
ROLE OF IPR IN PROMOTING STARTUPS AND ENTREPRENEURSHIP

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ABSTRACT

For today's startups, an idea is their most valuable asset. Intellectual Property Rights (IPR) are simply a set of legal tools, like patents, trademarks, and copyrights, that protect these ideas. This paper looks at how these protections are no longer just a legal detail but a fundamental part of a startup's business plan. For a new company, obtaining a patent on a technology or a trademark for a brand name isn't just about legal safety; it's about building a competitive advantage that allows them to stand out from rivals. This legal exclusivity gives the startup a chance to grow without fear of competitors immediately copying their invention or stealing their brand identity. It also serves as a strong signal to potential investors that the business has something truly unique and defensible, which is crucial for attracting the funding needed to expand and succeed.

The paper also explores the common hurdles startups and entrepreneurs face when dealing with IPR. The cost of filing for patents can be quite high, and the process is often complex and time-consuming, which can be a significant barrier for new companies with limited resources. In response to these challenges, governments around the world are creating special programs and support systems to help new entrepreneurs overcome these difficulties. These initiatives aim to make IPR more accessible and affordable, democratizing the playing field so that more innovative ideas can be protected and commercialized. In essence, this research shows that understanding and strategically using IPR is crucial for any startup that wants to not only survive but also thrive, grow, and secure its long-term viability by turning its intangible ideas into valuable assets.

Keywords: Intellectual Property Rights, Startups, Competitive Advantage, Investment, Patents

Research problem

There's a huge gap between how important it is for startups to protect their ideas and how hard it is for them to actually do it. While a startup's unique idea is its most valuable asset, requiring protection through patents and trademarks to attract investors and prevent competitors from copying it, the process of securing this legal protection is prohibitively expensive, complex, and time-consuming. This creates a significant barrier for many new entrepreneurs who are already working with limited financial and time resources. Therefore, the core of the research problem is to figure out how to effectively bridge this gap, exploring ways to make IPR a genuine and affordable possibility for all startups, not just the wealthy ones, and to determine whether the government-led programs designed to help are actually succeeding.

Hypothesis

Governments' efforts to make IPR more accessible will increase the number of startups that successfully protect and commercialize their ideas.

Research Questions

1. What role do Intellectual Property Rights (IPR) play in helping startups gain a competitive edge and attract investors?
2. What challenges do startups face in acquiring and managing IPR, particularly in terms of cost, complexity, and accessibility?
3. What are the government initiatives and programs that make IPR more accessible and beneficial for startups and entrepreneurs?

Research Objectives

- To analyze the role of Intellectual Property Rights (IPR) as a strategic tool for startups in building competitive advantage and ensuring business sustainability.
- To examine how patents, trademarks, and copyrights contribute to protecting innovations and attracting potential investors in early-stage companies.
- To identify the key challenges and barriers startups face in securing IPR, such as high

costs, complexity, and time-consuming procedures.

- To evaluate the effectiveness of government initiatives and support systems designed to make IPR more accessible and affordable for entrepreneurs.
- To assess how the strategic use of IPR can transform intangible ideas into valuable business assets, enhancing long-term growth and viability.

Research Methodology

This study will adopt a doctrinal research methodology to critically analyze the legal framework governing IPR for startups. The research involves a systematic examination of primary legal sources, including patent acts, trademark laws, and specific government support schemes. This analysis will focus on interpreting these legal texts and relevant case law to define the scope of protections available to entrepreneurs and evaluate the formal legal structure of government initiatives.

Existing Legal Situation

The legal framework has been shaped by crucial amendments to existing laws like India's Patents Act, 1970. Specifically, the Patents (Amendment) Rules established a "startup" as a legal entity, granting them an 80% fee reduction and access to expedited patent examination. This is further supported by the SIPP (Startups Intellectual Property Protection) scheme, which provides free professional assistance for filings. This strategy mirrors global trends, such as the U.S. America Invents Act, which created a "micro-entity" status to provide similar deep discounts and make IPR more accessible.

Introduction

In today's innovation-driven economy, a single, unique idea is often the most valuable asset a new company possesses. Startups, by their very nature, are built on these fresh concepts, whether it's a groundbreaking piece of technology, a distinctive brand, or a creative new service.¹ To protect these core ideas from being copied or stolen, a legal framework known as

¹ David J. Teece, *Profiting from Innovation in the Digital Economy: Standards, Complementary Assets, and Business Models in the Wireless World*, 47 Res. Pol'y 1367, 1367-68 (2018) (discussing the economic value of innovation and intangible assets in modern business models).

