

Inventors' Network

Volume 7

of the Capital Area [INCA]

Issue 11 <http://inca.interspeed.net>

Our meeting is 15 Nov 99: 5:30 Networking, 6:30 Presentation - Rest of Meeting

Ray Gilbert Pres (703) 971 9216 Phill Shaw Treas (703) 751 3422 Bill Kuntz VPres (202) 638 4988

Current Directors: Raoul Drapeau, Web Master (703) 573 6055 ;

Jerry Porter, Hospitality (301) 962 8491

Ray Gilbert, Temp Editor (703) 971 7443;

Moon Soo Lee, Judge Advocate, (202)955 7995

Ellis Gordon, Education, (202) 686 1768

[Open Director Positions: Membership, Speaker-Host, Asset-Manager, At-Large--Conferences]

Our **October** speaker was Dr. George G. Korenko, Consultant with National Economic Research Associates (NERA). 202 466 3510 Their position is that "markets determine value" - for both tangible and intangible assets – because consumers determine value and there are often other economic substitutes for such assets.

The more difficult aspect of determining the value of a patent is that it is not a tangible asset, but must be applied to a product line that demands commitment of other assets and talent. Moreover, it is a unique asset (by definition) rather than a more easily-evaluated common commodity.

Economic "homework" regarding evaluating a patent license or sale will include one of the following (whichever is most appropriate):

(1) Knowing economic range for the norms of your industry, and being sensitive that uniqueness of your invention has very little likelihood of falling right on an average royalty rate. Industry surveys can offer a measure of industry norms. A licensor candidate is quite likely to know his industry norms much better than the specific economic merits of your property. Knowledgeable negotiators will tend to expect their outcome to be either higher or lower than industry norms depending on the strength of a patent and on the depth of economic understanding among members of both parties. If used, this method should be supplemented by another method.

(2) Knowing about comparable transactions is particularly powerful in negotiating about commodities or real estate. However, intangible property values are very difficult to determine from public data.

The private data of a firm's own intellectual property transactions represent the level of reliability sought in IRS-related transactions, such as intra-corporate transfers of such property. A few privately held databases provide data from the EDGAR files of the Securities and Exchange Commission and other sources that may be helpful in finding and valuing comparable transactions.

(3) Calculating a discounted cash flow (DCF) is an approach that estimates existing and future market forces and recognizes limits imposed from alternative means. The DCF method calculates the discounted stream of expected revenue (less the incremental costs) from using the intellectual property. From this is subtracted the present discounted value of cash flows from using the next best alternative. The result yields a maximum royalty amount (inventors target) for the innovation.

An appropriate homework for the potential licensor would also be a DFC calculation between the benefits of using the intellectual property vs the next best alternatives, and then buyer's risk within the costs and benefit factors. This would determine a minimum acceptable royalty amount.

Both calculations are convertible to a royalty rate by dividing their amounts by a total of the discounted sales for the same period. Negotiations between the two rates is expected to be influenced by bargaining power. A near-monopoly may be unwilling to pay much. An owner/ licensee, with capability to manufacture and distribute may be unwilling to give up much.

The DFC method allows both licensor and licensee to determine a reasonable royalty, based on patent-specific information rather than broad surveys, impressions about appropriate royalties or inappropriate comparables.

(4) Calculating “option value” may be appropriate where market value for new technology is difficult to determine and considerable development cost is yet to be invested. A quantitative decision to continue development can be treated a lot like an investor’s decision to buy a “call” option to sell his product at some time in the future.

Before cost-saving or demand-fulfilling characteristics are sufficiently mature to be calculated reliably, normal option-evaluation practices become useful in estimating levels of risk - vs - reward for continuing development efforts. [A large proportion of independent inventors find themselves in this decision mode.]

The price of such an option is the current annual at-risk-cost to continue the development work. The potential-reward-value of the option is the discounted profit stream expected, once the completed technology is mature enough to be evaluated for sale, licensing or internally used. As a growing at-risk-cost (in time and money) approaches the present value of potential-reward-value of future income from this project, alternative projects need to be considered as a replacement for current efforts.

