



Unit 4: Support Agencies and Incubators

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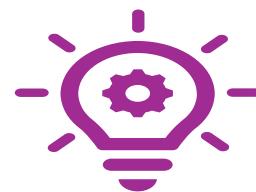
Support agencies at the state and national levels for new enterprises



Current promotional schemes for new enterprises at the state and national levels



Start-up incubation and its modalities



Presenting ideas to potential investors – Investor Pitch



Legal considerations

Contracts

Insurance

Intellectual Property Rights (IPR)

- Patents
- Copyrights
- Licensing
- Trade secrets
- Trademarks

Learning Objectives



Support Agencies & Promotional Schemes

- **Identify** key support agencies at the state and national levels that assist new enterprises (e.g., MSME, Startup India, iCreate, GUSEC).
- **Describe** current promotional schemes and incentives available for startups in India.
- **Compare** the roles of different agencies and schemes in fostering entrepreneurship.



Start-up Incubation & Investor Pitch

- **Explain** the concept of startup incubation and its various modalities (physical, virtual, sector-specific).
- **Illustrate** the process of developing a startup idea within an incubator.
- **Prepare** a basic investor pitch including problem statement, solution, market potential, and revenue model.
- **Demonstrate** effective communication and presentation skills for pitching to investors.

Learning Objectives

Legal Considerations & Contracts

- **Recognize** the importance of legal compliance in setting up a new enterprise.
- **Interpret** basic elements of a legal contract and their implications for startups.
- **Draft** a simple contract or MoU relevant to a tech-based startup.

Insurance & Risk Management

- **Identify** different types of insurance relevant to startups (e.g., liability, cyber, product).
- **Explain** the role of insurance in mitigating business risks.

Learning Objectives

-  **Intellectual Property Rights (IPR)**
 - **Define** Intellectual Property Rights and their significance in the tech industry.
 - **Differentiate** between patents, copyrights, trademarks, trade secrets, and licensing.
 - **Illustrate** the process of applying for a patent or copyright in India.
 - **Evaluate** the importance of protecting software and digital innovations through IPR.
-  **Patents, Copyrights, Trademarks & Licensing**
 - **Classify** different types of IPR with examples from the computer engineering domain.
 - **Analyze** case studies where IPR played a critical role in startup success or failure.
 - **Apply** for a basic copyright or trade secret or trademark using online government portals.
 - **Discuss** ethical and legal implications of software piracy and IP infringement.

START-UP LIFECYCLE – While incubators provide support across the life cycle, accelerators are more focussed on 'Growth & Acceleration' stage



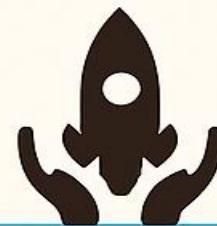
Idea Generation

- ✓ Ideation and conception
- ✓ Team formation



Seed Stage

- ✓ Product development support
- ✓ Co-working space
- ✓ Research lab
- ✓ Start-up boot camps
- ✓ Faculty & alumni support



Growth Stage

- ✓ Market validation of product/testing
- ✓ Integrating feedback
- ✓ Developer tools & API
- ✓ Shared resource



Acceleration Stage

- ✓ Industry leader mentorship
- ✓ CEO coaching
- ✓ Road shows
- ✓ Demo days
- ✓ Investor pitching sessions

Journey of a Start-up/Time to Market

Incubator

Typical duration: 6-36 months

Accelerator

Typical duration: 3-12 months

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A Case Study : Balaji Wafers