Intellectual Property Rights (IPR) exists. IPR provides a set of tools such as patents for inventions, trademarks for brand names and logos, and copyrights for creative works that allow entrepreneurs to claim ownership over their intangible creations.²

For a startup, securing IPR is much more than a legal formality; it's a critical business strategy. Obtaining a patent or a trademark gives a new company an exclusive right to use its idea for a certain period, creating a vital competitive advantage.³ This legal shield prevents larger, more established competitors from immediately replicating their innovation, giving the startup precious time to grow and establish itself in the market.⁴ Furthermore, a strong IPR portfolio acts as a powerful signal to potential investors. It demonstrates that the startup has a unique, defensible asset, which significantly increases its attractiveness for securing the funding necessary for expansion.⁵

Despite these clear benefits, a significant gap exists between the need for IPR protection and the ability of most startups to obtain it. The process of filing for a patent, for example, is notoriously complex, time-consuming, and, most importantly, expensive.⁶ For new entrepreneurs who are already operating with limited financial resources and a small team, these hurdles can seem insurmountable, leaving their most valuable assets vulnerable.⁷ This creates a paradox where the very legal tools designed to foster innovation become a barrier to it for those who need them most.

Recognizing this challenge, governments around the world have begun to implement policies

² The foundational international agreement harmonizing many aspects of intellectual property law is the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299.

³ See Clarisa Long, *Patent Signals*, 69 U. Chi. L. Rev. 625, 625-27 (2002) (arguing that intellectual property, particularly patents, serves as a strategic signal to the market beyond its mere legal exclusionary right).

⁴ (granting a patent owner the right to exclude others from making, using, or selling the invention in the United States); 15 U.S.C. § 1051 et seq. (governing federal trademark registration and rights).

⁵ See Clarisa Long, *Patent Signals*, 69 U. Chi. L. Rev. 625, 628-30 (2002); see also Robert P. Merges, *The Law and Economics of Employee Inventions*, 13 Harv. J.L. & Tech. 1, 12-15 (1999) (discussing the value of a patent portfolio as a definable, transferable asset attractive to investors).

⁶ World Intellectual Prop. Org. (WIPO), *World Intellectual Property Report 2019: The Geography of Innovation: Local Hotspots, Global Networks* 125

(2019), https://www.wipo.int/edocs/pubdocs/en/wipo_pub_944_2019.pdf (highlighting the disparities in IP use between large corporations and smaller entities, including startups).

⁷ U.S. Gov't Accountability Off., GAO-16-490, *Intellectual Property: USPTO Has Made Progress in Hiring Examiners, but Challenges to Retention Remain* 12-13 (2016) (noting the complexity and length of the patent examination process, which directly contributes to high costs for applicants).

and programs aimed at making IPR more accessible for startups.⁸ In India, for instance, the government has introduced schemes like the Startups Intellectual Property Protection (SIPP), which offers significant fee reductions and provides free professional assistance for filing applications.⁹ This approach mirrors similar initiatives in other countries, such as the United States, which has also created provisions to help smaller inventors.¹⁰ This research paper will critically analyze the role IPR plays for startups, identify the barriers they face, and evaluate the effectiveness of these government support systems. The central aim is to understand how the strategic use of IPR can be transformed from a daunting challenge into a powerful tool that helps turn innovative ideas into sustainable and successful businesses.

The Role of Intellectual Property Rights in Enhancing Startup Competitiveness and Attracting Investment

Intellectual Property Rights (IPRs) are some of the most valuable tools a startup can have. They are not just legal protections but also strategic assets that help new businesses stand out and grow in a competitive market.¹¹ For a young company, protecting its ideas, products, or brand through IPRs provides a strong foundation for success.¹² These rights give startups control over their inventions, designs, and brand identities for a specific period, preventing others from copying or using them without permission.¹³ This exclusivity allows startups to focus on developing their products and services with confidence, without worrying about imitation.¹⁴

For instance, patents protect new inventions or technical processes. When a startup creates something unique like an innovative product, software, or machine a patent ensures that no one

⁸ Adam B. Jaffe & Josh Lerner, *Innovation and Its Discontents: How Our Broken Patent System Is Endangering Innovation and Progress, and What to Do About It* 2–4 (2004) (discussing the paradox between patent protection and innovation incentives).

