

## **FUNDING FOR IP IN EUROPE, IRELAND AND THE UK**

In the fast-paced world of start-ups and small and medium-sized businesses (SMEs), understanding how to protect and fund your brilliant ideas is key to success. Start-ups and SMEs have several funding schemes available to them for intellectual property (IP) services.

In this guide, we present an overview of the diverse funding resources currently accessible to start-ups and SMEs. Additionally, we outline the reasons why safeguarding IP is integral to achieving lasting commercial success.

### **WHY IP PROTECTION IS CRUCIAL FOR START-UPS AND SMES**

#### **Stay Ahead in the Game**

Securing IP provides a competitive edge, allowing start-ups to differentiate their products or services in the market. The EUIPO's 2019 SME Scoreboard highlights that 54% of SME owners witness positive impacts from IP, including improved reputation (52%), turnover (39%), and access to new markets (37%).

#### **Get Investors on Board**

Investors are drawn to businesses that have their ideas protected. Demonstrating a commitment to protecting your IP signals to investors that your business is both forward-thinking and worthy of their financial backing.

#### **Revenue Generation**

Intellectual property protection opens doors to lucrative opportunities such as partnerships and licensing, contributing to additional revenue streams. SMEs owning EU trademarks can license them, generating an estimated average revenue of EUR 64,924 per firm, equivalent to 5.7% of the average turnover of European SMEs as revealed by an EUIPO study.

#### **Build Your Brand**

The establishment of trademarks and branding not only fosters recognition but also cultivates trust among consumers. A well-protected brand becomes a memorable and trusted name in the minds of your audience.

## Legal Backup

IP protection acts as a powerful deterrent to competitors, reducing the risk of others replicating your ideas. With IP protection, your business gains a solid legal framework to stand on if someone tries to replicate your ideas.

## Monetary Benefits and Tax Incentives

Beyond safeguarding your ideas, having strong intellectual property can bring monetary benefits. Many jurisdictions offer tax incentives and deductions for businesses that invest in protecting their IP. This not only adds to your bottom line but also enhances the overall financial health of your venture.

## **FUNDING RESOURCES**

There are many resources available across the EU, Ireland and UK. Below are just some of the funding options available.

## **EUROPEAN UNION**

### [EUIPO – Ideas Powered for Business SME Fund](#)

Website: [EUIPO SME Fund](#)

The fund provides financial support to SMEs through vouchers, available on a first-come, first-served basis, and covers various IP assets.

Specific offerings depend on the business's location within the EU. As an example, successful applicants in Ireland will be able to request:

- 90% reimbursement for IP pre-diagnostic services (IP Scan). The IP scan service is a helpful tool that consists of intellectual property experts looking at a company's business model, products and/or services and growth plan, and support it to formulate an IP-strategy from a business perspective.
- 75% reimbursement of the basic application fees of national, regional and EU trade marks and designs up to a maximum of EUR 1,000.
- 75% off national and EU patent fees up to a maximum of EUR 1,500.
- 50% off community plant varieties online applications fees up to a maximum of EUR 225.

In January 2024, the EUIPO launched the 2024 edition of the Ideas Powered for Business SME fund after the resounding success of the 2023 edition of the fund which received over 35,000 applicants.

This year's SME Fund offers funding for an even broader range of services, including the legal costs for drafting and filing a European patent application (up to a maximum of 50 %, or EUR 2 000 if delivered by a professional representative from the [EPO official list](#)) and reimbursement for IP Scan Enforcement.

## Horizon Europe

Website: [Horizon Europe](#)

Horizon Europe facilitates streamlined access for SMEs with simplified application procedures and criteria focusing on excellence, implementation, and impact. The program offers phased financial support, spanning from concept to market launch. Visit the [Funding calls](#) page for ongoing opportunities. The [National Innovation Contact Points \(NICPs\)](#) offer Help and advice on EU funding.