Funding decisions to continue long-term developments should be revisited regularly as market-related information improves and forecasts of total costs improve their reliability.

An encouraging aspect of the option value method is that a “downside” value is zero. (We cannot lose more than we have committed.) However an “upside” value can grow to make the project a big winner. This method of iterative evaluation is particularly helpful on projects whose completion may take longer-than-usual.

Our members and guests showered our speaker with insightful questions that were handled with professional capability. He provided notes to reinforce his presentation. He also shared an overriding lesson about negotiation: A well-prepared negotiator will have “done the homework” for one intending to be treated with equitable fairness.

Dr Korenko walked the “extra mile” for INCA. He willingly and effectively reviewed this editor’s partial-capture of these evaluation tools, and aptly corrected where appropriate. In this demonstration, George demonstrated a “follow-up” aspect of NERA professionals. Such follow-up could be economically important to INCA inventors as their teams need to enter negotiations knowledgeably.

Nov 15 is inventor’s workshop.

This is a continuation of Dennis VanDusen’s “beta” test workshops, started in May 99.

An invited party of business-oriented persons from the MIT Enterprise Forum (MITEF) will be our guests, including some who will be panel members to respond to a set of INCA presentors.

INCA members are invited to communicate with Dennis (301 656 9090, Fax 301 907 9393 & vandusen@cais.com regarding a possible 15 minute place in November’s program. He will select from proposed presentations describing:

(1) **Products or processes** to include those still in sketches and descriptions*:

[Candidate projects include patents already disclosed to INCA at a prior time.]

*[*Note that a public presentation for a patentable idea will require an application to USPTO within 12 months, and should have been recorded, sketched and verified in an inventor's notebook.]*

- (2) **Business Strategy** for finding market magnitude and pricing structures:
- (3) **Teaming and finding appropriate talent** for a strong business plan:

[More about strategies and searching was on page 3 of our October newsletter.]

An fax candidate-for-presentation sheet is repeated for November on page 7.

Dec 20 Program: We expect to host Frederick Schmidt, USPTO administrator for Search and Information Resources. His background as an examiner, a supervisor and an administrator should be most useful in fielding patent-related issues. His present oversight of search and information sources is expected to be revealed in comments about resources and techniques for helping inventors find and use the rich base of resources now available to them quicker and easier than ever before.

Y2K ECONOMICS: This year all membership dues come due prior to Y2K. The Yearly dues continue at \$36. Individual door fee in lieu of dues is now \$5.00/mo. Since it takes some money to keep our INCA solvent and interesting, let's just have our \$36 checks ready at the door in Nov or Dec to minimize an unnecessary burden of billing etc.

POST-LICENSE Marketing Support

At our October meeting, Jerry Porter showed his Licensee "Tupperware" monthly catalog that displays his **turkey baster** on the first-opened page. Jerry and Barbara have opened their home to show the baster and other product on Sunday, Nov 7 from 2pm to 6pm. This will be 'open house style', no games, come and go as you like.

2818 Jutland Road, Kensington Md. 20895 Call for instructions: (301) 962 8491

CREATIVE METRICATION [From one volunteer newsletter to another]

1 million microphones = 1 megaphone	10 cards = 1 decacards
1 million bicycles = 2 megacycles	½ lavatory = 1 demijohn
8 nickels = 2 paradigms	3 1/3 tridents = decadent
2000 mockingbirds = two kilomockingbirds	
2 monograms = 1 diagram	10 rations = 1 decoration
1 millionth of a fish = 1 microfische	453.6 graham crackers = 1 pound cake

Ron Borda & his wife, Leslie Davis of the MITEF were the "inBusiness" story by Margaret Pressler of Washington Post on Monday, October 11, p F10. Ron was an INCA speaker about 18 months ago. Now their story is about making the Ronbotics arcade game that offers a \$3 virtual roller coaster ride.

