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Intellectual Property Models for Technology Startups

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Intellectual Property concerns have become frequently one of the crucial elements for a technology startup. A startup may encounter problems such as designing a product, actively recruiting skilled staff, generating revenue, and other issues. With so many problems, Intellectual Property might feel challenging, costly, or contradictory to the objectives of merely taking a product to the customers ahead of others. Although, Intellectual Property is frequently a technology startup's greatest key resource. Intellectual Property protection is critical to achieving access to funding or restricting rivals from wrongfully wanting to compete with you. It is essential to know how to safeguard your Intellectual Property because your startup's growth or failure could rely heavily on it. Patents on methodologies, models, corporate practices, as well as other innovations might very well generate profits and boost the value of your startup. Startup ideas are only rewarding when they are kept hidden. To prevent these troubles and to safeguard yourself once they occur, either straightforwardly or via your startup's insurance plan, you should know how to secure your "Intellectual Property", which contains aspects as broad as your corporate strategy, methodologies, startup name and logo, and customer list.

Keywords: *intellectual property, technology, startups, copyrights, trademarks, patents.*

INTRODUCTION

Setting up a startup is not an easy task. People underneath successful startups confront multiple challenges, the majority of which are financial in nature. As we already know, setting up a startup does not make you rich overnight. A startup, in contrast, necessitates far more hard

work, commitment, and time than a job. Regardless of whether only one person accomplishes all of this having endured numerous challenges. If a person is unaware of the suitable measures and Intellectual Properties needed for a technology startup, his startup may suffer a setback. The author's goal with this article is to provide knowledge about the Intellectual Property models for technology startups. This article provides details regarding the Intellectual Properties that could be useful to anyone considering setting up a technology startup.

WHAT EXACTLY ARE TECHNOLOGY STARTUPS?

A startup company is a type of concept that focuses on developing a reproducible and expandable model. A technology startup is a business that focuses on bringing technological products or services into the marketplace. Such businesses are generally concentrated on a particular sector or line of products.¹ Since the dot-com bubble, when many dot-com companies were formed, the term was commonly attributed to companies that had already been formed and yet remained in their initial phases of development.² As a result of this backstory, numerous people think of startups as only tech companies. Although, as technology advances, the principle of technology startups seems more about research and innovation.

WHY DO TECHNOLOGY STARTUPS REQUIRE LEGAL PROTECTION?

Most startups cannot manage to lose their Intellectual Property Rights. Obtaining basic Intellectual Property protection does not necessitate a large amount of money or a group of lawyers. Simple legal research is needed with basic charges to obtain basic Intellectual Property protection. However, the perks are enormous. Formal registration protects your Intellectual Property Rights. This insurance could assist you to avoid being held liable in the long run. Once you obtain control of a copyright or patent, the property is presumed to belong to you. Whenever anyone violates your Intellectual Property, the legal system would then assume that it is yours until the opposing party indicates otherwise. Obtaining Intellectual Property Rights is a crucial component in defending yourself against infringement suits. Having an Intellectual

¹ Mehmet, 'What Is A Tech Startup?' (*Tigillo*, 6 November 2021) <<https://tigillo.com/insights/startup/what-is-a-tech-startup/>> accessed 16 December 2022

² *Ibid*

Property Rights protection plan in place safeguards your startup from later expensive infringement court cases. Intellectual Property is a crucial component of improving business performance.³ For instance, if you patent your innovation, no other person will be capable of producing the very same product without your consent.⁴ This describes the method of obtaining and safeguarding Intellectual Property which can be utilized to gain a competitive edge in the industry by establishing your own identity. If your startup develops a novel piece of software or hardware that is available for final use but has not yet been secured. Then your total market could be compromised, as Intellectual Property Protection offers investors certainty and safety.

MODELS FOR PROTECTING TECHNOLOGY STARTUPS

Once it is time to establish a technology startup, an Intellectual Property concern is only one of the several factors to consider. Once it involves bringing a product into the marketplace ahead of someone else, Intellectual Property can assist in avoiding a variety of problems. Safeguarding Intellectual Property may further assist you in making the best use of it. Below are a few models that technology startups can employ to protect their interests and their startups.⁵

SEPARATING YOUR EMPLOYER'S WORK FROM YOUR IDEAS

Giving up your existing job to set up a startup with no salary is terrifying. This is, however, essential to note that operating on a personal vision whilst also continuing to work for another person may be hazardous. It might lead to a clash of commitments, putting Intellectual Property in danger. Many businesses have multiple job commitments, like the commitment to allocate and even sometimes abstaining from wanting to compete for their employees' rights or Intellectual Property. It is not a good idea to work on a personal project if your employer has not agreed to it. Many people do not want to tell their employers about their new startup. If a project is closely linked to the employer's business, this could become an issue.

