

Project Checklist

- DESCRIBE YOUR INVENTION.**
Date completed: _____.
- MAKE A ROUGH SKETCH.**
Date completed: _____.
- DO A PATENT SEARCH.**
Date completed: _____.
- CONSULT WITH A PATENT ATTORNEY.**
Date completed: _____.
- DO YOUR IN-FIELD MARKET RESEARCH, FIRST LEVEL.**
Date completed: _____.
- INTERVIEW DISTRIBUTORS AND SECOND-LEVEL CONTACTS.**
Date completed: _____.
- IDENTIFY MANUFACTURERS/POTENTIAL LICENSEES.**
Date completed: _____.
- ORDER CATALOGS AND REPORTS FROM MANUFACTURERS.**
Date completed: _____.
- INVESTIGATE ALTERNATIVE MARKETS AND APPLICATIONS.**
Date completed: _____.
- INTERVIEW MANUFACTURERS, THIRD LEVEL.**
Date completed: _____.
- RECHECK ALL RESEARCH INFORMATION.**
Date completed: _____.
- FILE A PATENT APPLICATION, IF APPROPRIATE.**
Date completed: _____.
- CONTACT MANUFACTURER'S REFERENCES.**
Date completed: _____.
- SUBMIT INVENTION TO MANUFACTURER(S).**
Date completed: _____.
- FOLLOW UP WITH MANUFACTURER(S) TO WHOM YOU SUBMITTED.**
Date completed: _____.
- DOCUMENT MANUFACTURER RESPONSE.**
Date completed: _____.
- SEEK PROFESSIONAL ASSISTANCE, IF NEEDED, TO HELP WITH NEGOTIATION.**
Date completed: _____.
- CONTACT A CPA (CERTIFIED PUBLIC ACCOUNTANT) FOR TAX CONSIDERATIONS.**
Date completed: _____.
- CONTACT A PATENT ATTORNEY SPECIALIZING IN NEGOTIATING LICENSES.**
Date completed: _____.
- DECIDE ON LICENSE/COMMERCIALIZATION/PATENT STRATEGY.**
Date completed: _____.
- NEGOTIATE LICENSE OR FOLLOW THE ALTERNATIVE STRATEGY.**
Date completed: _____.
- FOLLOW UP ON PROJECT WITH AT LEAST ONE CONTACT PER MONTH.**
Date completed: _____.

INVENTION DESCRIPTION

Describe here all of the features of your invention, and how it works. Describe its benefits and advantages over existing products or technology. Use additional pages as necessary. Have all pages signed, witnessed, and dated. The witness should not be a close relative, but rather a trusted friend, neighbor, or colleague whom you can track down in a few years in the event you need them to serve as a witness at a hearing.

Invention title: _____

Description: _____

Signed by Inventor: _____ Date: _____

Witness Signature:

I have read and understand the above. by _____

Witness Name: _____ Date: _____

Address: _____

Phone: _____ Email: _____

(Optional) Second Witness

I have read and understand the above. by _____

Witness Name: _____ Date: _____

Address: _____

Phone: _____ Email: _____



ROUGH SKETCH

Draw a rough sketch here, or otherwise attach illustrations, photographs, or other appropriate visual art. This sketch can be very rough because it is only for documenting the conception date or for communicating the essence of your invention to a professional who is working for you on this project. It is important to have this sketch signed and witnessed just as you did in your invention description.

Invention title: _____

Drawing here:

Signed by Inventor: _____ Date: _____

Witness Signature:

I have read and understand the above. by _____

Witness Name: _____ Date: _____

Address: _____

Phone: _____ Email: _____

(Optional) Second Witness

I have read and understand the above. by _____

Witness Name: _____ Date: _____

Address: _____

Phone: _____ Email: _____



BACKGROUND WORKSHEET

FILL IN THE BLANKS BELOW, AS APPROPRIATE.

I am the sole inventor of this invention: **YES** ____ **NO** ____ If no, answer the following:

I am a co-inventor with the following individuals: (Optional: List their phone or address, and indicate the nature of their involvement.)

Was this invention developed at your place of employment? **YES** ____ **NO** ____

Did you use your employer's resources to develop your invention? **YES** ____ **NO** ____

Do you have an employment contract addressing intellectual property? **YES** ____ **NO** ____

If yes to any of these three questions, list employer (optional):

Was a patent search performed in the U.S.? **YES** ____ **NO** ____

Internationally? **YES** ____ **NO** ____

Did you receive a patentability opinion Letter? **YES** ____ **NO** ____

Name, phone number, and address of your patent attorney/agent

WHEN YOUR IDEAS ARE UNPATENTED

Has a written description of your invention been witnessed and signed by an unrelated third party? **YES** ____ **NO** ____

Have you filed with the Document Disclosure Program in the U.S. Patent and Trademark Office? **YES** ____ **NO** ____

Date on which the invention was first offered for sale: _____,
or if not offered, check here: _____

Date on which you first began using the invention for your own benefit (except for experimental purposes):
_____,, or not used _____

Has your invention been publicly disclosed (in publications, press releases, articles, advertising, and so on)?
YES ____ **NO** ____ If yes, first date _____ How disclosed?