As you might suspect, Ron is not asking the reporter to "visualize", but walks with her around a 30,000 sq ft warehouse in Herndon, observing 26 people at work making hardware systems that are driven by Ron's software. He shares some of his manufacturing and market information openly: The "make" costs of his motion platforms, their video & audio plus software controls cost \$3,500 and sell for \$17,000. The cheapest competitive arcade simulator sells for \$80,000. Before the first one was delivered to a customer, he had 1200 orders. Hooray for trade shows!

Leslie Davis shared this advice to other inventor teams: **"Invest enough time in making sure there's a need for what you're building --- that you're not building technology just for technology's sake... We spent a lot of time doing research to make sure we could make money, and that if we had shareholders, they could make money."**

EDUCATION Corner

Congratulations to another Volunteer person, Ellis Gordon (202) 686 1768.

He has been appointed to the INCA Board as our EDUCATION DIRECTOR.

We anticipate that INCA members will want to share information about viable processes for moving an intellectual property idea into an appropriate business income.

As a starter, Ellis recommends that INCA members who intend to achieve net income from their inventive efforts, subscribe to TECH capital, a business-focused unit of the Washington Post Company. The subscription is free, based on qualifications and can be applied-for by calling 800 417 0258. Examination of monthly content is possible through internet www.techcapital.com. Their web page also permits direct application for a free subscription.

Ellis talked to this editor about an underlying demand for tailored self-education by an inventor. An objective for this process-of-learning is to understand how commercialization will influence the product, the team and the other resources that are to be drawn upon.

One wonderful aspect of effective invention is evidence of a work ethic that commits personal time and resources to “doing” the research of finding “angels”, venture capitalists, high-tech facilitators and “partners-in-ownership” to accelerate development and bring viable products to a timely market.

Other education resources can be found on our website, <http://inca.interspeed.net>. To help our newsletter and our website stay apprized of information resources you find valuable, please send material via Ray @ fax (703) 971 9216 or raybik@aol.com . As you have suggestions about educational program content, you might like to talk with Ellis at (202) 686 1768.

PATENT TECHNIQUE

Words of Claims: (1) A writer gets to select all words within his claim, but

A same word must mean the same thing where ever it is found in the application.

In a second and subsequent use of a word, it may be described as “the” or “said” word.

(2) All words within a claim must be findable in a suitable context within specifications.

(3) All word-descriptions of process steps, parts and components cited in a claim should be findable in drawings.

Adjustment of words in claims:

(1) An examiner may disallow an applied-for claim for reasons cited in the MPEP, chapter 6.

A prosecutor of a patent is expected to modify or to substitute claims to overcome the examiner’s findings and comments. To recover from a first-action disallowance, any change in claims must be satisfied by original specifications and drawings. This foundation for flexibility in future claims is best served from a rich base of information by the inventor team,. “More is better”.

Pressman’s “write it yourself” book offers examples of claims. Skilled claim-writing “comes in the doing”

(2) An inventor team is well served to express a desired set of claims by the inventor(s), and to test the sufficiency and breadth of specifications and drawings by tracing every idea and word of the claims to their origin, reason-for-being and interworkings in the specifications and drawings. When all linkages are traceable from the inventor team’s resultant claims, the package is ready for

expertly written, high-value work or validation.

Amazon.com page about Raoul's INVENTION book

At some time in their life, almost everyone has a clever idea that they thought was patentable. Yet, few know how to proceed or how much it would cost. It's easy to be lured by the invention marketing firms that advertise on late-night TV, or be enticed by success stories in the newspaper.

Even worse, you may have seen ideas of yours that you didn't pursue, later appear as someone else's money-maker. If you're in this category, this book is for you.

This new treatment of the development, protection, financing and marketing of intellectual property is aimed at inventors, their spouses and bosses - all of whom need to know how the whole process works and what makes the inventor tick.

