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# Highlights

Highlights of [GAO-03-910](#), a report to the Chairman, Senate Committee on Small Business and Entrepreneurship; the Honorable Christopher S. Bond, U.S. Senate; and the Chairman, House Committee on Small Business

## Why GAO Did This Study

Small businesses, which are important to the U.S. economy for their roles in job creation and technological development, must be able to protect and profit from their innovations. One way to protect their innovations on a global basis is to obtain U.S. and foreign patents. These businesses, however, face numerous impediments when trying to patent their goods or processes abroad. These impediments, which GAO identified in a July 2002 report, include high costs, limited resources, and limited knowledge among small businesses about foreign patent laws and systems.

Because of concern that small businesses, particularly high-technology firms, were not obtaining patent protection abroad and thus were losing potential sales in foreign markets, GAO was asked to (1) identify the factors that patent law experts believe small businesses should consider as they decide whether to seek patent protection abroad and provide information on how small businesses viewed these factors and (2) identify the steps that small businesses should take to improve their foreign patent efforts, according to our survey of patent law experts.

[www.gao.gov/cgi-bin/getrpt?GAO-03-910](http://www.gao.gov/cgi-bin/getrpt?GAO-03-910).

To view the full report, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4347, or [YagerL@gao.gov](mailto:YagerL@gao.gov).

## INTERNATIONAL TRADE

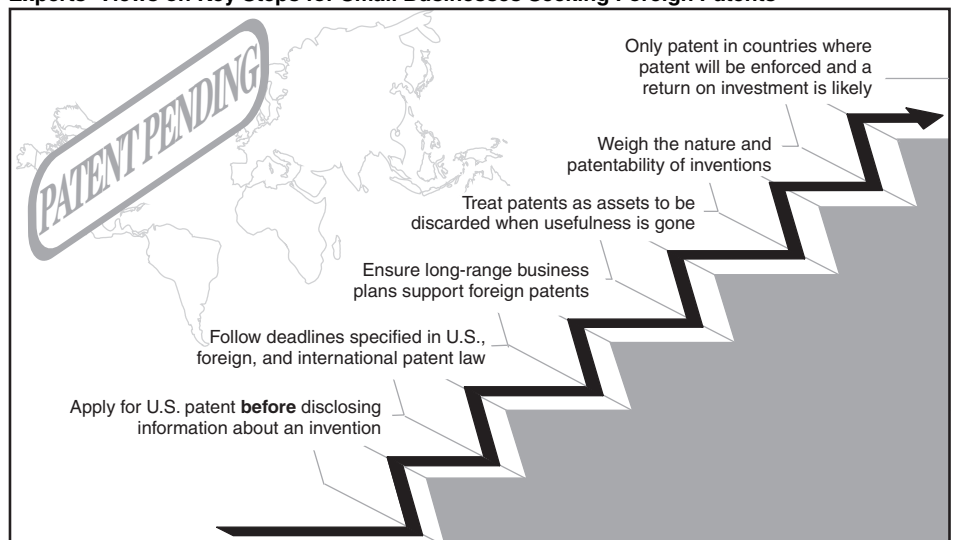
### Experts' Advice for Small Businesses Seeking Foreign Patents

#### What GAO Found

According to the expert panel of patent law attorneys that GAO surveyed, small businesses that are considering whether to seek patent protection abroad should identify and assess the full "cradle-to-grave" costs of acquiring, maintaining, and enforcing foreign patents. Other considerations should include the locations where small businesses intend to sell or manufacture their invention and whether the range of benefits obtained from foreign patents, such as increased sales or higher company value, is sufficient to justify their cost. Furthermore, small businesses should try to understand foreign patent laws and systems and the quality of foreign patent enforcement, the expert panelists said. The small businesses that GAO surveyed agreed that foreign patent costs, benefits, and potential locations were important factors in their decisions to patent abroad. However, some small businesses did not properly evaluate long-term costs and could not determine whether foreign patent benefits outweighed the costs.

The most important step that small businesses could take to improve their foreign patent efforts, according to GAO's survey of patent law experts, is to avoid disclosing information publicly about an invention before filing a U.S. patent application. The United States permits such disclosure, but doing so can invalidate an applicant's right to patent protection abroad. The second most important step is to be aware of filing deadlines, which are specified in foreign laws and international patent treaties. Other important steps included integrating foreign patents into long-range business planning and seeking patents in countries where meaningful protection is available and a return on investment is likely.

#### Experts' Views on Key Steps for Small Businesses Seeking Foreign Patents



Source: GAO analysis of patent attorney panel questionnaires.