Is a patent pending? **YES** ____ **NO** ____ Type (utility, design, provisional):

Not patentable _____

WHEN YOU HAVE AN ISSUED PATENT

U.S. Patent No.: _____ Date issued: _____
(Include a copy)

Has a foreign Patent Cooperation Treaty (PCT) application been filed? **YES** ____ **NO** ____

List foreign patents by country; indicate pending or issued:

Have patent rights been assigned to you from someone else? **YES** ____ **NO** ____

If yes, from whom? _____

Has assignment been recorded in the U.S. Patent and Trademark Office?

YES ____ **NO** ____ (Include copy of assignment.)

Summarize other patents issued to inventor:

Was a copyright registered with the Library of Congress? **YES** ____ **NO** ____

If yes, date issued: _____

Trademark filed? **YES** ____ **NO** ____ Date trademark was issued: _____

Trademark name: _____

FIRST LEVEL MARKET RESEARCH

What's on the Shelf

Name of store/facility: _____

Location: _____ Date of visit: _____

1. In what department of the store or area of the facility do you find products in your invention category (home decor, seasonal, electronics, and so on)?

2. What is the amount of shelf space allocated to this product category (for example, six feet of shelf space, two square feet, five hooks)?

3. What is the brand representation (amount of shelf space allocated to each manufacturer; (for example, 50 percent Stanley, 30 percent Black and Decker)?

4. What are the types of materials or manufacturing used by the manufacturers? (Stanley products are all molded plastic, Black and Decker uses primarily metal, and so on.)

5. Price range by manufacturer/brand (Stanley \$2 to 5, Black and Decker \$4 to 10, and so on):

6. Brand image (Stanley, ease of use and low price; Black and Decker, quality and unique features, and so on):

7. Which manufacturers/brands most closely match the market position suitable for your invention? List your top choices:



DATA TRANSFER

Also record the answers to this question on the Distribution Chart in Appendix B.

_____	_____
_____	_____
_____	_____

8. List the contact information for all manufacturers within this product category. This information is generally on the packaging or box, or the store manager may provide it. (Use additional paper as necessary to document several brands.)

Brand name: _____

Company name: _____

Parent company name: _____

Address: _____

Toll-free number: _____

Other phone number: _____

Email address: _____

Website: _____

Patent numbers: _____

Country where manufactured: _____

On-Location Interviewing

Name of interviewee: _____ Date: _____

9. What kind of people buy products in this category? (This may vary from location to location. Look for general categories, such as mostly female or male users, people with discretionary income, do-it-yourselfers, trades-people, teenagers, and so on.)

10. What appears to drive sales? (Examples may include price, time-saving or other special features, color, and so on.)

Primary feature:

Secondary feature:

Other:

Other:

11. What price ranges and features are most popular?

Primary:

Secondary:

Other:

Other:

12. What is the breakdown of market share by sales volume? (Stanley outsells Black and Decker by three to one, or Stanley 50 percent, Black and Decker 20 percent, and so forth.)

13. Market changes: Are sales seasonal, dependent on economic climate, affected by recent changes in ownership of either the present company or the manufacturer, or anything else?

14. What are other important factors? List any side comments relating to what may affect sales:

15. What are the names and phone numbers of manufacturer representatives or salespeople who call on this store?

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On-Location Interviewing continued

16. Which manufacturers offer better quality, choices, service after the sale, and so on?



DATA TRANSFER

Also record the answer(s) to this question on the Distribution Chart in Appendix B.

Manufacturer: _____ Strength: _____

Manufacturer: _____ Strength: _____

17. Which manufacturers have had problems with filling orders, poor product quality, returns, and so on?

Manufacturer: _____ Problem: _____

Manufacturer: _____ Problem: _____

18. How many stores or locations are there, and where are they (in the U.S., in the Midwest, and so on)?



DATA TRANSFER

Also record the answer(s) to this question on the Distribution Chart in Appendix B.

No. of locations: _____ Territory served: _____

19. Who supplies the store (its own warehouse, an independent distributor, an importer)? Include names of suppliers and contact information.



DATA TRANSFER

Also record the answer(s) to this question on the Distribution Chart in Appendix B.

20. Has this person ever seen or heard of a product or technology with features that perform a similar function or achieve the same results as your invention, but in a different way? (Talk about generalities without revealing the invention unless it is your decision to do so.)

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On-Location Interviewing continued

21. If a manufacturer were to introduce a new item along the lines of your invention, which manufacturer might that be? (This is possibly the most important question of all.)



DATA TRANSFER

Also record the answer(s) to this question in column B on the M/LSW in Appendix C.

