

# Inventors' Network Volume 11

Of the Capital Area [INCA] Issue 5

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## Speakers:

**June 16 Dr Barbara Croft** has lived in a community of inventors and entrepreneurs both at home and at work. She is directly involved in the oversight of Grants, offered and evaluated, within National Institute of Health. We expect her comments to include an overview of what a Federal Grant-giving office expects of inventors and their development teams.

**July 21 Mr Herbert Wamsley** is the executive who manages issues that are important to the Intellectual Property Owners (IPO) Association. Since most independent inventors are the owners of their Intellectual Property, Mr Wamsley is in a position to have a voice about their interests.

**Congratulations to Ms. Louise Stoll.** She reports that a first airline has accepted her patented child safety harness. In March she told of her experience in finding a market for her patented child-safety harness. Her e-mail is [lfstoll@starpower.net](mailto:lfstoll@starpower.net).

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**Don Kelly**, charter member and continued friend of INCA has been asked to make a presentation at the USPTO's meeting of Technology Centers 3600, 3700 & 2900...in June during **FORUM 2003**.

He wants to relay how the independent inventors are perceiving the examiners' customer service. If you have something to say on the matter, please e-mail him at [DGrantK@aol.com](mailto:DGrantK@aol.com)

Don is currently heading a company in Alexandria, Intellectual Asset Management Associates, LLC which is both a full service patent practice and small business IP consultancy. [www.InventorEd.org/kelly/](http://www.InventorEd.org/kelly/) 515 King Street, Suite 420. Alexandria, VA 22314

Also, he is collecting information on "wow" inventions for a planned show by Al Roker Productions in NY.

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

**19 May 03**

5:30 Network w Pizza

6:30 30-second Introductions

6:50 Mr. Tom Brooke

**TRADEMARK ISSUES**

Mr Don Coman

**TV Presentations by  
Inventors**

The Inventors' Council of Mid Michigan built 12 of their programs on themes they considered necessary as

## **fundamentals of inventing and marketing new products.**

The United Inventors Association, [www.uiausa.org](http://www.uiausa.org) relayed this learning profile:

- 1. Solving Problems / Improving on Existing Ideas / Invention Records & Getting Started.**
- 2. Market Study / Benchmarking /Evaluating the Competition**
- 3. Patent Basics**
- 4. Patent Searches / Applications**
- 5. Prototypes / Materials / Construction**
- 6. Copyrights / Trademarks**
- 7. Packaging and Display Plans**
- 8. Production Quotes / Manufacturing Methods & Costs**
- 9. Web Based Marketing & Sales**
- 10. Basic Marketing Plans and Representatives**
- 11. Business Plan Development**
- 12. Licensing, Selling, Joint Ventures and Startups**

INCA members are encouraged to check-off the foregoing topics used in their intellectual property practices. These topics also provide themes on which inventors can network among other inventors.

Your editor is interested in the real stories from members about each of these themes. Most inventors have stories to tell. Your newsletter is a place to make your experience particularly meaningful to others whose project management has not yet faced the issue or found a good solution to it.

Newer inventor-members are also invited to write questions about each of the foregoing themes or subthemes. Most inventors have worries and needs that have not been satisfied in their hearing or reading. If question-writers will include their names, our networking before and after the monthly meetings provides a direct opportunity to discuss such issues with others who read the questions and think.

Many of the ideas and solutions relating to these issues are already expressed in the comprehensive website designed and maintained by Raoul. INCA has the foundation for lots of thoughtful considerations about using fundamentals to bring inventor's ideas into a growing market. See [www.dcinventors.org](http://www.dcinventors.org)

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## **Coming Events**

**May 21, 2003\*\*\* The Pulse of Innovation Trade Show & Conference**  
Suffolk County Community College Hauppauge, NY Email: [lcarter@lift.org](mailto:lcarter@lift.org) / Phone: (631)969-3700

**June 13-15, 2003\*\*\* Minnesota Inventors Congress Redwood Falls, MN Phone: (800) 468-3681 / Web:**  
<http://www.invent1.org/>

