



AUSTRIA

*Institute of Science and Technology*



# Startups and IP

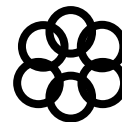
*Ingrid Kelly*



Inauguration 2009



52 Professors



6 areas



34 ERC grantees

# Funding and Support for Science based Startups

[www.ist-cube.com](http://www.ist-cube.com)

## Mentoring & support

Team of experienced experts

## Infrastructure

Access to life science facility, nanofabrication facility, toolshop, IST-Park



## Funding

IST CUBE provides equity funding in the early stage phase of a venture, and helps founders to tap into the well developed grant network at the regional, national, and European level.

## Network

Scientific network  
Industry and Finance Networks  
of management team

# Why does Intellectual Property (IP) Matter?

- Deep-tech startups rely on unique technologies and ideas

Typically 80-90% of startup value is in intangible assets!

- IP is a legal tool to allow innovators to protect investments (and thereby encourage innovation)
- IP excludes others from doing certain things (copying, using etc.)

# The different types of IP (I)

## Legal right

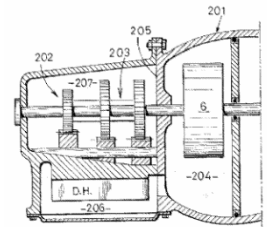
## What for?

## How?

Patents

New inventions

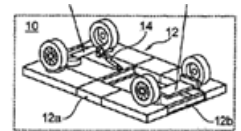
Application and  
examination



Utility models

New inventions

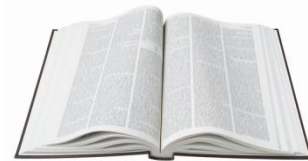
Application and  
registration



Copyright

Original creative or  
artistic forms

Exists  
automatically



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# The different types of IP (II)

## Legal right

## What for?

## How?

Trade marks

Distinctive identification  
of products or services

Use and/or  
registration



Registered  
designs

External appearance

Registration



Trade secrets

Valuable information  
not known to the public

Reasonable efforts  
to keep secret



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# Your Company Brand

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- Selecting a name
  - Company name
  - Trademark (product names, logos)
  - Domain name
- Are they available, *i.e.* can you register/protect them?
- Are they similar to another brand, *i.e.* can you use them without infringing somebody else's rights?

# Transferring IP from an Institution to a Start-up

- Usually by means of an exclusive licence
- Typical terms:
  - Institution keeps ownership and manages patents (startup pays costs)
  - As payment for licence, Institution obtains a small stake in the startup (equity) and/or charges licence fees
- Licence fees can be:
  - Upfront fees
  - Annual fees
  - Royalties on product sales
  - Milestone payments
  - Share of sublicense income

# Common Mistakes (1): Chain of Ownership


## *Third parties having ownership rights in Startup IP*

(i) when outsiders are contracted e.g. to carry out graphic design or coding

- Ensure work contract grants the company full ownership of any commissioned work

(ii) when inventors on a patent have different affiliations

(iii) when a startup employee has another employer

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- Clarify who might have rights
  - Obtain access (or a waiver)



## Common Mistakes (2): Freedom to Operate

- Own patent filed – IP sorted?
- Having your own patent doesn't protect you from infringing other people's patents!
- Be aware of other patents and establish whether they stand in your way

“Freedom to Operate” Analysis

## Common Mistakes (3): Confidentiality Agreements

- It's natural to want to talk about your technology, your startup plans
- But:
  - Inside knowledge of your business plans can be useful to the competition
  - Inside knowledge of your technology before it becomes public can allow others to block you
  - Unrestricted disclosure of confidential information can invalidate future patents!

**Don't disclose sensitive information to outsiders without a  
CDA/NDA**