- 1. _____
- 2. _____
- 3. _____
- 4. _____

22. What is the standard price markup for this category (50 percent markup, keystone [two times], and so on)?

23. What is the turnover, or reorder rate, in your product category, both highest and lowest acceptable range? (Does the store reorder a dozen every quarter? Every other month?)

High: _____

Lowest acceptable: _____

24. Identify collateral sales in this category. (These may be either a company catalog or website of the company you are visiting.)

25. What are other locations that have similar products/technologies in this category?

Name: _____ Location: _____

Name: _____ Location: _____

Name: _____ Location: _____



ACTION STEP

The major trade shows and conferences in your industry can be excellent places to conduct research. Now is a good time to ask questions about these events. For a guide to this process, refer to Trade Show Information in Appendix A of this workbook.

26. Can you be referred to another employee or person who is particularly knowledgeable about this product category?

Name: _____ Name: _____

Company: _____ Company: _____

Expertise: _____ Expertise: _____

Phone: _____ Phone: _____

Other contact: _____ Other contact: _____

continues next page

On-Location Interviewing continued

27. How might you recontact the interviewee?

Name: _____

Title: _____

Phone: _____

Email: _____

Address: _____



ACTION STEP

Now that you have collected some basic information from your market research in the field, you can start to build the Distribution Chart located in Appendix B. In this way you can create an easy and quick visual reference showing which manufacturers serve which distributors and retail outlets. As you continue in your market research, you may learn more details that will help you to complete this distribution chart.

Second Level Interviewing

Name of interviewee: _____

Title: _____

Location of interview: _____

Date: _____

28. If this were his or her invention, which manufacturers would he or she prefer to work with and why?



DATA TRANSFER

Also record answers to this question in column B on the M/LSW in appendix C.

29. What are the pros and cons of dealing with those companies?

30. How does each manufacturer position itself in the market? (Which is a low-price leader, high-quality manufacturer, and so forth?)

31. What types of accounts or markets are strongest for these manufacturers? (Which is stronger with small retailers, mass merchandisers, or industrial accounts?)

32. Where do these manufacturers have the strongest market presence, by territory, and in which sales outlets?



DATA TRANSFER

Also record answers to this question on the Distribution Chart in Appendix B.

33. Are there rivalries between these manufacturers? Which ones?

continues next page

Second Level Interviewing continued

34. Which manufacturers have a reputation for unscrupulous practices, either from working with inventors or from the way that they deal with others in their industry?

35. Which manufacturers have a better presence in foreign markets? Which countries?

36. Which foreign manufacturers are making an aggressive impact in the United States? At which sales outlets?

37. What trends tend to affect this industry?

38. What trends are apparent for products in this category?

39. What barriers might there be in marketing a product in this category?

40. What does this person think about the features and benefits of your invention? Are these features and benefits desired by the industry? (Again, you can reveal as much about your invention as appropriate, without necessarily revealing your invention.)

41. What features and benefits are driving sales in this product category?

42. How does the price range affect sales, and what are realistic price ranges for a product that offers benefits and features similar to those of your invention?

43. How important and effective is pull-through marketing for products in this category, and what techniques are used?

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Second Level Interviewing continued


44. Are there other experts in this field who would be good for you to contact? (These may include authors, engineers, professors, consultants, government agencies, or other salespeople.)

45. Can this person recommend someone at a particular manufacturer for you to contact directly? (Be sure to get the name, title, and contact information for this person.)

46. What trade publications and directories will best inform you about this industry? Does he or she have a back issue they can share with you?

47. What are the trade associations that serve this industry? Include contact information.

48. What trade shows serve this industry? Include contact information.

 **DATA TRANSFER**
Record answer(s) here and/or on the Trade Show Listing Chart in Appendix A.

49. What are the prominent mail-order catalogs for this product category?

50. What are the URLs of the prominent websites offering online sales in this product category?

51. Is there anything else you should know?

Interviewing for Industrial/Scientific Inventions

Here are additional questions for industrial/scientific inventions and technology. These questions are intended to be asked of plant managers, purchasing agents, administrators, and so on.

52. How will your invention be accepted by engineers, plant managers, physicians, and so on? What are its strong points?

53. Who makes buying recommendations? What's this person's title? To whom does he or she report?

54. Who makes the buying decision? What's his or her title? To whom does he or she report? Which department is it?

55. Which standards or testing are necessary to meet approval? (Example: OSHA, EPA, ANSI, FDA.)

56. How would your invention affect the company's operations? (Example: Would it necessitate a change in procedures, purchase of additional equipment, or layoffs?)

57. How would your invention affect the company's profit? Would it add value?

Getting Specific Feedback about Your Invention

58. Has this person ever seen anything like your invention? What, where, and when?

59. If so, who manufactures it?

60. What are the price and prominent features of similar products/technologies?

61. What does he or she like most about your invention?

62. Which of your invention's features and benefits will be most desired by consumers?

63. Which manufacturers would be most likely to want this product in their product line?



DATA TRANSFER

Also include these answers in column B on the M/LSW in Appendix C.