**October 3-4, 2003\*\*\* Ideas to Profits-Commercialization Conference University of Wisconsin-Whitewater, WI**  
Email: [innovate@www.edu](mailto:innovate@www.edu)

**October 18-19, 2003 \*\*\* Yankee Invention Expo and Entrepreneur Workshops Waterbury, CT**  
Website: [www.yankeeinventionexpo.org](http://www.yankeeinventionexpo.org) Email: [yankeeinventionexpo@juno.com](mailto:yankeeinventionexpo@juno.com) Phone: 203-575-8322

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## **Inventors Digest for Jan 03 provided a book review of Robert Merrick's "Stand Alone Inventor"**

Merrick focuses on the inventor who is not interested in teaming or getting too big to handle his own business. He uses his personal experience to show how attention to detail and good persistence has let him make money through invention (and writing about invention).

Even for individuals who would like to build an inventor team about their invention, a set of money-making do-it-yourself ventures offers a great track record for enlisting other invention-oriented individuals to make bigger ventures work out. Merricks rules include:

1. Invent in a field that you already know
2. Focus on big markets
3. Protect inventions with Intellectual Property
4. Keep size small
5. Offer simple items. Keep them user-friendly
6. Design for repeat sales
7. Minimize risk with low manufacturing cost.
8. Conserve cash. Keep investment small.
9. Sub-contract the production
10. Price to earn good profit and stay in business

Merrick's book actually uses other words to describe his rules. His coaching applies to most of us.

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[Inventors Council] **Big Idea Group announces the Skil Idea Hunt for Drill Modules**

**PULL:** Skil corded or cordless drill systems **is looking for** modules that could be added to Skil's existing and future drills (including hammer drills).

Some participants in the Hunt will receive a Skil drill. Some ideas to Skil for possible licensing agreements. Stud finders will be sent to inventors on a first come, first serve basis.

**Invention guidelines**

- (1) A proposed module would work with corded and cordless drills, including hammer drills.
- (2) The module should have the same footprint as skil's stud finder on their 12V drill (2467-03).  
Proposed modules need not be the same height.
- (3) Battery requirements DON'T have to match the stud finder.
- (4) The module should be \$10 or less at retail.
- (5) The module should be a widely used kind of feature.
- (6) The module should NOT require internal modification of the existing drill; just an add-on.
- (7) The module should NOT be a feature commonly already found on most Skil drills.
- (8) The module does NOT have to be patentable. Conversely, it should not rely on getting permission to use an existing patent (unless that patent is owned by Skil).
- (9) Other factors to consider: safety, ease of use, ease of manufacturing and not easily copied.

The Hunt is open to both professional and amateur inventors.

Entry is free.

send Big Idea Group the following:

- \* A completed Entry Agreement (get from [InfoBig@BigIdeaGroup.net](mailto:InfoBig@BigIdeaGroup.net)). One form will cover all your entries.
- \* A brief typewritten explanation of your idea-one idea per page, please
- \* A visual of your idea (you will NOT be judged on professionalism of the visual)-one idea per page, please.
- \* Other materials such as prototypes, tech specs, home videos explaining the idea, etc., are welcome but not necessary. Please don't send originals unless you don't need them returned.

Entries are due on or before June 13, 2003. Please mail to

Skil Drill Idea Hunt      Big Idea Group      Or Fax to Skil Drill Idea Hunt 603-641-5995  
814 Elm St., Ste. 300      Manchester, NH 03101      email questions to [InfoBig@BigIdeaGroup.net](mailto:InfoBig@BigIdeaGroup.net).

**NOTE:** The Inventor must understand and agree that Skil and BIG are involved in the business of researching and developing many ideas for new products and that either Skil or BIG may have previously received, or may receive third party ideas similar or identical to the Inventor's idea and that the Inventor's participation in this Hunt will not in any way limit Skil's or BIG's right to use any such idea as they deem appropriate.

**DISCLOSURE:** Skil is currently working on these modules: (1) tape measure/voice recorder, and (2) depth sensor. Skil is still open to Inventor suggestions on these modules. However, in the spirit of fair disclosure, Skil and BIG wanted Inventors to be aware that internal development is already in progress in these areas.

