Inventors' Network Volume 10

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MEETING: 3rd Monday,
21 Oct 02
Potomac Community Center
11315 Falls Rd. Potomac Md.

5:30 Network w Pizza

6:00 Chris Van Hollen* and Connie Morella
re: USPTO fee equity
*Confirmed at print time

6:30 Mr Kevin Harwell,
Pa State U Researcher
Independent Inventors

7:00 Mr. Ron Docie
Licensing Agent, Author

7:30 Member & Guest Issues

Our Oct 21 pre-meeting Speaker(s)
Md's Senator, **Chris Van Hollen** is campaigning for US Congress seat currently held by **Connie Morella**. Both were invited to speak during a networking period prior to our INCA meeting. Our VP program and others hope to hear stands on **Altering affordability of US Patents.**

Our second Oct 21 meeting speaker is **Mr Kevin Harwell, Intellectual Property librarian at Pennsylvania State University. Mr Harwell invested a major portion of his recent Sabbatical performing research about inventors as a guest of the USPTO Independent Inventors program.**

Our third Oct 21 Meeting Speaker: **Mr Ron Docie**
Mr Docie is a favorite speaker to the USPTO Annual conferences on Intellectual Property. His very affordable ($13.97) "Inventors Bible" cites ways that small business inventors can research their markets & market channels, and can find licensees, makers and distributors for their products.

Our Nov 18 Speaker: **Mr Matthew Flyer, Next Step Partners**.
We expect Mr Flyer to describe how start-up firms with a proofed product and process to "partner" with professional business growth persons who can assist directly in raising money, establishing good accounting, marketing, sales and distribution. Mr Flyer offers to share with INCA his observations about building a team. Mflyer@nextstep-partners.com

Our Dec 16 Speaker: Dr. John H Dodds
Dr. Dodds has developed exceptional skills as a professional negotiator during his international travels with the World Bank. He followed an academic path through agricultural science until he became Agriculture Department Head, Michigan State Univ. His breadth of career paths has also led to his District of Columbia Law practice including Patent Law. Dr. Dodds is an exceptional teacher with capabilities to treat a wide range of Intellectual Property subjects. We can expect to hear about utilizing the International Patenting process to include a US patent.

Bryan's first family of Intellectual Property (IP)

Mr Bryan Ruffner unveiled to our Aug 15 INCA audience the inner workings of his four year old product-development company. He described his business model for ensuring a positive and sufficient cash flow to fund his operations. The focus of his work has been a family of 'Multifunctional Mobile Appliance' products protected under U.S. patent #6,338,013, and seven other pending applications. He shared his marketing plan for the first embodiment, which will be an intrinsically safe, quiet, non-polluting, robotic lawnmower. The abstract for his issued patent is reproduced below:

Abstract

The invention is a multifunctional, mobile appliance capable of performing a variety of tasks safely, quietly, without pollution, and out of sight of its owner. Such tasks might include lawn mowing, fertilizing, and edging, floor vacuuming, waxing, and polishing, or rug shampooing. In its preferred implementation, the mobile unit 1 would obtain precise real time and position information using the Real Time Kinematic Global Positioning System.

The user initially guides the appliance around the work-area perimeters. The device then uses this information to determine the full working area. Proximity detectors and impact sensors help the appliance avoid unexpected obstacles. The device is quiet enough to perform its task in the middle of the night while its owner is asleep, but can be programmed to work continuously or during any user-specified time interval. The small turning radius of the appliance allows it to follow intricate perimeters.

In the instance of a mowing application, the cutting blades are surrounded by a cage that allows grass to enter, but excludes sticks, stones, fingers or toes. The mowing blade assembly can trim over the top of yard edging. The battery-powered device can recharge itself and a wireless link enables the appliance to communicate with its user and a user support network via the World Wide Web.