This practical book will tell you what you need to do to bring your invention to the finish line. You will learn about patents (there are several kinds), trademarks, trade secrets, copyrights and all the other means of protection - even what you can do by yourself to save money.

The book also covers how to license, market and finance inventions as well as a host of do's and don'ts. You will learn how to perform patent searches and gather information on the Internet - including useful URLs.

Because of its timeliness and importance, there is also discussion about important legislation before Congress to change the Patent Office.

This book will make a great present for that inventor in your life - even if that inventor is you!

Raoul usually carries a few copies with him to INCA meetings, so you can save shipping costs by getting one from him directly - he'll even autograph it for you!

Another easy way to have copies delivered directly to homes of users is through www.amazon.com, Under book search, enter Raoul Drapeau. Amazon has capability of sending as gifts or delivering its products right to your own door in a few days. Price is less than \$20.00

Reference: Raoul Drapeau, 2410 Lockett Avenue, Vienna, VA 22180 USA
703/573-6055 voice, 703/573-3090 fax r-drapeau@usa.net

NEW FREE BIWEEKLY E-MAIL NEWSLETTER from Dr.Vernon:

vbrabham@mindspring.com offers a free biweekly newsletter via e-mail. Put "subscribe" on the subject line to get on his e-mailing list.

He cites resources for early idea assessment:

The Wisconsin Innovation Service center at the U. of Wisconsin will valueate your product idea and conduct a preliminary patent search for \$495. (414) 472 1365

The Washington Innovation Assessment Center are connected to the Washington Small Business Development Center at Washington State U.. They charge \$350 for evaluation by three evaluators that you select. They will also conduct a patent or trademark search for an additional fee. (509) 335 1567

The Wal-Mart Innovation Network (WIN) is affiliated with Southwest Missouri State University in Springfield. They will

score your product to 39 criteria for a charge of \$175. Their in-depth look evaluates your concept including market potential, projected return on investment, safety concerns and environmental impact. They also compare your products appearance, price, durability and functionality with competitive products. Their contribution includes suggestions on marketing, promotion and distribution.

If your product scores high enough, they send it to a group of experienced Wal-Mart buyers. Such an market exposure probably won't hurt.

WIN provides an application and manual. (417) 836 5671

Source:

Dr. Vernon Brabham is a New Product Consultant and inventor. He reports having taken 10 new products to market. His telephone time is a priced personal service. His web site = <http://www.bizine.com/invent>. He also notes the web of Ed Zimmer = <http://www.tenonline.org>

To get a bi-weekly message from Dr. Brabham, address him on e-mail at vbrabham@mindspring.com and say Subscribe. [Your editor has already thank him for the rich content from his current e-letter which has been added to our newsletter-for-slower mail.]

EVERY INVENTOR HAS A BUSINESS PLAN. Only a few inventors seem to have converted their vision of a property "what" to a business process "how" in clear, objective writing.

Anyone who would invest time or resources to the project **deserves** to understand a visible and viable business plan.

It will show how those resources are sufficient for the purpose, and how they will be well-used by the rest of the commercialization team to generate an honest return-on-investment. The business plan is a necessary avenue to responsible assistance from Law firms, Venture Capitalists and Institutions wanting sound inventions to be commercialized.

For inventor participation in Nov 15 workshop:

Application for Presenting at second INCA / MITEF Concepts / Invention Workshop:

Send your application to Mr.Dennis Van Dusen Fax 301 907 9393 or vandusen@cais.com soon. [No later than 10 Nov.]

