

# ***What Every Small and Medium Sized Business Should Know About Intellectual Property***

***Myths, Mysteries, Mistakes –  
Debunked, Unveiled, Corrected***



**Sue A. Purvis**

*Innovation and Outreach Coordinator*

*Greater New York Region*

U.S. Patent and Trademark Office

Department of Commerce



## What Are You Trying to Protect?

- **TRADEMARK** -> a word, phrase, symbol or design, or a combination of these, that identifies and ***distinguishes*** the source of the goods (or services) of one party from those of others. (Term "***counterfeiting***" refers to trademark.)
- **COPYRIGHT** -> an original artistic or literary work. (Term "***piracy***" refers to copyright.)
- **PATENT** -> an invention.
- **TRADE SECRET** -> confidential business information by which a business can obtain an economic advantage over competitors.



## What Are You Trying to Protect?

- **These Intellectual Property (IP) rights are often confused.**
  - There are some similarities, but these IP rights are different and serve different purposes.
- **But they need not be mutually exclusive.**
  - For any one product, more than one form of IP protection may apply, as long as it meets the requirements of the laws that govern that form of protection.



# Overlapping IP Protection

***A CLASSIC example of overlapping Intellectual Property protection....***



# Overlapping IP Protection: The Coca-Cola Contour Bottle

In 1915, the Root Glass Company won a Coca-Cola Company contest for a bottle design that would be recognizable to everyone, even by touch in the dark.

The first **design patent** on the “hobble skirt” contour bottle was granted on Dec. 25, 1923, to the bottle manufacturer (known as “the Christmas bottles”).

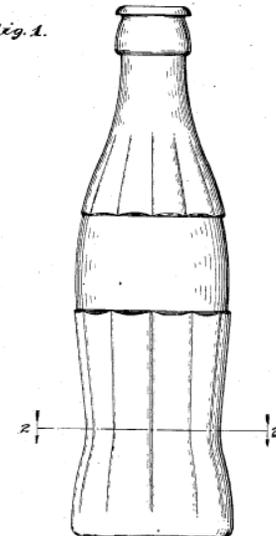
Dec. 25, 1923.

C. J. ROOT  
BOTTLE

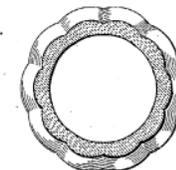
Des. 63,657

Filed Feb. 4, 1922

*Fig. 1.*



*Fig. 2.*



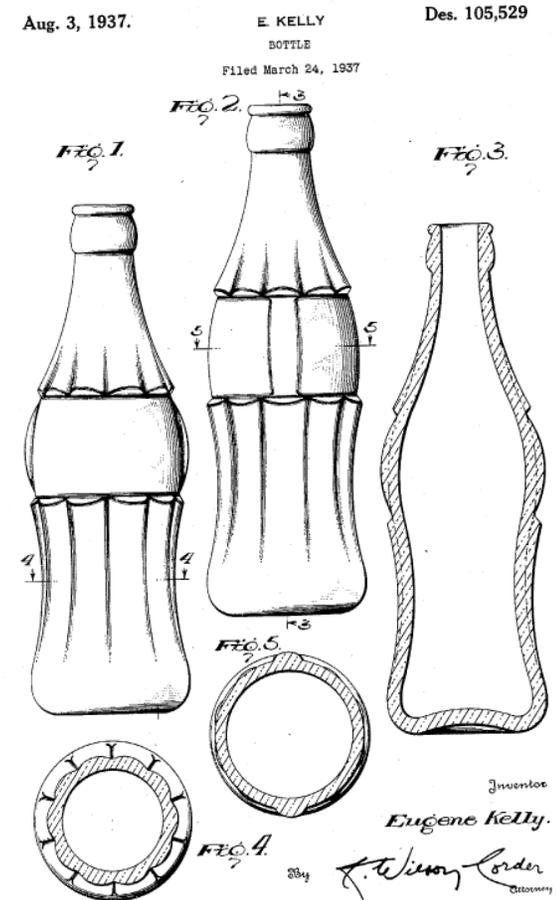
Inventor  
Chapman J. Root,

Arthur M. Hood  
Attorney



# Overlapping IP Protection: The Coca-Cola Contour Bottle

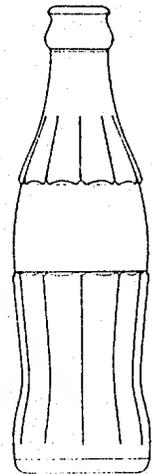
The second **design patent** for the contour bottle was granted to the Coca-Cola Company on August 3, 1937, preventing imitation of the bottle for another 14 years.





# Overlapping IP Protection: The Coca-Cola Contour Bottle

- The **bottle shape** became so well known that it became synonymous with the Coca-Cola product.
- The Coca-Cola Company sought and obtained a federal ***trademark registration*** for its contour bottle shape on April 12, 1960, enabling the company to safeguard the bottle design **indefinitely**.





# Overlapping IP Protection: The Coca-Cola Contour Bottle

- **Patent:** Original and second design patent on Shape of bottle
- **Trademark:** COCA-COLA, COKE, shape of bottle
- **Copyright:** Advertising and Promotion
- **Trade Secret:** The formula



## Tip #1 – The Positive Value of IP

- **Have a basic understanding of intellectual property and its importance.**
  - not only defensively, but perhaps more significantly, its contribution to the overall economic health and well-being as well as the growth potential of a company.



## Tip #2 – The Needs Analysis

- **Identify intellectual property business assets (a “needs analysis”) and develop an overall strategy for the IP portfolio – from the start.**
  - instead opting for a piecemeal, after-the-fact, approach after the product has been introduced (when it often is too late).