More about the INCA Aug 15 presentation:

Bryan has been able to reduce his overhead by constructing his own electronic laboratory and prototype machine shop, including the installation of a 3-phase Bridgeport vertical milling machine. He also wrote his own patent applications. Bryan was fortunate to find, in Annandale patent attorney Vincent L. Ramik, a mentor who, for a very low fee, reviewed Bryan's claims and provided him with tutelage in effective claims-writing techniques. That tutelage enabled Bryan to write 7 additional patent applications, including three foreign applications, at very little expense.

The success that Bryan has had in holding down his legal costs has come at the expense of thousands of hours of his time spent traveling the learning curve and preparing the documents. He has, therefore, been very frustrated by the USPTO's recent intention, detailed in their 21st Century Strategic Plan, to dramatically increase the fees it charges small inventors.

> Bryan described how the patent identified above would cost seven times as much under the proposed fee structure. Bryan also relayed to the audience concerns that fellow INCA member Frampton Ellis had conveyed to him regarding legislation pending that would make it easy for corporations to drain an inventor's cash reserves through frivolous reexamination proceedings that could be appealed out into the Federal Appellate Court system. If a small - entity new patent owner wins a reexamination proceeding , he gets no more than he already had, a patent from the USPTO.

Bryan encouraged individuals to communicate with their congressmen and senators to express their interest in equitable terms for both reexamination and patent fees. If you have questions, you may reach Bryan at bryan@ruffner.net or 703.764.0353.

Bryan's entrepreneurial spirit was revealed in his competitive-product research, and his most-current business plan.

One question from Bill Kuntz, INCA president, was about Bryan's willingness to further discuss the Real Time Kinematic Global Positioning System. We anticipate that John and Bryan will work out a schedule wherein we may become more knowledgeable about this new technology: One of the evolving technologies that introduce new working parameters for modern inventors.

Bill also invited Bryan to engage in a focus group of INCA and friends at a time other than our regular meeting schedule. In a 2-3 hour interchange, head-on questions could be expressed, discussed and resolved to enhance the real-life education of interested inventors.

On Sept 16, Mr. Nick Pesce of LUCRATECH discussed the generation of an Innovative Business Plan.

His research, consulting and operating experiences build his belief that an effective business plan is one that is designed for the originator(s) of a business.

His research played strongly on John Nesheim's 9/2000 book, **High Tech Start up: The Complete Handbook for Creating Successful New High Tech Companies.** $35 @ Amazon.

Nesheim observes that fewer than six out of 1 million business plans submitted to venture capital firms will ever reach the IPO stage. He proposes that entrepreneurs had insufficient access to lessons from venture experiences of successful companies. His book presents 23 such case studies, with charts and facts for the key phases of startup: It discusses how to: *create winning business plan, *value the firm, *find alternative funding, *select lawyer and *protect intellectual property.

[Your editor purchased Nesheim's book and was captured by its practical detail as seen by both business creation process and the venture capitalists need for due diligence. He was impressed by Mr Pesce's abstract of the role of a business plan for founders and investors.]

Mr Pesce presented a case that a written business plan is essential to increasing a venture's chance of success. Suppliers of capital usually demand a written business plan so they can assess their risk as reflected in the venture's chance of success. [Ed: Any potential "talent-partner" needs to see and understand the an inventor's business plan prior committing a significant portion of his or her energy toward bringing the intention to commercialization.]

Venture Capitalists (VC) reported that very few Business Plans received by them were well written; fewer still met VC criteria for financing. Mistakes included:

- ignoring real competition for the customer's resources
- bragging about a "vapor" business team – not measurably committed to the product
- hypothesizing about size of market – without sample data
- poor format, grammar and spelling – even though book-stores and libraries offer guidance.
- omitting unique market strengths from Intellectual Property (IP)
  - "Customer-sought" unique advantage – offered by IP
  - Sustainability of a "unfair" competitive advantage – perhaps by strength of IP

Style and Strategy for Business Plans: Pesce included these "Do's" and "Don't's.

- Do keep text short, yet describe the venture and its potential. Target 12 pages
  - Build at least 30 tightly-expressed pages with charts, to be used in oral presentation
- Do complement main writer's style with direct input from the actual management team.