1. Presenter's Name _____

2. Title _____ 3. Company _____

4. Phone _____ 5. E-mail _____

6. Employer involvement, if any:

7. Do you have a written concept statement for your invention? ()Yes ()No ()Attached

8. Please provide a 2-sentence conceptual explanation of your invention:

9. What area(s) are you presently concerned about regarding your invention? Please rank: 1=highest

- | | |
|--|---|
| <input type="checkbox"/> Marketability of the invention | <input type="checkbox"/> Protecting your rights |
| <input type="checkbox"/> Filling out the invention concept | <input type="checkbox"/> Conducting tests |
| <input type="checkbox"/> Forming a business to promote the invention | <input type="checkbox"/> Finding economical ways to produce the |

invention

10. Is there anything else we should know about your invention, its progress or your firm?

11. Please attach an executive summary of your business plan if you have a written one.

(Please attach information about your concept and special interests that will assist in selecting appropriate persons for your workshop panel.)

Product :

Competitors:

Target Market

Competitive Advantages

Economics and "Harvest Potential"

The TEAM, now and future

BIG THANKS TO GUESTS FROM MIT ENTERPRISE FORUM.

Volunteering is appropriate in a volunteer organization:

We invite participation as:

**Executive Board Directors Membership,
Speaker-Host,
Asset-Manager,
At-Large-
(Ray has position guides)**

We invite volunteer references for

**Effective Speakers
Desired Expert-based topics**

We invite authors for

**- Newsletter
- Internet**

We all face the exception schedule for Jan and Feb 2000. Their third Mondays are National holidays, so our facility at 31C conference room will be available instead for Jan 10 and Feb 7.

Dr Vernon

His first article provides a prophesy about inventing to become richer. - it takes a lot of work - and persistence -. And capability to meet this kind of criteria:

Is your product needed, and more importantly, is it wanted?
Can it be sold for at least 5 times what it will cost to make?
Is another product already being made and marketed as well as yours could be?
Will it meet all legal, safety and environmental concerns?

These evaluator services sign a non-disclosure agreement to offer security.

Andy Gibbs' Patent Cafe' discusses Non-Disclosure Agreements in
http://www.patentcafe.com/cafe'_magazine/

A marketing group requiring "no money up front" is called Inventnet International Corporation at
<http://www.inventnet.com/marketing/html>

Inventors Digest individual subscription is \$27 per year. 1 800 838 8808

INVENTOR TECHNOLOGY:

-about Claims. Claims are the property within a patent. A candidate licensee will usually examine a patent's claims to determine if this property fits within his business and would add value to the business.

Note: Provisional applications do not include claims.

Their low fee of \$75 does not include provision for a USPTO patent examiner's time and judgment. If an inventor expects an application to result in an award of intellectual property, the application must be for a utility, a design, or a plant patent.

-about utility patent's "broad, independent claims":

Convention in writing and in examining claims is to expect the first offered claim to be the most broad.

It lists the minimum component or step means to achieve a solution to a prior-stated problem.

In minimizing the number of components or steps, the breadth of the claim may read on prior art not yet recognized by the inventor or his team. A first office action often challenges claims as being too broad.

The examiner may suggest narrowing the initial claim by adding restrictions cited in dependent claims.

It may mix elements from prior art with new elements.

It will use the most-broad terms for each element.

It will be considered an independent claim because it does not depend on a prior claim.

Clarity in claim-writing will express a claim title prior to use of the usual word "comprising".

Then the component major parts or means are listed (and numbered). The claim is made complete with a "wherein" expressions that link each of the listed components to the other components or means with terms such as "connects to" or "communicates with".

Many writers want to be sure that a reader of their claim will understand "what the aforementioned components and means do" or what functions are to be achieved from the apparatus' and/or method's structural description.

A "whereby" expression may be added to the end of a claim. It may include functional language as a means of enhancing communication, but the whereby expression cannot add structural property to a claim. It merely recites an objective.

About more-specific dependent claims:

One claim-writing strategy would write as broad as possible initial, independent claim, and let a series of claims, each dependent on the first one, further define specifics relating to a component or means of the first claim. Examiners may call these specifics a limitation, and explain that the independent claim, when read against an earlier patent (prior art)

A dependent second claim might be:

2. a

described claim's disclosure, which is the components of a claim immediately after the introduction that concludes cite limiting aspects of each element that further describe the unique character of each element.