A Case Study: Reliance



A Case
Study :
Zepto

Support
Organizations

Big
Companies

Research
Organizations

Universities

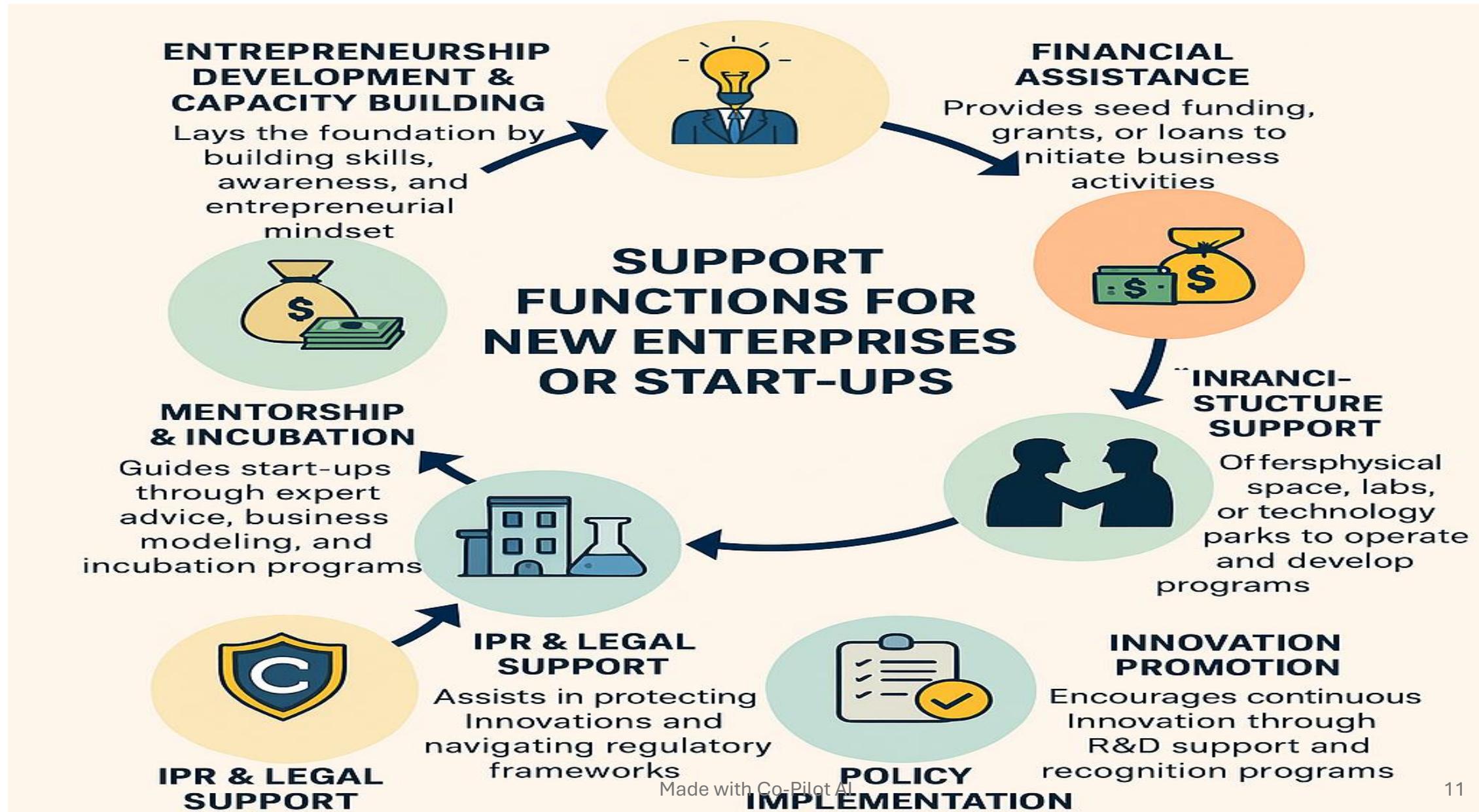
Startup Ecosystem

- ideas, inventions and research
- startups at various stages
- entrepreneurs
- startup team members
- investors
- mentors
- advisors
- other entrepreneurial people
- people from related organizations

Service
Providers

Funding
Organizations

Role of Support Agencies / Govt. Schemes for new enterprise



Role of Support Agencies for new enterprise

No.	Role/Function	Description	Examples
1	Entrepreneurship Development & Capacity Building	Conduct training programs, workshops, and EDPs to build entrepreneurial skills	EDII, DICs
2	Financial Assistance	Provide credit, seed funding, venture capital, and subsidies	NSIC, SIDBI, GVFL
3	Infrastructure Support	Offer co-working spaces, labs, and industrial plots	i-Hub Gujarat, GIDC, TBIs (Technology Business Incubator)
4	Mentorship & Incubation	Guide startups through business planning, prototyping, and scaling	Atal Incubation Centres, GUSEC,
5	Market Access	Facilitate participation in trade fairs, buyer-seller meets, and e-marketplaces	NSIC, Invest India, GeM
6	IPR & Legal Support	Assist in patent filing, copyright registration, and legal compliance	SSIP Cell, i-Hub, NIF
7	Policy Implementation	Act as nodal bodies to execute startup policies and schemes	Startup India Hub, Startup Gujarat Cell
8	Innovation Promotion	Support R&D, prototyping, and grassroots innovations	Atal Innovation Mission, NIF

These agencies act as **enablers**, helping startups overcome barriers in **funding, infrastructure, knowledge, and market access**, thereby accelerating their journey from idea to impact / reality.

Role of current promotional schemes for new enterprise

Purpose	Role in Startup Development
Financial Support	Provide seed funding, collateral-free loans, and subsidies to reduce capital barriers for early-stage startups.
Infrastructure Access	Offer co-working spaces, labs, and plug-and-play facilities through incubators and industrial parks.
Mentorship & Training	Facilitate expert guidance, business model refinement, and skill development through incubators and innovation hubs.
IPR & Legal Assistance	Support patent filing, copyright registration, and legal compliance to protect innovations.
Market Access	Enable participation in trade fairs, government procurement (GeM), and global networking platforms.
Policy Incentives	Offer tax exemptions, regulatory relaxations, and fast-track clearances to ease business operations.
Innovation Promotion	Encourage R&D, prototyping, and commercialization of ideas through grants and innovation challenges.

These schemes act as **catalysts** to transform ideas into viable businesses by reducing risk, enhancing capability, and accelerating growth.

List of State-Level Support Agencies for new enterprise

No.	State Agency	Description	Key Offerings
1	Startup Gujarat Cell	Nodal agency under the Industries Commissionerate	Policy implementation, funding, incubation support, mentorship, and startup registration portal Startup Gujarat
2	Gujarat University Startup and Entrepreneurship Council (GUSEC)	Incubation center at Gujarat University	Co-working space, mentorship, IP support, and seed funding
3	i-Hub Gujarat	Government-supported innovation hub	Incubation, acceleration, IP facilitation, and startup networking
4	Student Startup and Innovation Policy (SSIP 2.0)	Education Department initiative	Grants for student-led innovations, IP filing support, and institutional incubation
5	Gujarat Venture Finance Limited (GVFL)	State-backed venture capital firm	Pre-Series A funding from ₹50 lakh to ₹3 crore
6	MSME Gujarat	State MSME department	Capital and interest subsidies, market development assistance, and infrastructure support
7	Entrepreneurship Development Institute of India (EDII), Gandhinagar	Premier entrepreneurship training institute	Incubation, training, and startup mentoring
8	Gujarat Industrial Development Corporation (GIDC)	Infrastructure provider	Industrial plots, sheds, and plug-and-play facilities for startups

List of National-Level Support Agencies for new enterprise

Agency/Institution	Administered By	Key Role
Atal Innovation Mission (AIM)	NITI Aayog	Umbrella initiative to promote innovation and entrepreneurship through programs like Atal Tinkering Labs (ATL), Atal Incubation Centres (AIC), and Atal Community Innovation Centres (ACIC)
Atal Tinkering Labs (ATL)	AIM, NITI Aayog	Innovation labs in schools to foster creativity, STEM skills, and problem-solving among students
Khadi and Village Industries Commission (KVIC)	Ministry of MSME	Promotes rural entrepreneurship through training, funding, and marketing support for traditional industries
MSME Development Institutes (MSME-DIs)	Ministry of MSME	Provide training, consultancy, and support services to micro, small, and medium enterprises
National Small Industries Corporation (NSIC)	Ministry of MSME	Facilitates credit, marketing, and technology support for MSMEs
National Innovation Foundation (NIF)	Department of Science & Technology	Supports grassroots innovations and provides incubation, patenting, and commercialization support
Startup India Hub	DPIIT	One-stop digital platform for startup registration, mentorship, and access to government schemes
Stand-Up India Portal	Ministry of Finance	Facilitates bank loans for SC/ST and women entrepreneurs
Invest India	DPIIT	National investment promotion and facilitation agency; supports startups through the Startup India initiative
Make in India	DPIIT	Encourages manufacturing startups and foreign investment in 25 key sectors

