Introduction

to

STARTUP LEGAL INCUBATION CENTRE (SLIC)

Solution & guide to strengths Startup ecosystem For growth & sustainability.

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Please note: This concept & recommendation sheet submitted to Joint Secretory Shri Rajiv Aggarwal, IAS, Department of Industrial Policy & promotion (DIPP) Govt. Of India & Shri Amitabh Kant, IAS, CEO Niti Ayog, Govt. of India as suggestion how legal fraternity & law school can help & support sustainability in startup eco system to promote growth, innovation and create jobs.

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1. Introduction:

This recommendation and advice sheet is purely based on observation, working as consultant for startups, work experience gain in different countries, newspaper and reports & my network exposure to other EU startup eco-system. I am working and observing India startup system and have worked with some of startup in India as independent lawyer & IPR consultant under my set up IPFORSTRTUP.com which highlight some important crucial point and encourage me to write this recommendation & advise sheet. I personally believe, the entre concept core objective to strength Indian startup ecosystem & provide sustainability among entrepreneur, as well strength IPR profession in India.

Google is full of articles highlighting startup failure and one of reason is witlessness of legal consulting among startups. Legal professional has and still contributing to protect & encourage innovation, its our moral responsibility to promote new side of legal profession which can play significantly role in strengthens startup success. I like to introduce a system that requires minimum interference of administration. By this I means a friendly system where the resource are available more accessible to all sections of society through friendly advisable team.

I am very much confident that this concept will support by startup experts and they will agree that we need to introduce & develop new side of legal profession that can be solution to rescue & reduce startup failure. In India legal profession seen as only for litigation, but due to new complex business nature & increasing dynamics and concept, we need to prepare new set of lawyers who can understand the new complex system and can help entrepreneur to sustain and grow further to promote innovation and create jobs. This concept can prepare new set of future lawyer which India need in coming years as well as support current startup eco system. Without taking much time here, below is the detailed recommendation & advise sheet on why we need to set up legal Incubation centre.

Thanks in advance for your time & consideration.

2. Concept: Establishing Startup Legal Incubation Centre [SLIC] with Law School in India.

Reason: We have observed in our personal capacity SIPP programme limited with registration facilities and it will not meet long-term goal of increasing awareness and establish sustainability among young entrepreneur. Scope of IPR is not limited to registration and policies but backbone of any country innovation's and creativity and that can be achieved only when young entrepreneurs and establish business understand its importance through its economical potential in business and how IPR can achieve business growth, protect entrepreneur against competition and reap additional capital benefits. For this creating awareness and education is very important with new innovative & friendly way, I am not a supporter of talks and conference they have lest impact on action. In name of startups in India conference, workshop, events happening more than actually bringing & raising startups.

What is Startup legal Incubation centre [SLIC]?

Legal Incubation centre will be initiative by DIPP & startup India programme to facilitate startup on legal issues through its Legal Advice centre along with collaboration with Law school & legal fraternity (voluntary), to promote legal advisory service focusing IPR and other startup legal issues in new an innovative way with friendly & accessible team with minimum Govt. Interference, also these centre can give input, feedback, highlight complex legal issues and data to decide future policy.

3. Understanding the practicality of Legal fraternity for startup growth & sustainability.

a). Legal expertise is in demand at many tech startups:

Technology-based companies exposes from numerous legal and business strategy challenges that startups face, and legal incubation can be answer to such challenges and gives them hands-on experience with intellectual property, corporate, contract, tax, and labour and employment issues.

Startups often have to make legal decisions early on that will shape their businesses for years to come. An early-stage company must, for example, set up an initial corporate structure, develop a strategy for protecting its intellectual property, and shape the contours of its relationship with its employees. The real value added by legal fraternity at the pre-financing stage is in

helping clients surface and deal with legal issues that will impact the shape of their businesses much later. Legal incubation centre will focus on understanding clients' needs, identifying issues, and recommending courses of action.