Don't over-diversify the venture's charter, don't use technical jargon and don't make unsubstantiated statements.

Components of a business plan include:

*Executive Summary	*Technology	*Project Plan and Key Milestones
*Business Opportunity	*Risk Assessment	*Financials with Projections
*Market Opportunity	*Management and Key Personnel	

Nick brought particular strength to analyzing **market opportunity**.

Ed: This needs to be done well prior to investing energy and funds in technology and team.

Market analysis identifies market segments, their size and how they differ.
VC firms, original team and customer-service structure will want to know the basis for growth expectations .

Customer Analysis identifies where and when customers will use these products or services.
Explanation of targeted customer trends will help reveal a growing perceived need among those customers.
Definition of anticipated distribution channel can draw important knowledge from anticipated financial and managerial sources.
Communication of analysis can include graphics to position known competitor zone, customer's logical desire and venture's target zone for a prominent few market criteria.
A sample graphic is included in the package to those who signed for one on Sept 16.

Competitive Analysis identifies direct and indirect competitors, revealing their strengths and weaknesses.
A best effort research should also identify and disclose competitor's strategic and product plans.

Unfair and Sustainable competitive advantage features of a new product might include

* 4X speed	* ½ cost to build & maintain	* Patent barrier to other's entry
* First to market	* Years for competitors to develop equivalent technology	

Nick also reminded inventors about other's real need-to-know about **TECHNOLOGY**.
Don't boast, but do:
Explain what is technically necessary to product the product or service.
Identify the resources that are necessary to be a responsible producer
Identify also the infrastructure that is appropriate to maintain this product or service.

Inventor / entrepreneurs **need candor** in expressing assumptions about **risk.** Do:
Identify 3 major assumptions about risk in the tightly-written 12 page business plan.
Explain how mitigation for each major assumptions will be validated.
Define as clearly as possible the other more-likely risks and expected means to overcome them.
Hold these additional details in written and graphics pages for disclosure as additional information is sought.
Discuss alternative exit strategies for investors. Include
*Anticipated exit timing
*Anticipated odds
*Anticipated method for selling full or partial ownership

Financial Projections belong on spread sheets of standard software suites.
VC or bank investors expect assumptions to be conservative and to have viable backup.
Each assumption regarding future income and expense needs backup files with historic or comparative financial information, and logic expression for anticipated values.
Structure the spreadsheet inputs to permit multiple recalculation with "what if" variables.

HOW TO ASSESS VENTURE CAPITAL FIRMS

[and reduce their unnecessary sense of risk – and their perceived need for more equity]

Venture Capitalist firms are not all the same.

Some know, have or know about resources that can help start-ups with promising new technologies.
Most will not respond to conditions of "Non-Disclosure Agreement".
Most focus on no more than 6 or 7 business areas. Almost 1/3 have left the market.
Information about Venture Capitalist firms is often available:
by calling the VC's Portfolio companies and talking with their management players.

Mr Pesce recommends screening the VC community for 6 that meet criteria of trust. Then anticipate that the founder's net return will be in the range of 3 - 15% of total return.

Serious students of competition examine Michael Porter's mporter@hbs.edu "Competitive Strategy: Techniques for Analyzing Industries and Competitors" , now in its 53rd printing.
Also see www.fastcompany.com/online/44/porter.html

John Melius, VP Programs INCA

INVENTOR'S BIBLE Docie

Ron Docie, our speaker this month, has written one of the most practical books ever written on the subject of the individual inventor. The Inventor's Bible: How to Market and License Brilliant Ideas (available @ Amazon.com and other book stores) is a book that examines the most often met situations by inventors and offers sound advice for both seasoned and novice inventors.

Docie approaches the typical problems encountered by inventors from an inventor's perspective. He has developed and marketed his own inventions as well as representing other inventor's as an agent. He immediately begins to deal with the largest problem common to all inventors, commercializing their ideas. Questions dealing with perceived value, timing, prototyping, patenting, and marketing are set in their place with advice on taking the "Real First Step".

The first step should always be researching the industry, understanding the marketing and licensing possibilities, and discovering whom you should deal with.

