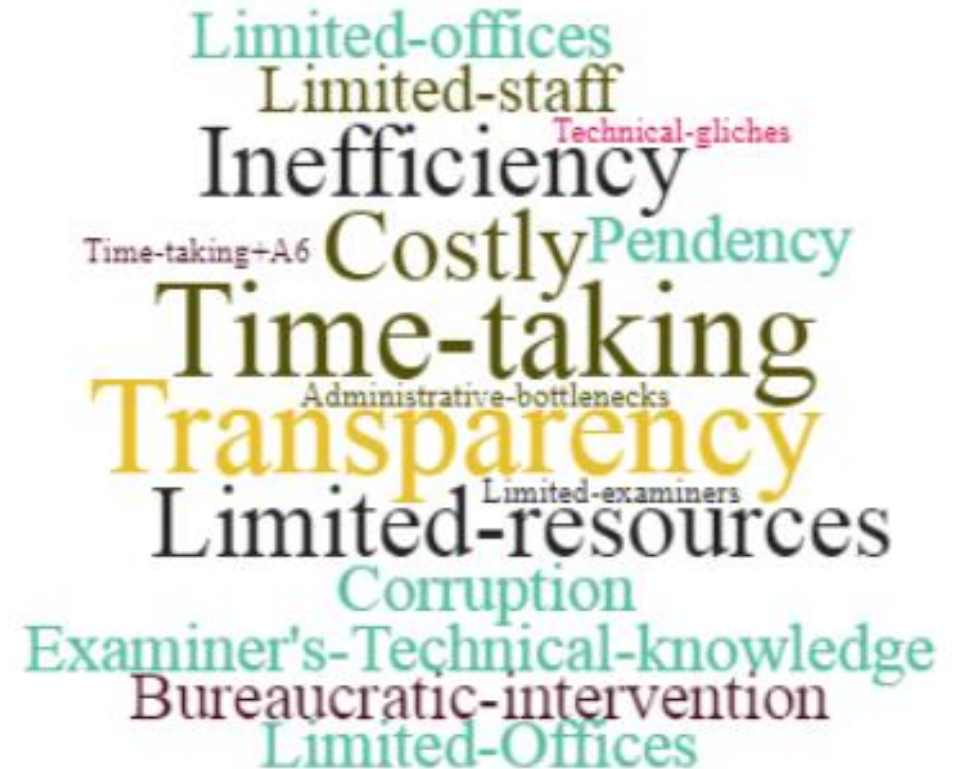
- 43% of the tech-startups, majorly in E-commerce (52%) and technology solution sector (49%), received investment funds after IP registration or application, 20.03% did not and 35.5% can't say.
- Only 18.3% of startups were supported by incubators such as IITs, Career Launcher, Manipal University Technology Business Incubators, Biotechnology Industry Research Assistance Council (BIRAC) etc.
- No statistical difference found in the patent filing behavior of tech-startups based on venture capital support.
- Majority of respondents in the sample i.e. around 51-60% in both categories (i.e. patent active and inactive) are not backed by the venture capital funds.

Awareness of Government initiatives on IP

- Over 90% are aware of Startup India Initiative, only 35% of them have registered under this, and hardly 20% startups are aware of specific benefits, schemes, tax exemptions and facilities provided by the government.
- Around 70% believe that programs under this initiative like conducting awareness campaigns, outreach programs, IP training for students and establishment of CIPAM by the government have been helpful in bringing up and managing the tech-startups.
- To increase general awareness of IP users and fulfil the training needs of technical IP personnel, CIPAM AND RGNIP were established. They conduct various IPR awareness programs in schools, colleges, universities; and organize conferences, workshops, meetings and seminars for different stakeholders. Around 20% respondents are aware of these campaigns.

Challenges faced in IPR filing

- Almost 25% technology Startups in the sample notified hurdles that they faced while registering their IP rights.
- Inputs provided by the respondents are presented here through word cloud, where the size of the words or phrases indicates the frequency or number of times they are cited by the Startups.



Recommendations

Recommendations

Strengthening Judicial Protection of IP in India

- Establishment of a uniform system of courts/tribunals for IP matters
- Appointment of more than one technical expert and judicial member

IPR Consultation and Awareness at Department of Industrial Policy & Promotion (DIPP) level

- Free and compulsory consultation at the time of registration with DIPP
- Dissemination of Information booklets containing information on types of IPR, IP Strategy, IP portfolio, IP management and IP litigations etc. govt. schemes on IP.

IP Facilitation Centers

- The government has IP Facilitation Centres for MSMEs and startups in some states
- More states must establish IP Facilitation Centers for startups to provide low cost assistance

Recommendations

Use of ICT

- SMS alert
- Mobile application
- Software solutions for automated and standardized procedure for application, classification, examination, publication, and disposal of IPRs. E.g. Industrial Property Automation System (IPAS), Electronic Document Management System (EDMS) etc. provided by the World Intellectual Property Organization (WIPO).

Capacity Building

- Introduce master's level degree or diploma course on IPRs.
- Focused training and educational programs on patent examination of the frontier and emerging technologies like IoT, Artificial Intelligence (AI).
- IP official and administrative staff training on office administration, budgeting and other related matters.
- International exchange programs for IP officials.

Thank you!