

# Facts for Consumers About Invention Promotion Firms

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## **Facts for Consumers About Invention Promotion Firms**

You may have a great idea for a new product or service, but a great idea is not enough. You need to know how to develop and market it commercially. You could try to sell your idea or invention to a manufacturer who would market it and pay you royalties. But finding such a company could be an overwhelming task. You also could consider using the services of an invention promotion firm.

Some invention promotion firms may help you get your idea or invention into the marketplace. But be aware, some inventors have paid thousands of dollars to firms that promised to evaluate, develop, patent, and market inventions and got nothing for their money.

So be cautious. Your enthusiasm for your idea may make you vulnerable to promoters who make false or exaggerated claims about the market potential of your invention.

This guide tells you how to spot some common signs of trouble, how to protect yourself, and what to do if you become a victim. It also lists government agencies and private organizations that offer additional information and assistance.

### **How to Identify Legitimate Firms**

Often, it is difficult to distinguish between a fraudulent invention promotion firm and a legitimate one. This may be because unscrupulous and honest firms often use many similar advertising and sales techniques, market evaluations, and contract strategies. However, there are some comparisons made in the next three sections that may help you identify legitimate companies.

### **Advertising and Sales Techniques**

Some invention promotion firms advertise through television and radio, and classified ads in newspapers and magazines. They target independent inventors, frequently offering free information to help them patent and market inventions. They also may advertise a toll-free "800" telephone number that inventors can call for written information. However, the information may consist only of brochures about the promoter.

If you respond to the ads, you may hear from a salesperson who will ask for information about yourself, your idea, and a sketch of the invention. As an inducement, the firm may offer to do a free preliminary review of your invention.

Also, some invention promotion firms may claim to know or have special

access to manufacturers who are likely to be interested in licensing your invention. Further, some promotion firms may claim to have been retained by manufacturers who are looking for new product ideas. These kinds of claims often can be false or exaggerated. Therefore, before signing a contract with an invention promotion firm who claims special relationships with appropriate manufacturers, ask for some proof.

### A Market Evaluation

After giving your invention a preliminary review, a firm might tell you it needs to do a market evaluation on your idea, which may cost several hundred dollars. Such reports from questionable firms often make vague and general statements and provide no hard evidence that there is a consumer market for your invention. Reputable company reports, on the other hand, deal with specifics. Before you pay for a report on your idea, ask what specific information you will receive.

### A Marketing and Licensing Contract

Some invention promotion firms also may offer you a contract where they agree to act as your exclusive marketing and licensing agent. For this, a questionable firm may require you to pay an upfront fee of as much as \$10,000 and to commit a percentage of the royalties the invention may earn. On the otherhand, reputable licensing agents typically do not rely principally on large upfront fees. They normally rely on royalties from the successful licensing of client inventions and are very selective about which ideas and inventions they pursue. A request for an upfront fee frequently is another distinguishing characteristic of a questionable invention promotion company.

### How to Protect Yourself

If you are interested in working with an invention promotion firm, consider taking the following precautions before you sign a contract and pay significant amounts of money.

- \* Early in your discussions with a promotion firm, ask what the total cost of its services will be. Consider it a warning if the salesperson hesitates to answer.
- \* Be careful of an invention promotion firm that offers to review or evaluate your invention but refuses to disclose details concerning its criteria, system of review, and qualifications of company evaluators. Without this information, you cannot assess the competence of the firm or make meaningful comparisons with other firms. Reputable firms should provide you with an objective evaluation of the merit, technical feasibility, and commercial viability of your invention.
- \* Require the firm to check on existing invention patents. Because unscrupulous firms are willing to promote virtually any idea or

invention with no regard to its patentability, they may unwittingly promote an idea for which someone already has a valid, unexpired patent. This could mean that even if the promotional efforts on your invention are successful, you may find yourself the subject of a patent infringement lawsuit.

- \* If no valid, unexpired patent exists for your idea, seek advice from a patent professional before authorizing the public disclosure of your idea.
- \* Be wary of an invention promotion firm that will not disclose its success and rejection rates. Success rates show the number of clients who made more money from their invention than they paid to the firm. Rejection rates reflect the percentage of all ideas or inventions that were found unacceptable by the invention promotion company. Check with your state and local consumer protection officials to learn if invention promotion firms are required to disclose their success and rejection rates in your locality.

In reality, few inventions make it to the marketplace and still fewer become commercial successes. According to experts used in FTC cases, an invention promotion firm that does not reject most of the inventions it reviews may be unduly optimistic, if not dishonest, in its evaluations.

- \* Be wary of a firm that claims to have special access to manufacturers looking for new products, but refuses to document such claims. Legitimate invention promotion firms substantiate their claims, which you can check.
- \* Be skeptical of claims and assurances that your invention will make money. No one can guarantee your invention's success.
- \* Avoid being taken in solely on a firm's promotional brochures and affiliations with impressive-sounding organizations.
- \* Beware of high-pressure sales tactics.
- \* Investigate the company before making any commitments. Call your Better Business Bureau, local consumer protection agency, and Attorney General in your state and the state in which the company is located to learn if they know of any unresolved consumer complaints about the firm.
- \* Make sure your contract contains all agreed upon terms, written and verbal, before you sign. If possible, have the agreement reviewed by an attorney.
- \* If you do not get satisfactory answers to all of your questions with an invention promotion firm, consider whether you want to sign a contract. Once a dishonest company has your money, it is unlikely you will ever

get it back.

### For More Information

A number of government agencies and private organizations offer publications and assistance to independent inventors. You can call the U.S. Patent and Trademark Office at (703) 557-4636 and the U.S. Small Business Administration (SBA) at 1-(800)-827-5722 for publications about inventions.

You also may want to call your SBA district office to learn about services available through the Small Business Development Centers program. Inventor's clubs, associations, and innovation centers also can be valuable sources of information and services. For their locations contact the following organizations:

United Inventors Association of the United States of America (UIA-USA)  
P.O. Box 50305  
St. Louis, Missouri 63105  
(stamped, self-addressed envelope required)

National Congress of Inventor Organizations (NCIO)  
727 North 600 West  
Logan, Utah 84321  
(801) 753-0888

Minnesota Inventors Congress  
P.O. Box 71  
Redwood Falls, Minnesota 56283-0071  
(507) 637-2344

### What to Do If You Are a Victim

If you believe you are a victim of a fraudulent invention promotion, first contact the firm and try to get your money back. If you are unsuccessful, report your problem to your Better Business Bureau, local consumer protection agency, and the Attorney General in your state and in the state where the company is located. Your information may help an ongoing investigation or demonstrate the need for one.

You also may file a complaint with the FTC by writing: Correspondence Branch, Federal Trade Commission, Washington, D.C. 20580. The FTC generally does not intervene in individual disputes. However, the information you provide may indicate a pattern of possible law violations.

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