64. What price range makes sense for this product?

65. Where should it go in the store?

66. Any there any drawbacks, areas of concern, or known obstacles?

67. How many of these products would he or she initially buy (or envision selling)? In what configuration (5-watt model, 12-ounce size, and so on)?

Configuration 1st preference: _____ Initial order: _____

Configuration 2nd preference: _____ Initial order: _____

Configuration 3rd preference: _____ Initial order: _____

68. At what cost would he or she be willing to purchase it from a manufacturer?

THIRD LEVEL: QUALIFYING MANUFACTURERS

The Interview

Use the information gathered thus far to complete the following contact information for your records.

Company name: _____

Parent company: _____

Brand names: _____

Phone numbers: _____

Address: _____

Contact person and position: _____

Email: _____

Website: _____

Start with these questions. Highlight the three or four of these questions that are most important to you, in case your interview time becomes shortened.

- 69. What does the person you're interviewing think about the invention concept? (Ask this question to make sure your contacts understand your concept, and what stands out about it. Hint: I can talk about an improved blindspot mirror for vehicles with a 50 percent greater view, without disclosing how my invention works.)**

- 70. Would an invention like this support the company's market position?**

- 71. Where would an invention like this fit into its product line? (In which product category, with which other items, in which division of the company, and so on?)**

- 72. What drives sales (price, features, packaging, and so on) in this product category?**

continues next page

The Interview continued

73. What are the ideal sales outlets (mass merchandisers, specialty stores, mail order, and so on)?

74. How strong is the company in these sales outlets, and in which ones?

75. At which trade shows does the company exhibit?

76. What is the general retail price range for a product like this? (Get a ballpark figure: \$5 to \$10, under \$1, \$100 to \$150.)

77. What is the potential sales volume for a product like this? (Get a broad ballpark figure here—5,000 to 10,000 units annually, 10 to 50 million annually, so at least you know how many zeros are in the person's mind.)

78. Where do they see the sales? (Nationally, regionally, internationally? Which countries?)

79. What might be the product life cycle (three years max in its current form, over ten years, indefinite)?

80. What would be the time frame for introducing your invention? How long would it take to get it to the broader market and how long would it take to ramp up sales (for example, 5,000 the first year, 20,000 the second year, 100,000 the third year, and so on)?

Decision Point

81. Is there interest in learning more about the invention, and if so, what do they want to see: a photo, a copy of your patent, a JPEG, an email file, or a working model?

82. Which address should this be sent to and to whose attention?

83. Would they like you to present the invention in person? When, and will they pay for travel expenses?

84. How much time is needed to review it and make an initial determination?

85. Who will be reviewing the invention; who would negotiate the final arrangements?

86. If the company needs to return your material, is there a deadline, or a preferred shipping method?

At this point, it may not hurt to pull back and, if you don't already know, ask for further information about the company.

87. What experience does the company have working with outside inventors? (For example, how many outside inventors have they worked with in the past, and when?)



DATA TRANSFER

Also list companies that give positive responses to the above question in column C on the M/LSW in Appendix C.

88. Has the company ever paid inventors for unpatented inventions? (The answer to this is particularly important for learning how much emphasis you should be putting on your patent rights.)

89. What royalty rates are typical in this industry and/or for this company (for example, 5 percent of net sales; 2 percent to 3 percent, paid by number of units only)?

90. Does the company typically prefer to purchase patents outright, and does it ever make advance payments?

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Decision Point continued

91. Does this company ever pay consultant fees to inventors?

92. Has the company maintained exclusive licenses, and what levels of minimum performance are anticipated in this category?

93. Has the company ever had to relinquish a license because it did not meet minimum performance, and why?

94. Has the company ever paid to patent inventions for inventors or paid patent maintenance fees?

95. Is the company willing to offer the names and phone numbers of outside inventors who have done business with it in the past? List them.

96. What experience does this company have with manufacturing products similar to yours? Where are such products manufactured?

97. What experience and resources does the company have for engineering, quality control, and service after the sale? What does the company perceive are its strengths?

98. How would the company go about determining the manufacturing cost? (Will it need a prototype sent to the manufacturing facility? Are engineering drawings necessary? Is a file sent via the Internet sufficient? What file type?)

99. Who would be responsible for supplying material to help determine the manufacturing cost? Is the inventor expected to provide engineering drawings or a sample unit? Will the company provide these things?

100. How finished do drawings or working models need to be? (Is the company looking for a "looks like" model, or a "works like" model, or both?)

101. Does the company generally do design improvements and refinement in-house or expect this solely from the inventor, or does it prefer to do a collaboration between the two?

