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Website: www.dcinventors.org

Maurice Daniel Pres (703)960 9142 mauricedaniel@earthlink.net
Richard Leshuk Vpres (301) 279 2120 rleshuk@aol.com
John Melius Vpres, Program (301) 870 8708 johnmelius@earthlink.net
Glen Kotapish Program Host (410)3917573 IdeationHQ@aol.com
Bryan Ruffner Treas. (703) 523 7558 INCA@Ruffner.org

Raoul Drapeau Webmaster (703) 573 6055 rdrapeau@cox.net
Jerry Porter Hospitality (301) 962 8491 jporter39@att.net
Tom Moseley Asset Oversight 301 384 6814 h dsmoseley@aol.com
Ray Gilbert Newsletter Editor (703) 971 9216 raygil@cox.net

November 03 Speaker: Don Chernoff, inventor of "SKYROLL" luggage.

Don is an engineer whose professional duties demanded a lot of air travel. He wanted his suits to be wrinkle-free, and he preferred carry-on luggage. Examination of the available garment bag type luggage revealed efficient outer shapes generated one or two creases in his suits; one crease for each 180-degree fold.

His engineering approach was to visit a home depot in search of ways to prevent wrinkles. A display of large diameter pipes brought the option of "rolling" rather than folding his garments. He started making a prototype that reserved a center cylinder for shoes, socks and non-wrinkle items, and that reserved a garment bag structure to be wrapped around the cylinder. The prototype demonstrated a combination of materials and shapes to meet his criteria for carry-on luggage.

He exercised his engineering writing skills to the USPTO rules and was issued a US patent. A short time after his patent was received, he also got a card from INCA inviting him to their monthly meetings. The next speaker was to be Theresa Riordan, patent reporter for the New York Times. Since he had the new patent in hand, he took a copy of it to the his first meeting with this bunch of DC Area inventors.

At the completion of Ms Riordan's talk, he met her briefly and asked if she might be interested in his newly issued patent. The next day he got a call from her asking if it would be all right with him if she wrote an article about his patent for her employer, the New York Times. He said it would be OK.

Don reports that he was learning a lot about inventor communication. By some very good

fortune, he was overcoming the toughest task for inventors: Getting the word out.

Among many calls he received as a result of the news-piece, a small luggage company in Florida drew him into a deal wherein they would produce thousands of his first product which they would advertise and sell through QVC on low-cost time portions of TV.

IF the QVC venture were highly successful, the small luggage company might visit retailers; show them the product and with its initial track record of sales, get to be a bigger supplier. Don did get a license with the luggage company, but the QVC execution was less than anticipated so this approach to marketing was terminated, and Don called the rest of the deal off. He got his license back, left the trade-name that had been used on QVC and acquired enough finished goods to continue selling.

When our local TV station invited INCA inventors to show their products on a pilot TV show, "INVENTING USA", Don brought his carry-on model for showing. Joanne Rhines from Inventors Digest asked Don if she could write an article about him and his SKYROLL. He said it would be OK, and asked her if he could be on the cover page of Inventors Digest magazine. So it was. Joanne's initial reaction to the product was, "It needs wheels". Now Don has a model on the market with an extendable handle and wheels.

While searching for an ideal trademark and trade-name, his criteria included getting an identical website name. See www.skyroll.com with retail outlets cited for 17 States + Canada and including Brookstone.

The History Channel reports it is getting close to shooting a pilot episode about inventions. They have not yet determined the initial inventions to be featured. They are accepting applications for inventions to be featured in their episodes.

See History Channel at <http://www.uiausa.com/MediaPage.htm#engle>

Glen Kotapish 410 391 7573 ipatent@aol.com is also aware of inventors possible opportunities through TV shows.

Glen also reports from the USPTO conference in Philly. The website for American Society of Inventors is www.asoi.org.

TESTIMONIAL: The American Society of Mechanical Engineers (ASME) held this year's Congress in Washington DC in November. A handful of INCA visitors passed by the **Space Alliance Technology Outreach Program (SATOP)** booth and some paid special attention to their offer: "Free technological assistance to small business"; Up to 40 hours worth. George drew Ray to their booth because, fortunately, George knew that Ray was seeking some Computational Fluid Dynamics assistance for his patent about

aircraft control. SATOP representatives were enthusiastic on seeing a patent offered as the subject for assistance. They are still showing administrative diligence in connecting Ray with appropriate professor(s) at Syracuse University in New York.

Nils, one of the INCA visitors suggested that others may want to know about this special resource. See www.spacetechnolutions.com about: getting a request form, listing of SATOP centers, partners and success stories.