List of State Sponsored Scheme for new enterprise

Scheme Name	Administered By	Key Benefits
Scheme for Assistance to Startups/Innovation	Industries Commissionerate, Govt. of Gujarat	₹10,000/month sustenance allowance, up to ₹30 lakh seed support, ₹5 lakh for mentoring, ₹10 lakh for marketing, access to labs and co-working spaces ²
Student Startup and Innovation Policy (SSIP 2.0)	Education Department, Govt. of Gujarat	Grants for student-led innovations, IP filing support, prototype development, and institutional incubation
Startup Gujarat Scheme	Startup Gujarat Cell	Seed funding up to ₹30 lakh via incubators like GUSEC and i-Hub, mentorship, and demo day exposure
Gujarat Industrial Policy 2020	Industries & Mines Department	Capital investment subsidy, interest subsidy, and R&D support for startups and MSMEs ³
Electronics Policy 2022–2028	Gujarat Electronics Mission	Capital subsidy, plug-and-play infrastructure, and fast-track clearances for electronics and EV startups
Mission MSME 2025	MSME Commissionerate	Online access to tech upgrade grants, working capital loans, export training, and product certification support ⁴
Mukhyamantri Mahila Utkarsh Yojana (MMUY)	Women & Child Development Department	Interest-free loans up to ₹1 lakh for women-led SHGs to start micro-enterprises
Gujarat Export Policy 2025	Industries & Mines Department	Incentives for packaging, logistics, certification, and participation in global trade fairs
Gujarat Solar Policy 2025	Energy & Petrochemicals Department	Capital subsidies for solar installations, land in solar parks, and carbon credit trading for green startups

List of National Level Scheme for new enterprise

National Scheme	Administered By	Key Offerings
Startup India	Department for Promotion of Industry and Internal Trade (DPIIT)	Tax exemptions, self-certification, IP support, funding, and networking via Startup India Portal
Atal Innovation Mission (AIM)	NITI Aayog	Incubation centers, Atal Tinkering Labs, innovation grants, and mentorship
Startup India Seed Fund Scheme (SISFS)	DPIIT	Seed funding up to ₹50 lakh for early-stage startups through incubators
Stand-Up India Scheme	Ministry of Finance	Loans from ₹10 lakh to ₹1 crore for SC/ST and women entrepreneurs
Pradhan Mantri Mudra Yojana (PMMY)	Ministry of Finance	Collateral-free loans up to ₹10 lakh for micro and small enterprises
Credit Guarantee Scheme for Startups (CGSS)	DPIIT & SIDBI	Collateral-free credit guarantee cover for loans to startups
Digital India GENESIS	Ministry of Electronics & IT	Support for digital startups in Tier II and III cities
ASPIRE Scheme	Ministry of MSME	Promotion of rural entrepreneurship and agro-based startups
MSME Champions Scheme	Ministry of MSME	Grievance redressal, handholding, and support for MSMEs

Start-up Incubation: Models & Modalities

Start-up Incubation

Incubation is a structured support process that helps early-stage startups develop their business ideas into viable ventures



Incubators

An incubator is an organization or facility that provides startups with resources and services to support their growth



Start-up Incubation: Models & Modalities

- What is **Incubation**?
 - **Incubation** is a structured support process that helps early-stage startups and entrepreneurs develop their business ideas into viable ventures.
- **Incubation** typically provides:
 - **Access** to **office space** and **infrastructure**
 - **Mentorship** and **business coaching**
 - **Technical** and **legal support**
 - **Networking opportunities**
 - **Assistance** with **funding** and **investor connections**
 - **Help** with **product development** and **market validation**
- The **goal of incubation** is to **reduce startup failure risk** and **accelerate growth** during the most vulnerable phase of a business.

Start-up Incubators

- What is **Incubators**?
 - A **startup incubator** is an organization or institution that provides incubation services to startups.
- It acts as a **launchpad** for new enterprises by offering :
 - **Physical workspace** (co-working or lab facilities)
 - Assistance with **funding** & its optimal utilization
 - Access to **mentors, investors, and industry experts**
 - **Training programs** and **workshops**
 - **Business development** services
 - Legal, IPR, and compliance assistance
 - Networking & exposure
- Incubators **can be run by universities, government bodies, corporates, or non-profits organizations**, and they often focus on specific sectors like technology, biotech, or social innovation.

INCUBATION TYPICALLY INCLUDES

ACCESS TO OFFICE SPACE AND INFRASTRUCTURE



Provides entrepreneurs with skills and motivation

MENTORSHIP AND BUSINESS COACHING



Offers loans, grants, or equity capital for business ventures

INCUBATION TYPICALLY INCLUDES FOR NEW ENTREPRENEURS

ASSISTANCE WITH FUNDING

Helps connect enterprises with markets and customers



SUPPORTS INFRASTRUCTURE

Enhances physical and technological infrastructure



OFFERS REGULATORY ASSISTANCE

Provides guidance on regulatory compliances and business laws



HELP WITH PRODUCT DEVELOPMENT and market validation

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Types of Incubators

Physical Incubators

(Co-working Spaces, Labs)

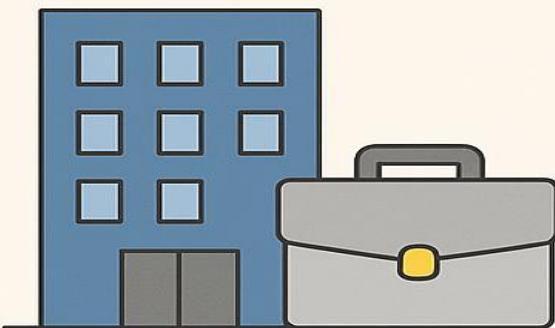


Virtual Incubators

(Online Mentorship)