³ Mayank Shekhar, 'Importance of Intellectual Property for Startups' (*Legal Bites*, 31 December 2021) <<https://legalbites.in/importance-of-ip-for-startups/>> accessed 16 December 2022

⁴ *Ibid*

⁵ Richard Harroch, '10 Intellectual Property Strategies for Technology Startups' (*AllBusiness*, 6 June 2017) <<https://www.allbusiness.com/intellectual-property-strategies-for-technology-startups>> accessed 16 December 2022

DO NOT ALLOW OTHERS TO TAKE POSSESSION OF YOUR INTELLECTUAL PROPERTY OR YOUR STARTUP

It is critical to have a co-founder agreement. This can prevent you from making errors while also preserving the connection. Because of this casualness, people frequently submit investment applications together, this can be extremely complicated and uncomfortable for the co-founders. You must enter into a contract of your connection with your co-founder when you become one. This can lead to some trouble in the future. It is critical to have a co-founder agreement. It establishes the parameters of your connection with one of your partners. It is critical to reach an agreement with the co-founders. The following are some questions that must be addressed in a contract to avoid internal issues:

- How much proportion of the startup do the founding members own?
- What are each founder's responsibilities?
- What tends to happen to the shares of the other founder if one founder leaves, and what level of dedication is anticipated from a founder?
- What are some important steps that the startup must consider?
- Who will make the important choices, the CEO or the board of directors?
- How will a founder's job be terminated when some circumstances arise?
- How much will each founder's initial investment be?
- How will they make a sales decision?
- What appears to happen when the founder fails to meet the expectations? How do they solve the problem?
- What are the startup's objectives and aspirations?

Informal or hazy understandings will inevitably get out of control. Remember not to provide details such as the startup's stakes or other ideas that could be harmful to you or your startup. To prevent future disputes, maintain a record of all the conversations and the sources from which the ideas arose. If anything changes, be sure to express what you want to convey to them in writing clearly and concisely. Making a mistake and weakening their notion will be prevented

by doing this. Assuming your idea is valued at \$1 billion, addressing such kind of problems is more affordable and practical than applying for an IPO or selling the startup.

ACQUIRING CONTRIBUTORS TO ALLOCATE THEIR INTELLECTUAL PROPERTY RIGHTS TO THE STARTUP

A startup's emergence may involve a variety of parties. As a result, the parties concerned can further contribute something. In an attempt to freely use Intellectual Property, a startup must get it allotted to them via a contract. The holder of Intellectual Property Rights retains that right till the contract expires. Employees in some states, like California, might hold their innovations on their own time (as opposed to the startup time) as long as they don't employ startup resources, commodities, or other amenities. A signed agreement is required to ensure that a startup's rights and Intellectual Properties are allotted. Constructing ownership of a startup's Intellectual Property Rights is critical. This will enable the startup to capitalize on the Intellectual Property market's potency. A certain Intellectual Property formed before the establishment of a corporation must be forwarded to the corporation in return for a share or mutually agreed-upon consideration. All employees must sign the Confidentiality and Invention Agreement, which requires Intellectual Property assignment as a requirement to be hired. Individual consultants and contractors must also make an agreement asserting that they must allocate their Intellectual Property to the corporation. A contract outlining the startup's rights to innovations and ideas is required. A non-disclosure agreement is also necessary for something that relates to concepts, innovations, or creations.

ASSESS YOUR FUNDAMENTAL ASSETS AND DETERMINE THE KIND OF INTELLECTUAL PROPERTY PROTECTION YOU REQUIRE

Have you ever wondered why technology startups are hesitant to safeguard their Intellectual Property? Startups are vulnerable to having lost their Intellectual Property Rights since most of them are hesitant to invest in Intellectual Property protection. Startups must assess their fundamental assets and decide whether or not to safeguard their Intellectual Property. A few basic and low-cost steps will help reduce the stress of safeguarding your startup's fundamental

assets. Several startups assume that patent protection is the finest method for safeguarding their interests. Although, it is not always the finest method to safeguard their Intellectual Property. Rather, they must think about other types of Intellectual Property, like trade secrets, trademarks, cybersecurity policies, and copyrights. If a person is unsure as to what type of Intellectual Property protection is ideal for them, they must consult an Intellectual Property Lawyer or someone who is an expert regarding Intellectual Property.