TRANSITION BOOK: Fishman, Stephen **Inventor's Guide to Law, Business and Taxes**
www. Amazon.com price \$24.49 new paperback (Includes CDROM with forms)
Recommended by David Pressman, author of Patent it Yourself Ray is buying one.

Chapters include:

1. Why Inventors need to know about...business....
2. Legal form for an Inventing Business: Choices, complexity, tax treatment & liability concerns
3. Starting: Name, Plade, Licenses, Ident number, insurance,
4. Accounting: Bookkeeping and special inventing business records
5. Tax: Profits, Losses, Hired employees, Taxes and audits.

6. Test answers for IRS Business, Profit & Behavior

7. INVENTOR TAX DEDUCTIONS

8. Estimating and paying taxes

Sections 9 - 12 not visible in advertisement

13. Trade Secrets

14. Important facts and rules about Patents

15 Trademarks

16 Copyrights

17 Licensing: good vs bad, sub-licensing and assignments , getting license back, royalties vs lump sum, guaranteed annual payments, beware the deductions clause,

18. Other help: Websites, Lawyer, Experts, Own legal research, Business resources, State help

IRS & one Inventor, Ray Watts

Ray Watts 509-946-4250 (raywatts@oneworld.owt.com). of Richland Washington was editor of Inventions & Innovation Program News (IPN), a publication sponsored by DOE and NIST under their States Inventors Initiative program.

Watts retired and invented a “trailerable pontoon boat”that overcame problems with existing designs. This cost money over several years, and in response to his accountant’s advice, he kept

good records of his inventor expense and deducted them on his annual IRS reports.

In the second year of development his IRS return had been computer-selected for audit. [At that time, the computer selected for audit anything that was different from prior year reporting.] He visited the auditor office and described his approach: Deduct expenses as incurred and then pay taxes when he sold or the IP or products. Of course he had paid sales taxes on all materials.

His audit-examiner was not knowledgeable about inventor aspects of IRS rules so he wanted to consult with his superior. Some meetings followed in which the inexperienced auditor suggested that to claim R&D deductions required incorporation. His tax attorney found the law was silent on this issue. When the code was disclosed the examiner agreed that Incorporation was not required, but had it been in existence, the computer might not have selected this case for audit.

Another challenged code specified that when starting a business, the first 5 years of start-up expenses need to be written off over the first 5 years of doing business. His attorney examined the tax code to reveal that R&D expenses are not the same as business start-up expenses. Good legal homework was supporting good tax preparation, but the legal homework was expensive.

Eventually, Mr Watts called his State Senator's office with a particularly well documented complaint. In about 10 days his case was closed. **I suspect that we who are inventors have a significant gratitude to pay to Ray Watts for reinforcing the unique IRS approach that supports Research and Development (R&D) deductions by independent inventors.** {More recent articles in the Wall Street Journal suggest that IRS has passed through a period of much greater trustfulness; perhaps at some expense to fully trustful taxpayers.]

Ray Watt's story concludes with some advice to inventors:

People, including those in IRS, may not know all the regulations that apply to inventors.
People, including those in IRS, don't like to admit error.

Audits cannot be prevented. However, he proposes that sufficient information included in a return may help IRS get their claims on straight before initiating an audit.
Bringing the professional tax preparer to an audit may change the way an auditor treats the case.

Mr Watts' full and more colorful article is on <http://tenonline.org/art/9508.html>

The December issue of the **UIA Newsletter** is available online at
<http://www.uiausa.com/uianewsv8I4.htm>

Rochester NY -- The UIA/Procter & Gamble Company Hunt for the Next New Consumer Product a huge success, due in large part to these communicators:

Todd Brabender is the President of Spread The News Public Relations which specializes in generating publicity, media exposure and advertising placements for products, businesses, inventions & experts.

FREE Publicity Consultations are offered to help entrepreneurs see how they can use the ever-expanding media markets to further their business efforts.

Website: www.spreadthenewspr.com

Ted VanCleave of InventionShowcase.com offers consultive services to include marketing, business development and public relations. He deals with clients within Fortune 500 companies and small startup businesses.

Ted founded InventionShowcase.com to help independent inventors get more exposure for their inventions. Website: www.inventionshowcase.com

Paul Niemann is President of MarketLaunchers.com, specializing in building web pages for inventors and a member of the UIA Board of Directors.

See <http://www.uiausa.com/UIAUSA.htm#pn>

Visit our Media Page at <http://www.uiausa.com/MediaPage.htm> for the latest updates on New Product Hunt and other breaking news.

UIA Group membership has added another reason for joining, Free Patent Software.

See <http://www.uiausa.com/JointheUIA.htm#gb> .