Corporate Accelerators



University-Based Technology Parks



MODALITIES OF STARTUP INCUBATION



PHYSICAL INFRASTRUCTURE

Co-working spaces, labs, internet, utilities, and administrative support



FUNDING ACCESS

Linkages to angel investors, VCs, government grants, and seed funding



MENTORSHIP & COACHING



Guidance from experienced entrepreneurs, domain experts

BUSINESS DEVELOPMENT SERVICES

Support in business planning, market research, and go-to-market strategies



NETWORKING & EXPOSURE



TRAINING & CAPACITY BUILDING

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ACCESS TO MENTORS, INVESTORS AND INDUSTRY EXPERTS

Enhances physical and technologics fundf

Case Study: I-Hub Gujarat

- **i-Hub Gujarat** (Innovation Hub) is a flagship initiative of the Government of Gujarat under the **Student Startup and Innovation Policy (SSIP)**.
- Established in **2019**, it serves as a centralized platform to foster innovation, entrepreneurship, and incubation across the state.
- It is headquartered in Ahmedabad.
- i-Hub Gujarat exemplifies **how a state-led incubator** can catalyze a vibrant start-up ecosystem **by integrating** academia, industry, and government.

Impactful Start-up Examples

Start-up	Innovation	Support from i-Hub
Prahantam	Automatic glass-washing machine for tea vendors	₹30,000 SSIP grant, mentoring, and market access
Bignano Ventures	Early pregnancy detection kit for milch cattle	Product testing with animal husbandry universities, incubation support
Neerex	Farm-based sensors for real-time soil and weather insights	₹5 lakh from Srijan scheme + ₹25 lakh from state government for scaling

Investor Pitch

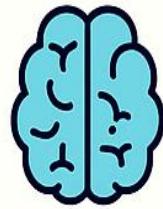
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Investor Pitch

- An **investor pitch** for start-ups is a short, clear, concise and compelling presentation designed to persuade potential investors, such as angel investors, venture capitalists, or government-backed funds—to fund a new business venture.
- It's a critical **tool** for securing capital and building strategic relationships.
-  **Purpose of an Investor Pitch**
 - To attract **funding** by showcasing the start-up's **potential**
 - To initiate **partnerships** or **mentorship opportunities**
 - To build **credibility** and demonstrate founder **competence**
 - To **differentiate** the start-up from **competitors**

Crafting an Effective Investor Pitch Deck



PROBLEM

Clearly define theal world problem you're solving



BUSINESS MODEL

Explain how you plan to make money
(revenue streams, prcing, etc)



SOLUTION

Present your product o/ service and how it uniquely solves the problem



TEAM

Introduce the foundng team and their relevant expertise



TRACTION

Highlight achievements; users, revenue, partnerships, or pilots



GO-TO-MARKET STRATEGY

Explain how you'll acquire customers and scale



PRODUCT DEMO

(Optional) Live or video demo of the product or prototype



COMPETITIVE ADVANTAGE

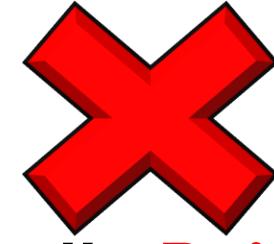
Show how you stand out and defend against competitors



Best Practices for an Effective Investor Pitch

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-  Know Your **Audience**
 - Research investor interests and tailor your pitch accordingly.
-  Craft a **Compelling Narrative**
 - Start with a relatable story and a strong elevator pitch.
-  **Structure** Your Pitch Deck
 - Cover Problem, Solution, Market, Business Model, Traction, Competition, Team, Financials, and Ask.
-  Use Data to Build **Credibility**
 - Show real traction, validate claims, and justify funding needs.
-  Demonstrate **Strategic Thinking**
 - Present go-to-market plans, risk mitigation, and exit strategy.
-  **Deliver** with **Confidence**
 - Be clear, concise, and visually engaging; rehearse thoroughly.
-  Build **Trust** and **Authenticity**
 - Be transparent, passionate, and include testimonials if possible.
-  Prepare for **Q&A**
 - Anticipate tough questions and respond with composure.



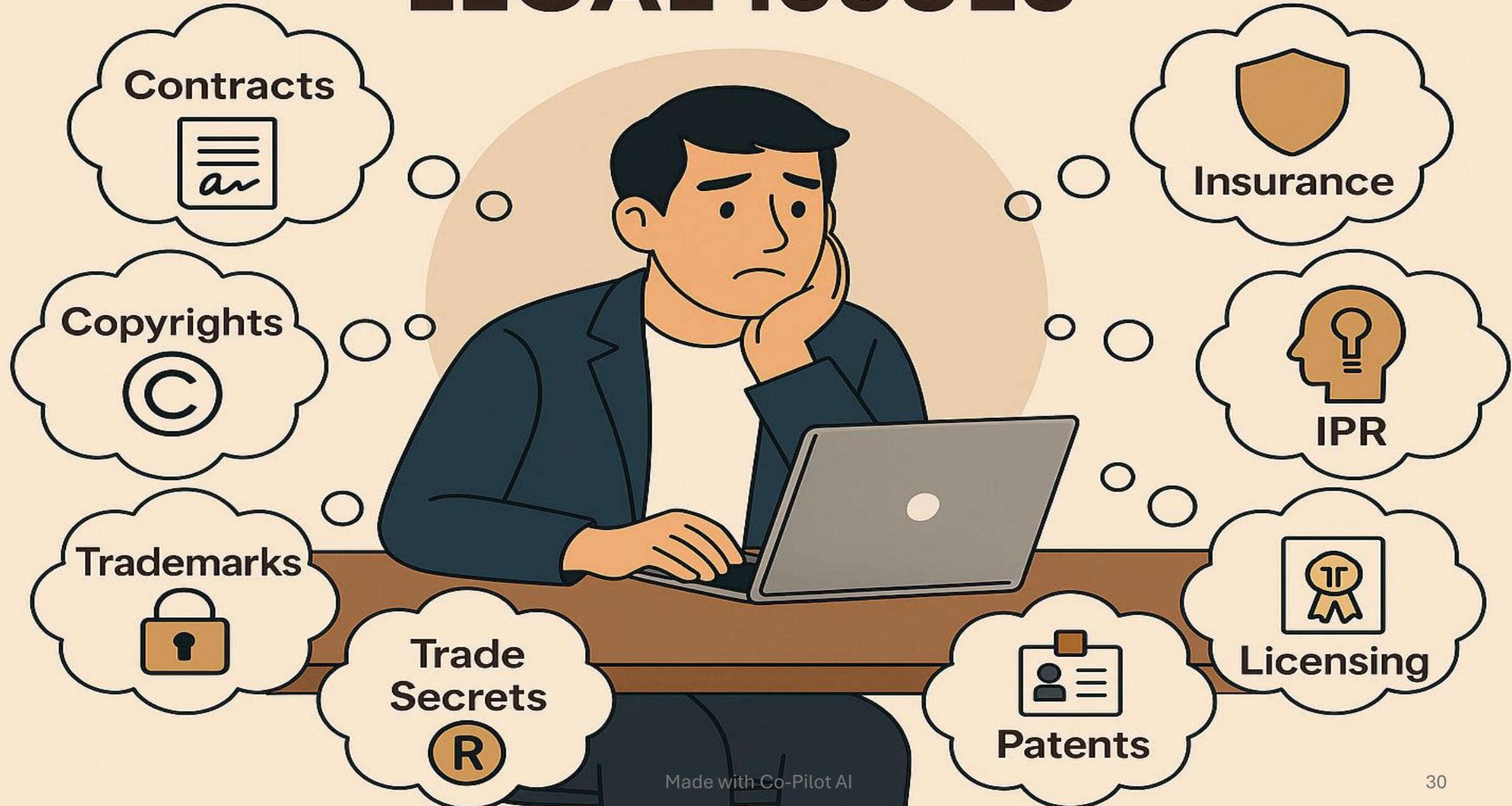
Handle Rejections Gracefully:

- Not every pitch will result in funding.
- Learn from rejections, seek **feedback**, and refine your pitch for the next opportunity.

Investor Pitch v/s Investor Pitch Deck

Aspect	Investor Pitch	Investor Pitch Deck
 Definition	A verbal or live presentation made by the founder(s) to potential investors	A visual slide presentation (usually PowerPoint or PDF) used to support the pitch
 Purpose	To persuade investors through storytelling, confidence, and clarity	To visually communicate key business information and data
 Format	Spoken, often delivered in-person or via video call (5–15 minutes)	A set of 10–15 slides that outline the business idea, model, and funding needs
 Content	Includes storytelling, passion, and Q&A interaction	Includes structured slides: problem, solution, market, team, financials, etc.
 Interaction	Highly interactive—investors may ask questions during or after	Mostly static—used as a visual aid or shared before/after the pitch
 Usage	Delivered during demo days, investor meetings, or pitch competitions	Shared via email, investor platforms, or presented during the pitch

LEGAL ISSUES



Legal Issues : Contracts & Agreements

- **What is a Contract?**

- A **contract** is a legally binding agreement between two or more parties that creates mutual obligations enforceable by law.

- **Key elements** of contract:

Element	Description
Offer & Acceptance	One party makes an offer, and the other accepts it clearly and unconditionally.
Consideration	Something of value (money, service, goods) must be exchanged.
Legal Purpose	The contract must be for a lawful objective.
Capacity	All parties must be legally competent (e.g., not minors or mentally incapacitated).
Mutual Consent	All parties must agree willingly, without coercion or fraud.

- **Types of Contracts Relevant to Startups**

- **Employment Contracts** – Define roles, responsibilities, and terms for employees.
- **Vendor/Supplier Agreements** – Outline terms of supply, pricing, and delivery.
- **Partnership Agreements** – Clarify ownership, profit-sharing, and decision-making.
- **Non-Disclosure Agreements (NDAs)** – Protect confidential business information.
- **Service Level Agreements (SLAs)** – Define service expectations and penalties.

Legal Issues : Contracts & Agreements

-  **Legal Issues Startups May Face**
 - **Ambiguity in Terms** – Leads to disputes and legal challenges.
 - **Breach of Contract** – Failure to fulfill obligations can result in penalties or lawsuits.
 - **Unenforceable Clauses** – Terms that violate law or public policy are void.
 - **Lack of Written Agreements** – Verbal contracts are harder to prove in court.
-  **Best Practices for Entrepreneurs**
 - Always **document agreements** in writing.
 - **Consult legal experts** when drafting or reviewing contracts.
 - Use **clear, specific language** to avoid misinterpretation.
 - Include **dispute resolution clauses** (e.g., arbitration, jurisdiction).
 - Regularly **review and update** contracts as the business evolves.

Legal Issues : Insurance for Start-ups

- **What is Startup Insurance?**

- Startup insurance refers to a **set of risk management tools** that **protect a new business from financial losses** due to unforeseen events such as lawsuits, accidents, property damage, or employee-related issues.

-  Common Types of Insurance for Startups

Type of Insurance	Purpose
General Liability Insurance	Covers third-party claims for bodily injury, property damage, or advertising injury.
Professional Liability (Errors & Omissions)	Protects against claims of negligence or mistakes in services provided.
Property Insurance	Covers damage to office space, equipment, or inventory due to fire, theft, etc.
Product Liability Insurance	Protects against claims arising from defective products.
Cyber Liability Insurance	Covers data breaches, cyberattacks, and digital liability.
Workers' Compensation Insurance	Mandatory in many jurisdictions; covers employee injuries on the job.
Legal Expense Insurance	Helps cover costs of legal disputes, compliance issues, or contract litigation.

Legal Issues : Insurance for Start-ups

-  **Legal Issues Related to Insurance**
 - **Non-compliance:** Failure to obtain mandatory insurance (e.g., workers' compensation) can lead to penalties.
 - **Underinsurance:** Inadequate coverage can result in major financial losses during crises.
 - **Policy Exclusions:** Misunderstanding what is *not* covered can lead to disputes.
 - **Claim Denials:** Poor documentation or late reporting can result in rejected claims.
 - **Contractual Obligations:** Some investors or clients may require specific insurance coverage.
-  **Best Practices for Entrepreneurs**
 - **Assess Risks:** Identify industry-specific risks and choose appropriate coverage.
 - **Consult Experts:** Work with insurance advisors or legal professionals.
 - **Review Policies Annually:** Update coverage as the business grows.
 - **Understand Terms:** Read the fine print—know your deductibles, exclusions, and limits.
 - **Maintain Records:** Keep documentation of all policies and claims.