It offers in partnership two key sources of EU finance for SME research and innovation projects:

- [EIC Accelerator](#): Provides funding for early-stage, high-risk R&D, this dedicated SME scheme supports innovation, science and technology.
- [Eurostars](#): Geared towards innovative SMEs wanting to take part in collaborative research with partners across Europe and associated countries.

IP Scans are funded at 100% and for SME holders of the Horizon 2020 'Seal of Excellence' and other innovative SMEs, [IPA4SME](#) will also co-finance their patent fees and patent lawyer cost.

## InvestEU

Website: [InvestEU](#)

The InvestEU Fund combines 14 EU financial instruments and is expected to stimulate more than €372 billion of public and private investment. An EU budget guarantee of €26.2 billion backs the investment of the European Investment Bank Group and other financial partners.

One of the focus areas of InvestEU is facilitating access to finance for SMES that are deemed economically viable according to internationally accepted standards. It offers targeted finance across the key policy areas and at different stages of development. SMEs looking for funding can find a local intermediary on the [EIF website](#).

## **IRELAND**

### InterTradeIreland

Website: [InterTradeIreland](#)

InterTradeIreland aims to help small businesses in Ireland and Northern Ireland explore new cross-border markets, develop new products, processes and services and become investor ready.

It assists SMEs through:

- [Sales growth supports](#): Sales funding, support through the [Trade Export Pathway](#) and advice.
- [Innovation supports](#): Innovation business models, financial support for specialist expertise through [the Innovation Boost website](#) and education through the [All-Island Innovation Programme](#).
- [Funding supports](#): Funding and recruiting a skilled sales resource to achieve cross boarder sales through the [Acumen](#) programme and funding advisory services.
- [Cross-Border Trade Hub](#): Post-Brexit supports and advice, free events.
- [Business Insights](#): Cross-border trade statistics, business monitors and research.

## Enterprise Ireland

Website: [Enterprise Ireland](#)

Enterprise Ireland offers equity investments and tailored grants for businesses throughout their growth journey. Funding support includes crisis response grants or schemes such as the Ukraine Enterprise Crisis Scheme, the Enterprise Emissions Reduction Investment Fund and the Green Transition Fund. Other funding and grant programmes relating to intellectual property services include:

## Research, Development & Innovation Fund

The Research, Development & Innovation (RD&I) Fund is aimed at promoting economic growth and innovation.

Eligibility criteria include:

- Applicants must be client of Enterprise Ireland, Local Enterprise Office, or Údarás na Gaeltachta.
- Applicants must be a company that is developing new or substantially improved products, services or processes. The project must involve the resolution of some technical challenge, be non-routine or represent a 'step-up' for the company in terms of the level of RD&I capability.
- Applicants must demonstrate adequate cash resources to implement proposed projects.
- For funding requests greater than €150k (total project cost greater than €300k).

Small companies can benefit from a 45% grant rate for R&D Projects/Experimental Development, while Digital Process Innovation Projects are eligible for a 50% grant. Similarly, medium-sized companies are eligible for a 35% grant rate for R&D Projects/Experimental Development and a 50% grant rate for Digital Process Innovation Projects.

## IP PLUS

The IP Plus grant provides funding for external expert IP advisory services, facilitating the development and implementation of a comprehensive IP Strategy aligned with the company's RD&I and business development objectives.

Eligible expenses covered by the grant include consultancy costs for acquiring, validating, and defending IP, if applicable. Additionally, a portion of internal staff salaries dedicated to tasks assigned to the IP Champion role qualifies for funding. Successful applicants can receive a maximum grant of €35,000, covering up to 50% of the project's eligible costs, capped at €70,000.

To qualify, applicants must demonstrate R&D activity and meet specific criteria:

- reference at least one RD&I activity or project, linked in the IP Strategy application,
- provide an indication of their in-company investment in R&D by referencing any of the following:

- R&D grants received within the past 7 years.
- Qualification for the R&D tax credit scheme.
- Level of investment in R&D from other funding sources, including from the company's own resources.