102. Is the company willing to obtain a quote for the manufacturing cost? At what unit volume, and from which source(s)?

Bail-out Questions

103. What other companies would be in a better position to help you, or in a better market position?



DATA TRANSFER

Also record the answer(s) to this question in column B on the M/LSW in Appendix C.

104. What are the greatest barriers to introducing a new invention like yours, or specifically, what problems does your interviewee see with your invention?

105. What companies offer the stiffest competition in this product category? Where can you find them?



DATA TRANSFER

Also record the answer(s) to this question in column B on the M/LSW in Appendix C.

Reviewing Manufacturer Candidates

Company Name: _____

- A. Does the company's market position closely fit your invention? (Examples: A high-quality \$50 item would not fit well with a company whose entire product line consists of products that sell for less than \$10. A U.S. manufacturer that would be hard-pressed to manufacture your invention for less than \$10 would be a weak fit if foreign manufacturers can produce it for \$2.)
- YES NO
- B. Do the company's strengths complement your needs? (A company that has few resources for product development or engineering will not be a good fit if your project requires more extensive engineering and product development. On the other hand, if the company can assure you of a good minimum sales performance, you may be justified in hiring engineering support to compensate for the weakness in this area.)
- YES NO
- C. Does the company seem keenly interested in your invention and has it expressed a willingness to extend the resources necessary to take the invention to the next stage in a timely manner?
- YES NO
- D. Is the company willing to consider product extensions, to produce variations for multiple applications, and to meet the total market potential for your invention?
- YES NO
- E. Does the company have a positive track record working with outside inventors and reimbursing them fairly?
- YES NO
- F. Have you satisfied yourself that you are submitting your invention to the appropriate person in the company, or the appropriate division?
- YES NO
- G. Have you determined exactly what information the company is looking for, and are you prepared to supply this?
- YES NO
- H. Are you satisfied that you are in an appropriate position with regard to your patent strategy to reveal your invention at this time?
- YES NO
- I. Do you have a good feeling about working with this company?
- YES NO

PRESENTATION WORKSHEET

Company name: _____

Contact name: _____ Phone number: _____

Email: _____ Fax: _____

Shipped to address: _____

Submission date: _____ Shipping method: _____

Other specific instructions: _____

Detailed list of materials sent: _____

Date of follow-up call (allow five to seven days): _____

Date review to be completed: _____

Names of others involved in review process: _____

Date of response (if rejected): _____ Date material returned: _____

Follow-up Interview

Date of follow-up interview:

Name of person you recontacted:

106. What is the overall impression of the invention?

107. Was the information you sent clear, and did it thoroughly explain the advantages and benefits of your invention?

108. What additional information may the company need to better understand the invention?

109. Is the company interested in considering your invention further?

IF THE RESPONSE IS NEGATIVE

110. Has the company seen anything like this invention? What is the closest thing to it?

111. Does the invention fit the company's market or support its market position?

112. Are there problems with a product like this? What are they?

113. Are there known barriers in the market for introducing this invention?

114. Are there possible manufacturing problems or other production complications?

115. Has the company ever attempted to market a similar product, or have other companies attempted a similar concept?

continues next page

Follow-up Interview continued

116. Is the projected price an obstacle? If so, what price range would make the invention acceptable for reconsideration?

117. Did the company obtain a manufacturing cost quote? What was the cost and from where was it obtained?

118. Is it simply an issue of bad timing, and is there another time in the near future when would be better to resubmit the invention? To whom should you submit it?

119. Has there ever been a need expressed in the marketplace for an invention like this?

120. Are there possible modifications (such as different size or other features) that would make the invention more acceptable?

121. Are there applications for your invention in other markets? Which markets?

122. What other companies may be in a better position to commercialize the invention? (Get city and state if possible.)



DATA TRANSFER

Also record the answers(s) to this question in either column B or F on the M/LSW in Appendix C.

123. Are there industry experts who may provide additional beneficial information? Where to find them?

FOR A POSITIVE RESPONSE

Respondent's name and title: _____

Date of response: _____ **Their location:** _____

124. What was the response? (Document it in detail. Quotes are helpful.)

125. What is it about the features and benefits that is most appealing? (Again, get into specifics here.)

126. Does the company need additional information to enhance further investigation, and what does it need?

127. What is the internal procedure for further review?

128. Which departments will handle the review, and who specifically will be doing the review?

129. Who reports to whom? Who makes the final decision?

130. When will the review be complete?

131. Is it okay to contact the people doing the review to provide further clarification?

Defining the Terms

132. What kind of sales volume do you envision for this product over time and at what sales price?

133. Has the company estimated a manufacturing cost, and from what source(s)?

134. Is the company more interested in an outright purchase or in paying ongoing royalties?

135. Is the company interested in an exclusive arrangement? In which markets? For which applications?

136. For how long is the company interested in an exclusive (for example, five years, ten years, or for the life of patent)?

137. What foreign markets does this company see for your invention and in which of these markets does the company have a stronghold or good distribution?