Many law university across the globe promoting legal expertise under innovative program in which law students provide legal work for early stage Tech and Biotech startups. The work is supervised for free by outside law firms and as well as by researchers, while the professors teach accompanying doctrinal and skills classes. Last year, Berkeley University program included 57 supervising attorneys and 60 law students, who provided legal work for 65 startup companies. Startup companies come through the program's partnerships with numerous incubators, business school.

With a particular focus on promoting women & rural entrepreneurs, Startup Legal incubation centre can play an important role. I am sure our efforts recognised by Bar Association and Bar council of India to promote it further and pool legal fraternity on pro bono basis.

Today, law school¹ has the capacity to support innovation in new businesses like OYO rooms, Justride, paytm, and other innovative online portal for various service sectors. The law school can also helped launch entrepreneurship-for-social-good companies an support environmental related startups, which involve in hospital patient care; low cost MCG report or health related services and students in Law's school can support new Business Practicum provided creative legal help when each of the growing startups was operating on a shoestring.

Startup world flooded with creativity and innovation and required more legal guidance to avoid future risk and losses. Uber consider as private cab giant has suffered losses and shut down its operation in many countries because of legal complications. Legal incubation centre can act as protection umbrella for such uncertainty and analyse future risk all business startup work across the law school. The initiative trains Law students to help startups succeed, guides new business ventures as they navigate tricky legal and organizational issues, and others entrepreneurs access to top experts, courses, and workshops.

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¹ http://today.law.harvard.edu/hls-students-help-student-startups-at-harvard-and-mit/

Each startup has a business model but innovation thrives when legal experts are involved at an early stage, also it will introduce a new side of legal profession aspiring startup lawyers."

b). Cracking down patent Trolls through SLIC:

Definition of Patent Troll²: "Patent trolls or non-practising entities are becoming an increasing nuisance the world over. 'Patent troll' is a negative term used to describe an entity that enforces its patents against one or more alleged infringers in a manner that is considered unduly aggressive or opportunistic. Such entities seldom have any intention of manufacturing or marketing the patented invention – their sole purpose is to make money through cease and desist orders and patent infringement litigation".

Patent Troll is new challenge worldwide & specially increasing in the countries like India because of absence of legal awareness³. Throughout globe App Developers* are Alliance is with law schools to help startups battle patent trolls.

"One of them is The Law School Patent Troll Defence Network (trolldefensenetwork.org) is a consortium of law school clinics that will provide free legal representation to small app developers and other entrepreneurs that have been threatened or sued by patent trolls".

Reason for increasing patent troll trend among startup is lack of awareness and patent trolls think startups and small companies are easy to catch as prey for a portfolio of settlement payments, revenue-share agreements, and equity stakes. Legal Incubation center will fight against such activity through creating awareness as well creates a Defense system to supports innovators and encourage them continues to build great products and create jobs. Due to economic constraints and lack of legal facilities and education, startup, young entrepreneur, small companies don't consider legal advice and surrender quickly or negotiate directly with trolls, its Govt. duty to create system which protect entrepreneurship interest & encourage, benefit such innovators.

Some of The Law School Patent Troll Defense Network worldwide includes:

- Brooklyn Law School: Brooklyn Law Incubator and Policy "BLIP" Clinic
- American University Washington College of Law: Glushko-Samuelson IP clinic
- John Marshall Law School: Patent Law Clinic
- University of Utah S.J. Quinney College of Law: New Ventures Clinic
- New York University School of Law: Technology Law & Policy Clinic
- University of Southern California Gould School of Law

*Application Developers Alliance is an industry association dedicated to meeting the unique needs of application developers as creators, innovators, and entrepreneurs. Alliance members include more than 25,000 individual application developers and more than 135 companies in

file://localhost/ET / http/::www.economist.com:news:business-and-finance:21645604
3.http://www.worldtrademarkreview.com/Intelligence/IPLifecycleIndia/2015/Articles/Emerging-trends-in-Indian-patent-litigation

the apps ecosystem. We recommend Niti Ayog to develop such alliance in incubator system this can be introduce as tech capital opposite to VC who facilitates for fund.

