

Inventors' Network Volume 10

Of the Capital Area [INCA] Issue 8

Website: inca.hispeed.com = **UIA WEBSITE EXCELLENCE AWARD 2001**

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Our August 19 Speaker

Bryan Ruffner has built his own prototypes and, with selected coaching from legal professionals has prosecuted his own family of current, high-tech patents.

Bryan has contributed insightful questions, observations and knowledgeable advice with our speakers and members. He has restrained himself from speaking about his Intellectual property and his prosecution of it until now.

We look forward to his pragmatic approach in sharing scientific applications through Intellectual Property. He is a person of exceptional skill sets and an able speaker.

Product developers and other inventors should want to bring their "significant other" to this event at Jerry and Barbara's lovely home.

After our regular INCA meeting place at Potomac Community Center has been refurbished, we will be returning there for regular 3rd Monday evening Inventor events.

Our SEPT 16 Speakers will include Matthew Flyer (301) 596-9676, Principal of Nextstep-Partners and Nicholas A. Pesce, Principal of LucraTech. This program is intended to introduce INCA entrepreneurs to talent-resources that probably are needed in building a strong and responsive business from Intellectual Properties. See WWW.nextstep-partners.com and WWW.lucratech.com. Exchange information on mflyer@nextstep-partners.com & Npese@lucratech.com

Our Oct 21 Speaker will be Dr. John Dodds who was invited by Roland Staana last February when we were invited by Jerry and Barbara to meet at their house. Dr. Dodds expanded greatly our perception of the business breadth of Intellectual Property (IP) as he illustrated the multiple and valuable kinds of protectable IP integrated within a retail package of rice.

Dr. Dodds responded to an inventor's experience and question in a meaningful, as well as colorful professional discourse on the business aspects of invention. He demonstrated his mastery of group contribution and instruction.

Our October program also offers some exchange time with **Mr Kevin Harwell** of PennState libraries 814 360 9282 krh@psulias.psu.edu

Mr Harwell is preparing to be the Intellectual Property authority within PennState's Schreyer Business Library. He has invested his sabbatical in direct research within the USPTO as guest of the Independent Inventors Office.

MEETING: 3rd Monday,
19 August 02

Jerry and Barbara's House
2818 Jutland Rd., Kensington Md
(301) 962 8491 JSPorter@CStone.net
Please see map on p8

5:30 Social Networking, with Barbeque
Inventors and their guests

6:30 Mr Bryan Ruffner EE, Patent Owner

7:45 Bill Kuntz is back !!!!

Mark Gottlieb's story of July 15 02

www.designtech-intl.com

Mark remembers building things when he was a kid. Now he is building about \$16 million worth of marketed things each year. His demonstration table included his line of products which also are shown on his website, www.designtech-intl.com.

Mark's preparation for making things profitably includes his two graduate degrees; Product Design in Mechanical Engineering and Engineering Management. He came to the Washington area to do Technology Transfer within the Stanford Research Institute. They supported Defense Advanced Research Projects Agency (DARPA) in making new and sophisticated products happen.

Mark decided to bring new and sophisticated products to the public through his own private business 18 years ago. He selected, for his initial product, an electronic "CarFinder". It helped a driver overcome the nuisance of searching for where he/she left their car in an ever-changing parking lot. He took comfort in the adage, "Being started is half done when well begun". He admitted "Once a business is started, its tasks seem never to quit".

In their first year, their low-budget "design, make and sell" business brought in about \$75,000. The second year it brought in \$175,000; and by the fourth year their sales income was up to \$500,000. Then they gave themselves some salaries.

He and his partner also learned early that mistakes can be made on any of their products. Accordingly, they focused on keeping their product-venture costs very low. They retained their business office in Mark's apartment for the first 5 years.

A first means to keep costs low was to sell products through mail order houses. Their printing and packaging costs could be held low because the mail order system uses white or corrugated boxes. No fancy packaging is required.

Naturally, Mark did not dwell on some of the products that were too early for customer acceptance. Fewer than half of his developed products actually make a profit. In contrast, some low-cost ventures provided very good margins:

An inventor of an electronic "message stopper" licensed them, at 20 cents per product, to bring his product to market. Mark found an Asian firm that manufactured the product @\$1.10 each, in large quantities. He tested the market and found he could wholesale at \$8 wholesale and expect the retail price to be about \$15. This device let any phone extension control the automatic answering machine to stay quiet when an extension phone was picked up. Their license for strong patents let them hold and expand the technical options for a market sector of "smart phone" accessories. Over a million pieces were sold.