UIA's Monthly Newsletter is offering the newsletter in an online version only, due to the increasing cost of producing and mailing the hard copy issues. It will be available online at <http://www.uiausa.com/uianewsv8I4.htm>

<http://www.uiausa.com/ComingEvents.htm> offers an extended roster of invention related trade shows and events. Go to <http://www.inventorsdigest.com> and then click on the link to Trade Shows and Workshops

Treose, Pa - **Promotion Ventures LLC** reviews inventions in the pharmaceutical and medically related fields for possible investment. They are seeking new products ideas for "Patient Compliance". They will award \$500. each to the top 5 ideas / products submitted by the deadline of December 31, 2003. They also promise to market their winner's submissions to an extensive client data base. There is no cost to enter. To register, go to: www.promotionventures.com

The Energy Innovations Small Grant Program has posted its Solicitation 03-03 on the web. The proposal cutoff date is January 30, 2004. For additional details go to the EISG web site at www.energy.ca.gov/research/innovations.

Some lessons from announcement of **inventRight Seminars**, Toll Free 1-800-701-7993 is offering a one-day program in Palo Alto Calif 800.701.7993

[Actual date and cost was not cited on editors download.] Skimming for Value, this editor found:

Invention personalities and their references:

David Pressman - Patent Attorney & Best Selling Author of "Patent If Yourself" and "Patent Pending in 24 Hours." . *David has over 40 years of experience in the patent profession as a patent attorney, an examiner for the U.S. Patent Office and a university instructor.*

Jack Lo - Patent Agent and Author of "How To Make Patent Drawings Yourself."

Marjory Cameron - Patent Librarian Sunnyvale Patent & Trademark Depository Library.
"do a patent search correctly"

Irene Blumenkranz - Attorney, Licensing Contract expert

"what a licensing contract must have" Ref: (License Your Invention) + (Sell Your Idea & Protect Your Rights with a Solid Contract)", By Richard Stim

From within an extensive list of topics for their one-day event, your editor selected a few of their themes that **we all might like to know in greater detail** than possible within their event.

how to prevent others from getting around a patent

when to spend money on a patent

correct way to keep an inventors notebook

how to create performance clauses with a licensee,

how to work with a patent attorney, to get the best job done affordably.

how to do a patent search

how to read a patent application.

how to evaluate a patent

how to avoid the most common patent mistakes

how to end up with a strong patent

INITIAL DRAFT FOR AN RISK/REWARD DISTRIBUTION MODEL

Ray Gilbert attended the Nov 03 ASME Congress where Intellectual Property (IP) was discussed by Mr Bill Berlinger, Licensing manager within Caterpillar Corp. He told of special attention he commits to their agreements with other persons and corporations in the interest of enhancing resultant value through the sum of their contributions. Google draws a rich list of articles about Bill Berlinger's program by entering [Caterpillar + Patents].

Mr Berlinger's presentation about Caterpillar's approach to collaboration led Ray to a propose a structure on which independent inventors might build more working agreements with developers, investors, manufacturers and specialty contractors.

A frame-of-reference for these thoughts comes from a Chesapeake waterman's rule-of-thumb about distribution of reward at the completion of a fishing venture: 1/3 to the boat, 1/3 to the captain and 1/3 to the crew.

An INVENTOR-TEAM INFRASTRUCTURE CORPORATION (ITIC) would include these elements in contract agreement about invention-related rewards:

Each venture is considered a for-profit business that acquires options on a 1/3* or 2/3** portion of the inventor's initial intellectual property (IP).

Work or money in developing the first 1/3 value would produce:

- *Economic analysis
- * Initial Business Plan
- * Product unit cost analysis @ low rate
- * Basic tooling design
 - ***Product unit cost @ mid rate*
- * Estimated Product unit cost @ optimum
 - ** *Detailed Product unit cost @ optimum*
- * Initial Market testing
- * Trade secret structure
- * Trademark & Copyright strategies

- * Initial prototypes,
 - * Initial marketing video & graphics
- * First cycle licensing proposals and responses

Work or money in developing the second 1/3 value would produce:

- **Corporate Business Plan w organization, ghost staffing, funds and independent accounting.
- ** First stage corporate funding

[*** Equity-sharing contracts that protect the inventor's third might be used to provide further incentive for work of implementing developer's 2/3 consideration for special subcontracting work:]

- ** tooling design for mid-rate production
 - Including proofing lot models
- ** independent product testing
- ** pilot-market testing

- ** Team-base expansion of IP for Corp ownership.
- ** Method Coverage
- ** Picket defense properties

** Second cycle demonstration for sole licensing

Work or money in developing the first and second 1/3 values would be redistributed outside the inventor's sustained 1/3 share wherever equity sharing contracts (***) are embodied in the venture.

**** Further redistribution of 2/3 to include mid-rate production funding, including tooling, advertisement, promotion and active sales staffing

**** Further redistribution of 2/3 to include cycles of demonstration for geographic or other limited licensing conditions.