Finally, if it is your intention to attempt to conclude a licensing deal with this company, ask these next critical questions:

138. What will be the deciding factor(s) that will determine whether you want to proceed with this project? (For example, if the sales department embraces it, the company will go for it. Engineering must approve it, and then it goes straight to the owner of the company for final consideration.)

139. What is the timeline for the final determination?

140. Is there anything that you, the inventor, can do in the meantime to support or positively influence the final decision?

141. What is your contact's gut feeling about the chances of this project proceeding and why?

Contract Terms

- **The invention: Will you include future improvements or modifications? Which patents? Which product variations?**

- **Territory: What is the geographic territory under this license?**

- **Field of use: Are there any limitations regarding markets; make, use, or sell; and so on?**

- **Grant: Will it be exclusive or nonexclusive? Are assignments or sublicenses foreseeable?**

- **Royalties: What will be the royalty rate and any other reimbursement paid to the inventor?**

- **Time of payments: When will you receive royalties?**

- **Initial fee/advance: When will you receive lump-sum payments? How much?**

- **Performance: What are the minimum performance standards, ramp-up timetables, and associated penalties?**

- **Patent fees: Will the company pay for your patent and/or patent maintenance fees?**

- **Reports: When will you receive written reports, and what details will be included?**

- **Duration: What is the life of this contract?**

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Contract Terms continued

- **Packaging:** List special requirements here, if appropriate; use of copyright.

- **Marking:** Is it necessary to mark the product and/or the package with your patent number, trademark and/or copyright symbol? Use your attorney's advice with regard to marking requirements.

- **Specifications:** Are there special manufacturing tolerances or other special requirements that the manufacturer must follow when producing your invention?

- **Quality control:** Are there any special requirements?

- **Inspection:** How often might you inspect the manufacturer's production facility, and how often might you inspect the company's financial records to audit royalties due you?

- **Trade secrets:** How will you define the working relationship of information sharing between you and the company? (You may slip in a confidentiality clause here.)

- **Enforcement:** Who will be responsible for enforcing patent rights; how will expenses and revenues from any litigation be shared between the parties?

- **Non-compete:** Do you need to sell existing inventory and how will this affect the ongoing arrangement with the company?

- **Termination:** Once triggered based on breach of other terms, how will you proceed?

- **Samples:** How many will the company send you, how often, and at whose expense?

- **Special terms:** List special terms specific to your project here.

Trade Show Listing Chart

Trade show: _____

Location: _____ Dates: _____

Entry requirements to attend: _____

Number of exhibitors: _____ Trade served: _____

Phone number: _____

Website: _____

Workshops/conferences offered, date, and cost: _____

Trade Show Listing Chart

Trade show: _____

Location: _____ Dates: _____

Entry requirements to attend: _____

Number of exhibitors: _____ Trade served: _____

Phone number: _____

Website: _____

Workshops/conferences offered, date, and cost: _____

Trade Show Interviewing

- A. Is the company interested in new product ideas relating to (your area of invention or invention category)?

- B. Does the company have any history of working with outside inventors and paying them royalties? (Note: If the answer to either of these first two questions is no, kindly ask what other companies they recommend. If both answers are yes, continue with the following questions for as long as their patience allows.)

- C. Does the person with whom you are speaking make the final decision regarding licensing inventions from the outside? If not, who does?

- D. Should you be dealing with the final decision maker directly? (Note: Many times the vice president of marketing or general manager for a company may be the person who spearheads the introduction of new ideas into the company and then, after their approval, they pass them on to the owner or other people who make the final decision. In other words, the vice president makes the recommendation; the president makes the decision. If this is the company's style and if you try to circumvent it by going directly to the owner, you may sabotage your ability to license your invention. So essentially, you need to learn the ropes, and asking directly is not a bad way to determine who influences whom.)

- E. What are examples of new products the company has introduced in the marketplace that were acquired from outside inventors?

- F. What kind of success has the company had recently with new product introductions?

- G. What is the company's experience in dealing with outside inventors? Does the company prefer to pay licensing fees or purchase the patent outright?

- H. Is there an example of royalty rates for this product category? Does the company ever pay in advance to help offset an inventor's expenses?

- I. Would the company be interested in looking at your invention?

- J. Whom should the invention be initially sent to? (You will need contact information.)

- K. What kind of information would the company want to see (photos only, working model, samples, and so on)?

- L. How much time does the company generally need to make a decision to go further?

Trade Show Worksheet

Trade show: _____ Date: _____

(Attach your interviewee's business card here.)