Their own capabilities in wireless technology manufacturing to invention and marketing of products that homes need, such as an electronic device to signal that the mailman has come or that the garage door is open.

Patented products offer a period of monopoly, so that if the product offers a good value to the customer, the price-markup allows a product with \$5 raw material to be wholesale-priced at \$10 and expected to be retailed at \$20 each.

While the price is patent protected, his firm could use part of their margin for extra-value services including his website www.designtech-intl.com and his 800 telephone line for which he has up to 8 real technical persons answering. In the fall – about 1,000 calls a day are handled. These services are noted on the packaging for his products.

When customers of commodity-level competitors call for technical advice, that extra service is expected to influence those customers to buy their next remote device from DESIGNTECH-INTL, which offers both good quality products and technology support.

They visited trade shows, initially to learn about their kind of business and to meet buyers. Just meeting buyers and giving them brochures was a successful outcome of their first trade show. At 5% commission many broker-buyers were willing to tell the story and take orders.

As their product line grew they took booths at the trade shows to draw even greater interest from buyers. They learned that when independent or corporate buyers had a good feeling about a product idea, they became very easy to work with in developing new product lines. Buyers who had participated in idea development were particularly eager to help bring that developed product to their market.

As owners and principals of their business, they recognized that trade shows draw the principals who own and manage customer distribution channels.

PROTOTYPES AND MODELS

John Melius has negotiated again! He has obtained a \$100 discount for INCA members who may want to sign up with The Association of Professional Model Makers for their 2002 National conference for Sept 20 - 23 at Silver Spring Md.

Registration of \$645 for the 4-day event is now \$545 for INCA members.

More information on
www.APMM2002.com
And www.modelmakers.org.

Reported opportunity for independent **toy inventors** dean_t@jonando.com

Dean Tzembelicos of Jonando HK Ltd reports that he specializes in marketing outside of the U.S.

He wants "cool ideas" from toy inventors. He finds distribution channels for non-open market toys in international markets. He also works with manufacturers in China, and has started his own product line.

Contact details: Dean Jonando (HK) Ltd.,
Unit 701A, 7th Floor Energy Plaza
92 Granville Rd. Tsimshatsui East,
Kowloon, Hong Kong tel:852-2624-9944 fax:852-2796-2416

This is another cold advertisement for business that found its way to our in-box. If someone starts communication, we would like your feedback assessment.

NASA knowledge-sharing sources for inventors

From: Slackski@aol.com

Nasa's website about its 2001 "Spinoff" program: www.nasatechnology.com/mit (or call 1-800-678-6882)

Revolutionary Vehicle Concepts and Systems Student Competition. <http://avst.larc.nasa.gov> The details will be posted on August 15th, 2002.

Nasa Learning Technologies Project Distance Learning Program (Glenn Research Center):
<http://www.grc.nasa.gov/WWW/K-12/Co-E/Coemain.html>

Experimental Aircraft Association (EAA) website about their **Wright Brothers replica and reenactment flight**: www.countdowntokittyhawk.com

NASA Student Involvement Program: <http://nsip.net>

Paul MacCready, long time inventor, is Chairman of AeroVironment. His work also was displayed at a booth at the EAA AirVenture event. His work can be explored at some of the following websites.

NASA Dryden Flight Research Center projects (ERAST, Pathfinder, Helios Prototype-- a solar powered aircraft, and more) can be found at <http://www.dfrc.nasa.gov/> and its educational outreach program: <http://www.dfrc.nasa.gov/trc/index.html>

Thanks to Glen Kotapish 443-794-7350

Money Traps

for Inventors include e-mail advertisements which base their wisdom on unproved "putdowns." One accuses independent inventors of "needlessly wasting millions" by following the advice and 'conventional wisdom' found in books and inventors' web sites".