## IP START

This grant supports companies in obtaining the necessary external expert IP advisory and support services to address immediate IP issues. For example, prior-art research in support of an RD&I Technical Feasibility study, IP Audit of existing R&D output and drafting and filing a patent etc.

The eligibility criteria and use is similar to that specified for the IP PLUS grant, however successful applicants are awarded funding to support a maximum grant of €2,160 (Up to 80% of the projects eligible costs of €2,700).

## Innovation Voucher Programme

This program provides a valuable opportunity for SMEs in Ireland and Northern Ireland to foster innovation such as through new products, training in innovation management or innovation or technology audits. The program allows SMEs to connect with publicly funded Knowledge Providers, including higher education institutes and public research bodies.

The vouchers, valued at €5,000, can be exchanged for expertise from third-level researchers to assist in developing innovation. Additionally, co-funded vouchers are available, covering project costs of up to €10,000, with companies contributing 50% of the project costs.

SMEs can avail a maximum of four vouchers (three standard, one co-funded), and only one active voucher is permitted per company at a time.

Eligible SMEs must be registered limited companies in Ireland, with fewer than 250 employees and an annual turnover not exceeding €50 million.

## Department of Trade, Enterprise and Employment: Finance Hub

Website: [Finance Hub](#)

The Department of Trade Enterprise and Employment provides access to finance schemes including:

## Ukraine Credit Guarantee Scheme

This scheme facilitates up to €1.2 billion in lending to eligible businesses. It provides an 80% government guarantee to participating finance providers against losses on qualifying finance agreements for SMEs, small mid-caps, and primary producers. Loans, ranging from €10,000 to €1 million, have terms of up to six years. This scheme is available to eligible SME and small Mid-Cap businesses, established in Ireland and meet the following eligibility criteria:

- Businesses must declare that costs have increased by a minimum of 10% on their 2020 figures.

- Businesses must declare that the loan is being sought specifically as a result of difficulties being experienced arising from the crisis in Ukraine.
- The scheme is available to viable businesses only.
- The loan being sought must be a new loan, it cannot be used to refinance existing debt.

## [Microenterprise Loan Fund](#)

Administered by Microfinance Ireland, the fund collaborates with Local Enterprise Offices, providing essential business support, advice, training, and mentoring to microenterprises. It offers loans up to €25,000 to start-up, newly established, or growing microenterprises with less than 10 employees, having viable business propositions that don't meet traditional bank risk criteria. Repayments are typically monthly, with exceptions considered for project sustainability. Eligibility requires a business plan, a commercially viable proposal, and the capacity to repay the loan.

## [Growth and Sustainability Loan Scheme](#)

This is a collaborative effort between Irish government departments, backed by the European Investment Bank Group and administered by the Strategic Banking Corporation of Ireland. With a funding pool of up to €500 million, the scheme provides long-term loans from €25,000 to €3 million to SMEs, farmers, fishers, and small mid-caps. Environmental sustainability receives a minimum 30% allocation, and strategic investments for productivity and competitiveness make up the remaining 70%. Key features include unsecured loans up to €500,000, competitive interest rates, and an extra interest rate discount for climate-focused initiatives.

## [Knowledge Development Box](#)

Website: [Knowledge Development Box](#)

The Knowledge Development Box (KDB) is a tax incentive introduced through the Finance Act 2015, designed to stimulate innovation by applying a reduced corporate tax rate on profits generated from qualifying intellectual property (IP) assets resulting from eligible research and development (R&D) activities.

The KDB offers a lowered corporation tax rate of 6.25%, down from the standard 12.5%, for profits derived from qualified IP assets.

To qualify:

- a company's accounting period must begin on, or after, 1 January 2016
- the company must earn income from a usable qualifying asset
- the company must have created the usable qualifying asset from qualifying Research and Development (R and D) activities.

A qualifying asset is one that is created from qualifying R and D activities such as:

- a computer programme
- an invention protected by a qualifying patent

- IP for small companies which is certified by the Controller of Patents as patentable, but not patented.

