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# Inventor, Beware

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## **What Is an Invention Promotion Firm?**

An invention promotion firm is a company that solicits independent inventors and claims to be able to assist the inventors in patenting or in promoting their inventions to industry. Some of these companies have been the subject of complaints by inventors. Such companies are not law firms.

## **Why Should I Be Concerned?**

Inventors who have dealt with some invention promotion companies have paid thousands of dollars for services of little value. Many of these inventions have been promoted to industry using methods that are unlikely to generate any business interest. Some of these companies mislead clients regarding their rights, prepare unnecessary and expensive market reports, file statutory invention registrations or prepare other documents having little or no value.

## **What Are Some Warning Signs?**

Warning signs to look out for when dealing with a company that offers to help you develop and market your invention are a lack of interaction with a patent attorney or a focus on an elaborate evaluation report. Such reports typically state in glowing terms that the idea has great merit and should be readily salable in the marketplace. These evaluation reports have little or no value to companies that are really interested in purchasing an idea. In fact, experts in the field maintain that the actual probability of successfully marketing an idea is far less than one percent. It seems that the only purpose of such evaluation reports is to convince you to retain the services of that invention development company to market your idea for a substantial fee. Sometimes fees of up to \$20,000 are collected with the purpose that such companies will apply their "best efforts" in trying to help you place or sell your idea.

Special Note: This pamphlet has been issued to inform and not to advise. It is based on Pennsylvania law. The statements are general, and individual facts in a given case may alter their application or involve other laws not referred to here.

## Consumer Legal Information



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## **What About Patenting?**

Some invention development companies even do a patent search that turns out to be of questionable quality and fails to provide a needed opinion as to patentability. They then often prepare a patent application merely for the design (ornamental) aspects of the invention, when the invention is functional; or worse yet, they modify the inventor's design by adding ornamentation that does not give any real protection from patent infringement, if a patent should issue. Very, very seldom are such efforts successful. Moreover, if they are commenced before a patent application is filed, they can destroy any chance you do have for obtaining patent protection for your invention in many foreign countries, and, if they are commenced more than a year before a U.S. patent application is filed, they can destroy any chance you have for obtaining patent protection on your invention in the U.S. as well.

## **What Is the Government Doing?**

The federal government has taken up this matter of honest disclosure to novice inventors by legislation that would regulate invention development companies or individuals who represent themselves as being able to help inventors protect and commercialize their inventions. The U.S. Congress in 1999 enacted the first federal law that addresses inventor's property rights and how those rights are affected by invention promotion services, hoping to gain through them the marketing of independently created inventions.

The Federal Patent Code has been amended by adding the American Inventor's Protection Act. The new law covers contracting requirements, provisions for the cover notice on promoter contracts, required progress reports to the inventor customer, mandatory contract terms, remedies at law by civil action, records of complaints in the patent office, and fraudulent representation by an invention promoter being deemed a federal offense punishable by fine.

## **What Should I Do?**

A prudent inventor who decides to deal with an invention promoter who charges an up-front fee first should consult a federally registered patent lawyer on how the new law would apply to the proposed promoter contract being offered to the inventor. The new law (P.L.106-113) would mandate certain contract terms and relevant disclosures that would have to be given to prospective customers.

These include:

1. Number of inventions evaluated for their commercial potential by the invention development firm (promoter) in the past five years, as well as the number that have received either positive or negative evaluations;
2. Number of customers who have contracted with the invention promoter in the past five years;
3. Number of customers known to have received, as a direct result of this invention promoter's efforts, an amount of money in excess of the amount paid by the customer to this invention promoter;
4. As a result of the efforts of this invention promoter, the number of customers who have received royalty-paying license agreements for their inventions;
5. The names of all previous invention promoter entities with which the present promoter has been affiliated in the previous 10 years.

You should ask the above questions and get satisfactory answers to them from the promoter before you sign the contract to pay the promoter money and turn over control of your invention.

## **Who Else Is Involved?**

Over the past three decades, the Federal Trade Commission and certain states' Attorneys General have moved against various "invention marketing firms," which obtain customers by late night TV promotions or telephone solicitations. In Pennsylvania, the Attorney General sued one such operation, International Inventor's Club of Pittsburgh. The commonwealth obtained a permanent injunction order to settle violations of the Federal Telemarketing Sales Rule and Pennsylvania's Unfair Trademark Practices Act.

## **Inventor Beware!**

One inventor with an idea for a switch that would automatically turn on a car's headlights when the wipers were in use found out that the idea was not original and that a patent to another already existed for his idea, *after* he spent about \$8,000 with an invention promoter.

## **Where Can I Get More Information?**

You can find out about registered practitioners in your area by going to the U.S. Patent Office Web site at [www.uspto.gov](http://www.uspto.gov). Also see [www.uspto.gov/inventors/scam\\_prevention](http://www.uspto.gov/inventors/scam_prevention).

You may also contact the U.S. Patent and Trademark Office, Office of Independent Inventor Programs at:

Phone: (703) 306-5568

Fax: (703) 306-5570

E-mail: [independentinventor@uspto.gov](mailto:independentinventor@uspto.gov)

Postal Mail: The Commissioner for Patents  
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## **How Can I Locate an Attorney?**

Call the Pennsylvania Bar Association Lawyer Referral Service toll free at 800-692-7375. Most counties have this same service at the local level. Check your yellow pages under "attorneys" for more details.