Licensing Your Invention

Intellectual Property is important but inventors need to understand the least expensive way

to market their product may be to consider a less expensive way! Patents have big benefits and can require big expenses and responsibilities. In turn, big profits are possible. A less expensive option is to license your idea. Typically, if you are successful, you won’t make as much profit but there are other advantages. Here’s great insight from Stephen Key.

Notes from **Invent Right** by Stephen Key [www.Inventright.com](http://www.Inventright.com)

(Disclaimer: This has both free and pay for service choices. It has proven to be a valued service to many inventors. However, should you decide to use the services for pay, you do so at your own risk.)

“What is licensing?” (shared from the website)

“So, you may be wondering, what exactly *is* licensing? In essence, you can think of it as the ***renting*of an idea**. In exchange for coming up with a product idea, a company pays you for the right to make and sell it. Sounds awesome, right? You get to do the fun part: Being inventive. **The company who rents — or *licenses —*it from you does all of the heavy lifting, including figuring out how to manufacture, distribute, and market it.** **You get paid each time a consumer buys the product**, an amount that is referred to as a ***royalty***. You only get paid a small percentage of what each product ends up retailing for, **maybe just 3-5%.** But then again, you haven’t done most of the work. It’s the company that licensed the idea from you — your *licensee* — that has shouldered the risk and responsibility of getting things done. Of course, we recommend that inventors help their licensees see things through, especially if the company is interested in working with you.”

The following information was presented by Steven Key to affiliates of the HF ICW on 9.14.2022.

Licensing enables Open Innovation to a wider group of people

* Speed to market is very crucial today.
* Selling first and selling fast.
* Find a great company for your product, one with a wide distribution capability
* Least expensive approach

Invent Right 10 Step System – Summary

1. Study the marketplace
2. Invent for the marketplace
3. Select a relatively simple idea
4. Create an inexpensive rough prototype out of household materials or home 3D printers
5. Use a one liner to capture the essential benefit(s) of the idea
6. Create a product and sell sheet (one page)
7. Least expensive IPP – file a Provisional (Temporary) Patent Application
8. Connect with companies via Linked-in
9. Understand fairness in licensing agreements (licensor and licensee both benefit)
10. Repeat over and over – It’s a numbers game!