



Mailbox Money

The DIY Crash Course to Protecting
and Selling your Invention

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Q&A / Resources



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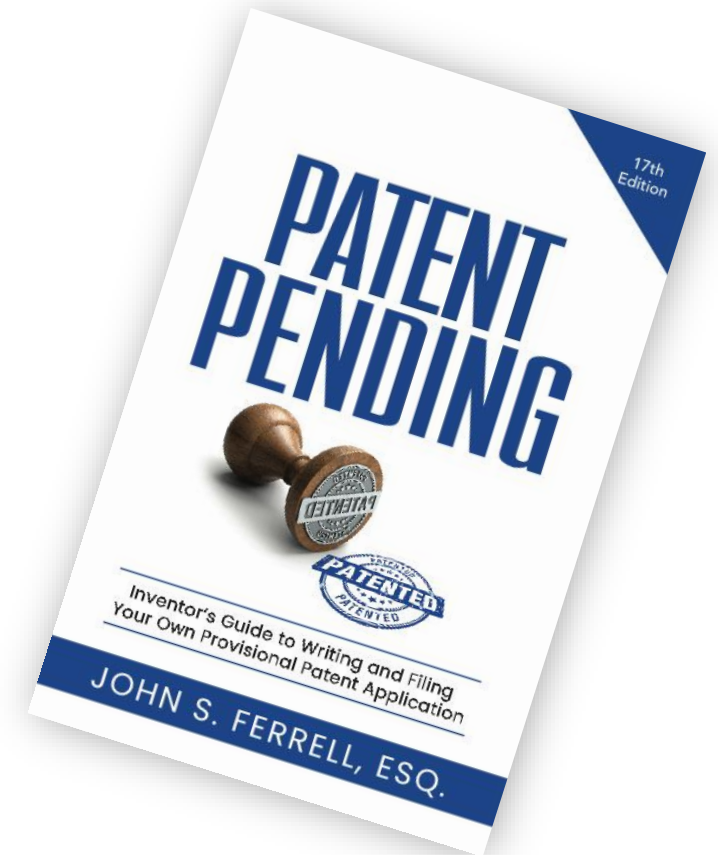
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How Professionals Invent

- Successful inventors look for a picture that needs hanging and not for something to hit with their hammer
- Make a note when they see a curious problem
- Keep careful records of successes and failures (so, they don't repeat failures)
- Set aside regular times each day/week for inventing



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Write it Down and Plan it Out

- Write out a one-page business plan when you get a good idea
- Is there a Market?
 - What problem are you solving?
 - How much is the solution worth to user (product sale price)?
 - What would be the cost to build (end sale price/4)?
 - How many of these will people want to buy each year?
- Can you build a prototype?
 - What is required, how long will it take?
- Can you find a Licensee?
 - How will you approach this?
 - How long will it take?



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Mock it Up to Lock it Up

- Prototypes communicate your vision of what is possible
- This is the chasm that separates dreamers from inventors
- Fail early!
- Prototype Options
 - Working prototype
 - Limited or non-working prototype
 - Model of what the product might look like
 - Artist rendition of proposed product containing invention



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Creating Your Monopoly

- Patent protection preserves invention ownership while you socialize your new product
- What is a Patent
 - A limited monopoly to exclude others
- Utility Patent v. Design Patent
 - How it works v. how it looks
- Provisional Patent Application (PPA) / Patent Pending
 - A one-year option to file a utility patent later
- You can DIY your PPA, but generally not a utility application



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Where to Find Buyers

- Companies in your field supporting Open Innovation
- Contact other successful Inventors/Licensors in your industry
 - Clubs, meet-ups, Reddit forums, other online resources
- Linked In and Social Media platforms
- Industry conferences
- Trade Shows



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Negotiating

- Know your basic terms before you start discussions
 - If you don't start with your own agenda, you'll end up being part of someone else's
- Negotiate initially to an informal term sheet
 - The Five Key Terms: What, How Many, When, How Long, and For How much \$
 - The Price of the Contract cannot be determined before the other Key Terms are specified
- Difficult terms: Warranty, Indemnification, Infringement, IP Ownership



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Contracting

- This is the formal, definitive document
- It doesn't change the Term Sheet, but fills in the details for everything else
- Let the lawyers argue the terms of the final contract
- If you can't afford a lawyer's help drafting, you must have a lawyer review this before you sign



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Auditing

- Every contract should have a minimum order clause, and a remedy for falling below the minimums.
 - Loss of exclusivity, termination of the contract ...
- The Licensor (Inventor) should have the right to periodic audit of the books and have a remedy for under reporting
 - 15% underpayment penalty and reimbursement for current/future audits
- Failure to pay should be an auto-executing breach that terminates the license but does not terminate the obligation to be paid for the annual minimums

Summary

- Successful inventions are solutions to problems, not solutions looking for problems
- Start with a written plan
- Prototypes communicate your vision of what is possible
- Patent protection preserves invention ownership while you socialize your new product
- All companies need new ideas!