Company: _____ Interviewee: _____

Brand name: _____ Contact person: _____

Contact phone: _____ Contact title: _____

Email: _____

URL: _____

History with inventors: _____

Interests/comments: _____

DISTRIBUTION CHART

	FIRST OUTLET	SECOND OUTLET	THIRD OUTLET
Retail outlet name	_____	_____	_____
Corporate name	_____	_____	_____
Number of outlets	_____	_____	_____
Territory served	_____	_____	_____
Invention configuration	_____	_____	_____
Distributors/wholesalers	_____	_____	_____
(for this outlet)	_____	_____	_____
	_____	_____	_____
Manufacturers	_____	_____	_____
(serving this outlet)	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

	FOURTH OUTLET	FIFTH OUTLET	SIXTH OUTLET
Retail outlet name	_____	_____	_____
Corporate name	_____	_____	_____
Number of outlets	_____	_____	_____
Territory served	_____	_____	_____
Invention configuration	_____	_____	_____
Distributors/wholesalers	_____	_____	_____
(for this outlet)	_____	_____	_____
	_____	_____	_____
Manufacturers	_____	_____	_____
(serving this outlet)	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

MANUFACTURER/LICENSEE SELECTION WORKSHEET

A. MARKET PRESENCE

SECONDARY MARKET

B. MOST REFERRED

SECONDARY MARKET

C. BEST CANDIDATES (INVENTOR FRIENDLY)

SECONDARY MARKET

D. SEMIFINALISTS

SECONDARY MARKET

E. FINALISTS

SECONDARY MARKET

F. OTHER MANUFACTURERS

SECONDARY MARKET

REVIEW OF FINAL CANDIDATES

	FIRST CHOICE	SECOND CHOICE
A. Company name:		
B. Geographic sales territory:		
C. Applications: (Which variations of your invention will the company handle?)		
D. Product line extension: (Which of your improvements is the company interested in?)		
E. Markets:		
F. Major stores/ distribution outlets:		
G. Exclusivity: (Does this company want an exclusive arrangement?)		
H. Sales projection (range):		
I. Minimum sales projection:		
J. Advanced payment (possible range):		
K. Royalty rate (possible range):		

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REVIEW OF FINAL CANDIDATES continued

	FIRST CHOICE	SECOND CHOICE
L. Timetable for market introduction:	_____	_____
M. Duration of contract (in years):	_____	_____
N. Projected retail sale price (for each product variation):	_____	_____
O. Initial production run (number of units):	_____	_____
P. Specific resource allocation, if appropriate: (For example, they will invest \$50,000 for tooling and \$20,000 for packaging design.)	_____ _____	_____ _____
Q. Resource gap: (List any additional resources required, such as engineering support, marketing support, manufacturing, and so on.)	_____ _____ _____	_____ _____ _____
R. Positive references:	_____ _____	_____ _____
S. Other important factors specific to your project:	_____ _____ _____ _____ _____	_____ _____ _____ _____ _____
T. Who will do the final negotiations? (If you are using a professional, include name, company, and phone number.)	_____ _____ _____	_____ _____ _____
U. What is the amount of time needed by the parties to decide on this project?	_____	_____

POCKET GUIDE:

THE LUCKY SEVENTY-SEVEN QUESTIONS FOR SUCCESS

First Level

1. Summarize: Which manufacturers/brands most closely match the market position suitable for your invention?
2. What drives sales? (Example: mostly price, time saving, color, special features—which ones?)
3. What price ranges/features are most popular?
4. Who supplies them? (Example: their own warehouse, independent distributor, direct from China, and so on.)
5. Catalogs and websites? Identify collateral sales in this category.
6. Trade associations and publications that serve this industry (name, address, URL, telephone)?
7. Trade shows that serve this industry (dates and locations of shows)?
8. Ask for referral to other locations to visit that have similar products/technologies in this category.
9. Ask for referral to another employee or expert who is particularly knowledgeable about this product category. Are they available now?

Second Level

10. If this were their invention, which manufacturers would they prefer to work with and why?
11. Which manufacturers have a better presence in foreign markets; which countries?
12. Which foreign manufacturers are making an aggressive impact in the United States; which sales outlets?
13. What trends do they see for products in this category?
14. What barriers do they see in marketing a product in this category?
15. What features and benefits are driving sales in this product category?
16. Which other experts in this field do they recommend that you speak with? (Example: authors, engineers, professors, consultants, government agencies, other salespeople, and so on.)
17. What are the names, titles, and contact information for any individual employees of the manufacturer that they recommend you contact directly?
18. What are the prominent mail order catalogs for this product category?
19. What are the URLs of the prominent websites offering online sales in this product category?

Getting Feedback about Your Invention

20. Have they ever seen anything like your invention? What did they see, where, and when?
21. What do they like most about your invention?
22. Which manufacturer would be most likely to want this product in their product line?

Questions at Trade Shows

23. Is the company interested in new product ideas relating to (your area of invention or invention category)?
24. Does the company have any history with working with outside inventors and paying them royalties?
25. Does the person with whom you are speaking make the final decision regarding licensing inventions from the outside? If not, which other people do?