**** Further redistribution of 2/3 to include cycles of marketing total business for cash, mortgage on tooling plus equity in buying organization

Strategy: An INVENTOR TEAM INFRASTRUCTURE CORPORATION (ITIC)

- (1) to build localized infrastructures that link underused inventive capabilities of independent inventors equitably with strengths of group economic power and major corporate funding and distribution power.
- (2) to enhance early-stage inventive capability of independent inventors, with direct incentives to help focus inventor-team's creative and managerial talents onto the domestic international marketplace. E.g. [Augment congressional intent of SBIC and STTR federal programs]
- (3) to further strengthen large US corporate efforts, wherein under-used inventive capability is nurtured and employed within small-team constraints [and special flexibilities of an ITIC type infrastructure.
- (4) to build and demonstrate "virtual invention/development centers" across selected industry / academic / government / and small business cultures whereby "good" inventors practice in an environment designed to hasten their

development into "great" inventors and members of "great-inventor" teams.

- (5) to operate an affordable, equitable, international market for intellectual properties, having standards, governmental-level power protection against IP theft, collusion, or other mischief.
- (6) to support an independent evaluation board to execute due process arbitration whose objective is

- (A) for independent and corporate-employed inventors to receive and share equitable awards from their professional IP contributions: and

- (B) All parties to arbitration will be timely and fully resolved regarding economic costs, benefits and economic distributions from past, current and contractually projected technical and business contributions.

Note: Mr Berlinger of Caterpillar emphasized the need to be transparent in objectives, resources and tools so that all parties to the venture will see inherent equitableness.

How would INCA inventors, developers and investors view this kind of a fishing boat venture for their products? What refinements or alterations are likely to be needed?

Ray Gilbert takes calls on 703 971 7443 and raygil@cox.net

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THE MIT ENTERPRISE FORUM IS LOOKING FOR A FEW EXCELLENT COMPANIES

***** Apply To Present at the StartupLab by December 31, 2003 For February and March!**

The MIT Enterprise Forum of Washington Baltimore and Washington DC is currently seeking to offer a few qualified startup and early stage companies the privilege and benefits of presenting their business plans at upcoming StartupLab venture events in both Washington DC and Baltimore. The free online application can be found at:

<http://www.mitef.org/Programs/StartupLabApply.aspx>.

Please go to our website at <http://www.mitef.org/Programs/StartUpLab.aspx> . The online application process is free, but space is filling up fast so we encourage you to apply soon. If selected, there is no charge to present.

The deadline for applying to the upcoming StartupLabs in February (Baltimore, MD) and March (DC/NOVA) is December 31, 2003.

Myths

Raoul has shared a copy of SKEPTICAL INQUIRER, May June 2003. On page 43, a Spring 1989 article by Samuel Sass which answered the question, “Did a patent official really once resign because he thought nothing was left to invent? Is this a myth that is patently false?”

It seems that Dr Eber Jeffery had already answered this question as part of a Works Projects Administration (WPA) effort. It was published in July 1940 Journal of the Patent Office Society.

Raoul has invited Ray to condense the gist of the story for our INCA readers:

Mr Sass was librarian at a General Electric transformer division when one of their scientists found a statement attributed to in a letter of resignation by Commissioner Ellsworth in 1845. Ellsworth reason for leaving was the pressure of private affairs. In a report to Congress in 1843, Ellsworth had said “The advancement of the arts, from year-to-year, taxes our credulity and seems to presage the arrival of that period when human improvement must end.” This rhetorical flourish introduced the increasingly growing rate of patents being issued, and helped justify his plans for future growth of the USPTO.

Some writers get printed without having confirmed their hypotheses with facts or authoritative works. Librarian Sass wrote to the advertising manager of TRW about some advertising statements that had appeared in Harpers and Business Week in the fall of 1985. His response cited two secondary sources, one of which garbled the Ellsworth quote and the other missed the point of Commissioner Charles H. Duell’s 1899 report. Duell’s report shows the growth in patents from 435 in 1837 to 25,527 in 1899.

The two sources with such misinformation about invention activity were (1) Morgan and Langford, The Book of Facts and Fallacies 1981 by St Martin’s Press and (2) Cerf and Nevasky The Experts Speak, 1984 Pantheon. Cerf’s book used source notes in the back referring to the misstatements within Morgan and Langford.

As late as 1995 the patent myth was printed as fact in Bill Gates The ROAD AHEAD.. Scientific

American in Feb 1996 chided Bill and his staff about such a mistake, even though Scientific American in Oct 16 1915 had passed along a near-similar story that was really a myth.

Our thanks to Mr Sass of GE and Skeptical Inquirer 2003 for facts to support this story.