

# Inventors' Network Volume 8

Of the Capital Area [INCA] Issue 7

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MEETING: 3<sup>rd</sup> Monday,

**21 August,**

5:30 Network w Pizza

6:30 "PROBLEMS &  
SOLUTIONS"

7:30 Member Issues

## **JULY PROGRAM of INCA Talent**

Bill Kuntz, INCA President invited each member and guest to announce the status on their projects. Among the first 1/3, group interaction held attention for a half-hour. The remaining 2/3 tailored their comments to fit the remaining half-hour, yet broadened the visible scope of INCA individual and team efforts.

Our featured Webmaster, **Raoul Drapeau**, reported the electronic application process for his "Kayaker" patent application for an upper-body training device. He then characterized the web in terms of its strengths and weaknesses.

As he does in his book, [*The Art & Methods of Invention*, \$17.95 AMAZON.COM] and most likely as he does with his college students, Raoul shared the underlying logics in his internet-tool strategy for researching and determining market for an inventive property.

Members amplified and reinforced his findings about the multiplicity of search engines available. All seemed to agree on the merit of using several search-engines in any important search. Considerable judgement is needed to overcome weaknesses of the web: No one governs the web to insure its accuracy or viability. Confirmation of facts may merit direct business calls to market and information sources.

## **August 21 Program:**

**Don Kelly**, CEO of Academy of Applied Science <http://www.aas-world.org>, will be introducing to INCA his friend, **Andy Gibbs**. Andy is the Pres. & CEO of [www.PatentCafe.com](http://www.PatentCafe.com) and was recently appointed member of the USPTO new advisory committee. He represents independent inventors and will be suggesting to INCA how we might help use his connection to the USPTO policy-making process.

Don also has a message about how the Academy of Applied Science helped create the first  
**National Inventors' Month - AUGUST.**

## **Aug 21, Cont: PROBLEMS and SOLUTIONS**

- (1) Some of our INCA members have volunteered to make a 5-minute presentation of their currently perceived problem(s) about their idea, product, process, prototype, team composition, patent application or market. [Presenters may want to have practiced several times to meet their time constraints and to avoid premature disclosure].
- (2) The chair will moderate up to 15 minutes of response and interaction within our impressively-talented INCA audience after each presentation. e.g. questioning, sharing impressions and offering expertise  
Further discussion with those offering help might continue after the meeting.  
The intended result is to capture applicable wisdoms toward commercialization.
- (4) The WETA Inventor's National pilot video, INVENTING USA, may be available for selected preview.

## **September Speaker is Dr. Richard Rozek, V.P. NERA**

The National Economic Research Associates (NERA) concentrates more than 200 consulting economists in their nine offices in the United States, London and Madrid. Their consulting includes energy and environmental economics, plus intellectual property in litigation, regulatory and public policy settings. NERA's recommendations combine rigorous economic analysis with detailed knowledge of the industries they assist. [Last year Dr. George Korenko of NERA introduced us to economics of patent evaluation.]

**CASH NEWS: Palmer Robinson** announced receipt of this year's WETA Inventor \$10,000 award. His prototype had also found a prominent place in WETA's pilot film about inventors.

He also had just been delivered his copy of the Walmart-related "WIN" patent evaluation. Palmer has promised to tell us his judgment of this assessment, and its worth/cost factor.

## **VENTURE CAPITAL NEWS:**

Washington Post July 23 MONDAY MORNING article says "Venture Capital Still Flows".  
'The much-feared softening in the venture capital markets is not happening.'

Local wireless firm Scoreboard raised \$25 million.

AnswerChase raised \$2 million for smarter Internet search products.

Cogent Communications got \$90 million and Picis raised \$34million; and,

Intel participated in a second round of \$22.5 million for Eugenia Software.

janselmo@washtech.com notes that "If you're a venture capitalist you keep on investing — but much more cautiously."