c). Prototype might reduce litigation dispute but surely increase legal practice standards:

There are many issues entrepreneurs encounter—from getting payroll, raising funding, going to determining whether to issue multiple share classes as they incorporate. Lawyers need to look at other side of litigation & offer solutions in order to provide the highest-value service if they're going to avoid having their work commoditized. We prepare new generation of lawyer who guide and rescue clients from day one on such issues, it might in long run reduce litigation cases in court and entrepreneur will also understand their responsibility towards govt. initiative and avoid grey markets business operation to avoid tax liability. They will be morally obliged to Govt. support to achieve their entrepreneurship goal.

d) Data yield from SLIC will assist policy maker.

Startup facilitation data and predictive analytics yield more information and will be used and assist policy maker as assess legal concerns and trends.

"Lawsuits against Uber and Lyft issues were based on allegations that their drivers are employees, not contractors, not complying with state transport regulations. Sate govt. threats to shut down the operation in Delhi & Bangalore that was heavily criticised by media especially economics times on the grounds state authorities has to balance both law & new effective service system. India with millions of smart phone user their will be penetration to come up more innovative business ideas in service sector, environmental related or social enterprise, under such situation Govt. has to balance the law structure and also to promote entrepreneurship to strength country economic backbone as well as create more employment opportunity to growing population in our country, that can be achieved through sustainable startup growth system and without legal guidance it cannot be achieved. Legal incubation centre will help realize that upcoming lawyer needs to better understand agency law principles and here law students absolutely relate. They see and act how what they learn in the classroom connects to what in the field.

Legal Incubation centre will also give DIPP-IPR division idea and support its future strategies. How? The consulting gives us sector wise break up and issues related to these sectors/industries that need more focus & required more attention. These centres can prove as

strength pillar and pioneer to understand startup legal needs, expectation, problem, and weaker area and strength area of Govt. policies. Legal Incubation centre will facilitate every sector/industries and collect data, this data DIPP can analysis to decide its future role and strategies i.e. sector need to be promoted, common misconception etc. Also introduce DIPP to upcoming the legal complexion in new sector like I cloud, ecommerce business, we can see the trend of investment ratio/source of funding. I hope I am not going wrong on this.

SLIC will also filter the legal issues, small issue that just need awareness and education can be solved/facilitate at SLIC level and only complex/new set of problem that can be solved at SLIC level will be promoted to DIPP that notified Govt. authorities to rectify policies and programme.

e). IPR is more than law:

The father-daughter duo of Mahesh and Nisha Bora are turning elephant and rhino poop into paper, which is then used to make exquisite paper products embellished with indigenous designs⁴ in another story one guy Left His PhD in the US to Create the World's First Prosthetic Legs Made of Cane⁵. There are 100 examples of unbelievable creativity that need IPR protection, also this protection can be capitalised its called IP monetization; we need to facilitate these startups who are out of box work and helping our environment and creating rural employment. It's our moral responsibility to take further step to facilitate them and pay special attention. If DIPP or related Govt. Department take special initiative to take these startup one more setup and connect them with all the resources it not only help them but restore faith and respect for Govt. agencies.

f). Attracting & re storing faith in foreign investor:

More sound and effective startup ecosystem means less failure and growth, which will attract foreign investor to support and fund Indian startups along with exposure of global expansion.

g) Easy, Quick & friendly set up for Individual startups:

Law school this way can facilitate large portion of individual setup. It will also save time and provide quick solution to business legal complexion/queries. You will agree university or law school is more easily accessible and has friendly approach compared to Govt. Centre. I am not

⁴ http://www.thebetterindia.com/62519/rhino-elephants-dung-to-paper-reuse/

⁵ http://www.thebetterindia.com/61684/worlds-first-cane-prosthetic-legs-disabled-aruncherian/

criticising Govt. Centre but highlighting lack of availability of expertise in large number to cater large crowd and due to expertise they already involved in Govt. project.

