

Four things you MUST DO before you patent a new idea.

Do you remember your first date?

Do you remember how much effort you put into preparing for that first time? Do you remember how embarrassed you felt later, when you realised what you did and didn't do, as a result of your nievity? How would that have gone if you had been given some help in preparation, protocols, practice and even some resources (like cash) to make it more likely to be a date to remember – for the right reasons.....

Raising money for your project is a lot like dating. You might spend an inordinate amount of time getting ready to meet that special someone (who invests in projects like yours) and you want to really make a good first impression. That all makes sense when you are trying to turn a casual meeting into something long-term - such as turning a prospect into an investor.

If you were asked on the first date to commit all of your next year's income to making mortgage payments on that girl/guy's house – without knowing if there is anything special between you (trust me – making a year's mortgage payments will keep you in favour – what exactly *for* is something else, perhaps). It doesn't make sense, right?

Most of the inventors who contact me for help, have already taken the equivalent of “everything they can afford to spend and more” and committed it to patenting their wonderful idea, before they can be sure the idea could be worth anything. Sure, they have been told by someone in authority that the idea is a good one – that person is usually the Patent Attorney they are sitting across from, about to sign away all of their resources to protect something they still cant put a value on.....

Its crazy, right? You would never do that, right? Perhaps you know someone who has done this and is now looking to do something with this piece of paper called a patent. The last thing they want to hear is that 98% of patents are not able to generate sufficient income to cover their patent costs in their first 5 years of patent life (US Patent Office, 2004)

If you could counsel that teenage you who was starting out for their first date, what would you suggest? More research? Have a mental checklist (our social normative values already gives us some of that) and perhaps knowing where to look for a better or more sutable partner.....?

Let's focus on your invention..... Before you rush to patent, there are several things you need to do, to make sure that what you will end up owning (and spending big dollars to protect if you are challenged) will actually be worth something. You need someone without a vested interest in your patenting process to convince you your invention could be one of the 2% of patents that will generate sufficient returns to pay for the patent costs. That's common sense, right?

I have prepared a 1-page checklist of things you must do, before you rush off to patent that new idea. This will make sure that you only spend your money on something that has a good chance of being commercial, as well as help you stay away from a business model that will put you among larger multi-national players who can crush you, or drop you into an industry where regulations can drag your project out for years.

I hope you are able to use this checklist to help focus your limited resources and make you next project capable of funding many more to come.

Four things you MUST DO before you patent a new idea.

1. Market Validation

- a. What is the problem it solves
- b. Who has the problem
- c. How necessary is fixing this problem?
- d. How do they solve it now
- e. How much do they pay to solve it
- f. How often will they need to buy this solution
- g. How much cheaper/more effective is your idea, at solving their problem?
- h. Given a conservative % of buyers have indicated they will switch, what is the value (pa) of the sales and net earnings potential for the project?

2. Industry assessment

- a. Who provides the solution now – who supplies them
- b. How big are your competitors
- c. Is there something the buyers must also buy at the same time?
- d. How do the competitors get their solution to the buyers
- e. How can you get your solution to the buyers?
- f. What approvals do you need to build and sell this?

3. Proof of Concept

- a. Do you have a model of it
- b. Can that be used to prove to buyers that it works?
- c. Has anybody independently qualified the buyers' intentions?
- d. What price will make them happy to switch to your product?
- e. What variants will they need to switch their buying to your product?
- f. What other reasons do they have for buying from their current supplier?

4. Ownership

- a. Can you contain this as a trade secret? For how long?
- b. Can you trademark the name/logo/can you get the website?
- c. Can you tie down related parties with NDA during the R&D period
- d. What Countries will you ultimately need protection in?
- e. Given the cost of patent protection, what is the true net present value of the project, using (discounted) future cashflows from sales, licensing and later a trade-sale?