[If the examiner finds prior art that seems to anticipate all elements of a most-broad claim, further definition is simple by combining supportive claims into the language of the most-broad one.]

-about narrow, dependent claims:

Supporting broader claims with multiple narrower claims strengthens specificity of the invention.

-about multiple sketches, with defined parts:

-about background

-about best embodiment

Should the examiner cite prior art that seems to cover the most broad claim, a substitute claim (with its own new number) can be expressed from combined elements within the dependent claims or from within drawings, specifications and cited references.

Reality in writing and examining claims is that almost anything can be awarded a patent as its definition is narrowed in depth to include greater and greater depth of unique features-- The importance of this condition is that an extremely narrow patent may offer very little property value. Of course, if that narrow product is an item with a new, broad, "fadish" market appeal, even a narrow patent may limit some threat of competition within a narrow market.

A format for claims will include a name for the claim, a list of elements such as items, methods, or steps, and how these elements cooperatively interact with one another to provide a working whole.

Conclusion: Claims for a breakthrough technology or a new use for a known product can be very broad, with few dependent claims. Licensees may be the ones who add their proprietary style to their products through multiple dependent claims.

Conversely, a claim set for mature technology tends to be narrow, with many dependent claims.

[A viable broad claim is usually much more valuable than a lot of narrow ones.]

RESULTS FROM BOARD MEETING of October 18 5:52 - 6:22 pm.

1. Status of Funds

Our treasury has approximately \$1700 now, considered to be sufficient

Our June 12 '99 Saturday Seminar took a lot of volunteer sweat contribution.

Fortunately, the near-60 registration yielded an income of \$1100 and an expense of \$640, adding \$410 to our treasury and adding at least 4 inventors to our membership.

Publication expenses have increased due to additional mailings and increased rate for printing.

Monthly printing and mailing cash expenses are approximately \$150.

Membership Dues have been \$36/yr and \$3/meeting. The board voted to change individual meeting fee = \$5.

2. Program Structure: Continuation of prior themes, plus,

Commend Raoul for his major website sophistication; <http://inca.interspeed.net> is best!

Approximately % of members have e-mail. [Greater Capital Area has 60% e-mail]

Organizational infrastructure:

8 Directors
interaction with MIT Enterprise Forum

2 planned “partnership events of USPTO & INCA
inventor visibility through TV

3. Vision of program into 2000

Cooperative marketing efforts for individually owned intellectual properties

Cooperative effort policy

Independent Inventor & Corporate Licensee linkage systems

Creating and supporting new intellectual properties to meet market interests

Creative Problem Solving tools - Part of pre-meeting networking

Washington “Invention Conferences” with major customer groups

Capital Area “Inventor / Business Workshops” to tailor properties

Economic research

Studies to support changing fees within patent law for small entity

Basic principles from which to teach “project economics for inventions”

Economic models generated and proofed from which to estimate development &
promotion costs for inventions suitable:

for licensing

for manufacturing

for distribution

Sponsorship of INCA-like inventor organizations

Cooperate in starting new Inventor Associations

- for youth (Implement Lemelson Objectives)

- for out-lying communities (Implement Saturday Seminar findings: Too
few public arenas for inventors)

Board Meeting, Continued

Recognition agency to identify inventor teams whose properties provide:

major humanity enhancements

important, timely social enhancement

economically-significant communication value

essential material-conservation merit

business initiation, growth and health

4. Amplify Inventor Initiatives, using available resources

INCA might demonstrate processes through which independent inventors thrive

feed intellectual property benefits to customers through licenses
integrate tasks with corporate producers and marketers.

INCA and cooperative industries might demonstrate **employed inventors**: processes help corporations thrive from intellectual property benefits to customers assure high quality properties through equity in licensing from employed inventors to other corporate producers and marketers.

INCA, Universities and small entity corporations might broaden sound inventor policy. refine a modern Intellectual Property policy for Universities and Corporations regarding individual inventor equity-rights.

