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How to Not Get Ripped Off by Invention Promotion Companies

There are a plethora of companies out there that will promise to evaluate, develop, patent, and market your invention. For those of you who do not wish to take on the time- and money-consuming project of commercializing your idea, invention promotion companies are probably an attractive option for you. But beware of which invention promoters you choose, as the invention promotion industry is full of fraud. Here are some tips to help you find the appropriate invention promoter.

First, protect yourself by talking with your own licensed attorney, potentially filing your own patent applications, and/or requiring the invention promotion company to sign a non-disclosure agreement. Remember, invention promotion companies are not your attorneys—they have no duty imposed by law to you and they are not governed by any enforceable rules of ethics. Some invention firms offer to patent your invention for you, but their attorneys do not represent you. If you disclose your idea to anyone prior to filing your own patent application, you risk your idea being taken with little to no hope for recourse. At least discuss your idea first with your own attorney, who is obligated by law to you. At Peacock Law, we may be able to direct you to reputable merchandisers who are the movers and shakers in the industry of your invention—we have worked with many of them.

Check to make sure the invention promotion firm is not the subject of a published complaint at the Patent Office: <https://www.uspto.gov/patents-getting-started/using-legal-services/scam-prevention/published-complaints/published>. If you don't see the invention promotion firm listed there, comb the Internet for independent reviews.

If an invention promotion firm asks for money up front, it is most likely a fraud. Reputable invention promotion firms do not require you to pay money up front but offer royalties on sales of the products. If they truly believe in your idea, they should be willing to front the costs.

Don't disclose your idea to any invention promoter until they give you the following statistics, which they are required by law to disclose to you prior to entering a contract with you:

- How many inventions the promoter has evaluated in the past five years;
- How many of those inventions got positive or negative evaluations;
- The promoter's total number of customers for the past five years;
- How many of those customers received a net profit from the promoter's services; and
- How many of those customers have licensed their inventions due to the promoter's service.

This information will give you a pretty good idea of how successful and reputable this invention promotion firm is. If the promoter does not offer to give you this information, or refuses, assume they are fraudulent.

Have an intellectual property specialized attorney review any proposed agreement with an invention promotion company before you sign it. There is a reason there is a separate bar exam and licensing requirement for patent attorneys—patent law is very complicated and invention promotion companies know just enough of it to take advantage of

you. Don't lose out just because you didn't know what you were giving up to the invention promotion company.

If you have been injured by an invention promoter, you have rights against them.

Law provides a civil action to any customer who enters into a contract with an invention promoter and who has been injured by any materially false or fraudulent statement or representation, or any omission of material fact, by that invention promoter (or any agent, employee, director, officer, partner, or independent contractor of such invention promoter), or by the failure of that invention promoter to disclose the statistics mentioned above. You may be able to recover, in addition to reasonable costs and attorneys' fees, your actual damages, or statutory damages in a sum of not more than \$5,000.

More Information. The Federal Trade Commission and U.S. Patent and Trademark Office have provided brochures online about choosing the right invention promotion companies. Take a look at those as well.

The journey to bring your idea to the marketplace is perilous. We at Peacock Law specialize in helping inventors make the right choices in commercializing their ideas. Many of our inventors, with our guidance here and there, are successful in making their idea a reality without a middle man. Call us first before you embark on that journey.