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## **EBay Suit: Business method cases**

Condensed from Business Practice Patent Issue by Jonathan Krim Wash Post Staff Writer Tuesday, April 22, 2003; Page E01

eBay Inc fortunes are being challenged by Thomas Woolston EE who claims that his patents define how eBay business operates. Judicial processes that allow the eBay case to go to trial shows that case is not frivolous.

This case reflects on patents related to Internet. Courts upheld Amazon.com's "one-click" patent It was a method for using available Internet technologies in collecting payment.

Business-method patent applications were 584 in 1996 and grew to 8,700 in 2001. Only 433 of the 8700 business method applications of 2001 were approved.

Lisa A. Dolak, an associate professor of law at Syracuse University affirms that Internet business-method patents is established. Patentable ideas must be new and not obvious; and apply to methods.

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## **Valuation and Pricing of Early Stage Technology IP**

Announcement extracted from www.PatentCafe.com, Invention and Business Books

Early-Stage Technologies: Valuation and Pricing Author: Richard Razgaitis Tech XFR books  
Cloth - 320 Pages September 1999 \$80.00

This book is reported to deal with issues, methods, and art of valuing and pricing early-stage technologies. Early evaluation helps to determine investment in development and the range of pricing that will influence subsequent marketing of license. The treatise is addressed to companies dependent on intellectual property-particularly technology companies, universities, and biotech companies.

Richard Razgaitis presents an approach to evaluating technology rights, risk assignment, the art of deal-making, and deal economics. He discusses components involved in a licensing transaction, offers a detailed presentation of six valuation methods for intellectual property\*, examines risk in both quantitative and qualitative terms, and explores negotiation strategies and agreements.

\*His six key methods of valuing technology are:

1. use of industry standards,
2. ratings/ranking method,
3. rules of thumb,
4. discounted cash flow,
5. monte carlo method
6. auctions.

The author treats the business area of Technology Licensing and some of the Rights, Risks, and Psychology of Valuation and Pricing. After describing methods for valuations, he includes equity considerations and economics that include Structure of Licensing Payments plus Pricing, Negotiation Readiness, and Conclusion.

**Author RICHARD RAZGAITIS was Vice President of Technology Commercialization for Battelle and Bellcore. His involvement in license negotiations ranged from Advanced Materials and Processes to Software to Telecommunications and Networks.**

**UIAUSA** Find out what the experts say about your invention.

See <http://www.uiausa.com/UIAIAP.htm> for complete details.

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**Rochester, NY: UIA New Products Page (<http://www.inventorhelp.com/newproducts/NPIndex.htm>.)**

**Listings two years and older have been eliminated. We advise all:**

**"If your listing is missing and you still want to advertise, resubmit with correct contact information at**

**<http://www.inventorhelp.com/newproducts/SubmissionForm.htm>." United Inventors Association**

**<http://www.uiausa.org>**

### **SIMILARITIES BETWEEN SELLING PERSONAL TALENT AND MARKETING NEW PRODUCTS**

Professional resume writing can be considered very similar to new product marketing. Karen Hofferber, a contributing author in aol.monster.com offers a six-step process for getting interviews in a job market. Each of the steps toward getting a job can be reflected also in steps for getting an inventor's intellectual property noticed.

**Karen's List: Getting a resume in the right hands**

1. Find your focus - Work with career coach  
Know and express your strengths
2. Research your target. Visit candidate employers.  
Who do you want to work for?
3. Develop your Profile and Objective  
What do you have that they know they need?
4. Zero in on your achievements  
Get quantitative about your contribution to successful bottom lines in your track record.
5. Design your resume  
Marshal facts about prior experience that fit you in your strongest role for this employer.

6. Proofread and Test-Drive  
Test appearance and other expected criteria.  
Draw on advice from high quality colleagues.