4. Why law school should participate what is their Benefits:

Alliance with law school under legal incubation Centre programme, we can look forward to working with law schools nationwide to support entrepreneurs. Law school under legal incubation centre students will learn real-world skills in these important patent matters while helping individuals in the process.

a). Law school Building on new Connections with employer & strength Campus placement for law School.

Opportunity to trained students while assisting pan-India startups. The school can also offers broad outreach in other part of South East Asia and growth stage startups who are looking to explore Asian market; expanded training opportunities in mergers and acquisitions, venture capital (VC), and related issues; collaboration with other campus programs; and expertise in intellectual property (IP) and related fields such as public policy, business, science, and technology. Facilitating Startup community makes Legal Incubation centre & law school hub of innovation. At the same time, centre will store into a tech & policy centre.

b). New generation Lawyers as Problem-solvers.

Versatile programs prepare students to guide founders on a course that acknowledges the shifting entrepreneurial and legal landscapes. Today, business lawyers—once characterized as dealmakers or deal-breakers—must be viewed as problem-solvers. This programme also restore client faith in legal profession which now days seen as not so noble profession in general public eyes, although SC & HC lawyers have rescue society with many evils system and custom—Bandhi Mukti Morcha case in one of them.

c). Analytical & practical approach in legal education.

Law school students for work experience explore and work voluntary under different law firms and independent lawyer to gain experience why not give them opportunity to law students as well as startup to connect and learn from experience and exchange knowledge. Law schools do a good job in teaching but it will be more effective & helpful to them was gaining practical experience and the opportunity to work with a client—assists local early-stage startups on IP

issues. The most established piece of the ecosystem is the New Business Practicum, which unites entrepreneurs who need affordable early-stage legal advice with law students hungry for meaningful experience. They will surprise you with hard work, talent and innovation.

d). Affordable Legal & business expertise:

Business School & law school students work together to address the many legal challenges involved in launching a business—including forming legal entities, managing risks, and building key relation-ships with workers, investors, and consumers. The Practicum can cater pan India startups & provide individual help. "Kell juxtaposes the romanticized American dream of starting a business with harsh U.S. Small Business Administration data showing that half of all startups fold within five years".

In reality, "Entrepreneurship is difficult, and while society recognizes that new drivers need support when they're just starting out, few start- ups can afford the legal guidance needed to safely manage the risks." When entrepreneurs crash, "people get hurt—families lose savings, credit ratings are ruined, and communities lose jobs." Law students can help change those survivability statistics. By their third year, they have already acquired a foundational understanding of the legal challenges new businesses face.

e). Putting that knowledge to work.

The Legal Incubation centre will create an experience that takes the students through the life cycle of an actual area technology startup, focusing on the various problems the company may encounter from formation through IPO, and beyond.

f). Not limiting access and facilities to specific sections:

In reality the facilitation provided by IIM, IIT, NID and all premier institute are limited only to alumni and its current students, its hard for outsider to get facilitate by these premier institute, many startup bluntly said to me that if you are not alumni or your co founder is not a student of these primer institute than its all most impossible to get facilitate from them. I have experience the same that too from Amity & SRM University. Also these universities incubate and arrange fund that is also very limited and available to select few but on the other hand legal advisory required by every startups and law school can provide advisory function without any

discrimination & favours. Through this model I want to reach tier 2 cities as well as rural areas.

Better India news post is full of such amazing innovation coming from rural and tier 2 cities.

5. Legal Incubation centre is current demand & Solution.

We advised to form Legal incubation centre to facilitate entrepreneur and creating awareness. This can be achieved in partnership with law school around the country with Govt. and Non Govt. law school to reach masses, tier 2 and rural areas. These legal incubation centre are cost effective and can be approached easily with friendly team of faculty and students, Govt. centre are limited and in major cities only, we can left out small cities and rural areas, we need to protect their legal and economic interest.

a). How does Proposed Startup Legal Incubation Centre work & contribute.