## **The WEB-PATENT War**

The July 27 issue of Christian Science Monitor, p15 reduced an apparent conflict about internet-related patents. The US Court of Appeals, for the "State Street --" case found that "there were no statutory grounds for opposing business-method patents." A nine-fold increase in patents granted for "business methods on the internet" drew protests from some internet programmers. The Monitor offers this wisdom:

The question is one of semantics: **Is a business method an invention and patentable, or an idea and unpatentable?**

**President Bill Kuntz mentions INCA MEMBERSHIP RESPONSIBILITY**

We all enjoy and learn from our association with INCA. I would like to explore with you a way you might "give back" to INCA without undue time or trouble. The word I have in mind is *recruiting*.

When you talk with some one who expresses and interest in inventing or has expertise that might be of interest to the group please *invite them to our next meeting*. As you know we do not charge visitors. We won't even charge you for bringing a guest!

For those who do a lot of cruising around the net, *invite folks to visit our web site as well as attending a meeting*. Our site is a great tool kit for anyone who is considering or actively pursuing this mysterious process we call inventing.

We are always looking for speakers. You can help by mentioning the name of *prospective speakers* to any officer. Thanks! Before an individual is placed on the speaker list, he or she is interviewed and the topic to be presented is reviewed.

See you on the 21st.

Bill

### **Reading Material:**

One solid satisfaction within Ray and Fontelle's home is a flow of creative communications. Once a quarter we receive INVENTION & TECHNOLOGY from PO Box 5338 Harlan Ia 51593-2838. [1800 627 4022 ext 1234] at \$15 a year. We enjoy it so much we subscribe on behalf of some of our family members who also enjoy and appreciate an historical perspective of invention.

Every second month INVENTOR'S DIGEST is delivered from publisher Joanne Hayes-Rines. Inventors Digest P.O. Box 70 Guffey Co 80820 \$27. [www.inventorsdigest.com](http://www.inventorsdigest.com) (617) 367 4540

Joanne's colorful "Magazine for IDEA People" reminds us that **August** is

## **N A T I O N A L I N V E N T O R ' S M O N T H**

INVENTOR'S month is dedicated to the great spirit of inventiveness that lives in everyone but only the few are brave enough to tap that spirit and dare to change the world.

The Minnesota Inventor's Congress offers an **Invention Evaluation Checklist** [w/some INCA edits]

Description (or Specification)	Is the invention sufficiently explained to teach a person skilled in the field of the invention to make and use it?
Uses and Application	Have the inventor(s) considered all the possible uses for the invention?
Development Status	How does the inventor know the invention will work? Is the science right? Can a model be sized for demonstration? Is a working model available?
Legal Protection (Notebook)	Do your records contain factual and accurate entries, in black ink, within a permanently bound notebook?

**Do entries include (1) inventor's conception, dated; (2) description, (3) purpose and function, (4) progress and (5) problem areas (and solutions)?**

**Have mistakes been lined through rather than erased?  
Do inventors initials appear on each dated entry?  
Do entries or scribed lines completely fill each numbered page?**

**Do page-numbered, dated notebooks include supporting records (1) pictures, (2) drawings, (3) receipts, (4) testing results, (5) suppliers names and addresses ----etc?**

**Does each page have a witness signature of a non-relative, a date and a statement, "Read and Understood"?**

**Product Testing** Has the product been tested for (1) durability, (2) reliability, (3) potential service problems, (4) safety ----etc?

**Market Information** Current competition - Where? Who? How many? How big? How smart?  
Competitive advantages - How is this invention better than existing products which might accomplish the same purpose?

Market Analysis - Who is likely to use this invention?

How many potential customers are there?

Sales Channels - How would this invention be sold? Which retail outlets?

What wholesalers (and sales staff) would sell this to retail?

How might it be sold directly to end users?

**Product Cost** [1] What are the fixed and variable product costs? Tooling? Materials? Labor?  
[2] What are the anticipated distribution costs? Transportation? Markups? Advertising?  
[3] How much would an end user willingly pay to obtain the benefits of the invention?  
Is there sufficient margin in [3] - [1+2] to afford development, marketing & profit?