Legal Issues : Intellectual Property Rights (IPR)

- What is IPR?

- Intellectual Property Rights (IPR) are **legal protections** granted to creators for their **innovations, inventions, and creative works**.
- They help startups safeguard their competitive edge.



Types of IPR Relevant to Startups

Type	Purpose
Patents	Protect inventions and technical solutions
Trademarks	Safeguard brand names, logos, and slogans
Copyrights	Secure original literary, artistic, or software works
Trade Secrets	Protect confidential business information
Designs	Guard the visual appearance of products

Legal Issues : Intellectual Property Rights (IPR)

-  **Legal Issues Faced by Startups**
 - **Infringement:** Unauthorized use of IP by others or vice versa
 - **Lack of Registration:** Leads to weak legal protection
 - **IP Ownership Disputes:** Especially with co-founders or employees
 - **Licensing Conflicts:** Misuse or breach of IP licensing terms
 - **Global Protection:** Challenges in securing IP rights internationally
-  **Best Practices**
 - **Register IP early** to avoid conflicts
 - **Use NDAs** to protect trade secrets
 - **Consult IP experts** for filing and enforcement
 - **Monitor and enforce** IP rights actively
 - **Leverage IP** for funding, branding, and market advantage

Legal Issues : Patents: Types

- What is a **Patent**?

- A **patent** is a legal right **granted to an inventor** to **exclude others from making, using, or selling** an invention for a limited period (20 years in India).

- Governing Law: **The Patents Act, 1970.**

Types of Patents

Type	Description
Utility Patent	Protects functional inventions (e.g., machines, processes)
Design Patent	Protects the ornamental design of a product
Plant Patent	Protects new plant varieties (asexually reproduced)

Legal Issues : Patents: Filing Process

Patent Filing Process in India

Step	Description
1. Patent Search	Check novelty of the invention
2. Draft Application	Provisional or complete specification
3. File with IPO	Submit online via IP India Portal
4. Publication	Application published after 18 months
5. Examination	Request for Examination (RFE) within 48 months
6. Objection Response	Address objections in First Examination Report (FER)
7. Grant of Patent	If approved, patent is granted and published

Legal Issues : Patents

-  **Legal Issues Faced by Startups**
 - **First-to-file rule:** Delay can lead to loss of rights
 - **Infringement risks:** Using patented tech unknowingly
 - **Cost & complexity:** Filing and maintaining patents can be expensive
 - **Improper drafting:** Weak claims may lead to rejection or easy circumvention
 - **Ownership disputes:** Especially with co-founders or employees
-  **Best Practices**
 - File a **provisional patent** early to secure priority
 - Use **registered patent agents** for drafting
 - Leverage **Startup India's SIPP scheme** for fee rebates
 - Monitor for **infringement** and enforce rights
 - Maintain patents with **annual renewals**

Legal Issues : Copyrights: Scope & Protection

• What is **Copyright**?

- Copyright is a **legal right** that **protects original creative works** such as:
 - Software code & mobile apps
 - Website content & UI designs
 - Marketing materials, videos, blogs
 - Artistic, musical, and literary works

• In India, governed by the **Copyright Act, 1957**.

Scope of Copyright Protection

Work Type	Examples for Startups
Literary	Code, documentation, blogs
Artistic	Logos, infographics, UI designs
Musical	Jingles, soundtracks
Cinematographic	Promotional videos, animations
Software	Apps, SaaS platforms

Legal Issues : Copyrights: Scope & Protection

-  **Legal Issues Faced by Startups**
 - **Infringement:** Unauthorized use of third-party content
 - **Ownership Conflicts:** Especially with freelancers or co-founders
 - **Lack of Registration:** Harder to prove ownership in disputes
 - **Fair Use Misunderstanding:** Misuse of copyrighted content under “fair dealing”
 - **User-Generated Content:** Liability for content uploaded by users
-  **Best Practices**
 - **Register original works** with the **Copyright Office**
 - **Use work-for-hire** clauses in contracts with freelancers
 - **Conduct copyright audits** regularly
 - **Educate team** on **fair use and licensing**
 - **Use open-source software** with proper compliance

Legal Issues : Copyrights: Example

-  **Byju's Learning App**
 - Protects its **video lessons, animations, and app content** through copyright
 - Uses **licensing agreements** with **content creators**
 - **Enforces copyright** to prevent unauthorized distribution on YouTube and Telegram

Comparison : Copyrights and Patents

Feature	 Patent	 Copyright
Purpose	Protects inventions and technical innovations	Protects original creative and artistic works
Examples	Machines, Processes, software algorithmes, Devices	Software code, designs, videos, blogs, music
Governing Law	The Patents Act, 1970	The Copyright Act, 1957
Eligibility	Must be novel, non-obvious, and industrially useful	Must be original and expressed in tangible form
Registration Required	Yes – mandatory for protection	No – automatic upon creation (registration optional)
Duration of Protection	20 years from filing date	Lifetime of author + 60 years
Rights Granted	Exclusive right to make, use, sell, or license	Right to reproduce, distribute, adapt, and display
Cost & Complexity	High – involves technical examination	Low – simple and affordable
Best For	Tech startups, biotech, engineering innovations	Content creators, edtech, media, design startups

Legal Issues : Licensing Agreements & Royalty Models

• What is **Licensing**?