Students in the Startup Legal incubation centre provide corporate and intellectual property work to early stage startup companies under the supervision of attorneys/Senior faculty throughout the pan India.

b). Why its a unique program & why attorney & law school will participate:

Students gain an in-depth understanding of the incentive structures that drive businesses outside of and in addition to the law; clients get high quality legal services supervised by leading practitioners in the field; and law professional gain access to a vibrant potential client base.

Working as startup community partners, students identify issues, engage in legal research, and solve problems with their clients and supervising attorneys. The Startup Legal Incubation centre Teach students to become partners in enterprise and more than just "the lawyer in the room." In a new approach to legal education, students bring their deals into the classroom, which allows faculty to harvest hypotheticals in real-time and bring the teaching of legal doctrine alive: an innovative education for an innovative community.

c). Legal team as per area of interest and take advantage of our legal education system.

We have two types of law school in India one is popular five years and another is three years in University like Delhi. The best part of three years law school and advantage to this project that there basic education are done in different specialised field i.e. arts, commerce science, design,

fashion, BBA etc. etc. How does it matter, they are just studying law? Yes they do but across globe a successful consulting can be achieved only by sector based approach, means a person who has advance knowledge of science, commerce or other field and law, its deadly combo, imagine one lawyer has to consult I-cloud based startup, can he/she consult them or cover 100% of startup query, It would be very hard form him to cover everything. Three years law school can at some extent provide expert legal advisory but for five-year law school it will be difficult at the same time. But final year student has enough exposure and legal knowledge to consults startups. I am interesting to see SLIC in law school and involve them with other specialised school i.e. B school, design school etc. to form legal expertise consulting. These SLIC volunteer student supervised by expert, senior faculty & attorney at local level who like to mentor and work together in this model.

Dividing legal expertise as division leads to in depth research to deliver results.

- *Tech startups.* a legal incubation team involve students who are from related education, science background vice versa and interest in facilitating tech startup projects through.
- E commerce business.
- Biotech startups. Limited and to be handle by expert and experienced faculty and attorney only.
- Fintech based startups.
- Fashion/Design based startups
- Mobile/ App based startups
- Robotics based startups- experienced faculty and attorney only.
- Environmental based startups
- Social enterprise based startups
- Other startups

If prototype create substantial interest and achieve its goal we can introduce it in future as module

d). What Type of Students Participate?

Admission to participate in the Startup Legal Incubation centre is highly selective and limited; students are selected based on past academic performance, completed course work, past internship and demonstrated interest in the space. The program lasts for one academic year.

Those selected are enrolled in a seminar cum training course; receive certificate from DIPP & based on performance; receive academic credit (if approved in future) and are overseen by a faculty member to provide doctrinal education.

e). What Type of Work is involved?

- Students work on corporate and intellectual property projects including entity formation, structuring and developing an intellectual property strategy, and handling basic contract and personnel issues.
- Students discuss their on-going projects in a sanitized form in the classroom, with all confidential information removed.

f). Legal Incubation ecosystem



Legal Incubation centre support system to other Organisation

- Involve law school at pan India to form legal incubation centre to facilitate entrepreneurship similar way we are promoting incubation centre.
- Involved & collaborate them with existing incubation and future incubation centre as separate legal division.

- Legal Incubation centre will facilitate Entrepreneurship cell and university incubation centre, along with individual. More focus should be on Individual
- Involved 3rd year LL.B graduate and LLM student with specialising in IPR.
- Encourage student and faculty to participate and sets up a committee in their law school, same way legal aid society are in law school as per BCI guidelines.
- Encourage them to form Legal Training/workshop programme and train other institution like NID, NIFT or design, technical University, as well as programme for Individual –open house.
- SLIC to provide legal training (introduction & basic) to new business i.e. DIPP certified business as startups under startup programme.
- Legal Incubation centre office or facilitation centre will be university or law school premises, additional set up can be formed as -once a weekly visit to such associated incubation centre for handling queries, workshop, educational & training purpose to such incubation centre as well other universities like NIFT & NID to promote more design oriented startups and sectors.
- Startup guide & IP tool kit can be submitted and circulated by law school to Individual and such
 incubation. I have tried one such attempt the same is attached. Student will be more than
 happy to take this as research project.
- Inviting small lectures from business houses like Gianni ice cream & similar business that rise from one small shop to one of India most sought after franchise business.
- Introducing the similar concept of TedX talk to small seminar.