**Customer Acceptance** How strong are results of market testing?

**Further Development** What additional changes, refinements or additions might make the invention more attractive, useful and commercially saleable? What are the plans?

**Bottom Line** Is this invention worth licensing? Are the inventor(s) willing to make and sell it themselves?

## **Measured Quality Growth at USPTO**

Director Dickinson has released a Customer Satisfaction Report to show a 5% improvement in patent satisfaction 1998=52%; 1999=57%. This 5% / 52% measure in one year of his direct administration is 2 ½ times the gain measured in the prior 3 years! 1995 = 50%. Your editor believes that present customer satisfaction will continue to accelerate at or better than its current exponential rate. !!!

In measuring from 1995, measurement category "directing you promptly to proper office or person" and "setting forth clear written communications" have each increased by 19%.

The 6 millionth patent was issued last year and 800 new patent examiners were hired.

One major new contribution to customer improvement in 1999 was automation capabilities to have all patents issued since 1976 freely searchable on the Internet.

This INCA spokesperson solidly commends the Undersecretary of Commerce for Intellectual Property, **Q. Todd Dickinson**, for putting and keeping customer satisfaction as his top priority.

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**The USPTO Office of Independent Inventor Programs** is offering the 5<sup>th</sup> Annual Independent Inventors Conference on Oct 6 & 7 at \$85 to be held at University of Maryland Inn and Conference Center, College Park Md. [Call 1 800 727-8622 to reserve a room].

Topics include (1) PATENTS, (2) PROVISIONAL APPLICATIONS, (3) TRADEMARKS, (4) INVENTOR SUCCESS STORIES, (5) NAVIGATING THE USPTO WEBSITE, (6) SEARCHING THE INTERNET, (7) PTDL SERVICES FOR INVENTORS, (8) ATTORNEY/AGENT SERVICES AND (9) RECENT PATENT LEGISLATION.

Note: On Thursday afternoon, Oct 5, the USPTO team offers a special “new inventors” seminar.

The web page for this event is [www.uspto.gov/go/lic2000](http://www.uspto.gov/go/lic2000). E-mail is [inven.conf@uspto.gov](mailto:inven.conf@uspto.gov), and phone contacts include Cathy Kirik 703 306 5568 and Michelle Smith 703 306 3104

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**University of Wisconsin at Whitewater** is offering a 2-day, \$125 workshop, Oct 20 & 21 with topic: Turning Ideas Into Profits...Increase Your Odds of Success. Over the past 20 years, their Innovation Center has reviewed over 6,000 new product ideas and offers affordable early stage technical and market assessments to inventors.

This workshop is offering topics to include (1) ASSESSING MARKET POTENTIAL, (2) PROTOTYPE DEVELOPMENT, (3) INTELLECTUAL PROPERTY, (4) PATENT SEARCHING, (5) BUSINESS PLANNING, (6) COMMERCIALIZING AN INVENTION, (7) LICENSING, (8) PRODUCT LIABILITY, (9) EARLY STAGE FINANCING, (10) PUBLICITY STRATEGIES AND (11) WEB MARKETING.

Program director Milissa Rick can be reached at the Wisconsin Innovation Service Center, 262 472 1365 or e-mail [innovate@mail.uww.edu](mailto:innovate@mail.uww.edu). Other information is available through Kellie Spellman 262 472 1195

## **SAGE FORECASTS NEW INVENTIVE ENVIRONMENT:**

The BUSINESS 2.0 magazine of Aug 22, 2000, [www.business2.com](http://www.business2.com), features “Sage Advice” in a Peter Drucker interview. Many business readers will recognize how Mr Drucker has identified the last 50 years as the Knowledge Society, and knowledge is the cornerstone of modern business. Here are some of his forecasts from within the article.

Innovation has “dos and don’t”.