- Licensing is a **legal agreement** where a **startup (licensor)** **grants permission** to another party (**licensee**) **to use its intellectual property (IP)**—such as patents, software, trademarks, or designs—**under specific terms, without transferring ownership.**

Key Components of a Licensing Agreement

Component	Description
Scope of License	Defines what IP is licensed, where, and for how long
Exclusivity	Can be exclusive, non-exclusive, or sole
Territory & Duration	Specifies geographic area and time period
Royalty Terms	Details payment structure (fixed, percentage, milestones)
Quality Control	Ensures licensee maintains brand/IP standards
Termination Clause	Conditions under which the agreement ends

Legal Issues : Licensing Agreements & Royalty Models

Common Royalty Models for Startups

Model	Description	Example
Fixed Fee	One-time payment for license	₹5 lakh for software use
Running Royalty	% of revenue or units sold	5% of net sales of a product
Hybrid Model	Upfront fee + ongoing royalty	₹2 lakh + 3% of sales
Equity-Based	IP exchanged for equity	2% equity for patent use
Milestone-Based	Royalties increase with performance	3% → 5% after ₹1 crore sales

Legal Issues : Licensing Agreements & Royalty Models

-  **Best Practices for Startups**

- Register IP before licensing
- Clearly define royalty structure and scope
- Consult legal experts for drafting agreements
- Ensure compliance with Indian laws (e.g., Patents Act, FEMA, GST)
- Monitor licensee's use and performance regularly

Legal Issues : Trade Secrets & NDAs for Start-ups

- **What Are Trade Secrets?**

- A **trade secret** is any confidential business information that provides a startup with a **competitive advantage**.

- It can **include**:

- Product **formulas** or **algorithms**
- Business **strategies**
- Marketing **plans**
- Customer or supplier lists
- Manufacturing **processes**

India does **not have a dedicated Trade Secrets Act**, but protection is provided through:

- Indian Contract Act, 1872
- Information Technology Act, 2000
- Common law principles
- TRIPS Agreement

Real-World Examples

Case	Description	Legal Insight
Tata Motors vs. Fiat India	Tata accused Fiat of misusing confidential car design data.	Highlighted the need for strict internal controls and NDAs in joint ventures ¹ .
Dr. Reddy's Labs vs. Ramesh Deshpande	Former employee allegedly stole pharma formulations.	Court upheld the enforceability of employee NDAs and confidentiality obligations ¹ .
Infosys vs. Jack Palmer	Allegations of misuse of internal visa-related data.	Emphasized the importance of protecting internal business practices through NDAs ¹ .
John Richard Brady v. Chemical Process Equipment Pvt. Ltd.	Confidential idea for growing grass misused.	Court granted injunction, recognizing trade secret protection under equity principles ² .

Legal Issues : Trade Secrets & NDAs for Start-ups

- What is an **NDA (Non-Disclosure Agreement)?**
 - An **NDA** is a **legal contract** that **prevents parties** from disclosing or **misusing** **confidential information**.
- It is essential for **protecting trade secrets during:**
 - Investor pitches
 - Hiring employees or consultants
 - Collaborations with partners or vendors

Types of NDAs

Type	Description
Unilateral NDA	One party agrees not to disclose information (e.g., employee NDA)
Mutual NDA (MNDA)	Both parties agree to protect shared confidential information (e.g., joint ventures)

Legal Issues : Trade Secrets & NDAs for Start-ups

-  **Legal Issues Startups May Face**
 - **Breach of NDA:** Unauthorized disclosure can lead to legal action.
 - **Poorly drafted NDAs:** Vague terms may be unenforceable in court.
 - **Failure to protect trade secrets:** Without internal safeguards, legal protection may be lost.
 - **Reverse engineering loopholes:** If not contractually restricted, competitors may legally replicate products.
-  **Best Practices for Entrepreneurs**
 - **Use NDAs consistently** with employees, investors, and partners.
 - **Define “confidential information” clearly** in the agreement.
 - **Limit access** to sensitive data on a need-to-know basis.
 - **Include legal remedies** for breach (e.g., injunctions, damages).
 - **Train staff** on confidentiality protocols and document handling.

Legal Issues : Trademark for Start-ups

- What is a **Trademark**?
 - A **trademark** is a **recognizable** sign, word, logo, symbol, or phrase that **distinguishes** the goods or services **of one business from another**.
 - It is governed by the **Trademarks Act, 1999** in India.
-  **Importance of Trademarks for Startups**
 - **Brand Identity:** Builds recognition and trust among customers.
 - **Legal Protection:** Prevents others from using similar marks.
 - **Business Asset:** Can be licensed, franchised, or sold.
 - **Investor Confidence:** Shows professionalism and long-term vision.
 - **Global Reach:** Eligible for international protection via the Madrid Protocol.

Legal Issues : Trade secrets for Start-ups

- A well-known example of a trade secret is the recipe for Nestlé's Maggi noodles.
- The specific blend of spices and ingredients used in Maggi noodles is a closely guarded secret, known only to a few individuals within the company.
- This secrecy ensures that competitors cannot replicate the exact taste and quality of Maggi noodles, giving Nestlé a significant advantage in the market.



Maggi Noodles Trade Secret

Unique Spice Blend

Maggi noodles feature a distinctive spice combination, known only to a select few, setting the product apart in taste.

Strict Confidentiality

The recipe is protected through rigorous secrecy, preventing imitation and safeguarding the brand's special flavor.

Market Advantage

Maintaining the trade secret gives the brand a strong edge, keeping it popular and iconic among consumers.