⁹ World Intellectual Prop. Org. (WIPO), *Supporting Innovation and Entrepreneurship: A Guide for Intellectual Property Offices 7* (2020), https://www.wipo.int/edocs/pubdocs/en/wipo_pub_1048_1.pdf (documenting national initiatives to support SMEs and startups in using IP).

¹⁰ Ministry of Com. & Indus., Gov't of India, *Startups Intellectual Property Protection (SIPP)*, <https://www.startupindia.gov.in/content/sih/en/international/go-to-market-guide/intellectual-property-rights/startups-intellectual-property-protection-sipp-.html> (last visited [insert date of access]) (detailing the scheme's fee concessions and facilitator panel); see also Office of the Controller Gen. of Patents, Designs & Trade Marks, *Scheme for Facilitating Startups Intellectual Property Protection*, CG Public Notice No. 04 (2021) (official gazette notification).

¹¹ David J. Teece, *Profiting from Innovation in the Digital Economy: Standards, Complementary Assets, and Business Models in the Wireless World*, 47 Res. Pol'y 1367, 1367–68 (2018).

¹² Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299.

¹³ 35 U.S.C. § 271 (granting patent owners the right to exclude others from making, using, or selling the invention).

¹⁴ World Intellectual Prop. Org. (WIPO), *Supporting Innovation and Entrepreneurship: A Guide for Intellectual Property Offices 7* (2020).

else can legally make, sell, or use that invention without the company's consent.¹⁵ This protection gives startups time to recover their research and development (R&D) costs and establish a stable position in the market.¹⁶ Similarly, trademarks safeguard a startup's brand identity, including its name, logo, and slogan. A recognizable brand helps customers trust and remember the company, building loyalty and distinguishing it from competitors.¹⁷ In short, IPRs help startups turn their creativity into something they can own, protect, and profit from.

From an investor's perspective, a startup with strong IPR protection appears more reliable and promising. Investors, especially venture capitalists, look for companies that own unique and protected assets, as this reduces the risk of others copying their ideas.¹⁸ Before investing, they often conduct detailed evaluations to check how secure and original a company's intellectual property is. A strong patent portfolio demonstrates that the startup's technology is innovative and protected, giving it a better chance to succeed and make profits. This often leads to a higher company valuation and attracts more funding opportunities.¹⁹

Moreover, IPRs do not just protect ideas they also create new ways for startups to earn money. For example, a company can license its technology to other businesses and earn royalties, or even use its intellectual property as collateral to obtain loans or investments. In this way, IPRs transform abstract ideas into tangible, legally protected assets that carry real financial value. For investors, this is a sign of genuine innovation and stability key reasons to trust and invest in a startup.²⁰

Startups struggles in Managing IPR

Startups play a crucial role in promoting innovation and economic development, yet they face significant barriers in protecting their intellectual property. The major challenges arise in the areas of cost, complexity, and accessibility, each of which can severely impact their ability to

¹⁵ World Intellectual Prop. Org. (WIPO), Supporting Innovation and Entrepreneurship: A Guide for Intellectual Property Offices 7 (2020).

¹⁶ Robert P. Merges, The Law and Economics of Employee Inventions, 13 Harv. J.L. & Tech. 1, 12–15 (1999).

¹⁷ World Intellectual Prop. Org. (WIPO), World Intellectual Property Report 2019: The Geography of Innovation: Local Hotspots, Global Networks 125 (2019).

¹⁸ Adam B. Jaffe & Josh Lerner, Innovation and Its Discontents: How Our Broken Patent System Is Endangering Innovation and Progress, and What to Do About It 2–4 (2004).

¹⁹ Henry Chesbrough, Open Innovation: The New Imperative for Creating and Profiting from Technology 67–68 (2003).