**Do**

Analyze the opportunities  
Go out to look, to ask, to listen  
Keep it simple, keep it focused  
Start small --- try to do one specific thing  
Aim at market leadership

**Don’t**

Try to be clever  
Diversify, splinter or do too many things at once  
Try to innovate for the future

**INVENTION**

The Crimea war revealed an intense need for a non-addictive anesthetic. Later novocaine was invented to meet this criteria. Although the inventor spent the last 20 years of his life trying to get everyone to use it, only the dental students used it. The inventor couldn't believe that his noble invention would be focused on such mundane acts as pulling teeth.

The market is seldom where the inventor originally thought it should be.

No more than 10 or 15% of innovations meet their founder's wishes.  
Another 15 to 30% are neither disasters - nor successes.

*Ed. Note INCA members might want to reread Kevin Rivette's REMBRANDTS IN THE ATTIC to reflect on the immense value being harvested from strong current and past patents.*

**Patent Risk:** Monopoly holds an umbrella over the newcomers --- yet even successful monopolies tend to harbor an arrogance which leads to the monopoly's self-destruction.

Clayton Christensen, in THE INNOVATOR'S DILEMMA discusses a process of "creative destruction". How can this work in our current business environment?

One example is to form groups from within the organization, but never the same people, to analyze a product or process of their business with the question: "If starting again, would we do this as it is being done now? If not, how would we do it?"

The secret of this example is that its rapidly growing, sponsoring company has systematically abandoned or modified each of its products, processes and services within the prior 5 years.

"The corporation as we know it, which is now 120 years old, is unlikely to survive the next 25 years. legally and financially yes, but not structurally and economically."

**COMMERCIALIZATION IMAGE: Assignment, Licensing and/or Making/Selling** <http://www.inpress.com/sellingyourinvention/index.html> offers seven pages of Robert Hunter's advice about selling your invention. Other INCA inputs include:

In the interest of building a trustful attitude about customers and of developing a mutual trust with future customers, inventors are well-served to think out considerations for future \$ transactions.

Let us assume that an independent inventor initially plans to focus on licensing his patents.

Note: Some pilot production and targeted marketing may be critical to demonstrating the future economic value of licensing your property.

[If licensors are particularly slow to sign on, they may be hesitant about complications of making and selling the invention's results at a sufficient profit. They also may see that full ownership would be a more attractive long-term investment for them than licensing. ]

License agreements usually include inputs from attorneys. [See The BASICS of LICENSING,

**Licensing Executives Society (LES) Inc 71 East Ave Suite S, Norwalk Ct 06851. ]**

This booklet has been prepared for the general use and guidance of inventors and businessmen. It states LES’s best judgment as to the relevant considerations, laws and regulations relating to licensing and technical transfer.

**LES also offers CONSULTANTS AND BROKERS IN TECHNOLOGY TRANSFER.**

This booklet contains names and addresses of members of LES who offer an initial free consultation of up to one hour to persons interested in seeking guidance on licensing of their inventions.

The Department of Energy CE-521 Washington DC 20585 has had publications relating to commercialization, including licensing. [”From Invention to Innovation: Commercialization of New Technology by Independent and Small Business Inventors” and “A Practical Guide to Licensing Literature”. ] Serious pre-licensing considerations might be enhanced from information available through Rolf Butters and his associates at 202 586 0984. rolf.butters@ee.doe.gov

Some standard topics within a typical licensing agreement need direct and early attention by the owner/inventor. As these topics come to mind during the process of invention, their record in the inventor’s notebook should strengthen the inventor-image and customer-image. Such planning actions helps assure his customer that the inventor team is consistent and can be considered to be trustfully business-like. Inventor-sourced topics include:

- Clauses to explain the intentions of the inventor or his ownership team
- The license grant, which if not exclusive, to limit the field of use and/or geographic area for the licensee to practice.
- Description of the property being licensed which may extend beyond the patent(s) to include other “know-how” that is deemed important by the parties.
- Disposition of licensed assets and clausal agreements when patent terms expire.
- Ownership for improvements in the licensed properties.
- Agreement of committed milestone actions by the licensee.

