



# Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

## Spotting Sweet-Sounding Promises of Fraudulent Invention Promotion Firms

Washington, D.C. -- Think you've got a great idea for a new product or service? You're not alone. Every year, tens of thousands of people try to develop their ideas and market them commercially.

Some people try to sell their idea or invention to a manufacturer that would market it and pay them royalties. But finding a company to do that can be overwhelming. As an alternative, other people use the services of an invention or patent promotion firm. Indeed, many inventors pay thousands of dollars to firms that promise to evaluate, develop, patent and market inventions. Unfortunately, many of these firms do little or nothing for their fee.

The Federal Trade Commission has found that many invention promotion firms claim—falsely—that they can turn ideas into cash. But, the agency says, smart inventors can learn to spot the sweet-sounding promises of a fraudulent promotion firm. Here's how to follow up if you hear the following lines:

***"We think your idea has great market potential."*** Few ideas—however good—become commercially successful. If a company fails to disclose that investing in your idea is a high-risk venture, and that most ideas never make any money, beware.

***"Our company has licensed a lot of invention ideas successfully."*** If a company tells you it has a good track record, ask for a list of its successful clients. Confirm that these clients have had commercial success. If the company refuses to give you a list of their successful clients, it probably means they don't have any.

***"You need to hurry and patent your idea before someone else does."*** Be wary of high pressure sales tactics. Simply patenting your idea does NOT mean you will ever make any money from it.

***"Congratulations! We've done a patent search on your idea, and we have some great news. There's nothing like it out there."*** Many invention promotion firms claim to perform patent searches on ideas. Patent searches by fraudulent invention promotion firms usually are incomplete, conducted in the wrong category, or unaccompanied by a legal opinion on the results of the search from a patent attorney. Because unscrupulous firms promote virtually any idea or invention without regard to its patentability, they may market an idea for which someone already has a valid, unexpired patent. In that case, you may be the subject of a patent infringement lawsuit—even if the promotional efforts on your invention are successful.

***"Our research department, engineers and patent attorneys have evaluated your idea. We definitely want to move forward."*** This is a standard sales pitch. Many questionable firms do not perform any evaluation at all. In fact, many don't have the "professional" staff they claim.

***"Our company has evaluated your idea, and now wants to prepare a more in-depth research report. It'll be several hundred dollars."*** If the company's initial evaluation is "positive," ask why the company isn't willing to cover the cost of researching your idea further.

***"Our company makes most of its money from the royalties it gets from licensing its clients' ideas. Of course, we need some money from you before we get started."*** If a firm tells you this, but asks you for a large upfront fee, ask why they're not willing to help you on a contingency basis. Unscrupulous firms make almost all their money from large upfront fees.

For more information about the patent process, call the U.S. Patent & Trademark Office at **1-800-PTO-9199**. For information about invention and patent promotion fraud, visit the FTC at **www.ftc.gov** on the Internet. To report an invention promotion scam, call the National Fraud Information Center, a project of the National Consumers League, toll-free at 1-800-876-7060.