²⁰ Ministry of Com. & Indus., Gov't of India, Startups Intellectual Property Protection (SIPP), [https://www.startupindia.gov.in/...](https://www.startupindia.gov.in/) (last visited Nov. 1, 2025).

secure and manage intellectual property rights (IPRs).²¹

1. High Costs of IP Protection

One of the most pressing challenges for startups is the high financial burden associated with obtaining and maintaining intellectual property.²² Filing for patents, trademarks, or copyrights involves application fees, attorney costs, and periodic renewals, which can be prohibitively expensive for newly established firms with limited capital.²³ According to the World Intellectual Property Organization (WIPO), the average cost of securing a single patent can range between USD 5,000 to 15,000, excluding international filings. Moreover, litigation to enforce these rights—particularly patent or trademark infringement—can involve enormous legal expenses that most startups cannot afford. These financial constraints often discourage entrepreneurs from protecting their innovations or push them to rely on trade secrets, which are less secure.²⁴

2. Procedural and Legal Complexity

The process of acquiring IPRs is often complex, requiring detailed technical documentation, legal drafting, and adherence to strict timelines. For patents, the applicant must satisfy stringent conditions of novelty, inventive step, and industrial applicability.²⁵ Startups, which often lack in-house legal expertise, find it difficult to navigate these procedural and administrative requirements. Additionally, variations in IP laws across jurisdictions make global protection even more complicated, especially for startups seeking international markets.²⁶ The technical language of IP law and bureaucratic processes can delay filings or lead to rejections, resulting in loss of competitive advantage.²⁷

3. Accessibility and Awareness Issues

A lack of awareness and access to reliable IP information remains a major obstacle. Many

²¹ World Intellectual Prop. Org. (WIPO), World Intellectual Property Indicators 2022 10 (2022).

²² OECD, IP Commercialisation Strategies in Startups and SMEs 18 (2020).

²³ Henry Chesbrough, *Open Innovation: The New Imperative for Creating and Profiting from Technology* 67–68 (2003).

²⁴ Robert P. Merges, *The Law and Economics of Employee Inventions*, 13 Harv. J.L. & Tech. 1, 12 (1999).

²⁵ WIPO, *World Intellectual Property Report 2019: The Geography of Innovation* 125 (2019).

²⁶ U.S. Gov't Accountability Off., GAO-16-490, *Intellectual Property: USPTO Has Made Progress in Hiring Examiners, but Challenges to Retention Remain* 12 (2016).

²⁷ Adam B. Jaffe & Josh Lerner, *Innovation and Its Discontents* 3–4 (2004).

startup founders are unaware of the strategic importance of IPRs or lack understanding of how to file for protection.²⁸ In developing countries like India, despite initiatives such as the Startups Intellectual Property Protection (SIPP) scheme, bureaucratic delays and lack of expert assistance continue to hinder startups.²⁹ Furthermore, unequal access to professional IP attorneys or consultants creates barriers for small innovators, particularly in rural or emerging markets. The digital divide also affects the accessibility of online filing systems, training, and government support programs.³⁰

4. Enforcement and Maintenance Difficulties

Even after obtaining IPRs, startups struggle with enforcing and maintaining them. IP enforcement through courts is time-consuming and costly, and larger corporations often have the resources to outlast smaller competitors in litigation.³¹ Maintenance of patents and trademarks also requires regular payments and renewals, which can strain startup budgets.³² As a result, many startups fail to renew their IP rights, leading to the expiration or abandonment of valuable assets.³³

Government Initiatives & Programs for IPR Access for Start-ups in India

Start-ups and entrepreneurial ventures depend critically on the ability to protect their innovations, brands and design rights. In India, the government has recognized the strategic importance of IPR for innovation ecosystems and has launched several schemes to reduce cost, simplify procedures, and enhance access for start-ups and MSMEs. These programs aim to deliver benefits such as fee-reductions, expedited examinations, dedicated facilitators, awareness building and institutional infrastructure.

Key Initiatives and Features

1. Scheme for Facilitating Startups Intellectual Property Protection (SIPP)

²⁸ Ministry of Com. & Indus., Gov't of India, Startups Intellectual Property Protection (SIPP), <https://www.startupindia.gov.in/> (last visited Nov. 1, 2025).

²⁹ United Nations Econ. Comm'n for Eur., IP Valuation for Access to Finance 5 (2021).

³⁰ U.S. Gov't Accountability Off., GAO-16-490, Intellectual Property: USPTO Has Made Progress in Hiring Examiners, but Challenges to Retention Remain 12–13 (2016).

³¹ Robert P. Merges, The Law and Economics of Employee Inventions, 13 Harv. J.L. & Tech. 1, 12–15 (1999).

³² WIPO, World Intellectual Property Report 2019: The Geography of Innovation 125 (2019) (discussing disparities between large and small entities).

³³ WIPO, Supporting Innovation and Entrepreneurship: A Guide for Intellectual Property Offices 12 (2020).

