

Seven Things Every Inventor Should Know!

1. STAY WITHIN YOUR AREA OF EXPERTISE

Too often first time inventors confuse an "idea" with an invention. For example, I may think that it would really be neat to have cars that "hovered" above the road on jets of air, eliminating the need for tires and making for a very smooth ride. That's an interesting idea but I wouldn't have a clue as to how to actually make such an invention. Or, I might think, wouldn't it be great to have a machine that you could just walk into and be transported to any time or place in the history or future of the world. Those are just ideas! Way out of my area of expertise! Inventions like those will have to be left to the scientists or, more likely, to the science fiction writers.

Your area of expertise does NOT mean that you have to know everything about how to make your invention right now. It just means that you must have the ability to find out what you need to proceed with your invention. When we were first working on our invention, Ghostline, we did not know all that we eventually learned, but we did know that we could find out what we needed to know. Or, we could find the people who knew the information we needed to learn in order to figure out how to do what we wanted to do.

We often hear from people who have an idea (a "wouldn't it be nice if" idea) but they don't know how to do it themselves and they don't know how to find an expert in the appropriate field to help them either. By the way, the expert you hire to help you develop your invention may turn out to be the actual inventor, not you, if you are not cautious. You must know of a way to make your invention work to be the inventor. At the very least, your expert may have to be listed as a "co-inventor."

The chances of success for a first time inventor are greatly enhanced when the inventor stays within his/her area of knowledge. Don't try to invent a complicated device on your first time out. There are many simple, yet useful, items that will make life easier for all of us yet to be invented.

2. HOW DO I MAKE SURE MY IDEA IS UNIQUE AND IT IS MINE TO PURSUE?

In order to make sure that your idea is unique, it takes a little 'detective work'. First, visit all of the stores that might carry merchandise similar to your idea. For example, if your idea is a new kitchen gadget, go to kitchen specialty stores, department stores, discount stores, etc. and check to make sure that you do not see your idea. Then, check catalogs that carry similar merchandise. You can probably do most of the catalog research online as almost all catalog outlets are online now. If after looking in all of these places you still have not found your idea, it is time to do a patent search. You can do this online, too. The reason that

you need to do a patent search even if you have not found your idea 'out there' is because over **97% of the patents that are issued to independent inventors never make it to the marketplace.** But, if they are patented, and the patent is still active, then it is an infringement to create that product.

You know, we joke that a new idea product and patent search is the only one we know of where you hope you *don't* find what you are looking for! The United States Patent and Trademark Office has the same database online that is available to you at the patent libraries around the country and it is free! The catch is that, even though online patent searching is not difficult, there are some things you need to know in order to make sure that you check thoroughly. The people who work in your nearest patent library can give you tips or, if you decide you need a bit more help, we offer a free step-by-step guide to online patent searching.

Good patent searching is not hard, but you do need to know a few tricks to make sure that you do not overlook some places where it might be listed. A professional patent search usually costs around \$500.00-\$700.00, but if you do a good preliminary search, you could save yourself that money if, God forbid, your idea is already patented.

If you do your store, catalog and online search and have not found anything, this is a great first step! At that point, if you feel that you want the free guide to help you do your online patent search you can find it by going to the "Want Us to Help You" page and clicking on the appropriate e-book. This is a HUGE file and make take up to 15 minutes to download depending upon the speed of your computer and your internet access. Please be patient.

3. **WHAT IS A NON-DISCLOSURE AND WHY IS IT IMPORTANT?**

A non-disclosure document or confidentiality agreement (they are the same thing) is extremely important in protecting your idea and allowing you the time you need to develop your product. It is a simple statement that you should have signed by anyone to whom you show your invention. It states that they have seen your invention and agree not to tell anyone else about it.

The United States Patent and Trademark office has a very strict rule. You have exactly one year in which to file for your patent from the time you disclose your invention by telling someone about it, showing it to someone, or promoting or selling your product without having had them sign a non-disclosure agreement. If you allow the one year period to elapse without filing for the patent, you forfeit all rights to ever file for a patent on that invention.