**Ray's List: Getting our Property into a Market position**

1. Define a priority among market-segments friendly to this product or process. Prioritize market criteria sought.
2. Research market segments. Visit convention displays, distribution outlets, websites and key personalities.  
Read Association news, sales size by outlet and trends.
3. Develop, test and measure product features in contrast to those of competitive products or services.
4. Describe how benefits and good qualities complement existing strengths within each target market segment.
5. Design a business plan expressly targeted to reveal how market criteria will welcome this new product in this segment. Reveal the customer-satisfying experience.  
Show data...  
Offer references  
Reveal prowess  
Have fair-dealing agreement in hand.

6. Prepare, refine and practice delivering the business plan message until it is comfortable, natural and COMPLETE

## **SIMPLE TEST for Manufacturing Cost Threshold**

James White, author to inventors, offers a process for determining market acceptance based on anticipated price.

He suggests that an inventor perform a comparison of his or her product with products that have similarities in structure, number of parts, weight or features. He recommends finding five or more items with store prices that have some basis for comparison. As a rough measure for anticipating a new product's probable manufacturing cost of direct materials and direct labor, the average of comparison prices is divided by 10.

This severe measure is particularly important for starting a business plan the considers competition and product price.

The foregoing averaging process can be further confirmed by detail examination of a mechanical prototype parts. These functional parts can become a basis for calculating a probable market-rate production cost for direct raw material and direct labor. These details may be expected in a final business plan: All parts can be sketched to their anticipated production shape; calculated for the weight of raw stock; and again calculated to include wholesale price per pound of anticipated end-product material. Industrial engineers have reference books to estimate likely direct labor cost for each necessary operation.

White recommends comparison price estimate with goods that are being sold, so that inventors will detour a trap of building a product that is too expensive for anticipated consumer of his product. One consequence of this analysis is to encourage the inventor to solve economic problems of "producibility" before subjecting his invention to a commercial-oriented world.

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[Inventors Council]

### **School Loses Round 1 of Patent Fight**

In the unpredictable arena of patent litigation, however, the University of Rochester is willing to defend Dr. Donald Young's lab work with an eight-figure legal fund. Hiring a prestigious patent law firm, it has already piled up well over \$10 million in costs.

The colossal prize: billions in royalties from a new class of "super aspirin" that alleviates pain and minimizes side effects by blocking an enzyme Young discovered in 1990. Celebrex, the first such drug to hit the market in 1999, generated \$3.1 billion in sales last year alone.

Copy and paste the following into your Web browser to access the sent link:

<http://www.emailthis.clickability.com/et/emailThis?clickMap=viewThis&etMailToID=166070237&pt=Y>

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Accumulated data from 9/12/97 research, found in website search of royalty and university

### **ROYALTY SHARING FORMULAS OF SOME UNIVERSITIES**

September 12, 1997

Columbia University

Iowa State University

Michigan State University

University of Florida

University of Wisconsin, Madison

Cornell University

Harvard University

Massachusetts Institute of Technology

Stanford University

University of Washington

Yale University

1. COLUMBIA UNIVERSITY

- First \$100,000 gross royalties: 40% to inventor for personal use 20% to inventor's lab for research use  
40% divided among university, department, school, and to pay patent/licensing costs
- Over \$100,000 gross royalties: 20% to inventor for personal use 20% to inventor's lab for research use  
60% divided among university, department, school, and to pay any remaining patent/licensing costs

2. HARVARD UNIVERSITY

- Subtract patenting and administrative costs from gross royalties
- First \$50,000 net royalties: 35% to inventor for personal use 15% to support inventor's research  
15% to inventor's department for academic and research uses  
20% to dean for academic and research uses 15% to president for academic and research uses
- Over \$50,000 net royalties: 25% to inventor for personal use 20% to support inventor's research  
20% to inventor's department for academic and research uses  
20% to dean for academic and research uses (A&R) 15% to president / A&R

3. IOWA STATE UNIVERSITY

- Subtract patenting and other expenses from gross royalties - Net royalties:  
33 1/3% to inventor for personal use 33 1/3% to inventor's college for academic and research (A&R) uses 33 1/3% to university for A&R