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THE LUCKY SEVENTY-SEVEN QUESTIONS FOR SUCCESS continued**Third Level and Industry Experts**

26. What do they think about the invention concept?
27. Would an invention like this support your company's market position, and if so, where would an invention like this fit into your product line? (In which product category, with which other items, in which division of the company, and so on?)
28. What drives sales in this product category? (Example: price, packaging, features—which ones?)
29. What are the ideal sales outlets? (Example: mass merchandisers, specialty stores, mail order, and so on.)
30. How strong is the company in these sales outlets?
31. What is the general retail price range for a product like this? (At least get a ballpark figure: \$5 to \$10, under \$1, \$100 to \$150, and so on.)
32. What is the potential sales volume for a product like this? (Example: 5 to 10 thousand annually, 10 to 50 million annually, and so forth—just get a very broad ballpark here so at least you know how many zeros are in the person's mind.)
33. Where do they see the sales? (Example: nationally, regionally, internationally; which countries, and so forth.)
34. What might be the product life cycle? (Example: five years max in its current form, ten years plus, indefinite, and so on.)
35. What would be the time frame for introducing your invention, that is how long would it take to get it to the broader market and how long would it take to ramp up sales? (Example: 5 thousand the first year, 20 thousand the second year, 100 thousand the third year, and so on.)
36. What experience do they have with working with outside inventors, that is, how many outside inventors have they worked with in the past, and when? (This is crucial information.)
37. Has the company ever paid inventors for unpatented inventions?
38. What royalty rates are typical in this industry and/or for this company? (Example: 5 percent of net sales, 2 to 3 percent, paid by number of units only, and so forth.)
39. Does the company typically prefer to purchase patents outright, and do they ever make advance payments?
40. What experience do they have with manufacturing products similar to yours? Where are such products manufactured?
41. What experience and resources do they have for engineering, quality control, and service after the sale, and where do they see their strong suits?
42. How finished do the drawings or working models need to be? (Example: Are they looking for a "looks like" model, or a "works like" model, or both?)
43. Do they expect to make design improvements and refinement in-house, expect this solely from the inventor, or prefer collaboration between the two?
44. In what general areas are the company's strong suits? (Example: marketing, manufacturing, engineering, and so on.)
45. What market position has the company built for itself? (Example: superior value, low price, highest quality, superior service, and so on.)
46. How long has the company been in business, and how long under current management? Are there any anticipated changes in management or ownership?
47. What departments or what people within the company need to be influenced to make the final decision about accepting your invention? Is there any one area that needs convincing more than another?
48. What other companies do they think would be a better contact for you, that is in a better position to help you, or in a better market position?
49. What are the greatest barriers or resistance to introducing a new invention like yours, or specifically, what problems do they see with your invention?
50. What companies offer the stiffest competition in this product category? What are their names and in what cities are they located?

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THE LUCKY SEVENTY-SEVEN QUESTIONS FOR SUCCESS continued

Questions for Recontact

51. What is the overall impression of the invention?
52. Was the information you sent them clear and did it thoroughly explain the advantages and benefits of your invention?
53. What additional information may they need to better fully understand the invention?
54. Are they interested in further considering your invention?

For a Negative Response

55. Have they ever seen anything like your invention and what is the closest thing to it they have seen?
56. Does the invention fit the company's market or support its market position?
57. Do they see problems with a product like this and what are they?
58. Do they see barriers in the market for introducing the invention?
59. Do they see possible modifications that would make the invention more acceptable? (Example: different size, different features, and so forth.)
60. Do they see applications for your invention in other markets? Which ones?
61. Names of other companies that may be in a better position to commercialize the invention? (Get city and state if possible.)

For a Positive Response

62. What is it about the features and benefits that is most appealing? (Get into specifics here.)
63. Do they need additional information to enhance their further investigation, and what do they need?
64. Would they like to meet you in person and see the invention?
65. What is the internal procedure for further review? Who specifically will be doing the review?
66. Who reports to whom? Who makes the final decision?
67. When will the review be complete?
68. Is it okay to contact the people doing the review to provide further clarification?
69. What kind of sales volume do they envision for this product over time?
70. Are they more interested in an outright purchase, or in paying ongoing royalties?
71. Are they interested in an exclusive arrangement? In which markets, for which applications?
72. For how long are they interested in an exclusive? (Example: three years, ten years, life of patent, and so forth.)
73. What foreign markets do they foresee for your invention and in which of these markets does the company have a stronghold or good distribution?
74. What will be the deciding factor(s) that will determine whether they want to proceed with this project? (Example: If the sales department embraces it, they will go for it; engineering must approve it, and then it goes straight to the owner of the company for final consideration; and so on.)
75. What is the timeline for learning the final determination?
76. Is there anything that you, the inventor, can do in the meantime to support or positively influence the final decision? (Example: They may suggest more test data of a particular nature, results of the test market, a working model presented in person, testimonials, and so on.)
77. What is their gut feeling about the chances of this project proceeding?