Innovation Management Policy (India)

Policy for fostering, capturing, protecting, and commercialising innovation within the Company

HOW TO USE THIS TEMPLATE	
1.	This is a working document for dpiit / startup documents — fill in all bracketed fields before use.
2.	Review annually or whenever relevant laws, regulations, or business circumstances change.
3.	Keep a signed copy on file and ensure the IP Manager has the current version.
4.	Template only — not legal advice. Consult a qualified IP advocate for your specific situation.

1. INNOVATION CULTURE AND GOVERNANCE

1.1 Purpose. This Innovation Management Policy establishes the Company's framework for fostering a culture of innovation, systematically capturing innovative ideas from all employees, evaluating and investing in the most promising innovations, and protecting and commercialising the resulting intellectual property.

1.2 Innovation Governance. The Company shall maintain an Innovation Committee comprising the CEO, CTO, and IP Manager. The Innovation Committee reviews innovation proposals quarterly, allocates innovation investment budget, tracks progress of funded innovation projects, and ensures all innovations are captured and protected in accordance with the IP policies.

2. IDEA CAPTURE AND EVALUATION

2.1 Innovation Channels. Employees may submit innovative ideas through: (a) the Invention Disclosure Form (for technical inventions with patent potential); (b) the Innovation Suggestion Box (for product, process, or business model improvements); and (c) Innovation Sprint sessions (structured team sessions for focused problem-solving). All submissions are reviewed by the IP Manager and the relevant department head within 10 working days.

2.2 Evaluation Criteria. Innovation proposals are evaluated on: Technical feasibility (can it be built with current or acquirable capabilities?); Commercial potential (does it solve a real problem that customers will pay for?); IP value (is it patentable or otherwise protectable?); Resource requirements (how much time and money is needed to develop?); and Strategic fit (does it align with the Company's roadmap?). The Innovation Committee rates each proposal on a 1–5 scale on each dimension.

3. INNOVATION INVESTMENT AND IP PROTECTION

3.1 Funding Allocation. The Company allocates [X]% of annual revenue / a budget of Rs. [X] lakhs per year to innovation projects. Approved innovation projects receive dedicated time (typically [20]% of the relevant team's capacity), access to prototyping resources, and support from the IP Manager to file provisional patent applications as soon as a protectable concept is developed.

3.2 IP Protection Default. For every innovation project that reaches the proof-of-concept stage, the IP Manager shall conduct a patentability assessment. Unless there are specific reasons not to file (e.g. trade secret protection is more appropriate, or prior art makes patentability unlikely), a provisional patent application shall be filed before any external presentation or pilot with customers. This protects the Company's priority date and preserves international filing options.

3.3 Employee Recognition. The Company recognises and rewards innovation through: naming employees as inventors on patent applications; an annual Innovation Award for the most impactful innovation of the year; a cash reward programme for innovations that result in a granted patent (Rs. [X] on provisional filing, Rs. [X] on grant); and public acknowledgement of innovative contributions in Company communications. Recognition is important for building an innovation culture and retaining technical talent.

INNOVATION METRICS, PROGRAMME DESIGN, AND ECOSYSTEM ENGAGEMENT

4.1 Innovation Programme Design. An effective corporate innovation programme has several components: (a) Hackathons — structured 1–2 day events where cross-functional teams work on predefined challenges. Well-designed hackathons generate a high density of innovative ideas and build a culture of rapid prototyping. Ensure IP ownership is clear from the start — all hackathon outputs belong to the Company; (b) Innovation Time Allocation — dedicating [20]% of engineers' time to exploratory projects (Google's 20% time model) generates sustained innovation. Track what is being worked on to capture IP value; (c) External Innovation Partnerships — collaboration with universities, research institutions, and startup accelerators. All such collaborations require a Joint Development Agreement or Research Collaboration Agreement with clear IP ownership provisions before any work begins; (d) Customer Co-creation — involving customers in product development. Co-development with customers requires careful contract drafting to ensure the Company owns the resulting IP.

4.2 Measuring Innovation ROI. Innovation investment is difficult to measure but the following metrics help: (a) Revenue from new products (launched in last 3 years as % of total revenue); (b) Number of patent applications filed per Rs. X crore of R&D; spend; (c) Time-to-market for new features from ideation to launch; (d) Employee innovation participation rate (% of employees who submitted at least one idea in the year); (e) Innovation conversion rate (ideas submitted to prototypes built to products launched); and (f) Innovation-attributed competitive wins (deals won where innovation was cited as a differentiator).

4.3 Government Innovation Support Programmes. Indian startups can access several government programmes to fund innovation: (a) DST-SEED (Startup India Seed Fund Scheme) — grants for early stage proof-of-concept; (b) BIRAC (Biotechnology Industry Research Assistance Council) — for biotech and health innovations; (c) MEITY Startup Hub — for digital and deep-tech startups; (d) SIDBI SMILE Fund — for startup innovation financing; (e) NITI Aayog Atal Innovation Mission — for national-scale problem solving; and (f) Production Linked Incentive (PLI) schemes for sector-specific product innovation. Each programme has specific eligibility criteria and IP-related conditions — typically requiring that funded IP remains available to India.