Apparently seeking prestige, one e-mail author repeats the unfounded advice from the 2002 Summer issue of Forbes ASAP**. *Erick Pfeiffer* is quoted, "While 11% of the 1.3 million patents issued by the US Patent and Trademark Office from 1992 to 2001 went to independent inventors, less than 2% of these make a profit". This "sure fire" statement seems not to have a factual support.

first chapter at www.Product-Lab.com/dlchapter1.html. Our Newsletter welcomes independent assessment. The e-mail author is vending a course on "reverse inventing" with an offer for free reading of the

****About FORBES ASAP August statement**

Some INCA members may recall Dr Ron Westrum's research article about Independent Inventor success. [Complete report on [WWW.inventorsplace.com/surveyRon Westrum, Ph.D_](http://WWW.inventorsplace.com/surveyRon%20Westrum,%20Ph.D_)]

Ed Zimmer is a retired industrialist who directs The Entrepreneur Network. In 1999, he tasked Dr Westrum to research reliable information on "The chances of independent inventors making money from a patented invention".

One hears pessimistic statistics, But nowhere did there seem to be any hard numbers that one could depend on, with a representative sample.

Ed had lists of patentees from Michigan, Ohio, and Indiana having unassigned patents. [An unassigned patent was assumed to mean that the patentee was an "independent inventor"].

Ed wanted to know:

- a) what are the chances that an independent inventor's patent would be exploited? and
- b) would the independent inventor make some money from the patent?

Westrum mailed out 7800 pre-tested questionnaires. Replies came from about 790 of the inventors in the sample, or roughly 10% of the patents sampled.

FINDINGS FROM THE SAMPLE

(1) The method the inventor chose to use in exploiting the patent made a big difference in financial outcome. For instance, for one-patent inventors, deciding to manufacture was definitely more likely to succeed (49%) than trying to sell a license (13%) to someone else.

One-patent inventors reported only 6% economic success when someone else did the manufacturing.

Manufacturing may indicate a higher degree of commitment of the inventor to the invention, if everything else is equal.

(2) Economic success appeared to depend on the number of patents an inventor had.

Inventors with 6-10 patents who tried to make money through manufacture got a 75% success rate, with licensing 38%, and even those who considered using another firm to manufacture got 42%.

Some multi-patent inventors who filled out several cards indicated that they were successful on most of the patents they reported on. Furthermore, the multi-patent inventors tended to be surer about what method they would use to exploit the patent.

(3) Education counted. Inventors having a BA or BS showed success 52% of the time, while those with lesser or greater educational levels having success rates in the 33% range.

For one-patent inventors, those with associates degrees had the highest success rates. Associate degree holders were also those most likely to have only one patent.

Ron Westrum, email [ronwestrum@ aol.com](mailto:ronwestrum@aol.com). (Professor of Sociology, Eastern Michigan University)

Observational Research within INCA (Measures of Success of

Ind. Inventors, Cont)

Economic Success scoring for INCA members will be influenced by our Independent Inventor's assignment of their patents to their own businesses and corporations. Such transfer of ownership makes business sense to a commercialization team that commits to bringing inventions to a significant market.

Our "Stand Alone" inventors include owners of licensed patents who want to benefit from Capital Gains level of personal taxes. As royalties become large, an individual's their income tax rate will soar unless they can use the Capital Gains exception.

Other stand alone inventors might have the significant level of personal resources to afford commercialization of their intellectual property. And some stand alone inventors may want their business to be limited to a "mom and pop" level of exposure.

Except for the income tax benefit, this editor finds small economic promise for patent owners in "keeping it all". Unfortunately, a "simplifying assumption" about success for patents of "independent inventors" seems to shred away assigned patents, even though assignment is inherent in many strategies of **successful**

commercialization. Just because inventors are independent does not make them immune from making money on their well-considered ideas and pragmatic business practices.

Alas, the USPTO was tasked by Congress in 1999 to clarify the chance that independent inventors would break even or make profit from their invention efforts. The sampling work by Dr Westrum, and observations about our own member's business practices directly challenges "simplifying, though erroneous assumptions" about business success. The sooner a viable basis for judgment is researched, the stronger will be our USPTO internal advocates.

As independent inventor relative success becomes more factual, a much stronger case can be made for:

- *viable inventor programs for youth in more communities,
- *undergraduate curriculum on generation and management of Intellectual Property in more Engineering and Science Universities,
- *strengthened viability of grants, credit and equity for entrepreneur development of Intellectual Property.