**Timing:**An invention may miss any commercial success, but 10 years later someone else may give the same idea a slight twist ---and benefit from its great commercial success. Drucker

**Maryland Business Incubators**

A quarter of Maryland’s incubator tenants responded to an assessment by the National Business Incubation Association.

Their feedback identified six issues considered most important to their success:

- \*Links to venture capital
- \*Advisory support from mentors
- \*Help with business basics
- \*Reliable Internet Access
- \*Office space planning to meet infrastructure needs
- \*Shared services Inventor’s Network (INCA)Ray Gilbert, Editor

Peter Drucker Aug 22 BUSINESS 2.0

**Frauds???????**

**Patent Boom - even in bicycles**

**Bike Ideas of March 99 cited Wall Street Journal reports of 33% increase in annual patents. Even bike patents increased 50% for a total of 33 in January 99. Intellectual Property is now hot stuff, even**

**in what was once considered prosaic stuff. "Growth factors include companies ramping up R&D budgets and faster turn-around in the patent office."**

**From Brabham**

**RISK MANAGEMENT: Don Debelak's article in Business Start-Ups says how good Infomercials can be. People like to see the product on store shelves once they've seen it on TV. Don gives several sources of companies that offer to take your product onto direct-response TV. If you have a product ready to go you might check out these sites.**

**<http://www.emson.com> (Emson, Inc.)**

**<http://www.hawthornedirect.com> (hawthorne direct, Inc.)**

**<http://www.nbmedical.com> (Infotopia)**

**<http://www.dtrttv.com> (Retail Distributors LLC)**

**<http://www.telebrands.com> (Telebrands)**

**<http://www.tristarproductsinc.com> (TirStar Products, Inc.)**

**WARNING: TV infomercials can be very profitable but sponsors can also be scammed.**

**Policy as model. Ref: Inventions, Patents and Technology Transfer of July 1 1996, Nine pages]**

**" A concept is expressed and refined with concept explanation and value additions.  
Commercialization and directive-focus follow.  
Protection strategies for intellectual property considered  
Business formation (with a balance of talent) is discussed**

**Patent values**

**U.S. Corporations may earn Significant % profit from licensing their patents.**

**IBM reports \$1B/yr from Patent Licensing.**

**Texas Instruments between 1987&- 1994 collected \$1.9B royalties Vs. Operating Income \$1.3B**

**. \* Afuah, Allan Strategies to Turn Adversity into Profits Sloan Management Review Winter 1999, p106**

**Patent policies:**

**Some University inventors may retain up to half of commercialization benefits.**



**Some corporations reward inventor team members:  
\$1,500 at application + \$ 750 at assignment, plus \$7,500 for every 10th invention.  
Average: \$3,000 for participation in invention.**

**Federal research employees may now participate in commercialization royalties of 15% with up to \$150,000 per year/patent.**

#### **INVENTOR TECHNOLOGY:**

**-about Claims. Claims are the property within a patent. A candidate licensee will usually examine a patent's claims to determine if this property fits within his business and would add value to the business.**

**Note: Provisional applications do not include claims.**

**Their low fee of \$75 does not include provision for a USPTO patent examiner's time and judgment. If an inventor expects an application to result in an award of intellectual property, the application must be for a utility, a design, or a plant patent.**

**-about utility patent's "broad, independent claims":**

**Convention in writing and in examining claims is to expect the first offered claim to be the most broad.**

**It lists the minimum component or step means to achieve a solution to a prior-stated problem.**

**In minimizing the number of components or steps, the breadth of the claim may read on prior art not yet recognized by the inventor or his team. A first office action often challenges claims as being too broad.**

**The examiner may suggest narrowing the initial claim by adding restrictions cited in dependent claims.**

**It may mix elements from prior art with new elements.**

**It will use the most-broad terms for each element.**

**It will be considered an independent claim because it does not depend on a prior claim.**

**Clarity in claim-writing will express a claim title prior to use of the usual word "comprising". Then the component major parts or means are listed (and numbered). The claim is made complete with a "wherein" expressions that link each of the listed components to the other components or means with terms such as "connects to" or "communicates with".**

**Many writers want to be sure that a reader of their claim will understand "what the aforementioned components and means do" or what functions are to be achieved from the apparatus' and/or method's structural description.**

**A "whereby" expression may be added to the end of a claim. It may include functional language as a means of enhancing communication, but the whereby expression cannot add structural property**

to a claim. It merely recites an objective.