[Consider Duke University Policy as model. Ref: Inventions, Patents and Technology Transfer of July 1 1996, Nine pages]

“ A concept is expressed and refined with concept explanation and value additions.
Commercialization and directive-focus follow.
Protection strategies for intellectual property considered
Business formation (with a balance of talent) is discussed
Marketing with definition and segmentation outlined
Financing converts aforementioned considerations into economic terms and marshals:
Deal Structure evaluation
Likely Investor demands
Program requirements and recommended posture.

A growing, evolving concept is summarized. Moderator / Mentor(s) suggest direction & offer advice.
Audience reaction is noted. “Beta test” records reactions. Division of the audience into groups of fewer than 30 offers a close relationship to presenters, moderators, mentors and recorders.

Integrating Patents

Patent prosecution requires t-i-m-e: Patent lifetime = 20 yrs from application

Patent values

U.S. Corporations may earn Significant % profit from licensing their patents.

IBM reports \$1B/yr from Patent Licensing.

Texas Instruments between 1987&- 1994 collected \$1.9B royalties Vs. Operating Income \$1.3B
.* Afuah, Allan Strategies to Turn Adversity into Profits Sloan Management Review Winter 1999, p106

Patent policies:

Some University inventors may retain up to half of commercialization benefits.

Some corporations reward inventor team members:
\$1,500 at application + \$ 750 at assignment, plus \$7,500 for every 10th invention.
Average: \$3,000 for participation in invention.

Federal research employees may now participate in commercialization royalties of 15% with up to \$150,000 per year/patent.

EQUITY in IDEA-PROPERTY

Jack Welch CEO of GE notes that Processes for Patents come from "idea people".

"Social contracts" of earlier times traded "job security" for long-term loyalty of needed idea people.
Loyalty meant little compensation for invention; it was considered "part of the job"

Welch notes that firms can no longer offer the same "job security" because hypercompetition drives downsizing and professional turnover.

Therefore, US business-dynamics is shifting the equity balance for intellectual property.


Concurrently, an inventor with economics-orientation will consider the viability of offered "asset deals" before revealing and trading property-related insights.

Profit from Intellectual property becomes dependent on fairness in property transactions.

Does firm offer royalties through their astute marketing and management of Idea Property not directly applicable to their line?

One "Fairness model": The Federal Technology Transfer Act (FFTA) of 1986] permits commercial royalty up to \$150k/yr to be awarded to Federal inventors. CRADAS are the instrument of "equity".

"Invention Processes"

- 1. Assess Needs of Customer
- 2. Commit Resources to Intellectual Property
- 3. 
- 4. Prosecute Patent(s) Reward Inventor
- 5. License - Up to 20 years

Prosecution of patents is now better organized: Electronic Search
CD-ROM in 83 US depository libraries, Web-sites (www.USPTO.GOV)

Examiners offer claim-writing for "pro-se" inventors.

SMALL BUSINESS Min. Cost/Patent

Approximately 1/4 American applicants fit "small business" category:
Their fees are half of rate for large corporations.

USPTO fees for "small entity",
Dec 1999, become:
Application Filing: \$380
Utility Issue 605

Maintenance @ 3.5 yr \$ 470
@ 7.5 950
@ 11.5 1,455
Anticipated Fee for Patent Life: \$3860

Plus hired talent & lots of personal hours.

BIG BUSINESS Typical Cost/Patent

Ave corporate costs per issued patent estimated to be \$20,000.

Includes: Salary costs of the inventors,
Overhead and direct costs of supervisors and patent related staff persons:
invention screening committee
corporate (and contracted) patent counsel, testing and drawing services +

USPTO fees at full rate plus the pre-licensing awards to inventors.

Internet comments assessed average asset value of a completed corporate patent to be approximately \$200,000 at time of issue.

CONCLUSIONS:

Inventives create Wealth

.

Wise Managers Distribute Wealth Equitably