He deals with patent concepts, searches, patent partners, and foreign patents. However, some of his best advice deals with his approach to market research. He addresses the many ways of bringing products to the retail world with suggestions on tackling these different business models. His approach to contacting the correct people in the industry is unusually practical. He analyzes the retail process to find the proper people within the manufacturing sources to contact. Although he makes suggestions on how to handle the professional aspects of the business of invention yourself, he also offers suggestions on when to use professional help

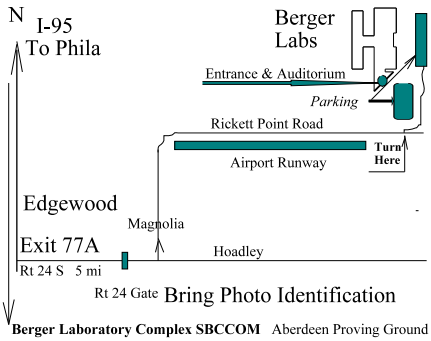
This is not a cheerleading book with a set of "Rah-Rah" recipes for success. It is a book addressing the practical aspects and difficulties of inventing. More importantly, it deals with the methods and challenges of commercializing your ideas. In addition, the best is yet to come. **Ron will be introducing his new book to us.**

INVENTOR COMPETITION

BBC Best Inventions Programme christine.elliott@bbc.co.uk
BBC1 early evening programme is to start a run of shows Nov/Dec 02.A BBC film crew would visit candidate inventors at home. Then inventors would travel to London to present their invention on the live show. Maybe win $

Best Inventions is looking at the world of inventions and the trials and tribulations of the inventing process. Their presentations include three new inventions per programme, hopefully including a 5 minute film on the development of each invention. We also ask the inventors themselves to come into the studio to speak about their inventions and demonstrate them. An audience votes for the inventor judged to have the best idea.

They are looking for clever application of science and / or technology, interesting stories behind the invention and design process, engaging and enthusiastic inventors and ingenious ideas and designs. Preferably they stick to "lone" inventors .. where the idea and subsequent development and the invention itself is solely attributable to one person. At this stage, their priority is toward great inventions and great stories, but inventor status must be communicated with any proposal.



Categories:
Interesting and different inventions - devices that offer innovative ways of solving problems
Completely new devices, machines and equipment that offer a new way of doing things - inventors that have identified a specific need or niche and designed a completely novel tool or device.
New twists on older ideas - inventions that make everyday objects / devices even more essential, versatile or interesting or make everyday activities easier or more effective...

Conditions: working prototypes or finished products
inventions that are patented or patent pending.

Needed: 1) Concise details of the inventions - what it is, what it does, what problem/s it solves, how it works, what it looks like and briefly how the idea came about, Patent application or issuance number.
3) Status of the invention, confirming that the invention is demonstrable on the programme.

Christine Elliott 0044 (0)20 8752 6634 christine.elliott@bbc.co.uk BBC Tomorrow's World
BBCi at http://www.bbc.co.uk/

Airline Passenger Management System(APMS)* Mr **Nick Naclerio** at njnaclerio@cs.com 703 451 7557 is looking for assistance in getting his patented system's efficacy assessed as part of Homeland Security. US patent 6448907.

APMS is designed to monitor, track, control, restrain and limit movement of passengers in the passenger cabin during flight -- to greatly reduce interfering with aircraft's safe operation. It consists of a computer-managed hard-wire connection to seatbelts. Passenger seat belts are not made openable during defined critical portions of the flight. Release is dependent on risk assigned to passengers and on computer managed queuing system.

UPCOMING MITEF EVENTS: October 22, 2002: StartUpLab

Main Presenter: Sequella (www.Sequella.com) Mini Presenter: QVIX (www.QVIX.bix)
RSVP Now 6:30 PM to 9:00 PM, NRECA in Arlington, VA.