INTELLECTUAL PROPERTY PROTECTION THAT A TECHNOLOGY STARTUP CAN USE AS NEEDED

Below is a listing of the Intellectual Properties that a technology startup can use, along with an explanation of how they are used:

Patents: A patent protects a startup or an individual from the utilization and selling of their patented invention. The tangible element of an idea, method, or item, the essence of the discovery, and the justification for why it needs to be patentable are the main elements in deciding whether a patent is needed or not.

Copyrights: Copyrights contain authentic identity works like paintings, works of literature, publications, musical compositions, motion picture movies, applications, and so on. A copyright grants the holder exclusive authority to make copies of the work and also to develop derivative works based on the work.

Trademarks: A trademark is a mark or a symbol that recognizes or differentiates a person's goods or services. Pepsi, Coca-Cola, Domino's, and McDonald's are examples of widely-known trademarks. You acquire the ownership of these trademarks by including them in commercial activities. To obtain rights to a mark, you do not need to register it. Although, a governmental registration can provide you with some benefits.

Trade Secrets: Trade secrets are precious resources that startups can use. These can be kept for as long as their worth is based on their privacy. A trade secret authority might be used to protect

sensitive data from unauthorized use or disclosure. Software tools, client databases, and Google's Search Algorithm are all examples of trade secrets.

Agreement on Confidentiality (NDA): Non-disclosure agreements, or NDAs, are contracts that prohibit the release of sensitive data. A lawyer draughts these agreements.

Service Terms and Privacy Policies: If you run an internet-based webpage, you must have an excellent service terms agreement in place to avoid unauthorized access to the data. Protecting your Intellectual Property is frequently a material problem that must be revealed to entice potential financiers and acquirers.

Geographic Indications: Geographic indications have become increasingly common these days. They aid in determining the geographic origin of goods and services.⁶ A geographical indication is a symbol that indicates a product's geographical origin. A geographical indication is a form of classification that indicates a product's origin. This could be used to determine the quality of the products as well as their origin. Numerous agricultural commodities have qualities inferred from their natural ecosystem and have an exceptional quality that is distinctive to them.⁷

The TRIPS Agreement protects geographical indications. Part II of the Agreement establishes the basic benchmarks for geographical indication protection. Darjeeling Tea, Bikaneri Bhujia, Odisha Rasagola, Alphonso Mango, and other products have been recognized with geographical indications. Because of their high standards, most of these institutions have earned precious names and reputations. If their identities are ever compromised, they will be used by misleading retail activities. The former is easily duped into purchasing products that are not worthwhile. The former is frequently left with a tattered public image.

⁶ Xinzhe Song & Xiaoyan Wang, 'Fair Use of Geographical Indications: Another Look at the Spirited Debate on the Level of Protection' (*Cambridge University Press*, 5 August 2022) <<https://www.cambridge.org/core/journals/world-trade-review/article/fair-use-of-geographical-indications-another-look-at-the-spirited-debate-on-the-level-of-protection/>> accessed 16 December 2022

⁷ *Ibid*

Industrial Designs: Industrial design protection safeguards a wide range of structures, layouts, and designs that can be implemented into a functional article.⁸ Industrial design enhances the design attractiveness and aesthetic appeal of a product's 2D or 3D design. Industrial design protection, as per Indian law, is a unique privilege awarded to the people who hold the authority to create, use, and sell articles containing the protected design to a specific person.⁹ Design protection rights protect your design for ten years and can be renewed once for another five years. An individual living in India must register for this protection. The most important and primary necessity for a design patent to become eligible is that it must be innovative, authentic, and operational and that there has been no previous publication or public reporting of the design.

CONCLUSION

Technology startups are for people who have a lot of money in addition to a high level of expertise. However, there are a few talented individuals who envision technology startups but have no funds. Numerous times, companies or individuals fool the public who have amazing thoughts for their startups. It is preferable to always be cautious. Aside from that, cases involving Intellectual Property disputes can be expensive. As a result, one must obtain Intellectual Property for their startup based on their requirements. Nobody can guess how much money a startup can make them. Therefore, it is always better to safeguard the ideas that could earn you a large sum of money than to have your unsecured ideas stolen.

⁸ Sarthak Saran, 'A Look into the Need for Industrial Design Protection' (*BananaIP*, 10 November 2015) <<https://www.bananaip.com/ip-news-center/what-is-the-need-of-industrial-design-protection/>> accessed 16 December 2022

⁹ *Ibid*