# Tip #3 – Territoriality for Patents and Trademarks



- **Understand that patents and trademarks are “territorial.”**
  - Research conducted in 2005 indicates that only 15 percent of small businesses that do business overseas know that a U.S. patent or trademark provides protection only in the United States.



## Tip #3 cont. – Territoriality

- **Trademark registration is required to have rights in almost all countries**
  - Use of a trademark on goods or services without registration does not provide trademark protection, except in a handful of countries (like the U.S.).
- **A patent is required in any country where a company wants to enforce its patent rights**
  - The concept of “prior art” may not protect a patent holder against issuance of an infringing patent; the patent holder must have a patent in that country to enforce against the infringing patent.



## Tip #4 – The “Export Only” Mistake

- **Simply manufacturing “for export only” in another country still may subject you to suit for IP infringement if rights have not been secured in that country.**



## Tip #5 – Customs Recordation

- **Registered trademarks and copyrighted works may be recorded with the U.S. Customs and Border Protection (CBP) to help prevent importation of infringing goods into the U.S.**
  - Also, rights registered in other countries may be recorded to help prevent exportation of infringing goods (some countries also permit recordation of patents).



## Tip #6 – Penny-wise, Pound-foolish

- **Deciding to protect an invention by trade secret rather than by patent in order to save money – which may not be a viable option if the invention can be reverse-engineered.**



## Tip #7 – Grace Periods (or the lack thereof)

- **Lack of knowledge that most countries including Europe have no grace period.**
- ✓ The U.S. has a grace period of 1 year from the time that the inventor publishes or first publicly discloses his invention until the time that he must file his U.S. patent application or lose his right to do so. Some countries may have a shorter period than in the U.S.



## Tip #8 – Tread Carefully without a PA or NDA

- **Disclosing the invention to someone else without first filing a patent application (PA) or obtaining a non-disclosure agreement (NDA).**
  - File a patent application to avoid inadvertent publication or public disclosure of the invention; or Obtain a written non-disclosure agreement.
  - Otherwise, be careful to whom you disclose information, and limit the information that you disclose.



## Tip #9 – SHHH!

- **Actively protect valuable confidential business information as trade secret; protection is lost if the trade secret is disclosed.**
  - “reasonable efforts” must be taken to keep the information secret;
  - trade secrets are neither registered nor recorded – they are kept *secret*.



## Tip #10 – Copyright Protection Arises upon CREATION

- **Registration of copyright is not required for copyright protection.**
  - Although registration is not required, registration with the **U.S. Copyright Office** provides several significant advantages, including the ability to claim statutory damages and attorney's fees if the work is registered before infringement (or registration occurs within 3 months of publication).



## Tip #11 – THE VERY COMMON Independent Contractor Problem

- **Copyright in a work created by an independent contractor *belongs to the independent contractor.***
  - At least in the U.S., copyright in a work must be assigned to the contracting party *in writing*;
  - The written agreement should be negotiated prior to the start of any work.



## Tip #12 – FAIR USE – Never as fair as you think!

- **Lack of knowledge about and appreciation for the copyright rights of others.**
  - “**Fair use**” has a limited applicability in the business setting and there are no “bright lines” rules for how much of another’s work can be used before the use constitutes infringement. But, generally, “making an entire copy of anything is virtually never fair.”
  - Keep in mind, too, that the lack of a copyright notice on the work does not mean that it may be freely copied or otherwise used.



## Tip #13 – IP Licenses

- **Periodically review IP licenses.**
  - to determine compliance with the terms of existing licenses;
  - to determine the need to renegotiate the license to cover actual uses of the third-party's IP;
  - to determine that a license is no longer needed because the third-party's IP is no longer used;
  - and, of course, to determine whether the company may be using another's IP unlawfully, without the proper license in place.



## Tip #14 – Government Resources!

- **Failure to realize that WIPO, the U.S. Govt. and many other governments have substantial written resources, easily and publicly accessible through the Internet.**

In addition, there are many legitimate third-party sites that can provide considerable information.

- Sometimes, your question can be answered with a review of these materials, and improving your understanding of IP issues may help you control your legal fees.
- Read all IP-related correspondence carefully!



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# IP Resources

- Inventors Resources on PTO Internet site:
  - <http://www.uspto.gov/inventors/>
- Searching US Trademarks: TESS  
<http://www.uspto.gov/trademarks/>
- Patents:  
<http://www.uspto.gov/patents/>
- Searching Foreign Patents:
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<http://www.espacenet.com/access/index.en.htm>
  - Japanese patent database:  
[http://www.ipdl.ncipi.go.jp/homepg\\_e.ipd](http://www.ipdl.ncipi.go.jp/homepg_e.ipd)



# PCT and Patent Resources

- PCT home page on PTO Internet site:  
**[www.uspto.gov/go/pct/](http://www.uspto.gov/go/pct/)**
- PCT newsletter, PCT Applicant's Guide, etc., available on the Internet: **[www.wipo.int/pct/en/index.html](http://www.wipo.int/pct/en/index.html)**
- GAO Report No. GAO-03-910 (“Experts’ Advice for Small Businesses Seeking Foreign Patents”):  
**[www.gao.gov](http://www.gao.gov)**
- WIPO’s Small and Medium-Sized Enterprises Division:  
**[www.wipo.int/sme/en/](http://www.wipo.int/sme/en/)**



Thank You!

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[sue.purvis@uspto.gov](mailto:sue.purvis@uspto.gov)