November 7, 2002: StartUpLab Baltimore Merchant's Building, 206 East Redwood Street, Baltimore, MD Great Food!
Free Admission to those who RSVP http://www.mitef.org/UpcomingEvents.htm

Articles of interest to entrepreneur/inventors : http://web.mit.edu/entforum/www/focus_online/Fall2002.pdf.

CRADA meeting at Berger Army Laboratories, Edgewood Arsenal, Md Oct. 29 02

INCA and IDSA members are welcomed to Edgewood on the afternoon of Tuesday, 29 October. Map was shown in Sept newsletter, p2. And here

Direct Dimensions Inc (DDI) of Baltimore is the Army's "CRADA" contractor for use of these Army facilities in generating prototype shapes in response to instructions from inventors and designers.

It takes some special attention to make this event happen. Attendees must be signed up by 22 October. – **Army says "no exceptions**". DDI's phone is 410 998 0880 and their e-mail is mraphael@dirdim.com. Sign-up requires full name and Social Security Numbers. All must by US Citizens and must bring picture-ID with them.

Direct Dimensions, Inc. "Rapid Solutions to 3D Problems...8C Music Fair Road Owings Mills, MD 21117
410-998-0880 ph info@dirdim.com www.dirdim.com

John Melius of meliusstudio@erols.com

Another RESOURCE!

For anyone planning to create his or her own proto-types, the Association of Professional Model Makers, APMM found on the web at https://www.modelmakers.org, is a blessing. Their national conference in Sept. in nearby Silver Spring, MD, was outstanding on several levels. It offered a chance to talk to the professional model makers for top corporations. It offered many courses on CAD, mold materials and techniques, casting, CAM, corporate techniques for product development, tool development, and other related topics.

Their website has Listings of Vendors and Service Bureaus are searchable by Company Name, City, State, Specialties, and more! Use their easy form to locate a company that will meet your needs. There are 398 sites listed so far.

If you are really going for the gold in making proto-types, you should probably join the group just for membership lists and the very valuable bulletin board. Members post technical and general questions. Within hours there are generally a number of excellent solutions to the questions, because this group is unusually generous with technical information and techniques.

Jeff Parness' How to Negotiate — "Minimize the leaps of faith" extracts

Get your Vision validated by qualified and powerful third parties and a knowledgeable Advisory Board.
Get third party testimony of how team is focused on the right problem at the right time with the right solution.
Line up Advisory Board members who will influence future purchasing decisions of your ideal first customers.

Identify the ideal first customers who influence the purchasing patterns of your next customers due to their stature or reputation in the industry. Sell a vision that the candidate first-buyers agree to accept, contingent on delivery.
Get that commitment in writing as assistance to the VC's due diligence task of talking with committed customers.

> Ideal image to the VC from a cited future customer: "Yes, the business team is smart; they are focused on the right problem, and when they are ready with their finished product, we are gong to buy it from them."

Get your ideal Management Team committed concurrently with your investor team.
Management team feels contingent on funding, and investors feel contingent on team strength.
Share a vision of benefits from critical mass of assets, managed by critical mass of working level ideas and talent.
Put critically-important management recruit team at table with investors and let them do due diligence on each other.

> Jeff Parness authored Harvard Business School case study now being taught nationwide. Read about his "Early Stage Investors" 2002 and "Finance Guy In-A-Box" at www.jeffparness.com.

NASA Tech Briefs INSIDER 10/03/02 * Original Design Ideas Earn Prizes

To:INSIDER@LISTSERV.ABPI.NET

"Create the Future" design contest is sponsored by Emhart Teknologies (New Haven, CT) and NASA. Entries must be received by November 15, 2002. Categories: Safety, Transportation, or Everyday Products
Prizes, (1) a hybrid automobile or $20,000 in cash. (2a) a Segway Transporter or (2b)a trip for four to Florida to tour NASA's Kennedy Space Center and attend a Space Shuttle launch.

All qualified entrants will receive a POP(r) PowerLink 30 repair kit/hand rivet tool from Emhart (valued at $50). Winning entries will also be featured in NASA Tech Briefs. Visit http://link.abpi.net/l.php?20021003A7 for entry rules and the Official entry form.