We provide a sample non-disclosure document that may be printed from our website (on the home page under the Ghostline ghost on the right side of the page). The sample was prepared by our Texas patent attorney. If you are in a state other than Texas we would encourage you to have an attorney in your state approve it before relying on it for protection. Or, it can be found at:

<http://www.asktheinventors.com/nondisclosure.htm>

4. **MANUFACTURING & DISTRIBUTING vs. LICENSING**

The problems related to manufacturing and distributing a product by an independent inventor are daunting. Most retail outlets will NOT buy from a manufacturer (even if it is you) who has only one product to sell them. They almost universally say that they will not buy any product, no matter how great it is, from a "one product vendor."

Stores have maps of their shelf space that are called planograms. Shelf space is very valuable and companies vie for inches of space on the shelves. Every inch is allotted to a specific company. Those companies place their most profitable items in their allotted space. Generally companies do not have any unassigned space to give to an independent inventor. The exception to this is small independent companies. Occasionally they will place products from an independent inventor but, if your goal is wide distribution, the small independent companies will not do you much good.

When we were still patent pending on Ghostline ® , we were able to sell it to independent teacher supply stores and independent office supply stores. We were moderately successful doing that. When, however, we were able to license Ghostline ® , our licensee immediately placed Ghostline ® into all the large chain stores that we, as independent inventors, had no success in doing ourselves. Our income dramatically increased overnight. Our licensee, Carolina Pad, already had the distribution channels in place to make our product available nationwide. Manufacturing and selling it ourselves we would never have been able to even approach the success we now enjoy.

It is important for the independent inventor to remember that if you license your product to a manufacturer who already has other products placed with the retailers, it is a simple matter to add your invention to their line of products and get it on the store shelves.

Not many independent inventors have the expertise or the resources to manufacture and distribute their product themselves. Licensing, on the other hand, is perfect for the independent inventor. As the inventor, you have had the joy of creating a new product for the market place and you have had the thrill of seeing your great idea on the store shelves. Now, as the licensor, you will receive a royalty for your ingenuity and creativity and you are free to create more and more great products. Welcome to the great world of product developers! You can now embark on the most exciting, challenging and rewarding career ever.

The percentage of royalty paid to an inventor varies. The most common percentage is 5%. That is not a hard and fast rule, however. Some royalty rates can be as low as 1% - 2 % or as high as 15%-20% or more. It all depends on the item and the industry.

5. ENFORCING THE PATENT.DO YOU REALLY WANT TO DO THAT?

Congratulations, you have a patent! Many independent inventors may not realize that *they* are responsible for enforcing it. That means that the independent inventor must keep a diligent watch for possible infringers. The United States government does not care if your patent is infringed! They will do absolutely nothing to stop it! Your patent gives you the right to sue infringers. Furthermore, if there is an infringer and you do not sue them you are, in effect, giving up the protection the patent offers. You *must* stop any infringers in order to continue enjoying the exclusivity offered by the patent.

If a large company decides to rip-off your product it is up to you, and your pocketbook, to stop them. That can be very costly! A large company may correctly assume that even though they are clearly in the wrong they can deplete your financial resources and you will give up.

As bleak as that sounds, there is a way for independent inventors to protect their patents. The answer is licensing! When you give an exclusive license to a manufacturer for your product it is important to write into the contract that the licensee will enforce the patent. This is a BIGGIE for the independent inventor. It relieves them of a potential tremendous financial burden that most independents can ill afford.

Usually only *exclusive* licensees will agree to this provision. If you choose to license to more than one manufacturer the responsibility to enforce the patent remains your responsibility. On the other hand, if you license to several different companies and are raking in the money, perhaps you can afford to enforce the patent yourself. That is a judgment call that only you can make.

Another option is to buy patent insurance. This insurance is available in some cases.