6. Conclusion:

Govt. of India has taken many steps to promote entrepreneurship and make in India and startup India programme is one of them. We are facilitating startup with incubation centre and Honourable Atal Bihari Vajpayee innovation labs & Business Technology Incubation centre the latest by Honourable commerce minister Nirmala sitharaman⁶. A recent and past initiative is very much appreciated and its encourage youth and entrepreneurship in country. The first foremost thing even before facilitating them is to provide knowledge bank as how they can reach their maximum business potential where B school like IIM & technology institute like IIT are playing important significant role.

 $^{^{6}\ \}underline{\text{https://bizztor.com/start-ups-now-need-only-a-government-certificate-for-ipr-benefits.}}$

But how DIPP IP division creating legal awareness, not limiting themselves with IPR registration facilities only but also on patent troll, innovation compliance & other related issues as well? Many article on startup in India reported one of reason of failure of startup is ignoring legal issues in organisation. Across the world there legal consulting considered crucial and without legal advisory it's impossible to achieve sustainability & long term goal of entrepreneurship. Its time we utilise and involve law school in startup India programme.

Legal advisory support start even before conceptualise the idea, how can we say that we don't need to promote legal advisory centre to facilitate startups. From starting a new business concept and many other issues required legal consulting. Many innovate startup, tech startup especially required IPR expert to reach maximum potential and ensuring there business model is not contrary to law and they are not victim of **patent troll**. I have explained this by point and area where we need a separate set up of legal incubation centre.

Across the world, new business consult both legal & business strategist to ensure survival and growth and this habit develop successful and strongest startup eco system. Also same but on ground realty we have are still far away to promote Design, trade secrets, plant variety & unfortunately it has not reach its potential, in fact I will say its awareness has least created and least considerable in small /ME business. SLIC will also to tie up with Govt. Incubation centre scheme like Honourable Atal Bihari Vajpayee innovation labs and other similar scheme to cater legal issue and many queries like new FDI policy on ecommerce business etc. Student can volunteer and also its give them exposure to legal consulting, with supervision of faculty in charge. While in London I worked with university under similar model and trust me it's very effective and can change the way India do business. IIM & IIT are playing big role in entrepreneurship through their centre, its time we look more than IIM & IIT and take opportunity to utilised law school resource and talent. All law school already running legal aid centre to help need and poor people for social justice. In fact NLU Hyderabad is facilitating T-Hub, a TATA group incubation centre. Let law school play their role in contributing growth and stability in business. Around the world legal house/law firm consult their client on the basis of legal & business (sector) expertise as we can combined law school and Business school knowledge together, we can achieve & promote sustainability in entrepreneurship (advanced level). We are running LAC programme with three of co working spaces in Delhi and its successful so far. I am sure all law school without any hesitation will support DIPP IPR division.

If DIPP support I am very much interested to lead this project and train students for basic consulting. I tried and had conversation with Jindal law school and Delhi University, where we received a good response from Pvt player but govt. institution wiling to focus only on DU related project only, similar way where NID director in meeting said they have expert to solve issues but that limited to NID property only. Its normal trend in India to avoid legal consultancy because of basic voluntary service is not available and consulting with legal fraternity involve good cost. And not all startup founders are from institution like NID and IIT or IIM, if we have to promote IPR among new generation than we have to reach all level and I think this project give good scope to facilitate and educate.

Law school in past have play important role in social justice and I am sure even this time under this model they will play major role.