4. MASSACHUSETTS INSTITUTE OF TECHNOLOGY - Subtract a 15% administration fee and any unreimbursed patent expense from gross royalties

- Net royalties: 33 1/3% to inventor for personal use  
66 2/3% shared by university and inventor's department

5. MICHIGAN STATE UNIVERSITY - Subtract patenting costs from gross royalties

- First \$1,000: 100% to inventor for personal use
- Next \$100,000 net royalties: 33 1/3% to inventor for personal use 33 1/3% to academic unit for a&r  
33 1/3% to university for academic and research uses
- Next \$400,000 net royalties: 30% to inventor for personal use 30% to inventor's academic unit for A&R  
40% to university for academic and research uses
- Next \$500,000 net royalties: 20% to inventor for personal use 20% to inventor's academic unit for a&r  
60% to university for academic and research uses
- Over \$1 million net royalties: 15% to inventor for personal use 15% to inventor's academic unit for a&r  
70% to university for academic and research uses

6. STANFORD UNIVERSITY - Subtract 15% of gross royalties for patent and licensing expenses

- Net royalties: 33 1/3% to inventor for personal use  
33 1/3% to inventor's department for academic and research uses  
33 1/3% to inventor's school/college for academic and research uses

7. UNIVERSITY OF FLORIDA - Subtract patenting costs from gross royalties

- First \$100,000 net royalties: 50% to inventor for personal use 50% to university for a&r
- Next \$100,000 net royalties: 40% to inventor for personal use 60% to university for a&r

- Over \$200,000 net royalties: 30% to inventor for personal use 70% to university for a&r
8. UNIVERSITY OF WASHINGTON (Washington Research Foundation) - Subtract patent costs and 15% of gross royalties for administrative costs
- First \$10,000 net royalties: 100% to inventor for personal use
  - From \$10,000 to \$40,000 net royalties: 50% to inventor for personal use 18.75% to inventor's department  
6.25% to inventor's college for a&r  
25% to a general university research support fund
  - Over \$40,000 net royalties: 30% to inventor for personal use 15% to inventor's department  
5% to inventor's college for academic and research uses  
50% to a general university research support fund
9. UNIVERSITY OF WISCONSIN, MADISON (Wisconsin Alumni Research Foundation)
- \$1,500 to inventor upon filing the patent application
  - Gross royalties: 20% to inventor for personal use 15% to inventor's department  
65% to pay patent/licensing costs and to university
10. YALE UNIVERSITY - Subtract patenting and administrative costs from gross royalties
- First \$100,000 net royalties: 50% to inventor for personal use 50% to the general support of research
  - From \$100,000 to \$200,000 40% to inventor for personal use 60% to the support of research
  - Over \$200,000 net royalties: 30% to inventor for personal use 70% to the support of university research
11. CORNELL UNIVERSITY - Subtract patenting and licensing costs from gross royalties
- First \$100,000 net royalties: 50% to inventor for personal use 35% to Cornell Research Foundation  
Operations and unrecovered patent and marketing costs for all inventions  
9% to the unit, subunit, and inventor's research program  
6% to general support of university research
  - Over \$100,000 net royalties: 25% to inventor for personal use 35% to Cornell Research Foundation  
operations and unrecovered patent and marketing costs for all inventions  
36% to the unit, subunit, and inventor's research program  
24% to general support of university research
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**Paul Stoltz of [www.peaklearning.com](http://www.peaklearning.com) coaches about adversity vs winning.**

His article in Jan 15 Bottom Line proposes that people with a high “adversity quotient” (AQ) have a higher chance at success than those with a high IQ but low AQ.

AQ is raised by face problems or trouble rather than ignore them.

AQ is lessened if problems trigger an emotional response of “worst outcome” rather than envisioning some reasonable solutions, and exercising immediate control through use of problem solving method.

Stoltz says to rely on hard evidence when fiction, worry or negative assumption invades our minds.. When we limit our actions to getting evidence, our energies will be marshaled toward actual control over a situation. There are few emergencies and fewer causes for instant alarm as this kind of attitude permeates our living and work places.