6. PRICING YOUR PRODUCT

Before you proceed with your invention it is important to determine how much it will cost to manufacture it and what its eventual retail selling price is likely to be. Many independent inventors "drop the ball" at this point. They have no idea how much it will cost to manufacture their product but they often have a wildly exaggerated idea of the retail selling price. Now it is time to do your homework! Go to the library or get on the Internet and do some research on what the cost will be to a manufacturer for the components of your invention. Make some calls! Go see some companies that make the raw materials you require. Get as accurate an estimate of the cost of manufacturing as you possibly can. Any potential licensee will want to know that you know your business.

If it is absolutely impossible to track down this information, then there is another, but less accurate, way to "guestimate" the manufacturing cost of your invention.

Go to the stores that would be likely to sell your invention. Look at the products that are closest to your invention, or look at products that are made of similar materials and processes. Divide the retail selling price by four. The rule of thumb is that most products sell for four to five times the manufacturing cost. Use that figure as an approximate manufacturing cost of your item.

7. PRESENTING YOUR PRODUCT TO POTENTIAL LICENSEES.

Before you call the manufacturer to make an appointment to show them your invention you must prepare a professional looking presentation that explains what your invention is and why it makes good business sense for them to be the exclusive licensee. An important fact that many independent inventors tend to overlook is that the manufacturer is their customer, not the final purchaser of the product. You must sell *them* on why your product will be beneficial to them. If you convince them it will be their job to sell the consumers.

If at all possible call and make an appointment to meet with the head of the appropriate department at the target manufacturer. You are the inventor. You know your product and why it is wonderful more than anyone else. Who is better to present your product than you??? No one!

If, however, it is not possible to present your product in person then it is doubly important that your written presentation be first rate. The written presentation should be given both to those you meet in person and those that only receive the presentation.

The presentation should anticipate all their questions. For example, explain what your product is, why it is needed, how it works, how much it will cost to manufacture it, and why it would be a profitable item for them, etc. Design your presentation to "speak for you." If you are able to meet with them in person give them the written presentation after you have completed the oral presentation. They will then have it to show to other decision makers within the company. A dynamite presentation will assure that all your terrific selling points will be made to those who did not attend the meeting rather than relying on your contact to sell your product for you.

After completing your presentation proofread it, then proofread it again and again! You must not send out a presentation with even one typo. Also, go over each page to be certain that it looks perfect. Make sure all the margins and indentations are exactly the same. It will defeat the purpose of making a professional looking presentation if it does not look absolutely perfect.

Once you have finished the presentation get it bound in a professional looking binder. (We always choose black with a clear cover.) Prepare one or two presentations for each company you target as potential licensees. It is really not expensive to have them professionally bound (Kinko's, Office Depot, Office Max provide this service) and makes a big difference in how the presentation looks.

If you are not meeting with the company in person do not simply send the presentation. It must be accompanied with a personal letter. In the letter explain who you are and how you happened to invent this very neat product. Make it a personal story. Everyone can relate to a personal story that tells how you solved a common problem.

For the presentations that will not be delivered in person we suggest that you send them by FedEx or Express U.S. Mail. It will cost a little to do this but it will be well worth it. Those who receive it are much more likely to treat it with the respect it deserves if it arrives by either Fed EX or Express U.S. Mail rather than regular first class mail. They will be much more likely to open it and pay attention to it when they might easily dismiss a letter.

If you are dealing with a small to mid-sized company that does not have a research and development (R & D) department you could send the presentation directly to the president or vice president of the company. If the company does not have an actual R & D department but there is a "new products" person you may want to try to contact them first. You can always try contacting the president or vice president if you get no response from the new products person. This is a personal judgment call. Even small to mid-sized companies sometimes suffer from "Not Invented Here" Disease (NIH Disease) so beware! If you are dealing with a large manufacturer that does have an R & D department it is VERY IMPORTANT to submit your product through them!

We offer a free e-book on preparing your product presentation as our gift to you. All we ask in return is that you perform acts of kindness for others. This website and our e-books are part of a kindness chain. Please "pay it forward." If you would like to receive the 45-50 page e-book on How to Create a Compelling Presentation please go to the "Want Us to Help You" link on the left and click on the e-book you wish to receive. This is a HUGE file and may take up to 15 minutes to download depending upon the speed of your computer and internet access. Please be patient.