A company should use the Revenue Online Service (ROS) to apply for KDB on their CT return.

## UNITED KINGDOM

### Invest Northern Ireland

**Website:** [Invest NI](#)

Invest NI offers five funds providing circa £170m of finance to SMEs across both debt and equity markets. The funds are designed to support both early stage and established SMEs which are growing or exporting, or which demonstrate the potential for growth.

They include:

#### [Northern Ireland Small Business Loan Fund:](#)

Managed by Ulster Community Finance, this £8 million loan fund is dedicated to supporting individuals, private companies, and social enterprises in Northern Ireland falling within the SME and micro-enterprise size range. Primarily targeted at start-ups and businesses in the growth phase, the loans, typically unsecured, range from £10,000 to £100,000, with a maximum of £15,000 for start-up businesses.

#### [Growth Loan Fund II \(ERDF\):](#)

Administered by Whiterock Finance, this £30 million loan fund focuses on export-focused SMEs in Northern Ireland that demonstrate growth or strong growth potential. Loans within this fund typically range from £100,000 to £500,000.

#### [Growth Finance Fund:](#)

Also managed by Whiterock Finance, the Growth Finance Fund, another £30 million loan fund, targets export-focused SMEs in Northern Ireland showing growth or strong growth potential. The loans in this fund are larger, typically ranging between £500,000 and £2 million.

#### [Techstart NI \(ERDF\):](#)

This collection of funds supports Northern Ireland-based entrepreneurs, seed/early stage SMEs, and university spin-outs. It includes a £30 million SME equity fund that invests between £50,000 and £750,000 in one round, up to £2 million over multiple funding rounds, and a £4.5 million Proof of Concept Grant Fund.

## Co-Fund NI II (ERDF):

Managed by Clarendon Fund Managers, Co-Fund NI II is a substantial £70 million equity fund for SMEs in Northern Ireland. This fund collaborates with business angels and private investors, providing co-investment in deals valued between £150,000 and £1 million, and up to £2 million over multiple investment rounds at a ratio of up to 50%.

## Scottish Enterprise

Website: [Scottish Enterprise](#)

Scottish Enterprise provide funding calls and grants from across its partner organisations, as well as delivering a few targeted funds of its own.

One of their grants is the [SMART: SCOTLAND](#) grant is a research and development grant provided to SMES seeking to develop a new product, process or service. Candidates must supply feasibility studies to show that their ideas could work in the real world and will need to own their own intellectual property. Applications are accepted all year round.

## Scottish Government SME Loan Fund

Website: [SME Loan Fund](#)

This fund offers loans for up to £100,000 for energy efficiency or renewable projects. An 'energy efficient project' sees you installing measures which saves your business money and reduces use of resources. This could include:

- heating, ventilation, and air conditioning upgrades
- renewable technologies such as replacing a boiler to one with an air source heat pump
- improving insulation, draught-proofing, double or secondary glazing
- installing solar panels, wind turbines and wood-burning stoves

## Patent Box:

Website: [Patent Box](#)

The UK patent box regime is a statutory tax incentive that enables companies to claim an effective 10% corporate tax rate on certain qualifying IP profits down from the usual 25% corporation tax rate.

You can use the Patent Box if your company:

- is liable to Corporation Tax.
- makes a profit from exploiting patented inventions.
- owns or has exclusively licenced-in the patents.
- has undertaken qualifying development on the patent.

The relief is applicable to both SMEs and large companies and can be used in conjunction with R&D tax relief. The relief applies to worldwide income from the sale of patented products, licensing, and infringement. The tax relief calculation involves a three-stage process, including the identification of



relevant IP profits, removal of routine profit, and the removal of profit associated with branding or marketing assets. The introduction of the Nexus Fraction adds an extra step, calculating the proportion of development activity undertaken by the company.

*As with most grant schemes, there's a set amount of money available. If your business is looking to get a grant, it's a good idea to apply as soon as you can. If you have any further questions, or if you wish to proceed with the filing of an IP application, please contact us.*