Legal Issues : Trademark for Start-ups

- Trademark Registration Process in India

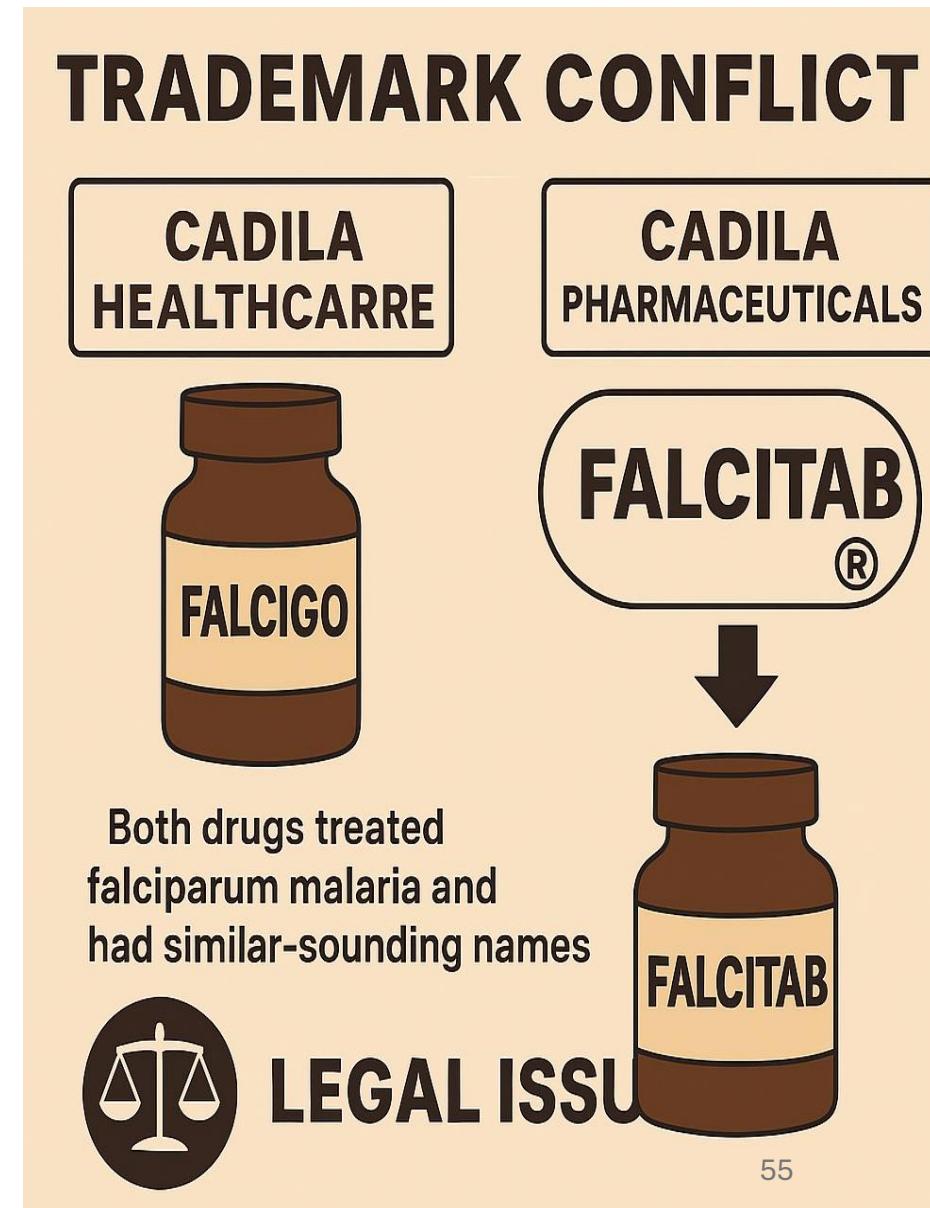
Step	Description
1. Search	Conduct a trademark availability search on IP India
2. Application	File Form TM-A online or offline with class of goods/services
3. Examination	Registrar reviews and may raise objections
4. Response/Hearing	Applicant responds or attends hearing if required
5. Publication	Accepted marks are published in the Trademark Journal
6. Registration	If unopposed, the mark is registered and valid for 10 years (renewable)

Legal Issues : Trademark for Start-ups

-  **Legal Issues Faced by Startups**
 - **Trademark Infringement:** Using a similar mark can lead to lawsuits.
 - **Passing Off:** Even unregistered marks can be protected under common law.
 - **Domain Name Conflicts:** Owning a domain doesn't guarantee trademark rights.
 - **Generic/Descriptive Marks:** Harder to register and enforce.
 - **Delayed Registration:** Increases risk of brand misuse or legal disputes.
-  **Best Practices for Entrepreneurs**
 - Choose a **distinctive** and **unique** brand name/logo.
 - Conduct a **trademark search** before branding.
 - **Register early** to avoid conflicts and secure rights.
 - Monitor for **infringement** and take legal action if needed.
 - Use the **™ symbol** for unregistered marks and **®** after registration.

Legal Issues : Trademark case for Start-ups

- Cadila Healthcare Ltd. v. Cadila Pharmaceuticals Ltd.
 - **Parties Involved:** Cadila Healthcare (appellant) and Cadila Pharmaceuticals (respondent)—both using the name “Cadila” after corporate restructuring.
 - **Trademark Conflict:**
 - Cadila Healthcare launched an anti-malarial drug named **Falcigo**.
 - Cadila Pharmaceuticals introduced a similar drug named **Falcitab**.
 - Both drugs treated *falciparum malaria* and had similar-sounding names.
 - **Legal Issue:** Whether the use of the name “Falcitab” amounted to *passing off* and caused **deceptive similarity** with “Falcigo”.



Legal Issues : Trademark for Start-ups

• Lower Court Rulings:

- District and High Courts ruled **no confusion**, as both drugs were sold only to hospitals (Schedule L drugs) and differed in appearance and formulation.

• Supreme Court Observations:

- Even **medical professionals can make mistakes**; phonetic similarity in drug names can be dangerous.
- Emphasized **public health risks** due to confusion in pharmaceutical trademarks.
- Laid down **guidelines for deceptive similarity**, including:
 - Nature and phonetic similarity of marks
 - Nature and use of goods
 - Class of consumers and their awareness
 - Mode of purchase
 - Overall surrounding circumstances

• Outcome:

- Supreme Court did not overturn lower court decisions but **set strong precedent** for stricter scrutiny in pharmaceutical trademark disputes

Legal Issues : “Captain Cool” Trademarks

- **™ MS Dhoni’s “Captain Cool” Trademark – Summary**
 - **Trademark Filed:** MS Dhoni applied to trademark the phrase “Captain Cool”—a nickname widely associated with his calm leadership style.
 - **Purpose:** To secure exclusive rights for use in **sports training, coaching, and related services** under Class 41.
 - **Legal Challenge:** Faced initial objection due to a similar application by **Prabha Skill Sports Pvt Ltd.**
 - **Dhoni’s Argument:** His legal team proved that “Captain Cool” had acquired distinctiveness through long-standing public and media association with Dhoni.
 - **Status:** The application was accepted **and** advertised in June 2025. If unopposed for 120 days, it will be officially registered.
 - **Significance:** This case highlights how **personal branding** and **personality rights** can be protected under trademark law in India.