**About more-specific dependent claims:**

One claim-writing strategy would write as broad as possible initial, independent claim, and let a series of claims, each dependent on the first one, further define specifics relating to a component or means of the first claim. Examiners may call these specifics a limitation, and explain that the independent claim, when read against an earlier patent (prior art)

**A dependent second claim might be:**

2. a

described claim's disclosure, which is the components of a claim immediately after the introduction that concludes  
cite limiting aspects of each element that further describe the unique character of each element.  
*[If the examiner finds prior art that seems to anticipate all elements of a most-broad claim, further definition is simple by combining supportive claims into the language of the most-broad one.]*

**-about narrow, dependent claims:**

Supporting broader claims with multiple narrower claims strengthens specificity of the invention.

**-about multiple sketches, with defined parts:**

**-about background**

**-about best embodiment**

Should the examiner cite prior art that seems to covers the most broad claim, a substitute claim (with its own new number) can be expressed from combined elements within the dependent claims or from within drawings, specifications and cited references.

*Reality in writing and examining claims is that almost anything can be awarded a patent as its definition is narrowed in depth to include greater and greater depth of unique features--- The importance of this condition is that an extremely narrow patent may offer very little property value. Of course, if that narrow product is an item with a new, broad, "faddish" market appeal, even a narrow patent may limit some threat of competition within a narrow market.*

**A format for claims will include a name for the claim, a list of elements such as items, methods, or steps, and how these elements cooperatively interact with one another to provide a working whole.**

**Conclusion: Claims for a breakthrough technology or a new use for a known product can be very broad, with few dependent claims. Licensees may be the ones who add their proprietary style to their products through multiple dependent claims. Conversely, a claim set for mature technology tends to be narrow, with many dependent claims.**

**[A viable broad claim is usually much more valuable than a lot of narrow ones.]**

### **Integrating Patents**

**Patent prosecution requires t-i-m-e: Patent lifetime = 20 yrs from application**

#### **"Invention Processes"**

- 1. Assess Needs of Customer**
- 2. Commit Resources to Intellectual Property**
- 3. Reward Inventor**
- 4. Prosecute Patent(s)**
- 5. License - Up to 20 years**

**Prosecution of patents is now better organized: Electronic Search CD-ROM in 83 US depository libraries, Web-sites (www.USPTO.GOV)**

**Examiners offer claim-writing for "pro-se" inventors.  
SMALL BUSINESS Min. Cost/Patent**

**Approximately 1/4 American applicants fit "small business" category:  
Their fees are half of rate for large corporations.**

**USPTO fees for "small entity",  
Dec 1999, become:  
Application Filing: \$380  
Utility Issue 605**

**Maintenance @ 3.5 yr \$ 470  
@ 7.5 950  
@11.5 1,455  
Anticipated Fee for Patent Life: \$3860**

**Plus hired talent & lots of personal hours.**

**BIG BUSINESS Typical Cost/Patent**

**Ave corporate costs per issued patent estimated to be \$20,000.**

**Includes: Salary costs of the inventors,**

**Overhead and direct costs of supervisors and patent related staff persons:  
invention screening committee**

**corporate (and contracted) patent counsel, testing and drawing services +**

**USPTO fees at full rate plus the pre-licensing awards to inventors.**

**Internet comments assessed average asset value of a completed corporate patent to be approximately \$200,000 at time of issue.**

**CONCLUSIONS:**

**Inventives create Wealth**

**Wise Managers Distribute Wealth Equitably**