A factual base might offer better objectivity to substitute real fact for Forbes impressionist quote.

Good News, Bad News about proposed legislative changes to USPTO

Bryan Ruffner reported doing some IP research on the Senate legislation regarding USPTO **reexamination** process and alternative **fee schedules**.

A reexamination process may occur after a patent is issued. If a potential infringer challenges a patent, the costs are much lower to defend patentability within the USPTO arbitration system than the alternative of being sued in District Court.

A new bill would allow the dispute to be appealed into the Federal Circuit Court, but hopefully the process should begin within the USPTO instead of immediately jumping into the Courts.

I'm not sure that this part of the legislation is bad for independent inventors. Bryan

Independent inventors are encouraged to focus on stopping disproportionate fee increases for small entities.

The proposed fees are cited here:

http://www.uspto.gov/web/offices/com/strat2001/21stCSP_Legislation.pdf

The existing fees are cited here:

<http://www.uspto.gov/web/offices/ac/qs/ope/1999/fee20011001.htm>

Individuals are urged to become informed and to take personal actions. Bryan at 703.764.0353 and bryan@ruffner.org has volunteered to coach individuals who have a personal and timely interest in keeping the USPTO fee schedule fair and affordable.

STABILITY PLANNING FOR INCA

At our July '02 meeting, Ray displayed a matrix structure of INCA Volunteer officers for years 03, 04, & 05. This was a reaction to Bill Kuntz repeated comment that he, as an out-of-town president, needed to vacate that role.

A multi-year matrix of volunteer officers that are then formally elected and appointed, attributes a very wholesome stability that is easily recognized within an independent inventor organization. The character of INCA's membership lets us enjoy the very best speakers.

Your editor anticipates making this matrix visible during the last half of CY 2002. In this period members are encouraged "sign up" on this "roster list" of preferred candidate roles

INCA VOLUNTEER STAFF CANDIDATES

Roles	02	03	04	05
Elected President	Bill Kuntz			
Appointed Program VP & Special topic masters	John Melius			
Appointed Hospitality VP Food Resources	Jerry Porter Tom Moseley			
Appointed Communications VP Webmaster & Video Capture	Raoul Drapeau “ ” Palmer Robeson			
Appointed Editor Topical Reporters E-Mail Distributor	Ray Gilbert Richard Leshuk Glen Kospish Dr. Nils Erickson			
Elected Treasurer	Phill Shaw			
Appointed Door Host	Phill Shaw Dr. Nils Erickson			
Appointed Incentive Sponsors				

See bylaws linked to home page of website www.inca.hispeed.com

Product Development and Management Association (PDMA) , Washington DC Chapter www.pdma.org/depdma/ is planning to offer a full day workshop on the content and questions that support personal certification as a “New Product Development Professional” (NPDP). Inventors who believe they need also to be evolving into “Product Developers” might want to tailor their creative and administrative skills through interaction with PDMA.

Instructions to Gerry and Barbara’s House on
2818 Jutland Rd, Kensington Md 208895
Tel: 301 962 8491

Get onto North edge of Capital Beltway 495; Drive toward Exit 31A @ Georgia Ave. Md 97; Head North 1.2 miles toward Wheaton. Turn Left on Plyers Mill Rd, Go 0.58 mi. Notice School building on South side of street. Turn Right on Maybrook Ave, Go 0.14 mi. Turn Left on Jutland Rd, Go 0.03 mi. House is on left side of street.

Consider planning for the 8th Yankee Invention Exposition and Yankee Entrepreneur Workshop on October 12 & 13, 2002 at Waterbury Ct. www.yankeeinventionexpo.org 203 575 8322

Exhibitors: An inventor may rent 5 x 8 ft booths for \$275 (only @225 if check received before Aug 16). Yankee will attempt to draw prospective manufacturers. Product presentations will be judged and awards made. No product sales.

Registration for two days of workshops is free to exhibitors; Workshop fee is \$150 for both days, \$80 for one day.

BLUE RIDGE INVENTOR'S CLUB of Charlottesville Va. meets at the INNOVATION CENTER 3rd Wed. 6pm
The CENTER is at 313 Second St SE Ste. 110 Phone information (434) 971 7377 8949 or cell 434 960 7596
Richard Britton's phone is 804 973 0276 Mac Woodward's phone is 804 973 3708