Launched by the Department for Promotion of Industry and Internal Trade (DPIIT) and the Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM), the SIPP was designed to encourage IPR protection by start-ups by allowing access to authorized facilitators (patent, design agents) whose fees are borne by the government.

Under the scheme: start-ups receive assistance in drafting and filing patent, design or trademark applications, and the facilitation cost is covered by the government.³⁴

2. Fee Rebates and Expedited Examination for Recognized Start-ups

Under the Startup India Initiative, recognized start-ups are eligible for significant fee concessions: an 80 % rebate in patent filing fees and a 50 % rebate in trademark filing fees. Additionally, the government has provided for expedited examination of patent applications filed by start-ups, reducing the time taken for grant.³⁵

3. Dedicated Facilitator Panels and Cost-Bearing by Government

The Startup India portal states that a panel of facilitators has been authorized for patent/design (e.g., 423 facilitators) and trademark applications (596 facilitators) so as to assist start-ups in filing. The government bears the cost of facilitation, and start-ups bear only statutory fees.³⁶

4. IPR Awareness, Capacity Building and Supporting Infrastructure

Beyond financial incentives, the government has emphasized building awareness about IPR, promoting institutional capacity and incubation infrastructure. Under SIPP and other programs, start-ups are encouraged to file early and establish IPR assets as part of their business growth.

For example, state-level initiatives such as the techno-innovation clusters or incubators incorporate IPR support as part of their services.³⁷

5. Integration with Start-Up Support Ecosystem

The IPR-related benefits are integrated into the broader start-up ecosystem: the Startup India

³⁴ Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM), Scheme for Facilitating Startups Intellectual Property Protection (SIPP) (2016), available at <https://ipindia.gov.in>.

³⁵ Department for Promotion of Industry and Internal Trade (DPIIT), Startup India Action Plan (2016),

³⁷ Startup India, Panel of Facilitators for Patent, Trademark & Design Applications (2024),

Action Plan also offers ease of compliance, tax incentives, public procurement relaxations, and a fund of funds—all of which enhance the overall entrepreneurship environment. As a whole “Legal Support in Patent Filing” is one of the items listed under Government Initiatives for Start-ups.³⁸

CONCLUSION & SUGGESTIONS

This research set out to examine whether government initiatives aimed at making Intellectual Property Rights (IPR) more accessible truly help startups protect and commercialize their ideas. The hypothesis proposed that government efforts to improve IPR accessibility would increase the number of startups successfully securing and using their intellectual property.

Based on the analysis of legal frameworks, government schemes, and challenges faced by startups, the hypothesis is largely proved.

Government programs such as the Startups Intellectual Property Protection (SIPP) scheme, 80% patent fee rebates, 50% trademark fee rebates, and expedited patent examination have clearly lowered the cost and time barriers that previously discouraged new entrepreneurs from seeking IP protection. These initiatives directly address the biggest problems startups face—high cost, complex procedures, and lack of expert support.

In simple terms, the government’s support has made the IPR process easier, cheaper, and faster, enabling more startups to file patents and trademarks than before. Access to expert facilitators paid by the government further helps first-time innovators who lack legal knowledge.

Therefore, the hypothesis is proved because government-led support systems have undeniably improved IPR accessibility, resulting in more startups actively protecting, commercializing, and benefitting from their innovations.

SUGGESTIONS

- Make the filing process easier with simpler forms, clearer instructions, and a more user-friendly online portal.

³⁸ Ministry of Commerce & Industry (India), Startup India – Action Plan, Annexure to Lok Sabha Unstarred Question No. 1279, 25 July 2016, at “IPR Benefits” (Government of India) (fast-tracking of startup patent applications; panel of facilitators; rebate in filing fees).

- Introduce low-cost insurance plans that protect startups against heavy financial losses if someone copies their idea.
- Offer a low-cost monthly subscription where startups get continuous access to basic IPR support, advice, templates, and filing help.
- Create a program that not only helps startups file patents but also connects them with companies who want to license or adopt the technology.
- Give rewards or tax benefits to startups that successfully file and maintain their IPR.
- Encourage public-private partnerships where industry experts help startups understand IP strategy.
- Provide better IPR support in smaller cities and rural areas so innovators everywhere get equal access.
- Give rewards or tax benefits to startups that successfully file and maintain their IPR.
- Offer recognition or cash incentives every year to startups that create high-impact patents or global-quality innovations.
- Allow multiple startups working in similar fields to collaborate, file joint patents, or share IP costs.