OPEN INNOVATION AND EXTERNAL ECOSYSTEM ENGAGEMENT

5.1 University and Research Institution Partnerships. Collaborating with Indian universities and research institutions can accelerate innovation, reduce R&D; costs, and provide access to talented researchers. Key frameworks for university-industry IP partnerships: (a) Sponsored Research Agreements — the company funds research and receives a licence or assignment of resulting IP. Negotiate carefully — many Indian universities have boilerplate agreements that retain significant IP rights for the university. Push for exclusive commercialisation rights, at minimum; (b) Consultancy Agreements with faculty members — individual faculty members providing expertise. Ensure individual IP assignment agreements are signed; (c) Incubation programmes at university Technology Business Incubators (TBIs) — many Indian IITs, NITs, and IIMs have TBIs with strong IP support services for incubatees. DPIIT maintains a list of government-recognised incubators.

5.2 Contributing to Standards Bodies. Some startups develop technology that could become an industry standard. Contributing to standards bodies (like IEEE, ETSI, BIS in India) can establish market leadership and licensing revenue through Standard Essential Patents (SEPs). Key considerations: (a) Standard-setting typically requires FRAND (Fair, Reasonable, and Non-Discriminatory) licensing commitments for essential patents — this limits your ability to exclude competitors or charge premium rates; (b) The decision to contribute to a standard is a major strategic commitment — obtain Board approval and IP counsel advice before making FRAND declarations; and (c) Participation in standards bodies requires dedicated technical and legal resources — budget appropriately.

5.3 Innovation Challenges and Prize Programmes. Participating in innovation challenges run by government bodies (NITI Aayog's Grand Challenges, MEITY challenges, BIRAC challenges), multilateral organisations (World Bank, UN agencies), and corporations can: provide non-dilutive funding for R&D; generate press coverage and credibility; identify potential customers and partners; and access mentorship networks. Always review the IP terms of any innovation challenge before participating — some challenges require licensing or assigning winning solutions to the challenge organiser. Ensure any IP developed for the challenge is protected (provisional patent, if applicable) before the public submission deadline.

AI-ASSISTED INNOVATION AND IP CONSIDERATIONS

6.1 AI as an Innovation Tool — Opportunities and Risks. AI tools are transforming how startups innovate. Used responsibly, AI can: accelerate prior art searching (AI-powered patent search tools identify relevant patents faster than manual searches); assist with invention disclosure writing (AI can help inventors structure and articulate their ideas); support claims drafting (AI tools can suggest claim language based on the specification); and accelerate prototyping (AI code generation tools can rapidly produce proof-of-concept code). The risks: (a) IP generated using AI tools may have uncertain ownership status; (b) using confidential company information as AI input can expose trade secrets; and (c) AI-generated content may reproduce third-party copyrighted material. Establish clear AI usage guidelines for all innovation team members before deploying AI innovation tools.

6.2 AI Inventorship — Current Indian Law Position. Indian patent law, like most jurisdictions, requires that inventors be human beings. An AI system cannot be named as an inventor on an Indian patent application. However, inventions made with AI assistance — where a human inventor uses AI tools to conceive or develop the inventive concept — are patentable as long as there is meaningful human inventive contribution. The threshold question is: did a human inventor make an inventive contribution that was more than merely operating the AI tool? Document the human inventors' specific technical contributions throughout the AI-assisted development process. This documentation will be important if inventorship is ever challenged.

6.3 Proprietary Data as an Innovation Asset. For many Indian startups, the most valuable IP asset is not a patent or trademark but a proprietary dataset. Unique datasets — whether compiled through original collection, user-generated content, sensor data, or licensed data — drive competitive advantage in AI and ML applications. Protect proprietary datasets by: (a) treating them as trade secrets with appropriate access controls; (b) defining clearly in employment and contractor agreements that all data collected or curated in the course of work belongs to the Company; (c) implementing technical access controls that create a documented access log; (d) ensuring that all data collection complies with the DPDP Act 2023 (personal data) and any applicable sector-specific regulations; and (e) licensing data to third parties only through carefully structured data licence agreements that prevent commercial exploitation beyond the agreed scope.

6.4 Measuring Innovation Programme Effectiveness. Annual review of the innovation programme should assess: (a) Patent filing pipeline — how many ideas in the invention disclosure process advanced to provisional filing? (b) Time-to-prototype — average time from approved innovation proposal to working proof of concept; (c) Innovation-to-revenue conversion — how many internally funded innovations became commercial features within 18 months? (d) Employee satisfaction with innovation programme — annual survey measuring whether employees feel their innovative ideas are valued and acted upon; and (e) External recognition — publications, conference presentations, innovation awards, and press coverage attributable to the Company's innovations. These metrics inform the annual innovation budget allocation and programme design adjustments.